OFFICE OF THE AUDITOR-GENERAL FOR THE FEDERATION

AUDITOR-GENERAL FOR THE FEDERATION'S ANNUAL REPORT

ON

NON-COMPLIANCE/INTERNAL CONTROL WEAKNESSES IN MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs) OF THE FEDERAL GOVERNMENT OF NIGERIA FOR THE YEAR ENDED 31ST DECEMBER, 2021

(VOLUME II)

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SECTION 10
INFRASTUCTURE AUDIT DEPARTMENT

FEDERAL MINISTRY OF WORKS (HOUSING SECTOR)

At the Federal Ministry of Works (Housing Sector), for the period January to December, 2020, the following observations were made:

ISSUE 1: PAYMENTS WITHOUT RAISING PAYMENT VOUCHERS (=₦1,076,662,242.61)

Description of Findings

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

Audit observed that:

i. The sum of ₦1,076,662,242.61 (One billion, seventy six million, six hundred and sixty two thousand, two hundred and forty two naira, sixty one kobo) was paid through five (5) transfers from GIFMIS account number 0234001001 domiciled with the Central Bank of Nigeria (CBN) to their respective beneficiaries without raising payment vouchers.
ii. The sum of ₦546,173,051.60 (Five hundred and forty six million, one hundred and seventy three thousand, fifty one naira, sixty kobo) was transferred to Zungeru/Mambilla projects account without appropriate documentation, and
iii. The payments were not budgeted for in the Ministry's approved budget.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Works (Housing Sector).

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,076,662,242.61 (One billion, seventy six million, six hundred and sixty two thousand, two hundred and forty two naira, sixty one kobo) being payments made without paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦1,076,662,242.61.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 2: EXTRA-BUDGETARY EXPENDITURE (=₦2,886,835,379.30)

Description of Findings

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

Audit observed that:

i. The sum of ₦1,883,795,670.51 (One billion, eight hundred and eighty three million, seven hundred and ninety five thousand, six hundred and seventy naira, fifty one kobo) was expended by the Ministry without evidence of appropriation.
ii. The sum of ₦1,003,039,708.79 (One billion, three million, thirty nine thousand, seven hundred and eight naira, seventy nine kobo) was paid to four contractors for the construction of roads in Daura, Katsina State. The project was budgeted for in the 2017 Appropriation Act, and
iii. Approval for the extra-budgetary expenditures in (i) and (ii) above, totalling ₦2,886,835,379.30 (Two billion, eight hundred and eighty six million, eight hundred and thirty five thousand, three hundred and seventy nine naira, thirty kobo) by the National Assembly was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Works (Housing Sector).

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦2,886,835,379.30 (Two billion, eight hundred and eighty six million, eight hundred and thirty five thousand, three hundred and seventy nine naira, thirty kobo) being extra-budgetary expenditure without approval.
ii. Recover and remit to the Treasury, the sum of ₦2,886,835,379.30.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: AWARD OF CONTRACTS TO NON-EXISTING COMPANIES (=₦493,967,484.24)

Description of Findings

Section 16 (6) of the Public Procurement Act, 2007 states, "All bidders in addition to requirements contained in any solicitation documents shall: … (b) possess the legal capacity to enter into the procurement contract…" Also, section 863 of the Company and Allied Matters Act (CAMA), 2020 states, "A person or association of persons shall not carry on business in Nigeria as a company, limited liability partnership, limited partnership or under a business name without being registered under this Act."

Audit observed that:

i. Payment for Contracts totaling ₦493,967,484.24 (Four hundred and ninety three million, nine hundred and sixty seven thousand, four hundred and eighty four naira, twenty four kobo) were made to non-existing companies.
ii. The sum of ₦5,825,989.28 (Five million, eight hundred and twenty five thousand, nine hundred and eighty nine naira, twenty eight kobo) was paid to a contractor vide payment voucher with Ref. No PROC/PBHD/CAP1345/2020 dated 30th December, 2020, out of the total contract sum of ₦493,967,484.24 without the company being incorporated.
iii. Three (3) contractors were paid a total of ₦170,355,961.05 without evidence of incorporation with the Corporate Affairs Commission (CAC).
iv. A company that was awarded a contract on the 25th November, 2016 was incorporated with CAC on the 16th August, 2019.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Works (Housing Sector).

Risks

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

Management's Response

No response.

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

Recommendations
The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment ₦493,967,484.24 (Four hundred and nine three million, nine hundred and sixty seven thousand, four hundred and eighty four naira, twenty four kobo) to contractors without evidence of registration with the Corporate Affairs Commission.
ii. Account for the sum of ₦493,967,484.24 (Four hundred and nine three million, nine hundred and sixty seven thousand, four hundred and eighty four naira, twenty four kobo) paid to unregistered contractors.
iii. Recover and remit to the Treasury, the sum of ₦493,967,484.24.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, irregular award of contract and penalty for carrying on business without registration specified in paragraphs 3106 and 3117 of the Financial Regulations 2009 and section 863 of the Company and Allied Matters Act, 2020 respectively, should apply.

FEDERAL MINISTRY OF WORKS (HOUSING SECTOR)

At the Federal Ministry of Works (Housing Sector), for the period January to December, 2021, the following observations were made:

ISSUE 1: PAYMENT OF MOBILIZATION FEE ABOVE APPROVED THRESHOLD (=₦110,810,000.00)

Description of Findings
Paragraph 603(i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. Also, paragraph 2933 of the FR, 2009 states, "(i) Subject to any regulations that may be prescribed by the Bureau from time to time, a procuring entity may grant a mobilization for which shall not exceed 15% of the contract price. The payment of mobilization fee shall be supported by, in case of national competitive bidding a guarantee issued by a reputable bank or Insurance company, and in the case of an international competitive bidding a bank guarantee issued by a reputable bank; (ii) No further payments shall be made to a supplier or contractor who has been paid mobilization fee except on the strength of an interim performance certificate issued in accordance with the contract agreement."

Audit observed that:

i. The contract for the construction of road drainage and culvert at Federal Government Site and Service Estate, Ikolaba, Oyo State was awarded at a contract sum of ₦490,000,000.00 (Four hundred and ninety million naira) to a contractor.
ii. The contract was awarded on Sunday, the 22nd December, 2019 vide Payment Voucher No. FMWH/PROC/SPU/CAP/3891/2020, and
iii. The sum of ₦110,810,000.00 (One hundred and ten million, eight hundred and ten thousand naira) representing 22.61% was paid as mobilization fee out of the total contract sum contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Works (Housing Sector).

Risks

i. Payment for jobs not done.
ii. Misappropriation of public funds.

Management's Response

No Response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦110,810,000.00 (One hundred and ten million, eight hundred and ten thousand naira), being payment of mobilisation above the threshold.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦110,810,000.00 awarded as contract on Sunday.
iii. Recover and remit to the Treasury, the sum of ₦110,810,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: AWARD OF CONTRACT WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENTS (=₦46,305,000.00)

Description of Findings

Section 20(2) of the Procurement Act, 2007 states, "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurement and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Also, paragraph 2946 (i) of Financial Regulations (FR), 2009 states, "The procedure under the Direct Procurement Method shall be through an invitation by the Procurement

entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract." Furthermore, paragraph 2933 of the FR, 2009 states, "(i) Subject to any regulations that may be prescribed by the Bureau from time to time, a procuring entity may grant a mobilization for which shall not exceed 15% of the contract price…."

Audit observed that:

i. The sum of ₦46,305,000.00 (Forty six million, three hundred and five thousand naira) was the contract sum for the construction of three (3) blocks of classroom in Edo Central Senatorial District without evidence of due process, and
ii. A total of ₦40,834,481.02 (Forty million, eight hundred and thirty four thousand, four hundred and eighty one naira, two kobo), representing 88.18% of the contract sum was paid to the contractor above the mobilisation threshold.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Works (Housing Sector).

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦46,305,000.00 (Forty six million, three hundred and five thousand naira) being contract awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦46,305,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts specified in paragraph 3117 of the Financial Regulations, 2009 should apply.

ISSUE 3: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦27,836,726.25)

Description of Findings

Section 24(1) of the Public Procurement Act (PPA), 2007 states, "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding." Also, paragraph 603(i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without

reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Similarly, section 41 of the PPA, 2007 states, "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation. (2) Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers…"

Audit observed that:

i. The Ministry awarded five (5) contracts totalling ₦27,836,726.25 (Twenty seven million, eight hundred and thirty six thousand, seven hundred and twenty six naira, twenty five kobo) to a contractor for different works.
ii. The contracts were awarded without quotations from at least three (3) unrelated contractors/suppliers, and
iii. Other documents of procurement due process, such as newspaper advertisement, quotation from bidders, tenders' board minutes of meeting, technical and financial bid evaluation, etc. were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Works (Housing sector).

Risks

i. Payment for jobs not executed.
ii. Award of contracts to incompetent contractors.
iii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦27,836,726.2525 (Twenty seven million, eight hundred and thirty six thousand, seven hundred and twenty six naira, twenty five kobo) expended on contracts without due procurement process.
ii. Recover and remit to the Treasury, the sum of ₦27,836,726.25.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract prescribed in paragraph 3117 of the Financial Regulations, 2009 should apply.

SECTION 11

INSPECTORATE AUDIT DEPARTMENT

NIGERIAN SECURITY PRINTING AND MINTING COMPANY PLC (NSPM), ABUJA

At the Nigerian Security Printing and Minting Company PLC (NSPM) Abuja, for the period January to December, 2020, the following observations were made:

ISSUE 1: UNDECLARED REVENUE (=₦249,604,741.51)

Description of Findings

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

Audit observed that:

i. Revenue from security documents amounting to ₦249,604,741.51 (Two hundred and forty nine million, six hundred and four thousand, seven hundred and forty one naira, fifty one kobo) were not included in the revenue report presented to the auditors, and
ii. There was no justification why the amount in (i) above, which is a major source of revenue outside sales of bank notes, were not included in the financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-declaration of revenue amounting to ₦249,604,741.51 (Two hundred and forty nine million, six hundred and four thousand, seven hundred and forty one naira, fifty one kobo).

ii. Refund and remit the sum of ₦249,604,741.51 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for government revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 2: UNDER-REPORTING OF REVENUE (=₦113,328,800.00)

Description of Findings

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

Audit observed that:

i. The Nigerian Security Printing and Minting Company Plc reported the sum of ₦1,071,650,636,33 (One billion and seventy one million, six hundred and fifty thousand, six hundred and thirty six naira, thirty three kobo) as revenue from invoices for security documents in the 2020 financial statements.
ii. Revenue from invoices presented for audit however, revealed that the sum of ₦1,184,979,436.33 (One billion, one hundred and eighty four million, nine hundred and seventy nine thousand, four hundred and thirty six naira, thirty three kobo) was the IGR in 2020, and
iii. There was no evidence to justify the under-declaration of the revenue in the financial statements in the sum of ₦113,328,800.00 (One hundred and thirteen million, three hundred and twenty eight thousand, eight hundred naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the undeclared revenue amounting to ₦113,328,800.00 (One hundred and thirteen million, three hundred and twenty eight thousand, eight hundred naira).
ii. Refund and remit the sum of ₦113,328,800.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 3: DISPOSAL OF GOVERNMENT ASSETS WITHOUT EVIDENCE OF REMITTANCE OF NET PROCEEDS INTO THE CONSOLIDATED REVENUE FUND (=₦42,429,500.00)

Description of Findings

Paragraph 2620(i) of the Financial Regulations (FR), 2009 states, ‘’The Officer in charge of the public auction, or public tender shall pay the net proceeds of the auction after the deduction of the auctioneer's commission, to the nearest Sub-Treasury or Central Pay Office for classification to the appropriate Sub-Head of the Miscellaneous Revenue Head. He shall inform the Accounting Officer concerned of the details of the proceeds of sale and quote the reference and date of the relevant Treasury Receipt. The Accounting Officer shall inform the Accountant-General and the Auditor-General of the reference number, date and amount of the Treasury Receipt for the proceeds of the sales of articles disposed of.’’

Audit observed that:

i. The sum of ₦42,429,500.00 (Forty two million, four hundred and twenty nine thousand, five hundred naira) was realized from the sale of some government assets in 2020, and
ii. There was no evidence of remittance of the net proceeds from the disposal to the Consolidated Revenue Fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM). Abuja.

Risks

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

Management’s Response

No response.

Auditor’s Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦42,429,500.00 (Forty two million, four hundred and twenty nine thousand, five hundred naira) being net proceeds from the sale of government assets.
ii. Refund and remit the sum of ₦42,429,500.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 4: NON-DEDUCTION AND REMITTANCE OF STATUTORY TAXES (=₦28,390,419.34)

Description of Findings

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

Audit observed that:

i. Seven (7) payments totalling ₦334,004,933.49 (Three hundred and thirty four million, four thousand, nine hundred and thirty three naira, forty nine kobo) were made to contractors for the procurement of ink.
ii. Statutory taxes amounting to ₦28,390,419.34 (Twenty eight million, three hundred and ninety thousand, four hundred and nineteen naira, thirty four kobo) representing 7.5% Value Added Tax (VAT) and 1% Stamp Duty were not deducted from the payments, and
iii. The contractors were overpaid by the sum of ₦28,390,419.34, being value of the undeducted taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response
No response.

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

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction of the sum of ₦28,390,419.34 (Twenty eight million, three hundred and ninety thousand, four hundred and nineteen naira, thirty four kobo) in taxes contrary to extant regulations.
ii. Recover and remit the sum of ₦28,390,419.34 to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 5: UNAPPROVED VIREMENT (=₦326,938,649.00)

Description of Findings
Paragraph 316(iii) of the Financial Regulations (FR), 2009 states, "Virement from one Head of Account in the Recurrent Expenditure estimates to another Head of account in Capital Expenditure estimates shall not be allowed and vice versa." Furthermore, paragraph 417 of FR, 2009 states, "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Similarly, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦1,358,769,347.00 (One billion, three hundred and fifty eight million, seven hundred and sixty nine thousand, three hundred and forty seven naira) was outstanding as import duty for the importation of polymer for the period 2016 through the Tincan/Apapa seaport, Lagos.
ii. The amount in (ii) above was to be paid with effect from December, 2019 to June 2024. However, the sum of ₦326,938,649.00 (Three hundred and twenty six million, nine hundred and thirty eight thousand, six hundred and forty nine naira) paid in year 2020 was not supported with budgetary provision, and
iii. The financial statements and the budget performance reports did not disclose the expenditure of the sum of ₦326,938,649.00 in the year 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

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

Management's Response
No response.

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

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦326,938,649.00 (Three hundred and twenty six million, nine hundred and thirty eight thousand, six hundred and forty nine naira), being unauthorised virement.
ii. Refund and remit the sum of ₦326,938,649.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 6: UNDER-DEDUCTION OF STATUTORY TAXES (=₦15,281,800.00)

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

Audit observed that:
i. Statutory deductions totalling ₦15,281,800.00 (Fifteen million, two hundred and eighty one thousand, eight hundred naira) were not made from thirty three (33) payments to contractors in respect of clearing of consignments, and
ii. The amount in (i) above represents 7.5% Value Added Tax (VAT), 5% Withholding Tax (WHT) and 1% Stamp Duty i.e (₦7,825,000.00 + ₦6,137,800.00 + ₦1,319,000.00) respectively, from transportation charges, terminal demurrage, gate charges, shipping demurrage and clearing charges which were not subjected to tax by the Company.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

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

Management's Response
No response.

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

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦15,281,800.00 (Fifteen million, two hundred and eighty one thousand, eight hundred naira) from the contractors and remit same to the relevant tax authorities.
ii. Recover the sum of ₦15,281,800.00 from the contractors and remit same to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112(i) of the Financial Regulations, 2009 should apply.

ISSUE 7: NON-DEDUCTION AND REMITTANCE OF STAMP DUTY (=₦7,439,622.25)

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

Audit observed that:
i. The sum of ₦743,962,224.56 (Seven hundred and forty three million, nine hundred and sixty two thousand, two hundred and twenty four naira, fifty six kobo) was paid by the Company for the procurement of three (3) motor vehicles and other items.
ii. The sum of ₦7,439,622.25 (Seven million, four hundred and thirty nine thousand, six hundred and twenty two naira, twenty five kobo), being 1% statutory stamp duty from the contracts was not deducted and remitted to the relevant tax authorities as required in the above extant regulations, and
iii. No reason was provided for the non-deduction and remittance of the Stamp duties.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction and remittance of Stamp Duty to the relevant tax authorities amounting to ₦7,439,622.25 (Seven million, four hundred and thirty nine thousand, six hundred and twenty two naira, twenty five kobo).
ii. Recover and remit to the relevant tax authorities, the sum of ₦7,439,622.25.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue, and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: NON-DEDUCTION OF STATUTORY TAXES FROM PROCUREMENT OF DIESEL (=₦124,488,182.81)

Description of Findings

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

Audit observed that:

i. Eighty five (85) payments totalling ₦922,136,169.02 (Nine hundred and twenty two million, one hundred and thirty six thousand, one hundred and sixty nine naira, two

kobo) were made for the procurement of AGO-diesel by the Company in 2020 without deducting statutory taxes.

ii. In 2020, the Federal Government began the implementation of the Finance Act, which stated that a 7.5% Value Added Tax (VAT) would be charged on diesel cost. Value Added Tax totalling ₦69,160,212.67 (Sixty nine million, one hundred and sixty thousand, two hundred and twelve naira, sixty seven kobo) were not deducted by the Company.

iii. Withholding Tax totalling ₦46,106,608.45 (Forty six million, one hundred and six thousand, six hundred and eight naira, forty five kobo) were not deducted by the Company.

iv. Stamp Duty totalling ₦9,221,361.69 (nine million, two hundred and twenty one thousand, three hundred and sixty one naira, sixty nine kobo) were not deducted by the Company.

S/N	TAX	AMOUNT (₦)
1	VAT	69,160,212.67
2	WHT	46,106,608.45
3	Stamp Duty	9,221,361.69
	TOTAL	**124,488,182.81**

v. In all, the sum of ₦124,488,182.81 (One hundred and twenty four million, four hundred and eighty eight thousand and one hundred and eighty two naira, eighty one kobo) being revenue from Value Added Tax (VAT), Withholding Tax (WHT) and Stamp Duty were not deducted from payments made to contractors for the procurement of AGO-diesel.

vi. No reason was provided for the non-deduction and remittance of the statutory taxes to the appropriate tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦124,488,182.81 (One hundred and twenty four million, four hundred and eighty eight thousand and one hundred and eighty two naira, eighty one kobo) being payments to contractors without deduction of appropriate taxes.

ii. Recover and remit to the appropriate tax authorities, the sum of ₦124,488,182.81.

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

iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112(i) of the Financial Regulations, 2009 should apply.

ISSUE 9: NON-REMITTANCE OF COMPANY INCOME TAX (=₦10,365,403,000,00)

Description of Findings

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

Audit observed that:

i. The sum of ₦4,586,495,000.00 (Four billion, five hundred and eighty six million, four hundred and ninety five thousand naira) being 2019 company income tax was not remitted to the relevant tax authorities.
ii. The sum of ₦5,778,908,000.00 (Five billion, seven hundred and seventy eight million, nine hundred and eight thousand naira) being the 2018 tax liability and 2019 brought forward, remained outstanding as at the 2020 Year of Assessment, and
iii. No justification was provided why the sum of ₦10,365,403,000.00 (Ten billion, three hundred and sixty five million, four hundred and three thousand naira) was outstanding as the Company Income taxes as at 2020 Year of Assessment.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, for the non-remittance of ₦10,365,403,000.00 (Ten billion, three hundred and sixty

five million, four hundred and three thousand naira) as Company Income Tax to Federal Inland Revenue Service.
ii. Recover and remit the sum of ₦10,365,403,000.00 to the Federal Inland Revenue Service.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 10: PAYMENTS MADE WITHOUT PAID VOUCHERS, PRE-PAYMENT AUDIT AND DUE PROCESS (=₦13,401,806,531.88)

Description of Findings

Paragraph 601 of the Financial Regulations (FR), 2009 states, "All payments entries in the cashbook/account shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person(s) to whom the money is actually due. Under no circumstances shall a cheque be raised, or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR 2009 states, "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..." In addition, paragraph 2921(i) of the FR, 2009, states "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive bidding by which is meant that all contractors/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other, they shall be the same."

Audit observed that:
i. The sum of ₦13,401,806,531.88 (Thirteen billion, four hundred and one million, eight hundred and six thousand, five hundred and thirty one naira, eighty eight kobo) was paid to thirty eight (38) foreign companies for the procurement of spare parts, machineries, bank note papers and other items with letters of credit through the Central Bank of Nigeria (CBN).
ii. There was no evidence of due process in the procurement contracts, and
iii. Payment vouchers were not raised nor prepayment audit carried out before these payments were made.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

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

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of sum of ₦13,401,806,531.88 (Thirteen billion, four hundred and one million, eight hundred and six thousand, five hundred and thirty one naira, eighty eight kobo) without raising paid vouchers and without carrying out pre-payment audit.
ii. Recover and remit to the Treasury, the sum of ₦13,401,806,531.88.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 11: NON-DEDUCTION OF TAXES ON CONTRACT AWARDED TO FOREIGN COMPANIES (=₦804,108,391.91)

Description of Findings
Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states, "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/182 dated 20th April, 2017 states, "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 620 of the Financial Regulations (FR), 2009 states, "Receipts given on paid vouchers are liable to Stamp Duty in Accordance with the Stamp Duties Ordinance (Stamp Duties Act Cap. 411)…" Furthermore, paragraph 234(i) of the FR, 2009 states, "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same."

Audit observed that:
i. Thirty eight (38) foreign companies were paid the sum of ₦13,401,806,531.88 (Thirteen billion, four hundred and one million, eight hundred and six thousand, five hundred and thirty one naira, eighty eight kobo) for the procurement of spare parts, machineries, bank note papers and other items with letters of credit through the Central Bank of Nigeria (CBN).
ii. The Company failed to deduct the statutory 1% Stamp Duty amounting to ₦134,018,065.32 (One hundred and thirty four million, eighteen thousand, sixty five naira, thirty two kobo) and 5% Withholding Tax amounting to ₦670,090,326.59 (Six hundred and seventy million, ninety thousand, three hundred and twenty six naira, fifty nine kobo) on contracts, and
iii. No reason was provided for the non-deduction and remittance of the statutory taxes to the appropriate tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦804,108,391.91 (Eight hundred and four million, one hundred and eight thousand, three hundred and ninety one naira, ninety one kobo) not remitted to the relevant tax authorities.
ii. Recover and remit to the Federal Inland Revenue Services (FIRS), the sum of ₦804,108,391.91.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect government revenue prescribed in paragraphs 3112(i) of the Financial Regulations, 2009 should apply.

ISSUE 12: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦733,012,225.28) (=EUR 1,631,990.00)

Description of Findings

Section 16(6) of the Public Procurement Act (PPA), 2007 states, "All bidders in addition to the requirements contained in any solicitation documents shall: (a) possess the necessary; (i) professional and technical qualifications to carry out particular procurement; (ii) financial capability;…" Also, section 24(1) of the PPA, 2007 states, "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be by way of open competitive bidding." Also, paragraph 2907 (i) of the Financial Regulations (FR), 2009 states, "In order to ensure transparency and accountability, achievement of value for money, economy and efficiency, and equity and fairness, all procurements falling within the bureau's thresholds shall be by way of open competitive bidding.''

Audit observed that:

i. The sum of ₦733,012,225.28 (Seven hundred and thirty three million, twelve thousand, two hundred and twenty five naira, twenty eight kobo) (=EUR 1,631,990.00) was paid to a foreign company registered in Dubai, United Arab Emirate, for the procurement of 1500kg of Pigment in Paste Form, and

ii. Relevant procurement documents such as the company's needs assessment leading to the award, newspaper advertisements, bidding process, contract agreement, bidders' quotations from at least three (3) contractors, minutes of Tender Board's meetings, etc., were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of the sum of ₦733,012,225.28 (Seven hundred and thirty three million, twelve thousand, two hundred and twenty five naira, twenty eight kobo) (=EUR 1,631,990.00) for a contract awarded without due process.
ii. Recover the sum of ₦733,012,225.28 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and failure to spend public funds effectively prescribed in paragraphs 3117 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 13: PAYMENT FOR TRAINING PROGRAMME WITHOUT EVIDENCE OF EXECUTION (=₦62,916,666.66)

Description of Findings

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

Audit observed that:

i. The sum of ₦62,916,666.66 (Sixty two million, nine hundred and sixteen thousand, six hundred and sixty six naira, sixty six kobo) was paid to three (3) contractors for the training of House of Representatives Committee Members, and
ii. Documents such as list of participants, attendance register, certificates of attendance, details of venues, programme completion reports, etc., to substantiate judicious use of the fund were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦62,916,666.66 (Sixty two million, nine hundred and sixteen thousand, six hundred and sixty six naira, sixty six kobo) to contractors without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦62,916,666.66.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations, 2009 should apply.

ISSUE 14: ILLEGAL CUSTODY OF GOVERNMENT MOTOR VEHICLES (=₦270,678,623.00)

Description of Findings

Paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states, "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…" Also, paragraph 112(i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" Furthermore, paragraph 2001 of the FR, 2009 states, "The Accounting Officer shall

be responsible for ensuring that there are effective controls in the use of Government vehicles."

Audit observed that:
i. The sum of ₦270,678,623.00 (Two hundred and seventy million, six hundred and seventy eight thousand, six hundred and twenty three naira) was spent on the procurement of bullet proof vehicles for the Board Chairman and other members, and
ii. The vehicles were taken away as parting gifts by the Board Chairman and other members.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks
i. Loss of government asset.
ii. Conversion of public assets to private use.

Management's Response
No response.

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

Recommendations
The Managing Director should be requested to:
i. Recover the vehicles at the exact value at which they were taken away by the Board Chairman and other members.
ii. Recover and remit to the Treasury, the sum of ₦270,678,623.00 (Two hundred and seventy million, six hundred and seventy eight thousand, six hundred and twenty three naira).
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to pay for use of government property prescribed in paragraph 3113 of the Financial Regulations, 2009 should apply.

ISSUE 15: ILLEGAL COLLECTION GOVERNMENT VEHICLES BY THE RETIRED MANAGING DIRECTOR AS PARTING GIFT (=₦142,665,000.00)

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

clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…" Also, paragraph 112(i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" Furthermore, paragraph 2001 of the FR, 2009 states, "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles." In addition, paragraph 2614 of the FR, 2009 states, "…(ii) For boarding purposes, Boards of Survey should be convened at least once in every two months or as soon as unserviceable stores accumulate. (iii) Obsolete or unserviceable stores should similarly be disposed of either by auction sale or as directed by the Board, but disposal instruction must be carried out promptly within one month of the date of boarding."

Audit observed that:

i. The sum of ₦142,665,000.00 (One hundred and forty two million, six hundred and sixty five thousand naira) being payment for procurement of bullet proof vehicle as parting gift for the out-going Managing Director, and
ii. Physical verification also revealed that the vehicles were non on ground but has been taken away by the out-going Managing Director.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM) Abuja.

Risks

i. Loss of Government fund.
ii. Diversion of public assets to private use.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦270,678,623.00 (Two hundred and seventy million, six hundred and seventy eight thousand, six hundred and twenty three naira) being cost of vehicle illegally taken away by the Managing Director.
ii. Recover and remit to the Treasury the sum of ₦270,678,623.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 16 PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦2,643,045,441.28)

Description of Findings

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

Audit observed that:

i. Two (2) paid vouchers amounting to ₦2,643,045,441.28 (Two billion, six hundred and forty three million, forty five thousand, four hundred and forty one naira, twenty eight kobo) were not presented to audit for examination despite repeated demand for them, and
ii. The management failed to furnish justification for the expenditures in (i) above hence, the payment of ₦2,643,045,441.28 cannot be accepted as a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦2,643,045,441.28 (Two billion, six hundred and forty three million, forty five thousand, four hundred and forty one naira, twenty eight kobo) without raising payment vouchers.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,643,045,441.28 paid to two (2) beneficiaries.
iii. Recover and remit to the Treasury, the sum of ₦2,643,045,441.28.
iv. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 17: EXTRA-BUDGETARY EXPENDITURE (=₦268,347,988.00)

Description of Findings

Section 80(4) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) states "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulation 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Also, Section 22 (5) of Independent Corrupt Practices and Other Related Offences Commission Act, 2000, states "any public officer who transfers or spends any sum allocated for a particular project or service on another project or service, shall be guilty of an offence under this Act and on conviction be liable to one (1) year imprisonment or a fine".

Audit observed that:

i. The sum of ₦268,347,988.00 (Two hundred and sixty eight million, three hundred and forty seven thousand, nine hundred and eighty eight naira) was expended vide twenty six (26) paid vouchers from overhead expenditure votes on projects and programmes not appropriated for in 2021 overhead expenditure budget, and
ii. There was no evidence of approval by the Minister of Finance or the National Assembly to justify the virement and extra-budgetary expenditure by the Company.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the extra-budgetary expenditure.
ii. Recover and remit to Treasury, the sum of ₦268,347,988.00 (Two hundred and sixty eight million, three hundred and forty seven thousand, nine hundred and eighty eight naira).
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 18: MOTOR VEHICLES NOT PRESENTED FOR VERIFICATION

Description of Findings

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

Audit observed that:

i. Twenty four (24) motor vehicles were not produced for audit during physical verification of motor vehicles belonging to NSPM, and
ii. Management failed to furnish the whereabout of the vehicles, hence their existence could not be ascertained.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

i. Loss of government assets.
ii. Conversion of government asset to personal use.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the twenty four (24) motor vehicles not presented for audit physical verification.
ii. Recover the twenty four (24) motor vehicles.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 19: PAYMENT OF UNAPPROVED ALLOWANCE (=₦376,050,500.68)

Description of Findings

Section 3 of the National Salaries, Incomes and Wages Commission (NSIWC) Act CAP N72, LFN, 1999 states, "The functions of the Commission shall be to:-… (g) propose measures for the regulation of prices and wages in the various sectors of the economy…(l) examine, streamline and recommend salary scales applicable to each post in the public service…" Furthermore, Section 13 of the NSIWC Act CAP N72, LFN,1999

states, “Where collective agreements between employers and employees involve increase wages, salaries and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice.” Also, paragraph 415 of the Financial Regulations, 2009 states, “The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.” In addition, paragraph 130101 of the Public Service Rules (PSR), 2008 states, “(a) An allowance is a monetary benefit other than salary granted to an officer for a specific purpose.(b) All Allowances provided for in this Chapter shall be subject to periodic review by the National Salaries, Incomes and Wages Commission through the issuance of appropriate circulars.”

Audit observed that:

i. The sum of ₦89,982,215.25 (Eighty nine million, nine hundred and eighty two thousand, two hundred and fifteen naira, twenty five kobo) was paid to staff vide PV No. 007926 of 19th November, 2020 as 13th month allowance. There was no evidence of approval for the 13th month allowance from the National Salaries, Income and Wages Commission to justify the payment.
ii. The sum of ₦286,068,285.43 (Two hundred and eighty six million and sixty eight thousand, two hundred and eighty five naira, forty three kobo) was also paid to staff for ten(10) categories of allowances during the period under review, and
iii. The total of ₦376,050,500.68 (Three hundred and seventy six million, fifty thousand, five hundred naira, sixty eight kobo) was paid without evidence of approval or ratification from the National Salaries, Income and Wages Commission to justify their genuineness.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management’s Response

No response.

Auditor’s Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦376,050,500.68 (Three hundred and seventy six million, fifty thousand, five hundred naira, sixty eight kobo) being payment of unapproved allowances to staff.
ii. Recover and remit to the Treasury, the sum of ₦376,050,500.68.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009, respectively, should apply.

ISSUE 20: NON-DEDUCTION AND REMITTANCE OF PAYE (=₦66,937,619.59)

Description of Findings

Section 2(1) of the Personal Income Tax Act (PITA), 2004 (as amended) states, "Tax of an amount to be determined from the Table set out in the Sixth Schedule …shall be payable for each year of assessment on the total income of - (a) every individual other than persons covered under paragraph (b) of this subsection or corporation sole or body of individuals deemed to be resident for that year in the relevant State under the provisions of this Act…" Also, paragraph 235 of the Financial Regulations (FR), 2009 states, "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the same time the payee who is the subject of deduction is paid."

Audit observed that:

i. The sum of ₦66,937,619.59 (Sixty six million, nine hundred and thirty seven thousand, six hundred and nineteen naira, fifty nine kobo) was paid to the Ad-hoc and Locum staff of the company in respect of 2020 wages without Pay As You Earn (PAYE) deductions, and
ii. Reasons for the non-deduction of the relevant tax elements which were not deducted on the face of the paid vouchers were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, for the non-deduction and remittance of ₦66,937,619.59 (Sixty six million, nine hundred and thirty seven thousand, six hundred and nineteen naira, fifty nine kobo), being PAYE taxes to relevant tax authorities.
ii. Recover and remit the sum of ₦66,937,619.59 (Sixty six million, nine hundred and thirty seven thousand, six hundred and nineteen naira, fifty nine kobo) to the appropriate tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations 2009 should apply.

ISSUE 21: AWARD OF CONTRACTS ABOVE THE APPROVAL THRESHOLD OF THE MANAGING DIRECTOR (=₦552,346,698.21)

Description of Findings

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

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

" Also, section 16(2) of the Public Procurement Act (PPA), 2007 states, "Where the Bureau has set prior review thresholds in the procurement regulations, no funds shall be disbursed from the Treasury or Federation Account or any bank account of any procuring entity for any procurement falling above the set thresholds unless the cheque, payments or other form of request for payments is accompanied by a certificate of "No Objection" to an award of contract duly issued by the Bureau." Furthermore, section 24 (i) of PPA, 2007 states, "Except as provided by this act, all procurements of goods and works open by all procuring entities shall be conducted by open competitive bidding."

Audit observed that:

i. The sum of ₦337,173,693.76 (Three hundred and thirty seven million, one hundred and seventy three thousand, six hundred and ninety three naira, seventy six kobo) was approved by the MD/CEO and paid to a contractor on the 13th July, 2020 for the purchase of 500 note ink for Abuja factory.

ii. The sum of ₦214,571,869.68 (Two hundred and fourteen million, five hundred and seventy one thousand, eight hundred and sixty nine naira, sixty eight kobo) was equally approved by the MD/CEO and paid to a contractor on the 20th July, 2020 for the purchase of 1000 note ink for Lagos factory.

iii. Similarly, the sums of ₦215,173,004.45 (Two hundred and fifteen million, one hundred and seventy three thousand and four naira, forty five kobo) and ₦473,847,928.02 (Four hundred and seventy three million, eight hundred and forty seven thousand, nine hundred and twenty eight naira, two kobo) were approved by the MD/CEO and paid to contractors on the 7th August, 2020 and on the 28th August, 2020 respectively, for the purchase of Intanglo Ink of ₦500 and ₦1000 notes for Lagos factory, and

iv. The total of ₦1,240,766,495.91 (One billion, two hundred and forty million, seven hundred and sixty six thousand, four hundred and ninety five naira, ninety one kobo) approved and paid by the MD/CEO was above his approval threshold.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

i. Bias in the award of contracts.
ii. Possible payment for jobs not executed.
iii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,240,766,495.91 (One billion, two hundred and forty million, seven hundred and sixty six thousand, four hundred and ninety five naira, ninety one kobo) being irregular award of contract and payment above approval threshold.
ii. Recover and remit to the Treasury, the sum of ₦1,240,766,495.91.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and poor cash management stated in paragraphs 3117 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 22: EXTRA BUDGETARY EXPENDITURE AND PAYMENT WITHOUT THE BOARD OF NSPM APPROVAL (=₦64,285,000.00)

Description of Findings

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

Audit observed that:

i. The minutes of the 328th Exco Meeting held on Wednesday 21st October, 2020 gave an extra budgetary approval for the purchase of under packing board (press pan) for Abuja factory at a cost of ₦64,285,000.00 (Sixty four million, two hundred and eighty five thousand naira) without budgetary provisions, and
ii. The payment was made through payment voucher number 006761 dated 12th November, 2020 without recourse to the Honourable Minister of Finance and the National Assembly's approval for the extra budgetary spending.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦64,285,000.00 (Sixty four million, two hundred and eighty five thousand naira), being extra budgetary expenditure without evidence of approvals of the Board of NSPM, Honourable Minister of Finance and the National assembly.
ii. Refund to the Treasury, the sum of ₦64,285,000.00.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively should apply.

ISSUE 23: IRREGULARITIES IN PROCUREMENT PROCESS AND NON-REMITTANCE OF STATUTORY TAXES (=₦11,720,000.00)

Description of Findings

Section 20(2) of the Procurement Act, 2007 states, "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Furthermore, section 24(1) of the Public Procurement Act (PPA), 2007 states, "Except as provided by this Act, all procurements of goods and works Open by all procuring entities shall be conducted by open competitive bidding." In addition, section 25(2)(ii) of the PPA, 2007 states, "in the case of goods and works valued under National Competitive Bidding,

the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph 234(i) of the Financial Regulations (FR), 2009 states, "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due and services contract and actual remittance of same."

Audit observed that:

i. Four (4) contractors were paid the sum of ₦11,720,000.00 (Eleven million, seven hundred and twenty thousand naira) for hiring of buses to convey staff to Lagos and Abuja factories without evidence of due process in the award of the contracts.
ii. Some irregularities include:
    a. The name on the letter of award was different from the name that was paid.
    b. Some of the jobs were done before the letters of award were issued.
    c. The taxes on the contracts amounting to ₦1,660,526.31 were not deducted from the contract sum before payment, and
    d. Relevant due process supporting documents such as Bureau of Public Procurement Certificates, Tax Clearance Certificate, Certificate of Incorporation, Job Completion Certificate, Pension Certificate, etc on all the preferred bidders were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregularities in procurement procedures totaling ₦11,720,000.00 (Eleven million, seven hundred and twenty thousand naira).
ii. Recover and remit the sum of ₦11,720,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts, failure to collect and account for government revenue and gross misconduct specified in paragraphs 3117, 3112(i) and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 24: IRREGULAR PAYMENT FOR INTERNATIONAL TRAVEL (=₦6,772,085.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦6,772,085.00 (Six million, seven hundred and seventy two thousand and eighty five naira) was paid to two (2) travel agencies to enable officers of the Company to participate in foreign training programmes.
ii. Relevant approvals from the Secretary to the Federal Government of the Federation or the Head of the Civil Service of the Federation was not presented for audit, and
iii. Documentary evidence such as course or program time table, certificate of attendance, visa pages, etc. to authenticate the expenditure, was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

i. Diversion of public fund.
ii. Payment for trainings not attended.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the anticipatory payment of ₦6,772,085.00 (Six million, seven hundred and seventy two thousand and eighty five naira) for a foreign trip not approved by the Secretary to the Federal Government or Head of Service of the Federation.
ii. Recover and remit to the Treasury, the sum of ₦6,772,085.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to wrong and irregular payment specified in paragraph 3109 of the Financial Regulations, 2009 should apply.

ISSUE 25: IRREGULARITIES IN THE PAYMENT OF INSURANCE PREMIUM (=₦493,107,710.06)

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted.'' Also, section 41 of the Insurance Act, 2007 states, "Where an insurance business is transacted through an insurance broker, the insurance broker shall, not later than 30 days of collecting the premium paid to the insurers collected by him". Also, section 50(i) of the Insurance Act, 2007 states, "The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance."

Audit observed that:

i. Four (4) payments totalling ₦493,107,710.06 (Four hundred and ninety three million, one hundred and seven thousand, seven hundred and ten naira, six kobo) in respect insurance premium were made for different policies.
ii. Receipts from the Insurance Company and the policy documents for the insurance policies were not made available for audit.
iii. Insurance premium was paid on motor vehicles that were grounded, and
iv. Details of assets insured for the period under review was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦493,107,710.06 (Four hundred and ninety three million, one hundred and seven thousand, seven hundred and ten naira, six kobo) being irregular payment of insurance premium.
ii. Recover and remit to the Treasury, the sum of ₦493,107,710.06.

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

ISSUE 26: IRREGULAR PAYMENT OF MEDICAL BILLS TO STAFF REGISTERED UNDER THE NATIONAL HEALTH INSURANCE SCHEME (=₦74,683,783.19)

Description of Findings

Paragraph 070201 of the (PSR), 2008 states, "The medical facilities in Nigeria provided to all officers and their families and the scale of charges will be determined by the National Health Insurance Scheme (NHIS)." Also, paragraph 070202 of the Public Service Rules (PSR), 2008 states, "A staff who prefers to be treated by a private practitioner instead of availing himself/herself of services of authorised Healthcare Provider must himself/herself bear all expenses incurred through such treatment." Also, paragraph 070206(d)(i) of the PSR, 2008 states, "Approval for public officers to receive periodic medical check-up at Government expense abroad will be given by the appropriate authority…Officers in category (d) (iii) will submit their applications through their Permanent Secretaries for the Director of Medical Services and Training of the Federal Ministry of Health to countersign the Certificate or recommendation issued by a local consultant which should be attached to the application."

Audit observed that:

i. The sum of ₦74,683,783.19 (Seven million, six hundred and eighty three thousand, seven hundred and eighty three naira, nineteen kobo) was expended on staff medical bills, despite being enrolled into the National Health Insurance Scheme (NHIS), with premium already remitted, and
ii. Evidence of appropriate approval of the amount in (i) above was not produced for scrutiny, in violation of the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦74,683,783.19 (Seven million, six hundred and eighty three thousand, seven hundred and eighty three naira, nineteen kobo) being irregular payment of medical bills to staff registered under National Health Insurance Scheme.
ii. Recover and remit the sum of ₦74,683,783.19 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 27: IRREGULAR PAYMENTS OF COMPLIMENTARY MEAL ALLOWANCE (=₦70,121,254.81)

Description of Findings

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

Audit observed that:

i. NSPM has meal allowance embedded in its monthly salary, yet the Company paid a sum of ₦70,121,254.81 (Seventy million, one hundred and twenty one thousand, two hundred and fifty four naira, eighty one kobo) as complimentary meals served daily to its staff, and
ii. Evidence of the approval by the National Salaries, Income and Wages Commission for this complementary meal allowances were not availed for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦70,121,254.81 (Seventy million, one hundred and twenty one thousand, two hundred and fifty four naira, eighty one kobo) being unapproved allowances paid to staff.
ii. Recover from the beneficiaries, and remit the sum of ₦70,121,254.81 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as prescribed in paragraphs 3106 and 3115 of the Financial Regulations respectively, should apply.

ISSUE 29: PAYMENTS TO THIRD PARTIES WITHOUT POWER OF ATTORNEY (=₦3,390,705.28)

Description of Findings

Paragraph 615 of the Financial Regulations (FR), 2009 states, "When payments are to be made to legal representatives, authorities such as Powers of Attorney, Letters of Administration, etc. shall be presented to the Sub-Accounting Officer for inspection and a certificate showing that they have been seen should be appended to the voucher…"Furthermore, paragraph 603 (i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:

i. Payments for four (4) contracts totalling ₦3,390,705.28 (Three million, three hundred and ninety thousand, seven hundred and five naira, twenty eight kobo) were made to persons other than the actual beneficiaries.
ii. One of the payments, for the maintenance of air-conditioner, that ought to have been made to a contractor was paid to an individual (third party). The other three, meant for facility management, industrial cleaning and biogas technology were also paid to a staff of the Company.
iii. Relevant supporting documents such as the Power of Attorney, acknowledgement certificate by the Sub-Accounting Officer, etc. were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

i. Loss of government funds.
ii. Litigation arising from payment to a third party.
iii. Diversion of government funds.

Management's Response
No response.

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

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦3,390,705.28 (Three million, three hundred and ninety thousand, seven hundred and five naira, twenty eight kobo) to a third party without Power of Attorney.
ii. Recover and remit to the Treasury, the sum of ₦3,390,705.28.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 30: PAYMENTS WITH COPIED PAYMENT VOUCHERS (=₦51,779,271.71)

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

Audit observed that:
i. Twenty six (26) payments totalling ₦51,779,271.71 (Fifty one million, seven hundred and seventy nine thousand, two hundred and seventy one naira, seventy one kobo) were made with photocopied payment vouchers, and
ii. The original payment vouchers were not made available for audit despite repeated demand.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks
i. Payments of unapproved expenditures.
ii. Possible duplication of payments.
iii. Diversion of public funds.

Management's Response
No response.

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

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦51,779,271.71 (Fifty one million, seven hundred and seventy nine thousand, two hundred and seventy one naira, seventy one kobo) paid with photocopied payment vouchers.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦51,779,271.71.
iii. Recover and remit to the Treasury, the sum of ₦51,779,271.71.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations, 2009 should apply.

ISSUE 31: UNRETIRED CASH ADVANCES (=₦5,579,602.00)

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

Audit observed that:
i. Cash advances totaling ₦5,579,602.00 (Five million, five hundred and seventy nine thousand six hundred and two naira) were paid to some officers as 'I Owe You (IOUs) for the procurement of items such as medical drugs and consumables, and
ii. There was neither evidence that the items were procured nor evidence to allude that the amount was recovered from the officers.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

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

Management's Response
No response.

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-retirement of cash advances to staff totaling ₦5,579,602.00 (Five million, five hundred and seventy nine thousand, six hundred and two naira).
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,579,602.00.
iii. Recover and remit the sum of ₦5,579,602.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to non-recovery and non-retirement of advances stated in paragraphs 3118 and 3124 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 32: IRREGULAR PAYMENT OF SITTING ALLOWANCE (=₦4,990,000.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦4,990,000.00 (Four million, nine hundred and ninety thousand naira) was paid as sitting allowance to management staff of NSPM in which ₦300,000 was paid to each of the Board Members and Management Staff, and
ii. The Chief Executive Officer and other Public Servants who were on monthly salary were not entitled to a siting allowance as required in the above extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦4,990,000.00 (Four million, nine hundred and ninety thousand naira) being irregular payment of sitting allowances.
ii. Recover and remit the sum of ₦4,990,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 32: NON-ADHERENCE TO DUE PROCESS IN THE AWARD OF CONTRACT (=₦1,653,576.00)

Description of Findings

Section 41(1) of the Public Procurement Act (PPA), 2007 states, "A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation." Similarly, Section 41(2) of PPA, 2007 states, "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers." Also, paragraph 603(i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. The sum of ₦1,653,576.00 (One million, six hundred and fifty three thousand, five hundred and seventy six naira) was paid to a contractor for the supply of medical items to the Abuja factory through payment voucher number 007566 dated 25th March, 2020, and
ii. Evidence of the procurement due process and contractors eligibility for the contract award such as open competitive bidding, company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, etc, on all the pre-qualified contractors were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

i. Compromise in the award.
ii. Payment for jobs not properly executed.
iii. Diversion of public funds.

Management's Response

No response.

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

Recommendations
The Managing Director should be requested to:

i. Justify to the Public Account Committee of National Assembly, the sum of ₦1,653,576.00 (One million, six hundred and fifty three thousand, five hundred and seventy six naira), paid for contract awarded without obtaining quotations from at least three (3) other bidders.
ii. Recover and remit the sum of ₦1,653,576.00 to the Treasury.
iii. Forward evidence of remittance to the Public Account Committee of National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract, and irregular payment stated in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 33: IRREGULAR PAYMENT FOR THE UNITED KINGDOM VISA PROCESSING FEE (=₦806,500.00)

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

Audit observed that:

i. The sum of ₦806,500.00 (Eight hundred and six thousand, five hundred naira) was paid to a member of staff for the procurement of the United Kingdom (UK) visa for the son of the Managing Director through paid voucher number 008201 dated 26th February, 2020, and
ii. Evidence of the retirement of the sum of ₦806,500.00 and the justification for the payment was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks
i. Payment for ineligible services.
ii. Waste of government funds.
iii. Diversion of public funds.

Management's Response
No response

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦806,500.00 (Eight hundred and six thousand, five hundred naira) for the visa processing fee of the son of the Managing Director.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦806,500.00 being unretired advance.
iii. Recover the sum of ₦806,500.00 from the beneficiary and remit same to the Treasury,
iv. Forwarding evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to failure to spend public funds effectively and non-retirement of advances and imprests specified in paragraphs 3115 and 3124 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 34: IRREGULAR PAYMENT FOR FOREIGN TOUR (=₦8,315,550.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦8,315,550.00 (Eight million, three hundred and fifteen thousand five hundred and fifty naira) was paid to officers of Nigerian Security Printing and Minting Company Plc. to enable them participate in training programmes in Germany and Japan.
ii. Clearance from the Head of Civil Service of the Federation or the Secretary to the Government of the Federation for the purported foreign tour was neither attached to the paid vouchers nor presented on demand.
iii. Relevant documents such as flight tickets, boarding pass, photocopy of relevant page of Visa Passport etc. were not attached to the paid vouchers nor presented for audit, and
iv. Reports detailing the activities at the training programmes were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

i. Diversion of public fund.
ii. Payment for training not attended.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦8,315,550.00 (Eight million, three hundred and fifteen thousand, five hundred and fifty naira) for foreign trainings.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,315,550.00 paid without clearance from the Office of the Head of Civil Service of the Federation or Secretary to the Government of the Federation.
iii. Recover and remit to the Treasury, the sum of ₦8,315,550.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to wrong and irregular payment specified in paragraph 3109 of the Financial Regulations, 2009 should apply.

ISSUE 35: NON-REMITTANCE OF REVENUE TO CONSOLIDATED REVENUE FUND (=₦10,553,355.39)

Description of Findings

Paragraph 236 of the Financial Regulations (FR), 2009 states, "Revenue paid into the Revenue Accounts for Internally Generated Revenue (IGR) of MDAs shall be transferred to Consolidated Revenue Fund (CRF) on or before the 15th of the month following the month of collection of the Revenue." Also, Paragraph 3(1), implementation strategy, of Establishment Circular with Ref. No. HCSF/428/S.1/120 issued on the 7th August, 2015 states, "MDAs fully funded through the Federal Government Budget (i.e., MDAs whose Capital, Overhead and personnel cost were fully covered through the Federal Government budget) but generates additional revenues, shall be:- (a) All collections from these MDAs to be paid directly into TSA (e-collections) without retention. (b) Expenditure to be drawn from CRF based on Annual Budget."

Audit observed that:

i. The sum of ₦10,553,355.39 (Ten million, five hundred and fifty three thousand, three hundred and fifty five naira, thirty nine kobo) was realized from tender fees in 2020, and

ii. There was no evidence of remittance of the proceeds from the tender fees to the Consolidated Revenue Fund (CRF).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director is requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,553,355.39 (Ten million, five hundred and fifty three thousand, three hundred and fifty five naira, thirty nine kobo) being unremitted tenders fee
ii. Remit the sum of ₦10,553,355.39 to the Consolidated Revenue Fund.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, apply sanctions relating to failure to account for Government revenue in Section 3112(ii) of the Financial Regulations, 2009.

ISSUE 36: NON-DEDUCTION OF STATUTORY TAXES (=₦6,312,902.37)

Description of Findings

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

Audit observed that:

i. The Company failed to deduct statutory taxes amounting to ₦6,312,902.37 (Six million, three hundred and twelve thousand, nine hundred and two naira, thirty seven kobo) on contractual transactions, and
ii. There was no evidence to show that Value Added Tax (VAT), Withholding Tax (WHT) and Stamp Duty were deducted and remitted to the relevant tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Security Printing and Minting Company Plc. (NSPM), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,312,902.37 (Six million, three hundred and twelve thousand, nine hundred and two naira, thirty seven kobo) being un-deducted statutory taxes.
ii. Recover and remit to the Treasury, the sum of ₦6,312,902.37.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to, non-remittance of VAT & WHT, failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 234(ii & iii), 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

RURAL ELECTRIFICATION AGENCY

At the Rural Electrification Agency, Abuja the following observations were made for the period January, 2020 to December, 2021:

ISSUE 1: PAYMENT FOR CONTRACT NOT EXECUTED (AGWADE) (=₦83,151,463.30)

Description of Findings

Section 16(1) of the Public Procurement Act, 2007 states, "Subject to any exemption allowed by this Act, all public procurement shall be conducted: …(e) with the aim of achieving value for money and fitness for purpose; (f) in a manner which promotes competition, economy and efficiency; and (g) in accordance with the procedures and time-

line laid down in this Act and as may be specified by the Bureau from time to time." Also, paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. A contract for the provision and installation of transformer, high- and low-tension lines in (Agode and Ahuma communities) in Lafia/Obi Nasarawa state Lot D035 was awarded to a company at the contract sum of ₦34,481,268.30 (Thirty four million, four hundred and eighty one thousand, two hundred and sixty eight naira, thirty Kobo) only.
ii. The contract award letter provided a completion period of eight (8) weeks from the date of signing the contract agreement on the 6th November, 2020. The audit team combined with team from Rural Electrification Agency (REA) on verification visited to the project site on 16th May, 2022, revealed that the Transformer was yet to be supplied.
iii. On inquiry, the Transformer in the Community was procured by the Local Government Authority but was mounted on the plinth provided by the REA Contractor with the REA signage to make it look like REA Project.
iv. The sum of ₦48,670,195.00 (Forty eight million, six hundred and seventy thousand, one hundred and ninety five naira) with payment voucher TRY N0. CNB /19/4430 dated 18th March, 2020, for the electrification of Jagurio, Ebute Ajebo in Lagos State involves installation of five (5) Nos. 300KVA 33/0.415KV Transformers but the Contractor only installed one (1) number of transformer as the Communities had earlier installed four (4) N0s. of transformers.
v. There was no evidence to show that the cost for the four (4) N0s. Transformers not installed by the contractor was deducted before the whole contract sum was paid to the contractor, and
vi. The total of ₦83,151,463.30 (Eighty three million, one hundred and fifty one thousand, four hundred and sixty three naira, thirty kobo) in (i) and (iv) remained payment for contract not executed.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency, Abuja.

Risks

i. Loss of public funds.
ii. Poor standard of work may be delivered in the end.
iii. Misapplications of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦83,151,463.30 (Eight three million, one hundred and fifty one thousand, four hundred and sixty three naira, thirty kobo) being payment for work not executed.
ii. Recover and remit to the Treasury, the sum of ₦83,151,463.30.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for jobs not executed and irregular payments specified in paragraphs 3104 (iii) and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: IRREGULAR DIVERSION OF CONTRACT MATERIALS IN KUMKWAM, PLATEAU STATE (=₦76,898,848.58)

Description of Findings

Paragraph 109 (i) … (c) of the Financial Regulations (FR), 2009 states, "The Auditor-General shall carry out amongst others the following Statutory function: Financial Control Audit-to ensure that laid down procedures are being observed in tendering contracts and store-keeping with a view to preventing waste, pilferage and Extravagance".

Audit observed that:

i. The sum of ₦76,898,848.58 (Seventy six million, eight hundred and ninety eight thousand, eight hundred and forty eight naira, fifty eight kobo) was awarded for the procurement/supply of one (1) no 300kva transformer and electrification with 100 poles (High Tension) and 100(Low Tension) poles and cables in kumkwam, Plateau state.
ii. Sixty four (64) High Tension Poles were taken to the project site while only thirty five (35) numbers were installed. The balance of twenty nine (29) were moved to a different project site.
iii. There was no evidence of sixty five (65) High Tension and one hundred (100) Low Tension poles meant for the project, and
iv. The Project Supervisor confirmed that the remaining High-Tension Poles brought by the Contractor were moved to a location called Tafa without any approval or any documentary evidence provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦76,898,848.58 (Seventy six million, eight hundred and ninety eight thousand, eight hundred and forty eight naira, fifty eight kobo) irregular diversion of contract materials in Kumkwam, Plateau state.
ii. Recover and remit to the Treasury, the sum of ₦76,898,848.58.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for jobs not executed and irregular payments specified in paragraphs 3104 (iii) and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE THRESHOLD (=₦233,831,159.68)

Description of Findings

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

Audit observed that:

i. The sum of ₦233,831,159.68 (Two hundred and thirty three million, eight hundred and thirty one thousand, one hundred and fifty nine million, sixty eight kobo) was granted as non-personal advances to officers of the Commission for purchases and other services.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and
iii. These advances deprived the government of revenue totalling ₦31,567,206.56 (Thirty one million, five hundred sixty seven thousand, two hundred and six naira, fifty six kobo) representing 7.5% VAT, 5% WHT and 1% Stamp Duty, respectively, that would have accrued if the jobs were contracted.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency, Abuja.

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

Management's Response
No response.

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

Recommendations
The Managing Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦233,831,159.68 (Two hundred and thirty three million, eight hundred and thirty one thousand, one hundred and fifty nine million and sixty eight kobo) to officers as non-personal advances above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦233,831,159.68.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦2,117,143.168.09)

Description of Findings
Section 41(2) of the Public Procurement Act (PPA), 2007 states, "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation. (2) Generally, quotations shall be obtained from at least 3 unrelated contractors or suppliers…" Furthermore, section 16(8) of the PPA, 2007 states, Whenever it is established by a procuring entity or the Bureau that any or a combination of the situations set out exist, a bidder may have its bid or tender excluded from any particular procurement proceeding if : there is verifiable evidence that any supplier, contractor or consultant has given or promised a gift of money or any tangible item, or has promised, offered or given employment or any other benefit, item or a service that can be quantified in monetary terms to a current or former employee of a procuring entity or the Bureau, in an attempt to influence any action, or decision making of any procurement activity."

Audit observed that:
i. Six (6) Payment Vouchers totaling ₦2,117,143.168.09 (Two billion, one hundred and seventeen million, one hundred and forty three thousand, one hundred and sixty eight naira, nine kobo) was paid to Eleven (11) companies for various contracts award.
ii. Eight (8) contracts from (i) have direct relationship as disclosed by the CAC registration of business information with one another while other three (3) have direct relationship with one another, and

iii. The above act in (ii) above allowed Contractors undue advantage of multiple bidding.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,117,143.168.09 **(**Two billion, one hundred and seventeen million, one hundred and forty three thousand, one hundred and sixty eight naira, nine kobo), being irregular payments.
ii. Recover and remit to the Treasury, the sum of ₦2,117,143.168.09.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of Financial Regulations, 2009 should apply.

ISSUE 5: PAYMENT FOR JOB NOT EXECUTED (=₦128,221,875.00)

Description of Findings

Paragraph 412 of the Financial Regulations (FR), 2009 states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with terms of the contract agreement, that as regards supplies, the articles have been received and, in the case of work, that it has been properly done. In the case of payment on account, no money will be claimed other than the cost of the work certified to have been performed." Furthermore, paragraph 415 of the FR, 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." In addition, paragraph 603 (i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Similarly, Paragraph 708 of the FR, 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦128,221,875.00 (One hundred and twenty eight million, two hundred and twenty one thousand, eight hundred and seventy five naira) was made via payment voucher with TRY N0. BN/21/5667 dated 21st December, 2021, for the Provision of Solar Home System in (5) Federal College, Okposi, Federal Government girls College, Ezzamgbo. Federal Government College, Enugu, Federal Government College, Okigwe.
ii. The panels associated with the Mini Grid Solar Home System supplied at the Federal Government College, Okposi have not been installed.
iii. Some of the Home Systems installed at the Federal Government College, Enugu stopped working within 3-7days after installation, and
iv. Some of the Fans and Radio supplied were faulty from the inception and they have not been replaced by the Contractor in spite of full payment of Contract sum to them.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦128,221,875.00 (One hundred and eight million, two hundred and twenty one thousand, eight hundred and seventy five naira) being payment for jobs not done.
ii. Recover and remit the sum of ₦128,221,875.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular payments specified in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: UNAUTHORIZED CONVERSION OF GOVERNMENT PROPERTIES TO PERSONAL USE

Description of Findings

Paragraph 160202 of the Public Service Rule (PSR), 2008 states, "…No part time Member of the Board shall be allowed to retain official vehicle for use on a permanent basis." Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states, "…As part of measures to curb this undesirable practice

by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…" Also, paragraph 112(i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" Furthermore, paragraph 2001 of the FR, 2009, states, "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles." In addition, paragraph 2614 of the FR, 2009 states, "…(ii) For boarding purposes, Boards of Survey should be convened at least once in every two months or as soon as unserviceable stores accumulate. (iii) Obsolete or unserviceable stores should similarly be disposed of either by auction sale or as directed by the Board, but disposal instruction must be carried out promptly within one month of the date of boarding."

Audit observed that:

i. White Toyota Hilux vehicle with registration No; FG 30Q16 allocated to the office of the former Chairman of the Agency Board on the 28th May, 2014 traced to the Assets Register was not sighted during physical inspection, and
ii. Further review showed that the vehicle was taken away by the former Chairman after the expiration of his tenure.

The above anomalies could be attributed to weaknesses in the internal control system at the Rural Electrification Agency, Abuja.

Risks

i. Loss of Government Assets.
ii. Waste of Government resources.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Recover the vehicles from the former Council Chairman at the exact value it was taken away, failing which, they should be recovered at their purchase price/value.
ii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct and non-payment for use of government property specified in paragraphs 3129 and 3113 of the Financial Regulations (FR), 2009 respectively, should apply.

PRESIDENTIAL AMNESTY PROGRAMME(PAP)

At the Presidential Amnesty Programme, Abuja the following observations were made for the period January, 2019 to December, 2020:

ISSUE 1: VIOLATION OF THE E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (= ₦17,676,802,100.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦8,245,788,600.00 (Eight billion, two hundred and forty five million, seven hundred and eighty eight thousand, six hundred naira) were made as payments for stipends to various ex-militants Camp Leaders.
ii. In the year 2020, the sum of ₦9,431,013,500.00 (Nine billion, four hundred and thirty one million, thirteen thousand, five hundred naira) was also paid as stipends to various groups of the ex-militants.
iii. The payment in (i) and (ii) above, totaling ₦17,676,802,100.00 (Seventeen billion, six hundred and seventy six million, eight hundred and two thousand, one hundred naira) were made to some groups other than the direct beneficiaries, and
iv. Payments for between ten (10) and one thousand five hundred (1,500) ex-militant were made in favour of a single person, contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Presidential Amnesty Programme (PAP), Abuja.

Risks

i. Diversion of public funds.
ii. Lack of transparency and accountability.
iii. Duplication of names and conversion of public funds.

Management's Response

No response.

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

Recommendations
The Interim Administrator should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum ₦17,676,802,100.00 (Seventeen billion, six hundred and seventy six million, eight hundred and two thousand, one hundred naira) being stipends to ex-militants in violation of the e-payment policy and the Nigeria Amnesty Programme procedure.
ii. Recover and remit to the Treasury, the sum of ₦17,676,802,100.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 2: PAYMENT OF TUITION FEES WITHOUT SUPPORTING DOCUMENTS (=₦1,529,669,500.00)

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

Audit observed that:
i. The sum of ₦1,529,669,500.00 (One billion, five hundred and twenty nine million, six hundred and sixty nine thousand, five hundred naira) were made to various Universities as tuition fees for students under PAP, and
ii. Relevant supporting documents such as receipts, evidence of payment, admission Letter etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Presidential Amnesty Programme (PAP), Abuja.

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

Management's Response
No response.

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

Recommendations
The Interim Administrator should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payments of ₦1,529,669,500.00 (One billion, five hundred and twenty-nine million, six hundred and sixty-nine thousand, five hundred naira) without supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦1,529,669,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 3: PAYMENTS MADE WITHOUT INTERNAL AUDIT CHECK (=N3,619,398,766.50)

Description of Findings
Paragraph 601 of the Financial Regulations (FR), 2009 states, "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 1705 of the FR, 2009 states, "The Head of Internal Audit Unit in all ministries/extra-ministries offices and other arms of Government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment. Checked and passed vouchers received in the Internal Audit Unit must be promptly dealt with and, under no circumstances, shall a voucher be held in that Unit for more than forty-eight (48) hours."

Audit observed that:
i. A total number of 78 payments amounting to ₦3,619,398,766.50 (Three billion, six hundred and nineteen million, three hundred and ninety eight thousand, seven hundred and sixty six naira, fifty kobo) were raised and paid without internal audit check, and
ii. The reason for non-compliance with the provisions of extant regulations on internal audit checks was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Presidential Amnesty Programme (PAP), Abuja.

Risks
i. Loss of public funds
ii. Unapproved payments

Management's Response
No response

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

Recommendations
The Interim Administrator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,619,398,766.50 (Three billion, six hundred and nineteen million, three hundred and ninety eight thousand, seven hundred and sixty six naira, fifty kobo) being payments made without evidence of Internal Audit Checks.
ii. Recover and remit to the Treasury, the sum of ₦3,619,398,766.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 4: PAYMENTS MADE BEFORE RAISING PAID VOUCHERS (=₦1,297,157,000.00)

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

Audit observed that:
i. The sum of ₦1,297,157,000.00 (One billion, two hundred and ninety seven million, one hundred and fifty seven thousand naira) were approved, paid and entered into the cash book without raising paid vouchers, and
ii. The reasons for violating the provisions of extant regulations were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Presidential Amnesty Programme (PAP), Abuja.

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

Management's Response
No response.

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

Recommendations

The Interim Administrator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,297,157,000.00 (One billion, two hundred and ninety seven million, one hundred and fifty seven thousand naira) being payments made without paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦1,297,157,000.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

PRESIDENTIAL AMNESTY PROGRAMME (2021)

At the Presidential Amnesty Programme, Abuja the following observations were made for the period January to December, 2021:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE THRESHOLD (=₦29,008,251.91)

Description of Findings

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

Audit observed that:

i. The sum of ₦29,008,251.91 (Twenty nine million, eight thousand, two hundred and fifty one naira, ninety one kobo) were granted as cash advances to Officers of the Programme for procurement of goods and services above the advances limit of ₦200,000.00, and
ii. Some officers were granted multiple advances without evidence of retiring previous advances granted them, contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Presidential Amnesty Programme (PAP), Abuja.

Risks

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

Management's Response
No response.

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

Recommendations
The Interim Administrator should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦29,008,251.91 (Twenty nine million, eight thousand, two hundred and fifty one naira, ninety one kobo) being payments made in circumvention of procurement procedure and granting of cash advances above threshold.
ii. Recover and remit to the Treasury, the sum of ₦29,008,251.91
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦87,754,933.00)

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

Audit observed that:
i. The sum of ₦87,754,933.00 (Eighty seven million, seven hundred and fifty four thousand, nine hundred and thirty three naira) was paid for the purchase of various store items, and
ii. There was no evidence provided to show that the items were taken on store ledger charge.

The above anomalies could be attributed to weaknesses in the internal control system at the Presidential Amnesty Programme (PAP), Abuja.

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

Management's Response
No response

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

Recommendations
The Interim Administrator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦87,754,933.00 (Eighty seven million, seven hundred and fifty four thousand, nine hundred and thirty three naira) being payments made for procuring store items without evidence of taking them on ledger charge.
ii. Recover and remit to the Treasury, the sum of sum of ₦87,754,933.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

PETROLEUM TECHNOLOGY DEVELOPMENT FUND (PTDF)

At the Petroleum Technology Development Fund (PTDF) Abuja, the following observations were made for the period January, 2019 to December, 2020.

ISSUE 1: NON-RECOVERY OF TRAPPED FUNDS DEPOSITED IN UBA AND CITY BANK (= ₦326,065,638.00)

Description of Findings
paragraph 112(i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: …(b) ensuring that the essential management control tools are put in place to minimize waste and fraud;…(d) ensuring the safety and proper maintenance of all government assets under his care;…(f) ensuring accurate collection and accounting for all public moneys received and expended;…"

Audit observed that:

i. The Fund invested the sum of ₦326,065,638.00 (Three hundred and twenty six million, sixty five thousand, six hundred and thirty eight naira) in two (2) defunct Deposit Money Banks as shown in the Table below:

S/N	INSTITUTIONS	AMOUNT (N)
1	Trade Bank (Now taken over by United Bank for Africa)	227,341,805.00
2	CITY Express Bank	98,723,833.00
	Total	**326,065,638.00**

Source: Extract from investment files

ii. The banking license of the two (2) former banks were revoked in 2006 due to their failure to recapitalize, among other problems, and

iii. The deposits of ₦326,065,638.00 trapped in these former banks had not been recovered at the time of audit in November, 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Technology Development Fund (PTDF), Abuja.

Risks

i. Loss of public funds.
ii. Ineffective management of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the failure to recover the sum of ₦326,065,638.00 (Three hundred and twenty six million, sixty five thousand, six hundred and thirty eight naira) as deposits trapped in defunct deposit money banks.
ii. Recover and remit to the Treasury, the sum of ₦326,065,638.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to manage funds effectively prescribed in paragraph 3115 of the Financial Regulations (FR), 2009 should apply.

ISSUE 2: AWARD OF IT-RELATED CONTRACT WITHOUT APPROVAL FROM NITDA (=₦107,691,733.93)

Description of Findings

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

Audit observed that:

i. The Fund awarded a contract for the supply, installation, and commissioning of Library automation system and RFID at the Petroleum Training Institute (PTI), Effurun, Delta State for the sum of ₦107,691,733.93 (One hundred and seven million, six hundred and ninety one thousand, seven hundred and thirty three naira, ninety three kobo), and
ii. Evidence of approval from NITDA before the award of the contract, was not produced for audit, contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Technology Development Fund (PTDF), Abuja.

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

Management's Response
No response.

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

Recommendations
The Executive Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the award of IT-related contract for the sum of ₦107,691,733.93 (One hundred and seven million, six hundred and ninety one thousand, seven hundred and thirty three naira, ninety three kobo) without prior approval from NITDA.
ii. Recover and remit the sum of ₦107,691,733.93 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 3: NON-DEDUCTION AND REMITTANCE OF STAMP DUTY (=₦60,355,670.03)

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

Audit observed that:
i. The sum of ₦60,355,670.03 (Sixty million, three hundred and fifty five thousand, six hundred and seventy naira, three kobo) was the 1% stamp duty that was not deducted from the capital expenditure contracts awarded in 2019 and 2020, and
ii. No reason was provided by the Fund for the non-deduction and remittance of the mandatory 1% Stamp Duty in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Technology Development Fund (PTDF) Abuja.

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

Management's Response
Audit observation is noted.

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

Recommendations
The Executive Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction and non-remittance of 1% Stamp duties totalling ₦60,355,670.03 (Sixty million, three hundred and fifty five thousand, six hundred and seventy naira, three kobo).
ii. Recover and remit the sum of ₦60,355,670.03 to the appropriate tax authority.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue in paragraph 3112 of the Financial Regulations, 2009 should apply.

PETROLEUM TECHNOLOGY DEVELOPMENT FUND (PTDF)

At the Petroleum Technology Development Fund (PTDF) Abuja, the following observations were made for the period January to December, 2021:

ISSUE 1: PAYMENTS FOR STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦64,088,158.44)

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

Audit observed that:

i. Payments for purchases of store items amounting to ₦64,088,158.44 (Sixty four million, eighty eight thousand, one hundred and fifty eight naira, forty four kobo) by the Fund were not taken on store ledger charge, contrary to extant regulations, and
ii. No justification was provided for this contravention.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Technology Development Fund (PTDF), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦64,088,158.44 (Sixty four million, eighty eight thousand, one hundred and fifty eight naira, forty four kobo), paid for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦64,088,158.44.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: PAID VOUCHERS AND SUPPORTING DOCUMENTS NOT STAMPED "PAID" (= ₦25,607,890,403.18)

Description of Findings

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

Audit observed that:

i. The sum of ₦25,607,890,403.18 (Twenty five billion, six hundred and seven million, eight hundred and ninety thousand, four hundred and three naira, eighteen Kobo) was the total paid vouchers raised in the period January to December 2021, and
ii. None of the paid vouchers and supporting documents in (i) above were stamped "Paid", contrary to the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Technology Development Fund (PTDF), Abuja.

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

Management's Response
No response.

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

Recommendations
The Executive Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, why paid vouchers and attached supporting documents were not stamped "Paid", and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 3: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦41,367,493.50)

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

Audit observed that:
i. Twenty two (22) payment vouchers totalling ₦41,367,493.50 (Forty one million, three hundred and sixty seven thousand, four hundred and ninety three naira, fifty kobo) were raised and paid by the Fund, and
ii. Relevant supporting documents such as invoices, receipts, Store Receipt Voucher, etc. were neither attached to the paid vouchers nor presented for audit as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Technology Development Fund (PTDF), Abuja.

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

Management's Response
No response.

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

Recommendations
The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦41,367,493.50 (Forty one million, three hundred and sixty seven thousand, four hundred and ninety three naira, fifty kobo) without relevant supporting documents.
ii. Recover and remit the sum of ₦41,367,493.50 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payments for jobs not executed and irregular payment prescribed in paragraphs 3104(iii) and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: PAYMENT FOR SERVICES WITHOUT EVIDENCE OF EXECUTION (=₦46,974,216.43)

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

Audit observed that:

i. Three (3) companies were paid the sum of ₦46,974,216.43 (Forty six million, nine hundred and seventy four thousand, two hundred and sixteen naira, forty three kobo) for various services to PTDF.
ii. There was no evidence that the services were rendered before the vouchers were raised.
iii. One among the contractors was engaged on 13th April, 2021 but was paid for services rendered in March, April & May through PV No. 960 dated 19th November, 2021, and
iv. The contractors were paid for periods they had not rendered the services to the Fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Petroleum Technology Development Fund (PTDF), Abuja.

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

Management's Response
No response.

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

Recommendations
The Executive Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦46,974,216.43 (Forty six million, nine hundred and seventy four thousand, two hundred and sixteen naira, forty three kobo) paid for services not executed.
ii. Recover the sum of ₦46,974,216.43 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

COUNCIL FOR THE REGULATION OF FREIGHT FORWARDING IN NIGERIA (CFRFFN)

At the Council for the Regulation of Freight Forwarding in Nigeria (CFRFFN), Abuja, the following observations were made for the period January to December, 2021:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS AND MANAGEMENT REPORT TO THE OFFICE OF THE AUDITOR GENERAL FOR THE FEDERATION

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

In spite of the extant regulations:
i. The Council failed to submit its audited financial statements for eight (8) years, covering 2014 to 2021, together with the management reports for the same period, to the Office of the Auditor-General for the Federation as at the time of finalizing this report, and

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

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

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

Management's Response
No response.

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

Recommendations
The Registrar should be requested to:
i. Justify the failure to present audited financial statements to the Office of the Auditor-General for the Federation for 2014 to 2021 financial years.
ii. Submit the audited financial statements, in respect of 2014 to 2021 financial years to the Office of Auditor-General for the Federation and the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (FR), 2009 should apply.

ISSUE 2: PAYMENT VOUCHERS NOT PRESENTED FOR AUDIT EXAMINATION (=₦450,568,607.90)

Description of Findings
Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the FR, 2009 states "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised."

Audit observed that:
i. The sum of ₦450,568,607.90 (Four hundred and fifty million, five hundred and sixty eight thousand, six hundred and seven naira, ninety kobo) was paid through two hundred and sixty nine (269) vouchers to various beneficiaries.
ii. These payments were posted into cashbooks, and
iii. The paid vouchers and other supporting documents were not presented for audit contrary to extant regulations.

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

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

Management's Response
No response.

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

Recommendations
The Registrar should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, why paid vouchers used to effect payments totaling ₦450,568,607.90 (Four hundred and fifty million, five hundred and sixty eight thousand six hundred and seven naira, ninety kobo) to various beneficiaries were not presented for audit.
ii. Recover and remit the sum of ₦450,568,607.90 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: PAYMENTS WITHOUT INTERNAL AUDIT CERTIFICATION (=₦154,390,378.16)

Description of Findings
Paragraph 1705 of the Financial Regulations (FR), 2009 states, "The Head of Internal Audit in all Ministries/Extra-Ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment."

Audit observed that:
i. The sum of ₦154,390,378.16 (One hundred and fifty four million, three hundred and ninety thousand, three hundred and seventy eight naira, sixteen kobo) was paid for various expenditures through forty three (43) paid vouchers, and
ii. None of the forty three (43) paid vouchers were certified by the Internal Audit Unit of the Council contrary to the extant regulations.

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

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

Management's Response
No response.

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

Recommendations
The Registrar should be requested to:
i. Justify to the Public Accounts Committee of the National Assembly, the payment of ₦154,390,378.16 (One hundred and fifty four million, three hundred and ninety thousand, three hundred and seventy eight naira, sixteen kobo) without prepayment audit.
ii. Recover and remit to the Treasury the sum of ₦154,390,378.16.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to payments for jobs not executed, irregular payments and failure to spend public funds effectively as prescribed in paragraphs 3104(iii), 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 4: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CONSOLIDATED REVENUE FUND OF THE FEDERAL GOVERNMENT (=₦15,436,248.06)

Description of Findings
Paragraph 3(b) of the Treasury Circular Ref. No. TRY/A10&B10/2016 OAGF/CAD/026/V.111/101 of 22nd November, 2016 states, "all partially-funded Federal Government Agencies/Parastatals should limit their annual budgetary expenditure to no more than 75 percent (75%) of their gross revenue, and remit the 25 percent (25%) to the CRF or pay 80 percent (80%) of their Operating Surplus computed according to the approved template to the CRF, whichever is higher;"

Audit observed that:
i. The Council generated the sum of ₦232,878,977.48 (Two hundred and thirty two million, eight hundred and seventy eight thousand, nine hundred and seventy seven naira, forty eight kobo) as Internally Generated Revenue (IGR) in 2021.
ii. Twenty five percent (25%) of the IGR which amounted to ₦58,219,744.37 (Fifty eight million, two hundred and nineteen thousand, seven hundred and forty four naira, thirty seven kobo) was expected to have been remitted to the Treasury. However, the sum of ₦42,783,496.31(Forty two million, seven hundred and eighty three thousand, four hundred and ninety six naira, thirty one kobo) was remitted, and
iii. This resulted in the under-remittance of ₦15,436,248.06 (Fifteen million, four hundred and thirty six thousand, two hundred and forty eight naira, six kobo).

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

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

Management's Response
No response.

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

Recommendations
The Registrar should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly for the sum of ₦15,436,248.06 (Fifteen million, four hundred and thirty six thousand, two hundred and forty eight naira, six kobo) being the under-remittance of 25% of IGR, in 2021, to the Treasury.
ii. Remit the sum of ₦15,436,248.06 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for Government Revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: PAYMENT ON INFORMATION TECHNOLOG CONSULTANCY SERVICES WITHOUT NITDA CLEARANCE (=₦101,600,000.00)

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

Audit observed that:
i. The sum of ₦101,600,000.00 (One hundred and one million, six hundred thousand naira) was made to three (3) contractors for the consultancy service fee for ICT service for the automation of the Council's operation and revenue collection, development & implementation of data capture solution system (software) at the Council in the year 2021, and
ii. There was no evidence of obtaining clearance and approval from National Information Technology Development Agency (NITDA).

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

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

Management's Response
No response.

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

Recommendations
The Registrar should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the award of ICT contracts without obtaining clearance from NITDA totalling ₦101,600,000.00 (One hundred and one million, six hundred thousand naira).
ii. Recover the sum of ₦101,600,000.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 7: MISAPPLICATION OF FUNDS WITHOUT AUTHORISATION (=₦58,861,059.57)

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

Audit observed that:
i. The sum of ₦58,861,059.57 (Fifty eight million, eight hundred and sixty one thousand, fifty nine naira, fifty seven kobo) was incorrectly/wrongly charged from one budget sub-head to another sub-head in order to prevent over-expenditure in another sub-head, and
ii. The evidence of approval for virement from the Minister of Finance, Budget and National Planning and the National Assembly was not provided for audit.

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

Risks
i. Loss of public funds.
ii. Unauthorized and unapproved expenditure
iii. Misapplication of appropriations

Management's response
No response

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

Recommendations
The Registrar should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦58,861,059.57 (Fifty eight million, eight hundred and sixty one thousand, fifty nine naira, fifty seven kobo) being irregular virement made without evidence of approval.
ii. Recover and remit the sum of ₦58,861,059.57 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 7: UNACCOUNTED VEHICLES IN THE CUSTODY OF THE BOARD MEMBERS

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

Audit observed that:
i. Fifteen (15) Council vehicles bought between 2017 and 2019 were taken away and still in the custody of former Board members at the time of audit, and
ii. The former Board members failed to return the vehicles at end of their tenure, thereby violating the provisions of extant regulations.

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

Risks
i. Loss of government assets.
ii. Diversion of government property to personal use.

Management's response
No response.

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

Recommendations
The Registrar should be requested to:
i. Recover the vehicles at the exact value at which they were taken away by the two former board members.
ii. Furnish evidence of recovery to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to pay for the use of government property prescribed in paragraph 3113 of the Financial Regulations, 2009 should apply.

SAVING ONE MILLION LIVES (SOML) PROGRAMME FOR RESULT (PforR), ABUJA

At the Saving One Million Lives (SOML) Programme for Result (PforR), Abuja, the following observations were made for the period January to December, 2020:

ISSUE 1: NON-DEDUCTION AND REMITTANCE OF 1% STAMP DUTY ON CONTRACTORS PAYMENT (=₦4,751,194.00)

Description of Findings
Paragraph 2 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states, "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax Authority which is the Federal Inland Revenue Service (FIRS)…" Furthermore, paragraph 3 of the Treasury Circular Ref: NO. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states, "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…" Also, paragraph 620 of the Financial Regulations (FR), 2009 states, "Receipts given on paid vouchers are liable to Stamp Duty in Accordance with the Stamp Duties Ordinance (Stamp Duties Act Cap. 411) …"

Audit observed that:
i. The Programme failed to deduct 1% Stamp Duty amounting to ₦4,751,194.00 (Four million, seven hundred and fifty one thousand, one hundred and ninety four naira) from contracts awarded in 2020, and
ii. The contractors were overpaid by ₦4,751,194.00 as a result of the non deduction of 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Saving One Million Lives programme, Abuja.

Risks

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

Management's Response

The Management noted that 1% stamp duty on contract agreement totaling ₦4,751,194, was observed to have not been deducted and remitted to FIRS due to omission. As a matter of fact, Management has already taken the necessary step to ensure that the amount involved is recovered from all the concerned Contractors. Bold steps have been taken by SOML management on the issue and the implementation of the deduction and remittance of same has commenced earnestly. It is also important to note that the management had previously written to the apex bank (CBN) to provide us with the detailed list of remittances to FIRS for those contractors paid directly from our Us Dollar Accounts straight to the beneficiaries accounts with commercial banks to enable us pursue evidence of taxes remittances to FIRS. Also, in view of our established long relationship with contractors, deduction of 1% stamp duty will commence as well as letters written notification sent to such contractors

Auditor's Evaluation

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

Recommendations.

The National Program Manager should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦4,751,194.00 (Four million, seven hundred and fifty one thousand, one hundred and ninety four naira) being non-deduction of 1% Stamp Duty on the Contracts awarded in 2020.
ii. Recover and remit to Federal Inland Revenue Service, the sum of ₦4,751,194.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 2: NON-REMITTANCE OF STATUTORY TAXES DEDUCTED (=₦185,471,538.28

Description of Findings

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

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

Audit observed that:

i. The Programme made twenty eight (28) payments for various contracts in the year 2020, and
ii. The sum of ₦185,471,538.28 (One hundred and eighty five million, four hundred and seventy one thousand, five hundred and thirty eight thousand, twenty eight kobo), being statutory Value Added Tax (VAT), Withholding Tax (WHT) and Stamp Duties from the contracts in (i) above was not remitted to the relevant tax authorities.

The above anomalies could be attributed to weaknesses in the internal control system at the Saving One Million Lives Programme, Abuja.

Risks

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

Management's Response

The management noted that the amount totaling ₦185,471,538.28 (One hundred and eighty-five million four hundred and seventy one thousand five hundred and thirty eighty naira twenty eight kobo) deducted in respect of taxes was equally remitted to the relevant tax agencies as at when due. However, receipts were yet to be issued for the remittances made even after several request made by us. To this end SOML Management had written to the affected contractors to immediately effect the payment due to their respective companies to FIRS and tender evidence of such payments for purpose of obtaining taxes receipts from FIRS, also CBN has been notified to provide us with the detailed list of withholding taxes, Value Added Tax and 1% Stamp Duty deductions and remittances to FIRS by CBN for those contractors paid directly from our Dollar Accounts straight to the beneficiaries accounts with commercial banks to enable us pursue evidence of taxes remittances to FIRS (Copy of the letter is attached) . Subsequently, the circular will be strictly adhered to.

Auditor's Evaluation

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

Recommendations

The National Program Manager should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-remittance of statutory taxes amounting to ₦185,471,538.28 (One hundred and eighty-five million four hundred and seventy one thousand five hundred and thirty eighty naira twenty eight kobo) to the relevant tax authorities.
ii. Recover and remit the sum of ₦185,471,538.28 to the relevant tax authorities.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to loss of government revenue through WHT and VAT failure to collect and account for government revenue prescribed in paragraph 234(ii) and 3112 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: OVERPAYMENT TO CONTRACTORS/CONSULTANTS (=₦46,849,237.95)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA), 2007 states, "The accounting officer of every procurement entity have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurement's and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Also, paragraph 415 of the Financial Regulations (FR), 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Programme overpaid nine (9) contractors, the sum of ₦46,849,237.95 (Forty six million, eight hundred and forty nine thousand, two hundred and thirty seven thousand, ninety five kobo).
ii. The overpayment in (i) above was due to the inclusion of Value Added Tax (VAT) in non-vatable items supplied which were not deducted before payment was made to the contractors, and
iii. The contractors in their invoices included 10% Withholding Tax which implies that the burden of WHT was shifted to the Government.

The above anomalies could be attributed to weaknesses in the internal control system at the Saving One Million Lives Programme, Abuja.

Risks

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

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The National Program Manager should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦46,849,237.95 95 (Forty six million, eight hundred and forty nine thousand, two hundred and thirty seven thousand, ninety five kobo) being for the overpayment for contracts.
ii. Recover and remit the sum of ₦46,849,237.95 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to fraudulent payment for contract and gross misconduct specified in paragraph 3104(iii) and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: PAYMENT MADE BEFORE RAISING PAID VOUCHER (=₦28,215,040.00)

Description of Findings

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

Audit observed that:
i. The sum of ₦28,215,040.00 (Twenty eight million, two hundred and fifteen thousand, forty naira) was paid to a contractor on 1st of July, 2020 for the supply of thirty seven thousand, five hundred and twenty (37,520) Unigold HIV Test kits.
ii. The Programme raised a paid voucher with number FMOH/CAP/105/2020 on 10th of July, 2020 to support the payment in (i) above, and
iii. The above showed that the payment was made before raising the paid voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the Saving One Million Lives programme, Abuja.

Risks

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

Management's Response

The management wish to state that this is an error of record maintenance and Management will take necessary step to ensure that such action will not happen again.

Auditor's Evaluation

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

Recommendations

The National Program Manager should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦28,215,040.00 (Twenty eight million, two hundred and fifteen thousand, forty naira) before raising the payment vouchers.
ii. Recover and remit the sum of ₦28,215,040.00 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 5: PAYMENTS BEFORE PASSING THE VOUCHERS FOR INTERNAL AUDIT CHECKS (=₦222,682,240.00)

Description of Findings

Paragraph 1705 of the Financial Regulations, 2009 states, “The Head of Internal Audit Unit in all ministries/extra-ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment…."

Audit observed that:
i. Payments totalling ₦222,682,240.00 (Two hundred and twenty two million, six hundred and eighty two thousand, two hundred and forty naira) were made without prepayment audit, and
ii. The action in (i) above was a contravention of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Saving One Million Lives programme, Abuja.

Risks

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

Management's Response

The action was not intentional/not deliberate.

Auditor’s Evaluation

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

Recommendations

The National Programme Manager should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦222,682,240.00 (Two hundred and twenty two million, six hundred and eighty two thousand, two hundred and forty naira) without prepayment audit.
ii. Recover and remit the sum of ₦222,682,240.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

NIGERIA EXPORT PROCESSING ZONES AUTHORITY (NEPZA), ABUJA

At the Nigeria Export Processing Zones Authority (NEPZA), Abuja, the following observations were made for the period January to December, 2020:

ISSUE 1: PAYMENT FOR INDUCTION PROGRAMME WITHOUT EVIDENCE OF PERFORMANCE (=₦49,500,000.00)

Description of Findings

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

Audit observed that;

i. The sum of ₦49,500,000.00 (Forty nine million, five hundred thousand naira) was expended on induction program of two hundred and seventy five (275) newly employed staff across four centers in the country through a paid voucher number NEPZA/REV/0992/2020, and
ii. Supporting documents such as date and venue of the induction, certificate of attendance, attendance sheets, pictorial evidence, etc. to substantiate the execution of the induction were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Processing Zones Authority (NEPZA), Abuja.

Risks

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

Management's Response

i. The expression of interest by Consultants to NEPZA for the sum of ₦49,500,000.00 (Forty-nine million, five hundred thousand naira) for induction programme in

question, exist (see appendix 'A'). it may not have been sighted during the audit due to misfiling.

ii. The proposal submitted by the Consultant to NEPZA exist (see appendix 'B'). it may not have been sighted during the audit due to misfiling.

iii. The dates and venues of the induction programme held in four locations, the certificates of attendance, course content, daily signed attendance sheets and pictures of the event are provided in the attached Induction report (see appendix 'C' 2020 Induction Report for NEPZA New Staff)

iv. It is therefore from the above that the training held as stipulated.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for paying the sum of ₦49,500,000.00 (Forty nine million five hundred thousand naira) for induction without evidence of execution.

ii. Recover and remit to the Treasury, the sum of ₦49,500,000.00.

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

iv. Otherwise, sanctions relating to payment for job not executed and irregular payment specified in paragraphs 3104 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE CONSENT OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦85,654,000.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦85,654,000.00 (Eighty five million, six hundred and fifty four thousand naira) was paid as legal service fees to external solicitors engaged by the Authority, and

ii. Approval of the Attorney-General of the Federation for the engagement in (i) above was not produced for audit, despite repeated demand for it.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Processing Zones Authority (NEPZA), Abuja.

Risks

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

Management's Response

i. The circular from the Office of the Solicitor-General of the Federation dated 24th June, 2013 with reference no. SGF/PS/CIR/625, instructed that legal services rendered by external Solicitors valued above ₦50,000.000.00 (Fifty million naira) must be with the consent of the Attorney-General of the Federation.
ii. The sum of ₦85,654,000.00 (Eighty-five million six hundred and fifty four thousand naira) was not paid as a single transaction to one External Solicitor, rather, it was payments made to several Solicitors for services at different points in time within the year. The value of each of the transaction did not exceed the ₦50,000,000.00 (Fifty million naira) in line with the circular.

Auditor's Evaluation

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

Recommendations

The Managing Director is requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the engagement and payment of ₦85,654,000.00 (Eighty five million, six hundred and fifty four thousand naira) to external solicitors without the approval of the Attorney-General of the Federation.
ii. Recover and remit to the Treasury the sum of ₦85,654,000.00.
iii. Forward evidence of remittance to Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 3: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE THRESHOLD (=₦9,055,874.00)

Description of Findings

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

advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally." Furthermore, paragraph 1420 of the FR, 2009 states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered."

Audit observed that

i. The authority granted cash advances to staff for the purchase of various items and rendering of services amounting to ₦9,055,874.00 (Nine million and fifty five thousand, eight hundred and seventy four naira), and
ii. The payments in (i) above exceeded the threshold of cash advances for the procurement of goods and services.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Processing Zones Authority (NEPZA), Abuja.

Risks

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

Management's Response

The imprest or advances were granted to officers because the documents involved are security documents and should be handled by designated officers within the user department, therefore, very risky to be carried out by a third party. Meanwhile, we wish to note that the threshold of ₦200,000.00, given the inflationary trend in the economy is small compared to what is sufficient to execute a job. In the light of the above, it became necessary to give advances to officers and over and above the threshold.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦9,055,874.00 (Nine million and fifty five thousand, eight hundred and seventy-four naira), as cash advances instead of award of contracts.
ii. Recover the sum of ₦9,055,874.00 and remit to the Treasury.
iii. Forward evidence of remittance to Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 should apply.

NIGERIA EXPORT PROCESSING ZONES AUTHORITY (NEPZA), ABUJA

At the Nigeria Export Processing Zones Authority (NEPZA), Abuja, the following observations were made for the period January to December, 2021:

ISSUE 1: IRREGULAR AWARD OF CONTRACTS WITHOUT DUE PROCESS (=₦11,903,774,135.33)

Description of Findings

Section16 (6d) of the Public Procurement Act (PPA), 2007 states, "all bidders in addition to requirements contained in any solicitation documents shall have fulfilled all its obligations to pay taxes, pensions and social security contributions. Similarly, section 5 (h) of the PPA, 2007 states, "the Bureau shall maintain a national database of the particulars and classification and categorization of federal contractors and service providers". Also, Establishment circular with reference number SGF.OP/I/S.3/IX/274 dated 4th October, 2011 requires all liable organizations to comply with the provisions of the Industrial Training Fund Act, 2011 specifically section 6(i-iii) which makes it mandatory to contribute to the funds. In addition, The National Pension Commission requires Suppliers, Contractors or Consultants bidding or soliciting for contract or business from any Federal Government Ministries, Departments or Agencies (MDAs) to fully comply with the provisions of the Pension Reform Act, (PRA), 2014. In this regard, the Commission issues annual Pension Clearance Certificate to eligible organizations. MDAs are to ensure that only Pension Clearance Certificates issued by the National Pension Commission are accepted as evidence of compliance with the PRA, 2014."

Audit observed that;

i. The Authority awarded and paid contracts amounting to ₦11,903,774,135.33 (Eleven billion, nine hundred and three million, seven hundred and seventy four thousand, and one hundred and thirty five naira, thirty three kobo), and
ii. Relevant procurement pre-qualification bidding certificates such as the Industrial Training Fund ITF), PenCom certificate, Bureau of Public Procurement (BPP), and Nigeria Social Insurance Trust Fund (NSIFT) were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Processing Zones Authority (NEPZA), Abuja.

Risks

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

Management's Response

The PENCOM and NSTIF are part of the eligibility requirements as stated in Public Procurement Act, 2007, and NEPZA ensures that all Contractors that submit their bids comply with this requirement. The Authority ensures that this is followed strictly and it is contained in all our advertisements. See appendix 8 for evidence of PENCOM, NSITF and BPP Certificates of the Contractors.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify the payment of ₦11,903,774,135.33 (Eleven billion, nine hundred and three million, seven hundred and seventy four thousand, and one hundred and thirty five naira, thirty three kobo) without due process.
ii. Recover and remit the sum of ₦11,903,774,135.33 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and failure to spend public funds effectively prescribed in paragraphs 3117 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: ENGAGEMENT AND PAYMENT OF EXTERNAL SOLICITORS WITHOUT THE CONSENT OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦19,151,107.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦19,151,107.00 (Nineteen million, one hundred and fifty-one thousand, one hundred and seven naira) was paid as legal services fees to external solicitors, and
ii. Approval of the Attorney-General of the Federation for the engagement in (i) above was not produced despite repeated demand for it.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Processing Zones Authority (NEPZA), Abuja.

Risks

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

Management's Response

The circular from the Office of the Solicitor-General of the Federation dated 24th June, 2013 with reference no. SGF/PS/CIR/625, instructed that legal services rendered by External Solicitors valued above ₦50,000,000 (fifty million naira) must be with the consent of the Attorney-General of the Federation.

The sum of ₦19,151,107.00 was not up to the stated amount required to seek the consent of the Attorney-General of the Federation; therefore, the ₦19,151,107.00 paid was within the threshold of the Authority. Find attached the said circular with reference: SGF/PS/CIR/625 as APPENDIX 4.

Auditor's Evaluation

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

Recommendations

The Managing Director is requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the engagement and payment of ₦19,151,107.00 (Nineteen million, one hundred and fifty-one thousand, one hundred and seven naira) to external solicitors without the approval of the Attorney-General of the Federation.
ii. Recover and remit to the Treasury, the sum of ₦19,151,107.00.
iv. Forward evidence of remittance to Public Accounts Committees of the National Assembly, and
v. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 3: PAID VOUCHERS WITHOUT ADEQUATE SUPPORTING DOCUMENTS (=₦914,072,319.00)

Description of Findings

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

Audit observed that:

i. Payments totalling ₦914,072,319.00 (Nine hundred and fourteen million, and seventy-two thousand, three hundred and nineteen naira only) were made by the Authority for various contracts, and

ii. Relevant supporting documents such as award letters, contract agreements, company selection process, acceptance letter, etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Processing Zones Authority (NEPZA), Abuja.

Risks

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

Management's Response

The payment vouchers in question were raised for subsequent-part payments (either 2nd or 3rd or final payment, etc.) as the case may be, which was why some of the documents such as award letter, contract agreements, company selection process, and acceptance letter, earlier used in their respective 1st payment vouchers were not repeated to reduce the number of documents; thus, the missing documents as identified by the Auditors. However, these documents for some sampled payment vouchers have been provided as APPENDIX 5 for your perusal.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦914,072,319.00 (Nine hundred and fourteen million, and seventy two thousand, three hundred and nineteen naira) paid without attaching relevant supporting documents.
ii. Recover the sum of ₦914,072,319.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 4: UNDUE INTERFERENCE BY SUPERVISORY MINISTRY

Description of Findings

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

has been voted." Circular No. ECD/P/230 dated 18th October, 1996 and circular No. SGF.6/VIII of 8th May 2008 restricts supervising ministries from making unwarranted demands from the agencies under them.

Audit observed that

i. Four (4) NEPZA vehicles that were reported to be in the custody of the supervising Federal Ministry of Industry Trade and Investment (FMITI) in the 2020 audit report were still not retrieved from the Ministry as shown in the Table below:

Description	colour	Reg No.	Chassis No.	Year of Purchase	Allocation
Toyota Hilux	White	FG 125 FZA	AHTFX22G08009991	2009	Minister Pilot Vehicle
Toyota Corolla	Black	FZA 65 FG	RKLBB9HE4F5073619	2015	FMITI
Toyota Landcruiser V8	Black	NIL	JTMHX01J5J5093432	2019	FMITI
Toyota Corolla	Gray	NIL	NMTBB9JE8JR231789	2019	FMITI

i. The vehicles were not physically sighted and there was no evidence of existence of the vehicles during inspection by the audit team.
ii. The list of vehicles given to the audit team excluded Toyota Corolla with Chassis number NMTBB9JE8JR231789 which has been in the custody of FMITI all along, and
iii. There was no official document showing exchange of these vehicles between NEPZA and FMITI.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Processing Zones Authority (NEPZA), Abuja.

Risks

i. Loss of government vehicles
ii. Loss of government fund.

Management's Response

i. As stated before, there was no unwarranted and undue interference by the supervising Ministry.
ii. The vehicles in question were deployed to the Ministry for the monitoring of the projects as provided in the contract.
iii. Since 2009, some of these vehicles were old, making them very expensive to be maintained, and hence, the need for them to be boarded. The details of the vehicles concerned are as shown in APPENDIX 7 attached to the main report .

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for the non retrieval of the authority's vehicles from the supervising Ministry.

ii. Recover the vehicles from the supervising Ministry.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations, 2009 should apply.

STANDARDS ORGANISATION OF NIGERIA (SON), ABUJA

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

ISSUE 1: NON-DEDUCTION AND NON-REMITTANCE OF STAMP DUTY (=₦34,734,052.68)

Description of Findings

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

Audit observed that:
i. The agency failed to deduct and remit 1% Stamp Duty totaling ₦34,734,052.68 (Thirty four million, seven hundred and thirty four thousand, fifty two naira, sixty eight kobo) on all Contract Agreement for the year, and
ii. There was no justification for non deduction and non remittance of the 1% Stamp Duty to the Federal Inland Revenue Services.

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

Risks

i. Loss of revenue to the Government
ii. Over-payments to contractors

Management's Response

No response.

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

Recommendations
The Director-General of the agency should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction and non-remittance of 1% Stamp Duty totaling ₦34,734,052.68 (Thirty four million, seven hundred and thirty four thousand, fifty two naira, sixty eight kobo) on all contract agreements.
ii. Recover and remit the sum of ₦34,734,052.68 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect government revenue prescribed in paragraph 3112 of the Financial Regulations (FR), 2009 should apply.

STANDARDS ORGANISATION OF NIGERIA (SON), ABUJA

At the Standard Organization of Nigeria, Abuja, the following observations were made for the period January to December, 2021:

ISSUE 1: APPOINTMENT OF STAFF WITHOUT DUE PROCESS

Description of Findings
Paragraph 020402 (b) (i) of the Public Service Rule (PSR), 2008, states, "contract appointments may be offered to expatriates only when suitable Nigerians are not available. Nigerians may be appointed on contract terms if: (a)They are pensioners; (b) They are 50 years of age or over at the time they are being appointed; (c)They specifically request to be employed on contract terms and it is deemed in the interest of the service; and (d) The candidate possesses specialized competencies or skills and provided such posts are duly advertised in at least three national newspapers." Also, paragraph 1 of the Establishment Circular with Ref. No. 58775/11/T/358 dated 11th July 2017 states "The attention of Mr. President has been drawn to reports of massive and indiscriminate clandestine recruitments in Federal Ministries, Departments and Agencies in flagrant disregard of rules and established procedures for recruitments in the Public Service…." Furthermore, paragraph 3 of the Establishment Circular with Ref. No. 58775/11/T/358 dated 11th July 2017 states "Government has therefore seen the need to take drastic step/action to arrest the situation in view of the current economic situation facing the country. Consequently, Government has decided to streamline the processes and procedures for recruitment and appointment into the Public Service in conformity with the following guidelines; (i) Adherence to Manpower Budget for proposed recruitments, which must be approved by the supervising Ministry or Agency; (ii) Obtaining of Waiver to Recruit from the Office of the Head of Civil Service of the Federation (OHCSF); (iii) Appropriate budgetary provisions to accommodate the proposed recruitments; (iv) Letter of Clearance from the Director-General of the Budget Office of the Federation to confirm budgetary provision for the proposed recruitment; (v) Approval of the Federal Character Commission for the distribution of vacancies for the proposed recruitment to ensure

equitable distribution of vacancies among the States; (vi) Obtaining Certificate of Compliance for the Federal Character Commission for the recruitment; (vii) Representations of the Federal Civil Service Commission as observers in the recruitment processes in the Federal Ministries; (viii) Representation of Office of the Head of Civil Service of the Federation (OHCSF) (sic) in order to ensure compliance with extant rules and procedures for recruitment; and (ix) In the case of Agencies/Parastatals, appropriate representations of supervising Ministries and Agencies to provide necessary guidance and give credibility to the exercise."

Audit observed that:

i. Thirteen (13) staff were payrolled by the Organisation in 2021 while some of them were being paid monthly through IPPIS platform, others were paid directly from the Internally Generated Revenue Account of the Organisation as done vide paid voucher number 6865.
ii. Access to the personal files (personnel records) of the staff to see if due process was followed in their engagement was denied, and.
iii. It difficult for the audit to confirm the legitimacy of the recruitment processes regarding the engagement of the staff as enshrined in extant regulations.

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

Risks

i. Abuse of due process in the appointment of staff into the public service
ii. Favouritism in appointments.
iii. Engagement of incompetent persons

Management's Response

The contract staff are Director General/Chief Executive aides.

Auditor's Evaluation

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

Recommendations

The Director-General of the Agency should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the appointment of staff without evidence of due process.
ii. Recover the salaries and allowances paid to the staff and remit same to the Treasury.
iii. Forward evidence of recovery and remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations, 2009 should apply.

NATIONAL BROADCASTING COMMISSION (NBC), ABUJA

At the National Broadcasting Commission (NBC), Abuja, the following observations were made for the period January to December, 2020:

ISSUE 1: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENT (=₦25,874,800.00)

Description of Findings

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

Audit observed that:

i. Eight (8) payment vouchers totaling ₦25,874,800.00 (Twenty five million, eight hundred and seventy four thousand, eight hundred naira) were raised and paid for various transactions, and
ii. Relevant supporting documents such as receipts, acknowledgment of payment, invoice, certificate of attendance for the training, reports among others were not attached to the payment vouchers.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦25,874,800.00 (Twenty five million, eight hundred and seventy four thousand, eight hundred naira) without relevant supporting documents.
ii. Recover and remit the sum of ₦25,874,800.00 to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: PAYMENT OF RENT TO STATE OFFICES NOT SUPPORTED WITH OFFICIAL RECEIPT OF THE PROPERTY (=₦7,710,000.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦7,710,000.00 (Seven million, seven hundred and ten thousand naira) was paid as State office rent without attaching an official receipt of the property to ensure the authenticity and judicious use of public funds, and
ii. There was no agreement signed by both parties confirming that the transaction took place between the Landlord and the Commission.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of rent amounting to ₦7,710,000.00 (Seven million, seven hundred and ten thousand naira) without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦7,710,000.00.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: ILLEGITIMATE PAYMENT OF SITTING ALLOWANCE TO STAFF (=₦9,200,500.00)

Description of Findings

Paragraph 2 of the Establishment Circular with Ref. No. SWC/S/04/S.310/T/65 dated 8th April, 2016 states, "It should be noted that Chief Executive Officers and other Public Servants on monthly salary who are board members in their own establishments are not entitled to sitting allowance. It should also be noted that a sitting may comprise more than one meeting." Furthermore, paragraph 2 of the Establishment Circular Ref. No SWC/S/04/S.310/T/65 dated 8th April, 2016 stipulates that the Chief Executive Officers and other Public Servants on monthly salary who are Board members in their own Establishments are not entitled to sitting allowance. The circular also pegged the frequency of meetings and maximum number of allowances to four (4) in a year. Similarly, Establishment Circular Ref No. SWC/S/04/5.167/216 dated 12th February 2004 requires all Federal Government Parastatals and Agencies wishing to monetize their fringe benefits to submit the proposal package to the National Salaries, Incomes and Wages Commission for necessary evaluation and approval before implementation."

Audit observed that:
i. Payments amounting to ₦9,200,500.00 (Nine million, two hundred thousand, five hundred naira) were made to various staff as sitting allowances in 2020.
ii. The sitting allowance was paid for holding day-to-day committee meetings for which the officers receive salaries, and
iii. Approval for the payment of sitting allowance was not obtained from the National Salaries, Incomes and Wages Commission (NSIWC).

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

Risks

i. Waste of public funds.
ii. Remuneration may be higher than the productivity level of staff.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum ₦9,200,500.00 (Nine million, two hundred thousand, five hundred naira) paid as sitting allowance to staff without approvals by NSIWC.
ii. Recover and remit the sum of ₦9,200,500.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

NATIONAL INSURANCE COMMISSION (NAICOM)

At the National Insurance Commission (NAICOM), Abuja, the following observations were made for the period January to December, 2021:

ISSUE 1: PAYMENT FOR IT EQUIPMENT WITHOUT APPROVAL FROM NITDA (=₦153,043,875.19)

Description of Findings

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

Audit observed that:

i. The sum of ₦153,043,875.19 (One hundred and fifty three million, forty three thousand, eight hundred and seventy five naira, nineteen kobo) was paid to seven (7) contractors and consultants for the purchase of various IT software and equipment without obtaining required approval from National Information Technology Development Agency, (NITDA), and
ii. There was no explanation for the sum expended in (i) above without the approval of the National Information Technology Development Agency (NITDA).

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

Risks

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

Management’s Response

No response.

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

Recommendations
The Commissioner for Insurance should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the purchase of various IT software and equipment totaling ₦153,043,875.19 (one hundred and fifty three million, forty three thousand, eight hundred and seventy five naira, nineteen kobo) without obtaining requisite approvals.
ii. Recover and remit to the Treasury, the sum of ₦153,043,875.19.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 2: ENGAGEMENT AND PAYMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE ATTORNEY GENERAL OF THE FEDERATION (=₦59,212,500.00)

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

Audit observed that:
i. The sum of ₦59,212,500.00 (Fifty nine million, two hundred and twelve thousand, five hundred naira) was paid in respect of various legal services between the Commission and other parties without the prior approval of the Attorney General of the Federation as required by extant rules, and
ii. There was no justification for the engagement and payment of the amount in (i) above without the approval of the Attorney-General of the Federation.

The above anomalies could be attributed to weaknesses in the internal control system at the National Insurance Commission (NAICOM).

Risks
i. Engagement of incompetent external solicitors.
ii. Loss of government funds.

Management's Response
No response.

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

Recommendations
The Commissioner for Insurance should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦59,212,500.00 (Fifty nine million, two hundred and twelve thousand, five hundred naira), being amount paid for legal services without the approval of the Attorney-General of the Federation.
ii. Recover and remit to the Treasury, the sum of ₦59,212,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating irregular payments prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦20,216,873.00)

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

Audit observed that:
i. Store items amounting to ₦20,216,873.00 (Twenty million, two hundred and sixteen thousand, eight hundred and seventy three naira) were procured in the year 2021, and
ii. The store items were not taken on charge in the store ledgers and Store Receipt Vouchers (SRV) were not produced to confirm their receipts into the Store, contrary to the provision of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Insurance Commission (NAICOM).

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

Management's Response
No response

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

Recommendations
The Commissioner for Insurance is requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦20,216,873.00 (Twenty million, two hundred and sixteen thousand, eight hundred and seventy three naira) being payment for items procured but not taken on store ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦20,216,873.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

NATIONAL PENSION COMMISSION

At the National Pension Commission, Abuja, the following observations were made for the period January to December, 2021:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦4,429,550,386.58)

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

Audit observed that:
i. The Commission generated a total of ₦19,718,201,546.33 (Nineteen billion, seven hundred and eighteen million, two hundred and one thousand, five hundred and forty six naira, thirty three kobo) from five (5) sources of revenue during the year 2021.
ii. The Commission failed to remit 25% of the total Internally Generated Revenue (IGR) in (i) above, totaling ₦4,929,550,386.58 (Four billion, nine hundred and twenty nine million, five hundred and fifty thousand, three hundred and eighty six naira, fifty eight kobo), and
iii. The sum of ₦500,000,000.00 (Five hundred million naira) out of the total in (ii) above was remitted to the Consolidated Revenue Fund (CRF), resulting in under remittance

of ₦4,429,550,386.58 (Four billion, four hundred and twenty nine million, five hundred and fifty thousand, three hundred and eighty six naira, fifty eight kobo)

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

Risks

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

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,429,550,386.58 (Four billion, four hundred and twenty nine million, five hundred and fifty thousand, three hundred and eighty six naira, fifty eight kobo) being 25% of IGR not remitted to the Treasury as required by extant regulations.
ii. Remit the sum of ₦4,429,625,638.09 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for Government Revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT OF UNAPPROVED ALLOWANCE (=₦476,090,679.33)

Description of Findings

Paragraph 313 of Financial Regulations (FR), 2009 states, ‘‘The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure on any sub-head of the Recurrent Estimates in excess of the provision in the Approved estimates or Supplementary Estimates may be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of an application for supplementary provisions or virement’’. Also, paragraph 417 of the Financial Regulations (FR), 2009 states, “Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed.”

Audit observed that:

i. The sum of ₦476,090,679.33 (Four hundred and seventy six million, ninety thousand, six hundred and seventy nine naira, thirty three kobo) was paid as Staff Quarterly Allowances to some staff of the Commission.
ii. Evidence of approval for payment of such allowance from the National Salaries, Incomes and Wages Commission (NSIWC), and budgetary provisions in the Commission's 2021 approved budget were not produced for audit, and
iii. The Staff Quarterly Allowances were irregularly charged to the Medical Allowance (206195) subhead vote.

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

Risks

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

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦476,090,679.33 (Four hundred and seventy six million, ninety thousand, six hundred and seventy nine naira, thirty three kobo), being irregular payment of unapproved allowance.
ii. Recover and remit to the Treasury, the sum of ₦476,090,679.33.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: PAYMENT FOR OVERSEAS TRAINING WITHOUT APPROVAL AND EVIDENCE OF ATTENDANCE (=₦119,828,141.90)

Description of Findings

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

foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:
i. The sum of ₦119,828,141.90 (One hundred and nineteen million, eight hundred and twenty eight thousand, one hundred and forty one naira, ninety kobo) was expended on international training.
ii. Relevant approvals from the Secretary to the Federal Government of the Federation or the Head of the Civil Service of the Federation was not presented for audit, and
iii. Documentary evidence such as course or program, time table, certificate of attendance, visa pages, etc. to authenticate the expenditure, was not provided for audit.

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

Risks
i. Diversion of public fund.
ii. Payment for training not attended.

Management's Response
No response.

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

Recommendations
The Director General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the anticipatory payment of ₦119,828,141.90 (One hundred and nineteen million, eight hundred and twenty eight thousand, one hundred and forty one naira, ninety kobo) for foreign training without evidence of attendance.
ii. Recover and remit to the Treasury, the sum of ₦119,828,141.90.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to wrong and irregular payment specified in paragraph 3109 of the Financial Regulations, 2009 should apply.

ISSUE 4: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦1,093,843,347.57)

Description of Findings
Paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full

particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦1,093,843,347.57 (One billion, ninety three million, eight hundred and forty three thousand, three hundred and forty seven naira, fifty seven kobo) was expended by the Commission, and
ii. There was no documentary evidence to substantiate the expenditure.

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

Risks

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

Management's Response

No Response.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,093,843,347.57 (One billion, ninety three million, eight hundred and forty three thousand, three hundred and forty seven naira, fifty seven kobo) being payment for familiarization tour without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦1,093,843,347.57.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 4: UNSUBSTANTIATED PAYMENT FOR TRAINING CONSULTANCY SERVICES (=₦44,745,161.25)

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy, Money must not be spent merely because, it has been voted." Furthermore, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without

reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:
i. The Commission paid the sum of ₦44,745,161.25 (Forty four million, seven hundred and forty five thousand, one hundred and sixty one naira, twenty five kobo) for various training exercises embarked upon by the Commission, and
ii. The Commission failed to provide adequate records, bill of quantities (BOQ), receipts, job completion certificate others supporting documents and invoices to justify the above expenditures.
iii. Further documentary evidence such as list of participants, attendance register, training time table, training reports, group photograph, etc were not made available for scrutiny

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

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

Management's Response
No response.

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

Recommendations
The Director General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦44,745,161.25 (Forty four million, seven hundred and forty five thousand, one hundred and sixty one naira, twenty five kobo) for training without evidence of execution.
ii. Recover and remit the sum of ₦44,745,161.25 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦21,478,500.00)

Description of Findings
Section 24(1) of the Public Procurement Act (PPA), 2007 states, "Except as provided by this Act, all procurements of goods and works Open by all procuring entities shall be

conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA, 2007 states, "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." More so, Section 41 of Public Procurement Act (PPA), 2007 states, "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation. (2) Generally, quotations shall be obtained from at least 3 unrelated contractors or suppliers ... (4) No negotiation shall take place between a procuring entity and a contractor or supplier with respect to a quotation. (5) The procurement shall be awarded to the qualified contractor or supplier that gives the lowest priced responsive quotation...."

Audit observed that:

i. The Commission paid the sum of ₦21,478,500.00 (Twenty one million, four hundred and seventy eight thousand, five hundred naira) to a Consultant for facilitation of induction course for new employees, and
ii. Evidence of the process of engagement of the Consultant, including request for quotation, receipt and analysis, quotations, Tenders board minutes, award and acceptance letter, Certificate of job completion, Bill of quantities/quotations /specification, request for payment, Interim certificate were not produced for audit.

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

Risks

i. None or poor execution of contract.
ii. Diversion of public funds

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦21,478,500.00 (Twenty one million four hundred and seventy eight thousand five hundred naira) being payment for a contract awarded without following due process.
ii. Recover and remit to the Treasury, the sum of ₦21,478,500.00.
iii. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments stated in paragraph 3106 of the Financial Regulations, 2009 should apply.

NIGERIAN POSTAL SERVICE (NIPOST)

At the Nigerian Postal Service (NIPOST), Abuja, the following observations were made for the period January to December, 2020:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦17,619,014.50)

Description of Findings

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

Audit observed that:

i. The sum of ₦17,619,014.50 (Seventeen million, six hundred and nineteen thousand, fourteen naira, and fifty kobo) was paid for procurement of store items, and
ii. There was no evidence that the supplies were made as the items were neither taken on store ledger charge nor Store Receipt Vouchers (SRV) issued to authenticate the supplies in contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Postal Service (NIPOST).

Risks

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

Management's Response

i. All store items were duly taken on store charge.
ii. In order to free up space at our main account section in Abuja, the payment vouchers including store receipt vouchers and other supporting documents were taken to paid store house in Apapa, Lagos. However, due to renovation as a result of the Mobil Nigeria Limited leasing part of the NIPOST premises for use, the documents were mixed up in the process of evacuation and relocation. As a result, we will not be able to attach the relevant supporting document to justify our claims for now. However, we are making efforts to sort out the documents and they will be made available for your inspection as soon as they are retrieved.

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

Recommendations
The Post Master General and CEO should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,619,014.50 (Seventeen million, six hundred and nineteen thousand, fourteen naira, and fifty kobo), paid for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦17,619,014.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: NON-DEDUCTION AND REMITTANCE OF 1% STAMP DUTY (=₦5,332,863.72)

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

Audit observed that:
i. The sum of ₦533,286,372.19 (Five hundred and thirty three million, two hundred and eighty six thousand, three hundred and seventy two naira, nineteen kobo) was paid for contracts award in 2020, and
ii. The Company failed to deduct and remit statutory 1% Stamp Duty of ₦5,332,863.72 (Five million, three hundred and thirty two thousand, eight hundred and sixty three naira, seventy two kobo) from payments to the contractors as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Postal Service (NIPOST)

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

Management's Response
Partially accepted. However, while we take note of this recommendations, we wish to state that we will endeavor to recover the stated sum from the subsequent payments to

the contractors. Henceforth, management would comply with the Treasury circular number TRY/A12 & B12/2015 OAGF/CAD/Vol. II/390 dated 29th December, 2015 which specifies charging of 1% Stamp duty on all contract agreements and remittance to be made to the relevant tax authority.

Auditor's Evaluation

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

Recommendations

The Post Master General and CEO should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,332,863.72 (Five million, three hundred and thirty two thousand, eight hundred and sixty three naira, seventy two kobo) being statutory 1% Stamp Duty not deducted from contractors.
ii. Recover and remit the sum of ₦5,332,863.72 to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for government revenue prescribed in paragraph 3112 of the Financial Regulations, 2009 should apply.

NIGERIAN POSTAL SERVICE (NIPOST)

At the Nigerian Postal Service (NIPOST), the following observations were made for the period of January to December, 2021:

ISSUE 1: IRREGULARITIES IN AWARD AND EXECUTION OF CONTRACT (=₦654,257,653.65)

Description of Findings

Section 41 of the Public Procurement Act (PPA), 2007 states, "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation." Furthermore, paragraph 603(1) of the FR, 2009 states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Also, paragraph 708 of FR, 2009 states, "On no account should payment be made for service not yet performed or for goods not yet supplied." Additionally, paragraph 415 of the Financial Regulations (FR), 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy; and money must not be spent merely because it has been voted."

Audit observed that:

i. The Service paid the sum of ₦654,257,653.65 (Six hundred and fifty four million, two hundred and fifty seven thousand, six hundred and fifty three naira, sixty five kobo) to some Courier and Logistics companies for airlifting of Mails/Cargoes, and
ii. Evidence of valid contract executed between the Service and the contractors, performance before payments, bills and invoices, etc, were not provided to justify the existence of a contract between the Service and the Courier and Logistics companies.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Postal Service (NIPOST).

Risks

i. Payment for contracts not validly executed.
ii. Diversion of public fund.
iii. Loss of public funds.

Management's response

No response

Auditor's Evaluation

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

Recommendations

The Post Master General and CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦654,257,653.65 (Six hundred and fifty four million, two hundred and fifty seven thousand, six hundred and fifty three naira, sixty five kobo) paid for contracts irregularly awarded and executed.
ii. Recover and remit the sum of ₦654,257,653.65 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively as specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦7,525,000.00)

Description of Findings

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

Attorney-General of the Federation for clearance and approval and be accompanied by the relevant Letter of Instruction and a Comprehensive Report on the services rendered, supported by relevant copies of process filed on behalf of the Government before payment.

Audit observed that:

i. The Management engaged the services of law firms and paid the sum of ₦7,525,000.00 (Seven million, five hundred and twenty five thousand naira) through voucher referenced 0001 dated 25th May, 2021, to carry out various legal services on its behalf, and
ii. The engagement of the solicitors together with payments for their services were done without evidence of prior consent and approval of the Honourable Attorney-General of the Federation as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Postal Service (NIPOST).

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Post Master General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦7,525,000.00 (Seven million, five hundred and twenty five thousand naira) paid for legal fees without the approval of the Honourable Attorney-General of the Federation.
ii. Recover and remit the sum of ₦7,525,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: NON-DEDUCTION AND REMITTANCE OF STAMP DUTY (=₦3,600,209.14)

Description of Findings

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

3 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states, "…MDA are to ensure that Stamp Duty is accordingly deducted on Contract Agreement before payment is made to beneficiary…"

Audit observed that:
i. The sum of ₦360,020,914.08 (Three hundred and sixty million, twenty thousand, nine hundred and fourteen naira, and eight kobo) was paid to contractors in 2021, and
ii. The Service failed to deduct and remit statutory 1% Stamp Duty of ₦3,600,209.14 (Three million, six hundred thousand, two hundred and nine naira, fourteen kobo) from payments to the contractors as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Postal Service (NIPOST).

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

Management's Response
No response.

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

Recommendations
The Post Master General and CEO should be requested to:
i. Furnish reasons to the Public Accounts Committees of the National Assembly, why statutory 1% Stamp Duty was not deducted from payments to contractors.
ii. Recover the sum of ₦3,600,209.14 (Three million, six hundred thousand, two hundred and nine naira, fourteen kobo) from the contractors and remit same to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for government revenue prescribed in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 4: UNRETIRED CASH ADVANCES (=₦6,785,050.00)

Description of Findings
Paragraph 1405 of the Financial Regulations (FR), 2009 states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Furthermore, paragraph 1420(i) of the FR, 2009 states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 1416 of the FR, 2009 states, "The outstanding balance of any advance shall be recovered in full from the last payment of salary and/or retirement gratuity of an officer who leaves the service on retirement, resignation, termination of appointment or dismissal."

Audit observed that:

i. Cash advances totalling ₦6,785,050.00 (Six million, seven hundred and eighty five thousand, fifty naira) was granted to different staff of the Service and remained unretired as at the time of the audit in 2021, and
ii. Evidence of retirement of the cash advances in (i) above, were not presented for audit in 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Postal Service (NIPOST).

Risks

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

Management's response

No response

Auditor's Evaluation

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

Recommendations

The Post Master General and CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,785,050.00 (Six million, seven hundred and eighty five thousand, and fifty naira) being unretired cash advances.
ii. Recover and remit to the Treasury the sum of ₦6,785,050.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances and irregular payments prescribed in paragraphs 3124 and 3106 of the Financial Regulations, 2009 respectively, should apply.

SECTION 12

JUDICIARY
AUDIT DEPARTMENT

SHARIA COURT OF APPEAL

At the Sharia Court of Appeal, Abuja, for the period January, 2017 to December, 2021, the following observation was made:

ISSUE 1: CONTRACT AWARD WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENTS (=₦1,361,245,500.00)

Description of Findings

Section 20(2) of the Public Procurement Act 2007 states "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity and liable in person for the breach or contravention of this Act or any regulation made hereunder whether or not the act or omission was carried out by him personally or any of his subordinates and its shall not be material that he had delegated any function, duty or power to any person or group of persons;…" Furthermore, section 24(1) of the PPA 2007 states "Except as provided by this Act, all procurements of goods and works Open by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA 2007 states "in the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph 603(i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009 states "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Court awarded contracts for the supply of motor vehicles to four (4) contractors vide twelve (12) paid vouchers totaling ₦1,361,245,500.00 (One billion, three hundred and sixty one million, two hundred and forty five thousand, five hundred naira) between January 2017 and December 2021, and
ii. Evidence of compliance with procurement due process such as open competitive bidding, advertisement, quotations, bid submission, technical and financial bid evaluation, and contractors' eligibility for the contract award including company profile, certificate of registration, tax clearance certificate, PENCOM registration certificate, VAT registration certificate, BPP registration, etc, were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Sharia Court of Appeal, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Registrar should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,361,245,500.00 (One billion, three hundred and sixty one million, two hundred and forty five thousand, five hundred naira) expended on contracts without due procurement process.
ii. Recover and remit, the sum of ₦1,361,245,500.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract prescribed in paragraph 3117 of the Financial Regulations 2009 should apply.

SECTION 13
LEGISLATIVE AUDIT DEPARTMENT

PUBLIC COMPLAINTS COMMISSION

At the Public Complaints Commission Abuja, for the period January to December, 2021, the following observations were made:

ISSUE 1: ILLEGAL POSSESSION OF GOVERNMENT MOTOR VEHICLES (=₦143,240,232.72)

Description of Findings

Paragraph 112(i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;" Furthermore, paragraph 2001 of the FR, 2009 states, "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles. For this purpose, he will ensure that the following records are maintained: a. Vehicles' control register, b. Requisition/Approval for journey, c. Vehicle Log-Book (Gen. 59), d. Vehicle maintenance register."

Audit observed that:

i. Four (4) pool vehicles belonging to the Commission valued at ₦143,240,232.72 (One hundred and forty three million, two hundred and forty thousand, two hundred and thirty two naira, seventy two kobo), were not made available for sighting as at the time of audit verification.
ii. Procurement records of these vehicles such as the cost of purchase, the year of purchase, chassis number, and the carrying amount, were not provided for audit.
iii. There was no documentation of the four (4) vehicles.
iv. Store Receipt Vouchers (SRV) and Store Issue Vouchers (SIV) were not made available for audit.

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

Risks

i. Diversion of government assets to personal use.
ii. Loss of public assets.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Commissioner should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the status of the four (4) vehicles valued at ₦143,240,232.72 (One hundred and forty three million, two hundred and forty thousand, two hundred and thirty two naira, seventy two kobo).

ii. Recover and remit the sum of ₦143,240,232.72 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: UNAPPROVED VIREMENT FROM CAPITAL EXPENDITURE VOTE (=₦34,071,382.23)

Description of Findings

Paragraph 417 of the Financial Regulations (FR), 2009 states, "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Also, Section 27(1) of the Fiscal Responsibility Act (FRA), 2007 states, "The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act." In addition, paragraph 318 of the FR 2009 states "Capital Expenditure is paid from the Development Fund, and no such expenditure may be incurred except on the authority of a warrant duly signed by the Minister of Finance."

Audit observed that:

i. The sum of ₦34,071,382.23 (Thirty four million, seventy one thousand, three hundred and eighty two naira, twenty three kobo) appropriated by the National Assembly for capital expenditure was utilized for overhead expenditure.
ii. Evidence of approval from the National Assembly and the Minister of Finance to support the virement from capital expenditure was not provided for audit.

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

Risks

i. Loss of government funds.
ii. Extra-budgetary expenditure.
iii. Improper funds management.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Commissioner should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦34,071,382.23 (Thirty four million, seventy one thousand, three hundred and eighty two naira, twenty three kobo) being virement without approval.
ii. Recover and remit to the Treasury, the sum of ₦34,071,382.23.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: PAYMENT FOR OVERSEAS TRAVELS WITHOUT APPROVAL (=₦20,808,702.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦20,808,702.00 (Twenty million, eight hundred and eight thousand, seven hundred and two naira) was paid to three (3) senior officers for training courses at the United Arab Emirates, Dubai.
ii. Approval from the Head of Civil Service of the Federation or the Secretary to the Government of the Federation, as the case may be, was neither attached to the payment voucher nor presented to audit, and
iii. Evidence that the Officers embarked on the International Travels such as Stamped Passports, Visas, Boarding Passes, and Certificates of Attendance, were not produced for audit.

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

Risks

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

Management's Response

No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦20,808,702.00 (Twenty million, eight hundred and eight thousand, seven hundred and two naira) being irregular payment for overseas travel without approval by the Head of Civil Service of the Federation or the Secretary to the Government of the Federation.
ii. Recover and remit to the Treasury, the sum of ₦20,808,702.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: CASH ADVANCES ABOVE APPROVED THRESHOLD OF ₦200,000.00 (=₦13,125,452.00)

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

Audit observed that:
i. The sum of ₦13,125,452.00 (Thirteen million, one hundred and twenty five thousand, four hundred and fifty two naira) was granted as cash advances to staff of the Commission in 2021 for various purchases and services above the approved threshold, and
ii. The action in (i) above resulted in the loss of ₦1,771,936.02 (One million, seven hundred and seventy one thousand, nine hundred and thirty six naira, two kobo) that would have accrued to the government through taxes.

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

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

Management's Response
No response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦13,125,452.00 (Thirteen million, one hundred and twenty five thousand, four hundred and fifty two naira) granted as advances to staff above threshold.
ii. Recover and remit the sum of ₦13,125,452.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 5: REIMBURSEMENT OF OUT-OF-POCKET EXPENDITURE WITHOUT APPROVAL (=₦9,969,920.00)

Description of Findings
Paragraph 2302 of the Financial Regulations (FR), 2009 states, "All local purchase of, or indent for Stores must be authorized by the Officer controlling expenditure, and the Local Purchase Order or indent must be signed by him".

Audit observed that:
i. The sum of ₦9,969,920.00 (Nine million, nine hundred and sixty nine thousand, nine hundred and twenty naira) was paid as reimbursement for out of pocket expenses to staff.
ii. There was no evidence of a need assessment report on most of these items being out of stock in the store, and
iii. There was no evidence of approval to incur these expenses on behalf of the Public Complaints Commission.

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

Risks
i. Diversion of public funds.
ii. Payment for goods not delivered and services not rendered.
iii. Misappropriation of funds.

Management's response
No response.

Auditor's Evaluation

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

Recommendations

The Chief Commissioner should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,962,920.32 (Nine million, nine hundred and sixty two thousand nine hundred and twenty naira thirty two kobo) paid to officers of the Commission without approvals.
ii. Recover and remit the sum of ₦9,962,920.32 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to poor management of cash and irregular or wrong payment in paragraphs 3115 and 3106 of the Financial Regulations, 2009, respectively, should apply.

ISSUE 6: PAYMENT FOR COURSE FEE AND ESTACODE WITHOUT APPROVAL (=₦7,401,186.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦7,401,186.00 (Seven million, four hundred and one thousand, one hundred and eight six naira) was paid to two officers as refund of course fees and estacode in 2021.
ii. There were no prior approvals granted to the Officers to pay from their private funds for later reimbursement by the Commission.
iii. There was no evidence to show that approvals were obtained from the Secretary to the Government of the Federation or the Head of the Civil Service of the Federation before attending the course, and
iv. Evidence that the officers embarked on the International Travels such as Stamped Passports, Visas, Boarding Passes, certificates of attendance, and approval by the Head of the Civil Service of the Federation were not produced for audit.

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

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

Management's Response
No response.

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

Recommendations
The Chief Commission should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦7,401,186.00 (Seven million, four hundred and one thousand, one hundred and eight six naira) for the course fees and estacode without approvals as required by extant regulations.
ii. Recover and remit the sum of ₦7,401,186.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 7: SPLITTING OF ADVANCES AND CONTRACT TO CIRCUMVENT APPROVAL LIMIT (=₦1,582,300.00)

Description of Findings
Section 20(2) of the Public Procurement Act, 2007 states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for: …(e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…."

Audit observed that:
i. The Commission engaged in splitting of advances totalling ₦1,582,300.00 (One million, five hundred and eighty two thousand, three hundred naira) to Staff from January to June, 2021, and
ii. The cash advances were for a contract awarded in bits in order to circumvent procurement procedures and the approval threshold.

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

Risks
i. Procurement of substandard items.
ii. Diversion of public funds.

Management's Response
No response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,582,300.00 (One million, five hundred and eight two thousand, three hundred naira) being payments made in piecemeal to circumvent the Government expenditure limits.
ii. Recover and remit to the Treasury the sum of ₦1,582,300.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to the splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: PAYMENT FOR INDUCTION COURSE NOT ACCOUNTED FOR (=₦1,200,000.00)

Description of Findings
Paragraph 708 of the Financial Regulations (FR), 2009 states "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 1405 of the FR, 2009 states "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR, 2009 states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 415 of the FR, 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦1,200,000.00 (One million, two hundred thousand naira) was paid to an officer for an induction course for the new employees of the Commission in 2021, and
ii. The documentary evidence to substantiate the expenditure was not provided for audit scrutiny.

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

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

Management's Response
No Response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,200,000.00 (One million, two hundred thousand naira) being payment for the induction course not substantiated.
ii. Recover and remit the sum of ₦1,200,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 9: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦3,854,000.00)

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

Audit observed that:
i. The sum of ₦3,854,000.00 (Three million, eight hundred and fifty four thousand naira) was paid to seven (7) officers of the Commission for a familiarization tour of the state offices in the Six Geo-political zones of the country, and
ii. There was no documentary evidence to substantiate the expenditure.

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

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

Management's Response
No Response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,854,000.00 (Three million, eight hundred and fifty four thousand naira) being payment for familiarization tour without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦3,854,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 10: PAYMENT FOR TRAINING CONTRACTS NOT EXECUTED (=₦240,000,000.00)

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

Audit observed that:
i. The sum of ₦240,000,000.00 (Two hundred and forty million naira) was paid through contracts for training of the Commission's investigators in the Six Geo-Political Zones of the country in 2021, and
ii. There was no documentary evidence of job execution provided for audit scrutiny in line with the extant regulations under reference.

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

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

Management's Response
No Response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the payment of ₦240,000,000.00 (Two hundred and forty million naira) for training contracts without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦240,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to manage public funds effectively, specified in paragraphs 3104 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 11: PAYMENTS FOR CONTRACTS WITHOUT EVIDENCE OF UTILIZATION (=₦23,102,416.24)

Description of Findings
Paragraph 415 of the Financial Regulations (FR), 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 417 of the FR, 2009 states, "Expenditure shall strictly be classified in accordance with the Estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." In addition, paragraph 708 of the FR, 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The sum of ₦23,102,416.24 (Twenty three million, one hundred and two thousand, four hundred and sixteen naira, twenty four kobo) was paid to a contractor without evidence of utilization, and
ii. The payment in (i) above was for the landscaping of the Adamawa State Office of the Commission.

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

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

Management's Response
No response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the reason for payment of landscaping of Adamawa State Office without evidence of utilisation.
ii. Account for the sum of ₦23,102,416.24 (Twenty three million, one hundred and two thousand, four hundred and sixteen naira, twenty four kobo) paid without evidence of utilisation.
iii. Recover and remit to Treasury, the sum of ₦23,102,416.24.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 12: UNSUBSTANTIATED PAYMENT FOR PROJECT MONITORING AND EVALUATION (=₦21,945,000.00)

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

Audit observed that:
i. The sum of ₦21,945,000.00 (Twenty one million, nine hundred and forty five thousand naira) was paid to one thousand, nine hundred and seventy eight (1978) staff of the Commission for monitoring and evaluation of ongoing projects in the State Offices.
ii. There was no evidence provided for audit to show that the exercise took place.

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

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

Management's Response
No Response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦21,945,000.00 (Twenty one million, nine hundred and forty five thousand naira) paid for monitoring and evaluation without evidence of utilization.
ii. Recover and remit to Treasury, the sum of ₦21,945,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 13: UNAPPROVED VIREMENT FROM CAPITAL EXPENDITURE VOTE (=₦49,182,434.23)

Description of Findings
Paragraph 417 of the Financial Regulations (FR), 2009 states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 318 of the FR, 2009 states, "Capital Expenditure is paid from the Development Fund, and no such expenditure may be incurred except on the authority of a warrant duly signed by the Minister of Finance." In addition, paragraph 302(1) of the FR, 2009 states, "Recurrent expenditure is paid from the Consolidated Revenue Fund and no such expenditure may be incurred except on the authority of a Warrant duly signed by the Minister of Finance."

Audit observed that:
i. The sum of ₦49,182,434.23 (Forty nine million, one hundred and eighty two thousand, four hundred and thirty four naira, twenty three kobo) was paid out of capital votes, and
ii. The payments in (i) above were utilized for overhead expenditure without evidence of approved virement.

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

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

Management's Response
No response.

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

Recommendations
The Chief Commissioner should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦49,182,434.23 (Forty nine million, one hundred and eighty two thousand, four hundred and thirty four naira, twenty three kobo) being unapproved virement from capital expenditure vote.
ii. Recover and remit to the Treasury, the sum of ₦49,182,434.23.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 14: ENGAGEMENT OF STAFF TO EXECUTE CONTRACTS (=₦438,902,438.00)

Description of Findings
Paragraph 030430 of the Public Service (PSR), 2008 states, "No officer shall undertake any private agency in any matter connected with the exercise of his/her public duties." Furthermore, paragraph 030425 of the PSR, 2008 states, "In accordance with the provisions of the regulated and other professions Private Practice Prohibition Act, (CAP. 390) Part ii, no officer(s) shall engage in private practice. However, exemption shall be granted to private medical practitioners and law lecturers in the universities.''

Audit observed that:
i. Five (5) contracts amounting to ₦438,902,438.00 (Four hundred and thirty eight million, nine hundred and two thousand, four hundred and thirty eight naira) were awarded for systemic and proactive investigation, and
ii. The Commission constituted teams of staff of the Commission to conduct the investigations on behalf of the contractors.

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

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

Management's Response
No response.

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

Recommendations

The Chief Commissioner should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦438,902,438.00 (Four hundred and thirty eight million, nine hundred and two thousand, four hundred and thirty eight naira) being payment for the systemic and proactive investigations.
ii. Recover and remit to the Treasury, the sum of ₦438,902,438.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

SECTION 14
MILITARY AGENCIES AUDIT DEPARTMENT

AIRFORCE INSTITUTE OF TECHNOLOGY, KADUNA STATE

At the Airforce Institute of Technology, Kaduna, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦6,456,402.63)

Description of Findings

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

Audit observed that:

i. Ten (10) payments totaling ₦6,456,402.63 (Six million, four hundred and fifty six thousand, four hundred and two naira, sixty three kobo) were made by the Institute to six (6) officers for procurement of fuel, stationeries, and computer consumables.
ii. Each payment in (i) above was above the ₦200,000.00 threshold, contrary to the provisions of extant regulations under reference, and
iii. This practice led to the loss of revenue totaling ₦871,614.36 (Eight hundred and seventy one thousand, six hundred and fourteen naira, thirty six kobo) that would have accrued to the government as taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Airforce Institute of Technology, Kaduna.

Risks

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

Management Response

The release of funds for direct procurement of store and services was not done with flagrant disregard for the provision of Treasury Circular No. TRY/A2/B2/OAGF/CAD/02/II dated 24th March 2009 but rather to ensure prudent use of finances available for the execution of the projects. Furthermore, NAF financial procedures allow executive of routine maintenance, stores and services procurement by trained service personnel through direct labour. This is aimed at saving funds which otherwise would have been lost through contractual project margins payable to contractors.

Accordingly, funds for purchase of stationeries, printing of receipts and fuel were approved and paid through the officers in charge.

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

Recommendations
The Commandant should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦6,456,402.63 (Six million, four hundred and fifty six thousand, four hundred and two naira, sixty three kobo) for the procurement of fuel, stationeries, and computer consumables above the stipulated ₦200,000.00 threshold.
ii. Recover and remit to the Treasury the sum of ₦6,456,402.63.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 2: NON-SUBMISSION OF 2020 AND 2021 AUDITED FINANCIAL STATEMENTS

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

In spite of the extant regulations:
i. The Institute failed to submit its audited financial statements for the years ended 31st December, 2020 and 2021 to the Auditor-General for the Federation, and
ii. No reason was provided for the non-submission of the Audited Financial Statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Airforce Institute of Technology, Kaduna.

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

Management's Response
The Internal Auditor is saddled with the responsibility of submission of Audited Financial statement to relevant offices. The Internal Auditor had successfully submitted Audited Financial Statement to the office of the Accountant General of the Federation. However, he has not been able to submit these reports to the office of the Auditor General for the Federation as a result of not having prior knowledge of this. Accordingly, the Institute will henceforth ensure that Audited financial Accounts are sent to the office of the Auditor General as at when due.

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

Recommendations
The Commandant should be requested to:
i. Submit the audited financial statements, in respect of 2020 and 2021 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ARMED FORCES COMMAND AND STAFF COLLEGE, JAJI, KADUNA STATE

At the Armed Forces Command and Staff College Jaji, the following observations were made for the period January to December, 2021:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦6,625,177.75)

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

Audit observed that:
i. Payments totaling ₦6,625,177.75 (Six million six hundred and twenty five thousand one hundred and seventy seven naira seventy five kobo) were made to some officers for the procurement of store items, and
ii. The items procured were not taken on ledger charge, as there were no records like store ledger, store receipt vouchers, store issue vouchers, etc. maintained by the store and neither were they presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Armed Forces Command and Staff College, Jaji.

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

Management's Response
The AFCSC has in place, a well-established procedure whereby items purchased are first taken on charge before they are issued to the end users as directed by the authority of the College. The College also has stock verifiers that verify each item coming into the store, affixing its stamp thereby signifying they have met the entire requirement in terms of quality, quantity and other technical specifications. Same procedures have been applied to all stock items referred to in your report to ensure strict compliance with the relevant regulations. During the time of the visit of the Audit Team, the officer-in-charge of the store was not on ground to attend to the Team.

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

Recommendations
The Commandant should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,625,177.75 (Six million, six hundred and twenty five thousand, one hundred and seventy seven naira, seventy five kobo) paid for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦6,625,177.75.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, failure to spend public funds effectively and gross misconduct stated in paragraphs 3106, 3115, and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦122,121,133.05)

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

Audit Observed that:
i. The College granted eighty six (86) cash advances amounting ₦122,121,133.05 (One hundred and twenty two million, one hundred and twenty one thousand, one hundred and thirty three naira, five kobo) to some senior officers of the College to procure various goods and services.

ii. The cash advances were granted in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and
iii. By the action of the College, the Federal Government has been deprived of revenue amounting to ₦16,333,701.55 (Sixteen million, three hundred and thirty three thousand, seven hundred and one naira, fifty five kobo) that would have accrued by way of 7.5% VAT, 5% WHT, and 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Armed Forces Command and Staff College, Jaji, Kaduna.

Risks

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

Management's Response

Considering the peculiar nature of the Armed Forces Command and Staff College, the execution of expenditures like feeding of students and guards, routine maintenance, stores and services are procured by trained service personnel through direct labour. This is aimed at meeting emergency demands, as going through contract process might cause major set back in training of students and other operations. Direct procurement of goods and services save funds which otherwise would have been lost through contractual profit margins to the contractors. The release of funds for direct procurement of stores and services was not done with flagrant disregard for the provisions of Treasury Circular No. TRY/A2/B2/OAGF/CAD/02/11 dated 24 March 2009 but rather to ensure prudent use of finances available for execution of expenditures.

Auditor's Evaluation

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

Recommendations

The Commandant should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦122,121,133.05 (One hundred and twenty two million, one hundred and twenty one thousand, one hundred and thirty three naira, five kobo) as advances instead of award of contracts.
ii. Recover the sum of ₦122,121,133.05 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦32,889,126.70)

Description of Findings

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

Audit observed that:

i. Twenty four (24) paid vouchers amounting to ₦32,889,126.70 (Thirty two million, eight hundred and eighty nine thousand, one hundred and twenty six naira, seventy kobo) meant for staff of the College were paid to Officers other than the beneficiaries, and
ii. From the College's GIFMIS payment platform, these payments were made to Officers other than the ultimate beneficiaries that were named on the paid vouchers, in violation of the Federal Government's e-payment Circular.

The above anomalies could be attributed to weaknesses in the internal control system at the Armed Forces Command and Staff College, Jaji, Kaduna.

Risks

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

Management's Response

AFCSC as a training institution for the Armed Forces of Nigeria adheres to the E-payment policy. However, for the College to carry out its responsibilities like covert operations/exercises and other security details properly, it would require some of its transactions in cash. It is in realization of these needs among the Armed Forces of Nigeria that the AFN was granted such privilege to operate on cash and cheque in the operation of its accounts including approved transit accounts. This is contained in the report of the Inter-Ministerial Taskforce for the Full Implementation of the Government Integrated Financial Management Information System in the Armed Forces of Nigeria constituted by the Honourable Minister of Finance, Budget and National Planning. Relying on the above privilege, transactions in cash for operations and security related activities would not constitute a violation of the E-payment policy. Furthermore, the funds which were for covert security operations reached the intended beneficiaries.

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

Recommendations
The Commandant should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦32,889,126.70 (Thirty two million, eight hundred and eighty nine thousand, one hundred and twenty six naira, seventy kobo) paid to persons other than the ultimate beneficiaries.
ii. Recover and remit to the Treasury, the sum of ₦32,889,126.70.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3016 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ARMED FORCES RESETTLEMENT CENTER, OSHODI, LAGOS STATE

At the Armed Forces Resettlement Center Oshodi, Lagos State, the following observations were made:

ISSUE 1: NON-DEDUCTION AND REMITTANCE OF STATUTORY TAXES (=₦118,804,162.00)

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

Audit observed that:
i. Payments totaling ₦50,000,000.00 (Fifty million naira) were made to a company in respect of environmental cleaning at the Centre without deduction of VAT, WHT, and Stamp Duty, and

ii. Statutory Taxes amounting to ₦6,750,000.00 (Six million, seven hundred and fifty thousand naira) that would have accrued to the Government by way of 5% WHT, 7.5% VAT, and 1% Stamp Duty were not deducted.

The above anomalies could be attributed to weaknesses in the internal control system at the Armed Forces Resettlement Center Oshodi, Lagos State.

Risks

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

Management's Response

NAFRC is a law-abiding Institution of the Federal Government whose mandate is the training of retiring personnel of Nigerian Armed Forces into various vocations of human endeavour. In the cause of carrying out this training, we engage techniques partners who assists in providing some needed service in the Centre - Groveg security is the name of the cleaning outfit in charge and general environmental sanitation of the entire NAFRC Premises which include offices and soldiers' accommodations, sports complex etc. This money is paid as allowances to over 200 workers on a monthly basis, PAYE is deducted and remitted to Lagos State Government on monthly basis.

Auditor's Evaluation

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

Recommendations

The Commandant should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-deduction and remittance of statutory taxes amounting to ₦6,750,000.00 (Six million, seven hundred and fifty thousand naira) to the relevant tax authorities.
ii. Recover and remit the sum of ₦6,750,000.00 to the relevant tax authorities.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to loss of government revenue through VAT and WHT and failure to collect and account for government revenue specified in paragraphs 234(ii) and 3112 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2021)

Description of Findings

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

In spite of the extant regulations:
i. The Centre failed to submit its audited financial statements for the year 2021 to the Office of the Auditor-General for the Federation as at the time of audit, and
ii. The above practice by the Centre contravened extant regulations on submission of audited

The above anomalies could be attributed to weaknesses in the internal control system at the Armed Forces Resettlement Centre, Oshodi.

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

Management's Response
NAFRC is a law abiding institution of the Federal Government and we are poised to follow and promote all established procedures and extant rules regarding rendition of accounts and general disbursement of public fund. In this vein a committee is already in place and work commence on preparation of stand-alone financial statement for the Centre.

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

Recommendations
The Commandant should be requested to:
i. Submit the audited financial statements, in respect of 2021 to the Office of Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations 2009 should apply.

DEFENCE RESEARCH AND DEVELOPMENT BUREAU, ABUJA.

At the Defence Research and Development Bureau, Abuja, the following observations were made:

ISSUE 1: STORES ITEMS NOT TAKEN ON LEDGER CHARGE (=₦87,083,364.91)

Description of Findings
Paragraph 2402(i) of the Financial Regulations (FR), 2009 states, "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR, 2009 states, "A separate ledger shall be maintained for each

store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. Payments amounting to ₦87,083,364.91 (Eighty seven million, eighty three thousand, three hundred and sixty four naira, ninety one kobo) were made to a company for the purchase of furniture items, and
ii. The items procured were not taken on ledger charge, as there were no records such as store ledger, store receipt vouchers, store issue vouchers, etc. maintained in the store, neither were the documents presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Defence Research and Development Bureau, Abuja.

Risks

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

Management's Response

The store ledger and supporting documents as observed by the auditor are now available audit scrutiny.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦87,083,364.91 (Eighty seven million, eighty three thousand, three hundred and sixty four naira, ninety one kobo) expended on the supply of store items not taken on charge.
ii. Recover the sum of ₦87,083,364.91 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2019 & 2020)

Description of Findings

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

In spite of the extant regulations:

i. The Management of Defence Research and Development Bureau, Abuja failed to present standalone financial statements that are compliant with accruals based International Public Sector Accounting Standards (IPSAS) for the financial years, 2019 and 2020 despite several requests, and
ii. The above practice by the Bureau contravened the extant regulations on submission of financial statements.

The anomalies could be attributed to weaknesses in the internal control system at the Defence Research and Development Bureau, Abuja.

Risks

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

Management Response

The financial statement, Trial Balance and Financial Status are now available.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Submit the audited financial statements for 2019 and 2020 to the Auditor-General for the Federation and to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

SECTION 15
MINISTERIAL AUDIT DEPARTMENT

FEDERAL MINISTRY OF TRANSPORTATION

At the Federal Ministry of Transportation Abuja, for the period January to December 31, 2021, the following observations were made:

ISSUE 1: FAILURE TO PROVIDE RECORDS AND RELEVANT DOCUMENTS FOR AUDIT OF PERSONNEL COST (=₦1,089,848,974.00)

Description of Findings

Paragraph 110 of the Financial Regulations (FR), 2009 states, "By virtue of the responsibilities and functions of the Accountant-General and the Auditor General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of government." Similarly, section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "…the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts."

Audit observed that:

i. The sum of ₦1,089,848,974.00 (One billion, eighty nine million, eight hundred and forty eight thousand, nine hundred and seventy four naira) was budgeted for the Federal Ministry of Transportation as Personnel Cost for the Period January 2021 to December, 2021 as shown below:

		₦
a.	Salaries and Wages	968,754,644.00
b.	Allowances and Social Contribution	121,094,330.00
		1,089,848,974.00

ii All concerted efforts made towards obtaining relevant records and documents such as nominal roll, monthly payslips, variation control file, list of newly employed staff, establishment returns of each department, etc to facilitate the audit examination of personnel cost proved fruitless.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Transportation, Abuja.

Risks

i. Payment to Ghost Workers.
ii. Diversion of public funds.

Management's Response

The outstanding records and relevant documents for audit of the Personnel Cost from January to December 2021 are now provided. Utilization of the budgeted Personnel Cost of ₦1,089,848,974.00 can be obtained from the payment schedule provided.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,089,848,974.00 (One billion, eighty nine million, eight hundred and forty eight thousand, nine hundred and seventy four naira) appropriated by the National Assembly.
ii. Provide to the Public Accounts Committees of the National Assembly, records and documents such as nominal roll, monthly payslips, variation control file, list of newly employed staff, establishment returns of each department, etc, and
iii. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct as specified in paragraphs 3106, 3115 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: IRREGULAR TRANSFERS TO NIGERIAN EXPORT-IMPORT BANK (NEXIM) (=₦400,177,312.00)

Description of Findings

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

Audit observed that:

i. A paid voucher with Reference No. FMOT/ABJ/CAP/169 dated 31st March, 2021 amounting to ₦25,177,312.00 (Twenty five million, one hundred and seventy seven thousand, three hundred and twelve naira) was made to the Nigerian Export-Import Bank (NEXIM) to provide a Seed Fund for the implementation of Economic Community of West African States Inter-States Road Transit (ECOWAS/ISRT) Scheme for year 2020.
ii. The amount remitted to the Nigerian Export-Import Bank account by the Ministry has so far risen to ₦400,177,312.00 (Four hundred million, one hundred and seventy-seven thousand, three hundred and twelve naira), while the expected target is ₦500 million naira.
iii. There was no concrete evidence to show that: (a) the money contributed is presently being put to use (b) (ECOWAS/ISRT) Scheme is actually existing; and (c) the Scheme is On-Going since 2015 till date, and
iv. Bank statement/other evidence of actual transfer from NEXIM Bank to ECOWAS was not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Transportation, Abuja.

Risks

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

Management's Response

The West African States Inter-State Road Transit Scheme was established by Economic Community of West African States (ECOWAS) convention to form a market in West African sub-region which would lead to economic development of the region. The ECOWAS/ISRT Scheme is designed to promote free trade flow of goods among member states: free of duties, taxes and restrictions while in transit. In addition, the scheme seeks to eliminate the time-wasting escort system and checks the diversion of goods designated to a specific destination.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Produce to the Public Accounts Committees of the National Assembly, evidence that Economic of West African States Inter-State Road Transit (ECOWAS/ISRT) Scheme is existing and on-going.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦400,177,312.00 (Four hundred million, one hundred and seventy-seven thousand, three hundred and twelve naira) transferred to NEXIM.
iii. Recover and remit to the Treasury, the sum of ₦400,177,312.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct as specified in paragraphs 3106, 3115 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: PAYMENTS FOR TRAINING PROGRAMMES WITHOUT RELEVANT SUPPORTING DOCUMENTS(=₦93,539,100.00)

Description of Findings

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

Audit observed that:

i. Eighteen (18) payments totaling ₦93,539,100.00 (Ninety three million, five hundred and thirty nine thousand, one hundred naira) were made between June and September, 2021 for workshops/trainings of the officers of the Ministry, and
ii. The Ministry failed to attach relevant supporting documents such as letter of invitation, reports, evidence of attendance, copies of the certificates issued, pictures etc. to the paid vouchers used in effecting the payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Transportation, Abuja.

Risks

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

Management's Response

Most of the payments captured are actually the DTA element of the payment which was paid to the officers to enable them to attend the training programme. Where the course fee element was paid to a member of staff, it must be as a result of the fact that the consultant cannot be found on the GIFMIS platform to enable direct payment. The relevant documents are hereby provided for your perusal.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦93,539,100.00 (Ninety three million, five hundred and thirty nine thousand, one hundred naira) without supporting documents.
ii. Account for the sum of ₦93,539,100.00 paid to officers of the Ministry.
iii. Recover and remit the sum of ₦93,539,100.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 4: PAYMENT FOR OVERSEAS TRAVELS WITHOUT APPROVAL (=₦68,591,119.00)

Description of Findings

Paragraph 2 (i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states, "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil

Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2 (ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states, "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…".

Audit observed that:

i. Six (6) paid vouchers totaling ₦33,563,469.10 (Thirty three million, five hundred and sixty three thousand, four hundred and sixty nine naira, ten kobo) were raised in favour of officials of the Ministry for Conference and other official Programmes in Kenya, South Africa, Morocco, Greece and France.
ii. Evidence of approval by the Head of Civil Service of the Federation or the Secretary to the Government of the Federation was not attached to the payment voucher or presented to audit, and
iii. Three (3) officers of the Ministry were paid US$3000 (three thousand US dollars) as contingency allowance for the trips. This amount remained unretired at the time of the audit exercise.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Transportation, Abuja.

Risks

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

Management's Response

The study mission on Local Government and Rural Development was rescheduled twice to be held on a future date. The relevant travel documents will be provided after the programme. The letters of invitation to the study mission and as guest speaker to the former Honourable Minister are hereby provided for inspection. The heads of the delegations that received contingency allowance have been informed of the need to retire the amount collected as soon as possible.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦33,563,469.10 (Thirty three million, five hundred and sixty three thousand, four hundred and sixty nine naira, ten kobo) being irregular payment for overseas travel without approval by the Head of Civil Service of the Federation or the Secretary to the Government of the Federation.
ii. Provide to the Public Accounts Committees of the National Assembly, evidence of utilization of US$3,000 (Three thousand US dollars) contingency allowance.
iii. Recover and remit to the Treasury, the sum of ₦33,563,469.10.

iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular and wrong payment, failure to spend public funds effectively, and non-retirement of advances stated in paragraphs 3106, 3115 and 3124 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦11,120,000.00)

Description of Findings

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

Audit observed that:

i. The Ministry paid Course Fees amounting to ₦11,120,000.00 (Eleven million, one hundred and twenty thousand naira) to the Nigerian Institute of Transport Technology (NITT) for the training of 78 participants drawn from various departments. The sum of ₦90,000.00, and ₦100,000.00 respectively, were paid for each participant as course fees.
ii. Evidence of open competitive bidding such as newspaper advertisement, quotation of other bidders, technical evaluation report, etc, for the award of the contract was not presented for audit, and
iii. Three (3) payments of ₦1,260,000.00, ₦3,060,000.00, and ₦2,700,000.00 totalling ₦7,020,000.00 (Seven million and twenty thousand naira) raised in favour of NITT were not subjected to Value Added Tax (VAT), Withholding Tax (WHT) and Stamp Duty deductions leading to a revenue loss of ₦947,700.00 (Nine hundred and forty seven thousand, seven hundred naira)

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Transportation, Abuja.

Risks

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

Management's Response

Examination of the payment vouchers listed revealed that only the three payments of ₦1,260,000.00, ₦3,060,000.00, and ₦2,700,000.00 were in favour of NITT and it was an oversight not to subject these payments to Tax deduction. Consequently, we will deduct the taxes due from subsequent payments in favour of the Institute and remit same to the FIRS. The report on the training is hereby submitted.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦11,120,000.00 (Eleven million, one hundred and twenty thousand naira) on contracts awarded without due process.
ii. Recover and remit to the Treasury the sum of ₦11,120,000.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations, 2009 respectively, should apply.

FEDERAL MINISTRY OF HUMANITARIAN AFFAIRS AND POVERTY ALLEVIATION

At the Federal Ministry of Humanitarian Affairs and Poverty Alleviation, Abuja, for the period January to 31st December, 2021, the following observations were made:

ISSUE 1: PAYMENT FOR PROGRAMMES NOT EXECUTED ON HOME GROWN SCHOOL FEEDING PROGRAMME DURING COVID-19 (=₦2,617,090,786.00)

Description of Findings

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

Audit observed that:

i. Six (6) payments totaling ₦2,617,090,786.00 (Two billion, six hundred and seventeen million, ninety thousand, seven hundred and eighty six naira) was paid to five (5) contractors from NSIP account for procurement, packaging and distribution of Covid-19 palliative to Kano, Zamfara and Abia States under the National Home Grown School Feeding Programme (NHGSFP).
ii. The breakdown showed that four (4) paid vouchers amounting to ₦2,078,514,100.00 (Two billion, seventy eight million, five hundred and fourteen thousand, one hundred naira) were raised in favour of three (3) contractors which were meant for implementation in Kano; one (1) paid voucher amounting to ₦223,221,280.00 (Two hundred and twenty three million, two hundred and twenty one thousand, two hundred and eighty naira) was raised in favour of a contractor that was meant for implementation in Zamfara; and one (1) paid voucher amounting to ₦315,355,405.00 (Three hundred and fifteen million, three hundred and fifty five thousand, four hundred and five naira) was raised in favour of a contractor that was meant for implementation in Abia State, and
iii. The payments were made without evidence of actual implementation.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs and Poverty Alleviation, Abuja.

Risks

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

Management's Response

The payments totaling ₦2,617,090,786.00 were not made at the period due to chaotic situation in the country arising from Covid-19. During the Covid-19 period, the ministry test run the school feeding in FCT which was met with public outcry and disdain hence the programme was not implemented in the remaining states.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,617,090,786.00 (Two billion, six hundred and seventeen million, ninety thousand, seven hundred and eighty six naira) paid to contractors without evidence of implementation.
ii. Recover and remit to the Treasury, the sum of ₦2,617,090,786.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to manage public funds effectively, specified in paragraphs 3104 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: DONATIONS NOT ACCOUNTED FOR (=₦39,500,000.00)

Description of Findings

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

Audit observed that;

i. The sum of ₦39,500,000.00 (Thirty nine million, five hundred thousand naira) was reimbursed to the Honourable Minister for personal donations to different personalities, and
ii. The donations made were clear contravention of the extant regulations under reference and there was no evidence of authorization or justification.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs and Poverty Alleviation, Abuja.

Risks

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

Management's Response

Payments made on the vouchers were wrongly captured as donations on the memo put forward on the application for the re-imbursement. The payments were actually made by the HM as assistance to the victims of various disasters to alleviate their sufferings and to fulfil part of the mandate of the ministry. The payments were approved and authorities by the Permanent Secretary and have passed through normal procedures and processes. These were done in the interest of the Federal Government of Nigeria.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦39,500,000.00 (Thirty nine million, five hundred thousand naira) paid as donation and reimbursed to the Honourable Minister.
ii. Provide to the Public Accounts Committees of the National Assembly the authority for the donations.
iii. Recover and remit to the Treasury, the sum of ₦39,500,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, and gross misconduct, proscribed in paragraphs 3106, 3115, and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: UNJUSTIFIED PAYMENT TO CONTRACTORS (=₦287,628,300.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦1,350,000,000.00 (One billion, three hundred and fifty million naira) was approved for payment by the Honourable Minister for the Rapid Response Register (RRR) in Nineteen (19) Northern States and the FCT.

ii. The actual cost for the enrolment of the nine hundred and eighty six thousand, nine hundred and forty two (986,942) beneficiaries identified through the RRR was ₦1,062,371,700.00 (One billion, sixty two million, three hundred and seventy one thousand, seven hundred naira), leading to an overpayment of ₦287,628,300.00 (Two hundred and eighty seven million, six hundred and twenty eight thousand three hundred naira).
iii. The sum of ₦913,639,662.00 (Nine hundred and thirteen million, six hundred and thirty nine thousand, six hundred and sixty two naira) was paid to a contractor vide paid voucher number FMHADMSD/ABJ/C-19/419/2020 dated 6th May, 2021, and
iv. The payment was not supported with relevant documents to justify the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs and Poverty Alleviation, Abuja.

Risks

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

Management's Response

Initial contract sum was approved at ₦1,350,000,000.00 but after a careful financial evaluation the price was reduced to ₦1,062,371,700.00 exclusive of 7.5% VAT charges at ₦79,677,877.50. The reviewed contract sum inclusive of VAT charges amount to ₦1,142,049,577.50. Out of this 80% amounting to ₦913,639,622.00 was paid to the contractor vide PV. No. NHGSFP/FMHADMSD/ABJ/C.19/419/2020, ₦228,409,955.50 20% balance contract sum was paid on another voucher.

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Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Account Committees of the National Assembly, the sum of ₦1,350,000,000.00 approved for RRR as against the sum of ₦1,062,371,700.00 contained in the contract agreement, leading to the overpayment of ₦287,628,300.00 (Two hundred and eighty seven million, six hundred and twenty eight thousand three hundred naira).
ii. Account to the Public Account Committees of the National Assembly, with relevant documents, the sum of ₦913,639,662.00 (Nine hundred and thirteen million, six hundred and thirty nine thousand, six hundred and sixty two naira) paid to a contractor.
iii. Recover and remit to the Treasury, the sum of ₦287,628,300.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, and gross misconduct, prescribed in paragraphs 3106, 3115, and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: IRREGULAR PAYMENT OF STIPENDS TO N-POWER BATCH C1 (=₦54,630,000,000.00)

Description of Findings

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

Audit observed that:

i. The Ministry made payment of August to December, 2021 backlog of monthly stipend to Batch C1 N-Power Volunteers and Non-Graduate Trainees 2021 amounting to ₦54,630,000,000.00 (Fifty four billion, six hundred and thirty million naira), as follows;
ii. Payment made to Emeka Ikechukwu & 449,000 others for the purpose of November, 2021 backlog and December, monthly stipends to N-Power Batch C1 graduate volunteers via PV No. FMH/NSIP/OCS/1087/2021 on 21st December, 2021 for amounts totalling ₦27,000,000,000.00.
iii. Payment made to Emeka Ikechukwu & 449,000 others for the purpose of August, 2021 monthly stipends to N-Power Batch C1 graduate volunteers via PV No. FMH/NSIP/OCS/225/2021 on 20th December, 2021 for amounts totalling ₦13,500,000,000.00.
iv. Payment made to Nafiu Garba & 1499 others for the purpose of September and October, 2021 monthly stipends to consolidated N-Power N-creative trainees (Northern Zone) via PV No. FMH/NSIP/OCS/577/2021 on 27th October, 2021 for amounts totalling ₦30,000,000.00.
v. Payment was made to Emeka Ikechukwu & 449,000 others for the purpose of August, 2021 monthly stipends to N-Power Batch C1 Non-graduate trainees via PV No. FMH/NSIP/OCS/1030/2021 on 27th November, 2021 for amounts totalling ₦13,500,000,000.00.
vi. Payment was made to Okezi Nwosu & 59,000 others for the purpose of August, 2021 monthly stipends to consolidated N-Power Batch C1 Non-graduate trainees via PV No. FMH/NSIP/OCS/224/2021 on 20th October, 2021 for amounts totaling ₦600,000,000.00.
vii. The sum of ₦54,630,000,000.00 was not actually effected to the beneficiaries as claimed by the Ministry, rather monies were transferred or moved in fourteen (14) different instalments from GIFMIS account to CBN and Commercial Bank Sub-TSA account number 0020203461088 and 3000077415 respectively without records or evidence showing the actual payment to the beneficiaries from the account where the said funds were transferred, and
viii. Field interaction with some of the beneficiaries during monitoring and evaluation visits in November and December, 2021 revealed that payment to graduates was not made and that only September payment was made to Non-Graduate Trainees.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs and Poverty Alleviation, Abuja.

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

Management's Response
The ministry had an agreement with Fourcore Technology Solution Ltd that payment should be made on NASIMS platform as approved by the Federal Executive Council and Bureau of Public Procurement.

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

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Account Committees of the National Assembly, the sum ₦54,630,000,000.00 (Fifty-four billion, six hundred and thirty million naira) transferred to the Sub-TSA account against direct payment to beneficiaries.
ii. Account to the Public Account Committees of the National Assembly, the sum of ₦54,630,000,000.00.
iii. Provide to the Public Account Committees of the National Assembly, evidence that value for money was received by the volunteers and non-graduate trainees.
iv. Provide to the Public Account Committees of the National Assembly, evidences of actual payment to beneficiaries.
v. Recover and remit to the Treasury, the sum of ₦54,630,000,000.00.
vi. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
vii Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, and gross misconduct, proscribed in paragraphs 3106, 3115, and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: EMERGENCY PROCUREMENT WITHOUT RETROSPECTIVE APPROVAL (=₦78,373,909.74)

Description of Findings
Paragraph 2948 of the Financial Regulations FR (2009) states, "(i) Under emergency situation, a procuring entity may engage in direct or single source procurement of goods, works or services, (ii) Further to sub-section (i) procurements shall be made expeditiously, without losing sight of the principles of accountability and transparency. (iii) On the cessation of the emergency situation warranting procurement under this method, the procuring entity shall file records of procurement proceedings with a view to obtaining certificate of "No objection" if necessary from the Bureau of Public Procurement."

Audit observed that:
i. Contract for Base Line Survey on the Ministry's Covid-19 response to states and vulnerable groups was awarded at a contract sum of ₦78,373,909.74 (Seventy eight million, three hundred and seventy three thousand, nine hundred and nine naira,

seventy four kobo) on 16th June, 2020 using Emergency Method of Procurement without retrospective approval of the Bureau of Public Procurement (BPP), and

ii. There was no evidence that the Ministry sought and obtained from the Bureau a Certificate of "No Objection" on cessation of the emergency situation under which the contract was awarded.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs and Poverty Alleviation, Abuja.

Risks

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

Management's Response

Contracts on restricting bidding, selective bidding and emergency bidding are always done after securing the Bureau of Public Procurement's "No Objection" Certificate. On the contract awarded to M/S Mondridtz Riccado Global Ltd for the sum of ₦78,373,909.74 under emergency method of procurement, the ministry wrote to the Bureau for the certificate. The certificate is yet to be received by the ministry. However, a reminder will be written to the Bureau as it was during the Covid-19 restriction.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide to the Public Account Committees of the National Assembly, the Certificate of "No Objection" obtained from the BPP for the emergency procurement.
ii. Account to the Public Account Committees of the National Assembly, the sum ₦78,373,909.74 (Seventy eight million, three hundred and seventy three thousand, nine hundred and nine naira, seventy-four kobo) paid for emergency procurements without requisite approvals from BPP.
iii. Recover and remit to the Treasury, the sum of ₦78,373,909.74.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, and gross misconduct, proscribed in paragraphs 3106, 3115, and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: IRREGULAR PAYMENT TO INDEPENDENT MONITORS OF THE NATIONAL SOCIAL INVESTMENT PROGRAMME (=₦400,000,000.00)

Description of Findings

Paragraph 415 of the Financial Regulations FR (2009) states, "The Federal Government requires all Officers responsible for expenditure to exercise due economy, money must

not be spent merely because it has been voted." Also, Paragraph 708 of the FR, 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. Approvals for the payment of ₦400,000,000.00 (Four hundred million naira) was granted by the Honourable Minister and the Permanent Secretary vide PV No. FMH/NSIP/OCS/1071 on 20/12/2021 on the 2nd December, 2021 for the payment of stipends to 4450 Independent Monitors for October, November and December, 2021 via NASIM platform.
ii. The payment was made on the GIFMIS platform, which was different from the one approved for the transaction, and
iii. The justification for the change of payment platform was not made available and the written approval was not provided for audit scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs and Poverty Alleviation, Abuja.

Risks

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

Management's Response

The contract commenced on 1st December, 2016 and with a clause that the contract shall stand automatically renewed except terminated by either of the parties. The initial contract is for the enrolment of 200,000 beneficiaries at a contract price of ₦1,783,950,000.00 which was later reviewed upward to 500,000 enrollees as confirmed by the Bank of Industries. The additional enrollees of 300,000 makes up for the overpayment of ₦1,074,675,000.00 bringing the total payments for 500,000 enrollees to ₦2,887,500,000.00 VAT inclusive for the period covered.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Forward to the Public Account Committees of the National Assembly, approval and justification for change of initial approval granted for the payment of the monthly stipends.
ii. Account to the Public Account Committees of the National Assembly, the sum of ₦400,000,000.00 (Four hundred million naira) made as irregular payment.
iii. Recover and remit to the Treasury, the sum of ₦400,000,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, and gross misconduct, proscribed in paragraphs 3106, 3115, and 3129 of the Financial Regulations, 2009 respectively, should apply.

FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT

At the Federal Ministry Labour and Employment Abuja, for the period January to December 31st, 2021, the following observations were made:

ISSUE 1: ENGAGEMENT OF SOLICITORS WITHOUT THE APPROVAL OF THE HONOURABLE MINISTER OF JUSTICE AND ATTORNEY-GENERAL FOR THE FEDERATION (=₦4,374,418.60)

Description of Findings

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

Audit observed that;

i. The sum of ₦4,374,418.60 (Four million, three hundred and seventy four thousand, four hundred and eighteen naira, sixty kobo) was paid to an External Solicitor as professional fees for defending the Honourable Minister of Labour and Employment, and
ii. The engagement of the External Solicitors and subsequent payment of the legal fees was found to have been made without the prior consent and approval of the Attorney-General of the Federation, contrary to extant rules.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment, Abuja.

Risks

i. Engagement of unapproved legal firms.
ii. Payment of excessive legal fees.

Management's Response

The Ministry is unaware that the approval of the Attorney General is required, given that the amount involved is not material.
However, due approvals would be obtained for any future payment in respect of external solicitors.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦4,374,418.60 (Four million, three hundred and seventy four thousand, four hundred and eighteen naira, sixty kobo) for the engagement of external solicitors without the approval of the Honourable Minister of Justice and Attorney-General for the Federation.
ii. Recover and remit the sum of ₦4,374,418.60 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3115 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: IMPROPER CLASSIFICATION OF REVENUE (=₦4,467,950.00)

Description of Findings

Paragraph 123 (i) a-c of Financial Regulations (FR), 2009 states, "Any Accounting Officer, Sub-Accounting Officer, Officer Controlling Expenditure, Federal Pay Officer, Police Pay Officer, Customs Area Pay Officer, Pensions Pay Officer, Imprest-holder, Revenue Collector or other officer having monetary or financial responsibilities directly connected with, or arising from his official duties, must, in so far as the following requirements may be applicable to his particular duties:*(a)* See that the proper system of account as prescribed by or under the authority of the Accountant-General is established and maintained;*(b)* Exercise supervision over the receipt of public revenue and ensure its prompt collection;*(c)* promptly bring to account, under the proper Heads and Sub-heads of the Estimates or other approved classifications, all moneys, whether revenue or other receipts accounted to him"

Audit observed that:

i. The Ministry, in addition to other revenues, received the sum of ₦4,467,950.00 (Four million, four hundred and sixty seven thousand, nine hundred and fifty naira) as "other fee".
ii. The description of revenue item as "other fee" amounts to an improper classification of revenue, and
iii. No further detail was provided to show what makes up this "other fee", thereby making the propriety of this revenue difficult to ascertain.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment, Abuja.

Risks

i. Improper classification of revenue item.
ii. Non-uniformity in revenue classifications.

Management's Response

i. The income received is from a new revenue line that is yet to be classified.
ii. The Ministry was awaiting the approval/classification of the Accountant General for the proper classification of the income, which at the time of the payment was not yet available and that is why the income was paid in as 'other fee'.
iii. The approval of the Accountant General for the revenue to be paid in as 'other fee' is available for audit evaluation.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the improper classification of revenue collected.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,467,950.00 (Four million, four hundred and sixty seven thousand, nine hundred and fifty naira) classified as "other fee".
iii. Provide the breakdown and full details of the make-up of the revenue to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 3: DISCREPANCIES IN PAYROLL RECORDS OF THE MINISTRY (=₦5,216,089.00)

Description of Findings

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

Audit observed that:

i. The number of staff on the payroll of the Ministry is higher than the number of staff as captured in the internal audit report of the Ministry.
ii. Personnel cost as per the payroll is higher than the personnel cost in the internal audit report from January to December, 2021, and
iii. The variances from January to December, 2021 amounted to ₦5,216,089.00 (Five million, two hundred and sixteen thousand, eighty nine naira) as shown in the Table below:

Months	No of staff on the payroll	No of staff on payroll per internal audit report	Diff.	Gross pay per payroll (₦)	Gross pay as per internal audit report (₦)	Difference (₦)
January	4264	4260	4	354,287,720.31	353,852,879.56	434,840.75
February	4262	4258	4	354,132,329.52	353,697,488.77	434,840.75
March	4253	4249	4	353,611,991.18	353,177,150.43	434,840.75
April	4245	4241	4	352,492,108.93	352,057,268.18	434,840.75

May	4238	4234	4	352,853,505.15	352,418,664.40	434,840.75
June	4182	4178	4	347,875,663.35	347,440,822.60	434,840.75
July	4287	4283	4	352,459,568.03	352,024,727.28	434,840.75
August	4267	4263	4	353,751,541.04	353,316,700.29	434,840.75
September	4297	4293	4	356,352,715.67	355,919,874.92	434,840.75
October	4308	4293	5	363,604,924.62	363,170,083.87	434,840.75
November	4314	4310	4	356,881,255.48	356,446,414.73	434,840.75
December	4313	4309	4	372,782,610.95	372,347,770.20	434,840.75
				TOTAL		**5,218,089.00**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment, Abuja.

Risks

i. Payment of salaries to persons who have exited the Ministry.
ii. Payment of salaries to ghost workers.

Management's Response

The observed discrepancies are noted by the Ministry.

i. It is worthy to note that payment of salaries are made by the Office of the Accountant General for the federation, and not directly by the Ministry.
ii. The issue raised would be taken up with the Office of the Accountant General, with a view to resolving the issues that gave rise to the discrepancies.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦5,216,089.00 (Five million, two hundred and sixteen thousand, eighty nine naira), being the variance in personnel cost.
ii. Provide to the Public Accounts Committees of the National Assembly, the nominal roll of the Ministry for 2021, the monthly gross salary payment of the Ministry for 2021, the schedule of all persons employed and those that exited the Ministry in 2021.
iii. Recover and remit the sum of ₦5,216,089.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 4: UNDER-DEDUCTION OF WITHHOLDING TAX (=₦623,162.80)

Description of Findings

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

Audit observed that:

i. The sum of ₦11,550,000.00 (Eleven million, five hundred and fifty thousand naira) was paid as rent renewal in Zamfara, Ekiti, Osun, Kebbi and Anambra States on the 30th December, 2021.
ii. The sum of ₦531,837.20 (Five hundred and thirty one thousand, eight hundred and thirty seven naira, twenty kobo) was deducted as five percent (5%) withholding tax instead of the ten percent (10%) applicable tax rate, and
iii. The under deduction of withholding tax in (ii) above, resulted in the loss of revenue amounting to ₦623,162.80 (Six hundred and twenty three thousand, one hundred and sixty two naira, eighty kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment, Abuja.

Risks

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

Management's Response

The computation and deduction of taxes are not done manually, but automatically as the contractors are being paid. However, the Ministry has noted the observation and would carry out a thorough investigation to find out the reason for the observed lapse, with a view to forestalling any future occurrence.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦623,162.80 (Six hundred and twenty-three thousand, one hundred and sixty-two naira, eighty kobo) being under deduction of withholding tax.
ii. Recover and remit to the appropriate tax authorities, the sum of ₦623,162.80.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

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

ISSUE 5: UNAUTHORIZED CONVERSION OF GOVERNMENT PROPERTIES TO PERSONAL USE (=₦27, 562,533.34)

Description of Findings

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

Audit observed that:

i. Toyota Hilux vehicle with registration number 08A-06FG and chassis number MROHX8CD5HO915113 purchased for ₦27,562,533.34 (Twenty seven million, five hundred and sixty two thousand, five hundred and thirty three naira, thirty four kobo) in 2017 was taken away by the former Honourable Minister of State upon the expiration of his tenure, and
ii. The Ministry did not produce evidence that the vehicle was boarded in favour of the former Minister of State.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment, Abuja.

Risks

i. Loss of government assets.
ii. Conversion of public property for private use.

Management's Response

Management has written severally to the former Minister for the vehicle to be returned, however, the former Minister is yet to return the Motor vehicle. The Ministry is preparing to board the vehicle to him since the vehicle has been with him for many years and would have deteriorated in value now.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦27,562,533.34 (Twenty seven million, five hundred and sixty two thousand, five

hundred and thirty three naira, thirty four kobo) being unauthorised conversion of public assets.

ii. Recover the vehicles at the exact value at which they were taken away by the former Minister of State.

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

iv. Otherwise, sanctions relating to failure to pay for the use of government property and gross misconduct prescribed in paragraphs 3113 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦59,488,396.99)

Description of Findings

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

Audit observed that:

i. Fifty seven (57) payments totalling ₦59,488,396.99 (Fifty nine million, four hundred and eighty eight thousand, three hundred and ninety six naira, ninety nine kobo) were made to staff of the Ministry for purchase of consumables, stationeries, cleaning and fumigation, tyres, toners, photocopiers, etc.

ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures, and

iii. This deprived the government of revenue totalling ₦8,030,933.59 (Eight million, thirty thousand, nine hundred and thirty-three naira, fifty nine kobo) representing 7.5% VAT, 5% WHT and 1% Stamp Duty that would have accrued if the jobs were contracted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment, Abuja.

Risks

i. Loss of government revenue.

ii. Diversion of public funds.

iii. Difficulty in funding government budget.

Auditor's Evaluation

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

Management's Response

The advances were granted for the emergency procurement of petty office items and services that were urgently required for the smooth running of the office. Subjecting the procurement of these items to Public procurement procedures would have caused delays which would have hampered the smooth running of the office. The Ministry has noted the observation and would put in place measures to ensure that procurement through cash advance is reduced drastically in the Ministry.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦59,488,396.99 (Fifty nine million, four hundred and eighty eight thousand, three hundred and ninety six naira, ninety nine kobo) to staff as cash advance above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦59,488,396.99.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 7: SPLITTING OF ADVANCES TO CIRCUMVENT APPROVAL THRESHOLD OF THE PERMANENT SECRETARY (=₦7,315,000.00)

Description of Findings

Section 20(2) of the Public Procurement Act 2007 states "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for:… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method;…." Also, paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August 2015 states "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007."

Audit observation revealed that:

i. The sum of ₦7,315,000.00 (Seven million, three hundred and fifteen thousand naira) was granted as cash advances to two (2) staff of the Ministry on the 24th December, 2021.
ii. The paid vouchers with numbers 3202 & 3203 dated 24th December, 2021 were made to the two (2) staff with the sum of ₦3,550,000.00 and ₦3,650,000.00 respectively, to purchase MTN branded Samsung S21 ultra 5G for the Honourable Minister of Labour & Employment, Honourable Minister of State, Permanent Secretary, post-paid and prepaid telephone, data services for Directors and Technical Support Officers, and
iii. The two (2) non-personal advances were split into two in order to circumvent the threshold approval.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Labour and Employment, Abuja.

Risks

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

Management's Response

The advances were granted to enable the officers procure the items stated above. Subjecting the purchase of these items to public procurement process would have cost the Ministry time and resources which were not commensurate with the amount involved, therefore, the Ministry decided to purchase the items through cash advance. The Ministry has noted the observation and has put in place measures to forestall future occurrence.

Auditor's Evaluation

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

Recommendations

The Permanent secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦7,315,000.00 (Seven million, three hundred and fifteen thousand naira) granted as advances instead of award of contracts.
ii. Recover and remit the sum of ₦7,315,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

FEDERAL MINISTRY OF NIGER DELTA AFFAIRS

At the Federal Ministry of Niger Delta Affairs, Abuja, for the period January to December, 2021, the following observations were made:

ISSUE 1: PAYMENTS ABOVE 15% MOBILIZATION FEE (=₦3,004,936,443.79)

Description of Findings

Section 35(1) of Public Procurement Act (PPA), 2007 states "a mobilization fee of not more than 15% may be paid to a supplier or contractor" subject to a written request by the supplier or contractor." Also, section 35(2) of the PPA, 2007 states, "Once a mobilization fee has been paid to supplier or contractor, no further payment shall be made to the supplier or contractor without an interim performance certificate issue in accordance with the contract agreement". In addition, Section 36 of the PPA, 2007 states, "the provision of a Performance Guarantee shall be a precondition for the award of any procurement contract upon which any mobilization fee is to be paid, provided however it

shall not be less than 10% of the contract value in any case or an amount equivalent to the mobilization fee requested by the supplier or contractor whichever is higher."

Audit observed that:

i. Sixteen (16) contracts for works in different locations across the Niger Delta Regions were awarded to various contractors at the contract sum of ₦3,803,489,902.67 (Three billion, eight hundred and three million, four hundred and eighty nine thousand, nine hundred and two naira and sixty seven kobo).
ii. The contractors provided conditional Advance Payment Bond requesting for 15% mobilization which was duly released, and
iii. The Ministry went ahead to advance the contractors the sum of ₦3,004,936,443.79 (Three billion, four million, nine hundred and thirty six thousand, four hundred and forty three naira, and seventy nine kobo), representing over 79% of the contract sum, without any Interim Statement/Engineering Certificate of Completion, in contravention of the provisions of section 35(1) of the Public Procurement Act, 2007.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risks

i. Payment for work not done.
ii. Loss of funds to default or non-performance.

Management's Response

The contractor submitted APG covering the 15% advance. Also an APG covering 85% of the contract sum was submitted by the contractor as performance Bond.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦3,004,936,443.79 (Three billion, four million, nine hundred and thirty six thousand, four hundred and forty three naira, and seventy nine kobo) as mobilization fee, above the regulated threshold, in contravention of the provisions of Public Procurement Act.
ii. Provide the Interim Payment Certificates for sums paid above the mobilization thresholds to the Public Accounts Committee of the National Assembly.
iii. Recover and remit to the Treasury, the sum of ₦3,803,489,902.67.
iv. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
v. Otherwise, sanctions relating to irregular award of contract and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENTS (=₦18,599,300.00)

Description of Findings

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

Audit observed that:

i. Four (4) paid vouchers totalling ₦8,924,900.00 (Eight million, nine hundred and twenty four thousand, nine hundred naira) were made to two (2) officers of the Ministry as DTA, Air Ticket and Local Running, security expenses, hiring of vehicles, honorarium, and Covid-19 safety protocol materials for verification exercise of the Equipping and Furnishing of the Skill Acquisition Centre at Kwale, Delta State. These proposals were raised on 24th February, 2021 and 25th February, 2021 and were recommended by a Director.
ii. The sum of ₦9,674,400.00 (Nine million, six hundred and seventy four thousand, four hundred naira) was also paid to another officer as DTA, Air Ticket and Local Running, security, fueling and other expenses to carry out graduation ceremony of 500 Non-militant youths in the Housing/Agriculture Industry at The Polytechnic, Ibadan, Oyo State on the 13th March, 2021 and the graduation ceremony for Youths/Women trainees in Oil & Gas, Mobile Phones Assembly & Maintenance (Ministry's Phone MNDA and others Skills) at the Scrolab Hotel Ibadan, Oyo State on the 13th March, 2021.
iii. The proposals were duplicated and have similar contents, and
iv. There was no evidence produced for audit to show that the events took place in Kwale and, Ibusa.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risks

i. Money may not be used for the purpose for which it was released.
ii. Diversion of public funds.

Management's Response

The expenditures were not duplicated. The Skill Acquisition took place in various centres, Kwale and, Ibusa, DTA to carryout graduation ceremony of 500 Non militant in Agriculture was in Polytechnics Ibadan Oyo state, Training of non -Militant Youths on Tiling and Landscaping. All the reports and visual photographs are attached.

The payment vouchers that has the details list of beneficiaries security expenses hiring of vehicles, honorarium all the receipt are available.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,599,300.00 (Eighteen million, five hundred and ninety nine thousand, three hundred naira) being fictitious expenditure.
ii. Recover and remit to the Treasury, the sum of ₦18,599,300.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply

ISSUE 3: PAYMENT WITHOUT REVALIDATION (=₦148,640,541.87)

Description of Findings
Paragraph 111(ii) (a) of the Financial Regulations (FR), 2009, states "the Accounting Officer shall be responsible for safeguarding of public funds and the regularity and propriety of expenditure under his control." Also, paragraph 611 of the FR states "A Sub-Accounting Officer may not make payment against a voucher unless: …(c) It is not more than three months since the voucher was signed by officer controlling expenditure…"

Audit observed that:
i. Thirteen (13) paid vouchers totalling ₦148,640,541.87 (One hundred and forty-eight million, six hundred and forty thousand, five hundred and forty-one naira, eighty-seven kobo) were approved by the Permanent Secretary in 2020 with all other associated checks and certification, and
ii. The same payment vouchers were represented for payment in May, 2021 without revalidation of approval or preparation of new payment vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risks
i. Possible payment duplication.
ii. Diversion of public funds.

Management's Response
The capital Budget was extended from 31st December 2020 to May 31st 2021 So any approval that fall within that period is still valid for payment and any payment voucher raised does not require revalidation.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦148,640,541.87 (One hundred and forty-eight million, six hundred and forty thousand, five hundred and forty-one naira, eighty-seven kobo) being payments without necessary revalidation.
ii. Recover and remit to the Treasury, the sum of ₦148,640,541.87.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulation, 2009 respectively, should apply.

ISSUE 4: REIMBURSABLE EXPENSES NOT ACCOUNTED FOR BY THE CONSULTANTS (=₦366,452,676.64)

Description of Findings

Treasury Circular Ref. No. TRY/A2 & B2/2019 OAGF/CAD/026/V.III/358 dated 8th July, 2019 states, "…original receipts/Invoice for payment of reimbursable claims, ticket stubs for travelling expenses, hotel bills etc are mandatory documents required to facilitate payment of Government Contractors on Consultancy. Also, Paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. Payments were made for reimbursable expenses of consultancy services for the engineering design of the chanelization of River Ala in Ajipowo area of Akure South in Ondo State; design and land reclamation and shoreline protection of Igounbiri and Oboribiri 1.5 km Communities in Kolokuma LGA Bayelsa State; and Consultancy services for the design and canalization/desilting of Osuopele/Adewor Benisede Creeks in Benmo–ojobo town in Ekeremor LGA Bayelsa State etc., and
ii. The Consultant failed to account for expenses such as survey board equipment, soil investigation, security, computer software, report production, hotel accommodation, per diem allowances, transportation, hiring of vehicles, rental survey equipment and community relations totalling ₦366,452,676.64 (Three hundred and sixty six million, four hundred and fifty two thousand, six hundred and seventy six naira, sixty four kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risks

i. Loss of funds.
ii. Payment for services not rendered.

Management's Response

The Road Design consultancy contract was completed by the consultant and fully paid. The consultant was not required to submit an invoice after completion of the Design Service. The Contract Agreement signed between the Ministry and Consultants did not allow for the Consultants to be reimbursed in case they spend in excess of Bill of Quantity as provided in the Agreement. This is because the contract sum of the Award normally takes into recognition what was provided in the Appropriation for the financial year.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦366,452,676.64 (Three hundred and sixty six million, four hundred and fifty two thousand, six hundred and seventy six naira, sixty four kobo) being unretired reimbursable expenses by the consultants.
ii. Recover and remit to the Treasury, the sum of ₦366,452,676.64.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 5: PAYMENT FOR WORKS NOT EXECUTED ON EAST-WEST ROAD (=₦3,813,914,186.85)

Description of Findings

Paragraph 412 of the Financial Regulations (FR), 2009 states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with terms of the contract agreement, that as regards supplies, the articles have been received and, in the case of work, that it has been properly done. In the case of payment on account, no money will be claimed other than the cost of the work certified to have been performed." Also, paragraph 415 of the FR, 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 603 (i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Similarly, Paragraph 708 of the FR, 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The contract for the dualisation of East-West Road (Eket Bypass) was awarded to a contractor on the 27/05/2019 at the contract sum of ₦16,161,269,267.62 (Sixteen billion, one hundred and sixty one million, two hundred and sixty nine thousand, two hundred and sixty seven naira, sixty two kobo) with a completion period of 24 months.
   a Under item 201 (clearing of bushes, shrubs grasses and trees) on the Interim Statement 3 (Eket bypass); the length of work done according to the backup document was 2km (i.e., from CH 7+750 to CH 9+750) whereas 3km length was claimed by the contractor there by resulting in over payment of ₦17,187,034.75 (Seventeen million, one hundred and eighty seven thousand, thirty four naira, seventy five kobo)
   b. In item 207 of Interim Statement 3 (Eket bypass), Geotextile material was claimed to have been laid at CH 9+750 to CH 9+400 and CH 9+300 to CH 9+150 at the sum of ₦25,616,250.00 (Twenty five million, six hundred and sixteen thousand, two hundred and fifty naira) which has been paid. However, at the time of our visit, the work was not done.
   c. In item 203 of Interim Statement 3 (Eket bypass), filling for embarkments and margins shape formation and trimming of slopes to the required cross-section was purportedly carried out at CH 7+750 to CH 9+400. Our examination of the supporting documents revealed that fifty seven thousand, five hundred and twenty four (57,524) cubic meters (Borrow to Fill) was claimed by the contractor using 60m width for the area filled. However, measurements taken by the audit team showed that the width of the area filled was 50m, thus our re-calculated volume of borrow to fill was 49,745.25 cubic meters, resulting in over payment of ₦36,560,125.00 (Thirty six million, five hundred and sixty thousand, one hundred and twenty five naira) to the contractor.
   d. The sum of ₦2,554,244,311.91 (Two billion, five hundred and fifty four million, two hundred and forty four thousand, three hundred and eleven naira, ninety one kobo) was paid as compensation to the contractor for onward transmission to the Joint Valuation/Compensation Consultants who would disburse the value of each affected property to various claimants. These activities have been purportedly carried out, but the audit team was denied access to records that showed details of the disbursement of the money, and
   e. The contractor was on site as at the time of audit visit and heavy-duty equipment were noticed on the project site.

ii. On the contract for dualisation of East-West Road (Eleme-Ahoada), it was awarded on the 04/05/2009 at the contract sum of ₦55,071,816,315.89 (Fifty five billion, seventy one million, eight hundred and sixteen thousand, three hundred and fifteen naira, eighty nine kobo) with a completion period of eighty nine (89) months.
   a. Bill 102 of Interim Statement 36 (Section II-I) provided for ₦80,019,531.66 (Eighty million, nineteen thousand, five hundred and thirty one naira, sixty six kobo) as compensation, but the details of the disbursement was not made available to audit for verification.
   b. Bill 103 of Interim Statement 36 (Section II-I) provided for ₦22,525,810.23 (Twenty two million, five hundred and twenty five thousand, eight hundred and ten naira, twenty three kobo) for relocation of existing PHCN utilities. Details/breakdown of work done was not provided.

c. Bill 104 of Interim Statement 35 (Section II-I) provided for ₦52,789,690.76 (Fifty two million, seven hundred and eighty nine thousand, six hundred and ninety naira, seventy six kobo) for construction supervision. However, the presence of the Supervising Consultant was not noticed during the audit inspection and all efforts to obtain further information were denied by the Ministry's Infrastructure Development Department.
d. In item 211 of Interim Statement 35 (Section II-I), the sum of ₦17,930,634.75 (Seventeen million, nine hundred and thirty thousand, six hundred and thirty four naira, seventy five kobo) was claimed for borrow to fill within CH 21+500 to 23+200. This claim appears to be a repetition because it was already done under item 209b of the same statement.
e. In item 401a of Interim Statement 35 (Section II-I), the sum of ₦176,651,280.00 (One hundred and seventy six million, six hundred and fifty one thousand, two hundred and eighty naira) was claimed for laterite filling on carriage and shoulders from CH 21+500 to CH 23+200. However, based on measurement taken by the audit team, the activity was re-calculated as ₦106,947,000.00 (One hundred and six million, nine hundred and forty seven thousand naira), resulting to over payment of ₦69,704,280.00 (Sixty nine million, seven hundred and four thousand, two hundred and eighty naira) to the contractor.
f. In item 408 of Interim Statement 35 (Section II-I), the sum of ₦108,891,831.00 (One hundred and eight million, eight hundred and ninety one thousand, eight hundred and thirty one naira) was claimed for laying of granite crushed rock on carriage and shoulders from CH21+500 to 23+200. Based on measurement taken by the audit team, the activity was re-calculated as ₦69,671,100.00 (Sixty nine million, six hundred and seventy one thousand, one hundred naira) resulting in over payment of ₦39,220,731.00 (Thirty nine million, two hundred and twenty thousand, seven hundred and thirty one naira) to the contractor.
g. Item 408 of Interim Statement 36 (Section II-I), the sum of ₦129,761,467.48 (One hundred and twenty nine million, seven hundred and sixty one thousand, four hundred and sixty seven naira, forty eight kobo) was claimed for overlaying granite crushed rock on carriage and shoulders from CH21+500 to CH23+200. Audit calculation of the activity amounted to ₦69,671,100.00 (Sixty nine million, six hundred and seventy one thousand, one hundred naira) which resulted in over payment of ₦60,090,367.48 (Sixty million, ninety thousand, three hundred and sixty seven naira, forty eight kobo) to the contractor.
h. In item 414 of Interim Statement 36 (Section II-I), the sum of ₦448,124,457.97 (Four hundred and forty eight million, one hundred and twenty four thousand, four hundred and fifty seven naira, ninety seven kobo) was claimed for laying and compacting asphaltic concrete wearing course on the main carriage and the inner shoulder from CH21+500 to CH23+200. Based on the measurement taken by the audit team, the activity was re-calculated as ₦56,653,520.00 (Fifty six million, six hundred and fifty three thousand, five hundred and twenty naira thereby resulting in over payment of ₦391,470,937.97 (Three hundred and ninety one million, four hundred and seventy thousand, nine hundred and thirty seven naira, ninety seven kobo) to the contractor.
i. Item 414 of Interim Statement 37 (Section II-I), the sum of ₦263,689,415.92 (Two hundred and sixty three million, six hundred and eighty nine thousand, four hundred and fifteen naira, ninety two kobo) was claimed for laying and compacting asphaltic concrete wearing course on the carriage and inner shoulder from CH30+00 to 36+325. Based on measurement taken by the audit team, the

activity was re-calculated as ₦210,784,420.00 (Two hundred and ten million, seven hundred and eighty four thousand, four hundred and twenty naira) thereby resulting in over payment of ₦52,904,995.92 (Fifty two million, nine hundred and four thousand, nine hundred and ninety five naira, ninety two kobo) to the contractor.

j. On the dualisation of East-West Road (Eleme-Ahoada), items (ii(a-i)) above totalling ₦786,656,979.01 (Seven hundred and eighty six million, six hundred and fifty six thousand, nine hundred and seventy nine naira, one kobo) cannot be accepted as a legitimate charge against the public funds.

iii. On the contract for dualisation of East-West Road (Ahoada-Kaiama), it was awarded on the 30/04/2009 at the contract sum of ₦93,412,766,734.34 (Ninety three billion, four hundred and twelve million, seven hundred and sixty six thousand, seven hundred and thirty four naira, thirty four kobo) with a completion period of 93 months.

a. Bill 421 of Interim Statement 36 (Section II-II) provided for ₦137,085,560.71 (One hundred and thirty seven million, eighty five thousand, five hundred and sixty naira, seventy one kobo) for the maintenance of existing road during construction. However, the breakdown of work done, and the location could not be ascertained by the visiting team.

b. Under Interim Statement 36 (Section II-II), the sum of ₦50,000,000.00 (Fifty million naira) was paid to the contractor for the maintenance of identified snags on the project. During the inspection, the maintenance work was not sighted.

c. In item 209 of Interim Statement 38 (Section II-II) the sum of ₦44,911,578.72 (Forty four million, nine hundred and eleven thousand, five hundred and seventy eight naira, seventy two kobo) was claimed for excavation of unsuitable on outer shoulder from CH47+00 to 50+00. Our calculation of the activity amounted to ₦35,244,000.00 (Thirty five million, two hundred and forty four thousand naira), resulting in over payment of ₦9,667,578.72 (Nine million, six hundred and sixty seven thousand, five hundred and seventy eight naira, seventy two kobo) to the contractor.

d. In item 211 of Interim Statement 38 (Section II-II) the sum of ₦45,025,603.00 (Forty five million, twenty five thousand, six hundred and three naira) was claimed for borrow to fill for outer shoulder from CH47+00 to 50+00. This claim appears to be a repetition because it has already been done under item 209b of the same statement.

e. In item 408 of Interim Statement 38 (Section II-II) the sum of ₦93,207,820.32 (Ninety three million, two hundred and seven thousand, eight hundred and twenty naira, thirty two kobo) was claimed for laying of granite crushed rock on the outer shoulder from CH47+00 to 50+00. Based on measurement taken by the audit team, the activity was re-calculated as ₦44,936,100.00 (Forty four million, nine hundred and thirty six thousand, one hundred naira), resulting in over payment of ₦48,271,720.32 (Forty eight million, two hundred and seventy one thousand, seven hundred and twenty naira, thirty two kobo) to the contractor.

f. In item 414 of Interim Statement 38 (Section II-II) the sum of ₦203,259,023.75 (Two hundred and three million, two hundred and fifty nine thousand, twenty three naira, seventy five kobo) was claimed for laying and compacting asphaltic concrete wearing course on the main carriage and the inner shoulder from CH47+00 to 50+00. Based on measurement taken by the audit team, the activity was re-calculated as ₦99,660,000.00 (Ninety nine million, six hundred and sixty thousand naira), resulting in over payment of ₦103,599,023.75 (One hundred and

three million, five hundred and ninety nine thousand, twenty three naira, seventy five kobo) to the contractor.

g. Presence of the Supervising Consultant was not noticed during the audit inspection.
h. On the dualisation of East-West Road (Ahoada-Kaiama), items (i – vi) above totaling ₦393,649,486.18 (Three hundred and ninety three million, six hundred and forty nine thousand, four hundred and eighty six naira, eighteen kobo) cannot be accepted as a legitimate charge against the public funds.
i. In all, the sum of ₦3,813,914,186.85 (Three billion, eight hundred and thirteen million, nine hundred and fourteen thousand, one hundred and eighty six naira, eighty five kobo) is hereby disallowed and cannot be accepted as a legitimate charge against the public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risk

Payment for work not done.
Diversion of public funds.

Management's Response

i. Site clearance has been done over the entire length of road and the typographic error in IPC No. 3 has been corrected in subsequent Interim Payment Certificates.
ii. Laying of the geotextile materials is in progress and is updated in subsequent Interim Payment Certificate as work progresses.
iii. Earthworks is in progress and is updated as work progresses.
iv. M/S James Iniama Consult and Emma Wike& Partners (Joint Estate Valuation Consultants) were appointed by the Ministry to render professional service (enumeration, valuation/assessment of the affected buildings/structures including economic crops/trees as well as Payment) of compensation as approved by the Land Dept. of Federal Ministry of Works & Housing to the claimants.
v. The resident Engineers of the Ministry (guided by the contract documents) are in charge of the day to day supervision of the works being done by the contractor.
vi. M/S Amana Consortium LTD (Engineering Design and Supervision Consultant) was appointed at the inception of the project and the professional fees is based on the professional scale of fees approved by the Federal Government.
vii. The works done as reported in Interim Certificate No. 3 is still ongoing and corrections are being effected as the work progresses.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,813,914,186.85 (Three billion, eight hundred and thirteen million, nine hundred and fourteen thousand, one hundred and eighty six naira, eighty five kobo) being payment for jobs not done.

ii. Recover and remit the sum of ₦3,813,914,186.85 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: ILLEGAL POSSESSION OF GOVERNMENT VEHICLE

Description of Findings

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

Audit observed that:
i. Twenty-five (25) vehicles, consisting of twenty-one (21) Toyota Hilux, two (2) Toyota Hiace, one (1) Toyota Land Cruiser and one (1) Toyota Corolla could not be traced to their various locations.
ii. Seven (7) vehicles, consisting of six (6) Toyota Hilux and one (1) Toyota Corolla were reportedly stolen without documentary evidence or compliance to the provisions of extant regulations on loss of government assets, and
iii. Five (5) vehicles, consisting of four (4) Toyota Hilux and one (1) Toyota Corolla were involved in accident at different times without evidence of compliance to the provisions of extant regulations on the loss of government assets.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risks

i. Loss of government assets.
ii. Conversion of public property for private use.

Management's Response

i. All issues relating to the status of the Ministry vehicles are being addressed with the good efforts of the External Audit Unit. At the moment, the Ministry's Board of Survey is carrying out a holistic exercise on the subject and would be made available its report very soon. In the same vein, the Permanent Secretary recently constitute a fresh Committee to also look into the subject and would soon commence the action.
ii. Accordingly, a comprehensive report would be made available on the subject as soon as the various Committee working on it submit their findings. A relevant update has been provided in respect of the concerned vehicle.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the twenty-five (25) vehicles that could not be sighted during physical verification.
ii. Provide to the Public Accounts Committees of the National Assembly, evidence of compliance with the extant regulations on the stolen and accident vehicles.
iii. Provide evidence to show the recovery of the vehicles to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 7: UNSUBSTANTIATED PAYMENTS IN THE CONTRACT FOR ELECTRIFICATION PROJECT(=₦104,530,381.40)

Description of Findings

Paragraph 603 (i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 415 of the FR, 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Also, section 16 (1) of the Public Procurement Act, 2007 states, "Subject to any exemption allowed by this Act, all public procurement shall be conducted: …(e) with the aim of achieving value for money and fitness for purpose;…" In addition, paragraph 412 of the FR, 2009 states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…." Similarly, paragraph 708 of the FR, 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The contract for electrification project at Biakpan, in Biase LGA, Cross River State was awarded at the sum of ₦442,438,131.87 (Four hundred and forty-two million, four hundred and thirty-eight thousand, one hundred and thirty-one naira, eighty-seven kobo) on 21st January, 2019. The sum of ₦422,997,657.63 has been paid to date, representing (95%) of the contract sum.
ii. Two (2) Hilux vehicles, valued at ₦30,000,000.00 each, totalling ₦60,000,000.00, provided for in Bill of Engineering Measurements and Evaluation (BEME) were not sited or produced during audit inspection.
iii. The sum of ₦36,432,000.00 was provided for the supply and installation of five hundred and fifty-two (552) High Tension (HT) concrete poles. Upon audit visit to the site, only three hundred and sixty-five (365) High Tension (HT) concrete poles were sighted as erected. One hundred and eighty-seven (187) valued at ₦12,342,000.00 were not installed.
iv. The sums of ₦10,661,030 and ₦1,462,130 totalling ₦12,123,160 was provided in the revised BEME for the provision of ninety-eight (98) streetlights in Biakpan community and fourteen (14) streetlights in Etono central community, respectively. As at the time of audit visit, there was no streetlight sighted anywhere around the project site, and
v. Bill No 3 (Low Tension) of the BEME was revised to accommodate extension of electricity to areas that were not covered by the original contract. The extension was valued at ₦86,951,317.40. However, the location of electricity, and the breakdown of items that made up the sum was not contained in the project file.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risk

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

Management's Response

i. The 552 Nos of High Tension (HT) Concrete Poles can be sighted from Eziafor in Ohafia to Etono town covering a distance of about 23km in Biase LGA of Cross River State.
ii. All the 98 Nos. and 14 Nos respectively was already on ground then at the time of the site visit and have now been installed as at date.
iii. The breakdown of the (Low Tension) Revised BEME are distributed in Biakpan 20 Nos and Etono 59 Nos respectively as shown in the Reserved BEME in the file.
iv. All the 4 Nos. of 300KVA and 1 No 500KVA Transformers are on ground are ready for utilization.
v. All the Low-Tension (LT) Concrete Poles has already been installed in Biakpan community and if not for the security threat the team could have seen all the installed LT Poles.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦104,530,381.40 (One hundred and four million, five hundred and thirty thousand, three hundred and eighty one naira, forty kobo), being payment for jobs not executed.
ii. Recover and remit to the Treasury, the sum of ₦104,530,381.40.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: DUPLICATION OF CONTRACT (=₦482,885,773.91)

Description of Findings

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

Audit observed that:

i. The contract for the rehabilitation of 5.5km Idota-Iyora Road, Estako West, Edo State (Lot No. A13) was awarded to contractor at the sum of ₦279,999,997.55 (Two hundred and seventy-nine million, nine hundred and ninety-nine thousand, nine hundred and ninety-seven naira, fifty-five kobo) via award letter reference number MNDA/PROC/ID/WORKS/20/198 dated 29th April, 2021.
ii. The Bill of Engineering Measurement and Evaluation (BEME), shows the scope of the work to covered 0.75KM which include clearing, earthworks, 250m line drains and pavement from CH 0+000 to 0+750. The sum of ₦265,999,997.67 has been paid to date, representing 95% of the contact sum.
iii. Another contract for the same rehabilitation of 5.5km Idota-Iyora Road, Estako West, Edo State (Lot G1) was awarded to a different contractor at the sum of ₦1,492,777,984.22 via award letter reference number MNDA/PROC/MTB/21 /400/1/036 dated 3rd February 2022.
iv. The contract sum of ₦1,492,777,984.22 was further analysed in the BEME to include ₦482,885,773.91 for Phase I work from (KM 0+000 – KM 0+750) and ₦1,012,209,910.32 for Phase II work from (KM 0+750 – KM 4+388.55), and
v. The Bill of Engineering Measurement and Evaluation (BEME) of the contract revealed that the scope of the work also covered 4.388KM to include clearing, earthworks, 250m line drains and pavement from CH 0+00 to 4+388.55, resulting to duplication of contract in the sum of ₦482,885,773.91 (Four hundred and eighty-two million, eight hundred and eighty-five thousand, seven hundred and seventy-three naira, ninety-one kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risks

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

Management's Response

The Phase 1 of the project was awarded to the Contractor, M/S Kelasco Resources Nig Ltd in the sum of ₦279,999,997.55 vide a letter Ref. MNDA/PROC/ID/WORKS/20 /198 dated 29th April,2021 to carry out remedial works in order to urgently address critical conditions of the road pending the availability of funds for the full award. And this remedial works has been substantially completed and paid for.

The Phase 2 of the project was awarded to the contractor, M/S Kelasco Resources Nig. Ltd in the sum of ₦1,492,777,948.22 vide a letter Ref. MNDA/PROC/MTB/21 /400/1/036 dated 3rd February, 2022 which involves complete rehabilitation and construction of the 5.5km road Idato--Iyora road. Kindly find attached, pictures of the rehabilitation/ construction work ongoing. It should be noted that all payments are made on permanent works measured jointly using civil Engineering standards as specified in the Bill of Engineering Measurement and Evaluation after certification in line with clause 60 (1-5) of the standard condition of contract.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦482,885,773.91 (Four hundred and eighty two million, eight hundred and eighty five thousand, seven hundred and seventy three naira, ninety one kobo), being payment for job duplication.
ii. Recover and remit to the Treasury, the sum of ₦482,885,773.91.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to manage public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 9: IRREGULARITY IN THE AWARD OF CONTRACTS (=₦425,276,043.13)

Description of Findings

Section 16 (17) of the Public Procurement Act (PPA), 2007 states, "A contract shall be awarded to the lowest evaluated responsive bid from the bidders substantially responsive to the bid solicitation." Also, section 24(3) of PPA, 2007 states, "the winning bid shall be that which is the lowest evaluated responsive bid which has been responsive to the bid with regards to work specification and standard." Furthermore, section 32(2) of the PPA, 2007 states, "the objective of evaluation shall be to determine and select the lowest evaluated responsive bid from bidders that have responded to the bid solicitation."

Audit observed that:

i. After due evaluation of the financial bids submitted by the various bidders, the Evaluation Committee recommended to the Ministerial Tender Board (MTB) to award contracts in Lots I-11, I-12, N-3, N-6 and O-3 to some contractors.
ii. Minutes of MTB held on 24th December, 2019 revealed that the Board altered the recommendation of the Evaluation Committee to award the contract to four other bidders that were not recommended, and
iii. The action of the MTB contravened the provisions of the extant rules.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Niger Delta Affairs.

Risks

i. Collusion, connivance, and bid-rigging.
ii. Litigation by the most responsive bidders.
iii. Low quality service/job delivery.

Management's Response

The section 24(3) of Public Procurement Act PPA, 2007, “The winning bid shall be that which is the lowest evaluated responsive bid which has been responsive to the bid with regards to work specification and standard” Ministerial Tenders Board based on the evaluation report may have considered that the quotation of the recommended companies by the Evaluation Committee were not responsive to the work specification and standard and therefore considered the companies that their quotation were responsive to the work specification and standard.

Auditor’s Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for not adhering to the recommendations of the Evaluation Committee and the irregularity in the award of the contracts amounting ₦425,276,043.13 (Four hundred and twenty-five million, two hundred and seventy-six thousand, forty-three naira, thirteen kobo).
ii. Recover and remit the sum of ₦425,276,043.13 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations, 2009 respectively, should apply.

FEDERAL MINISTRY OF PETROLEUM RESOURCES

At the Federal Ministry of Petroleum Resources, Abuja, for the period January to December, 2021, the following observations were made:

ISSUE 1: UNAPPROVED VIREMENT OF CAPITAL EXPENDITURE VOTE (=₦137,751,789.85)

Description of Findings

Paragraph 417 of the Financial Regulations (FR), 2009 states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 318 of the FR, 2009 states, "Capital Expenditure is paid from the Development Fund, and no such expenditure may be incurred except on the authority of a warrant duly signed by the Minister of Finance." In addition, paragraph 302(1) of the FR, 2009 states, "Recurrent expenditure is paid from the Consolidated Revenue Fund and no such expenditure may be incurred except on the authority of a Warrant duly signed by the Minister of Finance."

It was observed that:

i. The Ministry expended the sum of ₦137,751,789.85 (One hundred and thirty-seven million, seven hundred and fifty-one thousand, seven hundred and eighty-nine naira and eighty-five kobo) from the Capital Vote for expenditures which were recurrent in nature. The expenses were mainly overhead or operating expenses, and
ii. Evidence of approval by the National Assembly and the Minister of Finance to support the virement from the capital expenditure was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources.

Risks

i. Loss of government funds.
ii. Extra-budgetary expenditure.
iii. Improper funds management.

Management's Response

We have looked into our books and found out that the payments were not actually unauthorised virement but wrong classification.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦137,751,789.85 (One hundred and thirty-seven million, seven hundred and fifty-one thousand, seven hundred and eighty-nine naira and eighty-five kobo) being virement without approval.
ii. Provide to the Public Accounts Committees of the National Assembly, the approval obtained for the virement as required by extant regulations.
iii. Refund and remit to the Treasury, the sum of ₦137,751,789.85.

iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: NON-DEDUCTION AND REMITTANCE OF STATUTORY TAXES (=₦25,516,938.00)

Description of Findings

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

It was observed that:

i. The Ministry made payments amounting to ₦137,929,394.58 (One hundred and thirty seven million, nine hundred and twenty nine thousand, three hundred and ninety four naira, fifty eight kobo) to contractors without deduction and remitting the statutory taxes.
ii. Most of the payments were made in December, 2021, and
iii. Taxes not deducted and remitted amounted to ₦25,516,938.00 (Twenty five million, five hundred and sixteen thousand, nine hundred and thirty eight naira) representing 7.5% VAT, 10% WHT, and 1% Stamp duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources.

Risks

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

Management's Response

The e-payment platform/system does not allow for non-remittance of deductions as once the gross is imputed, deductions are made simultaneously.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should requested to:

i. Provide to the Public Accounts Committees of the National Assembly, GIFMIS printout or any other evidence showing that the taxes amounting to ₦25,516,938.00 (Twenty five million, five hundred and sixteen thousand, nine hundred and thirty eight naira) were deducted and remitted.
ii. Recover and remit to the Treasury, ₦25,516,938.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect government revenue prescribed in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 3: IRREGULARITIES IN THE PAYMENT FOR REPLACEMENT OF BROKEN CEILING (=₦43,533,036.65)

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. In addition, paragraph 2921(i) of the FR, 2009 states, "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive bidding by which is meant that all contractors/suppliers shall be subjected to the same level playing ground. The format for submission of bids, the deadline for submission and the pre-determined criteria for evaluation shall not vary from one contractor/supplier to the other, they shall be the same." Furthermore, paragraph 708 of the FR, 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

It was observed that:

i. The Ministry made five (5) payments amounting to ₦43,533,036.65 (Forty-three million, five hundred and thirty-three thousand, thirty-six naira, sixty-five kobo) for the replacement of broken ceiling within the Ministry.
ii. Payments were made in each of the first three quarters while two payments were made in the fourth quarter. The repairs of the ceiling were not routine expenditures which showed irregularities, and
iii. A sample of paid voucher number MPR/CAP/179/2021 dated 24th September, 2021 amounting to ₦8,000,000.00 (Eight million naira) for the installation of blinds and replacement of broken ceiling revealed the following anomalies:
    a. There was no cost for the BOQ,
    b. There were no acceptance letters,
    c. The location was not specific, as the office floors were all described as 5th-9th floors.
    d. Quotations submitted alongside prequalification documents were not attached, and
    e. There were no technical and financial evaluations.
    f. Selective tendering was used with a one-fit-it-all Certificate of "No Objection".

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources.

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

Management's Response
We have looked into our documents and files, but from the available records, proper contract rules were followed and jobs were awarded to different contractors. However, the floors assigned to each of the contractors was not stated in the award letter which made the contracts look like a repeated contract.

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

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦43,533,036.65 (Forty-three million, five hundred and thirty-three thousand, thirty-six naira, sixty-five kobo) being payment for duplication of contract.
ii. Provide to the Public Accounts Committees of the National Assembly, all relevant contract documents highlighted above evidencing compliance to due process.
iii. Recover and remit to the Treasury, the sum of ₦43,533,036.65.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 4: NON-RETIREMENT OF CASH ADVANCES (=₦74,721,625.03)

Description of Findings
Paragraph 1405 of the Financial Regulations (FR), 2009 states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or otherwise." Also, paragraph 1420(i) of the FR, 2009 states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." Similarly, paragraph 112 (i) of the FR, 2009 states, "The functions of the Accounting Officer shall include:… (f) ensuring accurate collection and accounting for all public moneys received and expended;…"

It was observed that:
i. The sum of ₦74,721,625.03 (Seventy-four million, seven hundred and twenty-one thousand, six hundred and twenty-five naira and three kobo) was paid as advances from the GIFMIS to several officers for various purposes, and
ii. There were multiple cases of cash advances granted to officers between March and December, 2021 without retiring previous ones.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources.

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

Management's Response
The management noted that most of the items were for various programs and projects executed in the Ministry but not for individual purchases as it is made to look like on the report. As such they are not advances for procurement of goods and services.

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

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦74,721,625.03 (Seventy-four million, seven hundred and twenty-one thousand, six hundred and twenty-five naira and three kobo), being unretired cash advances granted to officers of the Ministry.
ii. Recover and remit to the Treasury, the sum of ₦74,721,625.03.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances and gross misconduct, proscribed in paragraphs 3106, 3115, 3124 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: IRREGULAR EXPENDITURE ON CURTAILLING NIGER DELTA MILITANCY (=₦232,509,328.21)

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

It was observed that:
i. Seven (7) companies were paid a total sum of ₦232,509,328.21 (Two hundred and thirty-two million, five hundred and nine thousand, three hundred and twenty-eight naira, twenty-one kobo) for consultancy services for stakeholders' engagement in curtailing Niger Delta militancy in January, 2021.
ii. Six (6) out of the seven (7) paid vouchers were not presented for audit examination.
iii. The type of engagements and the reasons for contracting seven companies in January, 2021 were not stated.
iv. The venue of the engagement was not made known to audit. This expenditure appeared fictitious.

v. Expenditure of this nature should have been handled by the Ministry of Niger Delta, Niger Delta Development Commission (NDDC) and NNPC who are direct stakeholders instead of Ministry of Petroleum Resources, and
vi. A sampled payment voucher number MPR/CAP/495/2021 dated 23rd January, 2021 in the sum of ₦49,488,727.00 (Forty-nine million, four hundred and eighty-eight thousand, seven hundred and twenty-seven naira) made in favour of a logistics company revealed the following:
    a. Restrictive tendering was used instead of open competitive bidding.
    b. There was no evidence of acceptance of offer by the consultant.
    c. There was no technical and financial evaluation.
    d. Payment of the sum of ₦2,900,000.00 made to a security personnel was not backed with relevant supporting documents.
    e. There was no evidence of distribution of 10 heat pressing machine costing ₦2,470,000.00, Ten (10) set of tie and die items costing ₦1,708,750, Ten (10) professional Video Camera costing ₦2,970,000.00 for photography, Ten (10) professional Video Camera costing ₦2,970,000.00 for cinematography, Ten (10) Professional Digital Camera costing ₦2,765,000.00 , Ten (10) set of photo editing equipment made up of Laptop and printer costing ₦4,800,000.00, Ten (10) set of catering equipment costing ₦3,676,000.00, and
    f. WHT and Stamp duty were added to the contract sum. These are taxes whose burden should be borne by the contractor. The amount lost totalled ₦2,633,385.00 from this single contract. The case may be similar with other PVs on the same subject not presented for examination.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources.

Risks

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

Management Response

The management noted that militancy consultation and engagement funds are constituency projects which can be funded from any ministry subject to the directive of Mr. President and that militancy is a security issue and therefore paramount.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦232,509,328.21 (Two hundred and thirty two million, five hundred and nine thousand, three hundred and twenty eight naira, twenty one kobo), being payments for consultancy services for stakeholders engagement in curtailing Niger Delta militancy.
ii. Provide to the Public Accounts Committees of the National Assembly, the due process followed in the award of the contracts.

iii. Refund and remit to the Treasury, the sum of ₦232,509,328.21,
iv. Present evidence of Execution of Jobs in form of Reports, Pictorials, Job Completion Certificates and Post Execution Reviews.
v. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
vi. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, and gross misconduct, proscribed in paragraphs 3106, 3115, and 3129 of the Financial Regulations 2009 respectively, should apply.

FEDERAL MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT

At the Federal Ministry of Women Affairs and Social Development, Abuja, for the period January to December 31, 2021, the following observations were made:

ISSUE 1: PAYMENTS MADE WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦222,207,881.30)

Description of Findings

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

Audit observed that:

i. Seven (7) payments totaling ₦222,207,881.30 (Two hundred and twenty-two million, two hundred and seven thousand, eight hundred and eighty one naira, thirty kobo) were made for the provision of palliatives, consultancy for the review of Nigeria gender statistics book, distribution of gas cylinders and burners in Kwara State, purchase of mini buses in Ogba Egbema in Rivers State, purchase of office furniture, etc., in November, 2021, and
ii. Relevant supporting documents such as letters of award, delivery notes, invitation letters, job completion certificate, invoices, Store Receipt Vouchers (SRV) etc. were not attached to the paid vouchers. It is therefore difficult to accept the expenditures as legitimate charges against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Women Affairs and Social Development.

Risks

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

Management's Response
All relevant supporting documents were available for verification but omission of a few of them occurred during sorting due to the cumbersome nature of these documents.

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

Recommendations:
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦222,207,881.30 (Two hundred and twenty-two million, two hundred and seven thousand, eight hundred and eighty-one naira, thirty kobo), being payments without relevant supporting documents.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦222,207,881.30.
iii. Recover and remit to the Treasury, the sum of ₦222,207,881.30.
iv. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
v. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: PAYMENTS FOR FOREIGN TRAVELS WITHOUT APPROVAL (=₦15,244,450.00)

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

Audit observed that:
i. Two (2) payments totalling ₦15,244,450.00 (Fifteen million two hundred and forty four thousand, four hundred and fifty naira) were made vide paid voucher numbers FMWASD/DC/024 and FMWASD/ADV/26 both dated 3rd October, 2021 in favour of an officer as estacode allowances and air tickets to enable the Hon. Minister and her entourage participate at the international workshop on Peace Advocacy, Women and Security held in Dubai, United Arab Emirate.

ii. Evidence of approval from the Office of the Head of Civil Service of the Federation or Office of the Secretary to the Government of the Federation, as the case may be, was neither attached to the paid voucher nor presented for verification.
iii. Provision was made for the flight ticket of the Minister which was already covered by the course fee of US$4,000 (Four thousand US dollars). The payment of additional ₦2,182,200.00 (Two million, one hundred and eighty two thousand, two hundred naira) for air ticket would amount to double payment, and
iv. The sum of US$1,000 (One thousand dollars) paid as contingency is yet to be retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Women Affairs and Social Development.

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

Management's Response
All foreign trips undertaken by the ministry and other officers of the ministry were done on the authority and approval of the assigned Government authority in accordance with the extant laws.

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

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the irregular payment for overseas travel without approval from the Head of Civil Service of the Federation or the Secretary to the Government of the Federation.
ii. Recover the sum of ₦15,244,450.00 (Fifteen million, two hundred and forty-four thousand, four hundred and fifty naira) paid on foreign travels without due approval and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: CASH ADVANCES ABOVE APPROVED THRESHOLD OF ₦200,000.00 (=₦9,523,500.00)

Description of Findings
Paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026 /V.1/178 of 12th August, 2015 states, "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above

₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007." Also, paragraph 1420 of the Financial Regulations (FR), 2009 states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 415 of the FR, 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Cash advances totaling ₦9,523,500.00 (Nine million, five hundred and twenty three thousand, five hundred naira) was granted to a staff of the Ministry vide two (2) paid voucher numbers FMWASD/CAP/ADV/061/2021 and FMWASD/CAP /ADV/062 /2021 both dated 1st July, 2021 for the sensitization and awareness creation on the provision of Child Right Act for Students and Teachers of Government Secondary School Orozo and Jabi Abuja.
ii. The advances granted were in excess of the ₦200,000.00 threshold in circumvention of extant procurement rules and procedures.
iii. The sum of ₦650,000.00 (Six hundred and fifty thousand naira) was expended as allowances to 4 resource persons and two (2) masters of ceremony without evidence of disbursements of funds.
iv. There was no evidence that the allowances in the sum of ₦300,000.00 (Three hundred thousand naira) for drama, cultural display and song presentations was received by the groups, and
v. Store Items amounting to ₦2,078,500 (Two hundred and seventy eight thousand, five hundred naira) expended on customized shirts, mathematical sets, face masks, sanitizers, Carriage bags, IEC materials were not taken on ledger charge or backed up with Store Receipt Voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Women Affairs and Social Development.

Risks

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

Management's Response

The Ministry always ensure to appoint project accountant in carrying out special projects for the sake of transparency and accountability and officers who are experts, professional and technician on special programmes in order to achieve effectiveness, efficiency and maximum benefits or ultimate goals. The advance in question was handled by the Director of the department who was an expert and competent to carry out the programmes effectively and accountable for funds released.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦9,523,500.00 (Nine million, five hundred and twenty-three thousand, five hundred naira) to staff as cash advance above the approved threshold.
ii. Account to the Public Accounts Committees of the National Assembly, the payment of ₦9,523,500.00.
iii. Recover and remit the sum ₦9,523,500.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND GRANTING OF CASH ADVANCES ABOVE THRESHOLD (= ₦281,885,800.00)

Description of Findings

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

Audit observed that:

i. The Ministry granted thirty four (34) cash advances amounting to ₦281,885,800.00 (Two hundred and eighty one million, eight hundred and eighty five thousand, eight hundred naira) to some officers between February and November, 2021.
ii. Some officers were granted multiple cash advances without retiring the previous ones.
iii. The cash advances were in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and
iv. These cash advances deprived the government of revenue totaling ₦38,054,583.00 (Thirty eight million, fifty four thousand, five hundred and eighty three naira) representing 7.5% VAT, 5% WHT and 1% Stamp Duty that would have accrued if the works and services were contracted.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Women Affairs and Social Development.

Risks

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

Management's Response
The advances granted were in the interest of Government to provide materials and services for immediate utilization because they were urgently needed to carry out the activities of government not meant to undermine the rules and regulation set up the government.

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

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦281,885,800.00 (Two hundred and eighty one million, eight hundred and eighty five thousand, eight hundred naira) to officers of the Ministry as cash advances above the approved threshold.
ii. Refund the sum of ₦38,054,583.00 (Thirty eight million, fifty four thousand, five hundred and eighty three naira) that would have accrued to government as revenue.
iii. Recover and remit to the Treasury, the sum of ₦281,885,800.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances and gross misconduct, prescribed in paragraphs 3106, 3115, 3124 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: UNRETIRED CASH ADVANCES (=₦216,541,000.00)

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

Audit observed that
i. Ten (10) payments totalling ₦216,541,000.00 (Two hundred and sixteen million, five hundred and forty-one thousand naira) were made to officers of the Ministry between September and December, 2021 as cash advances.
ii. The advances were not recorded in the Advances Ledger and were not retired as at December, 2021 contrary to extant regulations, and
iii. Multiple advances were granted to officers without retiring the previous advances, in contravention of the provisions of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Women Affairs and Social Development.

Risks

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

Management's Response

The advances mostly granted to project Accountant and Programmed officers to carry out urgent activities and they were all retired for the sake of Transparency and Accountability. All the advances have been retired.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account for the sum of ₦216,541,000.00 (Two hundred and sixteen million, five hundred and forty-one thousand naira) granted as cash advances.
ii. Recover and remit the sum of ₦216,541,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advances stated in paragraph 3124 of the Financial Regulations, 2009 should apply.

FEDERAL MINISTRY OF YOUTH AND SPORTS DEVELOPMENT

At the Federal Ministry of Youth and Sports Development, Abuja, for the period January to December, 2021, the following observations were made:

ISSUE 1: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦54,940,000.00)

Description of Findings

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

Audit observed that:

i. Three (3) payments totalling ₦54,940,000.00 (Fifty-four million, nine hundred and forty naira) were made to a contractor for the establishment of Sports Hall of Fame Foundation of Nigeria. Included in these payments were:
   a) Minutes of the sittings of the Planning Committee costing ₦5,000,000.00 (Five million naira) was not attached to the paid voucher;
   b) Meetings with the relevant stakeholders put at a cost of ₦6,000,000.00 (Six million naira) was not substantiated with relevant documents such as minutes of the meetings, pictorial evidence etc.;
   c) Committees were set up at a cost of ₦4,820,000.00 (Four million, eight hundred and twenty thousand naira) without supporting documents to substantiate the expenditure;
   d) The cost of acquiring a befitting venue was put at a cost of ₦5,000,000.00 (Five million naira). This was not supported with receipt;
   e) Sculptors, plagues and display of memorabilia and general information on the inducted recipients was put at a cost of ₦25,620,000.00 (Twenty five million, six hundred and twenty thousand naira). There was no analysis or schedule, invoice/receipts, etc of this cost to show the number, quantities of the sculptors, plagues. There was no evidence that the items were taken on store ledger charge as Store Receipt Voucher (SRV) was not attached to the paid voucher; and
   f) Consultation was put at a cost of ₦8,500,000.00 (Eight million, five hundred thousand naira) without stating the nature or details of the consultations and the amount spent at each level of consultation, and

ii. Of the total contract sum, ₦30,000,000.00 (thirty million naira) was charged to Sub Head ERGP 0324 (National Sensitization/Advocacy Programme on Rape/Domestic Violence and other Sexual Reproductive Health issues) while the sum of ₦18,000,000.00 (eighteen million naira) was charged to ERGP 0525 (Rehabilitation of Games Village, Surulere). These Budget Heads and Sub Heads have no relevance to the activity in question.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Youth and Sports Development.

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Risks

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

Management's Response

All documents relating to the expenditure of ₦54,940,000.00 (Fifty four million nine hundred and forty naira) for the establishment of the Sports Hall of Fame have been made available for examination.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦54,940,000.00 (Fifty four million, nine hundred and forty naira) being payments made without supporting documents and evidence of utilization.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦54,940,000.00.
iii. Recover and remit to the Treasury, the sum of ₦54,940,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations ,2009 respectively, should apply.

ISSUE 2: PAYMENTS WITHOUT EVIDENCE OF UTILIZATION (=₦49,399,999.60)

Description of Findings

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

Audit observed that:

i. Contract for Research and Development on the Impact of New Government Policies/Initiatives on Youth (NYP, DEEL, WEP, ETC) and Sports (NSP, Adoption Campaign) was awarded to a contractor at a contract sum of ₦49,399,999.60 (Forty nine million, three hundred and ninety nine thousand, nine hundred and ninety nine naira, sixty kobo) with a completion period of four weeks.
ii. The content of the Research and Development programme included: Plan Meetings ₦2,100,000.00, Communication/Data ₦1,000,000.00, Sample Design Questionnaire ₦3,200,000.00, Training ₦10,403,488.00, Printing of Questionnaires and Field Manual ₦4,100,000.00, Field Work Arrangement for Research ₦8,000,000.00, Dispatch Officer to the field (payment per diem, flights and other logistics) ₦2,150,000.00, Monitoring/Quality Check of Field Work ₦3,000,000.00, Data Processing and Report Writing ₦3,000,000.00, and
iii. There was no invoice, receipt, etc. or other relevant documents provided for audit to justify utilization of the funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Youth and Sports Development.

Risks

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

Management's Response
All relevant documents for the disbursement of the sum of ₦49,399,999.60 are contained in the programme file. This will be made available for audit examination.

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

Recommendations
The Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦49,399,999.60 (Forty-nine million, three hundred and ninety-nine thousand, nine hundred and ninety-nine naira, sixty kobo) being payments without evidence of utilization.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦49,399,999.60.
iii. Recover and remit to the Treasury, the sum of ₦49,399,999.60.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: NON-RETIREMENT OF CASH ADVANCES AND CIRCUMVENTION OF PROCUREMENT PROCESS (=₦219,366,211.35)

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

Audit observed that:
i. Cash advances for the purchase of various items and rendering of services amounting to ₦219,366,211.35 (Two hundred and nineteen million, three hundred and sixty six thousand, two hundred and eleven naira, thirty five kobo), granted to one hundred and twenty six (126) officers of the Ministry between January and December, 2021 remained unretired.
ii. Some officers of the Ministry were granted multiple cash advances without retiring previous ones.
iii. The cash advances were in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and

iv. The granting of advances in (i) above deprived the Federal Government of its revenue through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Youth and Sports Development.

Risks

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

Management's Response

The advances were made to meet urgent activities/programs of the Ministry and were duly retired. The retirement details will be made available for audit examination.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account for the sum of ₦219,366,211.35 (Two hundred and nineteen million, three hundred and sixty six thousand, two hundred and eleven naira, thirty three kobo) granted as cash advances.
ii. Recover and remit the sum of ₦219,366,211.35 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of advances stated in paragraph 3124 of the Financial Regulations, 2009 should apply.

ISSUE 4: UNSUBSTANTIATED PAYMENT FOR THE ESTABLISHMENT OF YOUTH AND SPORTS INFORMATION MONITORING SYSTEM (=₦46,075,000.00)

Description of Findings

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

Audit observed that:

i. Contract for the establishment of Youth and sports Information Monitoring System was awarded to a contractor at the sum of ₦46,075,000.00 (Forty six million, seventy five thousand naira).

ii. Out of the payment in (i) above, the following observations were made:

a) Planning Meetings were put at the cost of ₦4,000,000.00 (Four million naira). The minutes of the meeting were not attached to the voucher.

b) The cost of Advertisement was ₦1,100,000.00 (One million, one hundred thousand naira). There was no evidence of advertisement in the print and electronic media.

c) The cost of the selection of vendors and appointment of vendors/service providers was put at ₦2,600,000.00 (Two million, six hundred thousand naira) and ₦1,200,000.00 (One million, two hundred thousand naira) respectively, without any evidence of the process deployed leading to the stated amounts.

d) Equipment worth ₦15,150,000.00 (Fifteen million, one hundred and fifty thousand naira) was procured for the implementation of the program. There was no receipt, store ledger entries, Store Receipt Voucher (SRV), etc. to authenticate the purchase and receipt of the equipment.

e) Software/Database cost stood at ₦3,000,000.00 (Three million naira). There was no evidence of software was procured.

f) Sensitization programs were expected to be carried out at a cost of ₦3,000,000.00 (Three million naira). There was no documentary evidence that the programs held.

g) Data Gathering/Data Entry/Verification costs stood at ₦5,000,000.00 (Five million naira). Evidence of surveys, interviews, testing, etc were not attached to authenticate the expenditure, and

h) Training cost was put at ₦6,760,465.12 (Six million, seven hundred and sixty thousand, four hundred and sixty five naira, twelve kobo). The training contents, beneficiaries, duration, training assessment, etc were neither attached to the paid voucher nor made available for audit verification.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Youth and Sports Development.

Risks

i. Loss of government funds.

ii. Diversion of public funds.

Management's Response

All documents evidencing the execution of the program are contained in the programme file, which will be made available to the Federal Resident Auditor for audit examination.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the expenditure of ₦46,075,000.00 (Forty six million, seventy five thousand naira), being payment for the establishment of Youth and sports Information Monitoring System.
ii. Recover and remit to the Treasury the sum of ₦46,075,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular and wrong payment, and failure to spend public funds effectively stated in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

INDUSTRIAL ARBITRATION PANEL (IAP)

At the Industrial Arbitration Panel, Abuja, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦3,409,940.00)

Description of Findings

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

Audit observed that:

i. Nineteen (19) payments amounting to ₦3,409,904.00 (Three million, four hundred and nine thousand, nine hundred and four naira) were made for the purchase of electrical items, first aid box, laptops, toner, photocopying paper etc, and
ii. The items procured were not taken on ledger charge as there were no records like store ledger, store receipt vouchers, store issue vouchers, etc. in the store, neither were they presented for audit.

The above anomalies could be attributed to weaknesses in the internal control systems at the Industrial Arbitration Panel, Abuja.

Risks

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

Management's Response
It is true that the sum of ₦3,409,9400.00 (Three million, four hundred and nine thousand, nine hundred and forty naira) was paid for various purchases and services, the receipts SRVs were omitted to be attached at the period. We gladly appreciate the Auditors observation on the issue and the recommendation is now complied with, and the supporting documents are now attached.

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

Recommendations
The Chief Registrar should be requested to:
i. Account for the sum of ₦3,409,904.00 (Three million, four hundred and nine thousand, nine hundred and four naira) paid for store items not taken on ledger charge.
ii. Recover the sum of ₦3,409,904.00 from the beneficiaries and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations respectively, should apply.

ISSUE 2: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦4,434,625.00)

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

Audit observed that:
i. Twenty six (26) payments totaling ₦4,434,625.00 (Four million, four hundred and thirty four thousand, six hundred and twenty five naira) were made by the Panel between January and December, 2021 for various official transactions, and
ii. Relevant supporting documents such as Bill of Quantities, Job Order, Job Completion Certificates etc., were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control systems at the Industrial Arbitration Panel, Abuja.

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

Management's Response
We wish to state here that all the necessary action has been carried out to ensure that all supporting documents are attached and copy of Job Order for the repairs carried out on the Conference Room now attached to the affected payment vouchers.

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

Recommendations
The Chief Registrar has been requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,434,625.00 (Four million, four hundred and thirty four thousand, six hundred and twenty five naira) paid without attaching relevant supporting documents to the paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦4,434,625.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

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

ISSUE 3: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

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

In spite of the above extant regulations:
i. The Industrial Arbitration Panel failed to submit its audited financial statements for the year 2020 to the Auditor-General for the Federation, and
ii. The above practice by the Panel contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control systems at the Industrial Arbitration Panel, Abuja.

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

Management's Response
No response.

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

Recommendations
The Chief Registrar should be requested to:

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

SECTION 16
PARA MILITARY AUDIT DEPARTMENT

MINISTRY OF INTERIOR (2020)

At the Ministry of Interior, for the period January to December, 2020, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦3,646,000.00)

Description of Findings

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

Audit observed that:

i. The Ministry granted cash advance amounting to ₦3,646,000.00 (Three million, six hundred and forty six thousand naira) to an Officer on 12th August, 2020 for the production of report on need/inventory assessment.
ii. The cash advance was in excess of the approved threshold of ₦200,000.00, thereby circumventing procurement procedures, and
iii. The granting of cash advance in (i) above deprived the Federal Government of its revenue through taxes totalling ₦492,210.00 (Four hundred and ninety two thousand, two hundred and ten naira), representing VAT (7.5%), WHT (5%) and Stamp Duty (1%).

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations
The Permanent secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the granting of cash advance amounting to ₦3,646,000.00 (Three million, six hundred and forty six thousand naira) instead of award of contracts.
ii. Recover and remit to the Treasury, the sum of ₦3,646,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦19,928,295:50)

Description of Findings
Section 41 of the Public Procurement Act (PPA), 2007 states, "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation. (2) Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers…."

Audit observed that:
i. Five (5) contracts amounting to ₦19,928,295.50 (Nineteen million, nine hundred and twenty eight thousand, two hundred and ninety five naira, fifty kobo) were awarded without due procurement process, and
ii. There were no quotations from at least 3 unrelated contractors or suppliers as specified by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks
i. Award of contracts to incompetent contractors.
ii. Diversion of public funds.

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,928,295.50 (Nineteen million, nine hundred and twenty eight thousand, two

hundred and ninety five naira, fifty kobo) expended on contracts without due procurement process.

ii. Recover and remit, the sum of ₦19,928,295.50 to the Treasury.

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

iv. Otherwise, sanctions relating to irregular award of contract prescribed in paragraph 3117 of the Financial Regulations, 2009 should apply.

ISSUE 3: PAYMENT WITHOUT EVIDENCE OF PERFORMANCE (=₦10,548,610.00)

Description of Findings

Paragraph 4 of the Establishment Circular Ref. No. 59736/S.2/C.II/125 dated 31st August, 2018 states, "For the avoidance of doubt, MDAs and other government establishments are to relate with and obtain prior approval from National Information Technology Development Agency (NITDA) for the implementation of Information Technology (IT) projects as well as the procurement of locally assembled IT components." Also, paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Contract for the supply of software for the Information and Coordination of Technology Capabilities of the paramilitary services of the Ministry was awarded to a contractor at the sum of ₦68,119,999.85 (Sixty eight million, one hundred and nineteen thousand, nine hundred and ninety nine naira, eighty five kobo) vide payment voucher no FMI/CAP/283.2020 of1st September, 2020.

ii. A software application amounting to ₦9,870,110.00 (Nine million, eight hundred and seventy thousand, one hundred and ten naira) initially supplied was returned by the contractor for necessary upgrading which was not provided for audit verification.

iii. A Dell desktop computer costing ₦678,500.00 (Six hundred and seventy eight thousand, five hundred naira) purportedly supplied by the same contractor could not be sighted as at the time of audit verification, and

iv. Evidence of prior approval from National Information Technology Development Agency (NITDA) for the implementation of Information Technology (IT) projects was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

i. Diversion of public funds.

ii. Payment for services not rendered.

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,548,610.00 (Ten million, five hundred and forty eight thousand, six hundred and ten naira) without evidence of performance.
ii. Recover and remit to the Treasury, the sum of ₦10,548,610.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations, 2009 should apply.

ISSUE 4: CONTRACT AWARD WITHOUT DUE PROCESS (=₦14,647,250:00)

Description of Findings
Section 41 of the Public Procurement Act (PPA, 2007 states, "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation. (2) Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers…."

Audit observed that:
i. Contracts amounting to ₦14,647,250.00 (Fourteen million six hundred and forty seven thousand two hundred and fifty naira) were awarded to a consultant for the conduct of training of eighteen (18) staff on Electronics, Scanning Bureau & Operation, and Oriented Leadership.
ii. The contracts were awarded to the same consultant and paid for vide voucher numbers FMI/CAP/175/20, FMI/CAP/251/20, and FMI/CAP/119/20 dated 10th September, 2020, and
iii. The evidence of due process followed in awarding the contracts to the same consultant was not made available for audit review.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks
i. Engagement of incompetent consultant.
ii. Diversion of public funds.
iii. Loss of government funds.

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Provide explanations to the Public Accounts Committees of the National Assembly, the sum of ₦14,647,250.00 (Fourteen million six hundred and forty seven thousand two hundred and fifty naira), being contracts awarded for training of staff without due process.
ii. Provide evidence of due process for the contracts totaling ₦14,647,250.00.
iii. Forward evidence of due process to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 5: PAYMENTS MADE BEFORE RAISING PAID VOUCHERS (=₦3,255,000.00)

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

Audit observed that
i. The sum of ₦3,255,000.00 (Three million, two hundred and fifty five thousand naira) was paid for training of 18 staff on Anti-Corruption and Ethical Re-Orientation in Government Business to a company, and
ii. The paid voucher No. FMI/CAP/205/20 for the transaction was raised on the 14th September, 2020, three days after the payment was made.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

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

Management's Response
No Response.

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

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

MINISTRY OF INTERIOR (2021)

At the Ministry of Interior, the following observations were made for the period January to December, 2021.

Issue 1: IRREGULAR AWARD AND EXECUTION OF CONTRACTS (=₦6,694,256.12)

Description of Findings
Section 16(6) of the Public Procurement Act, 2007 states, "All bidders in addition to the requirements contained in any solicitation documents shall: (a) possess the necessary;(i) professional and technical qualifications to carry out particular procurement; (ii) financial capability." Also, section 20(2) of the Public Procurement Act (PPA), 2007 states, "The accounting officer of every procurement entity have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurement's and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…."

Audit observed that:
i. The sum of ₦6,694,254.12 (Six million, six hundred and ninety four thousand, two hundred and fifty four naira, twelve kobo) was paid for cleaning and fumigation services, and
ii. Evidence of competitive bidding such as letter of award of contracts, Bill of Quantity (BOQ), Company's profile, technical and financial evaluation etc., were not provided for scrutiny despite repeated requests.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦6,694,254.12 (Six million, six hundred and ninety four thousand, two hundred and fifty four naira, twelve kobo) to contractors without adherence to due process.
ii. Recover and remit to the Treasury, the sum of ₦6,694,254.12.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract specified in paragraph 3117 of the Financial Regulations, 2009 should apply.

ISSUE 2: PAYMENTS FOR FOREIGN TRAVELS WITHOUT APPROVAL (=₦7,433,460.00)

Description of Findings

Paragraph 2(i) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states, "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Furthermore, paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states, "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…" Also, paragraph 603(i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Ministry made three (3) payments totalling ₦7,433,460.00 (Seven million, four hundred and thirty three thousand, four hundred and sixty naira) to officers as estacode allowances to enable them to embark on foreign assignments.
ii. Evidence of approval by the Head of Civil Service of the Federation or the Secretary to the Government of the Federation in respect of the foreign tour was neither attached to the paid vouchers nor presented for audit.
iii. Relevant documents such as flight tickets, boarding passes, and relevant visa-issue pages were not attached to the paid vouchers nor presented for audit verification, and
iv. Letters of invitation from the organizers indicating the name, time, and venue of the events were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

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

Management's Response

No Response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦7,433,460.00 (Seven million, four hundred and thirty three thousand, four hundred and sixty naira) as estacode allowances without approval from the Office of the Head of Civil Service of the Federation or Secretary to the Government of the Federation.
ii. Recover and remit the sum of ₦7,433,460.00 to the Treasury.
iii. Forwarding evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: CONTRACT AWARD WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENT (=₦5,161,740.00)

Description of Findings

Section 20(2) of the Procurement Act, 2009 states, "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…"

Also, paragraph 2946 (i) of Financial Regulations (FR), 2009 states, "The procedure under the Direct Procurement Method shall be through an invitation by the Procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract." Furthermore, paragraph 603 (i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc."

Audit observed that:

i. Five (5) payments totaling ₦5,161,740.00 (Five million, one hundred and sixty one thousand, seven hundred and forty naira) were made to three (3) contractors for the supply of office consumables, repairs, and servicing of vehicles.
ii. Evidence to show that the procurement process was complied with such as open competitive bidding including quotation from at least three (3) bidders, was not made available for audit, and
iii. Other relevant procurement due process documents such as invitations for quotation, technical and financial evaluation reports, company's profile etc., were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

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

Management's Response

No Response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,161,740.00 (Five million, one hundred and sixty one thousand, seven hundred and forty naira) being payment for contracts without due process.
ii. Recover and remit to the Treasury, the sum of ₦5,161,740.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts specified in paragraph 3117 of the Financial Regulations, 2009 should apply.

ISSUE 4: DOUBTFUL EXPENDITURE AND VIOLATION OF E- PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦3,759,711.00)

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy, Money must not be spent merely because, it has been voted." Furthermore, paragraph 613 of the FR, 2009 states, "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states, "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid."

Audit observed that:

i. Three (3) payments totaling ₦3,759,711.00 (Three million, seven hundred and fifty nine thousand, seven hundred and eleven naira) were made to an officer instead of the ultimate beneficiaries.
ii. There was no evidence provided to show that the amount was disbursed to the ultimate beneficiaries, and
iii. Relevant documents such as invitation letters for the event, names and grade levels of the officers that attended the training, venue of the training, certificate of attendance etc. were not attached to the voucher.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦3,759,711.00 (Three million, seven hundred and fifty nine thousand, seven hundred and eleven naira) to an officer in violation of the Federal Government's e-payment policy.
ii. Recover and remit the sum of ₦3,759,711.00 to the Treasury.

iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦4,250,000.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦4,250,000.00 (Four million, two hundred and fifty thousand naira) was paid for the replacement of damaged security equipment through cash advance.
ii. The action of the Ministry resulted in the loss of ₦573,750.00 (Five hundred and seventy three thousand, seven hundred and fifty naira) that would have accrued to the government through taxes, and
iii. Relevant documents such as Store Ledger, Store Receipt Vouchers (SRVs), and Store Issue vouchers (SIVs) were not presented for audit examination.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

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

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦4,250,0000.00 (Four million, two hundred and fifty thousand naira) as cash advance above the ₦200,000.00 threshold.
ii. Recover and remit the sum ₦4,250,0000.00 to the Treasury;
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: NON-RETIREMENT OF CASH ADVANCES (=₦24,499,475.00)

Description of Findings

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

Audit observed that:

i. Thirty seven (37) cash advances amounting to ₦24,499,475.00 (Twenty four million, four hundred and ninety nine thousand, four hundred and seventy five naira) that were granted to officers of the Ministry in 2021 remained unretired.
ii. There were multiple cases of cash advances without retiring previous ones.
iii. Twenty one (21) out of the advances granted amounting to ₦23,535,575.00 (Twenty three million, five hundred and thirty five thousand, five hundred and seventy five naira) were in excess of the approved ₦200,000.00 threshold, thereby resulting in circumvention of procurement procedures and loss ₦3,177,302.63 as loss of revenue to government through taxes, and
iv. There was no justification provided for the non-retirement of the cash advances.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Interior.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Recover the sum of ₦24,499,475.00 (Twenty four million, four hundred and ninety nine thousand, four hundred and seventy five naira) from the beneficiaries of cash advances.
ii. Remit to the Treasury, the sum of ₦24,499,475.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances, and gross misconduct, proscribed in paragraphs 3106, 3115, 3124, and 3129 of the Financial Regulations 2009 respectively, should apply.

NIGERIAN IMMIGRATION SERVICE (2020)

At the Nigerian Immigration Service, the following observations were made for the period January 2020 to December, 2020:

ISSUE 1. PAYMENTS FOR CONTRACT NOT EXECUTED (=₦350,000,000.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦350,000,000.00 (Three hundred and fifty million naira) was inserted in the interim payment certificate No. 2 of phase 1, whereas it related to phase 2 of the contract which has not commenced.
ii. The sum of ₦350,000,000.00 was paid to the contractor for bonding result from testing extraneous metal in Phase 1. However, this should have been an item in Phase2, which has not commenced, and
iii, There was no proof of evidence that the work was executed.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Immigration Service.

Risks

i. Diversion of public funds.
ii. Payments for work not done and/ or services not rendered.

Management's Response
The purpose of the ₦350,000,000.00 (Three hundred and fifty million naira) was for ICT infrastructural and other additional works to be expended as directed.

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

Recommendations
The Comptroller General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦350,000,000.00 (Three hundred and fifty million naira) paid to the contractor for work not performed.
ii. Recover and remit to the Treasury the sum of ₦350,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 2: IRREGULAR PAYMENT ON FOREIGN TOUR (=₦252,400,158.00)

Description of Findings
Paragraph 2(ii) of the Establishment Circular Ref No. SGF/OP/I/S.3/XII/158 of 15th October, 2019 states, "…All public funded travels (local and foreign) must be strictly for official purposes backed with documentary evidence. Particularly, foreign travels must be for highly essential, statutory engagements that are beneficial to the interest of Nigeria…"

Audit observed that:
i. Three (3) payments totalling ₦252,309,158.00 (Two hundred and fifty two million, three hundred and nine thousand one hundred and fifty eight naira) were made to three (3) travel agencies for providing traveling services to Nigeria Immigration Service (NIS).
ii. The payments were made for one-way tickets for principals and dependents of officers to replace 53 officers in the Immigration Foreign Desks in thirty six (36) Missions, and
iii. Relevant documents were not provided to show the full details of the tickets issued, the beneficiaries, countries travelled to, and the amount per ticket.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Immigration Service.

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

Management's Response
The money paid to the three companies was for the procurement of one-way travel air tickets for principal officers and dependents for officers replacing 53 officers at foreign

desk in 36 countries. The tickets were provided and all the officers and their dependents are at their duty post.

Auditor's Evaluation

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

Recommendations

The Comptroller General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦252,309,158.00 (Two hundred and fifty two million, three hundred and nine thousand one hundred and fifty eight naira) being irregular payments for foreign travels.
ii. Provide the Public Accounts Committees of the National Assembly the details of the tickets issued, the beneficiaries, countries travelled to, and the amounts spent on each ticket.
iii. Recover and remit to the Treasury, the sum of ₦252,309,158.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations, 2009, respectively should apply.

ISSUE 3: UNAPPROVED UTILISATION OF PRELIMINARIES ITEMS (=₦655,310,543.00)

Description of Findings

Paragraph 412 of the Financial Regulations (FR), 2009 states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with terms of the contract agreement, that as regards supplies, the articles have been received and, in the case of work, that it has been properly done. In the case of payment on account, no money will be claimed other than the cost of the work certified to have been performed." Similarly, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore, paragraph 415 of the FR, 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The Service paid the sum of ₦655,310,543.00 (Six hundred and fifty five million, three hundred and ten thousand, five hundred and forty three naira) as against the specification in the contract agreement that preliminary items are to be borne by the contractors.

ii. Contracts in (i) above, had preliminary item in the Bill of Quantity (BOQ) that amounted to ₦655,310,543.00 that were not included in the original contract specification, and
iii. Evidence of the utilisation and approval of the preliminary items were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Immigration Service.

Risks
i. Loss of government funds.
ii. Diversion of public funds.
iii. Inflation of contracts.

Management's Response
Final Account BOQ Summary submitted by the contractor i.e. Julius Berger shows that the total sums allocated to preliminary items were not fully utilised. Whereas total amount for the preliminary items was ₦837,941,069.27 only ₦712, 941,069.27 leaving a savings of ₦120,000,000.00.

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

Recommendations
The Comptroller General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦655,310,543.00 (Sixty hundred and fifty five million, three hundred and ten thousand, five hundred and forty three naira) being unapproved utilisation of preliminaries on the contract.
ii. Recover and remit to the Treasury, the sum of ₦655,310,543.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

NIGERIAN IMMIGRATION SERVICE (2021)

At the Nigerian Immigration Service (NIS), the following observations were made for the period January 2021 to December, 2021.

ISSUE 1: DENIAL OF ACCESS TO RECORDS OF CAPITAL EXPENDITURE/CONTRACTS (=₦12,910,490,256.00)

Description of Findings

Section 85 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states "…the Auditor-General or any person authorised by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts." Also, section 38(5) of the Public Procurement Act, 2007 states, "The records and documents maintained by procuring entities on procurement shall be made available for inspection by the Bureau, an investigator appointed by the Bureau and the Auditor-General upon request, and where donor funds have been used for procurement, donor officials shall also have access upon request to procurement files for the purpose of audit and review." In addition, paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦12,910,490,256.00 (Twelve billion, nine hundred and ten million, four hundred and ninety thousand, two hundred and fifty six naira) was the capital appropriation of Nigeria Immigration Service in 2021.
ii. Relevant accounting books and records for the expenditure relating to the appropriation were not released for audit examination.
iii. Efforts made vide my letter of 9th February 2022 and received by DCG(F&A) on the 19th February, 2022 requesting for the release of accounting records and all other documents for the audit of ₦12,910,490,256.00 appropriated for capital expenditure proved abortive, and
iv. I cannot certify that the sum of ₦12,910,490,256.00 was expended in the public interest.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Immigration Services.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for denying the Auditor-General for the Federation access to records relating to capital expenditure.

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,910,490,256.00 (Twelve billion, nine hundred and ten million, four hundred and ninety thousand, two hundred and fifty six naira).
iii. Recover and remit to the Treasury the sum of ₦12,910,490,256.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: ILLEGAL CUSTODY OF GOVERNMENT MOTOR VEHICLES (=₦139,095,976.00)

Description of Findings

Paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…"Also, paragraph 112(i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care…." Furthermore, paragraph 2001 of the FR, 2009, states "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of Government vehicles."

Audit observed that:

i. Two (2) new Toyota Land Cruiser Sports Utility vehicles (SUVs) valued at ₦139,095,976.00 (One hundred and thirty nine million, ninety five thousand, nine hundred and seventy six naira) were procured in June and November, 2021.
ii. The request for Due Process "No Objection" reference number NIS/HQ/PCM/14404/20 dated 20th May, 2021 made by the Nigeria Immigration Service (NIS) to the Bureau of Public Procurement was for the purchase of vehicles for Border Patrol Operations of the Nigeria Immigration Service.
iii. Procurement records of the vehicles did not contain the vehicle identification number and chassis number.
iv. The two vehicles were not entered into the Motor Vehicle list and Asset Register of the Service, and
v. The former Comptroller General and Acting Comptroller General took away the vehicles in (i) above at the time of exiting the Service.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Immigration Service.

Risks

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

Management's Response
No response.

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

Recommendations
The Comptroller General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the irregular custody of government vehicles, valued at ₦139,095,976.00 (One hundred and thirty nine million, and ninety five thousand, nine hundred and seventy six naira) by the former Comptroller General and Acting Comptroller General.
ii. Recover the vehicles from the former Comptroller General and Acting Comptroller General.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and non-payment for use of government property in paragraphs 3129 and 3113 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: UNAPPROVED EXPENDITURE FROM REVENUE ACCOUNT (=₦761,977,585.00)

Description of Findings
Section 80(3) of the Constitution of the Federal Republic of Nigerian, 1999 (as amended) states, "No moneys shall be withdrawn from any public fund of the Federation, other than the Consolidated Revenue Fund of the Federation, unless the issue of those moneys has been authorized by an Act of the National Assembly". Also, paragraph 213(ii) of the Financial Regulations (FR), 2009 states, "On no account shall any withdrawal be made from the revenue account other than for the purpose of transfer to the consolidated account." Furthermore, paragraph 417 of the FR, 2009 states, "Expenditure shall strictly be classified in accordance with the Estimates and votes must be applied only to the purpose for which it is provided. Expenditure incorrectly charged to a vote shall be disallowed". Similarly, section 27(1) of the Fiscal Responsibility Act, 2007 states, "The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act."

Audit observed that:
i. Eleven (11) contractors were paid the sum of ₦761,977,585.00 (Seven hundred and sixty one million, nine hundred and seventy seven thousand, five hundred and eighty five naira) through revenue account to supply capital items, biometrics enrolment of new recruits into IPPIS, manpower development etc.
ii. The contracts were awarded without adherence to due process.
iii. The Commission made direct procurement and payments of the items in (i) above from the revenue account of the Service without evidence of appropriation by the National Assembly.

iv. The direct procurements were carried out without obtaining the Bureau of Public Procurement "No Objection" Certificate as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Immigration Service.

Risks

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

Management Response

No response.

Auditor's Evaluation

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

Recommendations

The Comptroller General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦761,977,585.00 (Seven hundred and sixty one million, nine hundred and seventy seven thousand, five hundred and eighty five naira) from the revenue account without evidence of appropriation.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦761,977,585.00 (Seven hundred and sixty one million, nine hundred and seventy seven thousand, five hundred and eighty five naira) being payments for procurement without due process.
iii. Recover and remit to Treasury, the sum of ₦761,977,585.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and failure to manage or spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: IRREGULARITIES IN CONTRACT EXECUTION (=₦2,010,080,759.65)

Description of Findings

Paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 2402(i) of the FR, 2009 states, "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O. (see F.R. 2415)" In addition, paragraph 603(i) of the FR, 2009 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, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The sum of ₦2,010,080,759.65 (Two billion, ten million, eighty thousand, seven hundred and fifty nine naira and sixty five kobo) was paid to a contractor for furnishing of technology building.
ii. The Bill of Quantity presented for audit did not reveal the quantities of the office chairs, tables, and other furniture supplied. The specifications, make, and quantities of the multimedia supplied were not specified.
iii. Invoices and delivery notes for the items supplied were also not attached to the paid vouchers for audit examination, and
iv. Store Received Vouchers (SRV) issued to authenticate the quantities, make and value of the supplies were not raised in contravention of FR 2405.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Immigration Service.

Risks

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

Management's Response

No Response.

Auditor's Evaluation

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

Recommendations

The Comptroller General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,010,080,759.65 (Two billion, ten million, eighty thousand, seven hundred and fifty nine naira and sixty five kobo) being irregular payments to contractor.
ii. Recover and remit to the Treasury, the sum of ₦2,010,080,759.65.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and irregular payment specified in paragraphs 3104(iii) and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: FUNDS APPROPRIATED FOR STORE NOT ACCOUNTED FOR (=₦2,227,060,521.00)

Description of Findings

Paragraph 114 of the Financial Regulations (FR), 2009 states, "The Head of Finance and Accounts of a ministry/extra-ministerial office and other arms of government shall perform the following duties, amongst others: …(f) compiling and defending of the budget proposals and ensuring effective budgeting control by matching/comparing budgeted figures with actual expenditure or revenue as the case may be and advise the Accounting Officer appropriately." Furthermore, paragraph 417 of the FR, 2009 states, "Expenditure

shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦2,227,060,521.00 (Two billion, two hundred and twenty seven million, sixty thousand, five hundred and twenty one naira) was appropriated for the supply of various Store items to Nigeria Immigration Service in 2021, and
ii. Relevant documents such as Procurement files, Payment Vouchers, vote book, Store Receipt Vouchers, Store Ledger, Invoices, etc. were not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Immigration Service.

Risk

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Comptroller General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,227,060,521.00 (Two billion, two hundred and twenty seven million, sixty thousand, five hundred and twenty one naira) being amount appropriated for store without evidence of utilization.
ii. Recover the sum of ₦2,227,060,521.00 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in Paragraph 3129 of the Financial Regulations, 2009 should apply.

SECTION 17
POLICE AFFAIRS
AUDIT DEPARTMENT

NIGERIA POLICE FORCE, FCT POLICE COMMAND

At the Nigeria Police Force, Federal Capital Territory (FCT) Police Command, the following observations were made:

ISSUE 1: NON-RETURN AND RE-BOOKING OF FIREARMS

Description of Findings

Section 333 (xii) of the Nigeria Police Force Act & Regulations CAP. P19 LFN, 2004 states, "The inspection of police personnel returning to the police station from beats and patrols duties, or other duties, and the ensuring that entries are made in the Station Routine Diary recording the return and the time of return of such personnel from duty; of the return by such personnel of any arms, ammunition or other special equipment; and of other routine matters that require to be made the subject of a permanent record." Paragraph 112(i) of the Financial Regulations (FR), 2009 states "The functions of the Accounting Officer shall include…(d) ensuring the safety and proper maintenance of all government assets under his care;"

Audit observed that:

i. There were several cases of non-returns and rebooking of firearms. Example of such includes sixty five (65) number of firearms with more than one thousand (1000) rounds of live ammunition.
ii. Firearms with live ammunition stayed with officers on duty for more than four (4) years, and
iii. The armoury section of the FCT Command revealed that over 100 numbers of firearms were not returned and rebooked.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Poor documentation of missing firearms and ammunition.
ii. Loss of firearms.
iii. Using firearms for illegal duty.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for the contravention of the provision of section 333 (xii) of the Nigeria Police Force Act as observed above.
ii. Call back all firearms not yet returned for physical verification, and rebooking.

iii. Forward evidence of call back, physical verification, and rebooking to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconducts in Paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 2: IRREGULAR CONVERSION OF VEHICULAR EXHIBIT FOR OFFICIAL USE

Description of Findings

Section 31(1) of Police Act & Regulations CAP. P19 LFN, 2004 states, "Where any property has come into the possession of the Police as unclaimed property or property found or otherwise, a court of summary jurisdiction may, on application either of a member of the police force or by a claimant of the property, either order the delivery of the property appearing to the court to be thereof or, if the owner cannot be ascertained, make such order with respect to the property as to the court may seem meet". Furthermore, section 416 (1) of Police Act, 2004 states, "any goods and chattels, the property of a person unknown which have lawfully come into the possession of any of the force and in respect of which no court order under the provisions of the act has been made and which remain unclaimed for a period of six months, shall be sold by public auction on the direction of the Chief Superintendent of Police subject to a notice of such sale having been previously published three time in the Federal Gazette."

Audit observed that:

i. Five (5) vehicles shown in Table 1 were Vehicular Exhibit recovered by the Anti-Car Theft (ACT) unit of the Department of Criminal Investigation and Intelligence Department (CIID) of the FCT Command as shown in the Table below:

S/N	TYPE OF VEHICLE	CHASSIS NO.	DATE APPROVED	SECTION
1	GOLF 3	WVWZZZ1HZWBD61346	5/8/2020	ACT
2	TOYOTA CAMRY	4TIBG22K5XU615163	8/10/2021	ACT
3	TOYOTA CAMRY	4TIBG22KOVU115207	6/10/2021	ACT
4	TOYOTA COROLLA	2TI3R18E6XC254137	22/9/2021	ACT
5	HONDA CRV	JHLRD186010012288	4/11/2021	ACT

Source: Extracts from exhibit register

ii. The vehicles were converted to Patrol Vehicles by officers of the unit, while The Commander claimed that he gave approval for the cars to be used for Patrol purposes, and
iii. The Police Act did not make provision for seized or impounded vehicles to be converted for Official use.

The above anomalies could be attributed to the weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Conversion of vehicles for personal use.
ii. Diversion of Exhibit.

Management's Response
No response.

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

Recommendations
The Inspector General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the irregular conversion of exhibits to operational use vehicle.
ii. Ensure that all the exhibit vehicles converted to patrol vehicles are recalled back to the command and such practice should be stopped henceforth.
iii. Forward evidence of recall to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 3: OBSOLETE AND UNSERVICEABLE FIREARMS IN THE COMMAND ARMOURY

Description of Findings
Paragraph 2609(b) of the Financial Regulations (FR), 2009 states, "unserviceable stores buildings, plants, motor Vehicles and equipment may be written-off and disposed of under the personal authority of the Accounting officer provided that the stores building, plants, motor vehicles or equipment have been surveyed and found to be obsolete, unserviceable or dilapidated, as the case may be by Independent Board of survey." Furthermore, paragraph 2613 of the FR, 2009 states "it is the duty of the officer directly in charge of a store to segregate unserviceable articles and to report to his Head of Department or Unit on the circumstances leading to the stores being rendered unserviceable." Also, paragraph 2131 section (f) of FR, 2009 states, "Periodic verification of stock balances with tally cards and ledger balances, and reporting any discrepancies revealed, including damage or deteriorated stores, excess stores or obsolete stores."

Audit observed that:

i. There was a stock pile of two hundred and eighty eight (288) obsolete and unserviceable firearms at the FCT Command Armoury, Abuja as shown in the Table below, and

S/No.	DESCRIPTION	STOCK	QUANTITY
1.	Kalasilikov (Ak 47)	Riffle	18
2.	G3	Riffle	120
3.	Fnc	Riffle	16
4.	Lar	Riffle	21
5.	K2	Riffle	21
6.	Mark 4	Riffle	50
7.	Smoke Gun	Pistol	16
8.	Riot Gun		26
	TOTAL		**288**

Source: Extracts from Firearms Register

ii. Lack of maintenance such as available and functioning air conditioners reduced the lifespan of the arms.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Untidy working environment.
ii. Inadequate storage facility.
iii. Health hazard from over congestion.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Explain to the Public Accounts Committees of the National Assembly, why the obsolete and unserviceable firearms have not been returned to the Police Headquarters Armoury, despite specific advice from year 2020 audit query.
ii. Provide Air conditioner for the armoury, to preserve, and prolong the life span of the arms and ammunition, and
iii. Otherwise, sanctions relating to gross misconducts in Paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 4: NON-AUCTIONING OF UNSERVICEABLE AND OBSOLETE STORE ITEMS AND ACCIDENTED MOTOR VEHICLES

Description of Findings

Paragraph 2609 of the Financial Regulations (FR), 2009 requires the accounting officer "to write off and dispose of all unserviceable stores under his authority. Furthermore, paragraph 2619 of the FR, 2009 states, "Accounting Officers shall make arrangements for the sale of the unserviceable and obsolete stores by a licensed public auctioneer, or where appropriate, by a public tender in accordance with Financial Regulation 2964." Similarly, paragraph 1 of section 416 of the Police Act & Regulations CAP. P19 LFN, 2004 states, "any goods and Chattels, the property of a person unknown which have lawfully come into the possession of any of the force and in respect of which no court order under the provisions of the act has been made and which remain unclaimed for a period of six months, shall be sold by public auction on the direction of the Chief Superintendent of Police subject to a notice of such sale having been previously published three time in the Federal Gazette."

Audit observed that:

i. FCT Command headquarters and some Divisional Headquarters within the FCT Command were stacked with impounded vehicles, vehicular exhibits and other unserviceable store items yet to be written off, and
ii. These items were littered around at various Divisional Headquarters and the compound of the Special Anti-Violent Crime Section (D5) (Formerly SARS).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Security and economic challenges.
ii. Unaccounted vehicles and other store items.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, why unserviceable store items were not auctioned.
ii. Commence the process of boarding the Vehicles in accordance with the provision of extant regulations.
iii. Remit the proceeds from the boarding of the vehicles into the Consolidated Revenue Fund (CRF).
iv. Forward evidence remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to gross misconducts specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 5: EXHIBITS NOT ACCOUNTED FOR

Description of Findings

Paragraph 1 of Section 31 of Police Act & Regulations CAP. P19, LFN, 2004 states, "Where any property has come into the possession of the Police as unclaimed property or property found or otherwise, a court of summary jurisdiction may, on application either of a member of the police force or by a claimant of the property, either order the delivery of the property appearing to the court to be thereof or, if the owner cannot be ascertained, make such order with respect to the property as to the court may seem meet." Also, paragraph xi section (N) of the First schedule Regulation 370, of Police Act, CAP. P19LFN, 2004, states "an officer shall be guilty of an offence against discipline if he omits to make an entry in an official document or book."

Audit observed that:

i. Two (2) Cows and a Golf-3 Saloon car were abandoned by criminals and recovered by Officers attached to the Anti-Car Theft (D6) during their routine patrol in December, 2019. The recovered Golf car was recorded in the incident diary but the 2 cows were not recorded in the exhibit register as shown in the Table below:

S/N	ENTRY SERIAL NO	DESCRIPTION	DATE RECOVERED	TO WHOM EXHIBIT RELEASED	SECTION
1	1	122 Bags of Dangote Cement	30/12/2020	Unaccounted	Anti-Cultism
2	ACT 04/20	2 Cows	01/01/2020	Unaccounted	Anti-Car Theft

ii. The enquiry on the whereabouts of the cows showed that the cows were allowed to freely graze within the Special Anti-Robbery Squad (SARS) compound and were later declared missing, and

iii. One hundred and twenty two (122) bags of cements recorded in the incidence register of the Anti-cultism Section (D18) of the Command were however not registered in the exhibit register.

iv. The whereabouts of the 122 bags of cement and other missing exhibits were not provided during the audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Diversion of exhibit for personal use.
ii. Loss of exhibit.
iii. Unauthorized sale of exhibit.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the circumstances surrounding the disappearance of the exhibits.
ii. Investigate and report to the Public Accounts Committees of the National Assembly, issue raised above with respect to missing exhibits.
iii. Recover all the exhibits and forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconducts in Paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 6: UNACCOUNTED EXHIBIT OF FIREARMS AND AMMUNITION

Description of Findings

Paragraph 1 of Section 31 of Police Act & Regulations CAP. P19, LFN, 2004 states, "Where any property has come into the possession of the Police as unclaimed property or property found or otherwise, a court of summary jurisdiction may, on application either of a member of the police force or by a claimant of the property, either order the delivery of the property appearing to the court to be thereof or, if the owner cannot be ascertained, make such order with respect to the property as to the court may seem meet."

Audit observed that:

i. Exhibits recovered at various crime scenes and a transferred case from Rubochi Division to the CID were duly registered with the Exhibit keeper, but were not presented for audit verification.
ii. The exhibits in (i) above included one AK47 riffle with (56675) No 56-3151, 30 rounds of ammunition and 2 magazines from a case transferred from Rubochi Division on 18th March, 2020 and registered in the exhibit register with serial number SAKS/23/20**.**
iii. While the case was handed over to the investigating team led by an Inspector and a Sergeant attached to Special Anti-Kidnapping Squad (SAKS), the whereabouts of the riffle, ammunitions and 2 magazines could not be ascertained as the exhibits were not in the exhibit room and the IPO of the case couldn't be reached for further clarification, and
iv. Nine (9) Pump Action guns and 236 Live Cartridges were transferred from NDLEA on 23rd July, 2020 with a team led by Assistant Superintendent of Police sighted in the exhibits room as shown in the Table below:

S/N	ENTRY SERIAL NO	DESCRIPTION	DATE RECOVERED	NAME OF IPO	SECTION
1	SAKS/23/20	One AK 47 Rafile (6675) No. 56-3151	18/3/2020	xxxxxxxxx	SPECIAL ANTI-KIDNAPPING
		1 Pump Action-0225			
		1 Jojelt Pump Action – 5296			
		1 Jojelt Pump Action – 0866			
		1 Jojelt Pump Action – 0127			
		1 Jojelt Pump Action – 0139			
2	SARS/54/20	1 Jojelt Pump Action – 0094	23/7/20	xxxxxxxxx	ANTI-VIOLENT CRIME
		1 Jojelt Pump Action – 0099			
		1 Margim Pump Action- 0005			
		1 Single Bsrrel – 0866			
		236 Live Cartridges			

Sources: Extracts from the exhibit register

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Diversion of exhibit for personal use.
ii. It might lead to the use of the exhibit for criminal incidences.

Management's Response
No response.

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

Recommendations
The Inspector General of Police should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the circumstances surrounding the missing of arms and ammunition at the exhibit room.
ii. Investigate and recover the missing exhibits from the exhibit room.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconducts specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 7: RECOVERED FIREARMS AT THE SPECIAL ANTI-VIOLENT CRIME SECTION (D5) CONVERTED FOR PERSONAL USE

Description of Findings
Paragraph 1 of Section 31 of Police Act & Regulations CAP. P19 LFN 2004 states "Where any property has come into the possession of the Police as unclaimed property or property found or otherwise, a court of summary jurisdiction may, on application either of a member of the police force or by a claimant of the property, either order the delivery of the property appearing to the court to be thereof or, if the owner cannot be ascertained, make such order with respect to the property as to the court may seem meet."

Audit observed that:
i. One (1) Beretta Pistol with breech number A05873Z and five (5) Live Ammunition were recovered during one of the operations carried out by officers attached to former SARS as an exhibit from a criminal matter and were entered into the Exhibit Register on 20th October, 2020 with Exhibit Number SARS/78/20.
ii. The firearm to the Assistant Superintendent of Police on 1st March, 2021 was converted for his personal use without proper authorization, documentation, and administrative procedures.
iii. A check on the arms register and the arms monthly returns showed that the said pistol has not been registered with the command armoury, and
iv. The pistol remained in the custody of the Assistant Superintendent of Police serving with Anti-Violent Crime Section who was the IPO of the case.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks
i. Diversion of firearms for illegal duty.
ii. Diversion of firearms for personal use.

Management's Response
No response.

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

Recommendations
The Inspector General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the Beretta Pistol with breech number A05873Z.
ii. Investigate and recover the Pistol from the Police Officer concerned.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconducts prescribed in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 8: NON-DOCUMENTATION AND DISCLOSURE OF EXHIBIT VEHICLES

Description of Findings
Paragraph 417 of Section (1) of Police Act & Regulations CAP. P19, LFN, 2004 states, "register of unclaimed property shall be maintained for each police station in which Register shall be recorded the details of all unclaimed property handed in the police station, and the particulars of disposal of such property."Also paragraph (xi) section N of First Schedule of Regulation 370 of the Police Act**,** states "an officer shall be guilty of an offence against discipline if he omits to make an entry in an official document or book."

Audit observed that:

i. Fourteen (14) vehicles belonging to Anti-One Chance section that were either impounded or recovered from suspects had been abandoned at both former SARS compound and Special Anti- Kidnapping (SAKS) premises at Jabi without official documentation with the Command exhibit keeper as shown in the Table below:

S/N	TYPE OF VEHICLE	REG NO	COLOUR	LOCATION	SECTION
1	GOLF 3	XA 581 TKP	BLACK	SARS COMPOUND	AOC
2	GOLF 2	XLA 454 ABJ	GREEN	SARS COMPOUND	AOC
3	GOLF	BF 136 RSH	BLUE	SARS COMPOUND	AOC
4	GOLF	AP 254 RBC	RED	SARS COMPOUND	AOC
5	GOLF 2	KRU 643 ZN	GREEN	SARS COMPOUND	AOC
6	FORD	LSD 791 AR	ASH	SARS COMPOUND	AOC
7	HONDA	NIL	BLACK	SARS COMPOUND	AOC
8	MAZDA 626	KWL 132 CN	CUSTOM	SAKS PREMISES JABI	AOC
9	NISSAN	NIL	BLUE	SAKS PREMISES JABI	AOC
10	KIA	NIL	BLACK	SAKS PREMISES JABI	AOC
11	NISSAN	AV 673 MAG	RED	SAKS PREMISES JABI	AOC

S/N	TYPE OF VEHICLE	REG NO	COLOUR	LOCATION	SECTION
12	NISSAN SUNNY	DJ 174 ABJ	RED	SAKS PREMISES JABI	AOC
13	GOLF 3	KMK 673 PC	GREEN	SAKS PREMISES JABI	AOC
14	MAZDA 323	NIL	GREEN	SAKS PREMISES JABI	AOC

Source: Extracts from exhibit register at AOC

ii. The Commander of Anti-One Chance could not produce any evidence to show that the vehicles were in his custody despite the vehicles being boldly labelled as Anti-One Chance (AOC), and
iii. All efforts made by the team as at the time of the audit exercise to unravel how the impounded vehicles came into the SARS compound and the officers involved in the arrest of these vehicles proved abortive.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks
i. Exhibits getting missing.
ii. Pilferage of exhibits may lead to litigation.

Management's Response
No response.

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

Recommendations
The Inspector General of Police should be requested to:
i. Provide explanations to the Public Accounts Committees of the National Assembly, the fourteen (14) vehicles belonging to Anti-One Chance section abandoned at both former SARS compound and Special Anti- Kidnapping (SAKS) premises at Jabi without official documentation.
ii. Document and forward evidence of documentation to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconducts prescribed in paragraph 3129 of the Financial Regulations 2009 should apply.

ISSUE 9: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦500,000.00)

Description of Findings
Paragraph 713 of the Financial Regulations (FR), 2009 states, "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd

October, 2008 states, “Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid.” Also, paragraph 613 of the FR, 2009 states, “Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorized to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required...”

Audit observed that:

i. A total of ₦500,000.00 (Five hundred thousand naira) was paid for water and electricity bills between April and July, 2020, and
ii. The payment was made to an officer instead of the FCT Water Board and AEDC, thereby violating the extant rules.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Misappropriation of government fund.
ii. Diversion of government fund.

Management’s Response

No response.

Auditor’s Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦500,000.00 (Five hundred thousand naira) being payments made in violation of the e-payment policy of the Federal Government.
ii. Recover the sum of ₦500,000.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3016 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 10: RETIREMENTS WITH UNVERIFIED RECEIPTS (=₦970,000.00)

Description of Findings

Paragraph 603 of Financial Regulations (FR), 2009 states, “all vouchers shall contain full particulars of each service such as dates, numbers, quantities, 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".

Audit observed that:
i. Eleven (11) paid vouchers amounting to ₦970,000.00 (Nine hundred and seventy thousand naira) were made to some police officers between April and December, 2020 for the procurement of stationeries and other expenditure during the period under review.
ii. There was no convincing evidence to show that the funds were used for the purpose for which it was meant, and
iii. The supporting documents attached to the vouchers such as receipts, Store Receipt Voucher (SRV) were not original, they were either duplicate copy or photocopies.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

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

Management's Response
No response.

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

Recommendations
The Inspector General of Police should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦970,000.00 (Nine hundred and seventy thousand naira), being payment without relevant supporting documents.
ii. Recover the sum of ₦970,000.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 11: IRREGULARITIES IN THE AWARD OF CONTRACT AND PAYMENTS (=₦3,828,476.64)

Description of Findings
Section 24(1) of the Public Procurement Act (PPA), 2007 states, "Except as provided by this Act, all procurement of goods and services by all entities shall be conducted by open competitive bidding." Also, paragraph 603(i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as

local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore, section 41(2) of the PPA, 2007 states "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers…"

Audit observed that:

i. The Force awarded sixteen (16) contracts amounting to ₦3,828,476.64 (Three million, eight hundred and twenty eight thousand, four hundred and seventy six naira, sixty four kobo) to two (2) contractors for different services/works in 2020.
ii. Payment vouchers were raised and contracts awarded before the approval by the approving authority.
iii. The two (2) companies did not register as contractors with the Nigerian Police Force being one of the pre-requisites to participate.
iv. The contract for detainees' feeding is stale and should have been revalidated with fresh letter of award.
v. The use of photocopies as supporting documents such as receipts, store receipt voucher contravenes the procurement Act, and
vi. Quotations were not obtained from at least 3 unrelated contractors or suppliers.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Contract award to unqualified bidder.
ii. Diversion of government funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦3,828,476.64 (Three million, eight hundred and twenty eight thousand, four hundred and seventy six naira, sixty four kobo), being payments without due process as laid down by the Public Procurement Act 2007.
ii. Recover and remit the sum of ₦3,828,476.64 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 12: NON-RETURNS OF FIREARMS AND AMMUNITIONS BY OFFICERS POSTED OUT OF FCT CID TO OTHER POLICE FORMATIONS

Description of Findings

Paragraph 333, section (xii) of the Police Act & Regulations CAP. P19, LFN, 2004 states, "the inspection of police personnel returning to the police station from beats and patrols duties, or other duties, and the ensuring that entries are made in the Station Routine Diary recording the return and the time of return of such personnel from duty; of the return by such personnel of any arms, ammunition or other special equipment; and of other routine matters that require to be made the subject of a permanent record."

Audit observed from the examination of arms and ammunition ledger, arms movement register and physical verification at the armory section of the FCT CID that:

i. Twenty one (21) AK47 and One M/Pistol with live ammunition were booked and not returned to the armoury by Police personnel posted out of CID, and
ii. The posted Police officers went away with the arms to their various posting thereby creating shortage of arms and ammunitions at the Command CID armoury.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Missing of firearms and ammunition.
ii. Shortage in the armory unit at CID.
iii. Using of the arms for illegal duty/operations.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-return of firearms and ammunition by officers posted out of FCT CID to other Police Formations.
ii. Re-call all firearms taken away from the CID armoury.
iii. Ensure all officers posted out of the Command returns all riffles in their possession.
iv. Forward evidence of the recovery to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to gross misconducts specified in paragraph 3129 of the Financial Regulations should apply.

ISSUE 13: NON-DOCUMENTATION AND DISCLOSURE OF ACCIDENTAL AND IMPOUNDED VEHICLES AT DIVISIONAL HEADQUARTERS

Description of Findings

Paragraph 1 of section 31 of the Police Act & Regulations CAP. P19, LFN, 2004 states, "Where any property has come into the possession of the Police as unclaimed property or property found or otherwise, a court of summary jurisdiction may, on application either of a member of the police force or by a claimant of the property, either order the delivery of the property to the person appearing to the court to be owner thereof or, if the owner cannot be ascertained, make such order with respect to the property as to the court may seem meet." Also,paragraph 1 of section 417 of the Polic Act, states, "a register of unclaimed property shall be maintained for each police station in which Register shall be recorded the details of all unclaimed property handed in the police station, and the particulars of disposal of such property."

Audit observed during the physical inspection of vehicular exhibits and other impounded vehicles and tricycles at Life Camp Police Divisional Headquarter that:

i. Twenty four (24) vehicles and Nine (9) Tricycles have been parked at the premises of the Division without proper documentation by neither the exhibit keeper nor the Divisional Transport Officer (DTO).
ii. Upon enquiry, the exhibit keeper claimed ignorant of the motor vehicles and tricycles parked in the premises of the division.
iii. Further inquiry from the Motor Traffic Department (MTD) could not show any evidence that the vehicles are in their custody, and
iv. All efforts on the part of the audit team to unravel the reasons why these cars were parked in the station premises proofed abortive as the officers did not provide additional information.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force, FCT Police Command.

Risks

i. Pilferage of properties.
ii. Environmental and security hazard at the stations.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector General of Police should be requested to:

i. Provide to the Public Accounts Committees of the National Assembly, documentation of accidental and impounded vehicles at the Life Camp Police Divisional Headquarter, and
ii. Otherwise, sanctions relating to gross misconducts specified in paragraph 3129 of the Financial Regulations 2009 shall apply.

NIGERIA POLICE TRUST FUND

At the Nigeria Police Trust Fund, Abuja, the following observations were made:

ISSUE 1: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦2,274,185,819.50)

Description of Findings

Section 24(I) of the Public Procurement Act (PPA), 2007 states, "Except as provided by this Act, all procurements of goods and works open by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2)(ii) of the PPA, 2007 states, "In the case of goods and works valued under National Competitive Bidding, the invitation for bids shall be advertised on the notice board of the procuring entity, any official web sites of the procuring entity, at least two national newspapers, and in the procurement journal not less than six weeks before the deadline for submission of the bids for the goods and works." Also, paragraph 2907(i) of the Financial Regulations (FR), 2009 states, "In order to ensure transparency and accountability, achievement of value for money, economy and efficiency, and equity and fairness, all procurements falling within the Bureau's thresholds shall be by way of Open Competitive Bidding."

Audit observed that:

i. Nigeria Police Trust Fund awarded contracts totalling ₦2,274,185,819.50 (Two billion, two hundred and seventy four million, one hundred and eighty five thousand, eight hundred and nineteen naira, fifty kobo) for the procurement of special operational vehicles and office equipment, and
ii. Evidence of procurement due process such as competitive bidding, or a due process certificate of "No Objection" from the Bureau of Public Procurement for adoption of a different procurement method was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force Trust Fund, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦2,274,185,819.50 (Two billion, two hundred and seventy four million, one hundred

and eighty five thousand, eight hundred and nineteen naira, fifty kobo) being payment without due process and evidence of performance.

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,274,185,819.50.

iii. Recover the sum of ₦2,274,185,819.50 and remit to the Treasury.

iv. Forward evidence of remittances to the Public Accounts Committees of the National Assembly, and

v. Otherwise, sanctions relating to irregular award of contract and failure to collect and account for government revenue specified in paragraphs 3117 and 3112 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: NON-REMITTANCE OF VAT AND WHT (=₦595,372,951.08)

Description of Findings

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

Audit observed that:

i. Tax deductions totaling ₦595,372,951.08 (Five hundred and ninety five million, three hundred and seventy two thousand, nine hundred and fifty one naira, eight kobo) made from eleven (11) contractors between August and December, 2021 in respect of Value Added Tax (VAT) and Withholding Tax (WHT) were not backed with evidence of remittance to the appropriate tax authority, and

ii. There was no justification for the non-remittance of taxes to the appropriate tax authority.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force Trust Fund, Abuja.

Risks

i. Loss of government revenue.

ii. Difficult in funding budget.

Management’s Response

No response.

Auditor’s Evaluation

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

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦595,372,951.08 (Five hundred and ninety five million, three hundred and seventy

two thousand, nine hundred and fifty one naira, eight kobo) being statutory taxes not remitted.

ii. Recover and remit, the sum of ₦595,372,951.08 to the relevant tax authority.

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

iv. Otherwise, sanctions relating to, non-remittance of VAT & WHT, failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 234(ii& iii), 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: NON-REMITTANCE OF STATUTORY STAMP DUTY (=₦75,363,968.06)

Description of Findings

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

Audit observed that:

i. Nigeria Police Trust Fund failed to remit the sum of ₦75,363,968.06 (Seventy five million, three hundred and sixty three thousand, nine hundred and sixty eight naira, six kobo) being 1% Stamp Duty that was deducted from contracts awarded in 2021, and

ii. There were no justifiable reasons provided for the failure to remit the 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Police Force Trust Fund, Abuja.

Risks

i. Loss of government revenue.

ii. Inability to fund government budget.

iii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Secretary should be requested to:

i. Justify the non-remittance of 1% Stamp Duty deduction amounting to ₦75,363,968.06 (Seventy five million, three hundred and sixty three thousand, nine hundred and sixty eight naira, six kobo).
ii. Remit to Treasury, the sum of ₦75,363,968.06.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

SECTION 18
STATES DIVISION
AUDIT DEPARTMENT

COURT OF APPEAL, ENUGU

At the Court of Appeal, Enugu, for the period January to December, 2021, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURE AND CASH ADVANCE ABOVE THRESHOLD (=₦7,380,000.00)

Description of Findings

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

Audit observed that:

i. Twenty four (24) payments totalling ₦7,380,000.00 (Seven million, three hundred and eighty thousand, naira) were made to the Deputy Chief Registrar (DCR) of the Court for fumigation services, horticulture and fuelling of motor vehicles.
ii. The payments were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures.
iii. The payments deprived the government of revenue totalling ₦996,300.00 (Nine hundred and ninety six thousand, three hundred naira) representing 7.5% VAT, 5% WHT and 1% Stamp Duty, respectively, that would have accrued if the jobs were contracted, and
iv. The paid vouchers were processed without recourse to the statutory internal audit "STAMP PAID" to authenticate the payments.

The above anomalies could be attributed to weaknesses of the internal control system at the Court of Appeal, Enugu.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Registrar should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦7,380,000.00 (Seven million, three hundred and eighty thousand naira) to the Deputy Chief Registrar above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦7,380,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (=₦10,550,000.00)

Description of Findings

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

Audit observed that:

i. Ten (10) cash advances totalling ₦10,550,000.00 (Ten million, five hundred and fifty thousand naira) were granted to the Deputy Chief Registrar (DCR) of the Court for the fuelling of generators in contravention of extant regulations.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures.
iii. The advances were not recorded in the advances ledger as at the time of the audit, and
iv. Statutory Taxes amounting to ₦1,424,250.00 (One million, four hundred and twenty four thousand, two hundred and fifty naira) representing 7.5% VAT, 5% WHT and 1% Stamp Duty that would have accrued to the Government have been lost.

The above anomalies could be attributed to weaknesses of the internal control system at the Court of Appeal, Enugu.

Risks

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

Management's Response
No response.

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

Recommendation
The Chief Registrar should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,550,000.00 (Ten million, five hundred and fifty thousand naira) being cash advances granted to the Deputy Chief Registrar above the approved threshold.
ii. Recover and remit to the Treasury, the sum of ₦10,550,000.00.
iii. Forward the evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

FEDERAL GOVERNMENT COLLEGE, KWALI

At the Federal Government College, Kwali, the following observations were made for the period January to December 2021:

ISSUE 1: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦6,038,400.00)

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

Audit observed that:
i. The sum of ₦6,038,400.00 (Six million, thirty eight thousand, four hundred naira) was paid to three (3) persons other than the original beneficiaries stated in the paid vouchers.
ii. The disbursement was made through thirteen (13) recurrent paid vouchers, and

iii. There was no evidence to confirm that the beneficiaries received the payments from the Officers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Kwali.

Risks

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

Management's Response

The casual workers are daily paid workers who are sighted before payment. It is very important they append their signature before payment.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦6,038,400.00 (Six million, thirty eight thousand, four hundred naira) being payments made in violation of the e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦6,038,400.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009, should apply.

ISSUE 2: PAYMENTS TO UNQUALIFIED CONTRACTORS (=₦181,210,593.50)

Description of Findings

Section 23(1) of the Public Procurement Act, 2007 states "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) 2009, states "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. The sum of ₦181,210,593.50 (One hundred and eighty one million, two hundred and ten thousand, five hundred and ninety three naira, fifty kobo) paid to five (5)

contractors for provision of various services such as construction & renovation of classroom, purchase of food, renovation of hostel, etc.

ii. The registration status of the five (5) companies at the Corporate Affairs Commission, at the time of periodic check, were dormant and inactive, and

iii. Therefore, the five (5) contractors are unqualified, ineligible to consummate a valid contract and in breach of extant regulations to be awarded the contracts.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Kwali.

Risks

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

Management's Response

In regard to the award of contract to the five (5) contractors in quote were by way of open competitive bidding. The contracts were awarded based on the lowest responsive bidder and their respective experience on the job. These are qualified contractors.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide the Qualification documents of the five (5) companies to the Public Account Committee of the National Assembly.
ii. Account for the sum of ₦181,210,593.50 (One hundred and eighty one million, two hundred and ten thousand, five hundred and ninety three naira, fifty kobo) paid to ineligible and unqualified contractors.
iii. Recover and remit to the Treasury, the sum of ₦181,210,593.50.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 3: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦12,623,400.00)

Description of Findings

Paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR 2009

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

Audit observed that:

i. Six (6) paid vouchers totalling ₦12,623,400.00 (Twelve million, six hundred and twenty three thousand, four hundred naira) were purportedly paid to an official and a contractor of the college between March, 2021 and December,2021 to defray the payment of students registration for West African Examination Certificate (WAEC) and purchase of exercise books were not substantiated with relevant supporting documents, and
ii. Relevant supporting documents such as WAEC Receipts, Purchase Invoices/Delivery Note, Store Receipt Vouchers were not attached to the paid vouchers to validate the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Kwali.

Risks

i. Payments for non-executed jobs.
ii. Loss of public funds.

Management’s Response

The documents were presented and sighted during the audit examination. All the necessary documents were firmly attached as required by Financial Regulation.

Auditor’s Evaluation

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

Recommendations

The permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,623,400.00 (Twelve million, six hundred and twenty three thousand, four hundred naira) being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦12,623,400.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: CONTRACT SPLITTING TO CIRCUMVENT PROCUREMENT PROCEDURES (=₦290,806,320.00)

Description of Findings

Section 20(2) of the Public Procurement Act 2007 states “The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of

tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…"

Audit observed that:

i. The College awarded contracts totalling ₦290,806,320.00 (Two hundred and ninety million, eight hundred and six thousand, three hundred and twenty naira) to 3 Contractors for the supply of food items for students feeding, and
ii. The contracts were awarded and paid vide one hundred and thirty two (132) paid vouchers for the supply of the similar commodities that ought to have been awarded as a single contract, to circumvent procurement procedures and approval threshold.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Kwali.

Risks

i. Procurement of substandard items.
ii. Diversion of public funds.

Management's Response

I wish to state that contracts were awarded within the threshold of the Chief Accounting Officer (Director/Principal). The items are food stuffs for the students. This is in accordance with the Procurement Act 2007. The supplies were given to the lowest responsive bidder.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦290,806,320.00 (Two hundred and ninety million, eight hundred and six thousand, three hundred and twenty naira) being payment made on contracts splitting.
ii. Recover and remit to the Treasury the sum of ₦290,806,320.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations 2009 respectively, should apply.

ISSUE 5: IRREGULAR PAYMENT OF INSURANCE PREMIUM (=₦30,688,000.00)

Description of Findings

Section 24(1) of the Public Procurement Act (PPA) 2007 states "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding." Furthermore, Section 41 of the Insurance Act 2007 states

"Where an insurance business is transacted through an insurance broker, the insurance broker shall, not later than 30 days of collecting the premium paid to the insurers collected by him". Also, Section 50(i) of the Insurance Act 2007 states "The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance."

Audit observed that:

i. The sum of ₦30,688,000.00 (Thirty million, six hundred and eighty eight thousand naira) was deducted as "STATUTORY SERVICES" from the Internally-Generated Revenue (IGR) of the College between September, 2021 and December, 2021.
ii. The money was purportedly paid to four (4) insurance companies to defray cost of insurance services.
iii. The due process adopted in selecting the four (4) insurance companies was not made available for audit.
iv. The contract agreements and the receipts issued by the insurers were not provided for audit examination, and
v. The transactions amounting to ₦30,688,000.00 (Thirty million, six hundred and eighty eight thousand naira) cannot be accepted as a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Kwali.

Risks

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

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the payment of ₦30,688,000.00 (Thirty million, six hundred and eighty eight thousand naira) for irregular payment of insurance premium;
ii. Recover and remit the sum of ₦30,688,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

FEDERAL GOVERNMENT BOYS' COLLEGE GARKI-ABUJA

At the Federal Government College Boys' College, Garki, Abuja, the following observations were made for the period January to December 2021:

ISSUE 1: VIOLATION OF DIRECT PROCUREMENT PROCEDURE (=₦14,410,000.00)

Description of Findings

Paragraph 2946(i) of Financial Regulations (FR) 2009 states "The procedure for procurements under the direct procurement method shall be through an invitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract."

Audit observed that:

i. The sum of ₦14,410,000.00 (Fourteen million, four hundred and ten thousand naira) was paid to five (5) officials of the College for direct procurement of various food items for student feeding in the 2021.
ii. The payments for the procurement were not made through award of contracts as required by extant regulations, and
iii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue vouchers (SIVs) were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Boys' College, Garki-Abuja.

Risks

i. Loss of revenue from taxes.
ii. Possible diversion of public funds.

Management's Response

The payment figure ₦14,410,000.00 was granted as cash Advance to the five officers at different times between January- December, 2021. And not more than the principal's approval limits as recommended by the food committee. The officers were all members of the College School food committee and senior staff of the College. However, due to inflation and frequent hick in the price's perishable food items, the college was left with no choice but to act wisely to save cost.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,410,000.00 (Fourteen million, four hundred and ten thousand) being payments to the personal accounts of officers in violation of procurement procedures.

ii. Recover and remit to the Treasury, the sum of ₦14,410,000.00.
iii. Forward the evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦24,794,500.00)

Description of Findings

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

Audit observed that:

i. Payments totalling ₦24,794,500.00 (Twenty four million, seven hundred and ninety four thousand, five hundred naira) were made via one hundred and fifty four (154) paid vouchers to six (6) officials for the purpose of procuring white board, A4 paper, exercise books, and sundry items for the College between January and December 2021.
ii. The advances granted were in excess of the ₦200,000.00 threshold set for direct procurement of store items, thereby circumventing procurement procedures and denying government revenue from Value Added Tax (VAT) and Withholding Tax (WHT).
iii. Cash advances were granted to officials without recourse to the retirement of the previous ones. For instance, on the 15th December, 2021, the College granted eight (8) cash advances totalling ₦1,575,000.00 and another twenty one (21) cash advances totalling ₦1,833,000.00 to two (2) officials respectively, contrary to extant regulations, and
iv. The cash advances granted were not retired as at the time of audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Boys' College, Garki, Abuja.

Risks

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

Management's Response

The various advances and payments were duly carried out in the interest of the College and were satisfied by officers concerned. Using excessive cash advance does not apply,

the frequency observed is simply due to the fact that we are running two campuses, and similar issues do come up almost same time. No evidence of fake transactions was brought to our knowledge.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦24,794,500.00 (Twenty four million, seven hundred and ninety four thousand, five hundred naira) being payments above the ₦200,000.00 threshold and non-retirement of advances.
ii. Recover and remit to the Treasury the sum of ₦24,794,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances and gross misconduct, prescribed in paragraphs 3106, 3115, 3124 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: PAYMENTS TO UNQUALIFIED CONTRACTORS (=₦54,740,770.86)

Description of Findings

Section 23(1) of the Public Procurement Act, 2007 states "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) 2009, states "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. The sum of ₦54,740,770.86 (Fifty four million, seven hundred and forty thousand, seven hundred and seventy naira, eighty six kobo) was paid to six (6) unqualified contractors for the provision of various services such as furnishing of laboratories, renovation of hostel, etc., in breach of extant regulations, and
ii. The registration status of the six (6) companies at the Corporate Affairs Commission, at the time of periodic check, was dormant, inactive and therefore, ineligible to consummate a valid contract.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Boys' College, Garki, Abuja.

Risks

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

Management's Response

The contracts in questions were never fictitious nor fake. Reason that it all passed through the bidding process of 24th May 2021, in accordance with Section 24 (1) of the Procurement Act 2007.Under the strict supervision of ministerial Procurement and legal officers. Also, requirement to compete for any lot on our advert, which was sent for approval at BPP office before publication, does not include Corporate Affairs Commission status confirmation. Hence no need for its demand. In addition, similar recent jobs carried out in other Government Agencies was part of criteria used to qualify or disqualify bidders. The companies displayed high level of both technical and financial competence, with the evidence of work carried out satisfactorily by the College consultant.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide the Qualification documents of the six (6) companies to the Public Accounts Committees of the National Assembly.
ii. Account for the sum of ₦54,740,770.86 (Fifty four million, seven hundred and forty thousand, seven hundred and seventy naira, eighty six kobo) paid to ineligible and unqualified contractors.
iii. Recover and remit to the Treasury, the sum of ₦54,740,770.86.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 4: WAREHOUSING OF CAPITAL FUNDS (=₦9,278,319.46)

Description of Findings

Paragraph 414 of the Financial Regulations (FR) 2009 states "The date of payment shall be the date of the record of the charge in the accounts, except as otherwise specifically authorised, by the Accountant-General. Under no circumstances shall anticipated savings be utilized for payments before they are due. Likewise the unexpended portion of any subhead shall not be drawn for the purpose of setting it in reserve to meet impending payments, or be carried to a deposit or a suspense account. On the other hand, 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 or placed in suspense for the purpose of avoiding an excess on the amount provided in the Estimates".

Audit observed that:

i. The unspent balance off Capital Development Fund for 2020 totalling ₦9,278,319.46 (Nine million, two hundred and seventy eight thousand, three hundred and nineteen naira, forty six kobo) was warehoused at the Federal Sub-Treasury Abuja in March 2021, and
ii. The fund was not accounted for and there was no documentary evidence made available to substantiate its disbursement.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Boys' College, Garki, Abuja.

Risk

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

Management's Response

The Amount was a release in respect of an ongoing Capital project of the college about completion while the capital account financial year was about to close. In other for the sum not to be mopped up, the management took the initiative to warehouse the funds at the office of the STF designated account, to enable the college pay the contractor once the work has been completed and found satisfactory.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦9,278,319.46 (Nine million, two hundred and seventy eight thousand, three hundred and nineteen naira, forty six kobo) warehoused at the Federal Sub-Treasury Abuja, contrary to FR.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,278,319.46.
iii. Recover and remit to the Treasury, the sum of ₦9,278,319.46, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively and gross misconduct prescribed in paragraphs 3106, 3115 and 3129 of the Financial Regulations 2009 respectively, should apply.

FEDERAL GOVERNMENT COLLEGE, RUBOCHI

At the Federal Government College, Rubochi, the following observations were made for the period January to December 2021:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦64,496,772.00)

Description of Findings

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

Audit observed that:

i. One hundred and five (105) payments amounting to ₦64,486,772.00 (Sixty four million, four hundred and eighty six thousand, seven hundred and seventy two naira) were made to eight (8) officials of the College for the purchase of school drugs, food items, sports equipment, teaching material, etc. in 2021, and
ii. There were no records such as invoices, delivery notes, receipts, store ledger entries, store receipt vouchers, store issue vouchers, etc., to authenticate the supplies in contravention of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Rubochi.

Risks

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

Management's Response

Activities in the College necessitated certain emergency procurement procedures and receipts and issues of stores sometimes do come up with a lot of bureaucratic bottle neck. But within the confine on what we stood for, every item purchased within the period, including every receipt and invoices are being documented and are now being transferred into the store ledger. The retirement of other advances approved for purchases have also been done as we speak. We are sorry for the mistake.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦64,486,772.00 (Sixty four million, four hundred and eighty six thousand,

seven hundred and seventy two naira), being payment for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦64,486,772.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed specified in paragraph 3104 (iii) of the Financial Regulations 2009, should apply.

ISSUE 2: VIOLATION OF FEDERAL GOVERNMENT'S E-PAYMENT POLICY (=₦17,968,565.00)

Description of Findings

Paragraph 713 of the Financial Regulations (FR) 2009 states "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 613 of the FR 2009, states "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:
i. Contracts totalling ₦17,968,565.00 (Seventeen million, nine hundred and sixty eight thousand, five hundred and sixty five naira) were awarded to four (4) contractors for the procurement of customized notebooks and text books of the College in 2021.
ii. The disbursement was made to third parties without valid power of Attorney, and
iii. 5% Withholding Tax (WHT) amounting to ₦898,428.25 (Eight hundred and ninety eight thousand, four hundred and twenty eight naira, twenty five kobo) was not deducted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Rubochi.

Risks

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

Management's Response

The College is very passionate about the extant Regulations and would not have committed such a grievous infraction. The College is saddled with the responsibility to employ certain people from the environment it resides as part of its corporate social responsibility (CSR) These are peasant people who have no knowledge of bank and are not literate. Training was for them at the point of entry, and they prefer their monies paid to them in cash at that material time. A letter of authority was written to that effect, and they signed (check appendix 2). They are now being encouraged to open an account in the bank of their choice and that is being done as we speak. Kindly consider it as under-audit due for verification next time the team of auditors will visit.

Auditor's Evaluation

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

Recommendations

Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,968,565.00 (Seventeen million, nine hundred and sixty eight thousand, five hundred sixty five naira) paid in violation of the e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦17,968,565.00.
iii. Forward evidence of the remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

ISSUE 3: MISUSE OF INTERNALLY-GENERATED REVENUE (=₦208,445,632.00)

Description of Findings

Paragraph 217 of the Financial Regulations (FR) states "It is the duty of the Accounting Officer responsible for the collection of revenue or other moneys due to Government, to ensure that all collections for which he is responsible are correctly and promptly brought to account, whether such collections are payable direct to him, or to a Sub-Accounting Officer or through any other channel. None of the checks which are required by these Regulations to be carried out by Sub-Accounting Officers relieves the Accounting Officer of the ultimate responsibility of verifying that all collections are brought to account. In addition to any other checks which an Accounting Officer may consider necessary, Revenue Collectors' cash books and cash balances shall be checked at irregular intervals and cash books shall be promptly reconciled with revenue registers or other records in use for the control of collections. Accounting Officers will notify the appropriate Sub-Accounting Officer and the Auditor-General of the establishment of any new revenue collecting office."

Audit observed that:

i. The sum of ₦208,445,632.00 (Two hundred and eight million, four hundred and forty five thousand, six hundred and thirty two naira) was collected as Internally-Generated Revenue (IGR) by the College vide domestic accounting records and documents.
ii. Efforts made to authenticate the remittance of the revenue to government coffers on the REMITA platform proved fruitless.
iii. The REMITA Statement printout was not made available for audit.
iv. The revenue collected was not supported with Treasury Book 6A and Treasury Book 6 as required by extant regulations, and
v. Records relating to the remittance or disbursement of the revenue were not produced for audit examination.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Rubochi.

Risks

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

Management's Response

It should be noted that School fees are not IGR items as alleged. All School fees were paid into a designated account of the TSA after generating IRR. Evidence was brought to the bursary department for onward receipt. However, we welcome every advice to make the system better.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Account Committees of the National Assembly sum of ₦208,445,632.00 (Two hundred and eight million, four hundred and forty five thousand, six hundred and thirty two naira) being IGR collected under the period.
ii. Provide the Remita Print Outs, Cash Books, Treasury Book 6A, Treasury Book 6, Receipts Vouchers to the Public Account Committees of the National Assembly.
iii. Recover and remit the sum of ₦208,445,632.00 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to failure to account for Government Revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 4: PAYMENTS TO UNQUALIFIED CONTRACTORS (=₦314,833,316.00)

Description of Findings

Section 23 (1) of the Public Procurement Act, 2007 states "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) 2009, states "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. The sum of ₦314,833,316.00 (Three hundred and fourteen million, eight hundred and thirty three thousand, three hundred and sixteen naira) paid to seven (7)

unqualified contractors for the completion of Dinning Hall, Principal Quarters in 2021 was in breach of extant regulations, and

ii. The registration status of the seven (7) companies at the Corporate Affairs Commission, at the time of periodic check, were dormant, inactive and therefore, ineligible to consummate a valid contract.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government College, Rubochi.

Risks

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

Management's Response

No unqualified contractor was awarded any contract in the school. Due diligences were thoroughly conducted before they were engaged. The status shown by the C.A.C site were as a result of bureaucracy in the documentation of their submission by the C.A.C Officials and the delay in the updating of their information.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Account Committees of the National Assembly the sum of ₦314,833,316.00 (Three hundred and fourteen million, eight hundred and thirty three thousand, three hundred and sixteen naira) paid to ineligible and unqualified contractors.
ii. Provide the Qualification documents of the seven (7) companies to the public Account Committee of the National Assembly.
iii. Recover and remit to the Treasury, the sum of ₦314,833,316.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations 2009 should apply.

ISSUE 5: IRREGULAR DEDUCTIONS FROM INTERNALLY GENERATED REVENUE (IGR) (=₦38,547,000.00)

Description of Findings

Paragraph 603 (i) of the Financial Regulations (FR) 2009 states "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets etc." Furthermore, paragraph 415 of the FR 2009, states "The Federal Government requires all officers responsible for

expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦38,547,000.00 (Thirty eight million, five hundred and forty seven thousand naira) was deducted from the Internal Generated Revenue (IGR) of the College between 30th June and 31st December, 2021.
ii. The money was paid through nine (9) payment vouchers to defray cost of insurance, school media and web-site services.
iii. The due process adopted in selecting the four (4) beneficiaries was not made available for audit.
iv. The nature of the insurance, school media and web-site services were not disclosed to auditors.
v. The contract agreements between the College and the beneficiaries were not made available.
vi. Receipts/Invoices issued by the transactions were not provided for audit examination, and
vii. The transactions amounting to ₦38,547,000.00 (Thirty eight million, five hundred and forty seven thousand naira) cannot be accepted as a legitimate charge against public funds.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the deduction of ₦38,547,000.00 (Thirty eight million, five hundred and forty seven thousand naira) for insurance, school media and web-site services.
ii. Recover and remit the sum of ₦38,547,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

FEDERAL GOVERNMENT GIRLS' COLLEGE, ABAJI

At the Federal Government Girls' College, Abaji, the following observations were made for the period January to December, 2021:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦27,153,414.16)

Description of Findings

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

Audit observed that:

i. Five (5) payments amounting to ₦27,153,414.16 (Twenty seven million, one hundred and fifty three thousand, four hundred and fourteen naira, sixteen kobo) were made to three (3) contractors of the College for the purported supply of sundry store items such as School Bakery Equipment, Uniforms for Kitchen etc. in 2021.
ii. The items purchased were not taken on ledger charge as required by extant regulations, and
iii. There were no records like invoices, delivery notes, receipts, store ledger entries, store receipt vouchers, store issue vouchers, etc. neither were they presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Abaji.

Risks

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

Management's Response

All items identified on that this issue is properly delivered into the store.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum of ₦27,153,414.16 (Twenty seven million, one hundred and fifty three thousand, four hundred and fourteen naira, sixteen kobo), being payment for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦27,153,414.16.
iii. Forward evidence of remittance to the Public Accounts Committees of the National

Assembly, and

iv. Otherwise, sanctions relating to payment for jobs not executed specified in paragraph 3104 (iii) of the Financial Regulations, 2009 should apply.

ISSUE 2: PAYMENT FOR SERVICES WITHOUT SUPPORTING DOCUMENTS (=₦19,745,733.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦19,745,733.00 (Nineteen million, seven hundred and forty five thousand, seven hundred and thirty three naira) was paid to four (4) contractors through six (6) paid vouchers for Food items and printing of customized exercise books between January and December, 2021, and

ii. Relevant supporting documents such as receipts/ invoices, delivery notes, etc., were not attached to the payment vouchers to validate the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Abaji.

Risks

i. Diversion of public funds.

ii. Payment for services not rendered.

Management's Response

Supporting documents on payment identified under this issue are hereby attached.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦19,745,733.00 (Nineteen million, seven hundred and forty five thousand, seven hundred and thirty three naira) without relevant supporting documents.

ii. Recover the sum of ₦19,745,733.00 and remit same to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: VIOLATION OF DIRECT PROCUREMENT PROCEDURE (=₦12,768,225.30)

Description of Findings

Paragraph 2946(i) of Financial Regulations (FR), 2009 states, "The procedure for procurements under the direct procurement method shall be through an invitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract." Also, paragraph 2302 (ii) of the Financial Regulations (FR), 2009 states, "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:
i. The sum of ₦12,768,225.30 (Twelve million, seven hundred and sixty eight thousand, two hundred and twenty five naira, thirty kobo) was paid to two (2) officials of the College for direct procurement of sundry items such as stationeries, furniture, etc., in 2021.
ii. The payments for the procurement were not made through award of contracts as required by extant regulations.
iii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue vouchers (SIVs) were not presented for audit, and
iv. The items could not be traced to Store.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Abaji.

Risks

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

Management 's Response

Direct procurement made under issue are made according to extant rules and regulations. Due to non-self-accounting status of the college Bursary Section, payment made are not pre-audited. The Internal Audit Department of the Ministry only comes periodically.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,768,225.30 (Twelve million, seven hundred and sixty eight thousand, two hundred and twenty five naira, thirty kobo) being payments made for direct procurement and paid to the personal accounts of officers in violation of procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦12,768,225.30.
iii. Forward the evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 4: PAYMENTS TO UNQUALIFIED CONTRACTORS (=₦85,522,843.83)

Description of Findings

Section 23(1) of the Public Procurement Act, 2007 states, "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR), 2009 states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. The sum of ₦85,522,843.83 (Eighty five million, five hundred and twenty two thousand, eight hundred and forty three naira, eighty three kobo) paid to six (6) unqualified contractors for the supply of food items and renovation of administrative block in 2021 was in breach of extant regulations, and
ii. The registration status of the six (6) companies at the Corporate Affairs Commission, at the time of periodic check, were dormant, inactive and therefore, ineligible to consummate a valid contract.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Abaji.

Risks

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

Management's Response

All contractors are duly registered with Corporate Affairs Commission and has their Tax Identification Number updated with the Federal Inland Revenue Service; hence none can access payment through GIFMIS platform.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide the qualification documents of the four (4) companies to the Public Accounts Committees of the National Assembly.
ii. Account for the sum of ₦85,522,843.83 (Eighty five million, five hundred and twenty two thousand, eight hundred and forty three naira, eighty three kobo) paid to ineligible and unqualified contractors.
iii. Recover and remit to the Treasury, the sum of ₦85,522,843.83.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 5: IRREGULAR DEDUCTIONS FROM INTERNALLY GENERATED REVENUE (IGR) (=₦34,613,000.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦34,613,000.00 (Thirty four million, six hundred and thirteen thousand naira) was deducted from the Internal Generated Revenue (IGR) of the College on the 23rd November, 2021.
ii. The amount was deducted with the description "INSURANCE, FLEXISAF EDUSUFT LIMITED, INFOSYS, AND SKOOL MEDIA" and could not be substantiated.
iii. The transactions amounting to ₦34,613,000.00 (Thirty four million, six hundred and thirteen thousand naira) cannot be accepted as a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Abaji.

Risks

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

Management's Response
Deduction made from the source are made by Central Bank of Nigeria (CBN) as directed by the Ministry to pay the service providers.

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

Recommendations
The Permanent Secretary should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly for the deduction of ₦34,613,000.00 (Thirty four million, six hundred and thirteen thousand naira) from the IGR of the College.
ii. Account to the Public Accounts Committees of the National Assembly, the deduction of ₦34,613,000.00 (Thirty four million, six hundred and thirteen thousand naira).
iii. Recover and remit to the Treasury the sum of ₦34,613,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

FEDERAL GOVERNMENT GIRLS' COLLEGE, BWARI

At the Federal Government Girls' College, Bwari, the following observations were made for the period January to December 2021:

ISSUE 1: VIOLATION OF DIRECT PROCUREMENT PROCEDURE (=₦33,825,800.00)

Description of Findings
Paragraph 2946(i) of Financial Regulations (FR), 2009 states, "The procedure for procurements under the direct procurement method shall be through an invitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract. "Also, paragraph 2302 (ii) of the Financial Regulations (FR), 2009 states, "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:
i. The sum of ₦33,825,800.00 (Thirty three million, eight hundred and twenty five thousand, eight hundred naira) was paid to three (3) officials of the College for direct procurement of various food items for student feeding in the financial year 2021.
ii. The payments for the procurement were not made through award of contracts as required by extant regulations.

iii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue vouchers (SIVs) were not presented for audit, and
iv. The food items could not be traced to store.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Bwari.

Risks
i. Loss of revenue from taxes.
ii. Diversion of public funds.

Management 's Response
Due to the peculiar nature in the management and running of the administration, the Federal Ministry of Education with collaboration with Bureau of public procurement who gave approval for all the unity schools. A letter of NO OBJECTION CERTIFICATE was issued for DIRECT PROCUREMENT.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦33,825,800.00 (Thirty three million, eight hundred and twenty five thousand, eight hundred naira) being payments to the personal accounts of officers in violation of procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦33,825,800.00.
iii. Forward the evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 2: UNRETIRED CASH ADVANCES (=₦38,321,900.00)

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

Audit observed that:
i. The sum of ₦38,321,900.00 (Thirty eight million, three hundred and twenty one thousand, nine hundred naira) was unretired cash advances granted to officials of the College between March and December, 2021.

ii. The cash advances were granted to four (4) officials vide one hundred and one (101) payment vouchers for the purpose of procuring refreshment items, cooking gas, teaching aids and sundry items for the College.
iii. The payments include multiple cash advances granted to officials when the previous ones had not been retired, and
iv. The cash advances remained unretired as at the time of the audit exercise.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Bwari.

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

Management's Response
In view of the fact that all these expenditures and with the peculiar nature of the college administration with all necessary approval directives and supporting document and they were duly accounted for/ duly retired thus complying with Extant Rules.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦38,321,900.00 (Thirty eight million, three hundred and twenty one thousand, nine hundred naira), being unretired advances.
ii. Recover and remit to the Treasury, the sum of ₦38,321,900.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to manage public funds effectively and non-retirement of advances and imprest specified in paragraphs 3115 and 3124 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦18,303,310.00)

Description of Findings
Paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR, 2009

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

Audit observed that:

i. Eight (8) paid vouchers totalling ₦18,303,310.00 (Eighteen million, three hundred and three thousand, three hundred and ten naira) paid to an Official of the College between March and December, 2021 to defray the cost of West African Examination Certificate (WAEC) and National Examination Council (NECO) students Registration, and
ii. Relevant supporting documents such as WAEC and NECO Receipts were not attached to the payment vouchers to validate the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls’ College, Bwari.

Risks

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

Management’s Response

All necessary documents are available for further examination in view of the fact that application was approved by the Principal/ Director of the College and was appropriately retired by the officer in charge of WAEC/NECO with supporting documents- SRV, Receipts.

Auditor’s Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦18,303,310.00 (Eighteen million, three hundred and three thousand, three hundred and ten naira) being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦18,303,310.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: PAYMENTS TO UNQUALIFIED CONTRACTORS (=₦238,002,528.15)

Description of Findings

Section 23 (1) of the Public Procurement Act, 2007 states, “Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply

only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR), 2009 states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. The sum of ₦238,002,528.15 (Two hundred and thirty eight million, two thousand, five hundred and twenty eight naira, fifteen kobo) paid to four (4) unqualified contractors for the supply of various food items for students' meals in 2021 was in breach of extant regulations, and
ii. The registration status of the four (4) companies at the Corporate Affairs Commission, at the time of audit, were dormant, inactive and therefore, ineligible to consummate a valid contract.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Bwari.

Risks

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

Management's Response

All the companies that were given contracts to supply Food items were duly registered with Corporate Affairs Commission, as at the time of payment and are all active on GIFMIS platform.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide the qualification documents of the five (5) companies to the Public Accounts Committees of the National Assembly.
ii. Account for the sum of ₦238,002,528.15 (Two hundred and thirty eight million, two thousand, five hundred and twenty eight naira, fifteen kobo) paid to ineligible and unqualified contractors.
iii. Recover and remit to the Treasury, the sum of ₦238,002,528.15.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 5: CONTRACT SPLITTING TO CIRCUMVENT PROCUREMENT PROCEDURES (=₦18,810,650.00)

Description of Findings

Section 20(2) of the Public Procurement Act, 2007 states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for:… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method;…"

Audit observed that:

i. The College awarded contracts totalling ₦18,810,650.00 (Eighteen million, eight hundred and ten thousand, six hundred and fifty naira) to five (5) contractors for the supply of exercise books and textbooks in 2021, and
ii. The contracts were awarded via thirteen (13) paid vouchers for the supply of the similar items that ought to have been awarded as a single contract to circumvent procurement procedures and approval threshold.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Bwari.

Risks

i. Procurement of substandard items.
ii. Diversion of public funds.

Management's Response

On the issue of contractors that supplied textbooks amounting to ₦18,810, 650.00 were paid for by the students in order for the college management to have uniformity in buying those textbooks, which brought about vendors that brought different textbooks and notebooks. Approval was given by the Chief accounting Officer, invoice and SRV were attached to the payment vouchers as documentary evidence.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦18,810,650.00 (Eighteen million, eight hundred and ten thousand, six hundred and fifty naira) being payment made on contracts splitting.
ii. Recover and remit to the Treasury the sum of ₦18,810,650.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: IRREGULAR PAYMENT OF INSURANCE PREMIUM (=₦59,621,000.00)

Description of Findings

Section 24(1) of the Public Procurement Act (PPA), 2007 states, "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding." Furthermore, Section 41 of the Insurance Act, 2007 states, "Where an insurance business is transacted through an insurance broker, the insurance broker shall, not later than 30 days of collecting the premium paid to the insurers collected by him". Also, Section 50(i) of the Insurance Act, 2007 states, "The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance."

Audit observed that:

i. The sum of ₦59,621,000.00 (Fifty nine million, six hundred and twenty one thousand naira) was deducted from the Internally-Generated Revenue (IGR) of the College on the 31st December, 2021.
ii. The money was paid to four (4) insurance companies vide payment voucher numbers FGGC/D/1096/21, FGGC/D/1097/21, FGGC/D/1098/21, FGGC/D/1099/21 all dated 31st December, 2021 to defray the cost of insurance services rendered to the College.
iii. The due process adopted in selecting the four (4) insurance companies was not made available for audit.
iv. The nature of the insurance services was not disclosed to auditors.
v. The contract agreements and the receipts issued by the insurers were not provided for audit examination, and
vi. The transactions amounting to ₦59,621,000.00 (Fifty nine million, six hundred and twenty one thousand naira) cannot be accepted as a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Government Girls' College, Bwari.

Risks

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

Management's Response

The amount of ₦59,621,000.00 was deducted from the domestic cash book as extracted from the central billing system. All these deductions were deducted directly from our TSA, and it is not peculiar to our school alone. Attached are the details of deductions, photocopies of the application, approvals and payment vouchers.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the payment of ₦59,621,000.00 (Fifty nine million, six hundred and twenty one thousand naira) for irregular payment of insurance premium.
ii. Recover and remit the sum of ₦59,621,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

FEDERAL INLAND REVENUE SERVICE, MAKURDI, BENUE STATE

At the Federal Inland Revenue Service, Makurdi, Benue State, for the period January to December, 2021, the following observation was made:

ISSUE 1: UNRECOVERED TAX LIABILITIES (=₦101,646,523.45)

Description of Findings

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

Audit observed that:

i. One hundred and thirty seven (137) companies had arrears of taxes totalling ₦101,646,523.45 (One hundred and one million, six hundred and forty six thousand, five hundred and twenty three naira, forty five kobo) as at 31st December, 2020, and
ii. The arrears of taxes remained uncollected by the Federal Inland Revenue Service, Makurdi, Benue State as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Inland Revenue Service, Makurdi, Benue State.

Risks

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

Management's Response

No response.

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

Recommendations
The Executive Chairman of Federal Inland Revenue Service (FIRS) should be requested to:

i. Recover the arrears of taxes totaling ₦101,646,523.45 (One hundred and one million, six hundred and forty six thousand, five hundred and twenty three naira, forty five kobo).
ii. Remit to the Treasury, the sum of ₦101,646,523.45.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

FEDERAL SCIENCE AND TECHNICAL COLLEGE, OROZO, FCT, ABUJA

At the Federal Science and Technical College, Orozo, the following observations were made for the period January to December, 2021:

ISSUE 1: VIOLATION OF DIRECT PROCUREMENT PROCEDURE (=₦24,474,050.00)

Description of Findings
Paragraph 2946(i) of Financial Regulations (FR), 2009 states, "The procedure for procurements under the direct procurement method shall be through an invitation by the procurement entity to a contractor or supplier to submit a proposal or price quotation. Such proposal or quotation shall be properly evaluated before the award of contract." Also, paragraph 2302 (ii) of the Financial Regulations (FR), 2009 states, "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:

i. The sum of ₦24,474,050.00 (Twenty four million, four hundred and seventy four thousand, fifty naira) was paid to two (2) officials of the College for direct procurement of sundry items such as drugs, textbooks, etc. in 2021.
ii. The payments for the procurement were not made through award of contracts as required by extant regulations.
iii. Relevant documents such as Store Receipt Vouchers (SRVs) and Store Issue Vouchers (SIVs) were not presented for audit, and
iv. The items could not be traced to Store.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Science and Technical College, Orozo.

Risks

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

Management 's Response

It is not a deliberate intention of the management of Federal Science and Technical College, Orozo to violate any of the Financial Rules and Extant laws of the Federal Government, rather the rules applicable to all Federal unity Colleges were applied by the Federal Science and Technical College, Orozo in these scenarios please.

The Federal unity colleges operate a committee system dully instituted by Federal ministry of education, to guide certain operations in the college. The committee in their meetings gives authorizations and approvals for certain transactions to either be made through a direct labor or direct purchase method with the sole intention of saving cost, due to the meagre resources of the college.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦24,474,050.00 (Twenty four million, four hundred and seventy four thousand, fifty naira) being payments to the personal accounts of officers in violation of procurement procedures.
ii. Recover and remit to the Treasury, the sum of ₦24,474,050.00.
iii. Forward the evidence of remittances to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 2: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦36,329,300.00)

Description of Findings

Paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR, 2009

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

Audit observed that:

i. Forty six (46) paid vouchers totalling ₦36,329,300.00 (Thirty six million, three hundred and twenty nine thousand, three hundred naira) were paid to thirteen (13) officials of the college between July and December, 2021 to defray cost of exercise books, National Examination Council (NECO) practical examination materials, etc., and
ii. Relevant supporting documents such as Receipts/ Invoices, Delivery note, etc were not attached to the paid vouchers to validate the expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Science and Technical College, Orozo.

Risks

i. Diversion of public funds.
ii. Recycling of stores.

Management’s Response

All the relevant/necessary documents in respect of all the payments as you observed were all available but were not attached to the payment vouchers before the audit examination.

The non-attachment of all those relevant documents as observed were just a mere oversight and not intentional please.

Auditor’s Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦36,329,300.00 (Thirty six million, three hundred and twenty nine thousand, three hundred naira) being payment without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦36,329,300.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: INTERNALLY GENERATED REVENUE NOT ACCOUNTED FOR (₦378,925,138.00)

Description of Findings

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, “No moneys shall be withdrawn from the Consolidated Revenue Fund or any other

public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 223 of the Financial Regulations (FR), 2009 states, "No deductions shall be made from any revenue collections or other receipts to adjust a previous over-credit. The gross amount received must, on all occasions, be accounted for in full…." Furthermore, paragraph 417 of FR, 2009 states, "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. The sum of ₦378,925,138.00 (Three hundred and seventy-eight million, nine hundred and twenty-five thousand, one hundred and thirty-eight naira) was the revenue generated from school fees for the 2021/2022 Academic Session and not accounted for.
ii. The revenue in (i) above was not supported by Treasury Book 6A and Treasury Book 6, and
iii. Records relating to the remittance or disbursement of the revenue was not produced for examination.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Science and Technical College, Orozo.

Risks

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

Management's Response

The policy establishing Federal Unity colleges, does not recognize school fees paid by students for the welfare of the students as internally generated revenue accruing to the Federal Government of Nigeria, rather they are fees paid by students for various line items as detailed below for running the activities of the schools as it affects the students' example:

1. Boarding fees

   These payments are made mainly to maintained and to run the affairs of the students in the school for instance Boarding fees paid by the students are to supplement the meal subsidy being given by the Federal Government to all Federal unity colleges. Then WAEC, NECO, NABTEC, BECE, LABOUR TRADE TEST, etc are fees paid by students for the registration of students in all the examinations being conducted by the above examination bodies. Textbooks and exercise books payments made by the students to enable the college to purchase those text books for distribution to students who have paid for them. Therefore, we are not expected to remit any part of the school fees paid by students either the Federation Account or Consolidated Revenue Fund Account, and this is generally applicable to all the Federal unity college, FSTC-Orozo is no exception please.

Auditor's Evaluation

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

Recommendations

The permanent Secretary is required to;

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦378,925,138.00 (Three hundred and seventy eight million, nine hundred and twenty five thousand, one hundred and thirty eight naira) being revenue accrued from school fees for the 2021/2022 Academic session not accounted for.
ii. Forward the Remita print outs, Cash books, Treasury Book 6A, Treasury book 6, Receipts Vouchers to the Public Accounts Committees of the National Assembly.
iii. Recover and remit to the Treasury, the sum of ₦378,925,138.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: PAYMENTS TO UNQUALIFIED CONTRACTORS (=₦326,782,307.00)

Description of Findings

Section 23(1) of the Public Procurement Act, 2007 states, "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR), 2009 states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. The sum of ₦326,782,307.00 (Three hundred and twenty six million, seven hundred and eighty two thousand, three hundred and seven naira) paid to four (4) unqualified contractors for the supply of food items, renovation of administrative block in 2021 was in breach of extant regulations.
ii. The registration status of the four (4) companies at the Corporate Affairs Commission, at the time of periodic check, were dormant, inactive and therefore, ineligible to consummate a valid contract.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Science and Technical College, Orozo.

Risks

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

Management's Response

The Management of Federal Science and Technical College, Orozo did not infringe in any of the extant rules of Federal government of Nigeria because all the due procedures stipulated in the award of contract were duly and strictly followed by the college Tenders

committee together with one representative each from the procurement and Legal department of Federal Ministry of Education in the award of the contracts being refereed to. None of the Contractors during the process and even after the process were to be technically incompetent and financially incapable of executing the contracts awarded to them.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Provide the qualification documents of the four (4) companies to the Public Accounts Committees of the National Assembly.
ii. Account for the sum of ₦326,782,307.00 (Three hundred and twenty six million, seven hundred and eighty two thousand, three hundred and seven naira) paid to ineligible and unqualified contractors.
iii. Recover and remit to the Treasury, the sum of ₦326,782,307.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 6: IRREGULAR DEDUCTIONS FROM INTERNALLY GENERATED REVENUE (=₦65,038,600.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦65,038,600.00 (Sixty five million, and thirty eight thousand, six hundred naira) was deducted from the Internally-Generated Revenue (IGR) of the College on the 20th December, 2021.
ii. The money was paid to three (3) beneficiaries vide six (6) paid vouchers, all dated 20th December, 2021 to defray cost of insurance, school media and web-site services rendered to the College.
iii. The due process adopted in selecting the three (3) beneficiaries was not made available for audit.
iv. The nature of the insurance, school media and web-site services were not disclosed to auditors.

v. The contract agreements between the College and the beneficiaries were not made available.
vi. Receipts/Invoices issued by the transactions were not provided for audit examination, and
vii. The transactions amounting to ₦65,038,600.00 (Sixty five million, and thirty eight thousand, six hundred naira) cannot be accepted as a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Science and Technical College, Orozo.

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

Management's Response
The payment made in respect of insurance, school media, and Web-site by all the students of Federal Unity colleges (FUCs) in Nigeria, were payments duly and officially approved by the Federal Ministry of Education.
Also, the organizations approved by Federal ministry of Education to render these services with respect to those fees (Insurance, school media and Web-site) paid by all students of Federal unity colleges (FUCs) are first Insurance, school media, and krystal digital services and Central Bank of Nigeria (CBN) deduct at source from the fees paid by students and remit the monies accrued from these services direct to the various organizations earlier mentioned.

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

Recommendations
The Permanent Secretary should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, the deduction of ₦65,038,600.00 (Sixty five million, and thirty eight thousand, six hundred naira) for insurance, school media and web-site services.
ii. Recover and remit to the Treasury the sum of ₦65,038,600.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

NIGERIA CORRECTIONAL SERVICE, EBONYI STATE COMMAND, ABAKALIKI

At the Nigeria Correctional Service, Ebonyi State Command, for the period January to December, 2021, the following observation was made:

ISSUE 1: DOUBTFUL PAYMENTS (=₦32,608,649.00)

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy; and money must not be spent merely because it has been voted." Furthermore, paragraph 603(1) of the FR, 2009 states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates so as to enable them be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 2402(i) of the FR, 2009 states, "On all paid vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O."

Audit observed that:

i. The sum of ₦32,608,649.00 (Thirty two million, six hundred and eight thousand, six hundred and forty nine naira) was paid via nine (9) paid vouchers to a company for the settlement of ration for the feeding of inmates at the Abakaliki and Afikpo Correctional Centres between March and December, 2021, and
ii. There was no evidence that the items supplied were taken on store ledger charge as Store Receipts vouchers (SRV), Store Issue vouchers (SIV), Ration Register entries of the food items supplied to the 2 prisons were not attached to the payment voucher nor presented for audit verification.

The above anomalies could be attributed to weaknesses in internal Control System at the Nigeria Correctional Service, Ebonyi State Command, Abakaliki.

Risks

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

Management's Response

All the necessary records and documents as regards to food ration supply to the Correctional Centers from January to December, 2021 are available.

Auditor's Evaluation

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

Recommendations

The Controller-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦32,608,649.00 (Thirty two million, six hundred and eight thousand, six hundred and forty nine naira) being irregular payment for feeding of inmates at the Abakaliki and Afikpo Correctional Centres.

ii. Recover and remit to the Treasury the sum of ₦32,608,649.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations 2009 respectively, should apply.

NIGERIA IMMIGRATION SERVICE, ABIA STATE COMMAND, UMUHIA

At the Nigeria Immigration Service, Abia State Command, Umuahia, for the period January to December, 2021, the following observation was made:

ISSUE 1: WAREHOUSING OF GOVERNMENT FUNDS IN A COMMERCIAL BANK WITHOUT APPROVAL (=₦609,508,000.00)

Description of Findings

Paragraph 2 of the Establishment Circular with Ref. No. HCSF/428/S.1/120 dated 7th August 2015 states "To aid transparency and facilitate compliance with sections 80 and 162 of the Constitution of the Federal Republic of Nigeria 1999 (as amended), all receipts due to the Federal Government or any of her agencies shall be paid into the TSA…" Also, paragraph 3 of the Treasury Circular with Ref. No. TRY/A7&B7/2015/OAGF/CAD/026/V.11/240, dated 5th October, 2015 states "For the avoidance of doubt, all MDAs are to note that no account of any Federal Government MDA is exempted from the TSA/e-Collection policy and any contravention of the Presidential directive will attract strict sanctions."

Audit observe that:

i. The sum of ₦609,508,000.00 (Six hundred and nine million, five hundred and eight thousand naira) was the revenue generated between January, 2021 and December, 2021 by the Service.
ii. The amount was paid to a commercial bank contrary to extant regulations.
iii. There was no approval to open a commercial bank account for Nigeria Immigration Service, Abia State Command, Umuahia, and
iv. The Service failed to remit revenue proceeds from the issuance of Expatriate Residence Permit and Aliens Cards (CERAP) to the Treasury Single Account (TSA).

The above anomalies could be attributed to weaknesses in the Internal Control System of the Nigeria Immigration Service, Abia State Command, Umuahia.

Risk

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Comptroller-General should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly, the sum ₦609,508,000.00 (Six hundred and nine million, five hundred and eight thousand naira), being government funds warehoused in a commercial bank without approval.
ii. Recover and remit to the Treasury the sum of ₦609,508,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

NIGERIA POLICE FORCE, GOMBE STATE COMMAND, GOMBE

At the Gombe State Police Command, Gombe, for the period January, 2020 to December, 2021, the following observations were made:

ISSUE 1: UNAUTHORIZED CONVERSION OF GOVERNMENT PROPERTIES TO PERSONAL USE.

Description of Findings

Paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states, "…As part of measures to curb this undesirable practice by Officers, Permanent Secretaries and Chief Executive Officers of Ministries, Departments and Agencies (MDAs) are henceforth to ensure painstaking and strict clearance of retiring officers who should be made to submit all Government properties in their custody before their final disengagement from Service…". Furthermore, Paragraph 112 (i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: …(d) ensuring the safety and proper maintenance of all government assets under his care;…" Also, paragraph 1 of the Establishment Circular Ref. No. SGF.19/S.52/V/720 dated 20th February, 2017 states, "…all MDAs should maintain up to date Asset Registers for all moveable and immoveable government assets either bought directly, received from Donor Agencies or procured by third parties such as contractors implementing projects on behalf of Government." Similarly, Nigeria Police Regulations 402 states, "Delivery up of accoutrements and other property when leaving the Force. Every member of the Force who dismiss from or ceases to hold or exercise his office, shall forthwith deliver up to the superior police officer whom he is serving, all the clothing, accoutrements and other Government or Force property which may have been supplied to him or entrusted to his care and should he fail to do so, shall be liable on conviction by a court of summary jurisdiction, to a term of imprisonment not exceeding six months''.

Audit observe that:

i. Two (2) Operational Vehicles belonging to the Command, Toyota Hilux with registration number NPF 5031D and chassis number MROHX8CD2L1397805 and another, Ford Ranger Pick-Up with registration number NPF 7674C, engine number PB28661 and chassis number EF-PPN28661, respectively, were taken away by two retired Commissioners of Police, and
ii. The Toyota Hilux and Ford Ranger Pick-Up were donated by North-East Development Commission and Gombe State Government in the years 2013 and 2020, respectively.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Gombe State Command, Gombe.

Risks

i. Loss of government assets.
ii. Conversion of public property for private use.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector-General of Police should be requested to:

i. Recover the two (2) vehicles from the retired Commissioners of Police.
ii. Furnish evidence of recovery to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct prescribed in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: IRREGULAR PAYMENT OF SALARY TO RETIRED PERSONNEL (=₦102,897,377.88)

Description of Findings

Paragraph 415 of the Financial Regulations (FR), 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted". Furthermore, paragraph 112(g) of the FR, 2009 states, "The Functions of the Accounting Officer shall include ensuring prudence in the expenditure of public funds."

Audit observed that:

i. Six (6) retired police personnel whose pay points were domiciled at the Command while in the service of the Nigeria Police Force, had their names retained on the payroll and received salaries after retirement, and
ii. The sum of ₦102,897,377.88 (One hundred and two million, eight hundred and ninety seven thousand, three hundred and seventy seven naira, eighty eight kobo)

was paid as salaries to the Six (6) retired police personnel between January and December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Gombe State Command, Gombe.

Risks

i. Payment of salaries to ghost workers.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector-General of Police should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦102,897,377.88 (One hundred and two million, eight hundred and ninety seven thousand, three hundred and seventy seven naira, eighty eight kobo), being irregular payment of salary to retired police personnel.
ii. Recover and remit to Treasury the sum of ₦102,897,377.88.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: OVERPAYMENT OF SALARY TO AN ASSISTANT INSPECTOR-GENERAL OF POLICE (A.I.G) (=₦83,529,77.40)

Description of Findings

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

Audit observe that:

i. The salary of an Assistant Inspector-General of Police (A.I.G) was overstated and paid to his First Bank account for the period January to December, 2020.
ii. The monthly net pay of the A.I.G from January to December, 2019 was ₦973,507.80 (Nine hundred and seventy three thousand, five hundred and seven naira, eighty kobo) while the monthly net pay of the same A.I.G was ₦7,934,322.25 (Seven million, nine hundred and thirty four thousand, three hundred and twenty two naira, twenty five kobo) from January to December, 2020, and
iii. The total over payment from January to December, 2020 amounted to ₦83,529,773.40 (Eighty three million, five hundred and twenty nine thousand, seven hundred and seventy three naira, forty kobo).

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Gombe State Command, Gombe.

Risks

i. Loss of government funds.
ii. Diversion of public funds.
i. Over bloated appropriation for personnel emolument.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector-General of Police should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦83,529,773.40 (Eighty three million, five hundred and twenty nine thousand, seven hundred and seventy three naira, forty kobo) being overpayment of salary.
ii. Recover and remit to the Treasury, the sum ₦83,529,773.40.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and overpayment of salaries and allowances prescribed in paragraphs 3106 and 3111 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: NON-STATUTORY DEDUCTION FROM PERSONNEL SALARY (=₦59,630,500.00)

Description of Findings

Paragraph 235 of the Financial Regulations (FR), 2009 states, "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the same time the payee who is the subject of the deduction is paid." Furthermore, paragraph 1515 of the FR, 2009 states, "...The paying officer (i.e sub-accounting officer, the Federal pay officer, police pay officer or custom area pay officer in the states), shall enter the total of each type of deductions from emoluments as a receipt in his cash book and enter the gross amount of the emoluments as payments." Also, paragraph 1516 of the FR, 2009 states, "…Treasury receipts (T.B.6) shall be issued for certain categories of deductions as may be instructed by the Accountant-General."

Audit observed that:

i. Non-statutory sports levy was charged to the payroll of Gombe State Command personnel salary.
ii. The sum of ₦59,630,500.00 (Fifty nine million, six hundred and thirty thousand, five hundred naira) was deducted from January to December, 2020, and
iii. The authority for the non-statutory sport levy and evidence of utilisation was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Gombe State Command, Gombe.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector-General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦59,630,500.00 (Fifty nine million, six hundred and thirty thousand, five hundred naira) deducted as non-statutory sports levy from the payroll of Gombe State Command personnel salary.
ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦59,630,500.00.
iii. Recover and remit to the Treasury, the sum ₦59,630,500.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 5: PAYMENT OF SALARY TO DECEASED PERSONNEL (=₦30,293,987.37)

Description of Findings

Paragraph 020810 of the Public Service Rules, 2008 states, "(i) The compulsory retirement age for all grades in the Service shall be 60 years or 35 years of pensionable service whichever is earlier. (ii) 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."

Audit observed that:

i. The Nigeria Police Force, Gombe State Command paid forty three (43) deceased personnel of the Nigeria Police contrary to the provisions of Extant Rules, and
ii. The sum of ₦30,293,987.37 (Thirty million, two hundred and ninety three thousand, nine hundred and eighty seven naira, thirty seven kobo) was paid to deceased personnel between January and December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Gombe State Command, Gombe.

Risks
i. Loss of government funds.
ii. Diversion of public funds.
iii. Over bloated appropriation for personnel emolument.

Management's Response
No response.

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

Recommendations
The Inspector-General of Police should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,293,987.37 (Thirty million, two hundred and ninety three thousand, nine hundred and eighty seven naira, thirty seven kobo) paid to deceased personnel.
ii. Recover and remit to the Treasury the sum of ₦30,293,987.37.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and payment to non-existing employee specified in paragraph 3106 and 3110 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: VARIATION OF SALARY WITHOUT AUTHORIZATION (=₦45,539,141.28)

Description of Findings
Paragraph 1507 of the Financial Regulations (FR), 2009 states, "The officer controlling expenditure shall promptly be informed of any variation or contingencies likely to affect officers' salary such as death, resignation, interdiction, suspension, dismissal in order that instruction to withheld pay may be issued without delay''. Furthermore, paragraph 1522(i) of the FR, 2009 states, "The salary section must be informed in writing of any variation that may affect the salary of any officer (e.g. Increment, promotion, or demotion, e.t.c) at the earliest possible time''.

Audit observe that:
i. The Nigeria Police Force, Gombe State Command increased and varied the salaries of seventy seven (77) personnel between January and December, 2020 contrary to the provisions of extant regulations, and
ii. The sum of ₦45,539,141.28 (Forty five million, five hundred and thirty nine thousand, one hundred and forty one naira, twenty eight kobo) was paid to police personnel without any justification.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Gombe State Command, Gombe.

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

Management's Response
No response.

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

Recommendations:
The Inspector-General of Police should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦45,539,141.28 (Forty five million, five hundred and thirty nine thousand, one hundred and forty one naira, twenty eight kobo) being the increase and variations in personnel salary.
ii. Provide letters of First Appointment, Last Promotion and Pay slips of the affected officers prior to the increase and variation to the Public Accounts Committees of the National Assembly.
iii. Recover and remit to the Treasury the sum of ₦45,539,141.28.
iv. Furnish evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 7: OVERPAYMENT OF SALARY TO POLICE PERSONNEL (=₦9,417,169.56)

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

Audit observed that:
i. Four (4) personnel of the Nigeria Police Force, Gombe State Command were overpaid their salaries between January and December, 2020, and
ii. The sum of ₦9,417,169.56 (Nine million, four hundred and seventeen thousand, one hundred and sixty nine naira, fifty six kobo) was overpaid to the police personnel.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Gombe State Command, Gombe.

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

Management's Response
No response.

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

Recommendations
The Inspector-General of Police should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,417,169.56 (Nine million, four hundred and seventeen thousand, one hundred and sixty nine naira, fifty six kobo) being overpayment of salary.
ii. Recover and remit to the Treasury, the sum ₦9,417,169.56.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and overpayment of salaries and allowances prescribed in paragraphs 3106 and 3111 of the Financial Regulations, 2009 respectively, should apply.

NIGERIA POLICE FORCE, ZAMFARA STATE COMMAND, GUSAU

At the Zamfara State Police Command Gusau, for the period January, 2019 to December, 2020, the following observations were made:

ISSUE 1: UNDERVALUATION OF UNSERVICEABLE VEHICLES

Description of Findings
Paragraph 2609 of the Financial Regulations (FR), 2009 states, "Unserviceable stores, buildings, plants, motor vehicles and equipment maybe written-off and disposed of under the personal authority of the Accounting Officer, provided that: … (d) The Accounting Officer is of the opinion, after taking advice from the appropriate technical officer, that the unserviceable articles are beyond economic repair. In the case of motor vehicles, plants and equipment, ministries/extra ministerial offices and other arms of government which have their own engineering/technical facilities shall undertake the inspection and valuation. Those without such facilities may request the assistance of the Ministry of Works, or other ministries/extra-ministerial offices and other arms of government having such facilities or employ the services of a registered engineering/technical workshop." Furthermore, paragraph 2614 of the FR, 2009 states, "…(ii) For boarding purposes, Boards of Survey should be convened at least once in every two months or as soon as unserviceable stores accumulate.

Audit observed that:
i. The Nigeria Police sold fourteen (14) vehicles consisting of twelve (12) Motor Vehicles and two (2) Motorcycles through Public Auction without recourse to due process of valuation.
ii. The vehicles were grossly undervalued and sold at a sum of ₦300,000.00 (Three hundred thousand naira), and

iii. The Book Value all the vehicles were not made available to auditors at the time of conducting the audit exercise.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Zamfara State Command, Gusau.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector-General of Police should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sale of fourteen (14) vehicles at the sum of ₦300,000.00 (Three hundred thousand naira).
ii. Provide the Valuation Certificate obtained from the Ministry of Works on the sale of the vehicles.
iii. Provide the evidence of due process to the Public Accounts Committees of the National Assembly for the disposal of the vehicles, and
iv. Otherwise, sanctions relating scrapping of government asset at low prices and gross misconduct specified in paragraph 3114 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: LOSS OF 438 FIREARMS AND AMMUNITION WITHIN ZAMFARA STATE POLICE COMMAND

Description of Findings

Paragraph 2504(i) of the Financial Regulations (FR), 2009 states, "The Officer in-charge of the office in which the loss occurs shall take the following actions: (a) Report Immediately to Head of Unit or Division by the fastest means if the loss occurs away from the Headquarters. (b) Report to Police if fraud or theft is suspected. (c) Initiate immediate action by completing Treasury Form 146, Part I and forward same in quintuplicate to Head of supervising department or Unit. (d) Ensure that if a weakness in the system of internal control or in security is established, measures have been taken to prevent a reoccurrence of the loss. (e) Ensure that the accounting entries as prescribed in FR. 2524 and 2525 have been made…"

Audit observed that:

i. The Armory was issued assorted arms and ammunition such as AK 47, Mark 111 Rifle, Mark IV Rifle, G3 Rifle, OFN Rifle, White Small Pistol, Lar, Rifle, Barrater Rifles, K2 Rifles, FNC Rifle and Pump Action.

ii. One hundred and twenty four (124) AK 47 rifles issued for operations within the Zamfara State Police Command could not be traced to any Division, Unit and Formation of the Command and all efforts to obtain information on the rifles proved futile. The rifles remain unaccounted for.
iii. Two hundred and sixty six (266) unclassified arms kept at the Central Armament of the Command were not produced for physical verification.
iv. Forty eight (48) rifles issued to Formations and Units of the Command January 2019 and December, 2020 were not accounted for.
v. In all, four hundred and thirty eight (438) firearms could not be accounted for, and
vi. The value of the firearms could not be determined as documents relating to the cost of acquisition were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Zamfara State Command, Gusau.

Risks
i. Proliferation of weapons and firearms.
ii. Aggravation of insecurity.

Management's Response
No response.

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

Recommendations
The Inspector-General of Police should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the loss of four hundred and thirty eight (438) assorted arms across Zamfara State Command, Divisions, Units, and Formations.
ii. Provide copies of the completed Treasury Form 147 on the loss of the arms to the Public Accounts Committees of the National Assembly.
iii. Provide evidence of disciplinary actions taken against the erring officers involved in the loss to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: FAILURE TO PRESENT 401 UNSERVICEABLE ARMS FOR AUDIT INSPECTION

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

They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:

i. Four hundred and one (401) assorted arms that claimed to be unserviceable by the Command could not be produced on for physical inspection.
ii. The Armorer of Zamfara State Police Command rebuffed all audit efforts towards an on-the-spot confirmation of the arms.
iii. The Table below represents the summary and break down of the unserviceable arms, and

S/N	Arms Brand	Quantity
1.	AK 47	2
2.	Mark III Rifle	5
3.	Mark IV Rifle	30
4.	G3 Rifle	44
5.	OFN Rifle	40
6.	White Small Pistol	1
7.	Lar Rifle	32
8.	Barrater Rifles	58
9.	K2 Rifles	31
10.	FNC Rifle	49
11.	Pump action	109
	Total	**401**

iv. The value of the firearms could not be determined as documents relating to the cost of acquisition were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Zamfara State Command, Gusau.

Risks

i. Proliferation of weapons and firearms.
ii. Aggravation of insecurity.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector-General of Police should be requested to:

i. Justify to the Public Account Committees of the National Assembly, why four hundred and one (401) unserviceable arms were not made available for physical inspection.
ii. Account to the Public Account Committees of the National Assembly, 401 unserviceable arms across Zamfara State Police Command, Divisions, Units and Formations.

iii. Provide the disciplinary measures taken against the Armorer by the Public Account Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: FAILURE TO PRODUCE STORE RECEIPT VOUCHER (SRV) EVIDENCING 1245 ARMS RECEIVED FROM POLICE HEADQUARTERS, ABUJA

Description of Findings

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

Audit observed that:

i. One thousand, two hundred and forty five (1,245) assorted Arms and Ammunition purportedly issued by the Police Force Headquarters, Abuja was not substantiated with Store Receipt Voucher (SRV).
ii. The Arms and Ammunitions were not recorded in the Main Stock Register maintained by the Zamfara State Police Command, and
iii. The exact number of Arms and Ammunitions received and issued by the Command could not be ascertained, occasioned by inadequate information made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system of the Nigeria Police Force, Zamfara State Command, Gusau.

Risks

i. Proliferation of weapons and firearms.
ii. Aggravation of insecurity.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Inspector-General of Police should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, one thousand, two hundred and forty five (1245) assorted Arms and Ammunitions issued by the Police Force Headquarters, Abuja to Zamfara State Command, Gusau.

ii. Provide the Store Receipt Vouchers (SRV) evidencing the receipts of the Arms and Ammunitions received at Zamfara State Command, Gusau.

iii. Provide the Store Issue Vouchers (SIV) evidencing the distribution of the Arms and Ammunitions, and

iv. Otherwise, sanctions relating to gross misconduct and failure to manage public resources effectively, specified in paragraphs 3129 and 3155 of the Financial Regulations, 2009 respectively, should apply.

SECTION 19
REVENUE AND ECONOMIC SECTOR AUDIT DEPARTMENT

BUREAU OF PUBLIC PROCUREMENT (BPP)

At the Bureau of Public Procurement (BPP) Abuja, for the year 2021 the following observations were made:

ISSUE 1: IRREGULAR AWARD OF CONTRACTS (=₦298,574,148.67)

Description of Findings

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

Audit observed that:

i. Thirteen (13) payments totaling ₦298,574,148.67 (Two hundred and ninety eight million, five hundred and seventy four thousand, one hundred and forty eight naira, sixty seven kobo) were made to eight (8) contractors with irregularities in the contract documents as follows:
   (a) A contract awarded on 14th May, 2022 was for a service rendered between January and September, 2021, hence, the service was paid for before the contract was reached.
   (b) A contract was awarded on 12th December, 2019 but the contract agreement was signed on 18th November, 2020, almost a year after the award.
   (c) A contract that was awarded on 13th August, 2021 and the letter of acceptance was dated same day but the job completion was on 11th August, 2021, few days before the award.
   (d) A contract awarded to a company-based Lagos was later paid to another company in United Kingdom in Pounds Sterling, and
ii. The above irregularities bring to question the authenticity of the contracts.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Bureau of Public Procurement.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦298,574,148.67 (Two hundred and ninety eight million, five hundred and seventy four thousand, one hundred and forty eight naira, sixty seven kobo), being irregular award of contracts.
ii. Account to the Public Accounts Committees of the National Assembly, the payment of ₦298,574,148.67 to eight (8) contractors.
iii. Recover and remit to the Treasury, the sum of ₦298,574,148.67.
iv. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
v. Otherwise, sanctions relating to payment for jobs not executed and irregular payments prescribed in paragraphs 3104(iii) and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT APPROVAL OF THE HONOURABLE ATTORNEY-GENERAL OF THE FEDERATION (=₦112, 261,659.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦112,261,659.00 (One hundred and twelve million, two hundred and sixty one thousand, six hundred and fifty nine naira) was paid as legal services to external solicitors, and
ii. The engagement of the solicitors together with payments for their services were done without the prior consent and approval of the Honourable Attorney-General of the Federation as required by extant regulations.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Bureau of Public Procurement.

Risks

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

Management's Response
No response.

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

Recommendations
The Director-General should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦112,261,659.00 (One hundred and twelve million, two hundred and sixty one thousand, six hundred and fifty nine naira) paid for engagement of external solicitors without approval of the honourable attorney-general of the federation.
ii. Recover and remit to the Treasury the sum of ₦112,261,659.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009, should apply.

CORPORATE AFFAIRS COMMISSION (CAC), ABUJA

At the Corporate Affairs Commission (CAC) Abuja, for the years 2019 to 2021, the following observations were made:

ISSUE 1: NON-DEDUCTION OF STAMP DUTY ON CONTRACTS (=₦200,733,067.43)

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

Audit observed that:
i. The mandatory 1% stamp duty was not deducted from the contract sums before payments were made to the beneficiaries.
ii. The sum of ₦10,269,198.43 (Ten million, two hundred and sixty nine thousand, one hundred and ninety eight naira, forty three kobo) was not deducted in 2019 as1% stamp duty.
iii. The sum of ₦190,463,869.00 (One hundred and ninety million, four hundred and sixty three thousand, eight hundred and sixty nine naira) was also not deducted in 2021 in respect of (i) above, and

iv. A total of ₦200,733,067.43 (₦10,269,198.43 + ₦190,463,869.00) (Two hundred million, seven hundred and thirty three thousand and sixty seven naira forty three kobo) was therefore not deducted between 2019 and 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Corporate Affairs Commission (CAC), Abuja.

Risks

i. Loss of government revenue.
ii. Over payment to contractors.

Management's Response

Prior to year 2020, the Commission was not guided by the relevant authorities on the modalities for the payment of 1% stamp duties. In line with the previous practice, the Commission was being advised to remit a given amount as stamp duties based on computation made by OAGF and Office of the Attorney General of the Federation after back year's review of our record.

However, following release of public notice on Clarification on the Administration of Stamp Duties in September, 2020 by the Federal Inland Revenue Services, the Commission has been consistent in deducting and remitting stamp duties from all contracts at source.

Auditor's Evaluation

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

Recommendations

The Registrar-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦200,733,067.43 (Two hundred million, seven hundred and thirty three thousand and sixty seven naira forty three kobo) being 1% stamp duty on contracts not deducted.
ii. Recover and remit to the Treasury the sum of ₦200,733,067.43.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

FINANCIAL REPORTING COUNCIL OF NIGERIA

At the Financial Reporting Council of Nigeria (FRCN) Lagos, for the year 2021, the following observations were made:

ISSUE 1: ACQUISITION OF ICT EQUIPMENT WITHOUT APPROVAL BY THE NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY (=₦28,297,800.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦28,297,800.00 (Twenty eight million two hundred and ninety seven thousand eight hundred naira) was paid to three (3) contractors for the purchase of various IT software and equipment, and
ii. Evidence of approval by NITDA before procurement of the ICT equipment, was not presented for audit.

The above anomalies could be attributed to weaknesses in the Internal Control System at Financial Reporting Council of Nigeria.

Risks

i. Payments for items not supplied.
ii. Supply of low-quality products.
iii. Loss of government funds.

Management's Response

Your observation is noted. The Council, going forward will sought the approval of the Nigeria Information Technology Development Agency's (NITDA) before the procurement of Information Technology Equipment.

Auditor's Evaluation

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

Recommendations

The Executive Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦28,297,800.00 (Twenty eight million two hundred and ninety seven thousand eight hundred naira) being the purchase of ICT equipment without approval from NITDA.
ii. Recover and remit to the Treasury, the sum of ₦28,297,800.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

NATIONAL INSURANCE COMMISSION (NAICOM), ABUJA

At the National Insurance Commission (NAICOM) Abuja, for the year 2021, the following observations were made:

ISSUE 1: NON-SUBMISSION OF 2021 AUDITED FINANCIAL STATEMENTS

Description of Findings

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

In spite of the extant regulations:

i. The National Insurance Commission (NAICOM) did not submit the audited Financial Statements with the management report thereon for the financial year ended 31st December, 2021 to the Auditor-General for the Federation for comments, and
ii. The above action was a violation of the extant regulations.

The above anomalies could be attributed to weaknesses in the Internal Control System at the NAICOM.

Risks

i. Funds may not be used for intended purposes.
ii. Delays Auditor-General's job.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Commissioner should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the audited financial statements for the year ended 31st December 2021.
ii. Forward copies of the audited financial statements to the Public Accounts Committees of the National Assembly and the Office of the Auditor-General for the Federation, and
iii. Otherwise, sanctions relating to gross misconduct in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: PROCUREMENT AND INSTALLATION OF ICT FACILITIES WITHOUT APPROVAL (=₦153,043,875.19)

Description of Findings

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

Audit observed that:

i. The sum of ₦153,043,875.19 (One hundred and fifty three million, forty three thousand eight hundred and seventy five naira, nineteen kobo) was paid to various contractors and consultants for the purchase of various ICT software and equipment's without obtaining required approval from the authorized body (NITDA), and
ii. There were no documents provided to show justification for the procurement without obtaining the necessary approvals.

The above anomalies could be attributed to weaknesses in the Internal Control System at the NAICOM.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Commissioner should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦153,043,875.19 (One hundred and fifty three million, forty three thousand eight hundred and seventy five naira, nineteen kobo) for the procurement and installation of ICT projects without obtaining requisite approvals.
ii. Recover and remit to the Treasury the sum of ₦153,043,875.19.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦59,212,500.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦59,212,500.00 (Fifty nine million, two hundred and twelve thousand, five hundred naira) was paid as legal services fees to external solicitors without the prior approval of the Attorney-General of the Federation, and
ii. These legal advocates/solicitors were neither approved for engagement by the Attorney-General of the Federation nor their fees determined by the same office as no evidence of such was produced despite repeated demands for them.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Commissioner should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦59,212,500.00 (Fifty nine million, two hundred and twelve thousand, five hundred naira) for the engagement of external solicitors without the approval of the Honourable Attorney-General of the Federation.
ii. Recover and remit to the Treasury, the sum of ₦59,212,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

ISSUE 4: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦20,216,873.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦20,216,873.00 (Twenty million, two hundred and sixteen thousand, eight hundred and seventy three naira) to contractors and staff for the purchase of store items.
ii. The items were not taken on ledger charge as required by extant regulations, and
iii. The expenditure cannot be accepted as a legitimate charge against public funds.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Commissioner should be requested to:

i. Account for the sum of ₦20,216,873.00 (Twenty million, two hundred and sixteen thousand, eight hundred and seventy three naira) for items purchased but not taken on store ledger charge,
ii. Recover and remit the sum of ₦20,216,873.00 to the Treasury,
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (FR), 2009 should apply.

REGIONAL CENTRE FOR INTERNATIONAL COMMERCIAL ARBITRATION (RCICA), LAGOS.

At the Regional Centre for International Commercial Arbitration (RCICA), Lagos, for the year 2021 the following observations were made:

ISSUE 1: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦21,062,199.82)

Description of Findings

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

Audit observed that:

i. The sum of ₦21,062,199.82 (Twenty one million, sixty two thousand, one hundred and ninety nine naira, eighty two kobo) was paid for contract without the necessary documents, and
ii. Relevant supporting documents such as Contract Agreement, Tax Clearance Certificate, Certificate of No Objection, Pension Certificate, Quotation of Bidders, and Bill of Engineering Measurement and Evaluation etc.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Regional Centre for International Commercial Arbitration.

Risks

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

Management's Response

Observation is well noted.
Contract agreement: This was handled by the Legal Department and the Head of legal in custody of the document was not available at the time of the audit.

Quotation of bidders and bill of quantity: The project in question has a priced bill of quantity provided by Federal Ministry of Power and Housing (Department of Public Buildings and Housing Development) which bidders are to rely on in accordance to the instruction provided in the General conditions and Preliminaries) which the Centre relied on Awarding the contract.

Auditor's Evaluation

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

Recommendations

The Executive Director/CEO should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly for spending the sum of ₦21,062,199.82 (Twenty one million, sixty two thousand, one hundred and ninety nine naira, eighty two kobo) on various items without relevant supporting documents.
ii. Recover and remit to the Treasury the sum of ₦21,062,199.82.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 2: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦5,454,570.00)

Description of Findings

Paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008 states, "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 613 of the FR, 2009 states, "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. The sum of ₦5,454,570.00 (Five million four hundred and fifty four thousand five hundred and seventy naira) was not paid directly to the beneficiaries, contrary to the extant regulations, and
ii. From the Centre's GIFMIS payment platform, these payments were made to bank accounts other than the ultimate beneficiaries that were named on the paid vouchers, in violation of the Federal Government's e-payment Circular.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Regional Centre for International Commercial Arbitration.

Risks

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

Management's Response

Your observation is well noted.

The Office of the Accountant-General for the Federation having considered our peculiar nature and character programmed on GIFMIS the Centre's activities with respect to payment of overhead expenditure items through the Employee payable module: How the module Operates: from RCICAL Platform on GIFMIS, the role player clicks employee

payable with a drop down then click employee payable batch on the platform at this point only overhead expenditure items and list of the Centre's staff appears on the dashboard for selection as responsibility officers as a result other service providers such as PHCN, Courier Services , Diesel and Payment for Cleaning Materials cannot be paid directly to the final beneficiaries or service providers as a result of GIFMIS programmed limitation/implication.

Auditor's Evaluation

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

Recommendations

The Executive Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,454,570.00 (Five million four hundred and fifty four thousand five hundred and seventy naira) paid in violation of e-payment policy of the federal government.
ii. Recover and remit to the Treasury, the sum of ₦5,454,570.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3016 and 3115 of the Financial Regulations, 2009 respectively, should apply.

SMALL & MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA (SMEDAN)

At the Small & Medium Enterprises Development Agency of Nigeria (SMEDAN) Abuja, for the year 2021, the following observations were made:

ISSUE 1: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦3,098,378,645.36)

Description of Findings

Section 85(2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 601 of the Financial Regulations (FR), 2009 states, "All payment entries in the cash book/accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised." Furthermore, paragraph 110 of the FR, 2009 states, "By virtue of their responsibilities and functions, the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information

relating to the accounts of all federal ministries/extra-ministerial offices and other arms of' government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:

i. One hundred and eighty (180) paid vouchers amounting to ₦3,098,378,645.36 (Three billion, ninety eight million, three hundred and seventy eight thousand, six hundred and forty five naira, thirty six kobo) were not presented for audit examination, and
ii. There was no justification provided for the expenditure of ₦3,098,378,645.36 without payment vouchers.

The above anomalies could be attributed to weaknesses in the Internal Control System at the SMEDAN.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account for the sum of ₦3,098,378,645.36 (Three billion, ninety eight million, three hundred and seventy eight thousand, six hundred and forty five naira, thirty six kobo) paid without raising payment vouchers.
ii. Recover and remit to Treasury, the sum of ₦3,098,378,645.36.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively prescribed in paragraphs 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT OF CAPACITY BUILDING WITHOUT EVIDENCE OF PERFORMANCE (=₦839,430,939.89)

Description of Findings

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

as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Similarly, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Payments amounting to ₦839,430,939.89 (Eight hundred and thirty nine million, four hundred and thirty thousand, nine hundred and thirty nine naira, eighty nine kobo) were made to contractors for skills acquisition training in many states of the Federation, and
ii. Evidence of performance such as attendance of participants, copy of certificate issued to the participants, group photographs taken at the venue of the training, Job Completion Certificates issued to the contractors were neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the Internal Control System at the SMEDAN.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the sum of ₦839,430,939.89 (Eight hundred and thirty nine million, four hundred and thirty thousand, nine hundred and thirty nine naira, eighty nine kobo) paid to contracts without evidence of execution.
ii. Recover and remit to Treasury, the sum of ₦839,430,939.89.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed and failure to spend public funds effectively prescribed in paragraphs 3104(iii) and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: UNRETIRED CASH ADVANCES (=₦293,014,435.00)

Description of Findings

Paragraph 1405 of the Financial Regulations (FR), 2009 states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by installments or

otherwise." Also, paragraph 1420(i) of the FR, 2009 states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." In addition, paragraph 415 of the FR, 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Personal advances and non-personal advances granted to some officers of the Agency amounting to ₦293,014,435.00 (Two hundred and ninety three million, fourteen thousand, four hundred and thirty five naira) were not retired as at 31st December, 2021, and
ii. There were multiple cases of advances granted to officers without retiring previous ones.

The above anomalies could be attributed to weaknesses in the Internal Control System at the SMEDAN.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Account Committee of the National Assembly the sum of ₦293,014,435.00 (Two hundred and ninety three million, fourteen thousand four hundred and thirty five naira) being unretired advances.
ii. Recover and remit to the Treasury the sum of ₦293,014,435.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances and gross misconduct, proscribed in paragraphs 3106, 3115, 3124 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: PAID VOUCHERS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦49,950,000.00)

Description of Findings

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

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

Audit observed that:

i. The sum of ₦49,950,000.00 (Forty nine million nine hundred and fifty thousand naira) was paid to a company for Production of Radio and Television Jingles vide PV No. SME/CP/515/2021 dated 5th November, 2021.
ii. The paid voucher was not supported with relevant document details such as receipts/invoice from the Radio/TV Stations, the radio and television stations utilized and times aired, e.t.c, and
iii. It was not possible to attest that the payments were legitimate charges against public funds.

The above anomalies could be attributed to weaknesses in the Internal Control System at the SMEDAN.

Risks

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

Management's Response

No response.

Auditor’s Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦49,950,000.00 (Forty nine million nine hundred and fifty thousand naira) being paid vouchers without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦49,950,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: IRREGULARITIES IN CONTRACT EXECUTION AND PAYMENT (=₦49,000,000.00)

Description of Findings

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

Audit observed that:

i. Payments totalling ₦49,000,000.00 (Forty nine million naira) were made to two separate contractors vide payment voucher numbers SME/CP/1470/2021 and SME/CP/1017/2021 for the provision of Skill Acquisition Training in Doguwa/ Tudun Wada Federal Constituency, Kano State.
ii. The contracts were awarded to separate contractors, for the same purpose, at the contract sum of ₦24,500,000.00 each. This amounts to duplication of contract, and
iii. Award letters, contract agreements, term of reference, contract files, scope of work done etc were not provided for audit verification.

The above anomalies could be attributed to weaknesses in the Internal Control System at the SMEDAN.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦49,000,000.00 (Forty nine million naira) being duplication in contract execution and payment.
ii. Recover and remit to the Treasury, the sum of ₦49,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to payment for job not executed specified in paragraph 3104(iii) of the Financial Regulations, 2009 should apply.

FEDERAL INLAND REVENUE SERVICE (FIRS), HEADQUARTERS, ABUJA.

At the Federal Inland Revenue Service (FIRS) for the year ended 31st December, 2021, the following observations were made:

ISSUE 1: PAYMENT FOR ICT EQUIPMENT WITHOUT APPROVAL BY THE NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY (NITDA) (=₦646,974,098.25)

Description of Findings

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

Audit observed that:

i. The sum of ₦646,974,098.25 (Six hundred and forty six million, nine hundred and seventy four thousand, ninety eight naira, twenty five kobo) was made to eight (8) contractors for the procurement of ICT related equipment, and
ii. Evidence of approval by NITDA before procurement of the ICT equipment, was not presented for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Inland Revenue Service (FIRS), Abuja.

Risks

i. Payments for items not supplied.
ii. Supply of low-quality products.
ii. Loss of government funds.

Management's Response

The Service has always contacted National Information Technology Development Agency (NITDA) in respect of its ICT needs. All the projects observed by the Auditors were reported to the NITDA.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦646,974,098.25 (Six hundred and forty six million, nine hundred and seventy four thousand, ninety eight naira, twenty five kobo) being the purchase of ICT equipment without approval from NITDA.

ii. Recover and remit to the Treasury, the sum of ₦646,974,098.25.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 2: OVERPAYMENT OF REWARD FOR OUTSTANDING SERVICE (=₦7,218,510.62)

Description of Findings

Paragraph 10.5.1 of the Federal Inland Revenue Service (FIRS) Human Resource Policy and Procedures Manual, states, "Officers on permanent appointment that served meritoriously for a minimum of 5 years shall be entitled to reward for outstanding service at the following rate of their annual terminal consolidated salary: 5-10 years-100%, 11-20 years -165%, 21-35 years - 230%."

Audit observed that:

i. An overpayment of ₦7,218,510.62 (Seven million, two hundred and eighteen thousand, five hundred and ten naira, sixty two kobo) was made to a staff for Reward of Outstanding Service (ROS).
ii. The wrong reward for outstanding service (ROS) rate was used in the calculation of the staff's reward for outstanding service (ROS) thus resulting in the overpayment.
iii. The staff had worked for a total of 20 years in the service and his reward for outstanding service (ROS) should have been computed using 165% of his annual terminal consolidated salary, instead, 230% rate was used, and
iv. This error resulted in the overpayment of his Reward for Outstanding Service.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Inland Revenue Service (FIRS), Abuja.

Risks

i. Overpayment to officers.
ii. Loss of Government funds.
iii. Diversion of public funds.

Management's Response

This is an inadvertent computation error that occurred as a result of using the wrong rate of 230% instead of 165% for the computation of the reward for outstanding service of our staff. The service is in the process of recovering the sum of ₦7,218,510.62 overpaid as a reward of outstanding service.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,218,510.62 (Seven million, two hundred and eighteen thousand, five hundred and ten naira, sixty two kobo) being overpayment to staff.
ii. Recover and remit to the Treasury the sum of ₦7,218,510.62.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

FEDERAL INLAND REVENUE SERVICE (FIRS), ABUJA.

At the Federal Inland Revenue Service (FIRS), Abuja for the year ended 31st December, 2020, the following observations were made:

ISSUE 1: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), ENUGU (=₦243,456,432.53)

Description of Findings

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

Audit observed that:

i. Ninety seven (97) companies owed ₦184,075,323.84 (One hundred and eighty four million, seventy five thousand, three hundred and twenty three naira, eighty four kobo) in respect of Company Income Tax (CIT) as at 31st December, 2020.
ii. Ninety (90) companies owed ₦10,126,413.97 (Ten million, one hundred and twenty six thousand, four hundred and thirteen naira, ninety seven kobo) in respect of Education Development Tax (EDT) as at 31st December, 2020.
iii. Sixteen (16) companies owed ₦49,254,694.72 (Forty nine million, two hundred and fifty four thousand, six hundred and ninety four naira, seventy two kobo) in respect of Value Added Tax (VAT) as at 31st December, 2020, and
iv. From (i) to (iii) above, arrears of taxes amounting to ₦243,456,432.53 (Two hundred and forty three million, four hundred and fifty six thousand, four hundred and thirty two naira, fifty three kobo) was outstanding as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Micro and Small Tax Office (MSTO), Enugu.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The tax office faced challenges of insecurity in the area of operation. There are rampant cases of kidnappings, killings, robbery and other vices perpetrated by unknown gunmen. With the introduction of Finance Act, 2019, all companies with turnover below ₦25,000,000.00 are exempted from payment of VAT and this category of taxpayers constitute majority of the taxpayers in the office. Covid-19 pandemic also impacted negatively on tax collection as most public and private business offices were closed down. Most companies shut down their business operations and move to other states to run their businesses.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦243,456,432.53 (Two hundred and forty three million, four hundred and fifty six thousand, four hundred and thirty two naira, fifty three kobo) being arrears of taxes.
ii. Recover and remit to the Treasury the sum of ₦243,456,432.53.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: UNRECOVERED TAX LIABILITIES BY THE GOVERNMENT BUSINESS TAX OFFICE (GBTO), ENUGU (=₦1,170,025,229.06)

Description of Findings

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

Audit observed that:

i. The sum of ₦456,780,349.56 (Four hundred and fifty six million, seven hundred and eighty thousand, three hundred and forty nine naira, fifty six kobo) was owed by companies as With-holding Tax (WHT) as at 31st December, 2020.
ii. A total of ₦713,244,879.50 (Seven hundred and thirteen million, two hundred and forty four thousand, eight hundred and seventy nine naira, fifty kobo) was owed by companies as Value Added Tax (VAT) as at 31st December, 2020, and
iii. Arrears of taxes totalling to ₦1,170,025,229.06 (One billion, one Hundred and seventy million, twenty five thousand, two hundred and twenty-nine naira, six kobo) was outstanding as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Government Business Tax Office (GBTO), Enugu.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The tax arrears of ₦1,170,025,229.06 occurred as a result of inability of State government, local government agencies to fulfil their tax obligations.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,170,025,229.06 (One billion, one hundred and seventy million, twenty five thousand, two hundred and twenty nine naira, six kobo) being arrears of taxes (WHT and VAT).
ii. Recover and remit to the Treasury, the sum of ₦1,170,025,229.06.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: UNRECOVERED TAX LIABILITIES BY THE MEDIUM TAX OFFICE (MTO), ENUGU (=₦388,157,919.89)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant

tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained."

Audit observed that:

i. The sum of ₦221,986,897.67 (Two hundred and twenty one million, nine hundred and eighty six thousand, eight hundred and ninety seven naira, sixty seven kobo) was owed by companies as Company Income Tax (CIT).
ii. A total of ₦13,973,309.62 (Thirteen million, nine hundred and seventy three thousand, three hundred and nine naira, sixty two kobo) was owed by as Education Tax (EDT).
iii. ₦139,260,546.27 (One hundred and thirty nine million, two hundred and sixty thousand, five hundred and forty six naira, twenty seven naira) was owed by companies as Value Added Tax (VAT).
iv. ₦12,937,166.32 (Twelve million, nine hundred and thirty seven thousand, one hundred and sixty six naira, thirty two kobo) was owed by companies as Withholding Tax (WHT), and
v. From (i) to (iv) , arrears of taxes totalling ₦388,157,919.89 (Three Hundred and eighty eight million, one hundred and fifty seven thousand, nine hundred and nineteen naira eighty nine kobo) remains outstanding as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Medium Tax Office (MTO), Enugu.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The tax arrears of ₦388,157,919.89 arose as a result of inability of taxpayers to pay up their outstanding tax liabilities.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum ₦388,157,919.89 (Three hundred and eighty eight million, one hundred and fifty seven thousand, nine hundred and nineteen naira, eighty nine kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the sum of ₦388,157,919.89.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), ABAKALIKI (=₦134,487,172.00)

Description of Findings

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

Audit observed that:

i. Arrears of Company Income Tax (CIT) owed by companies amounted to ₦108,429,900.00 (One hundred and eight million, four hundred and twenty nine thousand, nine hundred naira).
ii. Arrears of Education Development Tax (EDT) owed by companies amounted to ₦10,999,283.00 (Ten million, nine hundred and ninety nine thousand, two hundred and eighty three naira).
iii. Arrears of Value Added Tax (VAT) owed by companies amounted to ₦15,057,989.00 (Fifteen million, fifty seven thousand, nine hundred and eighty nine naira), and
iv. In all, arrears of taxes totalling ₦134,487,172.00 (One Hundred and thirty four million, four hundred and eighty seven thousand, one hundred and seventy two naira) remains outstanding as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Micro and Small Tax Office (MSTO), Abakaliki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The tax arrears of ₦134,487,172.00 arose as a result of inability of taxpayers to pay up their outstanding tax liabilities.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦134,487,172.00 (One Hundred and thirty four million, four hundred and eighty seven thousand, one hundred and seventy two naira) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the sum of ₦134,487,172.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: UNRECOVERED TAX LIABILITIES BY THE GOVERNMENT BUSINESS TAX OFFICE (GBTO), ABAKALIKI (=₦6,311,323.15)

Description of Findings

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

Audit observed that:

i. A Radio Station owed ₦4,516,453.25 (Four million, five hundred and sixteen thousand, four hundred and fifty three naira, twenty five kobo) and ₦1,794,870.00 (One million, seven hundred and ninety four thousand, eight hundred and seventy naira) in respect of Value Added Tax (VAT) and With-Holding Tax (WHT) respectively, and
ii. Total outstanding arrears of taxes in (i) above amounted to ₦6,311,323.15 (Six million, three hundred and eleven thousand, three hundred and twenty three naira, fifteen kobo) as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Government Business Tax Office (GBTO), Abakaliki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The tax arrears of ₦6,311,323.15 arose from the failure of State government and Local government to pay up outstanding tax liabilities owed by them.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,311,323.15 (Six million, three hundred and eleven thousand, three hundred and twenty three naira, fifteen kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the sum of ₦6,311,323.15.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), UMUAHIA (=₦48,289,430.40)

Description of Findings

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

Audit observed that:

i. Forty two (42) companies owed ₦45,472,443.74 (Forty five million, four hundred and seventy two thousand, four hundred and forty three naira, seventy four kobo) as Company Income Tax (CIT), Education Development Tax (EDT) and Value Added Tax (VAT).
ii. The accrued penalties on the companies amounted to ₦2,529,968.54 (Two million, five hundred and twenty nine thousand, nine hundred and sixty eight naira, fifty four kobo).
iii. The accrued interest amounted to ₦4,806,940.22 (Four million, eighty hundred and six thousand, nine hundred and forty naira, twenty two kobo).
iv. Out of the sum of ₦52,809,352.50 (Fifty two million, eight hundred and nine thousand, three hundred and fifty two naira, fifty kobo) a recovery of ₦4,519,922.10 (Four million, five hundred and nineteen thousand, nine hundred and twenty two naira, ten kobo) was made, and

v. As at 31st December, 2020 the sum of ₦48,289,430.40 (Forty eight million, two hundred and eighty nine thousand, four hundred and thirty naira, forty kobo) remains outstanding arrears of taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Micro and Small Tax Office (MSTO), Umuahia.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The tax arrears of ₦48,289,430.40 arose as a result of the failure of recalcitrant taxpayers to pay up their tax liabilities at the appropriate time after many efforts of the office.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦48,289,430.40 (Forty eight million, two hundred and eighty nine thousand, four hundred and thirty naira, forty kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the sum of ₦48,289,430.40
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 7: UNRECOVERED TAX LIABILITIES BY THE GOVERNMENT BUSINESS TAX OFFICE (GBTO), UMUAHIA (=₦321,503,862.08)

Description of Findings

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

Audit observed that:

i. Value Added Tax (VAT) owed by companies amounted to ₦168,278,501.57 (One hundred and sixty eight million, two hundred and seventy eight thousand, five hundred and one naira, fifty seven kobo).
ii. Withholding Tax (WHT) owed by companies amounted to ₦153,225,360.51 (One hundred and fifty three million, two hundred and twenty five thousand, three hundred and sixty naira, fifty one kobo), and
iii. The total arrears of tax liabilities amounted to ₦321,503,862.08 (Three hundred and twenty one million, five hundred and three thousand, eight hundred and sixty two naira, eight kobo) as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Government Business Office (GBTO), Umuahia.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The tax arrears of ₦321,503,862.08 arose as a result of the failure of the State and Local Governments to pay up outstanding tax liabilities owed by them.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦321,503,862.08 (Three hundred and twenty one million, five hundred and three thousand, eight hundred and sixty two naira, eight kobo) being outstanding tax arrears.
ii. Recover and remit to Treasury the sum of ₦321,503,862.08
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 8: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), OSISIOMA (=₦1,380,810,634.79)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant

tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained."

Audit observed that:

i. The sum of ₦698,242,018.21 (Six hundred and ninety eight thousand, two hundred and forty two thousand, eighteen naira, twenty one kobo) was Company Income Tax (CIT) owed by companies.
ii. The sum of ₦8,205,517.55 (Eight million, two hundred and five thousand, five hundred and seventeen naira, fifty five kobo) as Education Development Tax (EDT) was also, tax arrears.
iii. The sum of ₦642,509,430.07 (Six hundred and forty two million, five hundred and nine thousand, four hundred and thirty naira, seven kobo) as Value Added Tax (VAT) tax arrears.
iv. Companies owed the sum of ₦31,853,668.96 (Thirty one million, eight hundred and fifty three thousand, six hundred and sixty eight naira, ninety six kobo) as Withholding Tax (WHT), and
v. The total tax arrears from (i) to (iv) amounting to ₦1,380,810,634.79 (One billion, three hundred and eighty million, eight hundred and ten thousand, six hundred and thirty four naira, seventy nine kobo) remained uncollected as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Micro and Small Tax Office (MMTO), Osisioma.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The insecurity in the area of operation was high to the extent that it was difficult for businesses to operate every day. There were also rampant cases of killings, armed robbery and other vices perpetrated by unknown gunmen.

Most taxpayers closed down their businesses while others relocated to other parts of the country. The staff had to stake their lives while pursuing tax payments.

Covid-19 pandemic also contributed to the non-achievement of the target by the office. There was complete lock down of activities during the covid-19 pandemic that impacted on tax collection negatively.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,380,810,634.79 (One billion, three hundred and eighty million, eight hundred and ten thousand, six hundred and thirty four naira, seventy nine kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes ₦1,380,810,634.79.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 9: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), ABA (=₦31,645,650.95)

Description of Findings

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

Audit observed that:

i. The sum of ₦20,145,007.27 (Twenty million, one hundred and forty five thousand, seven naira, twenty seven kobo) was owed by companies as Company Income Tax (CIT).
ii. The sum of ₦11,316,796.87 (Eleven million, three hundred and sixteen thousand, seven hundred and ninety six naira, eighty seven kobo) was owed by companies as Education Development Tax (EDT).
iii. The sum of ₦183,846.51 (One hundred and eighty three thousand, eight hundred and forty six naira, fifty one kobo) was owed as Value Added Tax (VAT), and
iv. Total arrears of tax from (i) to (iii) above amounting to ₦31,645,650.95 (Thirty one million, six hundred and forty five thousand, six hundred and fifty naira, ninety five kobo) remains outstanding as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Micro and Small Tax Office (MSTO), Aba.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

The failure of the taxpayers under the jurisdiction of the tax office to pay up their outstanding tax liabilities triggered the tax arrears of ₦31,645,650.95 recorded by the office.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦31,645,650.95 (Thirty one million, six hundred and forty five thousand, six hundred and fifty naira, ninety five kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the sum of ₦31,645,650.95.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 10: UNRECOVERED TAX LIABILITIES BY THE SOUTH-SOUTH REGIONAL OFFICES IN AKWA IBOM, CROSS RIVERS AND BAYELSA STATES (=₦26,309,471,289.63)

Description of Findings

Sections 78, 79, 80, 81 and 82 of the Companies Income Tax Act (CITA) Cap C21 Laws of the Federation of Nigeria (LFN), 2004 (as amended) and section 13 of the Value Added Tax (VAT) Act Cap. VI, Laws of the Federation of Nigeria (LFA), 2004 (as amended) impose obligations on MDAs, as agents of collection, to deduct or withhold taxes on payments made and remit the taxes so deducted or withheld to the Federal Inland Revenue Service. Furthermore, section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained."

Audit observed that:

i. Sixty five (65) Companies and Government Ministries and Agencies (MDAs) had aggregate arrears of taxes totaling ₦26,309,471,289.63 (Twenty six billion, three hundred and nine million, four hundred and seventy one thousand, two hundred and

eighty nine naira, sixty three kobo) as at 31st December, 2020 in respect of Company Income Tax (CIT), Education Development Tax (EDT), Value Added Tax (VAT), and Withholding Tax (WHT), and

ii. The sum of ₦26,309,471,289.63 remains outstanding arrears of taxes by the South-South Regional Tax Offices as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the South-South Regional Offices of Akwa Ibom, Cross Rivers and Bayelsa States.

Risks

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

Management's Response

The tax arrears of ₦26,309,471,289.63 is owed by Uyo MSTO, Uyo GBTO located in Akwa-Ibom. Calabar MSTO and Calabar GBTO, Ikom MSTO located in Cross River state, and Yenagoa MSTO and Yenagoa GBTO located in Bayelsa state. The combined tax arrears figure of ₦26,309,471,289.63 arose as a result of the failure of taxpayers in these jurisdictions to pay and remit their taxes at the appropriate time.

Auditor's Evaluation

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

Recommendations

The Executive Chairman of Federal Inland Revenue Service (FIRS) should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,309,471,289.63 (Twenty six billion, three hundred and nine million, four hundred and seventy one thousand, two hundred and eighty nine naira, sixty three kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the sum of ₦26,309,471,289.63.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 11: UNRECOVERED LATE RETURNS PENALTY BY THE SOUTH-SOUTH REGIONAL OFFICES IN AKWA IBOM, CROSS RIVERS AND BAYELSA STATES (=₦14,725,000.00)

Description of Findings

Section 40 of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Any persons who being oblique to deduct any tax under this Act or laws listed in the First Schedule to this Act, but fails to deduct, or having deducted, fails to pay to the Service within 30 days from the date the amount was deducted or the time the duty to deduct

arose, commits an offence and shall, upon conviction, be liable to pay the tax withheld or not remitted in addition to a penalty of 10% of the tax withheld or not remitted per annum and interest at the prevailing Central Bank of Nigeria minimum re-discount rate and imprisonment for period of not more than three years."

Audit observed that:

i. The sum of ₦14,725,000.00 (Fourteen million, seven hundred and twenty five thousand naira) was outstanding as penalty charges for late filing of returns in respect of Company Income Tax (CIT) and Value Added Tax (VAT) in the South-South Regional Tax Offices of Akwa-Ibom, Cross Rivers and Bayelsa State, and
ii. The sum of ₦14,725,000.00 remains outstanding arrears of taxes by the South-South Regional Tax Offices as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the South-South Regional Offices of Akwa Ibom, Cross Rivers and Bayelsa States.

Risks

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

Management's Response

The tax arrears of ₦14,725,000.00 arose as a result of the failure of the taxpayers to pay penalty charges for late filing of returns in respect of CIT and VAT in three states covered.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,725,000.00 (Fourteen million, seven hundred and twenty five thousand naira) being outstanding tax arrears in the three states.
ii. Recover and remit to the Treasury the sum of ₦14,725,000.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 12: UNRECOVERED DEBTS BY THE AKWA IBOM, BAYELSA AND CROSS RIVERS STATES TAX OFFICES (=₦418,371,996.23)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and

conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Uyo Micro and Small Tax Office (MSTO) has outstanding Company Income Tax (CIT) debt of ₦146,556,503.92 (One hundred and forty six million, five hundred and fifty six thousand, five hundred and three naira, ninety two kobo) from six (6) companies.
ii. Calabar Micro and Small Tax Office (MSTO) has a total outstanding debt of ₦257,149,881.26 (Two hundred and fifty seven million, one hundred and forty nine thousand, eight hundred and eighty one naira, twenty six kobo) comprising of CIT of ₦140,872,914.44 (One hundred and forty million, eight hundred and seventy two thousand, nine hundred and fourteen naira, forty four kobo) from seventy (70) companies, Education Development Tax (EDT) of ₦12,918,894.70 (Twelve million, nine hundred and eighteen thousand, eight hundred and ninety four naira, seventy kobo) from fifty seven (57) companies and Value Added Tax (VAT) of ₦103,358,072.12 (One hundred and three million, three hundred and fifty eight thousand, seventy two naira, twelve kobo) from six (6) companies.
iii. Yenagoa Micro and Small Tax Office (MSTO) has a total outstanding debt of ₦14,665,611.05 (Fourteen million, six hundred and sixty five thousand, six hundred and eleven naira, five kobo) comprising of CIT of ₦65,960.00 (Sixty five thousand, nine hundred and sixty naira) from two (2) companies, EDT of ₦6,070,618.13 Six million, seventy thousand, six hundred and eighteen naira, thirteen kobo) from four (4) companies and VAT of ₦8,529,032.92 (Eight million, five hundred and twenty nine thousand, thirty two naira, ninety two kobo) from six (6) companies, and
iv. The aggregate of uncollected debts for all the tax offices in South-South Region amounted to ₦418,371,996.23 (Four hundred and eighteen million, three hundred and seventy one thousand, nine hundred and ninety six naira, twenty three kobo) as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Akwa Ibom, Cross Rivers and Bayelsa States tax offices.

Risks

i. Loss of government revenue.
ii. Debts may become bad and irrecoverable.

Management's Response

The service has taken measures to recover the outstanding tax liabilities. These include: Desk examination of tax files, Monitoring tax payers for tax payments, Demanding for the

payment of outstanding tax liabilities from tax payers, Referral of recalcitrant tax payers to debt and investigation department, Aggressive tax drive to tax payers' premises.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦418,371,996.23 (Four hundred and eighteen million, three hundred and seventy one thousand, nine hundred and ninety six naira, twenty three kobo) being outstanding tax arrears in the three states.
ii. Recover and remit to the Treasury, the debts amounting to ₦418,371,996.23.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 13: UNRECOVERED TAX ARREARS BY THE GOVERNMENT BUSINESS TAX OFFICE (GBTO), LAFIA (=₦473,699,665.44)

Description of Findings

Sections 78, 79, 80, 81 and 82 of the Companies Income Tax Act (CITA) Cap. C21, Laws of the Federation of Nigeria (LFN), 2004 (as amended) and section 13 of the Value Added Tax (VAT) Act Cap. VI, Laws of the Federation of Nigeria (LFA), 2004 (as amended) impose obligations on MDAs, as agents of collection, to deduct or withhold taxes on payments made and remit the taxes so deducted or withheld to the Federal Inland Revenue Service. Also, section 33(1) of Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained."

Audit observed that:

i. Total sum of ₦473,699,665.44 (Four hundred and seventy three million, six hundred and ninety nine thousand, six hundred and sixty five naira, forty four kobo) was the outstanding arrears for the period under review.
ii. Thirteen (13) Local Governments in Nasarawa State owed Value Added Tax (VAT) and Withholding Tax (WHT) to the tune of ₦473,699,665.44 (Four hundred and

seventy three million, six hundred and ninety nine thousand, six hundred and sixty five naira, forty four kobo) as at 31st December, 2020, and

iii. Despite various memos and meetings with the representatives of the Local Governments, amounts totalling ₦473,699,665.44 (Four hundred and seventy three million, six hundred and ninety nine thousand, six hundred and sixty five naira, forty four kobo) remains outstanding.

The above anomalies could be attributed to weaknesses in the internal control system at the Government Business Tax Office (GBTO), Lafia.

Risks

i. Loss of government revenue.
ii. Debts may become bad and irrecoverable.

Management's Response

Thirteen Local government and State government owed VAT and WHT to the tune of ₦473,699,665.44. The Office has put a lot of measures in place to recover the outstanding tax liabilities. The measures include the following: Sensitisation of State and Local governments, Aggressive tax drive to States and Local governments, Demand for the payment of outstanding tax liabilities from States and Local governments, Recommending deductions at source by the Accountant General of the Federation.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦473,699,665.44 (Four hundred and seventy three million, six hundred and ninety nine thousand, six hundred and sixty five naira, forty four kobo) being outstanding tax arrears.
ii. Liaise with the Accountant General of the Federation to ensure that the arrears of taxes amounting to ₦473,699,665.44 (Four hundred and seventy three million, six hundred and ninety nine thousand, six hundred and sixty five naira, forty four kobo) are deducted at source.
iii. Forward evidence of recovery to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 14: UNRECOVERED ARREARS OF TAXES BY THE MICRO AND SMALL TAX OFFICE (MSTO), LAFIA (=₦72,788,099.90)

Description of Findings

Sections 78, 79, 80, 81 and 82 of the Companies Income Tax Act (CITA) Cap. C21, Laws of the Federation of Nigeria (LFN), 2004 (as amended) and section 13 of the Value Added Tax (VAT) Act Cap. VI, Laws of the Federation of Nigeria (LFA), 2004 (as amended) impose obligations on MDAs, as agents of collection, to deduct or withhold taxes on payments made and remit the taxes so deducted or withheld to the Federal Inland Revenue Service. Also, section 33(1) of Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained."

Audit observed that:

i. Company Income Tax (CIT) amounting to ₦55,625,929.59 (Fifty five million, six hundred and twenty five thousand, nine hundred and twenty nine naira, fifty nine kobo), Education Tax (EDT) amounting to ₦6,313,145.28 (Six million, three hundred and thirteen thousand, one hundred and forty five naira, twenty eight Kobo) and Value Added Tax (VAT) amounting to ₦10,849,025.03 (Ten million, eight hundred and forty nine thousand, twenty five naira, three kobo) remained uncollected at Micro and Small Tax Office (MSTO), Lafia, Nasarawa State, and
ii. The aggregate of uncollected debts amounted to ₦72,788,099.90 (Seventy two million, seven hundred and eighty eight thousand, ninety nine naira, ninety Kobo) remained unrecovered arrears of revenue as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Micro and Small Tax Office, Lafia.

Risks

i. Loss of government revenue.
ii. Debts may become bad and irrecoverable.

Management's Response

The tax arrears of ₦72,788,099.90 (Seventy two million, seven hundred and eighty eight thousand, ninety nine naira, ninety kobo) arose as a result of failure of taxpayers under the jurisdiction of the office to pay up their outstanding tax liabilities.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦72,788,099.90 (Seventy two million, seven hundred and eighty eight thousand, ninety nine naira, ninety Kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totaling ₦72,788,099.90**.**
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 15: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), BAUCHI (=₦43,737,832.62)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Company Income Tax (CIT) amounting to ₦26,354,251.09 (Twenty six million, three hundred and fifty four thousand, two hundred and fifty one naira, nine kobo), Education Development Tax (EDT) amounting to ₦9,763,322.79 (Nine million, seven hundred and sixty three thousand, three hundred and twenty two naira, seventy nine kobo) and Value Added Tax (VAT) amounting to ₦720,258.74 (Seven hundred and twenty thousand, two hundred and fifty eight naira, seventy four kobo) remained uncollected at Micro and Small Tax Office (MSTO), Bauchi, and
ii. A total of thirty nine (39) companies owed taxes totalling ₦43,737,832.62 (Forty three million, seven hundred and thirty seven thousand, eight hundred and thirty two naira, sixty two kobo) as at 31st December, 2020.

The above anomalies could be attributed to weaknesses in the internal control system at the Micro and Small Tax Office, Bauchi**.**

Risks

i. Loss of government revenue.
ii. Debts may become bad and irrecoverable.

Management's Response

The tax arrears of ₦43,737,832.62 recorded by the office was due to the failure of the taxpayers to pay up their outstanding tax liabilities. Economic meltdown also contributed to the negative variance recorded by the office. Covid-19 pandemic affected the revenue collection of the office as public and private offices were closed down. This had negative variance on revenue collection by the office. Finance bill threshold that exempted companies with less than ₦25,000,000.00 turn over from paying taxes, also affected the revenue collection efforts of the office.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦43,737,832.62 (Forty three million, seven hundred and thirty seven thousand, eight hundred and thirty two naira, sixty two kobo) being outstanding tax arrears
ii. Recover and remit to the Treasury, the arrears of taxes totaling ₦43,737,832.62.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 16: UNRECOVERED TAX LIABILITIES BY THE GOVERNMENT BUSINESS TAX OFFICE (GBTO), BAUCHI (=₦669,140,264.07)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to

vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed at GBTO Bauchi that:

i. The Office of the State Accountant General Bauchi, owed a total liability of ₦669,140,264.07 (Six hundred and sixty nine million one hundred and forty thousand two hundred and sixty four naira seven kobo) covering the period 2011-2016

ii. The Table below showed the tax liabilities of the affected Local Government Area (LGA) :

Name of LGA	VAT (₦)	WHT (₦)	TOTAL (₦)
Bauchi	9,003,095.29	9,003,095.29	18,006,190.58
Bogoro	3,491,517.45	3,491,517,45	6,983,034.90
Dass	8,124,083.50	8,124,083.50	16,248,167.00
Tafewa Balewa	1,804,516.50	1,804,516.50	3,609,033.00
Total	**22,423,212.74**	**22,423,212.74**	**44,846,425.48**

iii. Value Added Tax (VAT) amounted to ₦401,208,617.15 (Four hundred and one million, two hundred and eight thousand, six hundred and seventeen naira, fifteen kobo).

iv. Withholding Tax (WHT) amounted to ₦223,085,221.44 (Two hundred and twenty three million, eighty five thousand, two hundred and twenty one naira, forty four kobo).

v. Total arrears of tax from (ii) to (iv) above amounting to ₦669,140,264.07 (Six hundred and sixty nine million one hundred and forty thousand two hundred and sixty four naira seven kobo) remains outstanding.

Key Risk

i. Loss of government revenue.
ii. Debts may become bad and irrecoverable.

Management's Response

The tax arrears of ₦669,140,264.07 arose as a result of the failure of the state government and its agencies to pay outstanding tax liabilities.

The office has put in several measures to recover the outstanding tax liabilities. These include:

- Use of tax ProMax technology to ease tax payment.
- Sensitization of state and local governments.
- Monitoring for tax payments.
- Demanding for the payment of outstanding tax liabilities.
- Liaising with the Accountant General of the Federation to deduct outstanding tax liabilities at source from their allocations.

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦669,140,264.07 (Six hundred and sixty nine million one hundred and forty thousand two hundred and sixty four naira seven kobo) being outstanding tax arrears.
ii. Liaise with the Accountant General of the Federation to ensure that the arrears of ₦669,140,264.07 from the defaulting government agencies (State government and LGA) are deducted at source at the time of fund allocation.
iii. Forward evidence of recovery and remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 17: UNRECOVERED TAX LIABILITIES BY THE GOVERNMENT BUSINESS TAX OFFICE (GBTO), DAMATURU (=₦16,105,760.91)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. The Federal University of Gashua owed the sum of ₦14,505,670.91 (Fourteen million, five hundred and five thousand, six hundred and seventy naira, ninety one kobo) as arrears of taxes, comprising of Value Added Tax (VAT) amounting to ₦8,312,118.55 (Eight million, three hundred and twelve thousand, one hundred and eighteen naira, eighty eight kobo) and Withholding Tax (WHT) amounting to ₦6,196,642.56 (Six million, one hundred and ninety six thousand, six hundred and forty two naira, fifty six kobo) as at 31st December, 2020.
ii. Yobe State Emergency Management Agency owed the sum of ₦1,600,000.00 (One million, six hundred thousand naira) as arrears of withholding tax as at 31st December, 2020, and

iii. The two government agencies owed the sum of ₦16,105,760.91 (Sixteen million, one hundred and five thousand, seven hundred and sixty naira, ninety one kobo) as tax liabilities at Government Business Tax Office (GBTO), Damaturu.

The above anomalies could be attributed to weaknesses in the internal control system at the Government Business Tax Office (GBTO), Damaturu.

Risks

i. Loss of government revenue.
ii. Debts may become bad and irrecoverable.

Management's Response

The failure of State Government and its agencies to remit outstanding tax liabilities deducted at source gave rise to the tax arrears of ₦16,105,760.91 recorded by the office. The office has been trying its best to recover the outstanding tax liabilities: (a) Economic meltdown also contributed to the negative variance recorded by the office; (b) Covid-19 pandemic affected the revenue collection of the office as public and private offices were closed down. This had negative variance on revenue collection by the office.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,105,760.91 (Sixteen million, one hundred and five thousand, seven hundred and sixty naira, ninety one kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury the arrears of taxes totaling ₦16,105,760.91.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

FEDERAL INLAND REVENUE SERVICE (FIRS), ABUJA TAX OFFICES

At the Federal Inland Revenue Service (FIRS), Abuja Tax Offices, the following observations were made for the year 2021:

ISSUE 1: UNRECOVERED TAX LIABILITIES BY THE MEDIUM AND SMALL TAX OFFICE (MSTO) GARKI (=₦769,985,951.46)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of

payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. The sum of ₦1,041,743,117.55 (One billion, forty one million, seven hundred and forty three thousand, one hundred and seventeen naira, fifty five kobo) was owed by companies as Company Income Tax (CIT) as at 31st December, 2021.
ii. A total of ₦94,024,966.76 (Ninety four million, twenty four thousand, nine hundred and sixty six naira, seventy six kobo) was owed by companies as Education Tax (EDT) as at 31st December, 2021.
iii. ₦121,701,160.22 (One hundred and twenty one million, seven hundred and one thousand, one hundred and sixty naira, twenty two kobo) was owed by companies as Value Added Tax (VAT) as at 31st December, 2021.
iv. ₦123,174,443.37 (One hundred and twenty three million, one hundred and seventy four thousand, four hundred and forty three naira, thirty seven kobo) was owed by companies as With-Holding Tax (WHT) as at 31st December, 2021.
v. ₦6,542,260.43 (Six million, five hundred and forty two thousand, two hundred and sixty naira, forty-three kobo) was owed by National Information Technology Development Agency (NITDA) as at 31st December, 2021, and
vi. The total tax liabilities amounted to ₦1,387,185,948.33 (One billion, three hundred and eighty seven million, one hundred and eighty five thousand, nine hundred and forty eight naira, thirty three kobo) and the amount collected for all types of taxes was ₦617,199,996.87 (Six hundred and seventeen million, one hundred and ninety nine thousand, nine hundred and ninety six naira, eighty seven kobo) leaving the sum of ₦769,985,951.46 (Seven hundred and sixty nine million, nine hundred and eighty five thousand, nine hundred and fifty one naira, forty six kobo) as arrears of taxes as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Medium and Small Tax Office, Garki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦769,985,951.46 (Seven hundred and sixty nine million, nine hundred and eighty five thousand, nine hundred and fifty one naira, forty six kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury the arrears of taxes totaling ₦769,985,951.46.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: NON-UPDATED TAX LIABILITIES BY THE MEDIUM AND SMALL TAX OFFICE (MSTO) GARKI (=₦357,191,514.26)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. The MSTO did not update the tax liabilities of ₦357,191,514.26 (Three hundred and fifty seven million, one hundred and ninety one thousand, five hundred and fourteen naira, twenty six kobo) as at 31st December, 2012.
ii. Out of the sampled files selected for audit, nine (9) companies were not reflected in the debit list, and
iii. Some of the companies applied for TCC without clearing the outstanding.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and Small Tax Office, Garki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦357,191,514.26 (Three hundred and fifty seven million, one hundred and ninety one thousand, five hundred and fourteen naira, twenty six kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the arrears of taxes totalling ₦357,191,514.26
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 3: UNRECOVERED TAX LIABILITIES BY THE GARKI MSTO AS AT 31ST DECEMBER, 2021 (=₦33, 460,512.82)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Out of the companies with outstanding tax liabilities since 2012, eleven (11) companies stood as perpetual debtors with an outstanding backlog totalling

₦33,460,512.82 (Thirty three million, four hundred and sixty thousand, five hundred and twelve naira, eighty two kobo) with the assessment period from 2012 carried over to December, 2021, and

ii. The sum of ₦33,460,512.82 (Thirty three million, four hundred and sixty thousand, five hundred and twelve naira, eighty two kobo) was declared as uncollectable tax arrears by MSTO, Garki.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and small Tax Office (MSTO), Garki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦33,460,512.82 (Thirty three million, four hundred and sixty thousand, five hundred and twelve naira, eighty two kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦33,460,512.82 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 4: UNRECOVERED TAX LIABILITIES BY THE MEDIUM TAX OFFICE (MTO) GARKI (=₦4,139,411,090.24)

Description of Findings

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

Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. The sum of ₦3,137,227,200.54 (Three billion, one hundred and thirty seven million, two hundred and twenty seven thousand, two hundred naira and fifty four kobo) was owed by companies as Company Income Tax (CIT) as at 31st December, 2021.
ii. A total of ₦234,019,532.10 (Two hundred and thirty four million, nineteen thousand, five hundred and thirty two naira, ten kobo) was owed by companies as Education Tax (EDT) as at 31st December, 2021.
iii. ₦204,365,044.79 (Two hundred and four million, three hundred and sixty five thousand, forty four naira, seventy nine kobo) was owed by companies as Value Added Tax (VAT) as at 31st December, 2021.
iv. ₦696,075,035.27 (Six hundred and ninety six million, seventy five thousand, thirty five naira, twenty seven kobo) was owed by companies as With-Holding Tax (WHT) as at 31st December, 2021.
v. ₦621,000.00 (Six hundred and twenty one thousand naira) was owed by companies as Capital Gain Tax (CGT) as at 31st December, 2021.
vi. ₦66,994.14 (Sixty six thousand, nine hundred and ninety four naira, fourteen kobo) was owed by companies as Stamp Duties (SD) as at 31st December, 2021, and
vii. The total tax liabilities amounted to ₦4,272,374,806.84 (Four billion, two hundred and seventy two million, three hundred and seventy four thousand, eight hundred and six naira, eighty four kobo) out of which, the sum of ₦132,963,716.60 (One hundred and thirty two million, nine hundred and sixty three thousand, seven hundred and sixteen naira, sixty kobo), was collected, leaving the arrears of ₦4,139,411,090.24 (Four billion, one hundred and thirty nine million, four hundred and eleven thousand, ninety naira, twenty four kobo) uncollected at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and small Tax Office (MSTO), Garki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,139,411,090.24 (Four billion, one hundred and thirty nine million, four hundred and eleven thousand, ninety naira, twenty four kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦4,139,411,090.24 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 5: UNRECOVERED TAX LIABILITIES BY THE MEDIUM TAX OFFICE (MTO), GARKI (=₦5,972,089,601.00)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Out of the individuals and companies with outstanding tax liabilities since 2012, eleven (61) companies stood as perpetual debtors with an outstanding backlog totalling ₦5,969,924,601.00 (Five billion, nine hundred and sixty nine million, nine hundred and twenty four thousand, six hundred and one naira) and Late Return Penalty (LRP) totalling ₦2,165,000.00 (Two million, one hundred and sixty five thousand naira) with the assessment period from 2012 carried over to 31st December, 2021, and
ii. A total of ₦5,972,089,601.00 (Five billion, nine hundred and seventy two million, eighty nine thousand, six hundred and one naira) was declared as uncollectable arrears of taxes by MTO, Garki.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium Tax Office (MTO), Garki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,972,089,601.00 (Five billion, nine hundred and seventy two million, eighty nine thousand, six hundred and one naira) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes amounting to ₦5,972,089,601.00 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 6: UNRECOVERED TAX LIABILITIES BY THE MEDIUM AND SMALL TAX OFFICE (MSTO) UTAKO (=₦358,835,715.67)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. The sum of ₦243,508,209.76 (Two hundred and forty three million, five hundred and eight thousand, two hundred and nine naira, seventy six kobo) was owed by companied as Company Income Tax (CIT) as at 31st December, 2012.
ii. A total of ₦22,375,015.60 (Twenty two million, three hundred and seventy five thousand, fifteen naira, sixty kobo) was owed by companies as Education Tax (EDT) as at 31st December, 2012.
iii. The sum of ₦61,364,654.91 (Sixty one million, three hundred and sixty four million, six hundred and fifty four naira, ninety one kobo) was owed by companies as Value Added Tax (VAT) as at 31st December, 2012.
iv. ₦31,587,835.40 (Thirty one million, five hundred and eighty seven thousand, eight hundred and thirty five naira, forty kobo) was owed by companies as With-Holding Tax (WHT) as at 31st December, 2012, and
v. The total tax liabilities amounted to ₦358,835,715.67 (Three hundred and fifty eight million, eight hundred and thirty five thousand, seven hundred and fifteen naira, sixty seven kobo) as at 31st December, 2012.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and Small Tax Office (MSTO), Utako.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦358,835,715.67 (Three hundred and fifty eight million, eight hundred and thirty five thousand, seven hundred and fifteen naira, sixty seven kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦358,835,715.67.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 7: UNRECOVERED TAX LIABILITIES BY THE MEDIUM AND SMALL TAX OFFICE (MSTO), MABUSHI (=₦72,718,194.19)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of

payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. The sum of ₦37,013,262.52 (Thirty seven million, thirteen thousand, two hundred and sixty two naira, fifty two kobo) was owed by companies as Company Income Tax (CIT) as at 31st December, 2021.
ii. A total of ₦5,090,756.75 (Five million, ninety thousand, seven hundred and fifty six naira, seventy five kobo) was owed by companies as Education Tax (EDT) as at 31st December, 2021.
iii. ₦25,963,214.75 (Twenty five million, nine hundred and sixty three thousand, two hundred and fourteen naira, seventy five kobo) was owed by companies as Value Added Tax (VAT) as at 31st December, 2021.
iv. ₦4,650,960.17 (Four million, six hundred and fifty thousand, nine hundred and sixty naira, seventeen kobo) was owed by companies as With-Holding Tax (WHT) as at 31st December, 2021, and
v. The total arrears of taxes amounted to ₦72,718,194.19 (Seventy two million, seven hundred and eighteen thousand, one hundred and ninety four naira, nineteen kobo) as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and Small Tax Office (MSTO), Mabushi.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦72,718,194.19 (Seventy two million, seven hundred and eighteen thousand, one hundred and ninety four naira, nineteen kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦72,718,194.19 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 8: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), MAITAMA (=₦805,117,097.16)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Forty (40) companies owed ₦589,364,188.93 (Five hundred and eighty nine million, three hundred and sixty four thousand, one hundred and eighty eight naira, ninety three kobo) in respect of Company Income Tax (CIT) as at 31st December, 2021.
ii. Thirty one (31) companies owed ₦41,596,575.89 (Forty one million, five hundred and ninety six thousand, five hundred and seventy five naira, eighty nine kobo) in respect of Education Development Tax (EDT) as at 31st December, 2021.
iii. Twenty seven (27) companies owed ₦81,177,872.78 (Eighty one million, one hundred and seventy seven thousand, eight hundred and seventy two naira, seventy eight kobo) in respect of Value Added Tax (VAT) as at 31st December, 2021.
iv. Thirty eight (38) companies owed ₦93,222,548.74 (Ninety three million, two hundred and twenty two thousand, five hundred and forty eight naira, seventy four kobo) in respect of With-holding Tax (WHT) as at 31st December, 2021, and

v. Out of the total tax liabilities of ₦805,361,186.34 (Eight hundred and five million, three hundred and sixty one thousand, one hundred and eighty six naira, thirty-four kobo) the sum of ₦244,089.18 (Two hundred and forty-four thousand, eighty-nine naira, eighteen kobo) was collected as Stamp Duty (STD), leaving an outstanding arrears of taxes totaling ₦805,117,097.16 (Eight hundred and five million, one hundred and seventeen thousand, ninety seven naira, sixteen kobo) as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and Small Tax Office (MSTO), Maitama.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦805,117,097.16 (Eight hundred and five million, one hundred and seventeen thousand, ninety seven naira, sixteen kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦805,117,097.16 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 9: UNRECOVERED TAX LIABILITIES BY THE MEDIUM SMALL TAX OFFICE (MSTO), CENTRAL AREA, ABUJA (=₦17,877,222.29)

Description of Findings

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

in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Ten (10) companies owed ₦7,250,142.03 (Seven million, two hundred and fifty thousand, one hundred and forty two naira, three kobo) in respect of Company Income Tax (CIT) as at 31st December, 2021.
ii. Eleven (11) companies owed ₦791,130.80 (Seven hundred and ninety one thousand, one hundred and thirty naira, eighty kobo) in respect of Education Development Tax (EDT) as at 31st December, 2021.
iii. Ten (10) companies owed ₦3,548,472.69 (Three, five hundred and forty eight thousand, four hundred and seventy two naira, sixty nine kobo) in respect of Value Added Tax (VAT) as at 31st December, 2021.
iv. Twenty three (23) companies owed ₦6,287,476.77(Six million, two hundred and eighty seven thousand, four hundred and seventy six naira, seventy seven kobo) is respect of With-Holding Tax (WHT) as at 31st December, 2021, and
v. The unrecovered tax liabilities totalling ₦17,877,222.29 (Seventeen million, eight hundred and seventy seven thousand, two hundred and twenty two naira twenty nine kobo) remained uncollected as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and Small Tax Office (MSTO), Central Area, Abuja.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦17,877,222.29 (Seventeen million, eight hundred and seventy seven thousand, two hundred and twenty two naira twenty nine kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦17,877,222.29 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 10: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), ASOKORO (=₦580,818,493.74)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Forty six (46) companies owed ₦247,402,133.62 (Two hundred and forty seven million, four hundred and two thousand, one hundred and thirty three naira, sixty two kobo) in respect of Company Income Tax (CIT) as at 31st December, 2021.
ii. Thirty five (35) companies owed ₦61,869,480.75 (Sixty one million, eight hundred and sixty nine thousand four hundred and eighty naira, seventy five kobo) in respect of Educational Development Tax (EDT) as at 31st December, 2021.
iii. Twenty five (25) companies owed ₦240,841,232.07 (Two hundred and forty million, eight hundred and forty one thousand, two hundred and thirty two naira, seven kobo) in respect of Value Added Tax (VAT) as at 31st December, 2021.
iv. Thirty seven (37) companies owed ₦30,705,647.30 (Thirty million, seven hundred and five thousand, six hundred and forty seven naira, thirty kobo) in respect of Withholding Tax (WHT) as at 31st December, 2021, and
v. From (i) and (iv) above the total tax liabilities of ₦580,818,493.74 (Five hundred and eighty million, eight hundred and eighteen thousand, four hundred and ninety three naira, seventy four kobo) remained uncollected as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and Small Tax Office (MSTO), Asokoro, Abuja.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response
No response.

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

Recommendations
The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦580,818,493.74 (Five hundred and eighty million, eight hundred and eighteen thousand, four hundred and ninety three naira, seventy four kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦580,818,493.74 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 11: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), GWAGWALADA (=₦4,180,362.94)

Description of Findings
Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. One (1) company owed ₦367,265.54 (Three hundred and sixty seven thousand, two hundred and sixty five naira, fifty four kobo) in respect of Company Income Tax (CIT) as at 31st December, 2021.

ii. One(1) company owed ₦1,623,073.11 (One million, six hundred and twenty three thousand, seventy three naira, eleven kobo) in respect of Educational Development Tax (EDT) as at 31st December, 2021.
iii. Four (4) companies owed ₦1,555,021.79 (One million, five hundred and fifty five thousand, twenty one naira, seventy nine kobo) in respect of Value Added Tax (VAT) as at 31st December, 2021.
iv. Four (4) companies owed ₦635,002.50 (Six hundred and thirty five thousand, two naira, fifty kobo) in respect of Withholding Tax (WHT) as at 31st December, 2021.
v. The total tax liabilities of ₦4,180,362.94 (Four million, one hundred and eighty thousand, three hundred and sixty two naira, ninety two kobo) remained uncollected as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Medium and Small Tax Office (MSTO), Gwagwalada, Abuja.

Risks
i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response
No response.

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

Recommendations
The Executive Chairman should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,180,362.94 (Four million, one hundred and eighty thousand, three hundred and sixty two naira, ninety two kobo) being outstanding tax arrears.
i. Recover and remit to the Treasury, arrears of taxes totalling ₦4,180,362.94 from the defaulting companies.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 12: UNRECOVERED TAX LIABILITIES BY THE GOVERNMENT BUSINESS TAX OFFICE (GBTO), ABUJA (=₦6,131,422,664.06, US$2, 819,421.07, €41,363.46)

Description of Findings
Sections 78, 79, 80, 81 and 82 of the Companies Income Tax Act (CITA) Cap. C21, Laws of the Federation of Nigeria (LFN), 2004 (as amended) and section 13 of the Value Added Tax (VAT) Act Cap. VI, Laws of the Federation of Nigeria (LFA), 2004 (as amended) impose obligations on MDAs, as agents of collection, to deduct or withhold taxes on

payments made and remit the taxes so deducted or withheld to the Federal Inland Revenue Service. Also, section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by the sale of anything so distrained." Also, paragraph 234(ii) Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, '' Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and or imprisonment.''

Audit observed that:

i. One hundred and sixty eighty (168) companies owed ₦6,131,422,664.06 (Six billion, one hundred and thirty one million, four hundred and twenty two thousand, six hundred and sixty four naira, six kobo) in respect of VAT and WHT as at 31st December, 2021.
ii. Two (2) companies owed US$2,819,421.07 (Two million, eight hundred and nineteen thousand, four hundred and twenty one dollars, seven cents) in respect of VAT and WHT as at 31st December, 2021.
iii. One (1) company owed €41,363.46 (Forty one thousand, three hundred and sixty three euro, forty six cent) in respect of Withholding Tax (WHT) as at 31st December, 2021, and
iv. From (i) to (iii) above, the total arrears of taxes unrecovered were: ₦6,131,422,664.06 (Six billion, one hundred and thirty one million, four hundred and twenty two thousand, six hundred and sixty four naira, six kobo), US$2,819,421.07 (Two million, eight hundred and nineteen thousand, four hundred and twenty one dollars, seven cents), and €41,363.46 (Forty one thousand, three hundred and sixty three euros, forty six cent) as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Government Business Tax Office (GBTO), Abuja.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,131,422,664.06 (Six billion, one hundred and thirty one million, four hundred and twenty two thousand, six hundred and sixty four naira, six kobo), US$2,819,421.07 (Two million, eight hundred and nineteen thousand, four hundred and twenty one dollars, seven cents), and €41,363.46 (Forty one thousand, three hundred and sixty three euro, forty six cent) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes amounting to ₦6,131,422,664.06, US$2,819,421.07, and €41,363.46.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 13: UNRECOVERED TAX LIABILITIES BY THE LARGE TAX OFFICE (LTO), GARKI (=₦11,311,069,322.42)

Description of Findings

Sections 78, 79, 80, 81 and 82 of the Companies Income Tax Act (CITA) Cap. C21, Laws of the Federation of Nigeria (LFN), 2004 (as amended) and Section 13 of the Value Added Tax (VAT) Act Cap. VI, Laws of the Federation of Nigeria (LFA), 2004 (as amended) impose obligations on MDAs, as agents of collection, to deduct or withhold taxes on payments made and remit the taxes so deducted or withheld to the Federal Inland Revenue Service. Also, section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Furthermore, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Nine (9) companies owed ₦7,165,801,120.42 (Seven billion, one hundred and sixty five million, eight hundred and one thousand, one hundred and twenty naira, forty two kobo) in respect of Company Income Tax (CIT) as at 31st December, 2021.

ii. Eight (8) companies owed ₦804,216,442.90 (Eight hundred and four million, two hundred and sixteen thousand, four hundred and forty two naira, ninety kobo) in respect of Withholding Tax (WHT) as at 31st December, 2021.
iii. Eight (8) companies owed ₦690,245,582.73 (Six hundred and ninety million, two hundred and forty five thousand, five hundred and eighty two naira, seventy three kobo) in respect of Education Tax (EDT) as at 31st December, 2021.
iv. Six (6) companies owed ₦2,650,806,176.37 (Two billion, six hundred and fifty million, eight hundred and six thousand, one hundred and seventy six naira, thirty seven kobo) owed in respect of Valued Added Tax (VAT) as at 31st December, 2021, and
v. The total unrecovered tax liabilities were ₦11,311,069,322.42 (Eleven billion, three hundred and eleven million, sixty nine thousand, three hundred and twenty two naira, forty two kobo) as at 31st December, 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Large Tax Office (LTO), Garki.

Risks
i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response
No response.

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

Recommendations
The Executive Chairman should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦11,311,069,322.42 (Eleven billion, three hundred and eleven million, sixty nine thousand, three hundred and twenty two naira, forty two kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦11,311,069,322.42 from the defaulting companies.
i. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
ii. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 14: UNRECOVERED TAX LIABILITIES BY THE LARGE TAX OFFICE (LTO), GARKI (=₦7,996,616.086.06)

Description of Findings
Section 8(1)(c) of the Federal Inland Revenue Service (FIRS) (Establishment) Act, 2007 mandates the FIRS to collect, recover and pay to a designated account any tax under any provision of the Act or any other enactment or law. Furthermore, section 34(1) of the

FIRS (Establishment) Act, 2007 states, “Without prejudice to any other provision of this Act or any other law listed in the First Schedule to this Act, any amount by way of tax shall constitute a debt due to the Service and may be recovered by civil action brought by the service.’’

Audit observed that:

i. One (1) company has a debt that has now been classified as uncollectible amounting to ₦7,996,616,086.06 (Seven billion, nine hundred and ninety six million, six hundred and sixteen thousand, eighty six naira, six kobo) which is an aggregate of its uncollectibles under the various tax types.
ii. The classification as uncollectible was as a result of the disagreement of the company with FIRS as regards the amount owed, and
iii. The matter is being reviewed by the Reconciliation Department pending when it will be resolved or processed for legal action.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Large Tax Office (LTO), Garki.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management’s Response

No response.

Auditor’s Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦7,996,616,086.06 (Seven billion, nine hundred and ninety six million, six hundred and sixteen thousand, eighty six naira, six kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, arrears of taxes totalling ₦7,996,616,086.06 from the defaulting companies.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 15: UNRECOVERED TAX LIABILITIES BY THE MICRO AND SMALL TAX OFFICE (MSTO), NEW KARU (=₦4,849,024.67)

Description of Findings

Section 33(1) of the Federal Inland Revenue Service (Establishment) Act, 2007 states, "Without prejudice to any other power conferred on the Board for the enforcement of payment of tax due from a company, whereas assessment has become final and conclusive and a demand notice has, in accordance with the provisions of the relevant tax laws in the first schedule to this Act, been served upon the taxable person or upon the person in whose name the taxable person is chargeable, then, if payment of the tax is not made within the time limited by the demand notice, the Board may in the prescribed form, for the purpose of enforcing payment of the tax due (a) distrain the taxpayer by his goods or other chattels, bonds or other securities; (b) distrain upon any land, premises, or place in respect of which the taxpayer is the owner of tax due by sale of anything so distrained." Also, paragraph 234(ii) of the Financial Regulations, 2009 provides that failure to remit VAT and WHT at the stipulated time, the outstanding sum shall be recovered from the statutory allocation of the MDAs, while sub-paragraph (iii) states, "Accounting Officer/Sub-Accounting Officer who fails to provide for and remit VAT and WHT due to vatable supplies and services shall be sanctioned under the applicable VAT Act. No 102 of 1993 which may include fines and/or imprisonment.''

Audit observed that:

i. Companies owed ₦4,849,024.67 (Four million, eight hundred and forty nine thousand, twenty four naira, sixty seven kobo) in respect of Value Added Tax (VAT), and
ii. The arrears of the Value added Tax (VAT) remained uncollected as at 31st December 2021.

The above anomalies could be attributed to weaknesses in the Internal Control System at the Micro and Small Tax Office (MSTO), New Karu, Abuja.

Risks

i. Loss of government revenue.
ii. Irrecoverable or bad debt.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,849,024.67 (Four million, eight hundred and forty nine thousand, twenty four naira, sixty seven kobo) being outstanding tax arrears.
ii. Recover and remit to the Treasury, the sum of ₦4,849,024.67 from the defaulting companies.

ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

SECTION 20
UNIVERSITY TEACHING HOSPITALS AND ALLIED INSTITUTIONS AUDIT DEPARTMENT

ABUBAKAR TAFAWA BALEWA UNIVERSITY TEACHING HOSPITAL, BAUCHI, BAUCHI STATE

At Abubakar Tafawa Balewa University Teaching Hospital, Bauchi, the following observation was made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦2,239,854.00)

Description of Findings

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

Audit observed that:

i. The Hospital granted cash advances amounting to ₦2,239,854.00 (Two million, two hundred and thirty nine thousand, eight hundred and fifty four naira) to officers of the Hospital.
ii. The cash advances granted were in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and
iii. By the action of the Hospital, the Federal Government was deprived of revenue amounting to ₦302,380.29 (Three hundred and two thousand, three hundred and eighty naira, twenty nine kobo) that would have accrued by way of 5% WHT, 7.5% VAT and 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Abubakar Tafawa Balewa University Teaching Hospital, Bauchi.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦2,239,854.00 (Two million, two hundred and thirty-nine thousand, eight hundred and fifty-four naira) as advances instead of award of contracts.
ii. Recover and remit to the Treasury, the sum of ₦2,239,854.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ABUBAKAR TAFAWA BALEWA UNIVERSITY TEACHING HOSPITAL, BAUCHI, BAUCHI STATE

At Abubakar Tafawa Balewa University Teaching Hospital, Bauchi, for the period January 2018 to December 2019, the following observations were made:

ISSUE 1: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦19,440,000)

Description of Findings

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

Audit observed that:

i. The Hospital made eleven (11) payments amounting to ₦19,440,000.00 (Nineteen million, four hundred and forty thousand naira) between March 2018 and July 2019 for purchase of prepaid credit units.
ii. The paid vouchers were not supported with relevant documents, and
iii. It was not possible to attest if the payments were legitimate charges against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at Abubakar Tafawa Balewa University Teaching Hospital, Bauchi.

Risks

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

Management's Response

It was understood that the supporting document of some of the payments have not been attached to the payment vouchers, rather they were in the original file where the approvals

were granted. In view of this, such supporting documents have been retrieved and now attached to the payment vouchers as required by the relevant Financial Regulations.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,440,000.00 (Nineteen million, four hundred and forty thousand naira) paid without attaching relevant supporting documents to the paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦19,440,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦4,572,000.00)

Description of Findings

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

Audit observed that:

i. The Hospital granted three (3) cash advances amounting to ₦4,572,000.00 (Four million, five hundred and seventy two thousand naira) to two (2) Officers between March and October, 2018.
ii. The cash advances granted were in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and
iii. By the action of the Hospital, the Federal Government was deprived of revenue amounting to ₦617,220.00 (Six hundred and seventeen thousand, two hundred and twenty naira) that would have accrued by way of 5% WHT, 7.5% VAT and 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at Abubakar Tafawa Balewa University Teaching Hospital, Bauchi.

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

Management's Response
It is correct that no cash advance should be granted to a staff exceeding ₦200,000.00 However, this amount paid in the name of Ahmad Sadiq Abubakar via PV N.017/18 for the sum ₦2,500,000.00 was for the purchase of prepaid electricity bill from the JED. The hospital has set up a committee responsible for monitory of electricity usage. Thus, it is same committee that handles all electricity matters. This payment was been made to the above staff who was the secretary of the committee for onward direct purchase of the electricity token.

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

Recommendations
The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦4,572,000.00 (Four million, five hundred and seventy two thousand naira) as advances instead of award of contracts.
ii. Recover and remit to the Treasury, the sum of ₦4,572,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

AHMADU BELLO UNIVERSITY TEACHING HOSPITAL, ZARIA, KADUNA STATE

At Ahmadu Bello University Teaching Hospital, Zaria, for the period January to December 2021, the following observations were made:

ISSUE 1: AWARD OF CONTRACTS ABOVE THE THRESHOLD AND WITHOUT CERTIFICATE OF "NO OBJECTION" (₦1,065,614,232.70)

Description of Findings
Paragraph 2906 of the Financial Regulations (FR), 2009 states, "(i) All contracts or tender falling within the limits of the threshold prescribed by the Bureau for Public Procurements, except as exempted under the Act, shall attract a "Certificate of 'No objection' to award Contract" for such to be seen as validly executed. The Bureau shall issue this certificate only when it is satisfied that all necessary pre-requisites have been complied with." Also, section 16(2) of the Public Procurement Act, 2007 states, "Where the Bureau has set prior review thresholds in the procurement regulations, no funds shall be disbursed from the

Treasury or Federation Account or any bank account of any procuring entity for any procurement falling above the set thresholds unless the cheque, payments or other form of request for payments is accompanied by a certificate of "No Objection" to an award of contract duly issued by the Bureau."

Audit observed that:

i. The Authority awarded three (3) contracts totaling ₦1,065,614,232.70 (One billion, sixty five million, six hundred and fourteen thousand, two hundred and thirty two naira, seventy kobo) for the construction of Trauma Centre, Oncology Treatment Centre and Pediatrics Complex.
ii. The value of each of the contracts, as at the time of audit, was above the approved threshold of the Hospital of not more than ₦100,000,000.00 for works, thereby, violating the provisions of section 16(2) of the Public Procurement Act, and
iii. Evidence of procurement due process certificate of "No Objection" from the Bureau of Public Procurement was not produced for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,065,614,232.70 (One billion, sixty five million, six hundred and fourteen thousand, two hundred and thirty two naira, seventy kobo) being award of contracts above the approved threshold.
ii. Provide to the Public Accounts Committees of the National Assembly, certificate of 'No Objection' obtained from BPP on the award of the three (3) contracts.
iii. Recover and remit to the Treasury the sum of ₦1,065,614,232.70.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
i. Otherwise, sanctions relating to irregular award of contract, irregular payment and gross misconduct specified in paragraphs 3117, 3106 and 3129 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 2: AWARD OF CONTRACT WITHOUT DUE DILIGENCE (=₦20,442,065.25)

Description of Findings

Paragraph 113 of the Financial Regulations (FR), 2009 states, "In compliance with their special role under the Public Procurement Act, all accounting officers of ministries, extra – ministerial offices and other arms of government are hereby charged with the following responsibilities. They shall: …(i) ensure compliance with the provisions of the Public Procurement Act by their organizations, failing which they shall be personally liable for any breach or contravention thereof, whether or not such breach of contravention was caused by them in person, their subordinates or any person to whom they may have delegated their responsibilities." Also, section 41 of the Public Procurement Act (PPA), 2007 states, "(1) A procuring entity may carry out procurements by requesting for quotations from suppliers or contractors where the value of the goods or works to be procured does not exceed a sum that shall be set in the procurement regulation. (2) Generally, quotations shall be obtained from at least 3 unrelated contractors or suppliers…"

Audit observed that:

i. The contract for the modification of main entrance gate of the Hospital was awarded to a contractor vide letter of award Ref. No. ABUTH/PROC/041/1 dated 14th December, 2021 at the contract sum of ₦20,422,065.25 (Twenty million, four hundred and twenty two thousand, sixty five naira, twenty five kobo).
ii. For the same contract, a letter of award Ref. No. ABUTH/PROC/041/1 dated 21st December, 2021 for the sum of ₦20,422,065.25 (Twenty million, four hundred and twenty-two thousand, sixty-five-naira, twenty-five kobo) was awarded to another contractor, and
iii. Evidence of procurement due process in engaging the contractors, in accordance with the requirements of the Public Procurement Act, 2007, was not produced for audit. The contracts were awarded without obtaining quotations from three (3) unrelated contractors/suppliers.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the award of the contract valued at ₦20,422,065.25 (Twenty million, four hundred and twenty two thousand, sixty five naira, twenty five kobo) to two (2) different contractors.

ii. Account to the Public Accounts Committees of the National Assembly, the award of the contract valued at ₦20,422,065.25.
iii. Provide evidence of procurement due process in engaging the contractors
iv. Recover and remit to the Treasury, the sum of ₦20,422,065.25, and
v. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: AWARD OF CONTRACTS TO NON-EXISTING COMPANY (=₦18,081,920.00)

Description of Findings

Section 16 (6) of the Public Procurement Act, 2007 states, "All bidders in addition to requirements contained in any solicitation documents shall: … (b) possess the legal capacity to enter into the procurement contract…" Also, section 863 of the Company and Allied Matters Act (CAMA), 2020 states, "A person or association of persons shall not carry on business in Nigeria as a company, limited liability partnership, limited partnership or under a business name without being registered under this Act."

Audit observed that:
i. Contract for the supply and installation of equipment/instruments for Urology and Nephrology centre was awarded to a company for ₦18,081,920.00 (Eighteen million, eighty one thousand, nine hundred and twenty naira) vide letter of award Ref. No. ABUTH/PROC/041/1 dated 22nd June, 2021.
ii. The registered name of the company with the Corporate Affairs Commission (CAC) and name stated in the letter of award were not the same, and
iii. The letter of acceptance of the contract, contract agreement, Power of Attorney etc. were all made in the strange name.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦18,081,920.00 (Eighteen million, eighty one thousand, nine hundred and twenty naira) to a contractor without evidence of registration with the Corporate Affairs Commission.

ii. Recover and remit to the Treasury, the sum of ₦18,081,920.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and irregular award of contract stated in paragraphs 3106 and 3117 of the Financial Regulations, 2009 respectively, and penalty for carrying on business without registration specified section 863 of the Company and Allied Matters Act, 2020 should apply.

ISSUE 4: IRREGULAR PAYMENT OF INSURANCE PREMIUM (=₦2,000,000.00)

Description of Findings

Section 50(i) of the Insurance Act, 2007 states, "The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance."

Audit observed that:
i. The hospital paid the sum of ₦2,000,000.00 (Two million naira) as insurance premium on a Toyota Corolla to an Insurance Company vide mandate No. ABUTH/CBN/OVERHEADACCT/2021/000041/C dated 22nd December, 2021.
ii. The internal memo initiating the payment of the premium commenced with the letter reference number ABUTH/EST/38 dated 28th January, 2020 while the approval for the comprehensive motor insurance cover for the Toyota Corolla was given on the face of the memo ("B" minute) on the 2nd February, 2021. However, the payment of ₦2,000,000.00 was made on 22nd December, 2021, at the expiring month of the policy, and
iii. The payment of premium at the expiration of the insurance policy cannot be accepted as a legitimate charge against the public fund.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

i. Payment for service not rendered.
ii. Loss of Government funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,000,000.00 (Two million naira) being irregular payment of insurance premium.
ii. Recover and remit to the Treasury, the sum of ₦2,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and payment for jobs not executed specified in paragraphs 3106 and 3104(iii) of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 5: EXTRA-BUDGETARY EXPENDITURE (=₦104,500,000.00)

Description of Findings

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

Audit observed that:

i. The Hospital spent the sum of ₦104,500,000.00 (One hundred and four million, five hundred thousand naira) as extra budgetary expenditure in 2021 for the oxygen piping of block K & S and Supply/installations of brand new 1.5 Tesla MRI machine.
ii. The expenditure in (i) above was not appropriated for in the 2021 Appropriation Act or the Supplementary Act of the Hospital for 2021, and
iii. Approval for the extra-budgetary expenditure from the National Assembly and the Minister of Finance was not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦104,500,000.00 (One hundred and four million, five hundred thousand naira) being extra-budgetary expenditure without approval.
ii. Recover and remit the sum of ₦104,500,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: PAYMENT OF SALARY TO PERSONS NOT ON THE NOMINAL ROLL (=₦46,431,371.22)

Description of Findings

Paragraph 3110 of the Financial Regulations, 2009 states, ‘’A public officer who authorizes the payment of public fund to ghost-workers and! Or knowingly processes such payment, shall be charged for gross misconduct, removed from the schedule and reported to the Economic and Financial Crimes Commission for prosecution.”

Audit observed that:

i. Seventeen (17) persons were paid salary without being on the nominal roll of the Hospital. The net salary for the seventeen persons amounted to ₦46,431,371.22 (Forty six million, four hundred and thirty one thousand, three hundred and seventy one naira, twenty two kobo), and
ii. The salaries were paid to the staff between January and October, 2021.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management’s Response

No response.

Auditor’s Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦46,431,371.22 (Forty six million, four hundred and thirty one thousand, three hundred and seventy one naira, twenty two kobo) paid to ghost workers.
ii. Forward to the Public Accounts Committees of the National Assembly, the personnel files of the seventeen (17) persons, their letters of appointment, file numbers, IPPIS Numbers, and other relevant credentials.
iii. Recover the sum of ₦46,431,371.22 and remit to the Treasury.
iv. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to payment of public fund to ghost-workers and gross misconduct in specified in paragraph 3110 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 7: EXTRA BUDGETARYEXPENDITURE ON CAPITAL ITEM (=₦32,464,457.84)

Description of Findings

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 2906(ii) of the Financial Regulations (FR), 2009 states, "pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words, payments that are not provided for in the annual estimates shall not be accepted.'' Furthermore, paragraph 417 of the FR, 2009 states, "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." In addition, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The amount appropriated for construction of block wall perimeter fencing at the Hospital was ₦6,039,159.00 (Six million, thirty nine thousand, one hundred and fifty nine naira), but the hospital awarded the contract at the sum of ₦80,364,952.07 (Eighty million, three hundred and sixty four thousand, nine hundred and fifty two naira, seven kobo), and
ii. As at the time of audit in 2022, the Hospital has paid the contractor the sum of ₦38,503,616.84 (Thirty eight million, five hundred and three thousand, six hundred and sixteen naira, eighty four kobo), leading to an extra-budgetary spending of ₦32,464,457.84 (Thirty two million, four hundred and sixty four thousand, four hundred and fifty seven-naira, eighty four kobo).

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management's Response

The contract for the construction of Block wall fencing awarded to M/s Sajid was financed through a corrigendum approved by the National Assembly to utilize funds appropriated for the purchase of CT Scan Machine to rehabilitate Clinics 1-6 and to construct the block work fencing.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦32,464,457.84 (Thirty two million, four hundred and sixty four thousand, four hundred and fifty seven naira, eighty four kobo), being extra budgetary expenditure on the block wall perimeter fencing.
ii. Recover and remit to the Treasury, the sum of ₦32,464,457.84.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions on irregular payments specified in paragraphs 3106 of the Financial Regulations, 2009 should apply.

AHMADU BELLO UNIVERSITY TEACHING HOSPITAL, ZARIA, KADUNA STATE

At Ahmadu Bello University Teaching Hospital, for the period January, 2019 to December 2020, the following observations were made:

ISSUE 1: NON-DEDUCTION OF STAMP DUTY (=₦5,864,478.47)

Description of Findings

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

Audit observed that:

i. The hospital failed to deduct 1% stamp duty totalling ₦5,864,478.47 (Five million, eight hundred and sixty four thousand, four hundred and seventy eight naira, forty seven kobo) on contracts awarded in 2019, and
ii. No justifiable reason was provided by the Hospital for the non-deduction and remittance of the mandatory 1% Stamp Duty in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management's Response

It should be noted that GIFMIS platform is an accounting package which is designed to automatically deduct VAT & TAX from the contract sum whenever payments is initiated. During the period under review, we have observed that the 1% Stamp Duty payment when up-loaded through GIFMIS does not drop as expected. The attention of the ABUTH GIFMIS Accounting Officer at the Accountant General's office was drawn on the issue, but the problem is yet to be rectified. However, Management will communicate with the companies concern to remit the 1% Stamp Duty of the contract sum to Federal Inland Revenue Services (FIRS) and bring the evidence of remittance.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Recover the sum of ₦5,864,478.47 (Five million, eight hundred and sixty four thousand, four hundred and seventy eight naira, forty seven kobo) from the contractors and remit same to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURE (=₦6,710,000.00)

Description of Findings

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

Audit observed that:

i. The Hospital granted three (3) cash advances amounting to ₦6,710,000.00 (Six million, seven hundred and ten thousand naira) to an officer between July and

November, 2020 for the procurement of surgical face masks and the latex hand gloves, despite the fact that three (3) quotations for the items were obtained from three (3) different vendors.

ii. The cash advances granted to the officer were in excess of the approved threshold of ₦200,000.00, thereby, circumventing procurement procedures, and

iii. The granting of advances in (i) above deprived the Federal Government of ₦905,850.00 (Nine hundred and five thousand, eight hundred and fifty naira) that would have accrued through VAT, WHT and Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at Ahmadu Bello University Teaching Hospital, Zaria.

Risks

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

Management's Response

This was an emergency purchase of protective materials to curtail the rapid spread of the COVID 19 Virus within the Hospital. Kindly find attached the authority letter mandating the payment of (₦2,200,000.00, ₦2,010,000.00 and ₦2,500,000.00 respectively) into Mal. Dalhatu Mohammed's account, letter of retirement of advance and Store Receipt Voucher all as evidence that the items were purchased and delivered in the Central Stores for dispatch to COVID centre.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of ₦6,710,000.00 (Six million, seven hundred and ten thousand naira) as advances instead of award of contracts.
ii. Recover the sum of ₦6,710,000.00 and remit same to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

IRRUA SPECIAIST HOSPITAL, EDO STATE

At Irrua Specialist Hospital, Edo State, for the period January to December 2020, the following observations were made:

ISSUE: 1 NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦220,803,630.50)

Description of Findings

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

Audit observed that:

i. The Hospital generated the sum of ₦875,789,434.00 (Eight hundred and seventy five million, seven hundred and eighty nine thousand four hundred and thirty four naira) in 2020.
ii. The Hospital failed to remit the sum of ₦218,947,358.50 (Two hundred and eighteen million, nine hundred and forty seven thousand, three hundred and fifty eight naira, fifty kobo) being 25% of ₦875,789,434.00 generated within the period under review.
iii. The sum of ₦1,856,272.00 (One million, eight hundred and fifty-six thousand, two hundred and seventy-two naira) represents independent revenue which was expected to be remitted 100%, and
iv. In all, the sum of ₦220,803,630.50 (₦218,947,358.50 + ₦1,856,272.00) remained unremitted by the Hospital.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Remit the sum of ₦220,803,630.50 (Two hundred and twenty million, eight hundred and three thousand, six hundred and thirty naira, fifty kobo), being Internally Generated Revenue to the Treasury.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iii. Otherwise, sanctions relating to failure to account for Government Revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations 2009 respectively, should apply.

ISSUE 2: PAYMENTS OF MOBILIZATION WITHOUT ADVANCE PAYMENT GUARANTTEE (=₦130,775,469.00)

Description of Findings

Section 35 (1) of the Public Procurement Act, 2007 states, "in addition to any other regulations as may be prescribed by the Bureau, a mobilization fee of not more than 15% may be paid to a supplier or contractor supported by the following: (a) in the case of National Competitive Bidding - an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity; and (b) in the case of International Competitive Bidding, an unconditional bank guarantee issued by a banking institution acceptable to the procuring entity". Furthermore, section 36 of the Public Procurement Act 2007 states, "The provision of a Performance Guarantee shall be a precondition for the award of any procurement contract upon which any mobilization fee is to be paid, provided however it shall not be less than 10% of the contract value in any case or an amount equivalent to the mobilization fee requested by the supplier or contractor whichever is higher."

Audit observed that:

i. Nine (9) payments totaling ₦130,775,469.00 (One hundred and thirty million, seven hundred and seventy five thousand, four hundred and sixty nine naira) were made to six (6) contractors/suppliers as mobilization fees in 2020, and
ii. Evidence of Advance Payment Guarantee (APG) for the payments in (i) above, was not provided for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

i. Loss of government funds
ii. Exposing public funds to avoidable risk

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Provide justification to the Public Accounts Committees of the National Assembly ₦130,775,469.00 (One hundred and thirty million, seven hundred and seventy five thousand, four hundred and sixty nine naira) being payment of mobilisation fee without Advance Payment Guarantee.

ii. Recover and remit to the Treasury, the sum of ₦130,775,469.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: PAYMENTS FOR STAFF TRAINING WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦43,996,083.00)

Description of Findings

Paragraph 603(i) of the Financial Regulations (FR), 2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked without reference to any other documents will and variably be supported by relevant documents such as local purchase orders, invoice, special letters of authority, time sheets, e.t.c." Also, paragraph 417 of the FR, 2009 states, "Expenditure shall strictly be classified in accordance with the estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:
i. The Hospital paid the sum of ₦43,996,083.00 (Forty three million, nine hundred and ninety six thousand, eighty three naira) for training of officers in 2020, and
ii. Relevant supporting documents and other evidence such as attendance register showing the list of participants, training certificate, biometrics, training manual, certificate of job completion e.t.c to show that training was held were neither attached to the paid vouchers nor presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

i. Diversion of public fund.
ii. Payment for training not attended.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦43,996,083.00 (Forty three million, nine hundred and ninety six thousand, eighty three naira) for staff training without evidence of execution.

ii. Account to the Public Accounts Committees of the National Assembly, the sum of ₦43,996,083.00.
iii. Recover and remit to the Treasury the sum of ₦43,996,083.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly; and
v. Otherwise, sanctions relating to wrong and irregular payment specified in paragraph 3109 of the Financial Regulations, 2009 should apply.

ISSUE 4: NON-REMITTANCE OF PAYE TO THE RELEVANT TAX AUTHORITY (=₦22,043,075.65)

Description of Findings

Section 2(1) of the Personal Income Tax Act (PITA), 2004 (as amended) states, "Tax of an amount to be determined from the Table set out in the Sixth Schedule …shall be payable for each year of assessment on the total income of - (a) every individual other than persons covered under paragraph (b) of this subsection or corporation sole or body of individuals deemed to be resident for that year in the relevant State under the provisions of this Act…" Also, paragraph 235 of the Financial Regulations (FR), 2009 states, "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the same time the payee who is the subject of deduction is paid."

Audit observed that:

i. The sum of ₦22,043,075.65 (Twenty two million, forty three thousand, seventy five naira, sixty five kobo) was deducted from salaries of staff of the University as Pay As You Earn (PAYE) from January to October, 2020.
ii. The amount in (i) above was transferred to IPPIS Project Account coined "unspecified tax" with sub treasury account number 3000002002, and
iii. This PAYE was deducted from the salaries of staff who are predominantly resident in Edo State, and therefore, should have been remitted to Edo State Internal Revenue Service.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Provide to the Public Account Committee of the National Assembly, evidence of payment of ₦22,043,075.65 (Twenty two million, forty three thousand, seventy five naira, sixty five kobo) to the appropriate tax authority.
ii. Forward evidence of remittances to the Public Account Committee of the National Assembly, and
iii. Otherwise, sanctions relating to failure to account for Government Revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 5: AWARD OF CONTRACTS WITHOUT DUE PROCESS (₦70,942,566.06)

Description of Findings

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

Audit observed that:

i. Five (5) contracts amounting to ₦70,942,566.06 (Seventy million, nine hundred and forty two thousand, five hundred and sixty six naira, six kobo) were awarded to contractors between January and May, 2020, without evidence of open competitive bidding, and
ii. There was no evidence of advertisement, transparency and fairness in the selection and award of the contracts, bidders' quotations, contract agreements and minutes of the Tenders Board etc.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦70,942,566.06 (Seventy million, nine hundred and forty two thousand, five hundred- and sixty six naira, six kobo), being contracts awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦70,942,566.06.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and failure to spend public funds effectively prescribed in paragraphs 3117 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 6: PAYMENT TO A COMPANY OTHER THAN THE CONTRACTOR WITHOUT POWER OF ATTORNEY (=₦22,758,535.26)

Description of Findings

Paragraph 615 of the Financial Regulations (FR), 2009 states, "When payments are to be made to legal representatives, authorities such as Powers of Attorney, Letters of Administration, etc. shall be presented to the Sub-Accounting Officer for inspection and a certificate showing that they have been seen should be appended to the voucher…" Furthermore, paragraph 603 (i) of the FR, 2009 states "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c."

Audit observed that:

i. The Hospital awarded a contract to a company for the construction of new out-patient building at a contract sum of ₦22,758,535.26 (Twenty two million, seven hundred and fifty eight thousand, five hundred and thirty five naira, twenty six kobo). The review of the Hospital capital GIFMIS revealed the payment was made in two tranches of ₦3,258,535.26 (Three million, two hundred and fifty eight thousand, five hundred and thirty five naira, twenty six kobo) and ₦19,500,000 (Nineteen million, five hundred thousand naira) respectively, to another company.
ii. Relevant documents such as Power of Attorney, acknowledgement certificate by the Sub-Accounting Officer, etc. was not presented for audit, and
iii. The action in (ii) above is in violation of extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

i. Loss of government funds.
ii. Litigation arising from payment to a third party.
iii. Diversion of government funds.

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦22,758,535.26 (Twenty two million, seven hundred and fifty eight thousand, five hundred and thirty five naira, twenty six kobo) to a company other than the beneficiary, without Power of Attorney.
ii. Recover and remit to the Treasury, the sum of ₦22,758,535.26.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly. and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 7: AWARD OF CONTRACTS ABOVE THE APPROVED THRESHOLD (= ₦100,551,713.17

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

Audit observed that:
i. The Chief Medical Director approved payments totalling ₦100,551,713.17 (One hundred million, five hundred and fifty one thousand, seven hundred and thirteen naira, seventeen kobo) for procurement and execution of works, and
ii. The payments were made without recourse to the approval limit of Chief medical Director.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the reason for awarding contracts above the approved threshold.
ii. Recover and remit the sum of ₦100,551,713.17 (One hundred million, five hundred and fifty one thousand, seven hundred and thirteen naira, seventeen kobo) paid on contracts awarded in excess of approved threshold.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract, irregular payment and gross misconduct specified in paragraphs 3117, 3106 and 3129 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 8: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦77,828,124.13)

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

Audit observed that:
i. Paid vouchers amounting to ₦77,828,124.13 (Seventy seven million, eight hundred and twenty eight thousand, one hundred and twenty four naira, thirteen kobo) were raised between January and December, 2020 but were not pre-audited before payments, and
ii. No justification was provided for not subjecting the paid vouchers to pre-payment audit as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Provide justification to the Public Accounts Committees of the National Assembly, for making payments without pre-payment audit.
ii. Account for the sum of ₦77,828,124.13 (Seventy seven million, eight hundred and twenty-eight thousand, one hundred and twenty four naira, thirteen kobo) paid without pre-payment audit.
iii. Recover and remit the sum of ₦77,828,124.13 to the Treasury.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to payment for jobs not executed, irregular payment and failure to spend public funds effectively as prescribed in paragraphs 3104(iii), 3106 and 3115 of the Financial Regulations (FR), 2009 respectively, should apply.

ISSUE 9: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦102,062,533.24)

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

Audit observed that:
i. Twenty four (24) paid vouchers amounting to ₦102,062,533.24 (One hundred and two million, sixty two thousand, five hundred and thirty three naira, twenty four kobo), used to effect payment in 2020 were not presented for audit, and
ii. There was no evidence to establish the purpose of the payments.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Account for the sum of ₦102,062,533.24 (One hundred and two million, sixty two thousand, five hundred and thirty three naira, twenty four kobo) for the unpresented paid vouchers.
ii. Recover and remit to the Treasury, the sum of ₦102,062,533.24.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 10: IRREGULAR PAYMENTS TO STAFF MULTI-PURPOSE COOPERATIVE SOCIETY (=₦92,616,836.00)

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

Audit observed that:
i. The sum of ₦92,616,836.00 (Ninety two million, six hundred and sixteen thousand, eight hundred and thirty six naira) was paid to Staff Multipurpose Co-operative Society as amount borrowed to the Co-operative Society.
ii. Based on the audited account, the Hospital borrowed the amount to boost its liquidity position during the year under review, and
iii. The approval by the Board Chairman and evidence of the refund of borrowed sum were not produced for verification.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks
i. Possibility of irregular transfers and payment.
ii. Diversion of Government funds into private account.

Management's Response
No response.

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

Recommendations
The Chief Medical Directorshould be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦92,616,836.00 (Ninety two million, six hundred and sixteen thousand, eight hundred and thirty six naira) being the irregular transfer of funds from the Hospital to Staff Multipurpose Cooperative Society.
ii. Recover and remit the sum of ₦92,616,836.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 11: PAYMENTS WITHOUT APPROVAL OF THE CHIEF MEDICAL DIRECTOR (=₦7,103,750.00)

Description of Findings
Paragraph 112(i) of the Financial Regulations (FR), 2009 states, "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency". Furthermore, paragraph 111(ii) of the FR, 2009 states, "The Accounting Officer shall: (a) be responsible for safeguarding of public funds and the regularity and propriety of expenditure under his control (b) observe and comply fully with the checks and balances spelt out in the existing Financial Regulations which govern receipts and disbursement of Public Funds and other assets entrusted to his care and shall be liable for any breach thereof".

Audit observed that:
i. Thirty one (31) payments totalling ₦7,103,750.00 (Seven million, one hundred and three thousand, seven hundred and fifty naira) were made to two (2) officers of the Hospital between January and March 2020, for procurement of various items such as meals, food and gas, and
ii. The approvals for the expenditures did not pass through the Chief Medical Director who is the Chief Accounting Officer of the hospital.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

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

Management response
No response.

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

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦7,103,750.00 (Seven million, one hundred and three thousand, seven hundred and fifty naira) being payments made without approvals.
ii. Recover and remit to the Treasury, the sum of ₦7,103,750.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively as prescribed in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 12: AWARD OF CONTRACT WITHOUT DUE PROCESS AND RELEVANT SUPPORTING DOCUMENT (=₦236,672,390.21)

Description of Findings
Section 20(2) of the Procurement Act, 2009 states, "The accounting officer of every procurement entity have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…" Also, paragraph 603(i) of the Financial Regulations (FR) ,2009 states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Furthermore paragraph 415 of the FR, 2009 states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The Hospital awarded contract amounting to ₦236,672,390.21 (Two hundred and thirty six million, six hundred and seventy two thousand, three hundred and ninety naira, twenty one kobo) for supply of various store items in 2020, and
ii. Relevant due process documents to show open competitive bidding such as Minutes of Ministerial Tenders Board Meeting, Certificate of Registration, Tax Clearance, VAT Registration Certificate, PENCOM Certificate, Newspaper Publications, Store Receipt Vouchers (SRV), Contract Agreements, etc. were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦236,672,390.21 (Two hundred and thirty six million, six hundred and seventy two thousand, three hundred and ninety naira, twenty one kobo) being payment to contractors without due process.
ii. Recover and remit to the Treasury the sum of ₦236,672,390.21.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts specified in paragraph 3117 of the Financial Regulations, 2009 should apply.

ISSUE 13: PAYMENTS NOT ENTERED INTO CASH BOOK (=₦35,219,274.13)

Description of Findings
Paragraph 715 of the Financial Regulations (FR), 2009 states, "Sub-Accounting Officers must ensure that all sums paid direct into their bank accounts are brought to account in their cash books promptly". Also, paragraph 415 of the FR, 2009 states, ''The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The sum of ₦35,219,274.13 (Thirty five million, two hundred and nineteen thousand, two hundred and seventy four naira, thirteen kobo) paid for various capital expenditures during the year 2020 were not posted into the cashbook, and
ii. It was difficult to rely on the usability and reliability of the hospital's cashbook, general ledger, trial balance and financial statement.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks
i. Diversion of public funds.
ii. Payments of unapproved expenditures.

Management's Response
No response.

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly the sum of ₦35,219,274.13 (Thirty five million, two hundred and nineteen thousand, two hundred- and seventy four naira, thirteen kobo), being undisclosed expenditures in the cash book.
ii. Recover and remit to the Treasury the sum of ₦35,219,274.13.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to account for public funds and gross misconduct specified in paragraphs 3115 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 14: IRREGULAR PAYMENTS OF SALARIES FROM INTERNALLY GENERATED REVENUE (=₦5,662,828.99)

Description of Findings

Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 223 of the Financial Regulations (FR), 2009 states, "No deductions shall be made from any revenue collections or other receipts to adjust a previous over-credit. The gross amount received must, on all occasions, be accounted for in full…." Furthermore, paragraph 417 of FR, 2009 states "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:

i. Two (2) payments totalling ₦5,662,828.99 (Five million, six hundred and sixty two thousand, eight hundred and twenty eight naira, ninety nine kobo) were made to a Doctor vide payment voucher reference numbers TSA/CBN/7519/94389 dated 26th June, 2020 and TSA/CBN/8022/98015 dated 30th October,2020 respectively, and
ii. The payments were made from the Internally Generated Revenue (IGR) of the hospital.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,662,828.99 (Five million, six hundred and sixty two thousand, eight hundred and twenty eight naira, ninety nine kobo) being salary payment from IGR.
ii. Refund to the Treasury, the sum of ₦5,662,828.99.
iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 15: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦4,988,000.00)

Description of Findings

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

Audit observed that:

i. Three (3) paid vouchers amounting to ₦4,988,000.00 (Four million, nine hundred and eighty eight thousand naira) were raised in favour of some officers in October, 2020 for travels and training programs, and
ii. These payments were made to officers other than the ultimate beneficiaries, in violation of the Federal Government's e-payment Circular.

The above anomalies could be attributed to weaknesses in the internal control system at Irrua Specialist Hospital, Edo State.

Risks

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

Management Response

No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Account for the sum of ₦4,988,000.00 (Four million, nine hundred and eighty eight thousand naira)
ii. Recover the sum of ₦4,988,000.00 and remit to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3016 and 3115 of the Financial Regulations, 2009 respectively, should apply.

AMINU KANO TEACHING HOSPITAL, KANO

At Aminu Kano Teaching Hospital, Kano, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦233,919,014.12)

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

Audit observed that:
i. The sum of ₦944,414,231.49 (Nine hundred and forty four million, four hundred and fourteen thousand, two hundred and thirty one naira, forty nine kobo) was the Internally Generated Revenue (IGR) in 2020.
ii. The sum of ₦2,184,543.75 (Two million, one hundred and eighty four thousand, five hundred- and forty three naira, seventy five kobo) being 25% of the IGR for the months of January and February, 2020 was remitted to the Consolidated Revenue Fund (CRF), and
iii. The sum of ₦233,919,014.12 (Two hundred and thirty three million, nine hundred and nineteen thousand, fourteen naira, twelve kobo) being 25% of the IGR for the months of March to December, 2020 was yet to be remitted to the CRF.

The above anomalies could be attributed to weaknesses in the internal control system at the Aminu Kano Teaching Hospital, Kano.

Risks

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

Management's Response

The Revenue captured by the Auditors were revolving fund which is cost-plus value, whereby, the associates/direct costs of the revenue items were not considered before computation of remittable 25% of gross profit made on sales. This factor was considered before the Hospital arrived at the sum reported in our Revenue Books of Account and not direct application of 25% on sales as presented by the Auditors.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦233,919,014.12 (Two hundred and thirty three million, nine hundred and nineteen thousand, fourteen naira, twelve kobo), being unremitted IGR.
ii. Remit the sum of ₦233,919,014.12 to the CRF.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 2: NON-REMITTANCE OF STATUTORY TAXES (=₦47,658,426.75)

Description of Findings

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

Audit observed that:

i. The sum of ₦47,658,426.75 (Forty-seven million, six hundred and fifty eight thousand, four hundred- and twenty-six-naira, seventy-five kobo) being taxes

deducted from payments to contractors in 2020 were not remitted to the relevant tax authorities, and

ii. There were no documents provided to justify the non-remittance of the statutory taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Aminu Kano Teaching Hospital, Kano.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the reason for the non-deduction of statutory taxes and remittance of same to the appropriate authorities;
ii. Recover and remit to the relevant authorities, the sum of ₦47,658,426.75;
iii. Forward evidence of the remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to, non-remittance of VAT & WHT, failure to collect and account for government revenue and gross misconduct prescribed in paragraphs 234(ii& iii), 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 3: CONTRACT SPLITTING TO CIRCUMVENT PROCUREMENT PROCEDURES (=₦12,224,555.00)

Description of Findings

Section 20(2) of the Public Procurement Act, 2007 states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method;…"

Audit observed that:

i. The Hospital awarded contracts totaling ₦12,224,555.00 (Twelve million, two hundred and twenty four thousand, five hundred and fifty five naira) to four (4) different contractors for the supply of medical items.

ii. The contracts award letters bear the same reference number AKTH/SUB/8C/677/111 and dated 23rd October, 2020, and
iii. The contracts were split into seven (7) bits in order to circumvent procurement procedures and the approval threshold.

The above anomalies could be attributed to weaknesses in the internal control system at the Aminu Kano Teaching Hospital, Kano.

Risks
i. Procurement of substandard items.
ii. Diversion of public funds.

Management's Response
No response.

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

Recommendations
The Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦12,224,555.00 (Twelve million, two hundred and twenty four thousand, five hundred and fifty five naira) being payment made on contracts splitting.
ii. Recover and remit to the Treasury, the sum of ₦12,224,555.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 4: PAYMENTS OF MOBILIZATION TO CONTRACTORS WITHOUT ADVANCE PAYMENT GUARANTEE (=₦165,489,309.00)

Description of Findings
Section 35 (1) of the Public Procurement Act (PPA), 2007 states, "In addition to any other regulations as may be prescribed by the Bureau, a mobilization fee of not more than 15% may be paid to a supplier or contractor supported by the following: (a) in the case of National Competitive Bidding - an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity; and (b) in the case of International Competitive Bidding, an unconditional bank guarantee issued by a banking institution acceptable to the procuring entity". Furthermore, section 36 of the PPA, 2007 states, "The provision of a Performance Guarantee shall be a precondition for the award of any procurement contract upon which any mobilization fee is to be paid, provided however it shall not be less than 10% of the contract value in any case or an amount equivalent to the mobilization fee requested by the supplier or contractor whichever is higher."

Audit observed that:

i. The sum of ₦165,489,309.00 (One hundred and sixty five million, four hundred and eight nine thousand, three hundred and nine naira) was paid as mobilization fees to contractors.
ii. The mobilization fees were paid to contractors without evidence of Advance Payment Guarantee (APG), and
iii. Evidence of a Performance Guarantee as a prerequisite to the payment of mobilization fee was not provided audit examination.

The above anomalies could be attributed to weaknesses in the internal control system at the Aminu Kano Teaching Hospital, Kano.

Risks

i. Loss of government funds.
ii. Exposing public funds to avoidable risk.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦165,489,309.00 (One hundred and sixty five million, four hundred and eight nine thousand, three hundred and nine naira) paid as mobilization fees without APG.
ii. Recover and remit to the Treasury, the sum of ₦165,489,309.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations, 2009 respectively, should apply.

FEDERAL TEACHING HOSPITAL GOMBE, GOMBE STATE

At the Federal Teaching Hospital, Gombe, Gombe State, the following observations were made:

ISSUE 1: NON-DEDUCTION OF STAMP DUTY ON CONTRACTS (=₦2,649,630.55)

Description of Findings

Paragraph 2 of the Treasury Circular Ref. No. TRY A1 & B1/2017 OAGF/CAD/026/V.111/.182 dated 20th April, 2017 states, "… a 1% Stamp Duty chargeable on Contract Agreements and the remittance be made to the Relevant Tax

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

Audit observed that:

i. The Hospital failed to deduct the statutory 1% stamp duty amounting to ₦2,649,630.55 (Two million, six hundred and forty nine thousand, six hundred and thirty naira, fifty five kobo) from contracts awarded in 2020, and
ii. Government had by the action in (i) above, lost the sum of ₦2,649,630.55 that would have accrued by way of 1% Stamp Duty.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Teaching Hospital, Gombe, Gombe State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Account Committees of the National Assembly, the non-deduction of statutory 1% stamp duty amounting to ₦2,649,630.55 (Two million, six hundred and forty nine thousand, six hundred and thirty naira, fifty five kobo) from contracts awarded from overheads and capital development fund in 2020.
ii. Recover the sum of ₦2,649,630.55 and remit same to the Federal Inland Revenue Services.
iii. Provide the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to failure to collect and account for government revenue prescribed in paragraph 3112 of the Financial Regulations, 2009 should apply.

ISSUE 2: UNBUDGETED EXPENDITURE (=₦67,059,245.92)

Description of Findings

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

Audit observed that:

i. The Hospital made two hundred and thirty-nine (239) payments for academic and professional sponsorship programmes from the 2020 capital expenditure fund, totaling ₦57,202,291.50 (Fifty seven million, two hundred and two thousand, two hundred and ninety one naira, fifty kobo).
ii. The Hospital also made ninety-eight (98) other payments totaling ₦9,856,954.42 (Nine million, eight hundred and fifty-six thousand, nine hundred and fifty-four naira, forty-two kobo) from the 2020 overhead expenditure fund for capital expenditure line items,
iii. The totality of unbudgeted expenditures in (i) and (ii) above amounted to ₦67,059,245.92 (Sixty seven million, fifty nine thousand, two hundred and forty five naira, ninety two kobo), and
iv. There was no evidence to show the above expenditures were appropriated for.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Teaching Hospital, Gombe, Gombe State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the reason for incurring unbudgeted expenditure of ₦67,059,245.92 (Sixty seven million, fifty nine thousand, two hundred and forty five naira, ninety two kobo)
ii. Recover and remit to the Treasury, the sum of ₦67,059,245.92.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations respectively, should apply.

HEALTH RECORDS OFFICERS REGISTRATION BOARD OF NIGERIA

At the Health Records Officers Registration Board of Nigeria, the following observations were made:

ISSUE 1: EXTRA BUDGETARY SPENDING FROM VARIOUS SUB-HEADS (=₦6,092,305.00)

Description of Findings

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

Audit observed that:

i. The Board incurred extra budgetary spending on 2019 overhead and capital expenditure heads amounting to ₦6,092,305.00 (Six million, ninety two thousand, three hundred and five naira), and
i. Evidence of approval from the Minister of Finance and the National Assembly were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Health Records Officers Registration Board of Nigeria.

Risks

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

Management's Response

This has been corrected in 2020.

Auditor's Evaluation

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

Recommendations

The Chairman should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦6,092,305.00 (Six million, ninety two thousand, three hundred and five naira) being extra budgetary expenditure without evidence of approval.
ii. Refund to the Treasury, the sum of ₦6,092,305.00.

iii. Forward evidence of refund to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and poor cash management specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON STORE CHARGE (=₦10,868,785.62)

Description of Findings

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

Audit observed that:

i. The Board expended the sum of ₦10,868,785.62 (Ten million, eight hundred and sixty eight thousand, seven hundred and eighty five naira, sixty two kobo) on the purchase of various store items vide five (5) paid vouchers, and
ii. The items were neither sighted in the store nor taken on ledger charge as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Health Records Officers Registration Board of Nigeria.

Risks

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

Management's Response

Officers concerned have been asked to reconcile with the store officer.

Auditor's Evaluation

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

Recommendations

The Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,868,785.62 (Ten million, eight hundred and sixty eight thousand, seven hundred and eighty five naira, sixty two kobo) being store items not taken on ledger charge.

ii. Recover and remit the sum of ₦10,868,785.62 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

MEDICAL REHABILITATION THERAPISTS (REGISTRATION) BOARD OF NIGERIA, ABUJA.

At the Medical Rehabilitation Therapists (Registration) Board of Nigeria, the following observation was made:

ISSUE 1: REMITTANCE OF PAYE TO WRONG TAX AUTHORITY (=₦7,085,527.39)

Description of Findings

Paragraph 234(i) of the Financial Regulations (FR), 2009 states, "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." Furthermore, paragraph 235 of the FR, 2009 states, "Deductions for WHT, VAT, Stamp duty and PAYE shall be remitted to the Federal Inland Revenue at thesametimethe payee who is the subject of the deduction is paid." Section 2(1) of the Personal Income Tax Act (PITA), 2004 (as amended) states, "Tax of an amount to be determined from the Table set out in the Sixth Schedule …shall be payable for each year of assessment on the total income of - (a) every individual other than persons covered under paragraph (b) of this subsection or corporation sole or body of individuals deemed to be resident for that year in the relevant State under the provisions of this Act…" Also, paragraph 235 of the Financial Regulations (FR), 2009 states, "Deductions for WHT, VAT and PAYE shall be remitted to the Federal Inland Revenue at the same time the payee who is the subject of deduction is paid."

Audit observed that:
i. The sum of ₦7,085,527.39 (Seven million, eighty five thousand, five hundred and twenty seven naira, thirty nine kobo) being PAYE deductions from salaries of one hundred and sixty-seven (167) staff in 2021 were remitted to different State's tax authorities instead of Lagos State Internal Revenue which is the appropriate tax authority for residents of Lagos state, and
ii. There was no evidence that the amount in (i) was recovered and paid to the appropriate tax authority.

The above anomalies could be attributed to weaknesses in internal control system at the Medical Rehabilitation Therapists (Registration) Board of Nigeria, Abuja.

Risks

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

Management's Response
No response.

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

Recommendations
The Registrar should be requested to:
i. Provide to the Public Accounts Committees of the National Assembly, evidence of PAYE remittance of ₦7,085,527.39 (Seven million, eighty five thousand, five hundred and twenty seven naira, thirty nine kobo) to the appropriate tax authority.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment, failure to account for government revenue and failure to manage public funds effectively stated in paragraphs 3106, 3112 and 3115 of the Financial Regulations, 2009 respectively, should apply.

NNAMDI AZIKIWE UNIVERSITY TEACHING HOSPITAL, NNEWI, ANAMBRA STATE.

At Nnamdi Azikiwe University Teaching Hospital, Nnewi, Anambra State, the following observations were made:

ISSUE 1: EXTRA-BUDGETARY EXPENDITURE ON THE CONSTRUCTION OF MALE SURGICAL WARD (=₦3,724,153.67)

Description of Findings
Section 80(4) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) states, "No moneys shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly." Also, paragraph 417 of Financial Regulations, 2009 states, "Expenditure shall strictly be classified in accordance with the estimate, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed."

Audit observed that:
i. The sum of ₦70,000,000.00 (Seventy million naira) was appropriated for the construction of Male Surgical Ward in the 2021 Appropriation Act.
ii. The sum of ₦73,724,153.67 (Seventy three million, seven hundred and twenty four thousand, one hundred and fifty three naira, sixty seven kobo) was spent on construction of Male Surgical Ward in 2021, resulting in extra budgetary spending of ₦3,724,153.67 (Three million, seven hundred and twenty four thousand, one hundred and fifty three naira, sixty seven kobo), and
iii. Evidence of approval for the extra-budgetary spending was not produced for audit.

These anomalies could be attributed to weaknesses in the internal control system at the Nnamdi Azikiwe University Teaching Hospital, Nnewi, Anambra State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the extra-bbudgetary spending of ₦3,724,153.67(Three million, seven hundred and twenty four thousand, one hundred and fifty three naira, sixty seven kobo).
ii. Recover and remit the sum of ₦3,724,153.67 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

ISSUE 2: IRREGULAR TRANSFER OF PUBLIC FUNDS (=₦787,770,127.21)

Description of Findings

Paragraph 419 of the Financial Regulations (FR), 2009 states, "Officers controlling votes and officers acting under their instructions shall arrange, as far as it is practicable, to spread expenditure evenly over the year. Officers controlling votes are solely liable for unauthorized expenditure in excess of the sum allocated."

Audit observed that:

i. The sum of ₦787,770,127.21 (Seven hundred and eighty seven million, seven hundred and seventy thousand, one hundred and twenty seven naira, twenty one kobo) was debited from the Hospital's Personnel Account with corresponding credit into IPPIS Transaction Account.
ii. There was no disclosure for the purpose and reasons for the debit, which makes the transactions doubtful, and
iii. The movement of money from the Hospital's Personnel Account to IPPIS Transaction Account without disclosure cannot be regarded as a legitimate transfer.

These anomalies could be attributed to weaknesses in the internal control system at the Nnamdi Azikiwe University Teaching Hospital, Nnewi, Anambra State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦787,770,127.21 (Seven hundred and eighty seven million, seven hundred and seventy thousand, one hundred and twenty seven naira, twenty one kobo), being unsubstantiated transfer of public funds.
ii. Recover and remit the sum of ₦787,770,127.21 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively, stated in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.

OBAFEMI AWOLOWO UNIVERSITY TEACHING HOSPITAL, ILE-IFE, OSUN STATE.

At Obafemi Awolowo University Teaching Hospital, Ile-Ife, Osun State, the following observation was made:

ISSUE 1: FAILURE TO RECOVER OUTSTANDING DEBTS (=₦32,250,706.30)

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

Audit observed that:
i. The Hospital has an unrecovered debt from thirty three (33) HMO's amounting to ₦32,250,706.30 (Thirty two million, two hundred and fifty thousand, seven hundred and six naira, thirty kobo) as at 31st December, 2020.

ii. The hospital still renders services to the HMO's with high debt profiles, and
iii. There was no evidence of concrete efforts made by the Hospital to recover the debts.

The above anomalies could be attributed to weaknesses in the internal control system at Obafemi Awolowo University Teaching Hospital, Ile-Ife, Osun State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the non-recovery of the debts amounting to ₦32,250,706.30 (Thirty two million, two hundred and fifty thousand, seven hundred and six naira, thirty kobo).
ii. Recover the sum of ₦32,250,706.30, being outstanding debts due to the Hospital.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations, 2009 respectively, should apply.

UNIVERSITY OF BENIN TEACHING HOSPITAL, BENIN, EDO STATE.

At the University of Benin Teaching Hospital, Benin City, Edo State, the following observations were made:

ISSUE 1: MISCLASSIFICATION OF CAPITAL EXPENDITURE VOTE (=₦253,532,050.49)

Description of Findings
Paragraph 417 of the Financial Regulations (FR), 2009 states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 318 of the FR, 2009 states, "Capital Expenditure is paid from the Development Fund, and no such expenditure may be incurred except on the authority of a warrant duly signed by the Minister of Finance." In addition, paragraph 302(1) of the FR, 2009 states, "Recurrent expenditure is paid from the Consolidated

Revenue Fund and no such expenditure may be incurred except on the authority of a Warrant duly signed by the Minister of Finance."

Audit observed that:
i. The sum of ₦253,532,050.49 (Two hundred and fifty three million, five hundred and thirty two thousand, fifty naira, forty nine kobo) was expended from NHIS funds during the year under review.
ii. The expenditures were for supplies, salaries, security and cleaning services, welfare, electricity supply etc., and
iii. The payments in (i) above were without evidence of approval for virement.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Benin Teaching Hospital, Benin City.

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

Management's Response
Some items mentioned under misapplication of funds are Covid-19 related items. Part of the Covid-19 intervention fund was released by the Federal Government into our NHIS accounts.

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

Recommendations
The Chief Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦253,532,050.49 (Two hundred and fifty three million, five hundred thirty two thousand, fifty naira, forty nine kobo) being unauthorised virements from NHIS Funds.
ii. Refund and remit to the Treasury, the sum of ₦253,532,050.49.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
i. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations, 2009 should apply.

ISSUE 2: IRREGULAR PAYMENT OF PREMIUM (=₦23,965,984.37)

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

invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Also, section 50(i) of the Insurance Act, 2007 states, "The receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance."

Audit observed that:

i. The sum of ₦23,965,984.37 (Twenty three million, nine hundred and sixty-five thousand, nine hundred and eighty four naira, thirty seven kobo) was spent on insurance premium of the Hospital's Non-Current Assets during the year under review.
ii. 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 veracity of premium paid were not attached to the payment voucher, and
iii. The receipts issued by the Insurer on the transactions were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Benin Teaching Hospital, Benin City.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,965,984.37 (Twenty three million, nine hundred and sixty five thousand, nine hundred and eighty four naira, thirty seven kobo) being irregular payment of insurance premium.
ii. Recover and remit to the Treasury, the sum of ₦23,965,984.37.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦212,104,429.00)

Description of Findings

Paragraph 708 of the Financial Regulations (FR), 2009 states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR, 2009 states, "All vouchers shall contain full

particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." In addition, paragraph 415 of the FR, 2009 states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦212,104,429.00 (Two hundred and twelve million, one hundred and four thousand, four hundred and twenty nine naira) was paid through five (5) vouchers to contractors for various services, and
ii. Relevant supporting documents such as receipts, Store Receipt Vouchers (SRV), and invoices were not produced for scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Benin Teaching Hospital, Benin City.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦212,104,429.00 (Two hundred and twelve million, one hundred and four thousand, four hundred and twenty nine naira) paid without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦212,104,429.00.
iii Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stated in paragraph 3106 of the Financial Regulations, 2009 should apply.

UNIVERSITY OF NIGERIA TEACHING HOSPITAL, ITUKU-OZALLA, ENUGU.

At the University of Nigeria Teaching Hospital, Ituku-Ozalla, Enugu, the following observations were made:

ISSUE 1: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE (=₦5,554,893.75)

Description of Findings

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

Audit observed that:

i. The Teaching Hospital generated the sum of ₦22,219,575.00 (Twenty two million, two hundred and nineteen thousand, five hundred and seventy five naira) as Internally Generated Revenue in 2019, and
ii. The sum of ₦5,554,893.75 (Five million, five hundred and fifty four thousand, eight hundred and ninety three naira, seventy five kobo), being 25% of ₦22,219,575.00 was not remitted to the Consolidated Revenue Fund (CRF).

The above anomalies could be attributed to weaknesses in the internal control system at the University of Nigeria Teaching Hospital, Ituku-Ozalla, Enugu.

Risks

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

Management's Response

Amount due for remittance is yet to be compiled in readiness for its remittance to the Consolidated Revenue Fund.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦5,554,893.75 (Five million, five hundred and fifty four thousand, eight hundred and ninety three naira, seventy five kobo) being 25% unremitted internally generated revenue.
ii. Remit to the Treasury, the sum of ₦5,554,893.75.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and

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

ISSUE 2: CIRCUMVENTION OF PROCUREMENT PROCEDURES (=₦26,374,723.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦26,374,723.00 (Twenty six million, three hundred and seventy four thousand, seven hundred and twenty three naira) was granted as cash advances to sixty-two (62) staff of the Hospital in 2020 for various purchases and services above the approved threshold, and
ii. The action in (i) above, resulted to a loss of tax revenue amounting to ₦3,560,587.60 (Three million, five hundred and sixty thousand, five hundred and eighty seven naira, sixty kobo) that would have accrued to government.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Nigeria Teaching Hospital, Ituku-Ozalla, Enugu.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the granting of advances in the sum of ₦26,374,723.00 (Twenty six million, three hundred and

seventy four thousand, seven hundred and twenty three naira) instead of award of contracts.
ii. Recover and remit the sum of ₦26,374,723.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations, 2009 should apply.

ISSUE 3: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦35,035,974.00)

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

Audit observed that;
i. The sum of ₦35,035,974.00 (Thirty five million, thirty five thousand, nine hundred and seventy four naira) was paid through five (5) paid vouchers for contracts, and
ii. Evidence of performance such as job completion certificate, attendance register, etc, were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Nigeria Teaching Hospital, Ituku-Ozalla, Enugu.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the payment of ₦35,035,974.00 (Thirty five million, thirty five thousand, nine hundred and seventy four naira) without relevant supporting documents.
ii. Recover the sum of ₦35,035,974.00 and remit same to the Treasury.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations, 2009 respectively, should apply.