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, 2024

(VOLUME II)

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SECTION 9

JUDICIARY AUDIT DEPARTMENT (JAD)

CODE OF CONDUCT TRIBUNAL, ABUJA

At the Code of Conduct Tribunal, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: NON-TRANSMISSION OF PROCUREMENT RECORDS TO BPP (=₦52,212,250.00)

Description of Findings

Section 16(13) of the Public Procurement Act (PPA) (2007) states, "Copies of all procurement records shall be transmitted to the Bureau not later than 3 months after the end of the financial year and shall show: (a) information identifying the procuring entity and the contractors (b) the date of the contract award (c) the value of the contract, and (d) the detailed records of the procurement proceeding."

Audit observed that:

i. The Tribunal awarded (52) contracts at the sum of ₦52,212,250.00 (Fifty two million, two hundred and twelve thousand, two hundred and fifty naira) for various services in the financial year under review, and
ii. There was no evidence of transmitting procurement documents to the Bureau of Public Procurement (BPP) who is the statutory body to validate and authenticate due process adhered to during contracts pre-qualification process, and awards concluded.

The above anomalies could be attributed to weaknesses in the internal control system at the Code of Conduct Tribunal, Abuja.

Risks

i. Loss of public fund.
ii. Award of contracts to ineligible contractors

Management's Response

i. The management regrets the action of the schedule officer on the procurement issue of the Tribunal on his inability to make such schedule and transmit such details to BPP as stated in your query.
ii. The current schedule officer will take note of this and management will enforce compliance with this provision henceforth.

Auditor's Evaluation

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

Recommendations

The Honourable Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦52,212,250.00 (Fifty two million, two hundred and twelve thousand two hundred and fifty naira), being amount for contracts awarded without transmission of procurement documents to the Bureau of Public Procurement.

ii. Recover and remit to the Treasury, the sum of ₦52,212,250.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: PAYMENTS WITHOUT PREPAYMENT AUDIT (=₦46,862,450.00)

Description of Findings

Paragraph 1701(i) of the Financial Regulation (FR) (2009) states, "Internal Audit is a managerial control which functions by measuring and evaluating the effectiveness of internal control system in an organization." 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. Checked and passed vouchers received in the Internal Audit Unit must be promptly dealt with and, under no circumstance, shall a voucher be held in that Unit for more than forty-eight (48) hours."

Audit observed that:

i. Twenty nine (29) paid vouchers amounting to ₦46,862,450.00 (Forty six million, eight hundred and sixty two thousand, four hundred and fifty naira) were raised and paid during the year under review, and
ii. The paid vouchers and supporting documents were not pre-audited or checked by the Internal Audit Department of the Tribunal as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Code of Conduct Tribunal, Abuja.

Risks

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

Management's Response

We note the importance of internal control and its importance in curtailing leakages, we assure your office that henceforth all payment vouchers will be pre-audited before finalizing such payments by the Tribunal.

Auditor's Evaluation

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

Recommendations

The Honourable Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦46,862,450.00 (Forty six million, eight hundred and sixty two thousand, four hundred and fifty naira), being payments made without pre-payment audit by the

Internal Auditor.

ii. Recover and remit to the Treasury, the sum of ₦46,862,450.00

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

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

ISSUE 3: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦9,385,000.00)

Description of Findings

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

Audit observed that:

i. Nine (9) paid vouchers amounting to ₦9,385,000.00 (Nine million, three hundred and eighty five thousand naira) for works and procurement of goods and services were raised in the year under review, and

ii. Relevant supporting documents such as approvals, invoices/receipts, letter of award, Store Receipt Voucher (SRV), Store Issue Voucher (SIV), and project files were not presented for examination

The above anomalies could be attributed to weaknesses in the internal control system at the Code of Conduct Tribunal, Abuja.

Risks

i. Diversion of public funds.

ii. Loss of public funds.

Management's Response

We state thus:

There were documents attached to the payment vouchers, hence not sufficient or convincing enough to substantiate facts about monies expended during audit examination which is regrettable.

Auditor's Evaluation

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

Recommendations

The Honourable Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,385,000.00 (Nine million, three hundred and eighty five thousand naira),

being payments made on procurement without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦9,385,000.00.
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.

FCT JUDICIAL SERVICE COMMITTEE, GUDU, ABUJA

At the FCT Judicial Service Committee, Gudu, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: AWARD OF CONTRACT TO NON-ACCREDITED LOCAL MANUFACTURERS/ASSEMBLERS (=₦302,278,850.00)

Description of Findings

Paragraph 2305 of the Financial Regulations (FR) (2009) states, "As much as it is practicable, goods must be purchased from reputable manufacturers or their accredited agents. When goods are obtained through an agent, the procuring officer will satisfy himself that the goods are authentic." Also, paragraph 1 of the Executive Order No. 3 (2017) states, "All Ministries Department and Agencies (MDAs) of the FGN shall grant preference to local manufacturers of goods and service providers in their procurement of goods and services." Similarly, paragraph 1 of the Establishment Circular Ref. No. NADDC.NAIDP/S.137/1/36 dated 17th March, 2023, provided the updated list of accredited local manufacturers/Assemblers in Nigeria, for the procurement of federal government vehicle.

Audit observed that:
i. The Committee procured and made payment for the supply of Motor Vehicle for the sum of ₦302,278,850.00 (Three hundred and two million, two hundred and seventy eight thousand, eight hundred and fifty naira) to contractors who were not among the list of accredited local manufacturers/Assemblers in Nigeria for the procurement of federal government vehicle, and
ii. The action of the Committee was contrary to the provisions of the extant regulations under reference and does not encourage local manufacturer/industrialization in Nigeria.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Judicial Service Committee, Gudu, Abuja.

Risks

i. Supply of Sub-standard vehicles.
ii. Diversion of public funds.

Management's Response.

No response.

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

Recommendations
The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦302,278,850.00 (Three hundred and two million, two hundred and seventy eight thousand, eight hundred and fifty naira), being award and payment to non-accredited local vehicle manufacturer.
ii. Recover and remit to the Treasury, the sum of ₦302,278,850,00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦192,143,555.50)

Description of Findings
Section 16(7) of the Public Procurement Act (PPA) (2007) states, "The procuring entity may require a bidder to provide documentary evidence or other information it considers necessary as proof that the bidders is qualified in accordance with this Act and the solicitation documents and for this purpose any such requirements shall apply equally to all bidders."

Audit observe that:

i. Seven (7) paid vouchers totaling ₦192,143,555.50 (One hundred and ninety two million, one hundred and forty three thousand, five hundred and fifty five naira, fifty kobo) were raised and paid in favor of different companies for the provision of services and supply of goods to the Committee, and
ii. The Committee did not present documentary evidence such as Tax Clearance Certificate, Corporate Affairs Commission Certificate of Registration, PenCom Certificate, Industrial Training Fund Certificate, Nigeria Social Industrial Trust Fund Certificate etc., showing that the contractors were qualified bidders.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Judicial Service Committee, Gudu, Abuja.

Risks

i. Award of contract to unqualified contractors.
ii. Loss of public funds

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to response 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 ₦192,143,555.50 (One hundred and ninety two million, one hundred and forty three thousand, five hundred and fifty five naira, fifty kobo), being payment made for irregular award of contracts.
ii. Recover and remit to the Treasury, the sum of ₦192,143,555.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular or wrong payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: IRREGULARITIES IN THE AWARD OF RENOVATION CONTRACTS (=₦174,249,007.71)

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 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 ₦174,249,007.71 (One hundred and seventy four million, two hundred and forty nine thousand, seven naira, seventy one kobo) was paid to four (4) contractors for the renovation and rehabilitation of the Committee's building during the period under review.
ii. There was no evidence of procurement due process as the JSC could not produce relevant documents such as advertisements carried out in two (2) National Dailies, bid documents submitted, and detailed bid evaluation report.
iii. The contractors' files presented for audit did not contain any information about the contractor except contract payment details and there was no pictorial evidence showing the work done, and
iv. There was no evidence that the Contractors have been filing their annual tax return with the Federal Inland Revenue Service, as the company was inactive on the CAC dashboard.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Judicial Service Committee, Gudu, Abuja.

Risks

i. Possibility of insider dealing.
ii. Diversion of funds.

Management's Response

No response.

Auditor's Evaluation
Since the Management failed to response 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 Committee of the National Assembly, the sum of ₦174,249,007.71 (One hundred and seventy four million, two hundred and forty nine thousand and seven naira, seventy one kobo), being payment made for irregular award of renovation contracts.
ii. Recover and remit to the Treasury, the sum of ₦174,249,007.71.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular or wrong payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: AWARD AND PAYMENT OF CONTRACT TO INACTIVE COMPANIES WITHOUT DUE DELIGENCE (=₦144,167,008.85)

Description of Findings
Section 16(5) of the Public Procurement Act (PPA) (2007) states, "A supplier, contractor or service provider may be a natural person, a legal person or a combination of the two..." Furthermore, Section 16(6) of the PPA (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: (c) not be in receivership, the subject of any form of insolvency or bankruptcy proceedings or the subject of any form of winding up petition or proceedings; (d) not have fulfilled all its obligations to pay taxes, pensions and social security contributions;...."

Audit observed that:
i. The Committee awarded contracts totaling ₦144,167,008.85 (One hundred and forty four million, one hundred and sixty seven thousand, eight naira and eighty five kobo) to eight (8) companies during the year under review, and
ii. The status of the companies in (i) above, indicated in the portals of both the Corporate Affairs Commission and the Federal Inland Revenue Services, were inactive.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Judicial Service Committee, Gudu, Abuja.

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

Management's Response
No response.

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

Recommendations

The Executive Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦144,167,008.85 (One hundred and forty four million, one hundred and sixty seven thousand, eight naira and eighty five kobo), being contracts awarded to companies with an inactive status.
ii. Recover and remit to the Treasury, the sum of ₦144,167,008.85.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and irregular or wrong payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: SPLITTING OF CONTRACTS TO CIRCUMVENT PROCUREMENT/APPROVAL THRESHOLD (=₦53,683,174.00)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…"

Audit observed that:

i. The Committee awarded six (6) contracts totaling ₦53,683,174.00 (Fifty three million, six hundred and eighty three thousand, one hundred seventy four naira) for the supply of Computers and Laptop.
ii. The contracts were for the supply of the same product that ought to have been awarded as a single contract but was rather split into six contracts at a price that was within the Secretary's approval threshold, in order to circumvent tenders' procedures.
iii. All the contracts were awarded within the same period in 2023, and
iv. The documents such as Store Issue Vouchers for the distribution of the computers/laptops, records of officers to whom the computers/laptops were issued, and details of their respective locations or user departments were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Judicial Service Committee, Gudu, Abuja.

Risks

i. Payments may be made for fictitious transactions.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to response 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 ₦53,683,174.00 (Fifty three million, six hundred and eighty three thousand, one hundred seventy four naira), being payment for split contracts to circumvent procurement/approval threshold.
ii. Recover and remit to the Treasury, the sum of ₦53,683,174.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to split of contracts and irregular or wrong payment in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: PAID VOUCHERS NOT PRESENTED FOR EXAMINATION (=₦112,601,138.57)

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 favor of the person or persons to whom the money is actually due. Under no circumstances shall a cheque be raised or cash paid for services for which a voucher has not been raised."

Audit observed that:

i. Ninety three (93) salary paid vouchers amounting to ₦112,601,138.57 (One hundred and twelve thousand, six hundred and one thousand, one hundred and thirty eight naira, fifty seven kobo) under the personnel expenditure in 2023 were not presented for audit examination, and
ii. There was no reason provided by the Management for not presenting the paid vouchers for examination.

The above anomalies could be attributed to weaknesses in the internal control system at the FCT-Judicial Service Committee, Gudu, Abuja.

Risks

i. Payment to non-existent staff.
ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

Since the Management failed to response 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 ₦112,601,138.57 (One hundred and twelve thousand, six hundred and one thousand, one hundred and thirty eight naira, fifty seven kobo), being salary payments made without presenting paid vouchers for examination.

ii. Recover and remit to the Treasury, the sum of ₦112,601,138.57.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment stated in paragraph 3106 of the Financial Regulations (2009), should apply.

SECTION 10

LEGISLATURE AUDIT DEPARTMENT (LAD)

FEDERAL COLLEGE OF EDUCATION (TECHNICAL) GOMBE

At the Federal College of Education (Technical), Gombe, for the period 1st January, 2022 to 31st December, 2023, the following observations were made:

ISSUE 1: AWARD OF CONTRACT TO RELATED COMPANIES (=₦899,280,375.23)

Description of Findings

Section 4 (1) of 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." Also, paragraph 10(a)(c) of BPP No Objection Certificate with Reference Number BPP/S.1/CID/22/VOL.IV/574 dated 30th June, 2022, states, "Short list additional unrelated firms and the college take responsibility for their compliance with the provisions of section 16(6) of the PPA, 2007 and the requirements contained in the Bureau's letter of April 11, 2022 to bid alongside the responsive firms… (c) Conduct Due diligence/post qualification in line with the resolution of the Federal Executive Council's (FEC) meeting held on May 17, 2017 on the recommended companies before award of the contracts." Similarly, section 41(2) of the PPA (2007) states, "Generally, quotations shall be obtained from at least 3 unrelated contractors or supplier."

Audit observed that:

i. The College awarded contracts amounting to ₦899,280,375.23 (Eight hundred and ninety nine million, two hundred and eighty thousand, three hundred and seventy five, naira, twenty three kobo) to companies that are related, having the same Board of Directors and office address, and
ii. There was no evidence of external observers and technical personnel invited to witness the bidding processes that would guarantee fairness, equity, transparency and openness contrary to the provisions of the Public Procurement Act.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gombe.

Risks

i. Violation of procurement laws.
ii. Diversion of Public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees (PAC) of the National Assembly, the sum of ₦899,280,375.23 (Eight hundred and ninety nine million, two hundred and eighty thousand, three hundred and seventy five, naira, twenty three kobo), being amount paid for contracts awarded to related companies.
ii. Recover and remit to the Treasury, the sum of ₦899,280,375.23.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment stated in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: PAYMENT OF CONSTITUENCY/ZONAL INTERVENTION PROJECTS EXECUTED WITHOUT APPROVAL FROM RELEVANT AUTHORITIES (=₦1,837,204,599.89)

Description of Findings

Paragraph 2 (i) of the Establishment Circular Ref. no SDO/P&P/034/Vol.I/21 dated 24th July, 2017, regarding guidelines on implementation of a zonal intervention/constituency projects states, "Ministries, Department and Agencies MDAs shall award contracts of various Zonal Intervention/Constituency Projects under their purview, monitor and supervise the implementation of the projects as well as raise payment certificate which are then forwarded to the Special Duties Office of the Office of the Secretary to the Government of the Federation. Also, paragraph 2 (ii) of the Establishment Circular Ref. No. SDO/P&P/034/Vol.I/21 dated 24th July, 2017, states, "The Special Duties Office shall verify and ascertain the level of work done and authorize payments for such projects."

Audit observed that:

i. The College awarded contracts for the construction and procurement of goods and services amounting to ₦865,953,733.62 (Eight hundred and sixty five million, nine hundred and fifty three thousand, seven hundred and thirty three naira, sixty two kobo) and ₦971,250,866.27 (Nine hundred and seventy one million, two hundred and fifty thousand, eight hundred and sixty six naira, twenty seven kobo) totaling ₦1,837,204,599.89 (One billion, eight hundred and thirty seven million, two hundred and four thousand, five hundred and ninety nine naira, eighty nine kobo) for the 2022 and 2023 financial years, respectively, and
ii. There was no evidence of approval and payment certificates obtained from the Federal Ministry of Special Duties and Inter-Governmental Affairs as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gombe.

Risks

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

Management's Response
The projects were executed according to the specification of Federal Ministry of Special Duties within the specific period of time.

Attached are the pictorials of the projects and as well as job completion certificates JCC. The college henceforth will abide by the circular.

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

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,837,204,599.89 (One billion, eight hundred and thirty seven million, two hundred and four thousand, five hundred and ninety nine naira, eighty nine kobo), being payment without authorization from Ministry of Special Duties and Inter-Governmental Affairs.
ii. Recover and remit to the Treasury, the sum of ₦1,837,204,599.89.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: IRREGULARITIES IN THE AWARD OF CONTRACT (=₦99,888,985.00)

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;" Furthermore, Section 39(1) of the Companies and Allied Matters Act (CAMA) (2020) states, "A company shall not carry on any business not authorised by its memorandum and shall not exceed the powers conferred upon it by its memorandum or this Act."

Audit observed that:
i. The College awarded a contract for the procurement of medical equipment for Health Centre (Lot 10) through a letter with Ref. No. FCE (T)/G/PD/22/CPTL/VOL.I/010 dated 3rd August, 2022 at the contract sum of ₦99,888,985.00 (Ninety nine million, eight hundred and eighty eight thousand, nine hundred and eighty five naira) with a completion period of 12 weeks, and
ii. The company's business object is construction of buildings and has no medical, laboratory or other medical equipment related field experience, contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gombe.

Risks:
i. Procurement of substandard equipment
ii. Loss of public funds.

Management's Response
No response.

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

Recommendations
The Provost should be request to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦99,888,985.00 (Ninety nine million, eight hundred and eighty eight thousand, nine hundred and eighty five nine naira), being irregular award of contract to company without technical capacity and prior experience.
ii. Recover and remit to the Treasury, the sum of ₦99,888,985.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment stated in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 4: UNACCOUNTED PRELIMINARY AND CONTINGENCY PROVISIONS IN CONTRACT AWARDS (=₦29,209,965.00)

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 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 College included the sum of ₦29,209,965.00 (Twenty nine million, two hundred and nine thousand, nine hundred and sixty five naira) as provisions for preliminaries and contingencies in three (3) contracts awarded during the period under review.
ii. The amount in (i) above was included in the Bills of Engineering Measurement and Evaluation (BEME) under Bill 1 and Bill 2 as provisional sums for items such

as external works, mechanical works, landscaping, electrical installations, preliminaries, contingencies, and other associated works, as shown in the table below, and

Cost Item	Amount (₦)	Ref	Remark
COPANY 1 (LOT 8)			
Cold Water Supply Pipe Allow for pipe works associated with cold and hot water distribution	950,000.00	PG 16	Provisional sum
Soil And Waste/ Rain Water Pipe Allow for pipe works associated with cold and hot water distribution	900,000.00	PG 16	Provisional sum
External Works (Provisional) Allow sum for all external works, drainage, external electrical, mechanical, landscaping and other associated works as approve	8,500,000.00	PG 21	Provisional sum
COMPANY 2 (LOT 9)			
Electrical Installation	9,000,000.00		Provisional sum
External Work (provisional)	4,500,000.00		Provisional sum
Contingency	2,000,000.00		Provisional sum
COMPANY 3 (LOT 5)			
Preliminaries	1,550,000.00		Provisional sum
Contingency	1,809,965.00		Provisional sum
TOTAL	29,209,965.00		

Source: *Extracted from Bill of Engineering Measurement and Evaluation (BEME) from contract files.*

iii. There was no evidence to show that the amount in (i) above was accounted for, as no supporting documents of the utilisation were provided for audit verification.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gombe.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦29,209,965.00 (Twenty nine million, two hundred and nine thousand, nine

hundred and sixty five naira), being unaccounted preliminary and contingency provisions.

ii. Recover and remit to the Treasury, the sum of ₦29,209,965.00.

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

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

ISSUE 5: PAYMENT FOR CONTRACTS/SERVICES NOT EXECUTED (=₦133,656,287.88)

Description of Findings

Section 35 (b) of the Public Procurement Act (PPA) (2007) states, "Once a mobilization fee has been paid to any supplier or contractor, no further payment shall be made to the supplier or contractor without an interim performance certificate issued in accordance with the contract agreement." Also, paragraph 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. Contracts totaling ₦599,502,233.25 (Five hundred and ninety nine million, five hundred and two thousand, two hundred and thirty three naira, twenty five kobo) were awarded for the construction and upgrading of the College fence and other critical structures, as well as the construction and furnishing of an indoor sports complex in the 2022 and 2023 financial years.

ii. The contracts comprised ₦99,789,000.00 for the construction and upgrading of the College fence and other critical structures, and ₦299,867,480.00 and ₦199,845,753.25 for the construction and furnishing of an indoor sports complex in the 2022 and 2023 financial years, respectively, and

iii. The sum of ₦133,656,287.88 (One hundred and thirty three million, six hundred and fifty six thousand, two hundred and eighty seven naira, eighty eight kobo) was paid through valuation certificates for materials on/off site without evidence of actual execution or procurement, despite the payment of mobilization fees.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gombe.

Risks

i. Payments for jobs not done.

ii. Diversion of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦133,656,287.88 (One hundred and thirty three million, six hundred and fifty six thousand, two hundred and eighty seven naira, eighty eight kobo), being payment for work not done.
ii. Recover and remit to the Treasury, the sum of ₦133,656,287.88.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to the payment for jobs not executed and gross misconduct specified in paragraphs 3104(iii) and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: UNDER-DEDUCTION OF STATUTORY TAXES (=₦379,930.04)

Description of Findings

Section 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, "Deduction 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 College awarded contracts for the procurement of grains and fertilizers to victims of domestic violence to a company, at the sum of ₦99,887,500.00 (Ninety nine million, eight hundred and eighty seven thousand, five hundred naira) through Award Letter Ref. No. FCE(T) G/PD/22/CPTL/VOL.I/006 dated 3rd August, 2022.
ii. The Withholding Tax deducted was ₦3,927,085.20 (Three million, nine hundred and twenty seven thousand, eighty five naira, twenty kobo) instead of ₦4,247,744.39 (Four million, two hundred and forty seven thousand, seven hundred and forty four naira, thirty nine kobo) leading to an under-deduction of ₦320,659.19 (Three hundred and twenty thousand, six hundred and fifty nine naira, nineteen kobo). Also, stamp duty was under-deducted by ₦59,270.85 (Fifty nine thousand, two hundred and seventy naira, eighty five kobo), and
iii. The total under-deduction of statutory taxes amounted to ₦379,930.04 (Three hundred and seventy nine thousand, nine hundred and thirty naira, four kobo) which would have accrued to the government as revenue.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gombe.

Risks
i. Loss of Government revenue.
ii. Non-deduction of proper taxes.

Management's Response
No response.

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

Recommendations
The Provost should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦379,930.04 (Three hundred and seventy nine thousand, nine hundred and thirty naira, Four kobo), being under-deduction of statutory taxes.
ii. Recover and remit to the Treasury, the sum of ₦379,930.04.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to collect and account for government revenue specified in paragraphs 3106 and 3112 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: PAYMENT FOR CONTRACTS OF TRAINING NOT EXECUTED (=₦199,765,888.02)

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." Also, Section 5(d) of the Nigerian Council for Management Development Act (NCMDA) (2022) states, "accredit every management consultant, trainer or institution operating within Nigeria; (e) accredit every registered management training firm or institution upon the fulfillment of criteria set by the Council;"

Audit observed that:
i. A contract amounting to ₦199,765,888.02 (One hundred and ninety nine million, seven hundred and sixty five thousand, eight hundred and eighty eight naira, two kobo) was awarded for the training and empowerment of youths in tomato farming in Zaki Federal Constituency, Bauchi State, vide Ref. No. FCE (T)/G/PD/23/CPTL/VOL.I/006 dated 23rd June, 2023.
ii. Payments totaling ₦200,889,035.45 (Two hundred million, eight hundred and eighty nine thousand, thirty five naira, forty five kobo) were made to the contractor vide Payment Voucher Nos. 063 dated 2nd November, 2023 and 111 dated 29th

December, 2023, resulting in over-payment of contract sum by ₦1,123,147.43 (One million, one hundred and twenty three thousand, one hundred and forty seven naira, forty three kobo).

iii. There was no evidence, such as attendance lists, dates, time, venue, pictorial evidence, or reports, to support the conduct of the training programme for which the sum of ₦200,889,035.45 was paid, and

iv. The contractor was not registered and accredited by the Nigerian Council for Management Development (NCMD), contrary to Section 5(d) and (e) of the Nigerian Council for Management Development Act, 2022.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education (Technical) Gombe

Risks

i. Diversion of government funds.
ii. Payment for service not rendered.

Management's response

The contracts were executed and pictorial evidence and other relevant documents are attached.

Auditor's Evaluation

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

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦200,889,035.45 (Two hundred million, eight hundred and eighty nine thousand, thirty five naira, forty five kobo), being payment for work not done.
ii. Recover and remit to the Treasury, the sum of ₦200,889,035.45.
iii.. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to the payment for jobs not executed and gross misconduct specified in paragraph 3104(iii) and 3129 of the Financial Regulations (2009) respectively, should apply.

FEDERAL COLLEGE OF EDUCATION, OKENE

At the Federal College of Education, Okene, for the period 1st January to 31st December, 2022, the following observations were made:

ISSUE 1: PAID VOUCHERS/CONTRACT RECORDS NOT PRESENTED FOR EXAMINATION (=₦59,070,287.00)

Description of Findings

Section 85(2) of the Constitution of the Federal Republic of Nigeria (1999) (as amended) states, "… the Auditor-General or any person authorized by him in that

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

Audit observed that:

i. The sum of ₦59,070,287.00 (Fifty nine million, seventy thousand, two hundred and eighty seven naira) was paid for the procurement of office furniture.
ii. The payment in (i) above was confirmed from the GIFMIS printout; however, the date of contract award could not be ascertained, as the letter of award, procurement files, and payment vouchers were not provided for audit examination, and
iii. There was no evidence of compliance with procurement due process, such as Tenders' Board approval for the award, notwithstanding the existence of minutes of financial bid opening dated 1st December, 2022.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal College of Education, Okene

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦59,070,287.00 (Fifty nine million, seventy thousand, two hundred and eighty seven naira), being payment made without presenting paid vouchers and contracts files for examination.
ii. Recover and remit to the Treasury, the sum of ₦59,070,287.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

iv. Otherwise, sanctions relating to irregular or wrong payment and irregular award of contract in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: CIRCUMVENTION OF PROCUREMENT DUE PROCESS (=₦53,830,741.61)

Description of Findings

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

Audit observed that:

i. The College awarded a contract for the renovation of male hostel buildings totaling ₦246,438,000.00 (Two hundred and forty six million, four hundred and thirty eight thousand naira) on 17th May, 2023.
ii. There was no evidence of Tenders' Board approval obtained before the award of the contract in (i) above, and
iii. Subsequent payment of ₦53,830,741.61 (Fifty-three million, eight hundred and thirty thousand, seven hundred and forty one naira, sixty one kobo) was made on the 9th October, 2023, as indicated on the GIFMIS platform without evidence of request for payment and other supporting documents to justify the payment.

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

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 Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦53,830,741.61 (Fifty three million, eight hundred and thirty thousand, seven hundred and forty one naira, sixty one kobo), being payment made without request for payment and other supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦53,830,741.61.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular contract award and irregular payment stated in paragraph 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

FEDERAL TEACHING HOSPITAL, GOMBE

At the Federal Teaching Hospital (FTH) Gombe, for the period 1st January 2022 to 31st December, 2023, the following observation was made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT DUE PROCESS AND CONTRACT EXECUTION (=₦139,830,000.00)

Description Of Findings

Section 16 of the Public Procurement Act (PPA) (2007) states, "The requirements of professional and technical qualifications for the award of contract, financial capability, equipment and other relevant infrastructure required, adequate personnel to perform the obligations and the legal capacity to enter the contract etc." Furthermore, section 41 (2) of Public Procurement Act (2007) states, "Generally, quotations shall be obtained from at least 3 unrelated contractors or suppliers." Also, paragraph 11(d) of the BPP No Objection granted to the Hospital with reference No: BPP/S.I/22/Vol.VII/743 dated 15th November 2022 required the Hospital to conduct due diligence search/post award on the contractors. In addition, paragraph 708 of Financial Regulations (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Similarly, paragraph 603 (i) of the FR (2009), states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Also, section 44(1) of Companies and Allied Matters Act, (2020) states "A company shall not, carry on any business expressly prohibited by its memorandum and shall not exceed the powers conferred upon it by its memorandum or this Act."

Audit observed that:

i. Contracts of consultancy services for medical outreaches in Dukku/Nafada Federal Constituency totaling ₦139,830,000.00 (One hundred and thirty nine million, eight hundred and thirty thousand naira) were awarded to two (2) companies as shown in the Table below:

S/N	Pv No and Date	Payees Name	Description	Amount ₦
1	FTHG/5571 of 21/12/2022	1st Company	Provision of medical outreach at Nafada/Dukku Fed. Constituency of Gombe State	32,000,000.00
2	FTHG/0776 of 24/2/2023	1st Company	Provision of medical outreach at Nafada/Dukku Fed. Constituency of Gombe State	7,990,000.00
3	FTHG/002 of	2nd Company	Provision of medical outreach at	29,952,000.00

	1/11/2023		Nafada/Dukku Fed. Constituency of Gombe State	
4	FTHG/003 of 10/11/2023	2nd Company	Provision of medical outreach at Nafada/Dukku Fed. Constituency of Gombe State	23,500,000.00
5	FTHG/004 of 12/12/2023	2nd Company	Provision of medical outreach at Nafada/Dukku Fed. Constituency of Gombe State	46,388,000.00
Total				**139,830,000.00**

ii. The contracts were awarded vide letters Ref. Nos. FTHG/PR/CP/CONSULT-MED/2022 and FTHG/PR/CONSULT-MD-OUTREACH-DKU-NFD/2023 dated 5th December, 2022 and 30th October, 2023, at contract sums of ₦39,990,000.00 and ₦99,840,000.00, respectively, with completion periods of seven (7) days and four (4) weeks.
iii. There was no evidence to show that due diligence checks were conducted on the contractors, as due diligence reports were not provided for audit examination.
iv. The contractors were related, having common Directors, thereby violating the conditions of restricted procurement and indicating possible contract rigging.
v. There was no evidence, such as lists or pictorial records of beneficiaries/patients treated, or details of medical personnel (doctors, nurses, pharmacists) who conducted the outreaches.
vi. The bills of service presented for 2022 and 2023 were identical, indicating possible irregularities in the procurement and execution of the contracts.
vii. There was no evidence of public awareness activities (e.g., radio/TV announcements), medical services rendered, or feeding of patients as required under the contracts.
viii. There was no evidence of distribution of baby delivery items to beneficiaries, although provisions were made for 100 deliveries per month amounting to ₦10,200,000.00 (Ten million, two hundred thousand naira) in 2023.
ix. The contractors did not meet the minimum qualification criteria, as they lacked the required professional and technical expertise in the medical field; one is a general contractor and the other an engineering firm, and
x. There was no evidence of relevant experience, as the companies (registered in 2018 and 2021) did not provide records of at least three similar jobs executed within the last five (5) years.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Teaching Hospital, Gombe.

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 Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦139,830,000.00 (One hundred and thirty nine million, eight hundred and thirty thousand, naira), being award of contracts without due diligence report and evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦139,830,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

UNIVERSITY TEACHING HOSPITAL, ILORIN, KWARA STATE

At the University Teaching Hospital (UTH) Ilorin, Kwara State, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: SELECTIVE TENDERING WITHOUT CERTIFICATE OF "NO OBJECTION" (=₦189,488,250.00)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of every procurement entity has 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 40 (2) of the PPA (2007) states, "where a procuring entity engages in restricted tendering on the basis that; (a) the goods, works and services are available only from a limited number of suppliers or contractors, it shall invite tenders from all the suppliers or contractors who can provide the goods, works or services; and (b)The time and cost required to examine and evaluate a large number of tenders is proportionate to the value of goods, works or service, it shall select in a non-discriminatory manner of the number of suppliers or contractors to ensure effective competition" In addition, section 40(3) of the PPA (2007) states, "…the procuring entity shall cause a notice of the selected tendering proceedings to be published in the procurement journal."

Audit observed that:

i. The sum of ₦189,488,250.00 (One hundred and eighty nine million, four hundred and eighty eight thousand two hundred and fifty naira) was paid to three (3) contractors for the procurement of Digital X-Ray Machine, Digital Mammography 2D Machine and Mobile Health Clinics for Kwara Central Senatorial District in 2023 financial year.
ii Selective tendering method of procurement was used. However, there was no evidence to show that Certificate of "No Objection" was obtained from the Bureau of Public Procurement (BPP), and
Iii There was no evidence to justify the use of selective tendering method of procurement.

The above anomalies could be attributed to weaknesses in the internal control system at the University Teaching Hospital, Ilorin, Kwara State

Risks

ii. Award of contracts to unqualified vendors.
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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦189,488,250.00 (One hundred and eighty nine million, four hundred and eighty eight thousand two hundred and fifty naira), being contract awarded without BPP "No objection".
ii. Recover and remit to the Treasury, the sum of ₦189,488,250.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, Sanctions relating to irregular payment and irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: AWARD OF CONTRACTS WITHOUT DUE PROCESS (=₦380,012,152.00)

Description of Findings

Section 16 (21) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of a procuring entity and any officer to whom responsibility is delegated are responsible and accountable for any actions taken or omitted to be taken either in compliance with or in contravention of this Act." Furthermore, section 16(6) of the 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;"

Audit observed that:

i. The sum of ₦380,012,152.00 (Three hundred and eighty million, twelve thousand, one hundred and fifty two naira) was paid to some contractors for various works and services by the Hospital, and
ii. There was no evidence to show that technical and financial evaluations of the contractors were carried out before the award of contract as specified by the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University Teaching Hospital, Ilorin, Kwara State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director is requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦380,012,152.00 (Three hundred and eighty million, twelve thousand, one hundred and fifty two naira), being contract awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦380,012,152.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, Sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: PAYMENT FOR CONSTITUENCY/ZONAL INTERVENTION PROJECTS EXECUTED WITHOUT APPROVAL FROM RELEVANT AUTHORITIES (=₦449,809,853.79)

Description of Finding
Paragraph 2 (i) of the Establishment Circular Ref. no SDO/P&P/034/Vol.I/21 dated 24th July, 2017, regarding guidelines on implementation of a zonal intervention/constituency projects states, "Ministries, Department and Agencies MDAs shall award contracts of various Zonal Intervention/Constituency Projects under their purview, monitor and supervise the implementation of the projects as well as raise payment certificate which are then forwarded to the Special Duties Office of the Office of the Secretary to the Government of the Federation. Also, paragraph 2 (ii) of the Establishment Circular Ref. No. SDO/P&P/034/Vol.I/21 dated 24th July, 2017, states, "The Special Duties Office shall verify and ascertain the level of work done and authorize payments for such projects."

Audit observed that:
i. The sum of ₦449,809,853.79 (Four hundred and forty nine million, eight hundred and nine thousand, eight hundred and fifty three naira, seventy nine kobo) was paid for construction, supply of hospital equipment and professional/consulting service in Kwara Central Senatorial District under the Constituency Projects, and
ii. There was no evidence to show that the project was verified, and payment authorized by Federal Ministry of Special Duties and Inter-Governmental Affairs as required by the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University Teaching Hospital, Ilorin, Kwara State.

Risk

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦449,809,853.79 (Four hundred and forty nine million, eight hundred and nine thousand, eight hundred and fifty three naira, seventy nine kobo), being payment for constituency projects without approval from the Federal Ministry of Special Duties and Inter-Governmental Affairs.
ii. Recover and remit to the Treasury, the sum of ₦449,809,853.79.
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.

INSTITUTE OF PEACE AND CONFLICT RESOLUTION, ABUJA

At the Institute of Peace and Conflict Resolution (IPCR), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PAYMENT FOR CONSTITUENCY/ZONAL INTERVENTION PROJECTS EXECUTED WITHOUT APPROVAL FROM RELEVANT AUTHORITIES (=₦66,500,000.00)

Description of Findings

Paragraph 2 (i) of the Establishment Circular Ref. no SDO/P&P/034/Vol.I/21 dated 24th July, 2017, regarding guidelines on implementation of a zonal intervention/constituency projects states, "Ministries, Department and Agencies MDAs shall award contracts of various Zonal Intervention/Constituency Projects under their purview, monitor and supervise the implementation of the projects as well as raise payment certificate which are then forwarded to the Special Duties Office of the Office of the Secretary to the Government of the Federation. Furthermore, paragraph 2 (ii) of the Establishment Circular Ref. No. SDO/P&P/034/Vol.I/21 dated 24th July, 2017, states, "The Special Duties Office shall verify and ascertain the level of work done and authorize payments for such projects."

Audit observed that:

i Two (2) contracts totaling ₦66,500,000.00 (Sixty six million, five hundred thousand naira) for creating awareness on kidnapping and skill acquisition training and empowerment of IDPs in Katsina were awarded to two (2) contractors as shown in the Table below:

S/N	Pv No	Description	Total (₦)	Award Reference and Date
1	26	Payment for awareness and Kidnapping across the three Federal Constituency Safana/Batsari/Danmusa, Federal Constituency, Katsina State.	28,500,000.00	IPCR/ZIP/LOTB18/21 of 23/12/2021
2	28	Payment for skill acquisition training and empowerment of IDPs in Katsina	38,000,000.00	IPCR/ZIP/LOTB17/21 od 23/12/2021
		TOTAL	**66,500,000.00**	

ii There was no evidence to show that the projects were verified by Federal Ministry of Special Duties and Inter-Governmental Affairs, and

iii. There was no evidence of authorization for payments obtained from Federal Ministry of Special Duties and Inter-Governmental Affairs as required by the extant regulations.

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

Risks

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

Management's Response

Please find attached the approval from the Federal Ministry of Special Duties and Inter-Governmental Affairs.

Auditor's Evaluation

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

Recommendations

The Director General/CEO should be requested to:

i. Account to the Public Accounts Committees (PAC) of the National Assembly, the sum of ₦66,500,000.00 (Sixty six million, five hundred thousand naira), being payments for constituency projects without authorisation from the Federal Ministry of Special Duties and Inter-Governmental Affairs.
ii. Recover and remit to the Treasury, the sum of ₦66,500,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: PROCUREMENT OF ICT FACILITIES WITHOUT CLEARANCE FROM NITDA (=₦51,563,781.92)

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. Four (4) payments totaling ₦51,563,781.92 (Fifty one million, five hundred and sixty three thousand, seven hundred and eighty one naira, ninety two kobo) were made to four (4) contractors for procurement of various IT projects, equipment and services by the Institute as shown in the Table below, and

S/N	Date	Pv No	Description	Amount
1	15/11/2022	ZIP/0027	Supply of Instructional Materials in Bursari/Geidam Yunusari, Yobe State.	7,882,500.00
2	07/11/2022	ZIP/0023	Payment for training on ICT and provision of empowerment items in Marte LGA, Borno.	32,462,105.53
3	01/02/2023	ZIP/071	Balance payment for training on ICT & provision of empowerment items in Marte, Borno state	8,115,526.39
2	04/05/2023	ZIP090	Being payment for the supply of laptop phones and blackview	3,103,650.00
	TOTAL			**51,563,781.92**

Source: Zonal Intervention/Constituency Projects Payment Vouchers

ii. These procurements were made without obtaining clearance from National Information and Technology Development Agency (NITDA) as required by extant regulations.

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

Risks

i. Procurement of sub standards IT projects.
ii. Loss of government funds.

Management's Response

These ICT jobs were approved by the Tenders board and all necessary documents were obtained and appended to transactional processes. Please find attached a copy of the unconditional clearance given by NITDA. This can be verified, as the attached copy was printed from the NITDA website, for easy verification by any interested party.

Auditor's Evaluation

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

Recommendations

The Director General/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦51,563,781.92 (Fifty one million, five hundred and sixty three thousand, seven hundred and eighty one naira, ninety two kobo), being procurement of ICT equipment without obtaining NITDA clearance and approvals.
ii. Recover and remit to Treasury, the sum of ₦51,563,781.92.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 3: SPLITTING OF CONTRACTS TO CIRCUMVENT PROCUREMENT/APPROVAL THRESHOLD (=₦64,236,484.66)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…"

Audit observed that:

i. Two (2) contracts totaling ₦66,150,124.00 (Sixty six million, one hundred and fifty thousand, one hundred and twenty four naira) for sensitization and empowerment for Victims of Banditry in Batsari/Safana/Danmusa Federal Constituency, Katsina State were awarded to one (1) contractor as shown in the Table below, and

S/N	PV No./Date	Description	Net Amount (₦)	Award letter Ref. no./Contract sum
1	ZIP/0046 21/12/2022	Payment for Sensitization and Empowerment for Victims of Banditry in Batsari/Safana/Danmusa Federal Constituency, Katsina State.	26,600,000.00	IPCR/ZIP/LOTC32/22 dated 07/09/20 at the Contract Sum of ₦33,075,062.00
2	ZIP/0047 21/12/2022	Payment for Sensitization and Empowerment for Victims of Banditry in Batsari/Safana/Danmusa Federal Constituency, Katsina State.	26,600,000.00	IPCR/ZIP/LOTC33/22 dated 07/09/20 at the Contract Sum of ₦33,440,562.00
3	ZIP/076 9/2/2023	Balance payment for the sensitization & equipment for victim of banditry in Batsari/Safana/ Danmusa Federal Constituency, Katsina.	5,669,712.33	IPCR/ZIP/LOTC32/22 dated 07/09/20 at the Contract Sum of ₦33,075,062.00
4	ZIP/077 9/2/2023	Balance payment for the sensitization & equipment for victim of banditry in Batsari/Safana/ Danmusa Federal Constituency Katsina.	5,366,772.33	IPCR/ZIP/LOTC33/22 dated 07/09/22 at the Contract Sum of ₦33,440,562.00
		GRAND TOTAL	**64,236,484.66**	

ii. The contracts related to the same scope of work that ought to have been awarded as a single contract; however, they were split into two contracts valued at ₦33,075,062.00 each, to be within the approval threshold of the University Tenders Board.

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

Risks

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

Management's Response

APPENDIX 13

These are two different projects and are captured in the Institute's Budget. They are two different lots. Several Contractors were screened and the best was chosen, Attached are the relevant sections of the 2022 Appropriation, the Institute's Eligibility record sheet, the suitability assessment for consultancy services and the QCBS assessment sheets.

Auditor's Evaluation

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

Recommendations

The Director General/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦66,150,124.00 (Sixty six million, one hundred and fifty thousand, one hundred and twenty four naira), being payments to contractors for contracts split to circumvent approval thresholds.
ii. Recover and remit to Treasury, the sum of ₦66,150,124.00.
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: PAYMENT FOR PARTIALLY EXECUTED CONTRACTS (=₦138,947,700.00)

Description of Findings

Paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 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 ₦138,947,700.00 (One hundred and thirty eight million, nine hundred and forty seven thousand, seven hundred naira) was paid for training and empowerment programmes for selected beneficiaries."
ii. Each beneficiary was to receive a stipend of ₦50,000.00 (Fifty thousand naira). However, verification through telephone calls to sampled participants revealed inconsistencies, as some individuals who did not attend training were recorded as having attended and received items, while others attended but did not receive the expected empowerment benefits.
iii. Some participants who attended the training were not paid the stipulated stipend of ₦50,000.00 (Fifty thousand naira), despite their names appearing on duly signed attendance sheets.
iv. In some instances, individuals who did not attend the training were recorded as beneficiaries, including a case where a participant received a stipend of ₦8,000.00 (Eight thousand naira) instead of ₦50,000.00 (Fifty thousand naira), and
v. There were cases where individuals' details were captured and attendance recorded, but they were neither trained nor empowered.

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

Risks

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

Management's Response

There is ample evidence of payment to participants, there are pictures of participants as well as a list of participants and their phone numbers. The contract was fully executed and paid for. Discrepancies may have arisen from the attendance of uninvited guests who forcefully want to benefit from the programmes. Invited participants were requested to fill accreditation forms as a way of authentication

Auditor's Evaluation

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

Recommendations

The Director General/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦138,947,700.00 (One hundred and thirty eight million, nine hundred and forty seven thousand, seven hundred naira), being payment for jobs not fully executed.
ii. Recover and remit to Treasury, the sum of ₦138,947,700.00.
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.

NATIONAL ASSEMBLY, ABUJA

At the National Assembly, Abuja, for the period 1st January to 30th June, 2023, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦74,720,700.00)

Description of Findings

Paragraph 1405 of the Financial Regulations (FR) (2009) states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalments or otherwise." Furthermore, paragraph 1420 of the FR (2009) states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." Similarly, paragraph 2302(ii) of the FR (2009) states, "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:

i. The sum of ₦74,720,700.00 (Seventy four million, seven hundred and twenty thousand, seven hundred naira) was paid as imprest to seventy (70) Senate Standing committees, and
ii. Some of these payments remained unaccounted as at the time of this audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Assembly, 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 Clerk to the National Assembly should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦74,720,700.00 (Seventy four million, seven hundred and twenty thousand, seven hundred naira), being unretired cash advances.
ii. Recover and remit to the Treasury, the sum of ₦74,720,700.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

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

ISSUE 2: NON-SUBMISSION OF STAND-ALONE FINANCIAL STATEMENTS FOR AUDIT

Description of Findings

Paragraph 4 of the Treasury Circular Ref. No. TRY A3& B3/2024 OAGF/CAD/ 026/V.1V/855 dated 4th April, 2024, states "The Financial Statements are henceforth to be duly audited by the Resident Auditors from the Office of the Auditor-General for the Federation or external auditors of the public entities and jointly signed by the Accounting Officer and Director of Finance and Accounts. Financial Statements for the year ended 31st December 2023 are to be submitted to the Office of the Accountant-General of the Federation on or before 17th May 2024 while those of subsequent years are to be submitted not later than 31st March of each succeeding year."

In spite of the extant regulations:

i. The National Assembly was yet to submit its Stand-alone Financial Statements for the year 2023 to the Auditor-General for the Federation as required by the above extant regulation, and
ii. No justifiable reason was provided for the non-submission of the Stand-alone Financial Statements.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Clerk to the National Assembly should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the Stand-alone Financial Statements for the year 2023, to the Auditor-General for the Federation.
ii. Produce the Stand-alone Financial Statement for the year in (i) above, for audit, as required by extant regulations.
iii. Forward copies of the Stand-alone Financial Statements to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and

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

ISSUE 3: MISAPPLICATION OF FUNDS (=₦62,660,000.00)

Description of Findings

Paragraph 313 of Financial Regulations (FR) (2009) states, "The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure on any sub-head of the Recurrent Estimates in excess of the provision in the Approved estimates or Supplementary Estimates may be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of an application for supplementary provisions or virement.'' Furthermore, paragraph 417 of the FR (2009) states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." In addition, paragraph 2906 (ii) of the FR (2009) states, "Pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words, payments that are not provided for in the annual estimates shall not be accepted."

Audit observed that:

i. The sum of ₦62,660,000.00 (Sixty two million, six hundred and sixty thousand naira) was paid for the supply of gift items (memorabilia) for the Seventh (7th) National Assembly, vide Payment Voucher No. PV/NASS/HR/OC/CAP/2023/5/124 dated 16th May, 2023, and charged to the capital vote.
ii. The expenditure in (i) above ought to have been charged to the recurrent vote but was instead charged to the capital vote without justification, and
iii. There was no evidence to show that the expenditure was provided for in the 2023 capital budget, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Assembly, 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 Clerk to the National Assembly should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦62,660,000.00 (Sixty two million, six hundred and sixty thousand naira), being payment for job not executed.
ii. Recover and remit to the Treasury, the sum of ₦62,660,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

NATIONAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT AGENCY, ABUJA

At the National Biotechnology Research and Development Agency (NBRDA), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PAYMENT FOR CONSTITUENCY/ZONAL INTERVENTION PROJECTS EXECUTED WITHOUT APPROVAL FROM RELEVANT AUTHORITIES (=₦35,597,119.74)

Description of Findings

Paragraph 2 (i) of the Establishment Circular Ref. no SDO/P&P/034/Vol.I/21 dated 24th July, 2017, regarding guidelines on implementation of a zonal intervention/constituency projects states, "Ministries, Department and Agencies MDAs shall award contracts of various Zonal Intervention/Constituency Projects under their purview, monitor and supervise the implementation of the projects as well as raise payment certificate which are then forwarded to the Special Duties Office of the Office of the Secretary to the Government of the Federation. Furthermore, paragraph 2 (ii) of the Establishment Circular Ref. No. SDO/P&P/034/Vol.I/21 dated 24th July, 2017, states, "The Special Duties Office shall verify and ascertain the level of work done and authorize payments for such projects."

Audit observed that:

i. Three (3) payments totaling ₦35,597,119.74 (Thirty five million, five hundred and ninety seven thousand, one hundred and nineteen naira, seventy four kobo) for various constituency projects were made to three (3) companies as shown in the Table below, and

S/N	Pv No. and date	Description	Amount (₦)
1	FMST/NABDA/CAP/022/23 of 5/12/2023	Electrification of Ofoke/Ojope communities Apa Benue south senatorial district.	18,826,260.00
2	FMST/NABDA/CAP/254/23 of 13/12/2023	Purchase/installation of transformers in various parts of Benue south senatorial district.	11,220,834.74

3	FMST/NABDA/CAP/565/23 of 29/12/2023	Supply of equipment to the science laboratories in selected schools within Lagos Island federal constituency ii.	5,550,025.00
			35,597,119.74

ii. There was no evidence to show that the project was verified, and payment authorized by Federal Ministry of Special Duties and Inter-Governmental Affairs as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Biotechnology Research and Development Agency, Abuja

Risks

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

Management's Response

The Agency has Authorization from Federal Ministry of Special Duties for all Zonal Intervention projects but for Constituency projects, the observation is noted and will be corrected subsequently.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦449,809,853.79. (Four hundred and forty nine million, eight hundred and nine thousand, eight hundred and fifty three naira. seventy nine kobo), being payment for constituency projects without approval from the Federal Ministry of Special Duties and Inter-Governmental Affairs.
ii. Recover and remit to the Treasury, the sum of ₦35,597,119.74.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations (2009) should apply.

ISSUE 2: UNACCOUNTED PAYMENT OF PRELIMINARIES WITHOUT EVIDENCE OF UTILIZATION (=₦3,405,000.00)

Description of Findings

Section 16(1) of the Public Procurement Act (PPA) (2007) states, "Subject to any exemption allowed by this Act, all public procurement shall be conducted :…(d) in a manner which is transparent, timely, equitable for ensuring accountability and conformity with this Act and regulations deriving therefrom." Also, Paragraph 412 of the Financial Regulations (FR) (2009) states, "where a contract involves supplies of goods or work done, that no money will be claimed by the contractor other than the cost of the work certified to have been performed."

Audit observed that:

i. Contracts totaling ₦141,195,644.95 (One hundred and forty one million, one hundred and ninety five thousand, six hundred and forty four naira, ninety five kobo) were awarded to three (3) contractors.

ii. The amount in (i) above included the sum of ₦3,405,000.00 (Three million, four hundred and five thousand naira) as provisions in the Bills of Engineering Measurement and Evaluation (BEME) for items such as preliminaries, and

iii. There was no evidence to show that the amount in (ii) above was accounted for, as no supporting documents were provided for audit verification.

S/N	Contract Ref. No and date	Payee/Contractor	Description	Contract Sum (₦)	Preliminaries (₦)
1	NABDA/DG/PCU/CAP/C/23/05 of 31/08/2023	Company 1	Award of contract for the skill acquisition and knowledge in information and communications technology (ICT) in Afijio/Oyo West/Atiba federal constituency, Oyo state. (aquatic bioresources training centre, Tunari, Taraba state).	57,224,937.50	450,000.00
2	NABDA/DG/PCU/CAPA/23/12 of 31/08/2023	Company 2	Award of contract for the purchase and installation of transformers in various parts of benue south senatorial districts, benue state.	46,567,925.00	2,000,000.00
3	NABDA/DG/CAPA/23/09 of 31/08/2023	Company 3	Award of contract for the purchase /installation of transformers in various parts of benue south senatorial district.	37,402,782.45	955,000.00
			Total	**141,195,644.95**	**3,405,000.00**

The above anomalies could be attributed to weaknesses in the internal control system at the National Biotechnology Research and Development Agency, Abuja

Risks

i. Payment for work not done.

ii. Loss of public fund.

Management's Response

Attached is the breakdown of the preliminaries also attached in the certificate of Job Completion. Attestation letter from the Coordinator for Job Completed. Attestation letter for Job Completed from the Coordinator in Benue State.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,405,000.00 (Three million, four hundred and five thousand naira), being payment for preliminaries without prior approval and evidence of utilisation as required by extant regulations.
ii. Recover and remit to the Treasury, the sum of ₦3,405,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: ELECTRICAL INSTALLATION WITHOUT CERTIFICATION OF NIGERIAN ELECTRICITY MANAGEMENT SERVICES AGENCY (NEMSA) (=₦37,402,782.45)

Description of Findings

Section 6(a) of Nigerian Electrical Management Services Agency (NEMSA) Act (2015) states, "Subject to this Act, the Agency Shall-(a) carry out electrical inspectorate services for the Nigerian electricity supply industry; …(h) carry out the duties of inspecting engineers for inspection, testing and certification of all categories of electrical installation in the Nigerian electricity supply industry; … (j) provide sustained technical inspection, testing and certification of all electrical materials, (including transformer oil and chemicals) or equipment, power systems, networks (generation, transmission and distribution), or electrical installations to be used in the power sector, to ensure a stable system to deliver safe, reliable, regular power supply, guarantee safety of lives and property, and avert loss of lives and property in the Nigerian electricity supply industry;"

Audit observed that:

i. The Agency awarded the contract for the purchase /installation of Transformers in various parts of Benue South Senatorial District to a contractor at a contract sum of ₦37,402,782.45 (Thirty seven million, four hundred and two thousand, seven hundred and eighty two naira, forty five kobo) vide contract file Ref. No. NABDA/DG/CAPA/23/09 dated 31st August, 2023, and
ii. There was no evidence of certification from Nigerian Electrical Management Services Agency as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Biotechnology Research and Development Agency, Abuja.

Risks

i. Procurement and installation of sub-standard electrical materials.
ii. Loss of government funds.

Management's Response

Noted for future electrical Installation

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦37,402,782.45 (Thirty seven million, four hundred and two thousand, seven hundred and eighty two, naira. forty five kobo), being procurement of electrical installations without certification from NEMSA.
ii. Recover and remit to the Treasury, the sum of ₦37,402,782.45.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 4: UNACCOUNTED PROVISIONS FOR ADDITIONAL WORKS IN CONTRACT AWARDS (=₦1,400,000.00)

Description of Findings

Section 16(1) of the Public Procurement Act (PPA) (2007) states, "Subject to any exemption allowed by this Act, all public procurement shall be conducted:…(d) in a manner which is transparent, timely, equitable for ensuring accountability and conformity with this Act and regulations deriving therefrom." Also, 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 a payment on account, no money will be claimed other than the cost of the work certified to have been performed. If a deduction is made from the amount payable on a contract in respect of a penalty or fine, the net sum only will be paid, while the deduction shall be credited to the appropriate revenue head."

Audit observed that:

i. Contracts for the purchase and installation of transformers in various parts of Benue South Senatorial District and for the electrification of Ofoke/Ojope Communities, APA LGA were awarded at the contract sums of ₦37,402,782.45 and ₦62,754,200.00 totaling ₦100,156,982.45 (One hundred million, one hundred and fifty six thousand, nine hundred and eighty two naira, forty five kobo) vide Ref. Nos. NABDA/DG/CAPA/23/09 and NABDA/DG/PCU/CAPA/23/04 respectively, both dated 31st August, 2023.
ii. The amounts in (i) above include provisions for additional works amounting to ₦1,000,000.00 and ₦400,000.00 totaling ₦1,400,000.00 (One million, four hundred thousand naira) for both contracts, as reflected in the Bills of Quantities for works to be executed as may be directed by the Architect, and
iii. There was no evidence to show that the sums provided for additional works were utilized, as no supporting documents, including directives from the Architect, were provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Biotechnology Research and Development Agency, Abuja

Risks

i. Payment for work not done.
ii. Loss of Public Funds.

Management's Response

Valuation certificate was attached from the Agency's Consultant.
Valuation certificate by the Agency's Consultant certified work done. Attached please.

Auditor's Evaluation

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

Recommendations

The Director General/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,400,000.00 (One million, four hundred thousand naira), being payment for additional works not supported with evidence of utilization.
ii. Recover and remit to Treasury, the sum of ₦1,400,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: PAYMENT FOR LAND COMPENSATION WITHOUT EVIDENCE OF DISBURSEMENT TO BENEFICIARIES (=₦5,000,000.00)

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."

Audit observed that:

i. The sum of ₦27,500,026.50 (Twenty seven million, five hundred thousand, twenty six naira, fifty kobo) was paid to a contractor for the perimeter fencing and land compensation project at Biodec Langtang, Plateau State, vide Payment Voucher No. 017 dated 11th June, 2023.
ii. The amount in (i) above included the sum of ₦5,000,000.00 (Five million naira) for compensation, and
iii. There was no evidence to show that the sum of ₦5,000,000.00 (Five million naira) was utilized for that purpose.

The above anomalies could be attributed to weaknesses in the internal control system at the National Biotechnology Research and Development Agency, Abuja.

Risks

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

Management's Response
No evidence of Disbursement to the beneficiaries.

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

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,000,000.00 (Five million naira) being payment for compensation without evidence of disbursement to beneficiaries.
ii. Recover and remit to the Treasury, the sum of ₦5,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of the Financial Regulations (2009) respectively, should apply.

NATIONAL INSTITUTE OF CONSTRUCTION TECHNOLOGY AND MANAGEMENT, UROMI, EDO STATE,

At the National Institute of Construction Technology and Management (NICTM) Uromi, Edo State, for the Period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: CASH ADVANCES GRANTED ABOVE LIMIT (=₦467, 765,614.00)

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

Audit observed that:
i. Cash advances amounting to ₦467,765,614.00 (Four hundred and sixty seven million, seven hundred and sixty five thousand, six hundred and fourteen naira) were granted to some staff for the procurement of goods and services.
ii. The advances in (i) above were in excess of the approved limit of ₦200,000.00 (Two hundred thousand naira) prescribed by the Federal Treasury Circular, and
iii. The payments deprived government of 7.5% Value Added Tax and 5% Withholding Tax, amounting to ₦63,148,357.89 (Six three million, one hundred

forty eight thousand, three and fifty seven, eighty nine kobo) that would have accrued to the government as revenue.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction Technology and Management, Uromi, Edo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦467,765,614.00 (Four hundred and sixty seven million, seven hundred and sixty five thousand, six hundred and fourteen naira), being payment in violation of cash advance threshold.
ii. Recover and remit to the Treasury, the sum of ₦467,765,614.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: IRREGULAR PAYMENT FOR EXPENDITURE (=₦91,629,500.00)

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."

Audit observed that:

i. The Institute made payments totaling ₦91,629,500.00 (Ninety one million, six hundred and twenty nine thousand, five hundred naira) for projects and programme inspections and monitoring of constituency projects during the period under review, and
ii. There was no evidence, such as inspection reports, pictorial evidence, or receipts, to show that inspection and monitoring were conducted.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

Risks

i. Diversion of government funds.
ii. Payment for work not done.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦91,629,500.00 (Ninety one million, six hundred and twenty four thousand, five hundred naira), being payments for works not done.
ii. Recover and remit to the Treasury, the sum of ₦91,629.500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and.
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: IRREGULARITY IN THE ENGAGEMENT AND PAYMENT OF CONSULTANTS (=₦104,625,412.96)

Description of Findings

Paragraph 2921(i) of the Financial Regulations (FR) (2009) states, "Except as exempted under the procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all 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. Two (2) consultants were engaged for ZIP/SIP projects and programmes by the Institute for a total of ₦104,625,412.96 (One hundred and four million, six hundred and twenty five thousand, four hundred and twelve naira, ninety six kobo) during the period under review.
ii. There was no evidence of procurement approval by the Tenders' Board or of compliance with bidding procedures, and
iii. There was no evidence to show that the consultancy services were performed as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

Risks

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

Management's Response:

No response.

Auditor's Evaluation

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

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦104,625,412.96 (One hundred and four million, six hundred and twenty five thousand, four hundred and twelve naira ninety six kobo), being irregular payments to consultants.
ii. Recover and remit to the Treasury, the sum of ₦104,925,412.96.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: UNAUTHORISED DEDUCTION FROM ZONAL INTERVENTION/CONSTITUENCY PROJECTS FUND (=₦760,606,677.94)

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 420 of the FR (2009) states, "Before any payment is made, a Sub-Accounting Officer shall satisfy himself that: (a) The expenditure has been authorized by Warrant and the voucher correctly classified in accordance with the Estimates or Supplementary Estimates."

Audit observed that:

i. The sum of ₦760,606,677.94 (Seven hundred and sixty million, six hundred and six thousand, six hundred and seventy seven naira, ninety four kobo), representing 5% administrative charges, was deducted at source from funds released to the Institute for Zonal Intervention/Constituency Projects, and
ii. There was no evidence of authority or approval for the deduction of the 5% administrative charges from the project funds.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

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 Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦760,606,677.94 (Seven hundred and sixty million, six hundred and six thousand, six hundred and seventy seven naira, ninety four kobo), being 5% administrative charge deducted from the contract sum.
ii. Recover and remit to the Treasury, the sum of ₦760,606,677.94.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: PAYMENTS FOR CONTRACTS WITHOUT EVIDENCE OF EXECUTION (=₦1,419,094,986.47)

Description of Findings

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

Audit observed that:

i. The sum of ₦1,419,094,986.47 (One billion, four hundred and nineteen million, ninety four thousand, nine hundred and eighty six naira, forty seven kobo) was paid for training and empowerment of youths and women under various programmes, and

ii. There was no evidence, such as distribution lists of empowerment items, schedules of beneficiaries, or other supporting documents, to show that the amount in (i) above was utilized for the intended purpose.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

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 Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,419, 094,986.47 (One billion, four hundred and nineteen million, ninety four thousand, nine hundred and eighty six naira, forty seven kobo), being payment for training and empowerment of youths and women without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦1,419,094,986.47.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to the irregular payment and gross misconduct specified in paragraph 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦169,116,918.60)

Description of Findings

Paragraph 613 of the Financial Regulations (FR) (2009) states, "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. Two (2) contracts for procurement of services totaling ₦169,116,918.60 (One hundred and sixty nine million, one hundred and sixteen thousand, nine hundred and eighteen naira, sixty kobo) were awarded to two (2) contractors, and

ii. Payments in respect of the contracts were made to companies other than the contracted parties without evidence of duly executed powers of attorney or other legal authorization, contrary to extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

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 Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦169,116,918.60 (One hundred and sixty nine million, one hundred and sixteen thousand, nine hundred and eighteen naira, sixty kobo), being payments in violation of the Federal Government e-payment policy.
ii. Recover and remit to the Treasury, the sum of ₦169,116,918.60.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 7: UNAUTHORISED VIREMENT (=₦46,832,424.55)

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."

Audit observed that:

i. The sum of ₦46,832,424.55 (Forty six million, eight hundred and thirty two thousand, four hundred and twenty four naira, fifty five kobo) was deducted from the capital vote for the payment of logistics, and
ii. The payments were made without evidence of relevant approval for virement, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

Risks
i. Misappropriation of 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 Rector should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦46,832,424.55 (Forty six million, eight hundred and thirty two thousand, four hundred and twenty four naira. fifty five kobo), being unauthorized virement.
ii. Recover and remit to the Treasury, the sum of ₦46,832,424.55.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 8: OVER-PAYMENT TO CONTRACTORS (=₦142,884,444.00)

Description of Findings
Paragraph 415 of the Financial Regulations (FR) (2009) requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted. Furthermore, paragraph 412 of the FR (2009) states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" 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 Institute made payments to ten (10) contractors in excess of the amount stated on the contract sums in the letter of awards issued to them, and
ii. The amount paid in excess of the contract sum was ₦142,884,444.00 (One hundred and forty two million, eight hundred and eighty thousand, four hundred and forty four naira).

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management Technology, Uromi, Edo State.

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

Management's Response
No response.

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

Recommendations
The Rector should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦142,884,444.00 (One hundred and forty two million, eight hundred and eighty four thousand, four hundred and forty four naira), being over-payment made to contractors.
ii. Recover and remit to the Treasury, the sum of ₦142,884.444.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 9: IRREGULARITIES IN THE AWARD AND PAYMENT FOR CONTRACTS (=₦586,056,872.62)

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

Audit observed that:
i. The sum of ₦586,056,872.62(Five hundred and eighty six million, fifty six thousand, eight hundred and seventy two naira, sixty two kobo) was paid to ten (10) contractors for various contracts.
ii. There was no evidence to show that due process such as advertisement, competitive bidding and evaluation procedures, were followed prior to the award of the contracts, and
iii. There was no evidence of work done, as documents relating to the award and execution of the contracts were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

Risks
i. Payment for unapproved contracts.
ii. Diversion of public funds.
iii. Loss of public funds.

Management's Response
No response.

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

Recommendations
The Rector should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦586,056,872.62. (Five hundred and eighty six million, fifty six thousand, eight hundred and seventy two naira, sixty two kobo), being irregular award of contract and payments.
ii. Recover and remit to the Treasury, the sum of ₦586,056,872.62.
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 10: IRREGULATITIES IN THE AWARD AND PAYMENTS FOR CONTRACTS UNDER CONSTITUENCY PROJECTS FUNDS (=₦8,665,719,082.00)

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

Audit observed that:
i. The Institute awarded construction contracts under the 2023 CP/ZIP funds totaling ₦8,665,719,082.00 (Eight billion, six hundred and sixty five million, seven hundred and nineteen thousand, eighty two naira).
ii. There was no evidence to show that due processes such as advertisement, competitive bidding and evaluation procedures, were followed prior to the award of the contracts, and
iii. There was no evidence of work done, as documents relating to execution were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

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 Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,665,719,082.00 (Eight billion, six hundred and sixty five million, seven hundred and nineteen thousand, eighty two naira), being irregular award of contract and payments for same.
ii. Recover and remit to the Treasury, the sum of ₦8,665,719,082.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts and irregular payments specified in paragraph 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 11: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦684,406,617.74)

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. Twenty six (26) payments totaling ₦684,406,617.74 (Six hundred and eighty four million, four hundred and six thousand, six hundred and seventeen naira, seventy four kobo) was made to various companies for the supply of store items.

ii. Some of the items reported as supplied, including Tricycles, Generators, Inverters, Motorcycles, Hilux Van, were not supported with Store Receipt Vouchers, and
ii. Store Receipt Vouchers (SRVs) and Store Issued Vouchers (SIVs) were not raised and Store Ledger was not updated as evidence of how the items were received and issued by the Institute.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

Risks
i. Diversion of government Asset.
ii. Diversion of Public funds.
iii. Loss of public funds.

Management's Response
No response.

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

Recommendations
The Rector should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦684,406,617.74 (Six hundred and eighty four million, four hundred and six thousand, six hundred and seventeen naira, seventy four kobo), being store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦684,406,617.74.
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 12: PAYMENT FOR CONTRACTS NOT EXECUTED (=₦9,936,386,501.83)

Description of Findings
Section 35 (b) of the Public Procurement Act (PPA) (2007) states, "Once a mobilization fee has been paid to any supplier or contractor, no further payment shall be made to the supplier or contractor without an interim performance certificate issued in accordance with the contract agreement." Also, paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The Institute awarded contracts totaling ₦9,936,386,501.83 (Nine billion, nine hundred and thirty six million, three hundred and eighty six thousand, five hundred and one naira, eighty three kobo) for zonal intervention/constituency projects during the period under review, covering constructions, installations, training, and empowerment programmes.
ii. Physical verification of the projects could not be carried out, as the Institute did not make the necessary arrangement for audit inspection and monitoring, and
iii. There was no evidence to show that the contracts awarded were executed, as audit was unable to confirm implementation through inspection and evaluation.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute of Construction and Management, Technology, Uromi, Edo State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Rector should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,936,386,501.83 (Nine billion, nine hundred and thirty six million, three hundred and eighty six thousand, five hundred and one naira, eighty three kobo), being payment for contract not executed.
ii. Recover and remit to the Treasury, the sum of ₦9,936,386,501.83.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

NATIONAL MATHEMATICAL CENTRE, ABUJA

At the National Mathematical Centre (NMC), Abuja, for the period 1st January, 2022 to 31st December, 2023, the following observations were made:

ISSUE 1: VIOLATION OF DUE PROCESS IN AWARD OF CONTRACTS (=₦612,150,068.04)

Description of Findings

Section 16(21) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of a procuring entity and any officer to whom responsibility is delegated are

responsible and accountable for any actions taken or omitted to be taken either in compliance with or in contravention of this Act." Furthermore, section 19 of the PPA (2007) states, "Subject to regulations as may from time to time be made by the Bureau under direction of Council, a procuring entity shall, in implementing its procurement plans: (d) obtain approval of the approving authority before making an award." Also, Federal Treasury Circular reference No. TRY/A2 & B2/2019/OAGF/CAD/026/V.III/358 dated 8th July, 2019 provide the mandatory documents required to facilitate payment of government contractors…"

Audit observed that:

i. The Centre awarded various contracts for supplies and works totaling ₦612,150,068.04 (Six hundred and twelve million, one hundred and fifty thousand, sixty eight naira, four kobo) to contractors during the period under review, and
ii. There was no evidence to show that due process, such as advertisement, competitive bidding, and evaluation documents for the selection of the contractors, were followed prior to the award of the contracts, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Mathematical Centre, 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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦612,150,068.04 (Six hundred and twelve million one hundred and fifty thousand and sixty eight naira four kobo), being contract awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦612,150,068.04.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment and irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: IRREGULARITY IN AWARD OF CONTRACTS (=₦86,745,250.00)

Description of Findings

Paragraph 2921(i) of the Financial Regulations (FR) (2009) states, "Except as exempted under the procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all 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 ₦86,745,250.00 (Eighty six million, seven hundred and forty five thousand, two hundred and fifty naira) arising from provisions embedded in the Bills of Engineering Measurement and Evaluation (BEME) of three (3) contracts awarded by the Centre could not be accounted for.
ii. The contracts included provisions in the BEME for items not directly related to the core scope of works, such as education grants (scholarship and bursary), provision of ICT equipment, project preparation, per diem, rent of hall, meals and refreshments, electricity, hotel accommodation, preparation and printing of training modules, monitoring and inspection, public address systems, logistics support, and administrative expenses, and
iii. There was no evidence to show that the amounts in (i) above were utilized for the intended purposes, as no supporting documents were provided for audit.

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

Risks

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

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees (PAC) of the National Assembly, the sum of ₦86,745,250.00 (Eighty sixmillion, seven hundred and forty five thousand, two hundred and fifty naira), being provisional sum in the BEME not accounted for.
ii. Recover and remit to the Treasury, the sum of ₦86,745,250.00.
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 AND PAYMENT FOR CONTRACT OF EMPOWERMENT OF YOUTHS AND WOMEN (=₦62,997,742.00)

Description of Findings

Paragraph 2921(i) of the Financial Regulations (FR) (2009) states, "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all 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. A contract amounting to ₦62,997,742.00 (Sixty two million, nine hundred and ninety seven thousand, seven hundred and forty two naira) was awarded for Strategic Empowerment for Youths and Women Development in Mbo LGA, Akwa Ibom State.
ii. The sum of ₦31,498,871.07 (Thirty one million, four hundred and ninety eight thousand, eight hundred and seventy one naira, seven kobo) and ₦29,316,505.71 (Twenty nine million, three hundred and sixteen thousand, five hundred and five naira, seventy one kobo) totaling ₦62,997,742.00 (Sixty two million, nine hundred and ninety seven thousand, seven hundred and forty two naira) were paid in respect of the contract, vide payment vouchers RM/002/09/23 dated 11th September, 2023 and RM/002/10/23 dated 10th October, 2023 respectively.
iii. The programme was reported as executed and the total contract sum fully paid as evident in (ii) above.
iv. There was no evidence, such as breakdown of expenditure, details of activities, or proof of payments to beneficiaries, to support the execution of the programme, as no relevant documents were provided for examination, and
v. The Management of the Centre could not justify the expenditure, as supporting documents including detailed reports by the consultant and internal audit certification of work executed were neither attached to the payment vouchers nor provided for audit.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦62,997,000.00 (Sixty two million, nine hundred and ninety seven thousand naira), being irregular payments.
ii. Recover and remit to the Treasury, the sum of ₦62,997,000.00.
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 4: UNACCOUNTED EXPENDITURE FOR SUPPLIES AND DISTRIBUTION OF ITEMS (=₦29,643,500.00)

Description of Findings

Paragraph 603(i) of the Financial Regulations (FR) (2009) states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 412 of the FR (2009) states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" In addition, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Similarly, 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. A contract amounting to ₦29,643,500.00 (Twenty nine million, six hundred and forty three thousand, five hundred naira) was awarded to a contractor for the printing and distribution of customised notebooks and teaching materials to students in various schools in Ebonyi South Senatorial District.
ii. The sum of ₦23,714,800.00 (Twenty three million, seven hundred and fourteen thousand, eight hundred naira) and ₦5,028,700.00 (Five million, twenty eight thousand, seven hundred naira) totaling ₦28,743,500.00 (Twenty eight million, seven hundred and forty three thousand, five hundred naira) were paid vide payment vouchers RM/006/12/22 dated 15th December, 2023, and RM/003/02/23 dated 6th February, 2023 respectively.
iii. There was no evidence to confirm that the distribution of the customized notebooks and teaching materials was carried out, and
iv. The Management of the Centre could not justify the expenditure, as supporting documents such as distribution schedules, store receipt vouchers, store issue vouchers, and signed distribution lists were neither attached to the paid vouchers nor provided for examination.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,743,500.00 (Twenty eight million, seven hundred and forty three thousand, five hundred naira), being payment for the printing and distribution of customized notebooks and teaching materials to students without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦28,743,500.00.
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 (2009), should apply.

ISSUE 5: PAYMENTS FOR WORKS AND SUPPLIES WITHOUT EVIDENCE OF EXECUTION (=₦227,198,751.04)

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 with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." Furthermore, paragraph 412 of the FR (2009) states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" In addition, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Similarly, 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 Centre awarded five (5) contracts totaling ₦227,198,751.04 (Two hundred and twenty seven million, one hundred and ninety eight thousand, seven hundred and fifty one naira, four kobo) for works and supplies, as shown in the Table below.

S/N	Contract Awarded	Amount (₦)
1	Remodelling of village head palaces of Gabayan Nasarawa, kariya in Darazo-ganjuwa Federal constituency	53,051,061.00
2	Provision of land perimeter, fencing, access drainage, vip toilets and gate house at Darazo/ganjuwa federal college of health and medical technology Soro Darazo Ganjuwa Federal Constituency Bauchi state	84,920,627.07
3	Construction of shops and market stalls in Dabe and Zalanga Federal Constituency	8,484,710.76
4	Supply and installation of solar street light in selected Communities in Ebonyi South Senatorial District Ebonyi State	38,278,800.00
5	Supply and installation of solar powered street light in Abeokuta south constituency, Ogun state	42,463,552.21
	Total	**227,198,751.04**

ii. The projects/programmes were reported as executed and fully paid for; however, the locations of the projects were not specified in any of the supporting documents, and

iii. There was no evidence that the projects were executed at identifiable locations, as no documentation was provided to confirm the sites of implementation.

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

Risks

i. Payment for contracts not executed.
ii. Loss of public 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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦227,198,751.04. (Two hundred and twenty seven million, one hundred and ninety eight thousand, seven hundred and fifty one naira. four kobo), being payments without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦227,198,751.04.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: PAYMENTS FOR EXPENDITURE NOT PROVIDED FOR IN THE APPROPRIATION ACT (=₦60,051,061.00)

Description of Findings

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

Audit observed that:

i. The Centre incurred expenditure totaling ₦60,051,061.00 (Sixty million, fifty one thousand, sixty one naira) on projects not appropriated.
ii. The amount in (i) above includes the sum of ₦53,051,061.00 (Fifty three million, fifty one thousand, sixty one naira), appropriated in 2023 for the provision of cash grants to women in Darazo/Ganjuwa Federal Constituency, Bauchi State, was diverted to the remodelling of Village Head Palaces in Gabayan, Nasarawa, and Kariya within the same constituency.
iii. The amount in (i) above also includes the sum of ₦7,000,000.00 (Seven million naira), appropriated for grants to students in Darazo/Ganjuwa Federal Constituency, Bauchi State, was diverted and paid to Darazo Ganjuwa Farm and Special Primary School, Bauchi, and
iv. There was no evidence to show that the diverted expenditures were provided for in the Institute's 2023 Appropriation Act.

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

Risks

i. Diversion of public 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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦60,051,061.00 (Sixty million, fifty one thousand, sixty one naira), being payments for contracts not appropriated.
ii. Recover and remit to the Treasury, the sum of ₦60,051,061.00.
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 paragraph 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

NATIONAL POWER TRAINING INSTITUTE, ABUJA

At the National Power Training Institute (NAPTIN), Abuja, for the period 1st January, 2022 to 31st December, 2023, the following observations were made:

ISSUE 1: DENIAL OF ACCESS TO AUDIT RECORDS AND DOCUMENTS

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 (PPA) (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 the 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 Management of the Institute failed to provide critical documents and records required for audit examination.
ii. The documents not provided included: Correspondence files with the Supervising Ministry (Ministry of Power), Trial Balance, General Ledger, Remittance Inflows and Outflows Statement, and the 2023 Financial Proposal (Bid), and
iii. The non-availability of these documents limited audit verification and undermined accountability and transparency.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, Abuja.

Risks

i. Payment for non-existent transaction.
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 non-provision of critical documents and financial records required for audit.

ii. Produce all outstanding documents, including correspondence files with the supervising Ministry, Trial Balance, General Ledger, Remittance Inflows and Outflows Statement, and the 2023 Financial Proposal (Bid), for audit verification.
iii. Forward copies of the documents to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: IRREGULAR PAYMENT OF CONTRACT (=₦24,399,592.33)

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." Similarly, 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 checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. Contracts totaling ₦758,299,219.96 (Seven hundred and fifty eight million, two hundred and ninety nine thousand, two hundred and nineteen naira, ninety six kobo) were awarded for various works and services under constituency projects.
ii. The amount in (i) above included ₦24,399,592.33 (Twenty four million, three hundred and ninety nine thousand, five hundred and ninety two naira, thirty three kobo) as 5% administrative charge in the Bills of Quantities, and
iii. There was no evidence to show that the 5% administrative charge was requested for, approved, or utilized.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to;

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦24,399,592.33 (Twenty four million, three hundred and ninety nine thousand,

five hundred and ninety two naira, thirty three kobo), being unaccounted 5% administrative charge included in the Bills of Quantities without evidence of utilization.

ii. Recover and remit to the Treasury, the sum of ₦24,399,592.33.

iii. Forward evidence of remittance to the Public Account 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: OVERPAYMENT AND LOSS OF FUNDS (=₦10,678,497.06)

Description of Findings

Section 6(a) of Nigerian Electrical Management Services Agency (NEMSA) Act (2015) states, "Subject to this Act, the Agency Shall-(a) carry out electrical inspectorate services for the Nigerian electricity supply industry; …(h) carry out the duties of inspecting engineers for inspection, testing and certification of all categories of electrical installation in the Nigerian electricity supply industry; … (j) provide sustained technical inspection, testing and certification of all electrical materials, (including transformer oil and chemicals) or equipment, power systems, networks (generation, transmission and distribution), or electrical installations to be used in the power sector, to ensure a stable system to deliver safe, reliable, regular power supply, guarantee safety of lives and property, and avert loss of lives and property in the Nigerian electricity supply industry;" 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 observe that:

i. Contracts totaling ₦1,506,763,925.25 (One billion, five hundred and six million, seven hundred and sixty three thousand, nine hundred and twenty five naira, twenty five kobo) were awarded for various works and services under constituency projects.

ii. The Bills of Quantities (BOQ) used for payment included the sum of ₦10,678,497.06 (Ten million, six hundred and seventy eight thousand, four hundred and ninety seven naira, six kobo) as provision for NEMSA certification/commissioning, and

iii. There was no evidence to show that the amount in (ii) above was requested for, approved, or utilized, as no supporting documents were provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, Abuja.

Risks

i. Diversion of public fund.

ii. Loss of government funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,678,497.06 (Ten million, six hundred and seventy eight thousand, four hundred and ninety seven naira, six kobo), being payment for NEMSA certification for which no evidence of execution was provided.
ii. Recover and remit to the Treasury, the sum of ₦10,678,497.06.
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: IRREGULAR PAYMENT OF CONTINGENCY (=₦17,340,224.95)

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." Similarly, paragraph 1420(i) of the FR (2009) states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." 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. Contracts totaling ₦1,121,537,553.09 (One billion, one hundred and twenty one million, five hundred and thirty seven thousand, five hundred and fifty three naira, nine kobo) were awarded for various works and services under constituency projects.
ii. The amount in (i) above included ₦17,340,224.95 (Seventeen million, three hundred and forty thousand, two hundred and twenty four naira, ninety five kobo) as contingency provisions in the Bills of Engineering Measurement and Evaluation (BEME).
iii. The contingency sum in (ii) above was paid at the first interim certificate shortly after contract award without due process, and
iv. There was no evidence of requests or approvals by supervising consultants for the utilization of the provisional sums, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, 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 Committee of the National Assembly, the sum of ₦17,340,224.95 (Seventeen million, three hundred and forty thousand, two hundred and twenty four naira, ninety five kobo), being unaccounted payment for contingency.
ii. Recover and remit to Treasury, the sum of ₦17,340,224.95.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to payment for jobs not executed as specified in paragraph 3104 (iii) of the Financial Regulations (2009) should apply.

ISSUE 5: UNDER-DEDUCTION OF STATUTORY TAXES (=₦8,364,419.26)

Description of Findings
Section 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, "Deduction 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 Institute awarded twenty one (21) contracts totaling ₦136,861,244.31 (One hundred and thirty six million, eight hundred and sixty one thousand, two hundred and forty four naira, thirty one kobo) to twenty one (21) contractors for various services under the constituency project funds, and
ii. The Withholding Tax deducted was ₦ 18,107,183.02 (Eighteen million, one hundred and seven thousand, one hundred and eighty three naira, two kobo) instead of ₦26,461,602.31 (Twenty six million, four hundred and sixty one thousand, six hundred and two naira, thirty one kobo), leading to under-deduction of ₦8,354,419.29 (Eight million, three hundred and fifty four thousand, four hundred and nineteen naira, twenty nine kobo) as Withholding Tax to the government.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, Abuja.

Risks
i. Loss of revenue to the government.
ii. Loss of government funds.

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Management's Response
No response.

Auditor'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 ₦8,354,419.29 (Eight million, three hundred and fifty four thousand, four hundred and nineteen naira, twenty nine kobo), being under deduction of statutory taxes.
ii. Recover and remit to the Treasury, the sum of ₦8,354,419.29.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to the irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: UNDER-REMITTANCE OF TAX TO THE RELEVANT TAX AUTHORITY (=₦4,122,233.97)

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, "Deduction 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 Institute awarded twenty one (21) contracts totaling ₦136,861,244.31 (One hundred and thirty six million, eight hundred and sixty one thousand, two hundred and forty four naira, thirty one kobo) to twenty one (21) contractors for various services under the constituency project funds, and
ii. The expected 7.5% Value Added Tax (VAT) on the contract sum amounted to ₦10,264,593.32. However, only ₦132,739,010.34 was remitted to the relevant tax authority, resulting in an under-remittance of ₦4,122,233.97 (Four million, one hundred and twenty two thousand, two hundred and thirty three naira, ninety seven kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, Abuja.

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

Management's Response
No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,122,233.97 (Four million, one hundred and twenty two thousand, two hundred and thirty three naira, ninety seven kobo), being under-remittance of statutory taxes.
ii. Recover and remit to the Treasury, the sum of ₦4,122,233.97.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to the irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: NON-REMITTANCE OF 100% TENDER'S FEE TO CRF (=₦2,771,731,464.25)

Description of Findings

Paragraph 1(i) of the Treasury Circular Ref. No. FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, states, "All Ministries, Departments and Agencies (MDAs) that are fully funded through the Annual Federal Government Budget (receiving Personnel, overhead and capital allocation) should remit 100% (One Hundred Percent) of their Internally Generated Revenue (IGR) to the Sub-Recurrent Account which is a sub component of the Consolidated Revenue Fund (CRF)." Also, paragraph 1(ii) of the Finance Circular Ref. No. FMFBNP/OTHERS/IGR/CFR/12/2021 of 20th December, 2021, states, "All partially-funded Federal Government Agencies/Parastatals (receiving Capital or overhead allocation from the Federal Government Budget) should limit their annual budgetary expenditure from their Internally Generated Revenue (IGR) to not more than 50% (fifty percent) of their gross IGR and remit 100% (hundred percent) of the remaining 50% (fifty percent) to the Sub-Recurrent Account. All statutory revenue lines like tender fees, contractor's registration fees etc., should be remitted 100%."

Audit observed that:

i. The sum of ₦2,771,731,464.25 (Two billion, seven hundred and seventy one million, seven hundred and thirty one thousand, four hundred and sixty four naira, twenty five kobo), being proceeds from the sale of bid documents and tender fees during the bidding process, was not remitted to the CRF, as required by extant regulations, and
ii. There was no evidence to support bid purchase transactions through Remita, as relevant documents were not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, 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 Director-General should be requested to:
i. Account to the Public Accounts Committee of National Assembly, the sum of ₦2,771,731,464.25 (Two billion, seven hundred and seventy one million, seven hundred and thirty one thousand, four hundred and sixty four naira, twenty five kobo), being proceeds from the sale of bid documents and tender fees not remitted to CRF.
ii. Recover and remit to the Treasury, the sum of ₦2,771,731,464.25.
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 specified in paragraph 3112 (ii) of the Financial Regulations (2009) should apply.

ISSUE 8: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦547,214,158.13)

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. Eleven (11) payments totaling ₦547,214,158.13 (Five hundred and forty seven million, two hundred and fourteen thousand, one hundred and fifty eight naira, thirteen kobo) were made for the procurement of various store items during the period under review, and
ii. There was no evidence of delivery or issuance of Store Receipt Vouchers to show that the items were received and taken on store ledger charge.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, Abuja.

Risks

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

Management's Response

No response

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦542,214,158.13 (Five hundred and forty two million, two hundred and fourteen thousand one hundred and fifty eight naira, thirteen kobo), being payments of store items not taken on ledge charge.
ii. Recover and remit to the Treasury, the sum of ₦542,214,158.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 9: IRREGULAR PAYMENT FOR CONSULTANCY SERVICE (=₦22,445,500.00)

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."

Audit observed that:

i. The sum of ₦22,445,500.00 (Twenty two million, four hundred and forty five thousand, five hundred naira) was transferred on 25th December, 2022, from the Institute's Capital GIFMIS account to Remita Account No. 3000055936.
ii. The payment was for the NAPTIN training component of the Human Development and Strategic Economic Programme for Youths and Women in Nasarawa State, as provided for in the budget.
iii. There was no evidence of approval for the transfer of the funds to NAPTIN's Remita account, and
iv. There was no evidence to show that the training/empowerment programme was carried out to justify the utilization of the funds.

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, 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 Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦22,445,500.00 (Twenty two million, four hundred and forty five thousand, five hundred naira), being irregular payments for consultancy service.
ii. Recover and remit to the Treasury, the sum of ₦22,445,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: PAYMENT OF CONSTITUENCY/ZONAL INTERVENTION PROJECTS EXECUTED WITHOUT APPROVAL FROM RELEVANT AUTHORITIES (=₦196,587,875.25)

Description of Findings
Paragraph 3 of the Establishment Circular Ref. No. SGF/OP/I/S.3/T/12 dated 14th January, 2015, states, "It is also important to draw the attention of MDAs that the aspect of the guidelines which mandates the Federal Ministry of Special Duties and Inter-Governmental Affairs to verify and ascertain the level of work done as well as authorize payments under the intervention/constituency projects should strictly be adhered to."

Audit observed that;
i. Three (3) payments totaling ₦196,587,875.25 (One hundred and ninety six million, five hundred and eighty seven thousand, eight hundred and seventy five naira, twenty five kobo) were made for the supply and installation of electricity transformers and solar streetlights under constituency projects as shown in the Table below.

S/N	Pv.no & dates	Description	Amount (₦)
1	CAP/171/23 of 22/11/2023	Supply and installation of 500kva at location on raimi ajanoku street, abobi, ibipe qtrs. Ago-iwoye,500kva at odorasonyin, oke-sopin, ijebu-igbo, by the pastor church, imushin ijebu-east lga, igan road, and ololo junction, ago-iwoye	59,200,000.00
2	CAP/161/23 of 20/12/2023	Provision of 40 solar street lights in communities in epe federal constituency of lagos state	38,526,875.25
3	CAP/151/23 of 20/12/2023	Supply and installation of 500kva electricity transformers ijebu jesa, oriade local government, osun state	98,861,000.00
		Total	196,587,875.25

ii. Evidence that the contractor was eligible to execute the contract through Bureau of Public Procurement (BPP)'s Interim Registration Reports, was not provided.
iii. The projects in (i) above were not monitored and certified by the Federal Ministry of Special Duties and Inter-Governmental Affairs in accordance with extant rules, and
iv. There was no evidence of receipt of the items supplied in the store.

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

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

Management's Response
No response.

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

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦196,587,875.00 (One hundred and ninety six million, five hundred and eighty seven thousand eight hundred and seventy five naira), being irregular payment for contract.
ii. Recover and remit to the Treasury, the sum of ₦196,587,875.00.
iii. Forward evidence of remittance to the Public Account Committee of the National Assemble, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 11: MISAPPLICATION OF FUNDS (=₦29,650,030.00)

Description of Findings

Paragraph 417 of the Financial Regulations (FR) (2009) states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose or which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Furthermore, paragraph 316(iii) of the FR (2009) states, "Virement from one Head of Account in the Recurrent Expenditure estimates to another Head of Account in Capital Expenditure estimates shall not be allowed and vice versa."

Audit observed that:

i. Thirteen (13) payments totaling ₦29,650,030.00 (Twenty nine million, six hundred and fifty thousand, thirty naira) were paid for Duty Tour Allowances (DTA), sitting allowances, and honorarium for various functions.
ii. The payments in (i) above were charged to the constituency project account, which is designated for budgeted constituency projects.
iii. There was no evidence of virement to support the reallocation of funds from the constituency project account to these expenditures, as required by extant regulations, and
iv. There was no evidence, such as inspection reports, to justify the payment of Duty Tour Allowances (DTA).

The above anomalies could be attributed to weaknesses in the internal control system at the National Power Training Institute, 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 (PAC) of National Assembly, the sum of ₦29,650,030.00 (Twenty nine million, six hundred and fifty thousand, thirty naira), being payments wrongly charged to constituency project account.
ii. Recover and remit to the Treasury, the sum of ₦29,650,030.00.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

NIGERIA NUCLEAR REGULATORY AUTHORITY, ABUJA

At the Nigeria Nuclear Regulatory Authority (NNRA), Abuja, for the period 1st January, 2022 to 31st December, 2023, the following observations were made:

ISSUE 1: AWARD OF CONTRACT TO RELATED CONTRACTORS (=₦1,427,545,477.00)

Description of Findings

Section 41(2) of the Public Procurement Act (PPA) (2007) states, "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers." Furthermore, section 16 (21) of the PPA (2007) states, "The accounting officer of a procuring entity and any officer to whom responsibility is delegated are responsible and accountable for any actions taken or omitted to be taken either in compliance with or in contravention of this Act." Also, paragraph 9(viii) of the BPP No Objection Certificate Ref. No. BPP/S.1/A& WR/23/VOL.II/326 dated 17th October, 2023, states, "Due diligence shall be conducted on the recommended bidder before award of the contract." In addition, paragraph 12(a) of BPP letter with Ref. No. BPP/S.1/SP/22/VOL.IV/511 dated 22nd July, 2022, states, "The NNRA should invite additional unrelated firms with cognate experience to make them up to a minimum number of Five (5) bidders for each lot while ensuring that no firm is allow to bid for more than one (1) lot, …"

Audit observed that:

i. The Authority awarded contracts totaling ₦1,427,545,477.00 (One billion, four hundred and twenty seven million, five hundred and forty five thousand, four hundred and seventy seven naira) to companies that are related, having common Directors and the same office address, and
ii. There was no evidence to show that due diligence was conducted on the recommended bidders prior to the award of the contracts, as required extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, 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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,427,545,477.00 (One billion, four hundred and twenty seven million, five hundred and forty five thousand, four hundred and seventy seven naira.), being irregular payment of contracts awarded to related companies without conducting due diligence.
ii. Recover and remit to the Treasury, the sum of ₦1,427,545,477.00.

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

ISSUE 2: PAYMENT OF CONSTITUENCY/ZONAL INTERVENTION PROJECTS EXECUTED WITHOUT APPROVAL FROM RELEVANT AUTHORITIES (=₦2,977,493,452.00)

Description of Findings

Paragraph 2 (i) of the Establishment Circular Ref. no SDO/P&P/034/Vol.I/21 dated 24th July, 2017, regarding guidelines on implementation of a zonal intervention/constituency projects states, "Ministries, Department and Agencies MDAs shall award contracts of various Zonal Intervention/Constituency Projects under their purview, monitor and supervise the implementation of the projects as well as raise payment certificate which are then forwarded to the Special Duties Office of the Office of the Secretary to the Government of the Federation. Also, paragraph 2 (ii) of the Establishment Circular Ref. No. SDO/P&P/034/Vol.I/21 dated 24th July, 2017, states, "The Special Duties Office shall verify and ascertain the level of work done and authorize payments for such projects."

Audit observed that:

i. Sixteen (16) contracts totaling ₦2,977,493,452.00 (Two billion, nine hundred and seventy seven million, four hundred and ninety three thousand, four hundred and fifty two naira) were awarded to various contractors for projects and consultancy services under constituency projects, and
ii. There was no evidence to show that the projects were verified or that payments were authorized by the Federal Ministry of Special Duties and Inter-Governmental Affairs, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja.

Risks

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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,977,493,452.00 (Two billion, nine hundred and seventy seven million, four hundred and ninety three thousand, four hundred and fifty two naira), being

payments for constituency projects without authorization from Ministry of Special Duties and Inter-Governmental Affairs.

ii. Recover and remit to the Treasury, the sum of ₦2,977,493,452.00.

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

iv. Otherwise, sanctions relating to irregular contract award and irregular payments specified in paragraph 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: IRREGULARITIES IN THE AWARD OF CONTRACT (=₦252,031,250.00)

Description of Findings

Paragraph 2921(i) of the Financial Regulations (FR) (2009) states, "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all 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." Also, paragraph 12(a) of the BPP No Objection Certificate with Ref. No. BPP/S.1/SP/22/VOL.IV/511 dated 22nd July, 2022, states, "The NNRA should invite additional unrelated firms with cognate experience to make them up to a minimum number of Five (5) bidders for each lot while ensuring that no firm is allow to bid for more than one (1) lot, …"

Audit observed that:

i. Three (3) contracts were awarded to two (2) companies for a stakeholders' workshop in Cross River State to discuss the 2021 findings on the intervention to stop the spread of waste containing Naturally Occurring Radioactive Materials (NORM) arising from oil and gas exploration in the Niger Delta, as well as for the training of NNRA regulators in Uyo, Port Harcourt, and Enugu on inspection and assessment of affected areas.

ii. The contracts were awarded vide letters with Ref. Nos. NNRA/PROC/CP/22/08A/I/258, NNRA/PROC/CP/22/08B/I/258, and NNRA/PROC/CP/22/08C/I/258 dated 25th August, 2022 at contract sums of ₦84,118,750.00, ₦85,462,500.00, and ₦82,450,000.00, respectively, totaling ₦252,031,250.00 (Two hundred and fifty two million, thirty one thousand, two hundred and fifty naira).

iii. The BPP granted "No Objection" for the Authority to adopt the Restricted/Selective Tendering method via Certificate Ref. No. BPP/S.1/SP/22/VOL.IV/511 dated 22nd July, 2022, with the condition that the Authority should invite additional three (3) unrelated firms for Lot 8A, two (2) for Lot 8B, and three (3) for Lot 8C.

iv. The Authority proceeded with the procurement without inviting additional responsive and unrelated firms to compete for each lot, contrary to the conditions of the BPP "No Objection" approval.

v. The companies that bid for the contracts were related, having common Directors and bidding across multiple lots, contrary to procurement requirements for independent competition, and

vi. The contracts were awarded on 25th August, 2022, while the purported financial bids were submitted on 30th August, 2022, after the award of the contracts,

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja.

Risks

ii. Diversion 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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦252,031,250.00 (Two hundred and fifty two million, thirty one thousand, two hundred and fifty naira), being irregular award of contract.
ii. Recover and remit to the Treasury, the sum of ₦252,031,250.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: PAYMENT FOR CAPACITY BUILDING PROGRAMMES WITHOUT EVIDENCE OF EXECUTION (=₦74,955,320.00)

Description of Findings

Paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied." Furthermore, paragraph 603(i) of the FR (2009) states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc." similarly, paragraph 415 of the FR (2009) states, "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." In addition, section 5(d) of the Nigerian Council for Management Development Act (NCMDA) (2022) states, "accredit every management consultant, trainer or institution operating within Nigeria; (e) accredit every registered management training firm or institution upon the fulfillment of criteria set by the Council;"

Audit observed that:

i. A contract amounting to ₦74,955,320.00 (Seventy four million, nine hundred and fifty five thousand, three hundred and twenty naira) was awarded to a consultant

for capacity building of nuclear regulators in Kano and Katsina, vide letter Ref. No. NNRA/PROC/CP/23/09/I/207 dated 20th November, 2023.

ii. There was no evidence of financial bid submitted by the contractor, as required by extant regulations.

iii. Review of participant records revealed inconsistencies, as the list attached to the paid voucher contained thirteen (13) names, attendance was recorded for only three (3) days instead of the expected one-week duration, and forty seven (47) certificates of attendance were issued with names that did not correspond to those on the attendance list.

iv. There was no evidence, such as time schedules, venue details, pictorial evidence, or reports, to show that the training was executed, and

v. The contractor was not registered, accredited, or certified by the Nigerian Council for Management Development (NCMD).

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja

Risks

i. Diversion of government funds.

ii. Loss of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦74,955,320.00 (Seventy four million, nine hundred and fifty five thousand, three hundred and twenty naira), being payments for work not executed.

ii. Recover and remit to the Treasury, the sum of ₦74,955,320.00.

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

iv. Otherwise, sanction relating to irregular contract award and irregular payment specified in paragraph 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: CONTINGENICIES, PROVISIONAL SUMS AND PRELIMINARIES INCLUDED IN CONTRACT NOT ACCOUNTED FOR (=₦117,176,513.00)

Description of Findings:

Furthermore, paragraph 415 of the FR (2009) states, "The Federal Government requires all officers 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 ₦117,176,513.00 (One hundred and seventeen million, one hundred and seventy six thousand, five hundred and thirteen naira) was included in the contract amounts of five (5) contracts as provisional sums, preliminaries, and contingencies for the 2022 and 2023 financial years.
ii. The award of contracts without detailed specifications and Bills of Quantities for measurable items (e.g., units, sets, metres, square metres, cubic metres) limits fair competition among bidders and weakens transparency in the procurement process, and
iii. There was no evidence of requests for, or approvals by, supervising consultants for the utilization of the provisional sums, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦117,176,513.00 (One hundred and seventeen million, one hundred and seventy six thousand, five hundred and thirteen naira), being unaccounted preliminary and contingency fees.
ii. Recover and remit to the Treasury, the sum of ₦117,176,513.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: IRREGULAR PAYMENT FOR PURCHASE, INSTALLATION, AND TRAINING OF MEDICAL EQUIPMENT (=₦306,649,776.00)

Description of Findings

Section 16(6) of Public Procurement Act (PPA) (2007) states, "All bidders in addition to requirements contained in any solicitation documents shall: (a) possess the necessary: (i) professional and technical qualifications to carry out particular procurements; (ii) financial capability; (iii) equipment and other relevant infrastructure; (iv) shall have adequate personnel to perform the obligations of the procurement contracts; (b) possess the legal capacity to enter into the procurement contract." Furthermore, section 31(1) of the PPA (2007) states, "All bids shall be first examined

to determine if they: (a) meet the minimum eligibility requirements stipulated in the bidding documents." Also, paragraph 2909 of the Financial Regulations (FR) (2009) states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical (b) they possess the machinery, equipment, and manpower for the job."

Audit observed that:

i. The Authority awarded a contract valued at ₦306,649,776.00 (Three hundred and six million, six hundred and forty nine thousand, seven hundred and seventy six naira) for the purchase and installation of medical equipment and training for C-Arm and Mammography, vide letter Ref. No. NNRA/PROC/CP/23/07/I/327 dated 20th November, 2023, with a completion period of twelve (12) weeks.
ii. There was no evidence to show that the contractor possesses clinical, medical, or laboratory expertise, as the contractor is engaged in construction and related services, contrary to extant regulations.
iii. The amount in (i) above includes ₦145,000,000.00 (One hundred and forty five million naira) for one (1) unit of C-Arm Image Intensifier System and ₦116,000,000.00 (Sixteen million naira) for a Mammography Machine (inclusive of logistics to site) for which there was no evidence of supply, and
iv. The contract sum also included a lump sum provision of ₦45,649,776.00 for QEM training of end users and regulators, however, there was no evidence of training conducted, including details of participants, duration, or certificates issued.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦306,649,776.00 (Three hundred and six million, six hundred and forty nine thousand, seven hundred and seventy six naira), being irregular payment for contract.
ii. Recover and remit to the Treasury, the sum of ₦306,649,776.00.
iii. Forward evidence of remittance to the Public Account Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 7: IRREGULARITY IN THE AWARD OF CONTRACT (=₦21,500,000.00)

Description of Findings

Paragraph 2921(i) of the Financial Regulations (FR) (2009) states, "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all 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. A contract of ₦181,900,000.00 (One hundred and eighty one million, nine hundred thousand naira) was awarded for the establishment of a Model Diagnostic and Interventional Radiology Centre with modern equipment in Brass, Bayelsa State, vide letter Ref. No. NNRA/PROC/CP/22/07/I/285 dated 25th August 2022.

ii. All five (5) companies that bid for the contract were related, having common Directors and the same office address, and

iii. The amount in (i) above includes a provisional sum of ₦21,500,000.00 (Twenty one million, five hundred thousand naira) which was not accounted for, as shown in the Table below:

S/N	Provision	Amount (₦)
i	Administrative Charges	3,500,000.00
ii	Preliminary Expenses	10,500,000.00
iii	Electrical Works	3,500,000.00
iv	Mechanical Works	4,000,000.00
	TOTAL	**21,500,000.00**

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja.

Risks

i. Diversion 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 Director-General should be requested to:

i. Account to the Public Accounts Committee of the National Assembly, the sum of ₦21,500,000.00 (Twenty one million, five hundred thousand naira), being irregular payment for contract.
ii. Recover and remit to the Treasury, the sum of ₦21,500,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 8: ENGAGEMENT OF UNREGISTERED AND UNACCREDITED CONSULTANTS FOR TRAINING AND EMPOWERMENT (=₦199,585,535.00)

Description of Findings
Section 5 of the Nigerian Council for Management Development Act (NCMDA) (2022) states, "The Council shall...(d)accredit every management consultant, trainer or institution operating within Nigeria; (e) accredit every registered management training firm or institution upon the fulfillment of criteria set by the Council;"

Audit observed that:
i. Consultancy contracts totaling ₦199,585,535.00 (One hundred and ninety nine million, five hundred and eighty five thousand, five hundred and thirty five naira) were awarded to two firms for the training of youths on digital transformation skills and provision of start-up grants for emerging enterprises in Uyo LGA.
ii. The contracts were awarded vide letters Ref. Nos. NNRA/PROC/CP/23/13/I/265 dated 7th December, 2023 and NNRA/PROC/CP/23/12/219 dated 20th November, 2023, at contract sums of ₦99,835,250.00 and ₦99,750,285.00, respectively, and
ii. There was no evidence of registration and accreditation by the Nigerian Council for Management Development (NCMD) for the consultants engaged during the period under review.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, 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 ₦199,585,535.00 (One hundred and ninety nine million, five hundred and eighty five thousand, five hundred and thirty five naira), being payments to unregistered and unaccredited consultants.
ii. Recover and remit to the Treasury, the sum of ₦199,585,535.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraph 3117 of the Financial Regulations (2009) should apply.

ISSUE 9: IRREGULAR AWARD AND INFLATED CONTRACT SUM FOR RADIOLOGY CENTRE PROJECT (=₦474,612,500.00)

Description of Findings

Section 31(3) of the Public Procurement Act (PPA) (2007) states, "The following shall not be sought, offered or permitted (a) changes in prices; (b) changes of substance in a bid: and (c) changes to make an unresponsive bid responsive." Also, paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. A contract amounting to ₦474,612,500.00 (Four hundred and seventy four million, six hundred and twelve thousand, five hundred naira) was awarded for the establishment of a Model Diagnostic and Interventional Radiology Centre with modern equipment at Gyaraugi Phase II, vide contract letter Ref. No. NNRA/PROC/CP/23/07/I/327 dated 20th November, 2023, with a completion period of twelve (12) weeks.
ii. The contractor submitted a financial bid (Bill of Quantities) of ₦444,862,766.80 (Four hundred and forty four million, eight hundred and sixty two thousand, seven hundred and sixty six naira, eighty kobo) (VAT inclusive); however, the contract was awarded at ₦474,612,500.00, resulting in an unjustified difference of ₦29,749,733.20 (Twenty nine million, seven hundred and forty nine thousand, seven hundred and thirty three naira, twenty kobo) indicating possible inflation of the contract sum.
iii. The contractor is related to two other companies that participated in the bidding process, contrary to paragraph 9(i) of the BPP letter Ref. No. BPP/S.1/A&WR/23/VOL.II/326 dated 17th October, 2023, which requires the shortlisting of a minimum of five (5) responsive and unrelated firms for each project, and
iv. The contract sum was paid vide Payment Voucher No. NNRA/CAP/123/23 dated 28th December, 2023, without evidence of verification and authorization by the Federal Ministry of Special Duties, as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja.

Risks

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

Management's Response
No response.

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

Recommendations
The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦474,612,500.00 (Four hundred and seventy four million, six hundred and twelve thousand, five hundred naira), being irregular award and inflation of contract sum.
ii. Recover and remit to the Treasury, the sum of ₦474,612,500.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: AWARD OF CONTRACT TO INELIGIBLE CONTRACTOR (=₦293,128,661.35)

Description of Findings
Section 23(1) of the Public Procurement Act (PPA) (2007) states, "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) (2009) states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. A contract amounting to ₦293,128,661.35 (Two hundred and ninety three million, one hundred and twenty eight thousand, six hundred and sixty one naira, thirty five kobo) was awarded for the procurement, installation, and extended warranty of dialysis machines, stabilizers, dialysis consumables, and X-ray equipment for a Model Diagnostic and Interventional Radiology Centre in Gyaraugi LGA, Kano Phase II, vide letter Ref. No. NNRA/PROC/CP/22/14/I/285 dated 19th December, 2022.
ii. There was no evidence to show that the contractor possesses clinical, medical, or laboratory expertise, as its core business is in engineering services and related activities.
iii. Payment for a provisional sum of ₦135,500,228.85 (One hundred and thirty five million, five hundred thousand, two hundred and twenty eight naira, eighty five kobo) included in (i) above was made for five (5) Dialysis Machines (SWS 4000A), 3KVA stabilizers, and dialysis consumable kits as provided for in the Bill of Quantities, and

iii. There was no evidence to show that items in (iii) above were supplied by the contractor.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦293,128,661.35 (Two hundred and ninety three million, one hundred and twenty eight thousand, six hundred and sixty one naira thirty five kobo), being irregular contract award and payment to ineligible contractor.
ii. Recover and remit to the Treasury, the sum of ₦293,128,661.35.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 11: IRREGULARITIES IN THE AWARD, EXECUTION AND PAYMENT OF CONTRACT (=₦279,981,233.00)

Description of Findings

Paragraph 2909 of the Financial Regulations (FR) (2009) states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) They possess the necessary technical qualification; (b) They possess the machinery, equipment, and manpower for the job; (c) They have the legal capacity to enter into the contract i.e they are not under a receivership nor are they insolvent; (d) They are not tax evaders, and (e) None of their directors has been convicted in respect of any offence/crime involving fraud financial misappropriation or falsification of records." Also, paragraph 9 (ii) of the BPP letter with reference number BPP/S.1/A&WR/23/VOL.II/326 dated 17th October, 2023 states, "The NNRA shall take responsibility to ensure that only firms that possess the requisite technical and financial capabilities in line with section 16(6) of PPA, 2007 and are eligible to do business with government shall be short-listed to participate in the procurement proceedings;" Similarly, paragraph 5 of the Nigerian Council for Management Development Act, 2022 states, "The Council Shall:-…(d) Accredit every management consultant, trainer or institution operating within Nigeria;

(e) Accredit every registered management training firm or institution upon the fulfillment of criteria set by the council…"

Audit observed that:

i. A contract was awarded to a company for the establishment of Nuclear and Radiological Radiation Detection, Monitoring and Emergency Planning and Response Centres at Port-Harcourt and Bayelsa Offices at a contract sum of ₦279,981,233.00 through a contract letter with Ref. No. NNRA/PROC/CP/23/05/I/247 dated 5th December, 2023.
ii. Two (2) of the shortlisted companies that came 1st and 2nd from the evaluation were related companies.
iii. The selected company was incorporated in December, 2021, with no record of financial activities within the period which revealed the absence of requisite experience and financial capability to enter business with government as required by extant regulations.
iii. There was no evidence of registration and certification by the Nigerian Council for Management Development (NCMD) for the training of 40 staff in Yenagoa, Bayelsa State, as required by extant regulations, and
iv. There was no evidence such as store receipt voucher to show that items valued at ₦40,074,000.00 (Forty million, seventy four thousand naira) as contained in the Bill of Quantities were supplied.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Nuclear Regulatory Authority, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦279,981,233.00 (Two hundred and seventy nine million, nine hundred and eighty one thousand, two hundred and thirty three naira), being irregular award and payment of contract.
ii. Recover and remit to the Treasury, the sum of ₦279,981,233.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 12: PAYMENT FOR CONTRACT NOT EXECUTED (=₦264,244,990.00)

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. Two (2) contracts totaling ₦399,685,000.00 (Three hundred and ninety nine million, six hundred and eighty five thousand naira) were awarded for the Nuclear and Radiation Monitoring, Detection and Response Centre Laboratory at Limanchi, Kano state, (Lot 6A) valued at ₦99,867,500.00 and expansion of building structure for West Africa Nuclear and Radiation Monitoring, Detection and Response Centre at Limanchi, Kano state, (Lot 6B) valued at ₦299,817,500.00.
ii. The contracts were awarded to two (2) contractors vide Award Letter No. NNRA/PROC/CP/23/08/I/207 dated 20th November, 2023, with a completion period of twelve (12) weeks, and
ii. There was no evidence to show that items valued at ₦264,244,990.00 (Two hundred and sixty four million, two hundred and forty four thousand, nine hundred and ninety naira) as specified in the Bill of Quantities, were supplied.

Risks

i. Payment for jobs not executed or goods not supplied.
ii. Diversion of government assets.
iii. Loss of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦264,244,990.00 (Two hundred and sixty four million, two hundred and forty four thousand, nine hundred and ninety naira), being payments for contracts not executed.
ii. Recover and remit to the Treasury, the sum of ₦264,244,990.00.
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 paragraph 3117 and 3129 of the Financial Regulations (2009) respectively, should apply.

FEDERAL MEDICAL CENTRE, ABEOKUTA, OGUN STATE

At the Federal Medical Centre (FMC), Abeokuta, Ogun State, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: RECRUITMENT OF NEW STAFF WITHOUT WAIVER AND APPROVAL FROM RELEVANT AUTHORITIES

Description of Findings

Paragraph 020206 (f) of the Public Service Rules (PSR) (2021) states, "No Officer shall be appointed into the Federal Public Service without authorized establishment and recruitment waiver from the Office of the Head of the Civil Service of the Federation." Furthermore, paragraph 020207 (a) of the PSR (2021) "No candidate shall be appointed to any post in the Federal Public Service without the prior specific approval of the Federal Civil Service Commission, or Board/Council in case of Parastatals." Also, paragraph 3110 of the Financial Regulations (FR) (2009) states, "A public officer who authorizes the payment of public fund to ghost-workers and/or knowingly processes such payment, shall be charged for gross misconduct, removed from the schedule and reported to the Economic and Financial Crimes Commission for prosecution."

Audit observed that:

i The number of staff on the IPPIS payroll increased from 3,090 in February, 2024 to 3,263 in December, 2024, representing an increase of one hundred and seventy three (173) staff during the period under review.

ii. There was no evidence of waivers from the Federal Character Commission (FCC) and approvals from the relevant authorities for the recruitment of the one hundred and seventy three (173) staff, and

iii. There was no evidence of waiver applications, approvals, or certified quarterly payroll staff lists signed by the Director of Human Resource Management and countersigned by the Medical Director/CEO for audit verification.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Abeokuta, Ogun State.

Risks

i. Employment of incompetent personnel.

ii. Illegal employment into the federal civil service.

Management's Response

No response.

Auditor'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 (CMD) should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the employment of one hundred and seventy three (173) staff into the work force of the Federal Medical Center without waiver and approval of the relevant authorities.
ii. Recover and remit to the Treasury, all amounts paid to the staff as salary and allowances.
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: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CRF (=₦486,284,928.00)

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 Centre generated Internally Generated Revenue (IGR) totaling ₦2,065,908,232.00 (Two billion, sixty five million, nine hundred and eight thousand, two hundred and thirty two naira) during the period 1st January to 31st December, 2024.
ii. Based on the statutory remittance requirement of 25%, the sum of ₦516,477,058.00 (Five hundred and sixteen million, four hundred and seventy seven thousand, fifty eight naira) was expected to be remitted to the Consolidated Revenue Fund from the amount in (i) above, and
iii. The sum of ₦30,192,130.00 (Thirty million, one hundred and ninety two thousand, one hundred and thirty naira) was remitted, leaving an outstanding balance of ₦486,284,928.00 (Four hundred and eighty six million, two hundred and eighty four thousand, nine hundred and twenty eight naira) unremitted.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Abeokuta, Ogun State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director (CMD) should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦486,284,928.00 (Four hundred and eighty six million, two hundred and eighty four thousand, nine hundred and twenty eight naira), being under-remittance of IGR to CRF.
ii. Recover and remit to the CRF, the sum of ₦486,284,928.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 (ii) of the Financial Regulations (2009) should apply.

ISSUE 3: EXTRA-BUDGETARY EXPENDITURE (=₦92,804,670.08)

Description of Findings

Paragraph 313 of Financial Regulations (FR) (2009) states, "The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure on any sub-head of the Recurrent Estimates in excess of the provision in the Approved estimates or Supplementary Estimates may be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of an application for supplementary provisions or virement.'' Furthermore, paragraph 417 of the FR (2009) states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." In addition, paragraph 2906 (ii) of the FR (2009) states, "Pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words, payments that are not provided for in the annual estimates shall not be accepted."

Audit observed that:

i. The approved budget for Plant/Generator Fuel Cost (Code 22020803) was ₦94,407,401.08 (Ninety four million, four hundred and seven thousand, four hundred and one naira, eight kobo).
ii. The actual expenditure on Plant/Generator Fuel Cost amounted to ₦187,212,071.08 (One hundred and eighty seven million, two hundred and twelve thousand, seventy one naira, eight kobo), and
iii. The expenditure in (ii) above exceeded the approved budget by ₦92,804,670.00 (Ninety two million, eight hundred and four thousand, six hundred and seventy naira) resulting in extra-budgetary expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Abeokuta, Ogun State.

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

Management's Response
No response.

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

Recommendations
The Chief Medical Director (CMD) should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦92,804,670.08 (Ninety two million, eight hundred and four thousand, six hundred and seventy naira eight kobo), being extra-budgetary expenditure.
ii. Recover and remit to the Treasury, the sum of ₦92,804,670.08.
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 4: IRREGULARITIES IN PAYMENTS FOR ELECTRICITY CHARGES (=₦37,337,954.00)

Description of Findings
Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" Furthermore, paragraph 415 of the FR (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:
i. The Centre was allocated the sum of ₦37,337,954.00 (Thirty seven million, three hundred and thirty seven thousand, nine hundred and fifty four naira) for electricity charges during the year under review.
ii. There was no evidence of payments for electricity charges, as no entries were made in the cash book and no payment vouchers were raised or recorded in the payment voucher register, and
iii. There was no evidence that the unutilized funds were refunded to the Consolidated Revenue Fund (CRF).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Abeokuta, Ogun State.

Risks
i. Loss of government 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 Medical Director (CMD) should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦37,337,954.00 (Thirty seven million, three hundred and thirty seven thousand, nine hundred and fifty four naira), being unaccounted expenditure.
ii. Recover and remit to the Treasury, the sum of ₦37,337,954.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 5: PAYMENT FOR JOB NOT EXECUTED (=₦62,567,250.40)

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

Audit observed that:
i. Amounts totaling ₦62,567,250.40 (Sixty two million, five hundred and sixty seven thousand, two hundred and fifty naira, forty kobo) were paid through the Government Integrated Financial Management Information System (GIFMIS) in favour of a company for the construction of a Telemedical Multipurpose Conference Centre.
ii. There was no evidence to show that the project was provided for in the approved 2024 budget of the Centre.
iii. The payments were neither recorded in the payment voucher register nor reflected in the cash book, while other procurement records relating to the project were not provided for audit, and
iv. The two payments were made between 26th and 31st December, 2024, within four (4) days, without evidence of job execution, performance bonds, or job completion certificates as shown in the Table below:

Document No	Doc type	Description	Amount ₦
PI-01196767 Finalised dated 26/12/2024	Purchase invoice line	Being payment to the above-named company for the proposed construction of telemedical multipurpose conference center including equipping with (6) telemedical equipment. Fmca/intervention/constituency/001/2024	40,275,000.01
PI-01204944 Finalised dated 31/12/2024	Purchase invoice line	Being final payment to the above-named company for the proposed construction of telemedical multipurpose conference center, including equipping with (6) telemedical equipment for a 24x7 vatual health desk with state of the tele monitoring device. Fmca/constituency intervention fund/005/2024	22,292,250.39
		Total	**62,567,250.40**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Medical Centre, Abeokuta, Ogun State.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Chief Medical Director (CMD) should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦62,567,250.40 (Sixty two million, five hundred and sixty seven thousand, two hundred and fifty naira, forty kobo), being payment for job not executed.
i. Recover and remit to the Treasury, the sum of ₦62,567,250.40.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

NATIONAL RESEARCH INSTITUTE FOR CHEMICAL TECHNOLOGY ZARIA, KADUNA STATE

At the National Research Institute for Chemical Technology (NARICT) Zaria, Kaduna State, for the period 1st January to 31st December, 2022, the following observations were made:

ISSUE 1: AWARD OF CONTRACT TO INELIGIBLE CONTRACTOR (=₦137,356,348.40)

Description of Findings

Section 23(1) of the Public Procurement Act (PPA) (2007) states, "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) (2009) states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…." In addition, paragraph 50.2 of Procurement Procedures Manual states "…. compliance with the following requirements should be examined using the bidding documents as the reference point: *Stage 1:* To ascertain whether: The bidder is eligible - Example: (a)The bidder shall not be blacklisted; (b) In case of goods, works and consultancy contracts the domestic bidder should have required CAC registration; Tax Clearance Certificate, comply with Pension Fund and Industrial Training Fund (ITF) contributions…." Similarly, paragraph 2 of the Establishment Circular Ref. No. SGF/50/S.52/II of 11th December, 2014, states, "…all federal contractors are mandated to be registered on the National Database of Federal Contractors, Consultants and Service Providers to be able to do business with the government."

Audit observed that:

i. Contracts totaling ₦137,356,348.40 (One hundred and thirty seven million, three hundred and fifty six thousand, three hundred and forty eight naira, forty kobo) were awarded to four (4) contractors as shown in the Table below.

S/N	Purpose	Remarks	Amount (₦)
1	Being payment for training of youth and women on household domestic products on Agric. business and other skill in Kaduna north senatorial district. Kaduna state	IRR and TCC not sighted	42,750,000.00
2	Being payment for consultancy services on proposed provision of solar powered borehole in farm settlement areas of North East	IRR and TCC not sighted	2,487,008.34
3	Being payment for the provision of hand pump boreholes in Bakori/Danja fed const. of Katsina State	IRR and TCC not sighted	26,811,360.00
4	Being payment for training and empowerment of women and youths in the principles, knowledge and production of basic domestic, household, post covid-19 home and health care products in Andoni-Opobo/Nkoro Fed Const. Rivers State	IRR and TCC not sighted	65,307,980.06
	TOTAL		137,356,348.40

ii. There was no evidence to show that some of the contractors were registered with the Bureau of Public Procurement (BPP) or had valid Tax Clearance Certificates (TCC) prior to contract award, and

iii. The award of contracts to the contractors in (i) above was contrary to extant procurement rules and regulations requiring contractors to be duly registered and tax compliant before contract award.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦137,356,348.40 (One hundred and thirty seven million three hundred and fifty six thousand, three hundred and forty eight naira, forty kobo), being contract awarded to ineligible contractors.
ii.. Recover and remit to the Treasury, the sum of ₦137,356,348.40.
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 failure to spend public funds effectively prescribed in paragraphs 3117 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: AWARD OF CONTRACT WITHOUT EVIDENCE OF TENDER'S BOARD APPROVAL (=₦213,350,410.00)

Description of Findings

Paragraph 12.1.2 of the Procurement Procedures Manual (2011) (second edition) states, "The Ministerial Tenders Board (for individual Ministry) and the Parastatal Tenders' Board (for each Extra-Ministerial Department or Agency) shall be the approving authority for the conduct of public procurement for their respective entities." Also, paragraph 2 of the Establishment Circular Ref. No. PROC/OSGF/BPP/709/85 of 19th January, 2022 states, "Parastatal Tenders Board can approve ₦10 million and above but less than ₦100million for the supply of goods, ₦20 million and above but less than ₦500million for works, and ₦10 million and above but less than ₦100 for Non-Consultant/Consultant Services."

Audit observed that:

i. Contracts totaling ₦213,350,410.38 (Two hundred and thirteen million, three hundred and fifty thousand, four hundred and ten naira, thirty eight kobo) were awarded to five (5) contractors for various constituency projects as shown in the Table below, and

SN	YEAR	PROGRAMME/PROJECTS	AMOUNT ₦
1	2021	Supply of Baja Motorcycle in Bakori/Danja Federal Constituency, Katsina State	37,840,000.00
2	2022	Fabrication and Installation/Training of two (2 tons) Per Day Yam Processing Plant in Kastina-Ala/Ukum/Loko Federal Constituency Benue State	53,250,000.00
3	2022	Drilling of Solar Powered Boreholes with Overhead Tanks in (1) Dambo Ward, Zaria, (2) Limanci Kona Ward, Zaria, (3) Bomo Ward, Sabon Gari (4) Gyallesu Ward, Zaria (5) Anguwan Juma Ward, Zaria in Kaduna North Senatorial District, Kaduna State.	44,623,669.00
4	2022	Rehabilitation and Completion of Staff Accommodation, Laboratory, Provision of Solar Electrification, Boreholes and Medical Equipment to PHC Center in Ipole, Ijigban, Benue State.	68,605,236.38
5	2022	Renovation of Ulayi Primary Health Center in Ado/Okpoku/Ogbadigbo Fed Constituency	9,031,505.00
		TOTAL	**213,350,410.38**

ii. There was no evidence to show that the contracts were approved by the Tenders' Board, as no approval documents were provided for audit.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦213,350,410.38 (Two hundred and thirteen million, three hundred and fifty thousand, four hundred and ten naira, thirty eight kobo), being contracts awarded without the Tenders Board's approval.
ii. Recover and remit to the Treasury, the sum of ₦213,350,410.38.
iii. Forwarding evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 3: PAYMENT FOR CONTRACTS NOT EXECUTED (=₦65,259,750.00)

Description of Findings

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

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

Audit observed that:

i. A contract valued at ₦65,307,980.06 (Sixty five million, three hundred and seven thousand, nine hundred and eighty naira, six kobo) was awarded for the training and empowerment of women and youths in household, post COVID-19, home and health care products in Andoni-Opobo/Nkoro Federal Constituency, Rivers State, on 19th January, 2021, and
ii. There was no evidence of valuation or interim certificates to support the execution of the work before payment was made to the contractor.

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

Risks

i. Loss of public 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 Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦65,307,980.06 (Sixty five million, three hundred and seven thousand, nine hundred and eighty naira, six kobo), being payment for contracts without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦65,307,980.06.
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 4: PAYMENT TO CONSULTANTS WITHOUT EVIDENCE OF CONTRACTUAL OBLIGATION (=₦99,259,750.00)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of,

organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…"

Audit observed that:

i. Contracts amounting to ₦44,444,800.00 (Forty four million, four hundred and forty four thousand, eight hundred naira) and ₦55,363,156.00 (Fifty five million, three hundred and sixty three thousand, one hundred and fifty six naira) totaling ₦99,807,956.00 (Ninety nine million, eight hundred and seven thousand, nine hundred and fifty six naira) were awarded to two (2) contractors for entrepreneurship development, skill acquisition, and empowerment programmes in Yenagoa/Kolokuma-Opokuma Federal Constituency, Bayelsa State, respectively, and
ii. Evidence of approval by the Institute's Tenders Board was not provided for examination.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦99,259,750.00 (Ninety nine thousand, two hundred and fifty nine thousand, seven hundred and fifty naira), being contracts awarded for consultancy service without the approval of the Parastatal Tenders Board of the Institute.
ii. Recover and remit to the Treasury, the sum of ₦99,259,750.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 5: PAYMENT OF CONSTITUENCY/ZONAL INTERVENTION PROJECTS EXECUTED WITHOUT APPROVAL FROM RELEVANT AUTHORITIES (=₦102,737,984.84)

Description of Findings

Paragraph 2 (i) of the Establishment Circular Ref. no SDO/P&P/034/Vol.I/21 dated 24th July, 2017, regarding guidelines on implementation of a zonal

intervention/constituency projects states, “Ministries, Department and Agencies MDAs shall award contracts of various Zonal Intervention/Constituency Projects under their purview, monitor and supervise the implementation of the projects as well as raise payment certificate which are then forwarded to the Special Duties Office of the Office of the Secretary to the Government of the Federation. Furthermore, paragraph 2 (ii) of the Establishment Circular Ref. No. SDO/P&P/034/Vol.I/21 dated 24th July, 2017, states, “The Special Duties Office shall verify and ascertain the level of work done and authorize payments for such projects.”

Audit observed that:

i. Contracts totaling ₦102,737,984.84 (One hundred and two million, seven hundred and thirty seven thousand, nine hundred and eighty four naira, eighty four kobo) were awarded to three (3) contractors for various services under Constituency and Zonal Intervention Projects as shown in the Table below, and

SN	PV NO & DATE	PROGRAMME/PROJECTS	AMOUNT(₦)
1	45A of 21/12/2021	Provision and Installation of 2nos of 300kv /415/33 Transformers in Agwut Obolo and Ukaya in Andoni Opobo/Nkoro Federal Constituency River State	12,240,717.34
2	3A of 3/11/2021	Training of Women and Youth in Household Domestic Product, Agric Business and other Skills in Makarfi, Kudan, Sabon Gari, Kubau, Ikara and Zaria LGAS in Kaduna North Senatorial District	47,750,000.00
3	41A of 21/12/2021	Procurement of Fertilizers and Herbicides in Markarfi LGA, Kudan and Ikara LGA of Kaduna North	42,747,267.50
		TOTAL	**102,737,984.84**

ii. There was no evidence to show that the contracts were authorized by the Federal Ministry of Special Duties and Inter-Governmental Affairs prior to award.

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

Risks

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

Management’s Response

No response.

Auditor’s Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦102,737,984.84 (One hundred and two million, seven hundred and thirty seven thousand, nine hundred and eighty four naira, eighty four kobo), being payment without authorization from Ministry of Special Duties and Inter-Governmental Affairs.

ii. Recover and remit to the Treasury, the sum of ₦102,737,984.84.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment stated in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

NATIONAL AGRICULTURAL LAND DEVELOPMENT AUTHORITY, ABUJA

At the National Agricultural Land Development Authority (NALDA), Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: CIRCUMVENTION OF PROCUREMENT PROCESS (=₦14,704,662,287.79)

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. Contracts totaling ₦14,704,662,287.79 (Fourteen billion, seven hundred and four million, six hundred and sixty two thousand, two hundred and eighty seven naira, seventy nine kobo) were awarded for the procurement of works and services under the 2024 Constituency Projects without evidence of open competitive bidding, as required by extant procurement laws and regulations.
ii. There was no evidence to show that the request for approval to adopt the Selective Tendering Method was based on genuine urgency relating to sustainable food production and seasonal agricultural activities, and
iii. There was also, no evidence to show that some of the projects awarded were agricultural activities requiring urgent implementation due to wet or dry season considerations, as the projects arose through routine planning, budgeting, and appropriation processes.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority, 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 Executive Secretary/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,704,662,287.79 (Fourteen billion, seven hundred and four million, six hundred and sixty two thousand, two hundred and eighty seven naira, seventy nine kobo), being contract awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦14,704,662,287.79.
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 specified in paragraphs 3117 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: SPLITTING OF CONTRACTS TO CIRCUMVENT PROCUREMENT/APPROVAL THRESHOLD (=₦10,747,603,575.28)

Description of Findings
Section 20(2) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…"

Audit observed that:

i. Contracts totaling ₦17,932,303,859.54 (Seventeen billion, nine hundred and thirty two million, three hundred and three thousand, eight hundred and fifty nine naira, fifty four kobo) were awarded under the 2024 constituency projects, and
ii. There was no evidence to show that fifty eight (58) contracts totaling ₦10,747,603,575.28 (Ten billion, seven hundred and forty seven million, six hundred and three thousand, five hundred and seventy five naira, twenty eight kobo) were awarded as single projects, as the contracts were split into various components to fall within the approval threshold of the Authority.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agricultural Land Development Authority, 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/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,747,603,575.28 (Ten billion, seven hundred and forty seven million, six hundred and three thousand, five hundred and seventy five naira, twenty eight kobo), being payments to contractors on contracts split to circumvent approval thresholds.
ii. Recover and remit to the Treasury, the sum of ₦10,747,603,575.28.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: IRREGULAR AWARD OF CONTRACTS TO UNREGISTERED CONTRACTORS (=₦3,651,544,959.38)

Description of Findings
Paragraph 50.2 of Procurement Procedures Manual states "…. compliance with the following requirements should be examined using the bidding documents as the reference point: *Stage 1:* To ascertain whether: The bidder is eligible - Example: (a)The bidder shall not be blacklisted; (b) In case of goods, works and consultancy contracts the domestic bidder should have required CAC registration; Tax Clearance Certificate, comply with Pension Fund and Industrial Training Fund (ITF) contributions…." Also, paragraph 3 of the Establishment Circular Ref. No. SGF/50/S.52/II of 11th December, 2014, states, "Consequently and for the avoidance of doubt, all MDAs should henceforth include "Evidence of registration on the National Database of Contractors, Consultants and Service Providers" as a requirement in solicitations documents in compliance with the provision of Sections 5(h) and 6(1)(f) of the Public Procurement Act, 2007. Prospective bidders should be requested to submit an Interim Registration Report (IRR) as evidence of compliance with this requirement."

Audit observed that:

i. Contracts totaling ₦3,651,544,959.38 (Three billion, six hundred and fifty one million, five hundred and forty four thousand, nine hundred and fifty nine naira, thirty eight kobo) were awarded to seventeen (17) contractors for the procurement of works and services under constituency projects between January and December, 2024, and
ii. There was no evidence to show that some of the contractors complied with the registration requirements of the Bureau, including registration with the Bureau of Public Procurement (BPP) and the Corporate Affairs Commission (CAC).

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

Risks

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

Management's Responses

No response.

Auditor'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/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,651,544,959.38 (Three billion, six hundred and fifty one million, five hundred and forty four thousand, nine hundred and fifty nine naira, thirty eight kobo), being payment of contracts awarded to contractors not registered on the BPP database.
ii. Recover and remit to the Treasury, the sum of ₦3,651,544,959.38.
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 4: AWARD AND PAYMENTS FOR CONTRACTS TO INELIGIBLE CONTRACTORS (=₦1,016,834,893.49)

Description of Findings

Section 23(1) of the Public Procurement Act (PPA) (2007) states, "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) (2009) states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…." In addition, paragraph 50.2 of Procurement Procedures Manual states "…. compliance with the following requirements should be examined using the bidding documents as the reference point: *Stage 1:* To ascertain whether: The bidder is eligible - Example: (a)The bidder shall not be blacklisted; (b) In case of goods, works and consultancy contracts the domestic bidder should have required CAC registration; Tax Clearance Certificate, comply with Pension Fund and Industrial Training Fund (ITF) contributions…."

Audit observed that:

i. Contracts totaling ₦1,016,834,893.49 (One billion, sixteen million, eight hundred and thirty four thousand, eight hundred and ninety three naira, forty nine kobo) were awarded to eleven (11) contractors for various works and services in 2024, under Capital and Constituency Projects Funds.
ii. There was no evidence to show that some of the contractors possessed valid Interim Registration Reports (IRR) at the time of bidding, as some of the documents were obtained after contract award while others had expired before the year of award, and
iii. There was no evidence to show that some of the contractors possessed valid Tax Clearance Certificates (TCC), as the documents presented did not indicate evidence of tax payment and minimum turnover for the three (3) years preceding the contract awards. In some instances, the TCCs covered periods predating the incorporation dates of the companies.

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

Risks

i Diversion of government funds.
ii. Payment for goods 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 Executive Secretary/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,016,834,893.49 (One billion, sixteen million, eight hundred and thirty four thousand, eight hundred and ninety three naira, forty nine kobo), being irregular contract award and payment.
ii. Recover and remit to the Treasury, the sum of ₦1,016,834,893.49.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular contract award and irregular payment specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: INFLATION OF CONTRACT PRICE (=₦600,545,000.00)

Description of Findings

Paragraph 3102(i) of the Financial Regulations (FR) (2009) states, "Any public officer who is alleged to be involved in the inflation of contract shall be allowed 5 days within which to respond to audit query addressed to him. Where the query involves an Accounting Officer, he shall be reported to Mr. President. In the case of any other

officer, he shall be surcharged appropriately and removed from the duty schedule, dismissed, and prosecuted. (b) Where the inflation of the contract involves the Tenders Board, all the members that approved the inflated contract shall be severally and collectively sanctioned." Also, section 31(3) of the Public Procurement Act (PPA) (2007) states, "The following shall not be sought, offered or permitted (a) changes in prices; (b) changes of substance in a bid: and (c) changes to make an unresponsive bid responsive." In addition, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. Contracts totaling ₦853,169,662.50 (Eight hundred and fifty three million, one hundred and sixty nine thousand, six hundred and sixty two naira, fifty kobo) were awarded and paid to four (4) contractors for the supply and installation of street lights under constituency projects funds.
ii. Market surveys and quotations obtained from contractors that executed similar government projects revealed significant differences in the prices quoted and paid for the street lights and related services.
iii. There was no evidence to show that the contract prices were competitive, as audit review revealed that the prices quoted and paid were excessive when compared with prevailing market rates, and
iv. Audit survey of prevailing market prices revealed overvaluation amounting to ₦600,545,000.00 (Six hundred million, five hundred and forty five thousand naira).

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

Risks

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

Management's Responses

No response.

Auditor'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/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦600,545,000.00 (Six hundred million, five hundred and forty five thousand naira), being inflation of contract price.
ii. Recover and remit to the Treasury, the sum of ₦600,545,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to inflation and unauthorized variation of contract specified in paragraphs 3102 and 3103 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: PAYMENTS TO CONTRACTORS WITHOUT INTERIM VALUATION CERTIFICATE (=₦9,438,803,865.51)

Description of Findings

Paragraph 88.6 of the Public Procedures Manual (2008) states, "Payment for works contracts will normally be made against Payment Certificates approved in strict accordance with the terms of the Contract." Also, paragraph 2.0 of the Federal Treasury Circular with Ref. No.: TRY/A2 & B2/2019/OAGF/CAD/026/V.III/358 dated 8th July, 2019, states, "Consequently, the following documents are mandatory to facilitate payments of Government Contracts for good, works and services:…(c) Final Payments…(iv) Delivery Notes (v) Store Receipt Voucher (vi) Final completion certificate duly signed by the End-users (vii) Final Payment Certificate (viii) Request for payments with Bank details and Tax Identification Number (TIN)…" Similarly, 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. Payments totaling ₦9,438,803,865.51 (Nine billion, four hundred and thirty eight million, eight hundred and three thousand, eight hundred and sixty five naira, fifty one kobo) were made to contractors from Constituency Projects Funds without supporting documents, and
ii. There was no evidence of Interim Valuation Certificates or detailed valuation breakdowns attached to the payment vouchers to show the extent of work executed in relation to the Bills of Quantities (BOQ)/Bills of Engineering Measurement and Evaluation (BEME) at the various stages of payment.

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

Risks

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

Management's Responses

No response.

Auditor'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/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,438,803,865.51(Nine million, four hundred and thirty eight million, eight hundred and three thousand, eight hundred and sixty five naira, fifty one kobo), being payments for contract without Interim Payment Certificates.
ii. Recover and remit to the Treasury, the sum of ₦9,438,803,865.51.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

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

ISSUE 7: PAYMENTS MADE WITHOUT PAYMENT VOUCHERS (=₦499,975,721.00)

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. Payments totaling ₦499,975,721.00 (Four hundred and ninety nine million, nine hundred and seventy five thousand, seven hundred and twenty one naira) were made to five (5) contractors from the Authority's Zonal Intervention Fund in 2024, and
ii. There was no evidence of payment vouchers and supporting documents in respect of the payments in (i) above, as the documents were not provided for audit examination.

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

Risks

i Diversion of public funds
ii Payment for work not done

Management's Responses

No response.

Auditor'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/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦499,975,721.00 (Four hundred and ninety nine million, nine hundred and seventy five thousand, seven hundred and twenty one naira), being payments without payment vouchers.
ii. Recover and remit to the Treasury, the sum of ₦499,975,721.00.
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 8: IRREGULARITIES IN PAYMENT FOR TRAINING AND EMPOWERMENT (=₦248,021,681.41)

Description of Findings

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

Audit observed that:

i. The sum of ₦248,021,681.41 (Two hundred and forty eight million, twenty one thousand, six hundred and eighty one naira, forty one kobo) was paid to four (4) contractors for training and empowerment programmes without adequate information on the participants.
ii. There was no evidence of acceptance of the contracts, while the training venues and addresses were not specified to justify the expenditure incurred.
iii. There was no evidence of attendance registers and particulars of the trainees, while the duration of the training session was also not stated, and
iv. No copies of certificates issued to participants at the end of the training were found in the contract files.

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

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 Executive Secretary/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦248,021,681.41 (Two hundred and forty eight million, twenty one thousand, six hundred and eighty one naira, forty one kobo), being irregular payments for training and empowerment.
ii. Recover and remit to the Treasury, the sum of ₦248,021,681.41.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

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

ISSUE 9: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦339,501,266.70)

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." Similarly, paragraph 613 of the FR (2009) states, "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person 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 ₦339,501,266.70 (Three hundred and thirty nine million, five hundred and one thousand, two hundred and sixty six naira, seventy kobo) was paid into the personal accounts of four (4) staff for warehousing purposes.
ii. The amounts paid were ₦89,740,107.03, ₦65,325,476.00, ₦92,097,230.00, and ₦92,347,453.67, respectively, and
iii. The payments were made from the Authority's funds directly into the accounts of the staff instead of the approved beneficiaries or service providers.

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

Risks

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

Management's Response

- With reference to Audit Issue 25, all the payees mentioned were not listed on the GIFMIS Employees Payable of NALDA due to the fact that majority of them were new staff. Therefore, effecting payments to them could not be effected. The process of enrolling them on the payment platform is in process.
- The bank statements showing the disbursement of the various amounts to the final beneficiaries is hereby attached for your further examination.
- See Appendix 17 as attached.

Auditor's Evaluation

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

Recommendations

The Executive Secretary/Chief Executive Officer should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦339,501,266.70 (Three hundred and thirty nine million, five hundred and one thousand, two hundred and sixty six naira, seventy kobo), being payment to personal account of staff of the Authority for warehousing.
ii. Recover and remit to the Treasury, the sum of ₦339,501,266.70.
iii. Forward evidence of recovery and 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.

SECTION 11

MILITARY AGENCIES AUDIT DEPARTMENT (MAAD)

GROUND TRAINING COMMAND ENUGU

At the Ground Training Command (GTC), Enugu, for the period 1st January, 2019 to 31st December, 2024, the following observations were made:

ISSUE 1: FUNDS TRANSFERRED TO UNITS WITHOUT EXPENDITURE RETURNS (=₦10,705,250.00)

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, to enable them to be checked without reference 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 03.37 of the Manual of Financial Administration for Armed Forces of Nigeria (MAFA) (2017) (as amended) states, "The nature of the transaction will determine the documents to be attached. It should be all that is needed to confirm or check the nature of the service or work done to confirm the amount that should be paid, to whom it should be paid and evidence that the work and service has been done satisfactorily. It would usually include the invoice, delivery note, Local Purchase Order; P1922 (contractor bills); G1033 (Store Receipt and Issue Vouchers; the minute authourising the expenditure; and the approval of the payment should come from the officer who is authourised to allow such expenditure. In the case of items given out on contact, in addition to some of the documents mentioned above, it will be essential to attach the minutes of the appropriate Tender Board, Letter of Award; Due Process Certificate; copy of the contract agreement and whichever is applicable of the following items; Engineer, Surveyor's or Value's Certificate of completion or for valuation of work in progress, particulars of earlier payments etc."

Audit observed that:

i. The sum of ₦10,705,250.00 (Ten million, seven hundred and five thousand, two hundred and fifty naira) was transferred to BSG, UTA NAF/ 6 Account Kaduna and 3D NAF STN, Jos which are Units under Ground Training Command, Enugu as shown in the Table below:

S/N	PV NO & DATE	PAYEE	PARTICULARS	AMOUNT ₦
1	18 dated 13/10/2021	UTA NAF/13 ACCOUNTS NAF 337 BSG ENUGU.	PAYMENTS RELEASED TO UTA AS RECURRENT ALLOCATION FOR THE MONTH OF SEPTEMBER, 2021.	4,422,850.00
2	0009 dated 5/11/2020	UTA NAF/13 ACCOUNTS NAF 337 BSG ENUGU.	PAYMENTS RELEASED TO UTA AS RECURRENT ALLOCATION FOR THE MONTH OF AUGUST, 2020.	3,281,900.00
3	43 dated 23/ 03/2021	UTA NAF/ 6 ACCOUNT KADUNA	RELEASED TO UTA AS RECURRENT ALLOCATION FOR MONTH OF FEBRUARY, 2021.	3.811,250.00
4	0018 dated 13/07/2020	33D NAF STN JOS.	RELEASE TO UTA RECURRENT ALLOCATION FOR THE MONTH OF MAY, 2020.	3,000,500.00
	TOTAL			**10,705,250.00**

ii. The payments in (i) above were made via four (4) paid vouchers between 23rd March and 5th November, 2024, and
iii. Supporting expenditure documents were not produced for audit verification, thereby preventing confirmation of the authenticity and propriety of the payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Ground Training Command (GTC), Enugu.

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

Management's Response
The Command acknowledges the audit observation. The non-availability of the expenditure returns was not a deliberate disregard for the provisions of Financial Regulation 603, as the beneficiary units were required to forward their expenditure returns to Headquarters in Lagos for collation and central submission.

The Command have since requested and obtained copies of the expenditure returns earlier submitted to the Head Office in Lagos. These copies have now been received at the Command and are hereby attached as Enclosure 1

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

Recommendations
The Chief of Air Staff should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,705,250.00 (Ten million seven hundred and five thousand, two hundred and fifty naira), being expenditures made without expenditure returns in line with extant regulation.
ii. Recover and remit to the Treasury, the sum of ₦10,705,250.00.
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 2: UNSUBSTANTIATED PAYMENT OF NON-REGULAR ALLOWANCE (=₦66,715,201.99)

Description of Findings
Paragraph 603(i) of the Financial Regulations (FR) (2009) states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets. etc." Also, paragraph 06.04 (e) of the

Manual of Financial Administration of the Armed Forces of Nigeria (2017) provides that "Instructor Allowance shall be paid quarterly to military personnel who are instructors in military institutions. The rate applicable for officers is ₦150,000.00, while ₦75,000.00 is paid to soldiers /Ratings/Airmen". Similarly, paragraph 06.04(v) of the Manual of Financial Administration for the Armed Forces (MAFA) of Nigeria (2017) states, "Responsibility Allowance shall be paid to officers who hold command appointments.

The rates payable quarterly, are:

CDS/Service Chiefs	₦1,000,000.00
GOC/FOC/AOC/Branch Chiefs	₦750,000.00
Bde Comds/CSO/FC/Equivalent	₦500,000.00
CO/Unit Comds	₦300,000.00

In addition, paragraph 06.04(z) of the Manual of Financial Administration for the Armed Forces of Nigeria 2017 states that Operation Allowance "is paid to personnel on internal security operations at the rate of ₦5,000.00 per personnel per day."

Audit observed that:

i. The sum of ₦66,715,201.99 (Sixty six million seven hundred and fifteen thousand two hundred and one naira ninety nine kobo) was released to UTA NAF/ 6 Account NAF GTC, Kaduna for payment of Non-Regular Allowances. Details of payment are as shown in the Table below.

S/N	PV No & DATE	PAYEE	PARTICULARS	AMOUNT ₦
1	002 of 4/10/2021	UTA NAF/ 6 ACCOUNT NAF GTC, KADUNA.	RELEASE TO UTA AS TROOP'S NON-REGULAR ALLOWANCES FOR THE MONTH, OF SETEMBER,2021.	34,286,720.99
2	002b of 2/11/2020	UTA NAF/6 NAF GTC, KADUNA.	RELEASE TO UTA AS TROOP'S NON-REGULAR ALLOWANCES FOR THE MONTH, OF OCTOBER, 2020.	32,428,481.00
	TOTAL			**66,715,201.99**

ii. No breakdown of the allowance payments was provided during the audit to show how the total amounts were computed for each staff member.

The above anomalies could be attributed to weaknesses in the internal control system at the Ground Training Command (GTC), Enugu.

Risks

i. Disregard for extant regulations.
ii. Misappropriation of funds.

Management's Response

All supporting documents relating to the expenditure, including detailed breakdowns of payments to individual staff members, are attached as Enclosure II

Auditor's Evaluation

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

Recommendations

The Chief of Air Staff should be requested to:

i. Account for the sum of ₦66,715,201.99 (Sixty six million seven hundred and fifteen thousand two hundred and one naira ninety nine kobo) to the Public Accounts Committees of the National Assembly, being unsubstantiated payment of non-regular allowance.
ii. Recover and remit to the Treasury, the sum of ₦66,715,201.99
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 specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: CASH ADVANCES GRANTED ABOVE LIMIT (=₦20,368,000.00)

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 Command paid the total of ₦20,368,000.00 (Twenty million, three hundred and sixty eight thousand naira) to Unit and staff for direct procurement of goods and payment for services as shown in the Table below.

S/N	PV No & DATE	PAYEE	PARTICULARS	AMOUNT ₦
1	3 dated 4/4/2019	UTA NAF/16 Account NAF GTC Kaduna.	Furnishing of 3 New Blocks of 10 by One Flight Cadet Blocks.	6,768,000.00
2	0034 dated 20-09-2024	330 NAF STN, Jos	Payment for Supply of Quantity 20 by Computer System and Associated Table for AFPS, Jos.	13,600,000.00
			TOTAL	**20,368,000.00**

ii. The advances granted were in excess of the approved threshold of ₦200,000.00, contrary to the above circular which requires that all local procurements above ₦200,000.00 must be executed through award of contracts, and
iii. The jobs ought to have been contracted out, rather funds were released to unit/staff for their procurement, leading to loss of tax revenue to government.

The above anomalies could be attributed to weaknesses in the internal control system at the Ground Training Command (GTC) Enugu.

Risks

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

Management's Response

The Direct Procurement method was adopted due to the urgent and operational nature of the requirements of Nigerian Airforce, which made it impracticable to undergo the lengthy competitive bidding process without disrupting critical activities.
All due process documents, including management approval and payment records, have been compiled and attached as Enclosure 3.

Auditor's Evaluation

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

Recommendations

The Chief of Air Staff should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦20,368,000.00 (Twenty million, three hundred and sixty eight thousand naira), being payments of advances to unit and staff above statutory limit.
ii. Recover and remit to the Treasury, the sum of ₦20,368,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

NATIONAL HYDROGRAPIC AGENCY ABUJA

At the National Hydrographic Agency, Abuja, for the period 1st January to 31st December, 2024 the following observation was made:

ISSUE 1: UNACCOUNTED PURCHASE OF DIESEL (=₦33,750,000.00)

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:

i. The Agency made payments amounting to ₦33,750,000.00 (Thirty three million, seven hundred and fifty thousand naira) for the purchase of diesel but there were no records that show the items were actually purchased, and
ii. The diesel purported to have been procured in Lagos has no record to show the consumption which created doubt about the purchase.

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

Risks

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

Management's Response

The Nigerian Navy Hydrographic Research and Survey Ship NNS LANA was drafted to the Agency to carry out hydrographic and oceanographic surveys of Lagos, Bonny, Warri and Port Harcourt approaches into the channel to aid navigation on a monthly basis. In addition, the Agency has an FG Wilson Perkins P33 - 1 30KVA Generator to ensure uninterrupted power supply in order to have effective and efficient operations in the Agency.

The payment of the sum of ₦33,750,000.00 represents the monthly procurement of AGO for both the NNS LANA Survey Ship and the 30 KVA Generator at the Headquarters for the months of Jan to Dec 24 as approved by the Hydrographer of the Federation/CEO. Copies of payment vouchers and other supporting documents being evidence of the procurement of AGO and consumption/utilization sheets are attached at Appendix 3.

Auditor's Evaluation

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

Recommendations

The Hydrographer of the Federation should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦33,750,000.00 (Thirty three million, seven hundred and fifty thousand naira), being purchased diesel not accounted for.
ii. Recover and remit to the Treasury, the sum of ₦33,750,000.00
iii. Forward evidence of remittance particulars to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to payment for jobs not executed specified in paragraphs 3104 (iii) of the Financial Regulations (2009) should apply.

DEFENECE INDUSTRIES CORPORATION OF NIGERIA KADUNA

At the Defence Industries Corporation of Nigeria, Kaduna, for the period 1st January to 31st December, 2024, the following observation was made:

ISSUE 1: NON–SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings

Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, 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 regulations:

i. The Corporation failed to submit its yearly audited accounts for three (3) financial years from 2022 to 2024, and
ii. Delays in compliance with financial reporting regulations and timeliness weaken the executive oversight function and deprive those charged with governance with timely information on performance and for decision making and deprive the full range of stakeholders, including the legislature, of vital information on financial performance and stewardship.

The above anomalies could be attributed to weaknesses in the internal control system at the Defence Industries Corporation of Nigeria (DICON), Kaduna.

Risks

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

Management's Response

The Corporation has prepared the statutory financial statements for the year ended 31st December, 2022–2023, comprising:

a. Statement of Financial Performance
b. Statement of Financial Position
c. Cash Flow Statement
d. Statement of Changes in Net Assets/Equity
e. Notes to the Accounts

The audited financial statements have been submitted to your office. Please refer to Enclosures 3 and 4 for acknowledgement copies of the submission letters.

Meanwhile, the financial statements for the year 2024 are being finalized and will be forwarded to your office shortly. It is our expectation that the DICON Board will convene at the earliest opportunity to deliberate on the financial statements, in line with the provisions of the DICON Act.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify, to the Public Accounts Committees of the National Assembly, the non-submission of stand-alone financial statements for the year 2022 to 2024.
ii. Forward copies of the audited financial statements and auditor's reports thereon, to both the Public Accounts Committees of the National Assembly and the Auditor-General for the federation, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ARMED FORCES COMMAND AND STAFF COLLEGE, JAJI

At the Armed Forces Command and Staff College (AFCSC), Jaji, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: MISAPPLICATION OF FUNDS (=₦8,894,910.00)

Description of Findings

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

Audit observed that:

i. The Command paid the sum of ₦8,894,910.00 (Eight million, eight hundred and ninety four thousand, nine hundred and ten naira) as clearing cost of vehicle in the period under review, and
ii. The above sum was paid from the overhead account instead of capital as part of the cost of the acquisition of the vehicle.

The above anomalies could be attributed to weaknesses in the internal control system at the Armed Forces Command and Staff College (AFCSC), Jaji.

Risks

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

Managements' Response

The AFCSC is a training institution for the Armed Forces of Nigeria. In order to function properly based on its mandate, it requires additional vehicles for logistics movement of instructors and students to exercise areas, Nigeria Study Tour as well as African Study Tour respectively. To add to the existing ones to enable the college achieve its objectives on a timely and cost-effective manner. The funds budgeted for the vehicles were duly utilized for the procurement as approved in the capital budget. However, upon arrival of the vehicles at Nigeria Port Authority in the year 2024, there was the need to clear the vehicles to enable the college have them for use. The clearing cost was paid form the transport element of the overhead sub-head to clear the vehicles.

Auditor's Evaluation

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

Recommendations

The Commandant should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,894,910.00 (Eight million, eight hundred and ninety four thousand, nine hundred and ten naira), being misapplication of Overhead funds.
ii. Recover and remit to the Treasury, the sum of ₦8,894,910.00.
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: NON–SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings

Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, 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 regulations:

i. The Command failed to submit its yearly audited accounts for two (2) financial years for 2023 and 2024, and
ii. Delays in compliance with financial reporting regulations and timeliness weaken the executive oversight function and deprive those charged with governance with timely information on performance and for decision making, also, deprive the full range of stakeholders, including the legislature, of vital information on financial performance and stewardship.

The above anomalies could be attributed to weaknesses in the internal control system at the Armed Forces Command and Staff College (AFCSC), Jaji.

Risks

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

Management's Response

All MDA's are saddled with the responsibility of rendering audited financial statement annually. Therefore, Armed Forces Command and Staff College is not an exception. The audited for the year 2023 and 2024 was lately submitted to the relevant authority due to service exigency. The observation raised is noted and will be complied with subsequently. Copies of receipts of financial statements are attached as Enclosure 1 and 2 accordingly.

Auditor's Evaluation

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

Recommendations

The Commandant 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 years 2023 and 2024.
ii. Forward copies of the Audited Financial statement and Auditor's Reports thereon to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

SECTION 12

MINISTERIAL AUDIT DEPARTMENT (MAD)

FEDERAL MINISTRY OF PETROLEUM RESOURCES HEADQUARTERS, ABUJA.

At the Ministry of Petroleum Resources Headquarters, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PAID VOUCHERS NOT PRESENTED FOR AUDIT (=₦14,842,162.80)

Description of Findings

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

Audit observed that:

i. The Ministry made payment totaling ₦14,842,162.80 (Fourteen million, eight hundred and forty two thousand, one hundred and sixty two naira eighty kobo) with sixteen (16) paid vouchers, during 2023 financial year.
ii. The paid vouchers and supporting documents in respect of the payments in (i) above were not presented for audit, contrary to extant laws and regulations, and
iii. The above amount could not be validated as legitimate expenditures incurred on behalf of the Federal Government, due to non-availability of payment vouchers and relevant supporting documents therein.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources, Abuja.

Risks

i. Payments for jobs not executed
ii. unapproved expenditures.
iii. 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. Account to the Public Accounts Committees of the National Assembly, for sum of ₦14,842,162.80 (Fourteen million, eight hundred and forty two thousand, one

hundred and sixty two naira, eighty kobo), being payment made without presenting paid vouchers for audit.

ii. Recover and remit to the Treasury, the sum of ₦14,842,162.80.

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

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

ISSUE 2: CASH ADVANCES GRANTED ABOVE LIMIT (=₦31,950,484.00)

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 ₦31,950,484.00 (Thirty one million, nine hundred and fifty thousand, four hundred and eighty four naira) was paid to twelve (12) officers through twelve (12) paid vouchers as administrative or cash advances for renovations/rehabilitations, programmes and supply between 19th April, 2023 to 28th October, 2023.

ii. Each of the payments were above ₦200,000.00 (Two hundred thousand naira) and should have followed through the procurement process.

iii. The payments were split and processed based on internal memos, approved and paid without procurement unit involvement in order to circumvent procurement process, and

iv. There was no evidence of work or service rendered attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources, Abuja.

Risks.

i. Lack of transparency and accountability.

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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦31,950,484.00 (Thirty one million, nine hundred and fifty thousand, four hundred and eighty four naira), being cash advances granted above limit.
ii. Recover and remit to the Treasury, the sum of ₦31,950,484.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 3: UNRETIRED NON-PERSONAL ADVANCES (=₦65,760,809.00)

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." Similarly, paragraph 1416 of the FR (2009) states, "The outstanding balance of any advance shall be recovered in full from the last payment of salary and/or retirement gratuity of an officer who leaves the service on retirement, resignation, termination of appointment or dismissal." In addition, paragraph 1405 of the FR (2009) states, "Accounting officers are responsible for ensuring the prompt repayment of all advances by instalment or otherwise."

Audit observed that:

i. Officers of the Ministry were granted advances for different programmes and services such as rent of hall and public address system, purchase of items, refurbishment of chairs, purchase of tyres, etc. totaling ₦65,760,809.00 (Sixty five million, seven hundred and sixty thousand, eight hundred and nine naira).
ii. There was no evidence of the utilizations of funds in form of cash receipt, SRV, etc. hence, the monies would not be accepted as legitimate charge against government funds, and
iii. The advances granted in (i) above were not retired as at the time of the audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources, 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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦65,760,809.00 (Sixty five million, seven hundred and sixty thousand, eight hundred and nine naira), being unretired non-personal advances.
ii. Recover and remit to the Treasury, the sum of ₦65,760,809.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances and irregular payments prescribed in paragraphs 3124 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: NON-MAINTENANCE OF VEHICLE USAGE RECORDS DESPITE MAINTENANCE COSTS (=₦5,228,800.00)

Description of Findings

Paragraph 2001 of Financial Regulations (FR) (2009) states, "The Accounting Officer shall be responsible for ensuring that there are effective controls in the use of government vehicles. For this purpose, he will ensure that the following records are maintained: (a) Vehicles' Control Register. (b) Requisition Approval for journey. (c) Vehicle Log-Book (Gen. 59). (d) Vehicle Maintenance Register." Furthermore, paragraph 2002 of the FR (2009) states, "Official transport is to be used on all occasions to facilitate Government business but shall not be used for private journeys."

Audit observed that:

i. The Ministry's Transport Unit, in the period under review, did not maintain proper and adequate records of their motor vehicles as prescribed by financial regulations stated above.
ii. There was no Vehicle Control Register, no Vehicle Logbook, and Vehicle Maintenance Register etc. These are necessary books of records that give account of the utilizations of each vehicle, yet the Ministry failed to adhere to the rules and regulations.
iii. The Ministry granted advances amounting to ₦5,228,800.00 (Five million, two hundred and twenty eight thousand, eight hundred naira) to officers for repairs of the vehicles without evidence that the funds were utilized for the purpose it was meant, and
iv. Three (3) of the officers were granted multiple cash advances without retiring the previous ones.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Petroleum Resources, Abuja.

Risks

i. Diversion of public funds.
ii. Diversion of government vehicles for personal use.
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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,228,800.00 (Five million, two hundred and twenty eight thousand, eight hundred naira), being cash advances for vehicle maintenance without evidence of retirement, and usage of the vehicles.
ii. Recover and remit to the Treasury, the sum of ₦5,228,800.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

FEDERAL MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT, ABUJA

At the Federal Ministry of Women Affairs and Social Development, Abuja, for the period1st January to 31st December, 2023, the following observations were made:

ISSUE 1: OVERPAYMENT OF ESTACODE (=₦13,270,400.00)

Description of Findings
Paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Furthermore, paragraph 412 of the FR (2009) states, "Where a contract involves supplies of goods or work done, there will be attached to the voucher a certificate that the payments are in accordance with the terms of the contract agreement, that is as regards supplies, the articles have been received and, in the case of work, that it has been properly done…" Similarly, paragraph 708 of the FR (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:
i. The sum of ₦62,936,500.00 (Sixty two million, nine hundred and thirty six thousand, five hundred naira) was paid to four (4) officers as estacode for workshop/training in foreign countries.
ii. The payments were made through (4) paid vouchers dated between 24th April, 2023 and 25th May, 2023, and
iii. The sum of ₦13,270,400.00 (Thirteen million, two hundred and seventy thousand, four hundred naira) was the over-payment of estacodes for 10 days to the thirteen (13) officers as shown in the Table below:

PV Number	AMOUNT (₦)	No. of days for Training/ workshop/ visit	No. of days Estacode paid	Additional Days	Number of staff	Overpayment (₦)
CAP/035A /2023	3,710,000.00	1	4	3	1	2,003,400.00
CAP/039/ 2023	14,485,000.00	2	4	2	4	3,262,500.00
CAP/026/ 2023	29,273,000.00	9	10	1	5	3,625,500.00
CAP/060/ 2023	15,468,500.00	2	6	4	3	4,379,000.00
TOTAL	**62,936,500.00**					**13,270,400.00**

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Women Affairs, Abuja.

Risks

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

Management's Response

i. PV Number CAP/035A/2023 amounting to ₦3,710,000.00 revealed that the Honorable Minister travelled to Israel for the inaugural direct flight between Nigeria a Israel. The Honourable Minister stayed behind discussing business opportunities and investment, collaboration and other diplomatic issues for Nigeria women. Please see appendix "A'' the letter of invitation and the approved letter by the permanent Secretary of the Ministry.
ii. PV Number CAP/039/2023 amounting to ₦14,485,000.00 for Honourable Minister and Three others to attend the 4th edition of the Africa Women Summit in South Africa and there was an approval for the days which include the estacode. Please find attached of approval and letter of invitation for the invitation on appendix ''B''.
iii. PV Number CAP/026/]2023 amounting to ₦29,273,000.00 revealed that the invitation from the Africa Union Commission inviting Members States to the 41st Ordinary Session of the African Committee of Experts on the Rights and Welfare of the Child (ACERWC) is for 5 (Five) Staff to participate. The event is for 11 days the author of the approval should have written 11 days instead of 10 days. Please see appendix "C'' the letter of invitation and that of the Ministry of Foreign Affairs and by the Honourable minister.
iv. PV Number CAP/060/2023 amounting to ₦15,468,500.00 revealed that the invitation letter from Norway, Save the Children, UNICEF and ICRC in partnership with a cross-regional group of States, the African Union, among others are organizing on protecting Children in Armed Conflict in Oslo, Norway is for three Staff to participate and there was approval letter including the letter of participation and the Ministry adhered strictly with the Treasury Circular Ref. No: SGF/OP/S.3/XII/ 158 dated 15th October 2019. Please find attached invitation letter and approval on Appendix "D''

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,270,400.00 (Thirteen million, two hundred and seventy thousand, four hundred naira), being over-payment of Estacode.
ii. Recover and remit to the Treasury, the sum of ₦13,270,400.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦62,936,500.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦62,936,500.00 (Sixty two million, nine hundred and thirty six thousand, five hundred) was paid to four (4) officers in respect of some officers of the Ministry participating in a training /Workshop outside the country.
ii. The payments were made through four (4) payments vouchers dated between 24th April, 2023 and 25th May, 2023.
iii. The names of the beneficiaries were not stated in the approval memo and the recipients could not be identified, and
iv. Evidence of transfers to the beneficiaries, receipts for the course fee, pictorial evidence and reports for the summit/conference, and copies of certificate of attendance etc. were not attached to the paid vouchers.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Women Affairs, Abuja.

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

Management's Response
Some of the beneficiaries' names we're not in the GIFMIS platform and due to the exigencies of the program, the payment has to paid to a staff who are in the Platform and forward to all the beneficiaries started in the Vouchers.

Also note that, the Honourable Minister name is not on the GIFMIS platform, and she is one of the beneficiaries. As in the year 2023 the Policy of Cash Management and Bottom-up Cash Plan was not implemented, and the Permanent Secretary also was not in the GIFMIS platform too.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦62,936,500.00 (Sixty two million, nine hundred and thirty six thousand, five hundred naira), paid in violation of e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦62,936,500.00.
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 Financial Regulations (2009) should apply.

ISSUE 3: UNACCOUNTED PAYMENT FOR REIMBURSABLE EXPENSES (=₦67,702,750.00)

Description of Findings
Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" Furthermore paragraph 415 of the FR (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted." Similarly, paragraph 603(i) of the FR (2009) states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The sum of ₦67,702,750.00 (Sixty seven million, seven hundred and two thousand, seven hundred and fifty naira) was paid to seven (7) contractors as reimbursable expenditures in respect of empowerment contracts.
ii. The payments were made through seven (7) paid vouchers dated between 30th January, 2023 and 4th August, 2023.
iii. The retirement documents such as receipts, invoices, time sheets, bank transfer tellers, and other evidence for the actual expenditures incurred as provided in the Bill of Quantities of the various contracts were not provided for audit examination, and
iv. In the absent of (iii) above, the expenditure cannot be considered as a legitimate charge against public funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Women Affairs, Abuja.

Risks

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

Management's Response

The documents in question are all contract documents. They all went through the procurement process, and they were duly approved by the permanent Secretary who is the accounting officer of the Ministry. The sum of ₦67,702,750.00 was reimbursable because the contractor has already executed the Job and the Job completions are certified by the Ministry.

Before payment is initiated to the final stage, the contracts files must go through the internal Audit process to vest and be queried before the payment was paid to the rightful contractors. Please see appendix 'E'

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦67,702,750.00 (Sixty seven million, seven hundred and two thousand, seven hundred and fifty naira), being unaccounted payment for reimbursable expenses.
ii. Recover and remit to the Treasury, the sum of ₦67,702,750.00.
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 4: UNDER-DEDUCTION OF WITHOLDING TAX (=₦10,392,617.03)

Description of Findings

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

Audit observed that:

i. The sum of ₦207,852,340.52 (Two hundred and seven million, eight hundred and fifty two thousand, three hundred and forty naira, fifty two kobo) was paid to ten (10) contractors for consultancy contracts in respect of some supplies and training/employment programs.
ii. The payments were made vide ten (10) paid vouchers dated between 30th January, 2023 and 18th July, 2023, and
iii. The contracts were certified completed and full payment made to the contractors. However, the Ministry deducted 5% Withholding Tax (WHT) which amounted to ₦10,392,617.03 (Ten million, three hundred and ninety two thousand, six hundred and seventeen naira, three kobo) instead of 10% WHT of ₦20,785,234.05 (Twenty million, seven hundred and eighty five thousand, two hundred and thirty four naira, five kobo) resulting to under-deduction of ₦10,392,617.03 (Ten million, three hundred and ninety two thousand, six hundred and seventeen naira, three kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Women Affairs.

Risks

i. Loss of revenue.
ii. Over-payment to contractors
iii Difficulty in funding the budget.

Management's Response

The under-deduction of 5% of the above-mentioned payment vouchers of withholding tax from consultancy service fees occurred due to a combination of factors, including:

1. Misinterpretation of tax laws: The staff member responsible misunderstood the tax laws, leading to incorrect withholding tax deductions.

2. Inadequate controls: Our internal controls did not adequately ensure that withholding tax was properly deducted and remitted.

3. The Ministry has already written to the affected company requesting them to remit the balances back to the REMITTA Account of IFRS. Please, find attached letters of acknowledgement from the affected Company and a remitta payment from one of the

Auditor's Response

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦10,392,617.03 (Ten million, three hundred and ninety two thousand, six hundred and seventeen naira three kobo), being under-deducted WHT.
ii. Recover and remit to the Treasury, the sum of ₦10,392,617.03.
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: CASH ADVANCES GRANTED ABOVE LIMIT (=₦102,819,500.00)

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. The sum of ₦102,819,500.00 (One hundred and two million, eight hundred and nineteen thousand, five hundred naira) was paid to eight (8) officers of the Ministry as advances to procure services locally.
ii. The payments were made vide nine (9) paid vouchers dated between 10th February, 2023 and 26th May, 2023.
iii. The advances granted in (i) above exceed ₦200,000.00 limit in violation of extant regulations.
iv. The non-compliance with the extant circular and other regulations resulted in loss of tax revenue totaling ₦12,852,437.50 (Twelve million, eight hundred and fifty two thousand, four hundred and thirty seven naira, fifty kobo) that would have accrued to the government, and
v. The items of store in (ii) above were not taken on ledger charges to authenticate actual purchase, receipts and distribution of items.

Risks

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

Management's Response

1. The staff mentioned in the payment vouchers are programme staff of the Ministry and they are not assigned as Government Contractor.

2. The Ministry embarked on various programmes that are mandated by different donors which some staff are assigned to work directly based on the Memorandum of outstanding (MoU) of the project signed by the Ministry and the donors.

3. On the area of Fund above ₦200,000 advance given to staff, the Ministry always abide by the rules and regulations guiding advances. The advances granted were in the interest of Government.

Auditor's Response

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦102,819,500.00 (One hundred and two million, eight hundred and nineteen thousand, five hundred naira), being advances granted above limit of ₦200,000.00 without evidence of purchases made and services render.
ii. Recover and remit to the Treasury, the sum of ₦102,819,500.00
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

FEDERAL TRAINING CENTRE, ILORIN, KWARA STATE

At the Federal Training Centre, Ilorin, Kwara State, for the period 1st January to 31st December 2023, the following observations were made:

ISSUE 1: SPLITTING OF CONTRACT TO CIRCUMVENT PROCUREMENT/APPROVAL THRESHOLD (=₦28,525,661.57)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…"

Audit observed that:

i. The Center awarded eight (8) contracts totaling ₦28,525,661.57 (Twenty eight million, five hundred and twenty five thousand, six hundred and sixty one naira, fifty seven kobo) for procurement of capital items.
ii. The eight (8) contracts were for the same purpose, but split and awarded to one contractor, and
iii. The contracts in (ii) above should have been awarded as a single contract but were split and awarded at a price that falls within the approval threshold of the Provost.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Training Centre Ilorin, Kwara, state.

Risks

i. Circumvention of public procurement procedure.
ii. Bid rigging.

Management's Response

On the issue of refund of ₦28,525,661.57 the amount was used for the project which was thoroughly inspected by the Auditors and our project unit from the Head of service. Therefore, the project was carried out based on the fund released to us.
Meanwhile table 2.1 recommendations are hereby noted.

Auditor's Evaluation

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

Recommendations

The Provost should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦28,525,661.57 (Twenty eight million, five hundred and twenty five thousand, six hundred and sixty one naira, fifty seven kobo), being contracts split to circumvent procurement/approval threshold.
ii. Recover and remit to the Treasury, the sum of ₦28,525,661.57.
iii. Forward the 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 2: NON-ADHERENCE TO FEDERAL CHARACTER PRINCIPLE IN THE RECRUITMENT OF STAFF

Description of Findings

Section 14 (3) of the Constitution of the Federal Republic of Nigeria (1999) (as amended) states, "The composition of the Government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and the need to promote national unity, and also

to command national loyalty, thereby ensuring that there shall be no predominance of persons from a few States or from a few ethnic or other sectional groups in that Government or in any of its agencies." Also, section 4(1) of the Federal Character Commission Act (1996) states, "The functions of the Commission shall be-(a) to work out an equitable formula, subject to the approval of the President, for the distribution of all cadres of posts in the civil and the public services of the Federation and of the States, the armed forces, the Nigeria Police Force and other security agencies, bodies corporate owned by the Federal or a State Government and Extra-Ministerial Departments and parastatals of the Federation and States."

Audit observed that:

i. The Centre had thirty three (33) staffs on its payroll within the year under review
ii. The distribution of staffs employed,based on states, is not in compliance with the Federal Character principle as shown in the Table below, and

S/N	STATE	NUM	S/N	STATE	NUM	S/N	STATE	NUM
1	Abia	Nil	14	Ekiti	2	27	Ogun	1
2	Akwa Ibom	Nil	15	Enugu	Nil	28	Ondo	1
3	Abuja	Nil	16	Gombe	Nil	29	Osun	5
4	Adamawa	Nil	17	Imo	Nil	30	Oyo	5
5	Anambra	Nil	18	Jigawa	Nil	31	Plateau	Nil
6	Bauchi	Nil	19	Kaduna	Nil	32	Rivers	Nil
7	Bayelsa	Nil	20	Katsina	Nil	33	Sokoto	Nil
8	Benue	2	21	Kebbi	Nil	34	Taraba	Nil
9	Borno	Nil	22	Kogi	1	35	Yobe	Nil
10	Cross River	Nil	23	Kwara	10	36	Zamfara	nil
11	Delta	Nil	24	Lagos	1	37	Kano	Nil
12	Ebonyi	Nil	25	Nasarawa	Nil			
13	Edo	1	26	Niger	Nil			

Source: Extract from 2024 nominal Roll

iii. The Management of the Centre did not follow Federal Character principle as some states have more representative while other states have Nil selection.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Training Centre, Ilorin, Kwara State.

Risks

i. Zonal marginalisation.
ii. Favoritism and nepotism in recruitment.

Management Response

On the issue of why the Federal character principle was not adhered to in the recruitment, I wish to state that recruitment is being carried out by the Federal Civil Service Commission in collaboration with the office of the Head of Civil Service of the Federation.

Auditor's Evaluation

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

Recommendations

The Provost should be requested to:

i. Explain to the Public Accounts Committees of the National Assembly, the non-adherence to Federal Character principle in the recruitment of staff at the Centre, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

FEDERAL MINISTRY OF HUMANITARIAN AFFAIRS, DISASTER MANAGEMENT AND SOCIAL DEVELOPMENT, ABUJA

At the Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: IRREGULAR PAYMENT OF CONSULTANCY SERVICES TO STAFF (=₦15,368,300.00)

Description of Findings

Paragraph 2 of the Establishment Circular Reference Number TRY/A1&B1/2019 OAGF/CAD/026/V.III/343 dated 30th may, 2019, provides that all accounting officers should "ensure all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts". Furthermore, 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." Similarly, 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 made payment of ₦15,368,300.00 (Fifteen million, three hundred and sixty eight thousand, three hundred naira) for capacity training on International Public Sector Accounting Standards (IPSAS)- Practical Guide for Public sector Accounting to one (1) officer via payment voucher No. 1001073420-1 dated 22nd June, 2023.
ii. Procurement processes as provided by Public Procurement Acts, 2007, was not followed for the training, and
iii. From (i) and (ii) above, the payment of consultancy fee to a staff without evidence of utilization instead of awarding to competent consultant could not be accepted as legitimate charge against government funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs, Disaster Management and Social Development, Abuja.

Risks

i. Payment for work not done.
ii. Possible diversion of public fund.

Management's Response

The payment of ₦15,368,300.00 was approved by the accounting officer for inhouse workshop for the staff of the Ministry. No contract was award but independent consultants were invited for the implementation of the training and workshop. The program was held and report was done.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦15,368,300.00 (Fifteen million, three hundred and sixty eight thousand, three hundred naira), being irregular payment of consultancy service to staff.
ii. Recover and remit to the Treasury, the sum of ₦15,368,300.00.
iii. Forward evidence of remittance to Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to irregular payment, failure to spend public funds effectively, non-retirement of advances, specified in paragraphs 3106, 3115, and 3124, of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: OVER-INVOICING ON CONTRACT AWARD (=₦8,254,817.50)

Description of Findings

Section 31(3) of Public Procurement Act (PPA) (2007) states, "The following shall not be sought, offered or permitted (a) changes in prices; (b) changes of substance in a bid: and (c) changes to make an unresponsive bid responsive." Also, paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observe that:

i. The Ministry awarded contract to a company for the supply of Working Materials for the Procurement Department via award letter with reference number FMHADMSD/PROC/MAP/1647/VOL.I dated 9th June, 2023, at the contract sum of ₦17,643,437.50 (Seventeen million, six hundred and forty three thousand, four hundred and thirty seven naira, fifty kobo), and
ii. The price of the items when compared with the market survey conducted during the audit in Abuja, indicated an inflation of prices by ₦8,254,817.50 (Eight million, two hundred and fifty four thousand, eight hundred and seventeen naira, fifty kobo) as shown in Table below:

SNO	DESCRIPTION	AWARDED UNIT PRICE ₦	AUDIT SURVEY PRICE + 30 % MARK UP ₦	VARIATION ₦	OTY	VALUE ₦
1	A4 Photocopier Papers (Chamex Product)60 Packs	85,000.00	32,500.00	52,500.00	60	3,150,000.00
2	106A Toner Cartridger	75,000.00	65,000.00	10,000.00	5	50,000.00
3	Microwave (30 liters)-Kenwood Series	200,000.00	96,200.00	103,800.00	3	311,400.00
4	Sharp Photocopier Toners	94,500.00	39,000.00	55,500.00	30	1,665,000.00
5	Laser Jet Printer Tonners "59A"	74,250.00	52,000.00	22,250.00	30	667,500.00
6	Sharp DX - 2500 Toner Cartridge for Photocopier with 5Nos Multi Extension Cables	600,000.00	234,000.00	366,000.00	5	1,830,000.00
7	LG Split Unit Air Conditioner 1.5 HP with 2Nos. 1500VA Uniterruptible Power Supply (UPS)	850,000.00	845,000.00	5,000.00	1	5,000.00
	Sub-Total					7,678,900.00
	Add 7.5%				0.075	575,917.50
	Grand Total					8,254,817.50

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs, Disaster Management and Social Development, Abuja.

Risks

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

Management's Response

The market survey was conducted during the procurement process before the contract was awarded. There was no overpricing as the price awarded was at the prevailing market price at that particular time. The Ministry will not engage in overpricing at no time during the procurement process.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦8,254,817.50 (Eight million, two hundred and fifty four thousand, eight hundred and seventeen naira, fifty kobo), being payment for over invoice of prices.
ii. Recover and remit to the Treasury, the sum of ₦8,254,817.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to inflation of contract and gross misconduct prescribed in paragraphs 3102 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: AWARD OF CONTRACT WITHOUT DUE PROCESS (=₦18,580,102.20)

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 16(6) of the 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…" In addition, section 20(2) of the PPA (2007) states, "The accounting officer of every procurement entity has overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…"Also, paragraph 603(i) of the Financial Regulations (FR) (2009) states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. The Ministry awarded contract to a company for the renovation and furnishing of Office of the Director Reform Coordination with the reference number FMHADMSD/PROC/REN/ FUR/ DRC /292/1 dated 25th April, 2023 at the contract sum of ₦18,580,102.20 (Eighteen million, five hundred and eighty thousand, one hundred and two naira, twenty kobo)
ii. Relevant procurement documents such as the needs assessment leading to the award, newspaper advertisements, bidding process, contract agreement, quotations from at least three (3) unrelated bidders, and approval of the Tenders Board were not presented for audit.
iii. No bill of quantity to determine the scope of work carried out and materials used.
iv. Minutes of Tender Board's meeting to show the evidence of approval for the contracts was not presented for audit.
v. Payment was made on 20th November, 2023 on the GIFMIS platform, while the payment voucher was raised on 21st November, 2023 which contravenes paragraph 601 of the Financial Regulations (2009), and

vi. A notification of job execution/request for payment emanated from the company dated 28th December 2022 shows the contract had been executed prior to bidding against the technical evaluation committee report dated 16th of March, 2023.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs, Disaster Management and Social Development, Abuja

Risks

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

Management's Response

Due process was followed in the contract awarded to the Messrs. Pen Prime Limited for the renovation and furnishing of office of the Director Reform coordination. Three quotations were obtained However it was discovered that the documents were completed when checking the file.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦18,580,102.20 (Eighteen million, five hundred and eighty thousand, one hundred and two naira, twenty kobo), being payment for contract awarded without following due process.
ii. Recover and remit to the Treasury, the sum of ₦18,580,102.20.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment and irregular award of contract specified in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: IRREGULARITIES IN THE AWARD AND PAYMENT OF CONTRACT (=₦5,912,500.00)

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 20(2) of the PPA (2007) states, "The accounting officer of every procurement entity have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurement's and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…"

Audit observed that:

i. The Ministry awarded a contract to a company for the Renovation and Furnishing of Director Finance and Account's Office through award letter with reference number FMHADMSD/PROC/PROC/REN/FUR/421/1 dated 10th July, 2023, at the contract sum of ₦5,912,500.00 (Five million, nine hundred and twelve thousand, five hundred naira).
ii. The company was incorporated on 6th December, 2021, thus, lacks the prerequisite technical experience of three (3) years and financial capability as the turnover of the firm for the period was nil, thereby disqualifying the company from being eligible for government procurement.
iii. The payment to the company was made on 22nd August, 2023 before being presented to internal audit for verification on 30th August, 2023, and
iv. Others bidding documents were not made available for examination.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs, Disaster Management and Social Development, Abuja.

Risks

i. Payment for work not done.
ii. Diversion of public funds.

Management's Response

Your observation well noted and the date of incorporation was 3 years earlier and the above company has financial capability.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of National Assembly, the sum of ₦5,912,500.00 (Five million, nine hundred and twelve thousand, five hundred naira), being irregular award and payment of contract.
ii. Recover and remit to the Treasury, the sum of ₦5,912,500.00.
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 5: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦40,760,589.83)

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:

iv. The Ministry paid the sum of ₦40,760,589.83 (Forty million, seven hundred and sixty thousand, five hundred and eighty nine naira, eighty three kobo) to eight (8) officers and one (1) company.
v. The company in (i) above was contracted to supply relief materials to IDPs in Kebbi State, and
vi. No evidence such as invoices, delivery notes, receipts, SRV, SIV, bin cards etc to show the store items supply were taken on ledger charge.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs Disaster Management and Social Development, Abuja.

Risks

i. Loss of government funds.
ii. Lack of stock control, transparency and accountability.

Management's Response

These are materials for the internally Displaced Persons in Kebbi South Senatorial District and the SRV's and SIVs were in the file.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦40,760,589.83 (Forty million, seven hundred and sixty thousand, five hundred and eighty nine naira, eighty three kobo), being store items not taken on charge as required by extant regulations.
ii. Recover and remit to the Treasury, the sum of ₦40,760,589.83.
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 FOR FOREIGN TRAVELS WITHOUT EVIDENCE OF APPROVALS (=₦44,733,441.00)

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 Ministry paid the sum of ₦44,733,441.00 (Forty four million, seven hundred and thirty three thousand, four hundred and forty one naira) to five (5) officers as estacode allowances to attend training, seminars and workshops in Republic of China, United Kingdom (UK) and Dakar Senegal.
ii. The payment was made without evidence of approval for the travels from the Office of Head of Civil Service of the Federation or the Office of the Secretary to the Government of the Federation.
iii. The payments were diverted to third party private accounts other than approved beneficiaries, and
iv. No evidence of travel such as certificate of participation, air ticket, visa and report from the staff that embarked on the trips were not provided for audit scrutiny.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs Disaster Management and Social Development, Abuja.

Risks

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

Management's Response

The Sum of ₦24,005,845.00 was refunded back to the treasury of the Ministry and the Sum of ₦7,800,000.00 was also refunded as the trip was cancelled.

Furthermore items 3 and 4 were expended and was approved by the Head of Service while item 5 was a DTA for local trips to Borno.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦44,733,441.00 (Forty four million, seven hundred and thirty three, four hundred and forty one naira), being payment of estacode without necessary approval.
ii. Recover and remit to the Treasury, the sum of ₦44,733,441.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
vii. 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 7: PAYMENTS WITHOUT PAID VOUCHERS (=₦88,520,220.00)

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 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 602 of the FR (2009) states, "Separate vouchers shall be raised for separate sub-heads. Separate vouchers shall also be raised for the payment of different services."

Audit observed that:

i. The sum of ₦88,520,220 (Eighty eight million, five hundred and twenty thousand, two hundred and twenty naira) was granted to eighteen (18) officers as administrative advances between January, 2023 to December, 2023 from the Capital account.
ii. The payments were made directly from GIFMIS platform to various beneficiaries and recorded in the cashbook without raising payment vouchers prior to the payments, and
iii. The transaction date on GIFMIS platform precedes the date on the thirty one (31) paid vouchers later raised by the Ministry.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Humanitarian Affairs Disaster Management and Social Development, Abuja.

Risks

i. Payment for work not done.
ii. Diversion of public funds.

Management's Response

These are payments of DTA and other payments urgent program payment for the programs in the North East which is termed humanitarian challenges.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦88,520,220 (Eighty eight million, five hundred and twenty thousand, two hundred and twenty naira), being payment to eighteen (18) officers as administrative advance without raising payment vouchers prior to the payments.
ii. Recover and remit to the Treasury, the sum of ₦88,520,220.
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.

BUREAU OF PUBLIC SERVICE REFORMS, ABUJA

At the Bureau of Public Service Reforms, Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 2: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings
Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, 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 regulations:
i. The Bureau failed to submit its Audited Financial Statements for two (2) financial years, 2023 and 2024, to the Auditor-General for the Federation as at the time of audit in May, 2025, 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 Bureau of Public Service Reforms, Abuja.

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

Management's Response

The none submission of the Financial Statements was due to the non compatibility of GIFMIS platform with the Central Bank of Nigeria (CBN), thereby, causing Reconciliation and journal entries misleading. This also, make Consolidation of Accounts impossible. However, efforts have been put in place by Accountant General Office to rectify the anomaly, as soon as, that is done the statements will be prepare and made available for audit verification.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of Audited Financial Statements for the years 2023 and 2024.
ii. Produce the Audited Financial Statement for the years in (i) above, and the corresponding Management Letter/Report as required by extant regulations.
iii. Forward copies of the Audited Financial Statements and Auditor's Reports thereon to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: PAYMENT OF UNAPPROVED ALLOWANCES (=₦22,267,135.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦22,267,135.00 (Twenty two million, two hundred and sixty seven thousand, one hundred and thirty five naira) was paid as Regular Allowance to staff, and
ii. There was no evidence of approval from the National Wages, Incomes and Salaries Commission to justify the above payment.

The above anomalies could be attributed to weaknesses in the internal control system at the Bureau of Public Service Reforms, Abuja.

Risks

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

Management's Response

The audit team placed reliance on Trial balances rather than other document such as journal entry register which clearly shows that the said amount is the peculiar element of personnel cost.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦22,267,135.00 (Twenty two million, two hundred and sixty seven thousand, one hundred and thirty five naira), being unapproved allowances paid to staff.
ii. Recover and remit to the Treasury, the sum of ₦22,267,135.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 3: INADEQUATE CONTROLS IN THE PROCUREMENT, STORAGE AND USAGE OF DIESEL (=₦8,394,590.00)

Description of Findings

Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "(i) The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency; (b) ensuring that the essential management control tools are put in place to minimize waste and fraud; (c) rendering monthly and other financial accounting returns and transcripts to the Accountant-General of the Federation as required by the Financial Regulations; (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 sum of ₦8,394,590.00 (Eight Million, three hundred and ninety four thousand, five hundred and ninety naira) net of taxes was paid for the procurement of diesel during the period under review, and
ii. There was no evidence of diesel log book or diesel usage register maintained. The necessary daily usage control where the balance after every day usage is

recorded, was not followed. The delivery was not supervised by the internal audit and the stock verifier.

The above anomalies could be attributed to weaknesses in the internal control system at the Bureau of Public Service Reforms, Abuja.

Risks

i. Government finances may not be properly accounted for.
ii. Difficulty in performance measurement of Accounting Officer.

Management's Response

The observation is noted and the Management is taking steps to maintain and update the relevant documents.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦8,394,590.00 (Eight million, three hundred and ninety four thousand, five hundred and ninety naira), being payment for diesel not accounted for.
ii. Recover and remit to the Treasury, the sum of ₦8,394,590.00.
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.

FEDERAL MINISTRY OF AVIATION AND AEROSPACE DEVELOPMENT, ABUJA

At the Federal Ministry of Aviation and Aerospace Development, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: ENGAGEMENT OF FOREIGN COMPANY BY PROXY WITHOUT AGREEMENT (=₦163,919,348.69)

Description of Findings

Section 24(1) of the Public Procurement Act (PPA) (2007) states, "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 25(2) of the PPA (2007) states, "Every invitation to an open competitive bid shall :…(ii) 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 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…."

Audit observed that:

i. The sum of ₦163,918,943.69 (One hundred and sixty three million, nine hundred and eighteen thousand, nine hundred and forty three naira, sixty nine kobo) was paid by the Ministry to six (6) contractors for building of Control Towers in six (6) different airports in the country.
ii. Five (5) of the contractors were paid the sum of ₦30,947,309.22 (Thirty million, nine hundred and forty seven thousand, three hundred and nine naira, twenty two kobo) each on 1st June, 2023, while the remaining one contractor was paid the sum of ₦9,182,397.59 (Nine million, one hundred and eighty two thousand, three hundred and ninety seven naira, fifty nine kobo).
iii. These contracts were awarded since 24th May, 2018 at the contract sum of ₦4,459,075,994.19 (Four billion, four hundred and fifty nine million, seventy five thousand, nine hundred and ninety four naira, nineteen kobo) and was yet to be completed (especially the technical part), six (6) years after the award.
iv. The agreement dated 18th November, 2021, in respect of the five (5) contracts were executed by proxy between the Ministry and the representative contractors on behalf of the foreign United Kingdom based companies, with the sum in (i) above also received by proxy.
v. There was no evidence of work done for the sum paid by proxy to the representative contractors, and
vi. The execution of contract agreement by proxy made the clauses therein to be difficult to enforce, thereby exposing government to the risk of financial loss in the case of default.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Aviation and Aerospace Development, Abuja.

Risks

i. Failure to execute contract cannot be enforced.
ii. Conflict of interest/contractual risk.
iii. Loss of public funds.

Management's Response

The FGN/Ministry had no engagement/agreement whatsoever with the foreign company. The agreement between the two contractors, establishes the commitment of the six contractors with the foreign company (See attached BPP, FEC, Award & Acceptance letters and the agreement between the two contractors).

Your recommendation that we take pro-active steps and make sure that the projects are completed to fore-stall unnecessary inflation is well noted. You are aware that the completion of the projects is subject to prompt release of funds by the FGN.

We have and will always ensure that we comply with Procurement Regulations just as we followed all the procurement stages in the award of the instant contracts (See BPP of "No Objection" and FEC approval etc)

The FGN/Ministry had no engagement/agreement whatsoever with the foreign company. The agreement between the two companies, only establishes the commitment of the six contractors with the foreign company.

The Ministry followed all the procedures as provided in the PPA (2007) in the award/payment of the contract. There is no breach of Act. Before payments are made to the contractors, the milestones achieved are usually certified by the technical department of the Ministry and Payment Certificates issued accordingly.

Your recommendation that we ensure that every stages of work done by the contractors are properly certified by the supervising Engineers before making further payment is well noted. Appendix I.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦163,918,943.69 (One hundred and sixty three million, nine hundred and eighteen thousand, nine hundred and forty three naira, sixty nine kobo), being payment to the representative contractor, on behalf of the UK based companies without evidence of work done.
ii. Recover and remit to the Treasury, the sum of ₦163,918,943.69.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of Financial Regulations (2009) should apply.

ISSUE 2: UNVERIFIABLE CONTRACT FOR PROCUREMENT OF FIRE ARMS (=₦270,020,066.80)

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 of the FR (2009) states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates…. and will invariably be supported by relevant documents such as LPOs, invoices, special letters of authority, time sheets, rates etc."

Audit observed that:

i. The sum of ₦270,020,066.80 (Two hundred and seventy million, twenty thousand, sixty six naira, eighty kobo) was paid as IPC 1 and IPC 2 to a company through two (2) paid vouchers with Ref. No. FMA/ABJ/CAP/1047/22 and FMA/ABJ/CAP/1445/21 dated 10th January, 2023, and 23rd May, 2023, respectively, for the procurement of AK Rifles, Red Dots and AK Ammunition to enhance aviation security operations of the Nation's Airports.

ii. There was no approval from National Security Adviser (NSA) to procure the ammunition. The company's quotation for the procurement of AK Rifles, Red Dots and AK ammunition was not attached. All due process documents (CAC, NSITF, ITF, FIRS etc) were not attached to the paid vouchers.
iii. Store Receipt Voucher (SRV) to serve as evidence that the items were received by the Ministry, were not attached to the paid vouchers.
iv. In the request for Payment Certificate No. 2, FAAN confirmed that the firearms were executed and supplied to the Armory of the Nigeria Security and Civil Defense Corps (NSCDC) Headquarters, Abuja for safe keeping pending the completion of the Authority's Armory, and
v. There was no evidence/document to support that the firearms were in the custody of NSCDC Headquarters for safe keeping.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Aviation and Aerospace Development, Abuja.

Risks

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

Management's Response

The contract for procurement of fire arms to enhanced aviation security operations at the nation's airport can be verified because it passes through all the procurement processes, procedures and all necessary documents obtained. (See attached Award & Acceptance letters, BPP, Due Process Review Reports, FEC, Contract Agreement, Letter of clearance form Office of the National Security Adviser, Payment Vouchers and other documents required for payment).

The necessary procurement documents and approvals were duly obtained. The procurement processes and procedures were duly followed before payments were made (See attached Award & Acceptance letters, BPP, Due Process Review Reports, FEC, Contract Agreement, and Letter of clearance form Office of the National Security Adviser, Payment Vouchers and other documents required for payment).

The letter from the Office of the National Security Adviser conveying the Security Clearance for the company is hereby attached for your information.
The payment vouchers with the supporting documents are hereby attached for your information. Appendix 2.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦270,020,066.80 (Two hundred and seventy million, twenty thousand, sixty six naira, eighty kobo), being payment for procurement of firearms for the

Nation's Airport without relevant supporting documents and which was not sighted by the Auditors.

ii. Recover and remit the sum of ₦270,020,066.80 to the Treasury.

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

iv. Otherwise, sanctions relating to irregular payment specified in paragraphs 3106 of Financial Regulations (2009) should apply.

ISSUE 3: PROCUREMENT OF ARMS AND AMMUNITIONS WITHOUT EVIDENCE OF SUPPLY (=₦252,470,282.20)

Description of Findings

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

Audit observed that:

i. The sum of ₦252,470,282.20 (Two hundred and fifty two million, four hundred and seventy thousand, two hundred and eight two naira, twenty kobo) was paid to the company through two (2) paid vouchers No. FMA/ABJ/CAP/1042/22 dated 10th February, 2023, and FMA/ABJ/CAP/1441/21 dated 23rd May, 2023 respectively, for the procurement of Sub-Machine Guns, Pistols and Ammunition for the enhancement of aviation security at Nation's Airports.

ii. All the due process documents (CAC, ITF, FIRS, NSITF etc) were not attached.

iii. Evidence of receipt and issuance of the items such as Store Receipt Voucher (SRV) and Store Issue Voucher (SIV) were not attached to the paid vouchers.

iv. There was no evidence that the items were supplied and taken to Department of State Services (DSS) Headquarters, Abuja for safe keeping, pending the completion of the Authority's Armory as claimed, and

v. There was no approval from the National Security Adviser (NSA) to procure ammunition.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Aviation and Aerospace Development, Abuja.

Risks

i. Diversion of public funds.

Iii. Loss of public funds

Management's Response

The necessary procurement documents and approvals were duly obtained. The Procurement processes and procedures were duly followed before payments were made (See attached Award & Acceptance letters, BPP, Due Process Review Reports, FEC, Contract Agreement, and Letter of clearance form Office of the National Security Adviser, Payment Vouchers and other documents required for payment). Appendix 3.

The Ministry did not violate the provision of the financial regulations and extant circulars, as all necessary procurement documents were obtained.

The letter from the Office of the National Security Adviser conveying the Security Clearance for the company is hereby attached for your information.

The letter from Director, Finance & Accounts (FAAN), Ref. No. FAAN/HQ/DFA/1/Vol.XI/16 dated 7th August, 2025, forwarding the deliver note is hereby attached. Appendix 3A.

This is not applicable as the contract was duly executed.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦252,470,282.20 (Two hundred and fifty two million, four hundred and seventy thousand, two hundred and eight two naira, twenty kobo), being payment for procurement of sub-machine guns, pistols and ammunition for the enhancement of aviation security at Nation's Airports without evidence of supply.
ii. Recover and remit to the Treasury, the sum of ₦252,470,282.20.
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.

FEDERAL MINISTRY OF SPECIAL DUTIES & INTER-GOVERNMENTAL AFFAIRS, ABUJA

At the Federal Ministry of Special Duties & Inter-governmental Affairs, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: IRREGULARITIES IN AWARD OF CONTRACT (=₦59,396,966.70)

Description of Findings

Section 16(6) of the Public Procurement Act (PPA) (2007) states, "All bidders in addition to the requirements contained in any solicitation documents shall: (a) possess the necessary; (i) professional and technical qualifications to carry out particular procurement; (ii) financial capability;" Furthermore, section 20(2) of the PPA (2007) states, "The accounting officer of every procurement entity have overall responsibility for the planning and organization of tenders, evaluation of tenders and execution of all procurement's and in particular shall be responsible for (a) ensuring compliance with the provisions of this Act by his entity…"

Audit observed that:

i. The Ministry awarded the contract for the Medical Outreach in the Kebbi Central Senatorial District, Kebbi State to a contractor at the sum of ₦59,396,966.70 (Fifty nine million, three hundred and ninety six thousand, nine hundred and sixty six naira, seventy kobo) via an award letter Ref. No: FMSDIGA/PROC/2022/MEDICAL/O21/TB08 dated 13th February, 2023,

ii. The bidding documents, along with a search of the company's registration with the Corporate Affairs Commission (CAC) revealed that the firm is registered as a real estate and construction company. The contract, involving a medical outreach that required the supply of drugs and medical consumables, is a specialized procurement, and as such, should be handled by vendors with the required professional and technical competence as required by the Public Procurement Act (2007).

iii. The award of contract in (i) above to a company outside its area of technical expertise has violated the provisions of the Acts, which require bidders to possess the necessary qualifications to ensure quality delivery of goods and services.

iv. There was no evidence to confirm the delivery of the supplied items, as there was no Store Receipt Voucher attached to the paid voucher to serve as proof of delivery, and

v. The officer who witnessed the medical outreach program, as shown in the attached photographs, is neither a pharmacist nor a medical doctor. Consequently, the officer was not qualified to verify whether the drugs and medical consumables supplied met the required specifications.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Special Duties and Intergovernmental Affairs, Abuja.

Risks

i. Substandard or expired drugs may have been supplied.
ii. Conflict of interest.
iii. Misapplication of public funds.

Management's Response:

The contract for the medical outreach in the Kebbi Central Senatorial District, Kebbi State, was awarded to M/s. Grand Hills Concept Solutions Limited as part of a constituency project.

This company is registered under general merchandise, which allows it to take on various projects and procurement tasks. The medical outreach was carried out in collaboration with a team of medical professionals, including ophthalmologists, dentists, pharmacists, nurses, surgeons, and other support staff from the state Ministry of Health. The contractor successfully executed the project in line with the contract's terms. For more details, please refer to Appendix B, which includes pictorial evidence and a report from the verification exercise.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦59,396,966.70 (Fifty nine million, three hundred and ninety six thousand, nine hundred and sixty six naira, seventy kobo), being engagement of a non-medical contractor for medical-related procurements.
ii. Recover and remit to the Treasury, the sum of ₦59,396,966.70.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraph 3106 and 3129 of the Financial Regulations (FR) (2009) respectively, should apply.

ISSUE 2: PROCUREMENT OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SOFTWARE WITHOUT CLEARANCE FROM NITDA (=₦9,563,200.00)

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. Two (2) payments totaling ₦9,563,200.00 (Nine million, five hundred and sixty three thousand, two hundred naira) were made to two (2) contractors for acquisition of Information and Communication Technology (ICT) equipment and services as shown in the Table below:

S/N	PV NO & DATES	DESCRIPTION	AMOUNT ₦
1	FMSDIGA/CAP/7148/23 of 10/3/2023	Development of Website for the Ministry.	5,197,625.00
2	FMSDIGA/CAP/33/23 of 31/12/2022	Payment for the procurement of office equipment (Desktop Computer, Laptops, Computer Software, etc)	4,365,575.00
	Total		9,563,200.00

ii. There was no evidence to show that the Ministry obtained necessary clearance from the Nigerian Information Technology Development Agency (NITDA) before the award of these contracts, and
iii. There was no evidence of written notification sent to NITDA after completing the contracts to obtain a certificate of compliance.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Special Duties and Intergovernmental Affairs, Abuja.

Risks

i. Duplication of software upgrade.
ii. High cost of installation.
iii. Loss of funds.

Management's Response

The Ministry got the approval of NITDA for these procurement before they were awarded. The approval had been shown to the Resident Auditor for verification. Appendix C is relevant.

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦9,563,200.00 (Nine million, five hundred and sixty three thousand, two hundred naira), being payment for the procurement of ICT equipment without obtaining clearance from NITDA.
ii. Recover and remit to the Treasury, the sum of ₦9,563,200.00.
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 3: PAYMENT FOR TRAINING EMPOWERMENT NOT EXECUTED (=₦63,017,575.00)

Description of Findings

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

Audit observed that:

i. The Ministry awarded the contract for the training, empowerment and scavenging of plastics to a consultant at the contract sum of ₦63,017,575.00 (Sixty three million, seventeen thousand, five hundred and seventy five naira) during the year under review.
ii. The training manual/programme and report, a copy of the attendance register, items purchased and the processes for empowerment as well as the names of

people empowered along with pictorial evidence of both activities were not produced for audit verification, and

iii. The contract documents used in the award were not presented for audit examination. Therefore, audit could not authenticate that due process was followed in the award, execution and payment for the contract.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Special Duties and Intergovernmental Affairs, Abuja.

Risks

i. Possibility of fraud
ii. Payment for service not performed.
iii. Loss of public funds.

Management's Response

The contract was awarded to M/s. Earthpro Unique for the training, empowerment, and recycling of plastics, totaling ₦63,017,575.00. This award was made in line with the provisions of the Procurement Act of 2007. All relevant contract documents have been sent to the Resident Auditor for a thorough audit and verification. Please refer to the attached Appendix D.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦63,017,575.00 (Sixty three million, seventeen thousand, five hundred and seventy five naira), being payment for training not executed.
ii. Recover and remit to the Treasury, the sum of ₦63,017,575.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 4: EXTRA BUDGETARY EXPENDITURE (=₦30,099,000.00)

Description of Findings

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

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

Audit observed that:

i. Two (2) payments totaling ₦37,994,000.00 (Thirty seven million, nine hundred and ninety nine thousand naira) were paid to the Director, Human Resources of the Ministry as cash advance for staff Reward & Recognition ceremony.

ii. The amount in (i) above included the sum of ₦30,099,000.00 (Thirty million, ninety nine thousand naira) paid as expenses for the Reward & Recognition ceremony of its staff who performed their duties outstandingly in the year under review as shown in the Table below:

S/N	ITEM	AMOUNT (₦)
1	Hall rental & decoration	8,050,000.00
2	Cash prizes and Plague	4,500.000.00
3	Refreshment	11,799,000.00
4	Media coverage	1,300,000.00
5	Entertainment	4,100,000.00
6	Protocol & Security	2,350,000.00
7	Transport & Logistics	2,500,000.00
	TOTAL	**30,099,000.00**

iii. The expenditure was not provided for in the 2023 Appropriation of the Ministry, thus, Management engaged in extra-budgetary spending in total disregard to the provision of extant regulations, and

iv. The receipts and invoices attached as evidence of these transactions revealed that they were all written by the same person and the signatures of those that were engaged for the ceremony were similar, suggesting that they were signed by a particular person or group of people.

The above anomalies could be attributed to weaknesses in the internal control system at the Ministry of Special Duties and Intergovernmental Affairs, Abuja

Risks

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

Management's Response

The Rewards and Recognition program was launched by the former Head of Service of the Federation, Dr. Folasade Yemi-Esan, as part of the performance management system (PMS). Its main goal is to boost productivity while also attracting, nurturing, and retaining top talent within the service. To achieve these goals, Ministries, Departments, and Agencies (MDA) are required to integrate the Rewards and Recognition System into their organizational culture.

On January 19, 2023, a Rewards and Recognition ceremony took place at Merit House in Maitama, Abuja. This event was more than just an awards ceremony; it also featured:

1. The launch of the Ministry's first-ever Newsletter
2. The unveiling of the Rewards & Recognition Policy Document
3. Recognition of outstanding staff members
4. The inauguration of the Ministry's project vehicles.

The funds were utilized in line with the budgetary provisions, and evidence of expenditure along with the retirement of the advance can be found in **Appendix** E.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,099,000.00 (Thirty million, ninety nine thousand naira), being extra-budgetary expenditure.
ii. Recover and remit to the Treasury, the sum of ₦37,994,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: UNRETIRED CASH ADVANCE (=₦109,884,200.00)

Description of Findings

Paragraph 1420 of the Financial Regulations (FR) (2009) states, "It is the responsibility of all accounting officers to ensure that all advances granted to officers are fully recovered." Also, paragraph 3 of the Treasury Circular Ref. No. TRY/A7 & B7/2015/OAGF/CAD/026/V.1/178 of 12th August, 2015, states, "All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above ₦200,000.00 shall be made only through Award of Contracts, except as provided by the Public Procurement Act, 2007."

Audit observed that:

i. One hundred and nineteen (119) paid vouchers totaling ₦157,117,232.00 (One hundred and fifty seven million, one hundred and seventeen thousand, two hundred, thirty two naira) were raised and paid to some selected officers as cash advances to carry out various assignments during the period under review.
ii. From (i) above, the sum of ₦109,884,200.00 (One hundred and nine million, eight hundred and eighty four thousand, two hundred naira) were not retired.
iii. Some of these officers were given these advances without retiring the previous ones collected. This act violates extant regulations on cash advances, and
iv. Most of the payments were retired with photocopies of cash/ credit sales invoices instead of cash receipts which serve as evidence of payment for purchase of goods or services rendered.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Special Duties and Inter-Governmental Agency, Abuja.

Risks

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

Management's Response

All the advances granted to members of staff have been duly retired and evidence forwarded to the Resident Auditor for verification as well attached as Appendix H.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦109,884,200.00 (One hundred and nine million, eight hundred and eighty four thousand, two hundred naira), being unretired advances.
ii. Recover and remit to the Treasury, the sum of ₦109,884,200.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-retirement of cash advances and loss of government revenue specified in paragraphs 3124 and 3112 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: CASH ADVANCES GRANTED ABOVE LIMIT (=₦114,348,600.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦114,348,600.00 (One hundred and fourteen million, three hundred and forty eight thousand, six hundred naira) was granted as non-personal advances to five (5) staff of the Ministry for procurement of various goods and services in the year 2024.

ii. The advances in (i) above were beyond the statutory threshold of ₦200,000.00 (Two hundred thousand naira) in contravention of extant regulations, and
iii. The direct procurement using advances resulted to loss of tax revenue amounting to ₦14,293,575.00 (Fourteen million, two hundred and ninety three thousand, five hundred and seventy five naira) that would have accrued to government by way of statutory taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Special Duties and Inter-Governmental Agency, Abuja.

Risks

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

Management's Response

These payments were provided to the officers as cash advances to support various activities, including the development of a strategic plan framework, organizing rewards and recognition events, conducting training programs, coordinating quarterly conferences for key local government officials, and facilitating capacity-building workshops. These officers acted as account managers for these initiatives since many of the fund recipients are not registered in the Ministry's GIFMIS Platform.
The retirement vouchers for these advances have been sent to the Resident Auditor for verification and are also included as Appendix I. See the table 5 below.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦114,348,600.00 (One hundred and fourteen million, three hundred and forty eight thousand, six hundred naira), being non-personal advances granted above limit of ₦200,000.00.
ii. Recover and remit to the Treasury, the sum of ₦114,348,600.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specifies in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦24,745,318.00)

Description of Findings

Paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008, states, "Henceforth all

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

Audit observed that:

i. Fifty four (54) paid vouchers totaling ₦24,745,318.00 (Twenty four million, seven hundred and forty five thousand, three hundred and eighteen naira) meant for various officers on the payroll within the Ministry were paid to persons other than direct beneficiaries of such payments, and for those not on the payroll, authority letter were not attached as stipulated by the above circular.
ii. There were instances that bulk funds meant for several officers were paid to a single officer. Also, bulk funds for a particular project with about three (3) vouchers were paid to a single officer. The payment ought to have been made directly to the beneficiaries' accounts in line with the E-payment mandate, and
iii. There was no evidence of Authority letter for an officer to collect on behalf of the other with the proof of identity and no evidence of disbursement to the beneficiaries concerned.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Special Duties and Inter-Governmental Affairs, Abuja.

Risks

i. Diversion of public funds into person use.
ii. Funds may not get to the beneficiaries.

Management's Response

These payments made to staff were related to duty tour allowances and other expenses for various activities within the ministry. However, these officers hadn't been registered on the Ministry's GIFMIS Platform, which is why payments needed to be made to them as directed by the beneficiaries through several letters of authority. Please refer to Appendix J for more details.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦24,745,318.00 (Twenty four million, seven hundred and forty five thousand, three hundred and eighteen naira), being payments made in violation of e-

payment policy of the federal government and without necessary supporting documents.

ii. Recover and remit to the Treasury, the sum of ₦24,745,318.00.

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

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

NATIONAL SPORTS COMMISSION, ABUJA.

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

ISSUE 1: DISBURSEMENT WITHOUT EVIDENCE OF UTILIZATION (=₦48,695,400.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦48,695,400.00 (Forty eight million, six hundred and ninety five thousand four hundred naira) was paid by the Commission for the execution of the zonal elimination and others for 2023 National Youth Game which was held from 7th to 17th September, 2023, and

ii. Evidences of utilization of the expenditure made in (i) above such as invoices, receipts, SRV etc was not made available for audit review.

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

Risks

i. Misapplication of public funds.

ii. Diversion of public funds.

Management's Response

All documents (official Receipt, invoices e.t.c) relating or evidencing the utilization of the forty eight million, six hundred and ninety five thousand, four hundred naira (₦48,695,400.00)

The evidence for the utilization of the funds released for the zonal elimination and others for the year 2023 national Youth Games with file No. FMYSD/SP/OLY/015/2023 is stated as follows:

Receipt

1. Galaxy Backbone PLC registration 9/7/2023 ₦11,558,400.00
2. Smile Pre-DRM and DRM software 9/7/2023 ₦4,910,000.00
3. Smile NIMC Annual License and Access verification fees 10/7/2023 ₦4,000,000.00
4. Bello Wood Hotel Asaba Accommodation and feeding for 4 days at ₦17,427,000.00for 250 persons 10/7/2023
5. PAT-Chukwudi catering services Launch and breakfast 16/7/2023 ₦1,300,000.00
6. Emoniyi Digital printing press 8/5/2023 ₦500,000.00
7. Abdullahi Kudu printing press invoice 18/7/2023 ₦500,000.00
8. Uncle Samuel printing Technology 9/7/2023 Payment for lamination papers and others ₦ 500,000.00
9. Femi Johnson printing press Lamination papers and others 11/7/2023 ₦1,300,000.00
10. Urbandoma Catering Services Joint Launch and breakfast for 4 days at ₦6,500 per person for ₦1,300,000.00
11. Fostez Catering Services Payment for breakfast and lunch for 50 persons for 4 days at ₦ 6,500 9/7/2023 ₦1,300,000.00
12. ZAYNAB Restaurant Payment for breakfast and launch 10/7/2023 ₦1,300,000
13. ADIDAS Commercial Press Laminating papers and others ₦500,000.00
14. Godwin Digital Computers Nig. Ltd Payment for accreditation card and others ₦500,000.00
15. Esther Adigun Catering Support Payment for breakfast & Launch 11/7/2023 ₦1,300,000.00
16. Abibiz Catering Services Breakfast & Lunch 10/7/2025 ₦ 1,300,000.00
17. Solomon and sons Transport

Car Hire Services

1. Adekunle and 1 other to and fro Lagos-Ibadan 26/6/2023. ₦ 240,000.00
2. Sony Malai and Car Hire Services 14/8/2023 Tochukwu Ajelike & 10 ORS 2 trips to Ebonyi to & fro Enugu ₦ 220,000.00
3. Solomon & sons Transport and other transport Services.

Red Star Express

1. Shipping of urine & Global samples
   Human Specimen) to Doha ₦1,700,000.00
2. Shipping of urine and blood to Doha 27/7/2023 ₦1,800,000.00
   Total amount utilized ₦48,695,400.00. Please see appendix 1 (Page 18-38)

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦48,695,400.00 (Forty eight million, six hundred and ninety five thousand four hundred naira), being payments made without evidence of utilization.
ii. Recover and remit to the Treasury, the sum of ₦48,695,400.00.
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: SPLITTING OF CONTRACT TO CIRCUMVENT PROCUREMENT THRESHOLD (=₦209,652,537.74)

Description of Findings

Section 20(2) of the Public Procurement Act (PPA) (2007) states, "The accounting officer of every procuring entity shall have overall responsibility for the planning of, organization of tenders, evaluation of tenders and execution of all procurements and in particular shall be responsible for… (e) ensuring that no reduction of values or splitting of procurements is carried out such as to evade the use of the appropriate procurement method…" Furthermore, section 24(1) of the 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." Similarly, section 41(2) of the PPA (2007) states, "Generally quotations shall be obtained from at least 3 unrelated contractors or suppliers."

Audit observed that:

i. The contract for the general maintenance of Obafemi Awolowo Stadium, Ibadan, for ₦209,652,537.74 (Two hundred and nine million, six hundred and fifty two thousand, five hundred and thirty seven naira, seventy four kobo) which has a single appropriation head (ERGP26191225) was split and awarded as different contracts to three (3) companies, and
ii. The three (3) companies belong to the same person and have same phone number as contact number on all of their procurement documents revealing ownership by one individual or related entities.

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

Risks

i. Circumvention of approval threshold.
ii. Diversion of public funds.
iii. Loss of government funds.

Management's Response

i. Contract splitting is considered as a serious offence in the procurement process that led to the award of contracts from the same budget line to the three independent companies was due to the fact that the works to be executed or projects under consideration were individually unique, technical and required

expertise and timely completion in order to put the stadium into use for urgent sporting activities (National league for the year 2023). Therefore, funding the projects awarded to the three companies from the same budget line was inevitable. Since observation was raised in this regard, we assure the Auditor General for the Federation that we shall be more pragmatic in our subsequent procurement process.

ii. Lack of competitiveness in the procurement process.

iii. The procurement process that led to the award of contracts to the three companies conformed to the public procurement Act 2007 which permits procuring entities to request minimum of 3 quotations from independent contractors who can offer the relevant services. Therefore, the three companies mentioned in the letter went through individual evaluation process by competing against two other companies in each project thereby resulting in their emergence as winner of the respective contracts. However, the coincidence of same phone number which appeared as the 3 contractors' contact number was an oversight, since phone number is not a critical element in the evaluation criteria. Besides, we are yet to come across any regulation mandating a person to own only one company. We really appreciate this salient observation.

iv. We assure the Auditor General for the Federation that henceforth, phone contacts and other overlooked information of contractors will be critically examined during procurement processes.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦209,652,537.74 (Two hundred and nine million, six hundred and fifty two thousand, five hundred and thirty seven naira, seventy four kobo), being payment made for split contract.

ii. Recover and remit to the Treasury, the sum of ₦209,652,537.74.

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

iv. Otherwise, sanctions relating to splitting of contracts and irregular payment specified in paragraphs 3116 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦316,214,089.00)

Description of Findings

Paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008, states, "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Also, paragraph 713 of the Financial Regulations (FR) (2009) states, "Personal money will

in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Furthermore, paragraph 613 of the FR (2009) states, "Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person authorised to receive the amount and it is the duty of the ministry, extra-ministerial office and other arms of Government authorizing payment to furnish proof of identity if required..."

Audit observed that:

i. The sum of ₦316,214,089.00. (Three hundred and sixteen million, two hundred and fourteen thousand, eighty nine naira) was paid as claims.
ii. The payments in (i) above were made through the accounts of some officers which were expected to be disbursed to others for various activities, in violation of e-payment policy, and
iii. There was no documentary evidence of disbursement to the beneficiaries.

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

Risks

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

Management's Response

The observation by the Auditor regarding the payment amounting to ₦316,214,089.00 made through some officers' personal accounts for onward disbursement to other beneficiaries for various activities is duly acknowledged.

This practice, though aimed at facilitating the timely execution of critical assignments in the absence of a more efficient alternative, is not intentional to work against the Federal Government's e-payment policy, which mandates that payments be made directly to the accounts of final beneficiaries to ensure transparency, accountability, and traceability.

Corrective Actions Taken:

1. Immediate Suspension of the Practice: The commission has since suspended the practice of routing payments through officers' personal accounts and has directed that all staff be enrolled on the GIFMIS platform
2. Internal Investigation and Reconciliation: A comprehensive internal review is being carried out to trace and verify all disbursements made from the officers' accounts. Where available, payment receipts, signed registers, and activity reports are being compiled as supporting documentation.
3. Policy Reinforcement: All departments have been directed to strictly adhere to the e-payment policy going forward. All future disbursements are to be made directly to the accounts of beneficiaries using the approved e-payment platform.
4. Capacity Building: Training is being organized for all finance and program staff to reinforce compliance with financial regulations and improve internal control mechanisms.

We sincerely appreciate the Auditor's observation and assure that measures are being taken to prevent re-occurrence and ensure full compliance with extant financial regulations.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦316,214,089.00 (Three hundred and sixteen million, two hundred and fourteen thousand, eighty nine naira), being payments made in violation of e-payment policy of the federal government and without necessary supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦316,214,089.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 4: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦39,872,159.20)

Description of Findings

Paragraph 2402 (i) of the Financial Regulations (FR) (2009) states, "On all payment vouchers for the purchase of stores, except as provided in sub-section (ii) of this Regulation, the Store keeper must certify that the stores have been received and taken on charge in the stores ledger, quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original LPO."

Audit observed that:

i. The Commission procured store items totaling ₦39,872,159.20 (Thirty nine million, eight hundred and seventy two thousand, one hundred and fifty nine naira, twenty kobo) via ten (10) paid vouchers, and
ii. There were no receipts, Store Receipt Vouchers (SRV) and Store Issue Vouchers (SIV) found in the store or attached to the paid vouchers, and the store items were not taken on ledger charge.

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

Risks

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

Management's Response

i. In the case of the beneficiary of ₦1,532,400 (Rose Kolapo), every evidence to justify the payment of that amount is attached to the payment voucher number FMY&SD/OC/206/2023 for your clear inspection please. The store officer's stamp and signature evidencing receipt of items into the store is clearly indicated for your further action. The stores may not have been procured or brought into stores.
ii. The store not taken on charge may be underutilized. Misused or lost etc.
iii. Store records may be compromised as if may be difficult to reconcile amount of stock in the General Ledger with store ledger.

1. . Please see appendix 7.
2. The receipt of purchase of 1000 litres of diesel amounting to ₦1,000,000 by Ogunlewe Raymond is attached to the payment voucher no FMY7SD/OC/201/2023. Please see appendix 7 for further action.
3. In the case of Salman Marafa, a store receipt voucher duly stamped and signed is attached in the payment voucher no: FMY&SD/OC/200/2023. Also, there is a receipt showing evidence of purchase. See appendix 7
4. The receipt of building/plumbing of material of material stores for the purchase of pumping machine was taken to store for charge as evidenced in the completed store receipt voucher.
   Please see appendix 7 for further details
5. In the case of Avishigh Edward of ₦4,000,000.00. Please see appendix 7 for further details.
6. Evidence of purchase of store items by Avishigh Edward of ₦816,300.00 is provided by the store. Please visit appendix 7
7. A receipt evidencing purchase and store receipt voucher relating to Salman Marafa of ₦1,000.000.00 is attached to the payment voucher No: FMY&SD/OC/15/2023. Please see appendix 7 for more details.

In the case of beneficiary Biagboron Stephen, a clear evidence of the purchase of consumables, payment for accommodation for 10 invited guests and hiring of chairs is shown from the presented invoice.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦39,872,159.20 (Thirty nine million, eight hundred and seventy-two thousand, one hundred and fifty nine naira. Twenty kobo), being the store items not taken on Ledger Charge.
ii. Recover and remit to the Treasury, the sum of ₦39,872,159.20.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: PAYMENT WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦56,255,212.69)

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 checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoice, special letters of authority time sheets etc." 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 ₦14,860,000.00 (Fourteen million eight hundred and sixty naira) was paid to staff for Out of Competition Drug Testing (OCDT) via paid voucher number FMYSD/SP/NBBF/061/2003.
ii. There was no evidence that this fund was utilized for the purpose for which it was intended as there was no list of the athletes that were involved in the out of competition drug testing or any other relevant document such as receipt or invoice from the laboratory where the tests were carried out.
iii. The sum of ₦41,395,212.69 (Forty one million, three hundred and ninety five thousand, two hundred and twelve naira, sixty nine kobo) was also paid via various paid vouchers for various activities of the Commission without relevant supporting documents such as Store Receipt Vouchers (SRV), copy of end user certificate, list of participating officers, and course receipt, and
iv. The payments in (i) and (iii) above without relevant supporting documents amounted to ₦56,255,212.69 (Fifty six million, two hundred and fifty thousand, two hundred and twelve naira, sixty nine kobo).

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

Risks

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

Management's Response

The payment made for out of competition Drugs testing (OOCT) has every support document as evidence of payment of ₦14,860,000.00. This is shown in the receipts and invoice attached to the voucher.

TOTAL AMOUNT UTILIZED IS ₦14,860,000.00. Please see appendix 8 (85-128

1. In the case of Jubril Dahiru, the beneficiary had an attached copy of air-ticket and acknowledged receipt of estacode of the trip to Egypt by the Permanent Secretary.
2. Kolapo Rose –
3. Ameh M.U ₦3,383,000.00
4. Ameh M.U ₦1,804,200.00

There are attached receipts to the payment voucher all amounting to ₦1,804,200.00.
Please see appendix 9.

5. Ameh M.U (₦1,000,000.00).
Evidences of fuel receipts obtained from the National Petroleum Corporation of Nigeria (NNPC) indicating purchase of fuel are attached to the payment voucher for your clarification.
Please see appendix 9.
6. Kemi Ayongu – Only the description of payment is stated. The Auditor General did not state any other request to be treated further, hence no action was taken further.
7. Yohanna Tausa Sambam (₦2,378,000.00)
8. Haruna Amos (₦600,000.00)
There is evidence of the items taken on store charge. Stores receipt voucher is attached to the voucher.
Please, see appendix 9.
9. Omale E. Matthew (₦1,500,000.00)
Attached to the payment voucher are stores receipt voucher and invoice indication of receipt of 149 copies of official portraits for the Hon. Minister of Sports.
Please see appendix 9.
10. Omonu R (₦1,795,500.00)
11. Rite Attorney (₦10,000.000.00)
Adequate provision in terms of evidence is made available as disclosed in the attached receipts of payment.
Please, see appendix 9.
12. Florence Obi (₦1,000,000.00)
The services were taken on store charge as shown in the stores receipt voucher.
13. David N. Goar (₦1,050,000.00)
Stores receipt voucher as evidence to show that the items were taken on store charge shown.
Please, see appendix 9.
14. Nongo L. M (₦813,305.34)
There is a comprehensive list of security staff involved in the payment of their monthly salaries and allowances.
Please, see appendix 9.
15. M/S ASSMAD Procurement and services Nigeria Limited (₦4,324,000.00)

TOTAL PAYMENTS MADE: ₦41,395,212.69. Please see appendix 9 (129-195)

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦56,255,212.69 (Fifty six million, two hundred and fifty thousand, two hundred and twelve naira, sixty nine kobo), being payments without relevant supporting documents.

ii. Recover and remit to the Treasury, the sum of ₦56,255,212.69.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment specified in paragraph 3106 of the Financial Regulations (2009) should apply.

SECTION 13

POLICE AFFAIRS AUDIT DEPARTMENT (PAAD)

NATIONAL INSTITUTE FOR POLICY STUDIES, ABUJA

At the National Institute for Policy Studies, Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: UNSUBSTANTIATED/UNACCOUNTED PAYMENTS (=₦433,869,500.22)

Description of Findings

Paragraph 701 of the Financial Regulations (FR) (2009) states, "(i) No official bank account shall be opened unless authorized by the Accountant-General. Each approved account shall be maintained under an official designation. (ii) Each establishment shall be allowed to operate only three (3) bank accounts as follows: (a) Salary Account; (b) Overhead Cost Account; and (c) Revenue Account. No other bank account shall be allowed without the express approval of the Accountant-General. (iv) No multiplicity of bank accounts shall be allowed beyond the three accounts listed." Furthermore, paragraph 112 (i) of the FR (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" 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, e.t.c."

Audit observed that:

i. The sum of ₦436,224,307.44 (Four hundred and thirty six million, two hundred and twenty four thousand, three hundred and seven naira, forty four kobo) was the total fund allocated for the training, accommodation and feeding of trainees which was provided by the United Nation Development Programme (UNDP) and Global Security Sector Reform Foundation (GS-Foundation).
ii. The amount in (i) above was paid into a bank outside the Treasury Single Account with the CBN without evidence of approval from the Accountant-General of the Federation for such diversion.
iii. The sum of ₦433,869,500.22 (Four hundred and thirty three million, eight hundred and sixty nine thousand, five hundred naira, twenty two kobo) was expended from the account during the year through transfers to third parties, individuals and other beneficiaries. The sum of ₦4,700,000.00 (Four million, seven hundred thousand naira) was the current balance in the account at the time of audit.
iv. The Management did not present for audit, the necessary records and documentation for the management of public funds, such as, bank statements, cash book, vote book, and bank reconciliation statements prepared in respect of the funds, and
v. There was no evidence provided to authenticate the utilisation of the sum in (iii) above, such as paid vouchers, authorities to make payments, and other supporting documents.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute for Policy Studies, Abuja.

Risks
i. Diversion of public funds.
ii. Extra budgetary payments.
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 implement the recommendations.

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦433,869,500.22 (Four hundred and thirty three million, eight hundred and sixty nine thousand, five hundred naira, twenty two kobo), expended without appropriate documentation.
ii. Recover and remit to the Treasury, the sum of ₦433,869,500.22.
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, respectively, should apply.

ISSUE 2: PAYMENTS FOR ITEMS NOT SUPPLIED (=₦890,000.00)

Description of Findings
Paragraph 708 of the Financial Regulations 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 ₦890,000.00 (Eight hundred and ninety thousand naira) was paid for the procurement of office stationery, drugs, medical equipment, furniture, etc. During the year under review, and
ii. Evidence of supply such as Store Receipt Voucher (SRV), and Store Ledger were not presented for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute for Policy Studies, Abuja.

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 implement the recommendations.

Recommendations

The Director General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦890,000.00 (Eight hundred and ninety thousand naira), being payment for items procured without evidence of supply.
ii. Recover and remit to the Treasury, the sum of ₦890,000.00.
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 of the Financial Regulations (2009) should apply.

ISSUE 3: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS (2023 T0 2024)

Description of Findings

Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, 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 Institute failed to submit audited financial statements and management report for the financial years ended 31st December, 2023 and 2024, as required by extant regulations, and
ii. No justifiable reason was provided for the non-submission of the financial statements in (i) above.

The above anomalies could be attributed to weaknesses in the internal control system at the National Institute for Policy Studies, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of audited financial statements for the year 2023 and 2024.
ii. Produce the Audited Financial Statement for the years in (i) above, and the corresponding Management Letter/Report as required by extant regulations.

iii. Forward copies of the Audited Financial Statements and Auditor's Reports thereon to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and

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

SECTION 14

PARA-MILITARY AGENCIES AUDIT DEPARTMENT (PMAAD)

FEDERAL ROAD SAFETY CORPS, ABUJA

At the Federal Road Safety Corps (FRSC), Abuja, for the period 1st January, 2020 to 31st December, 2023, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings

Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, 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 Corps did not submit its Audited Financial Statements (AFS) and Management Report for the year 2023, to the Auditor-General for the Federation.
ii. The AFS of the Corps for the prior year 2022, was also not submitted for the Auditor-General for the Federation's comment, and
ii. No justifiable 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 Federal Road Safety Corps (FRSC), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Corps Marshal 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 2022 and 2023, to the Auditor-General for the Federation.
ii. Produce the Audited Financial Statement for the years in (i) above, and the corresponding Management Letter/Report as required by extant regulations.
iii. Forward copies of the Audited Financial Statements and Auditor's Reports thereon to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and

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

ISSUE 2: PAID VOUCHERS NOT PRESENTED FOR EXAMINATION (=₦21,803,531.17)

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. Four (4) payments totaling ₦21,803,531.17 (Twenty one million, eight hundred and three thousand, five hundred and thirty one naira, seventeen kobo) were made to an insurance company, and entered accordingly in the Corps' Cash Book during the year under review, and
ii. Payment vouchers and supporting documents in respect of those payments were not presented for audit.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum

of ₦21,803,531.17 (Twenty one million, eight hundred and three thousand, five hundred and thirty one naira, seventeen kobo), being payments made without presenting paid vouchers for audit.

ii. Recover and remit to the Treasury, the sum of ₦21,803,531.17.

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

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

ISSUE 3: IRREGULAR BOARDING OF UNSERVICEABLE VEHICLES (=₦703,914,685.12)

Description of Findings

Paragraph 2965 of the Financial Regulations (FR) (2009) states, "The Accounting Officer of a disposing entity shall cause a valuation report to be prepared by an independent evaluator or such professional with the appropriate competence on public property intended to be disposed of before such property is listed for disposal." Furthermore, paragraph 2619 of the FR (2009) states, "Accounting Officers shall make arrangements for the sale of the unserviceable and obsolete stores by a licensed public auctioneer, or, where appropriate, by public under in accordance with Financial Regulation 2964."

Audit observed that:

i. One hundred and one (101) vehicles of the Corps with year of purchase ranging between one (1) to nineteen (19) years, with purchased cost totaling ₦703,914,685.12 (Seven hundred and three million, nine hundred and fourteen thousand, six hundred and eighty five naira, twelve kobo) were boarded during the year 2023.

ii. The carrying amount of the vehicles in 2023 was claimed to be ₦64,961,852.30 (Sixty four million, nine hundred and sixty one thousand, eight hundred and fifty two naira, thirty kobo) while it was valued and boarded for ₦19,945,000.00 (Nineteen million, nine hundred and forty five thousand naira).

iii. There was no evidence to show that the valuation of the vehicles, including the historical cost and the carrying amount were done in accordance with the provisions of extant regulations. Thus, the authenticity of the valuation of the vehicles could not be justified by the Corps.

iv. There was no evidence of involvement of qualified engineers or technical experts in the assessment and valuation of the vehicles, including issuance of Valuation Certificate before disposal at the amount substantially lower in relation to the current economic reality.

v. The Corps does not include a comprehensive valuation report that would typically outline the methodology, assumptions, and detailed calculations used to arrive at the estimated values, and

vi. The absence of detailed valuation report made the decision-making process and the rationale behind the valuation not transparent, making it difficult to validate the accuracy and appropriateness of the values presented.

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

Risks

i. Loss of government assets.
ii. Diversion of assets for personal use.

Management's Response

The Corps obtained the approval for the disposal of unserviceable vehicles from the Office of the Accountant-General of the Federation following Federal Road Safety Corps's compliance with Regulation 2622 of Financial regulation 2009 and proceeds of the auction were duly remitted to the Consolidated Revenue Fund (CRF) account. Revenue receipts are being processed with Office of the Accountant-General of the Federation.

Auditor's Evaluation

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

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the vehicle with the purchase cost of ₦703,914,685.12 (Seven hundred and three million, nine hundred and fourteen thousand, six hundred and eighty five naira, twelve kobo) but boarded for the sum of ₦19,945,000.00 (Nineteen million, nine hundred and forty five thousand naira) without evidence of appropriate valuation.
ii. Produce the detailed Valuation Report and Valuation Certificate, and forward same to the Public Accounts Committees of the National Assembly.
iii. Recover and return the vehicles to the Federal Road Safety Corps.
iv. Forward evidence of recovery 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: MISAPPLICATION OF FUNDS (=₦2,923,897.60)

Description of Findings

Paragraph 313 of the Financial Regulations (FR) (2009) states, "The authority conveyed to Accountant-General and to Officers controlling votes, by recurrent warrant is limited to the amount provided under each subheading the approved estimates…" 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 money is provided. Expenditure incorrectly charged to a vote shall be disallowed." Also, section 80(2) of the Constitution of the Federal Republic of Nigeria (1999) (as amended) states, "No money shall be withdrawn from the Consolidated Revenue Fund of the Federation except to meet expenditure that is charged upon the Fund by this Constitution or where the issue of those moneys has been authorized by an Appropriation Act, Supplementary Appropriation Act or an Act passed in pursuance of the National Assembly."

Audit observed that:

i. The sum of ₦2,923,897.60 (Two million, nine hundred and twenty three thousand, eight hundred and ninety seven naira, sixty kobo) was paid to the Kano State Sector Command of the Corps, and
ii. The payment voucher was raised and charged to the vote of other subhead in violation of extant regulations.

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

Risks

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

Management's Response

The issue occurred at our Kano State Command for the sum of ₦2,923,897.60 (Two million, nine hundred and twenty three thousand, eight hundred and ninety seven naira-sixty kobo) and appropriate corrective measure has been taken to forestall future recurrence (see attached marked Appendix V).

Auditor's Evaluation

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

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦2,923,897.60 (Two million, nine hundred and twenty three thousand, eight hundred and ninety seven naira, sixty kobo), being payment charged to different subhead.
ii. Recover and remit to the Treasury, the sum of ₦2,923,897.60.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 5: VIOLATION OF E-PAYMENT POLICY OF THE FEDERAL GOVERNMENT (=₦1,285,978.89)

Description of Findings

Paragraph 713 of the Financial Regulations (FR) (2009) states, "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention." Also, paragraph 4(vii) of the Treasury Circular Ref. No. TRY/A88 & B8/2008/OAGF/CAD/026/Vol.11/465 dated 22nd October, 2008, states, "Henceforth all employees of the Federal Government of Nigeria must each open an account with a commercial bank into which all payments due to him/her must be paid." Similarly,

paragraph 613 of the FR (2009) states, “Payments shall be made only to the persons named in the vouchers or their properly authorized representatives. Paying Officers must satisfy themselves that the person claiming the payment is the person 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. Nine payments totaling ₦1,285,978.89 (One Million, two hundred and eighty five thousand, nine hundred and seventy eight naira, eighty nine kobo) was made in cash instead of through electronic payment to an officer in respect of Katsina State Sector Command of the Corps, and
ii. The practice violated the e-payment policy of the federal government which requires the use of electronic payment systems for public sector payments.

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

Risks

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

Management’s Response

The Corps is currently active on GIFMIS payment Platform. However, considering the peculiarity of our Command and formation structures, it is impossible the Corps impossible the Corps pay various Sector Commands, Units Commands, Outposts and FRSC Educational Institutions without paying directly to some staff in each of the formation who will in turn disburse the funds as appropriate. This issue under review occurred at our Katsina State Sector Command. The evidence of payment to beneficiaries is herewith attached marked (Appendix VI)

Auditor’s Evaluation

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

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,285,978.89 (One million, two hundred and eighty five thousand, nine hundred and seventy eight naira, eighty nine kobo) made to staff in cash, violating e-payment policy of the Federal Government.
ii. Recover and remit to the Treasury, the sum of ₦1,285,978.89.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦15,260,010.00)

Description of Findings

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

Audit observed that:

i. The procurement of stores, including fueling (for operational vehicles) and stationery amounting to ₦15,260,010.00 (Fifteen million, two hundred and sixty thousand, ten naira) were paid for by the Corps, and
ii. The items procured were not taken on ledger charge and relevant supporting documents such as Store Receipt Vouchers (SRV) and Store Issue Vouchers (SIV) 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 Federal Road Safety Corps (FRSC), Abuja.

Risks

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

Management's Response

As stated in management's response under issue 6, there was no issue of procurement of store as observed by the audit. Rather, it was payment of running cost to our Command formations across the country. The breakdown on monthly basis for fueling and stationeries for the year 2023 in the sum of ₦19,305,201.79 is herewith attached (see Appendix VII).

Auditor's Evaluation

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

Recommendations

The Corps Marshal should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,260,010.00 (Fifteen million, two hundred and sixty thousand, ten naira), being payments for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦15,260,010.00

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 IDENTITY MANAGEMENT COMMISSION

At the National Identity Management Commission (NIMC), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: TRANSFER OF EXCESS FUND TO IPPIS TRANSACTION ACCOUNT FOR PAYMENT OF SALARY (=₦72,089,286.64)

Description of Findings

Section 4(1) of the Pension Reform Act (2014) states, "The contribution for any employee to which this Act applies shall be made in the following rates relating to his monthly emoluments: (a) A minimum of ten per cent by the employer; and (b) A minimum of eight per cent by the employee." Also, paragraph 3111 of the Financial Regulations (FR) (2009) states, "A public officer who receives a query involving an overpayment of public funds in respect of salaries and allowances to staff, shall be given 21 days within which to reply to the query and refund the amount overpaid. He shall also be disciplined in accordance with public Service Rules and if need be, the matter should be referred to the police for prosecution."

Audit observed that:

i. The sum of ₦1,821,779,430.14 (One billion, eight hundred and twenty one million, seven hundred seven nine thousand, four hundred and thirty naira, fourteen kobo) was calculated to be the gross salary for the month of June 2023 while a total of ₦1,893,868,716.78 (One billion, eight hundred and ninety three million, eight hundred and sixty eight thousand, seven hundred and sixteen naira, fourteen kobo) was transferred in bulk from the GIFMIS Account to IPPIS Transaction Account No. 3000002002 as total gross salary of the Commission for the month of June 2023, leading to excess transfer of ₦72,089,286.64 (Seventy two million, eighty nine thousand, two hundred and eighty six naira, sixty four kobo) to IPPIS Transaction Account in respect of payment of June 2023 salary, and
ii. The net salaries and the statutory deductions for the month were remitted to beneficiaries from IPPIS Transaction Account No. 3000002002, instead of paying the salaries to individual beneficiaries' accounts from the GIFMIS platform.

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

Risks

i. Concealment of salary payments.
ii. Loss of public funds.

Management's Response
No response.

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

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦72,089,286.64 (Seventy two million, eighty nine thousand, two hundred and eighty six naira, sixty four kobo), being excess transfer of funds from GIFMIS to IPPIS Transaction Account for payment of June 2023 salary.
ii. Recover and remit to the Treasury, the sum of ₦72,089,286.64.
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 2: PAYMENT OF SALARIES TO STAFF NOT AVAILABLE FOR VERIFICATION (=₦1,500,000,000.00)

Description of Findings
Paragraph 110 of the Financial Regulations (FR) (2009) states, "By virtue of their responsibilities and functions, the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of' government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports, and explanations as they may deem necessary for the proper performance of their functions." 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 ₦1,500,000,000.00 (One billion, five hundred million naira) were paid to one hundred and forty one (141) staff on the payroll of the Commission, and
ii. The staff in (i) above failed to present themselves for verification exercise conducted to ascertain the staff strength in order to determine the exact wage bill of the Commission.

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

Risks
i. Manipulation of salary payment procedure.
ii. Diversion of public funds.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issues 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 ₦1,500,000,000.00 (One billion, five hundred million naira), being salaries paid to Commission's staff not available for verification.
ii. Provide and forward the personnel files of the one hundred and forty one (141) staff, containing appointment letters, File numbers, IPPIS Numbers and other relevant credentials to the Public Accounts Committees of the National Assembly.
iii. Recover and remit to the Treasury, the sum of ₦1,500,000,000.00
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to payments of public funds to ghost-workers specified in paragraph 3110 of the Financial Regulations (2009) should apply.

ISSUE 3: OVER REMITTANCE OF THIRD-PARTY DEDUCTIONS (=₦1,357,746,213.45)

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 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." 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 ₦1,357,746,213.45, (One billion, three hundred and fifty seven million, seven hundred and forty six thousand, two hundred and thirteen naira, forty five kobo) was remitted over and above the actual amount deducted from staff salaries on behalf of third parties for 2021, 2022 & 2023, and
ii. The actual amount deducted during these three financial years was ₦4,794,085,022.15 (Four billion, seven hundred and ninety four million, eighty five thousand, twenty two naira, fifteen kobo) while the amount remitted was ₦6,151,831,235.60 (Six billion, one hundred and fifty one million, eight hundred and thirty one thousand, two hundred and thirty five naira, sixty kobo), resulting to over remittance in (i) above to third party.

The above anomalies could be attributed to the weaknesses in the internal control system at the Nigerian Identity Management Commission, Abuja,

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

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issues 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 ₦1,357,746,213.45, (One billion, three hundred and fifty seven million, seven hundred and forty six thousand, two hundred and thirteen naira, forty five kobo), being over-remittance to third party.
ii. Recover and remit to the Treasury, the sum of ₦1,357,746,213.45.
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 4: UNSPECIFIED TRANSFER TO IPPIS TRANSACTION ACCOUNT (=₦47,121,108.63)

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 Commission made fifty four (54) transfers totaling ₦47,121,108.63 (Forty seven million, one hundred and twenty one thousand, one hundred and eight naira, sixty three kobo) from the GIFMIS platform to the Integrated Payroll and Personnel Information System (IPPIS) Transaction Account number 3000002002 and tagged as unspecified transfers in the years 2021, 2022 & 2023, and
ii. There was no reversal of the transfers or correction done as at the time of the audit, despite repeated request for corrective action.

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

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

Management's Response
No response.

Auditor's Evaluation

Since the Management failed to respond to the issues 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 ₦47,121,108.63 (Forty seven million, one hundred and twenty one thousand, one hundred and eight naira sixty three kobo), being unspecified transfers to IPPIS transaction account.
ii. Recover and remit to the Treasury, the sum of ₦47,121,108.63.
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: VIOLATION OF FEDERAL CHARACTER PRINCIPLE IN RECRUITMENT OF STAFF

Description of Findings

Section 14 (3) of the Constitution of the Federal Republic of Nigeria (1999) (as amended) states, "The composition of the Government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and the need to promote national unity, and also to command national loyalty, thereby ensuring that there shall be no predominance of persons from a few States or from a few ethnic or other sectional groups in that Government or in any of its agencies." Also, section 4(1) of the Federal Character Commission Act (1996) states, "The functions of the Commission shall be-(a) to work out an equitable formula, subject to the approval of the President, for the distribution of all cadres of posts in the civil and the public services of the Federation and of the States, the armed forces, the Nigeria Police Force and other security agencies, bodies corporate owned by the Federal or a State Government and Extra-Ministerial Departments and parastatals of the Federation and States."

Audit observed that:

i. The Commission conducted recruitment exercises in the year 2021 and 2022 leading to the employment of two hundred and forty six (246) and one hundred and ninety five (195) staff in 2021 and 2022 respectively.
ii. The total recruited four hundred and forty one (441) were selected from the six geopolitical zones in the ratio contrary to the provisions of the Federal Character Commission Act, as shown in the Table below:

S/N	Geo-Political Zones	No of Recruited Staff	%
1	North East	160.00	36.28
2	North West	87.00	19.73
3	North Central	77.00	17.46
4	South East	43.00	9.75
5	South-South	38.00	8.62
6	South West	36.00	8.16
	Total	441.00	100

iii. In the North East Zone, Gombe State and Adamawa State were allocated 56 and 51 slots representing 12% and 11% of the total recruited staff respectively while other state such as Lagos State, Cross River State, Bayelsa State and FCT were allocated two (2) slots, one (1) slot, one (1) slot, and one (1) slot respectively, and
iv. There was no justification for violation of the Federal Character Principle in the recruitment exercises conducted by the Commission.

The above anomalies could be attributed to weaknesses in the internal control system at the National Identity Management Commission (NIMC), Abuja,

Risks
i. Zonal marginalisation.
ii. Favoritism and nepotism in recruitment.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issues 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 violation of Federal Character principle in the recruitment of staff of the Commission, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 6: SUBMISSION OF DOCUMENTS WITH DOUBTFUL AUTHENTICITY BY OFFICERS OF THE COMMISSION

Description of Findings
Section 465 of the Nigerian Criminal Code Act Cap C38, Law of the Federation of Nigeria (LFN) 2004, states, "A person who makes a false document or writing knowing it to be false, and with intent that it may in any way be used or acted upon as genuine, whether in the State or elsewhere, to the prejudice of any person, or with intent that any person may, in the belief that it is genuine, be induced to do or refrain from doing any act, whether in the State or elsewhere, is said to forge the document or writing."

Audit observed that:
i. Twenty five (25) staff of the Commission presented documents with doubtful authenticity during the audit verification exercise.
ii. Some documents presented had alterations and mutilation, and
iii. Most documents of same type, origin, (etc. WAEC certificates of the same year) format, outlook or security features had inconsistencies.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Identity Management Commission (NIMC), Abuja.

Risks
i. Ineffective performance of duties.
ii. Lack of due diligence on personnel records.

Management's Response
No response.

Auditor's Evaluation
Since the Management failed to respond to the issues 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 acceptance of documents with mutilations and alterations for recruitment purpose, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 7: INCONSISTENCIES IN THE DOCUMENTED AGE OF STAFF

Description of Findings
Section 465 of the Nigerian Criminal Code Act Cap C38, Law of the Federation of Nigeria (LFN) 2004, states, "A person who makes a false document or writing knowing it to be false, and with intent that it may in any way be used or acted upon as genuine, whether in the State or elsewhere, to the prejudice of any person, or with intent that any person may, in the belief that it is genuine, be induced to do or refrain from doing any act, whether in the State or elsewhere, is said to forge the document or writing."

Audit Observed that:
i. The were discrepancies in the age of forty four (44) officers of the Commission as evidenced in different documents reviewed by audit.
ii. Ages contained in statutory declaration age, affidavits, and other documents containing the age of staff, indicated that employment documentation age by some officers were less than their real ages.
iii. Dates of birth contained in age documents, such as age declaration, affidavits, etc., of some officers were different from that in documents, such as Educational Certificates.
iv. Comparison of dates contained in different documents submitted by some officers of the Commission revealed conflicts and impossible order of events of their lives. For instance, First School Leaving Certificates presented by some officers suggested that they purportedly started Primary Schools at age 2 or 3. Documents presented by some officers revealed completion of Primary Schools at impossible ages of 8years or 7years, and
v. The above were indication of age falsification, document forgery and impersonation such as using documents that belong to other persons.

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

Risks
i. Recruitment without due diligence
ii. Fraudulent extension of service years.

Management's Response
No response.

Auditor'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 discrepancies in ages of staff between various submitted documents.
ii. Provide all the documents relating to the due process followed and the recruitment of the affected staff to authenticate the genuineness and authenticity of their documents.
iii. Forward documents in (ii) above to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 8: DENIAL OF ACCESS TO PERSONNEL RECORDS/DOCUMENTS

Description of Findings
Section 85(2) of the Constitution of the Federal Republic of Nigeria (1999) (as amended) states, "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 110 of the 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. Some staff of the Commission refused to present their documents and credentials for the purpose of the physical verification exercise in the period under review, despite repeated request, and
ii. The absence of the documents and records for audit verification indicates concealment and cast doubt on the authenticity and genuineness of the personnel documents.

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

Risks

i. Concealment of personnel information.
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 denial of auditors, access to personnel documents and records.
ii. Provide and forward all personnel documents to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 9: CASH ADVANCES GRANTED ABOVE LIMIT (=₦15,289,001.76)

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 Commission granted advances totaling ₦15,289,001.76 (Fifteen million, two hundred and eighty nine thousand, one naira, seventy six kobo) to staff for direct procurement of goods and services.
ii. The advances granted were in excess of the approved threshold of ₦200,000.00, contrary to the above circular which requires that all local procurements above ₦200,000.00 must be executed through award of contracts, and
iii. The payments deprived government of 7.5% Value Added Tax. 1% Stamp Duty and 5% Withholding Tax totaling ₦2,064,015.24 (Two million, sixty four thousand, fifteen naira) that would have accrued as revenue through taxes.

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

Risks

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

Management's Response

We acknowledge the observation, the items in question are consumables critical to the Commission's daily operations, which often requires immediate replenishment. Due to limited funds, these items are sometimes procured directly by staff on credit to ensure continuity of operations. Payments are then made subsequently when funds become available.

This method has been adopted as a cost saving measure, as it helps to avoid the typical 30% profit margin that vendors may add.

Additionally, all expenditures are within the approval limits of the DG\CEO and are in line with operational needs.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,289,001.76 (Fifteen million, two hundred and eighty nine thousand, one naira, seventy six kobo), being advances granted to staff in excess of approved limit, for the procurement of goods and service;
ii. Recover and remit to the Treasury, the sum of ₦15,289,001.76.
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 10: UNDER-PERFORMANCE IN PRODUCTION AND ISSUANCE OF MULTIPURPOSE IDENTITY CARDS

Description of Findings

Section 18 (5) of the National Identity Management Commission (NIMC) Act (2007) states, upon the registration of a person under this Acts, the Commission shall issue to the registered individual Multipurpose Identity Card with an Identity Number." Furthermore, section 19 of the NIMC Act (2007) states, "the Identity Cards assigned to a registered individual shall be complied in a prescribed manner and shall, in addition to a serial, index and control number, consist of a reproduction, in figure codes, of the following particulars, and no other particulars, of the registered person to whom it is assigned, namely (a) The date of birth and gender of the registered person; and (b) Whether or not the registered person is a citizen of Nigeria."

Audit observed that:

i. The Commission as at May 2024, has registered one hundred and four million, one hundred and sixty three thousand and seventy two (104,163,072) persons in the NIMC database while the Multipurpose Identity Cards for two million, nine thousand, two hundred and twenty (2,009,220) persons, representing (1.93%) had been produced, leading to under-production of one hundred and two million, one hundred and fifty three thousand, eight hundred and fifty two (102,153,852) Multipurpose Identity Cards
ii. Production of cards has been suspended since 2021, despite significant government investment in technology and infrastructure to enable the Commission deliver its mandate effectively, and
iii. The abysmal performance in card production indicates weak internal controls, poor operational planning, and non-compliance with statutory obligations, exposing government investments to risk and undermining the objectives of the National Identity Management Programme.

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

Risks

i. Inefficiencies in the execution of mandate.
ii. Loss of public funds.

Management's Response

The Commission is aware of the provision in the Act and intends to comply. However, insufficient budget allocations over the years have impacted the production and issuance of the General Multi-Purpose Card.

The Commission is Currently working on the modalities for its production and issuance to Nigerian citizens and legal residents.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the under-production and issuance of Multipurpose Identity Cards as required by the Act, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 11: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CONSOLIDATED REVENUE FUND (=₦627,347,651.35)

Description of Findings

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

Audit observed that:

i. The sum of ₦2,897,870,022.00 (Two billion, eight hundred and ninety seven million, eight hundred and seventy thousand, twenty two naira) was reported as other incomes generated by the Commission in 2023 financial statements.
ii. The sum of ₦821,587,359.65 (Eight hundred and twenty one million, five hundred and eighty-seven thousand, three hundred and fifty nine naira, sixty five kobo) was claimed to have been remitted into the Consolidated Revenue Fund account in 2023.
iii. The Commission is a partially funded agency in accordance with the Federal Ministry of Finance circular Ref. No. FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, and as such should remit 50% of its total Internally Generated Revenue (IGR) in (i) above, amounting to ₦1,448,935,011.00 to the Consolidated Revenue Funds (CRF)
iv. The sum claimed to have been remitted in (ii) above and the sum required for remittance in (iii) above gave rise to an under-remittance of ₦627,347,651.35 (Six hundred and twenty seven million, three hundred and forty seven thousand, six hundred and fifty one naira, thirty five kobo) by the Commission, and
v. There was no official Treasury receipts presented as evidence of the claimed remittance in (ii) above.

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

Risks

i. Diversion of public funds.
ii. Shortage of remittance to CRF.

Management's Response

This is duly noted. We have complied with the requirements and obtained the treasury receipts for all the amounts remitted which are attached as Appendix 5.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Account `to the Public Accounts Committees of the National Assembly, the sum of ₦627,347,651.35 (Six hundred and twenty seven million, three hundred and forty seven thousand, six hundred and fifty one naira, thirty five kobo), being under-remittance of IGR to the CRF.
ii. Provide and remit the sum of ₦627,347,651.35 to the CRF.
iii. Forward the evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112 (ii) of the Financial Regulations (2009) should apply.

NIGERIAN CORRECTIONAL SERVICE, ABUJA

At the Nigerian Correctional Service, Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: INCLUSION OF UNSUBSTANTIATED ITEMS IN THE BEME OF CONTRACTS (=₦780,063,494.55)

Description of Findings

Paragraph 708 of the Financial Regulations (FR) (2009) states, “On no account should payment be made for services not yet performed or for goods not yet supplied.” Furthermore, paragraph 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 included some items sum as Project Administration, Contingency and preliminaries, etc., in the Bills of Engineering Measurement and Evaluations (BEME) for the contracts awarded during the year.
ii. Sample from the BEME of one hundred and thirteen (113) contracts awarded by the Service showed that the sum of ₦780,063,494.55 (Seven hundred and eighty million, sixty three thousand, four hundred and ninety four naira, fifty five kobo) provided for, as Project Administration, Contingency and preliminaries, etc., could not be accounted for, and
iii. There was no evidence of how the sum in (ii) above, paid to the Contractors, was utilized.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Correctional Service (NCS), Abuja.

Risks

i. Payment for job not done.
ii. Doubtful payments.
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 Controller-General of Corrections should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦780,063,494.55 (Seven hundred and eighty million, sixty three thousand, four hundred and ninety four naira, fifty five kobo**),** being payment for unsubstantiated items included in the BEME of contracts.
ii. Recover and remit to the Treasury, the sum of ₦780,063,494.55.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (FR) (2009) should apply.

ISSUE 2: PAYMENT OF RETENTION FEES WITHOUT CERTIFICATION OF THE AUDITOR-GENERAL FOR THE FEDERATION (=₦54,629,199.10)

Description of Findings
The Treasury Circular Ref. No. TRY/A2 & B2/2019/OAGF/CAD/026/V.III/358 dated 8th July, 2019, states, "Payment of retention fee can only be made after Auditor-General for the Federation has issued a defect clearance Certificate on the project status."

Audit observed that:
i. The Service paid retention fees totaling ₦54,629,199.10 (Fifty four million, six hundred and twenty nine thousand, one hundred and ninety nine naira, ten kobo) to some contractors.
ii. The requests for the release of the retention fees and the approval for payments by the Auditor-General or his representative were not provided despite audit request, and
iii. The evidence of due process and value for money as pre-requisite for the payment for the retention fees could not be ascertained in respect of the projects as at the time of finalizing this report.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Correctional Service (NCS), Abuja.

Risks
i. Payment for the job not executed.
ii. Loss of public funds.

Management's Response
No response.

Auditor's Evaluation

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

Recommendations

The Controller-General of Corrections should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦54,629,199.10 (Fifty four million, six hundred and twenty nine thousand, one hundred and ninety nine naira, ten kobo), being payments of retention fees without Auditor-General for the Federation's certification.
ii. Recover and remit to the Treasury, the sum of ₦54,629,199.10.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply

ISSUE 3: PROJECT VEHICLES NOT ACCOUNTED FOR (=₦99,060,000.00)

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. The contract for the construction of reinforcement concrete standard perimeter fence at 3,000 Capacity Custodian Centre, MSCC Ilesha was awarded to a contractor for ₦698,363,591.17 (Six hundred and ninety eight million, three hundred and sixty three thousand, five hundred and ninety one naira, seventeen kobo) vide award letter Ref. No.: NCoS.1302/CE/Vol. 1/22/078 dated 4th October, 2022, and the contract for the construction of the Admin Block at 3,000 Custodian Centre, MSCC Ilesha was awarded to another contractor for ₦729,185,851.51 (Seven hundred and twenty nine million, one hundred and eighty five thousand, eight hundred and fifty one naira, fifty one kobo) vide letter Ref. Number NCoS.1302/CE/Vol. 1/22/169 dated 22nd February, 2023.
ii. The two contracts provided for Toyota Hilux 4WD DC AC P S SMT premium package 4 wheel drive 2.7 liter petrol engine, double cabin, air conditioner, radio/CD player, central lock, power steering, windows and doors lock, shell specification, side steps, ABS Auxiliary gear project vehicles embedded in the BOQ at the sum of 49,560,000.00 (Forty nine million, five hundred and sixty thousand naira) and ₦49,500,000.00 (Forty nine million, five hundred thousand naira) totaling ₦99,060,000.00 (Ninety nine million, sixty thousand naira), and
iii. There was no evidence that the project vehicles were recovered from the contractor after the completion of the project.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Correctional Service (NCS), Abuja.

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

Management's Response
No response.

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

Recommendations
The Controller-General of Corrections should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦99,060,000.00 (Ninety nine million, sixty thousand naira), being amount of project vehicles embedded in the BOQ of the contracts without recovery from the contractor after completion of the projects.
ii. Recover and remit to the Treasury, the sum of ₦99,060,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 4: PAYMENT FOR LAND WITHOUT EVIDENCE OF OWNERSHIP (=₦5,000,000.00)

Description of Findings
Paragraph 708 of Financial Regulations (FR) (2009) states, that "On no account should payment be made for service not yet performed or for goods not yet supplied."

Audit observed that:
i. The sum of ₦5,000,000.00 (Five million naira) was provided in the Bill of Quantities (BOQ) for the purchase of land for the construction of a Sustainable Water Supply.
ii. There was no verifiable evidence such as the Certificate of Occupancy (C of O) or Right of Occupancy (R of O) to validate the purchase of the land, and
iii. The physical verification report together with the geographical mapping/survey of the land was also not provided for audit review.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Correctional Service (NCS), Abuja.

Risks
i. Payment for assets without ownership.
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 Controller-General of Corrections should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦5,000,000.00 (Five million naira) provided for purchase of land in the BOQ without evidence of ownership such as C of O or R of O.
ii. Recover and remit to the Treasury, the sum of ₦5,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 5: CONTRACTS AWARDED WITHOUT THE APPROVAL OF THE PARASTATAL TENDERS BOARD (=₦529,454,686.30)

Description of Findings
Section 22(3) of the Public Procurement Act (PPA) (2007) states, "The Tenders Board shall be responsible for the award of procurement of goods, works and services within the threshold set in the regulations."

Audit observed that:
i. Contracts amounting to ₦529,454,686.30 (Five hundred and twenty nine million, four hundred and fifty four thousand, six hundred and eighty six naira, thirty kobo) were awarded to different contractors at various dates during the year 2023.
ii. These contracts were within the approval threshold of the Correctional Service's Parastatal Tenders Board, and
iii. The contracts were awarded before the approval of the Correctional Service's Tenders Board.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Correctional Service (NCS), Abuja.

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

Management's Response
No response.

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

Recommendations

The Controller-General of Corrections should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦529,454,686.30 (Five hundred and twenty-nine million, four hundred and fifty four thousand, six hundred and eighty six naira, thirty kobo), being award of various contracts without prior approval of the Correctional Service's Tenders Board.
ii. Recover and remit to the Treasury, the sum of ₦529,454,686.30.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment stipulated in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: IRREGULAR PROCUREMENT OF FURNITURE FOR PRIVATE RESIDENCE (=₦31,952,774.15)

Description of Findings

Establishment Circular Ref No. SWC/S/04/S.167/216, dated 12 February, 2004 requires all Federal Government Parastatals and Agencies wishing to monetize their fringe benefits to submit the proposal package to the National Salaries Income and Wages Commission for necessary evaluation and approval before implementation. Also, paragraph 415 of the Financial Regulations states "The federal government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦31,952,774.15 (Thirty one million, nine hundred and fifty two thousand, seven hundred and seventy four naira, fifteen kobo) was paid to two (2) companies for the procurement of furniture for the private residence of the Controller-General of the Service during the period under review.
ii. The procurement of the furniture in (i) above was an irregular expenditure charge against public funds since the consolidated emolument of the Controller-General already included all his entitlements, and
iii. Such procurement for private residence should be a charge to his personal funds rather than using government funds to defray personal expenditure.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Correctional Service (NCS), Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Controller General of Corrections should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦31,952,774.15 (Thirty one million, nine hundred and fifty two thousand, seven hundred and seventy four naira, fifteen kobo), being public funds expended on procurement of furniture for private residence.
ii. Recover and remit to the Treasury, the sum of ₦31,952,774.15.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanction relating to irregular payment stipulated in paragraph 3106 of the Financial Regulations (2009) should apply.

SECTION 15

PROGRAMME & PERFORMANCE AUDIT DEPARTMENT (PPAD)

FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY

At the Federal Ministry of Agriculture and Food Security, Abuja, for the period 1st January 2020 to 31st December, 2021, the following observations were made:

ISSUE 1: INADEQUATE NEED ASSESSMENT AND NON-CONDUCT OF ENVIRONMENTAL AND FEASIBILITY STUDIES

Description of Findings

Section 2(1) of the Environmental Impact Assessment Act, Cap E12, Laws of the Federation of Nigeria, 2004, states, "The public or private sector of the economy shall not undertake or embark on or authorise projects or activities without prior consideration, at an early stage, of their environmental effects." Also, section 18 of the Public Procurement Act (PPA) (2007) states, "Subject to regulations as may from time to time be made by the Bureau under the direction of the Council, a procuring entity shall plan its procurement (a) preparing the needs assessment and evaluation."

Audit observed that:

i. The Federal Ministry of Agriculture and Food Security did not conduct Environmental Impact and Social Assessment (EISA) and feasibility studies before the commencement of the Construction of the Ketu–Epe–Itoikin Road.
ii. The Ministry embarked on the project implementation without carrying out the necessary assessments and feasibility studies. This omission demonstrated a weakness in project planning and due diligence, as the environmental, social, and technical implications of the project were not adequately evaluated prior to execution, and
iii. As a result of non-conduct of the EISA and feasibility studies, several challenges arose during implementation, leading to relocation of electric poles and other utilities along the entire road alignment, undertake an additional excavation and earthworks, and adjust drainage channels all of which were not captured in the Bill of Engineering Measurement and Evaluation (BEME). These unforeseen activities resulted in scope variations, cost escalations, and implementation delays.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

i. Abuse of procurement due process.
ii. Additional costs on government.
iii. Loss of government 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 Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-conduct of Feasibility Study, Environmental Impact Assessment, and social assessments prior to award and execution of the contract.
ii. Institute and implement a mandatory pre-contract assessment framework for all capital projects, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: INFLATION OF CONTRACTS (=₦238,526,341.35)

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." 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 Ministry submitted to the Bureau of Public Procurement (BPP), a total of fourteen (14) contracts estimates amounting to ₦2,228,926,150.00 (Two billion, two hundred and twenty eight million, nine hundred and twenty six thousand, one hundred and fifty naira) for the production and distribution of seedlings across Research Institutes and Agricultural Agencies.
ii. The Bureau, after its value-for-money review, reduced the total estimates to ₦1,892,175,664.68 (One billion, eight hundred and ninety two million, one hundred and seventy five thousand, six hundred and sixty four naira, sixty eight kobo) and issued certificates of "No Objection" accordingly.
iii. Contrary to the review and approval of BPP, the Ministry presented inflated contract sum totaling ₦2,130,702,006.03 (Two billion, one hundred and thirty million, seven hundred and two thousand, six naira, three kobo) to the Federal Executive Council (FEC) for approval, and
iv. The BPP approval in (ii) and the amount presented for FEC approval in (iii) led to an inflation of contract sum of ₦238,526,341.35 (Two hundred and thirty eight million, five hundred and twenty six thousand, three hundred and forty one naira, thirty five kobo) in relation to the amount reviewed and approved by the BPP.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

i. Abuse of procurement due process.
ii. Diversion of public funds.
iii. Loss of public funds.

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦238,526,341.35 (Two hundred and thirty eight million, five hundred and twenty six thousand, three hundred and forty one naira, thirty five kobo), being inflation of contract sum for FEC approval.
ii. Recover and remit to the Treasury, the sum of ₦238,526,341.35.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 3: DENIAL OF ACCESS TO DOCUMENTS AND RECORDS (=₦1,526,183,217.03)

Description of Findings
Section 85(2) of the Constitution of the Federal Republic of Nigeria (1999) (as amended) states, "… the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to these accounts." Also, paragraph 110 of the Financial Regulations (FR) (2009) states, "By virtue of their responsibilities and functions, the Accountant General and the Auditor-General or their representatives shall, at all reasonable times, have free access to books of accounts, files, safes, security documents and other records and information relating to the accounts of all federal ministries/extra-ministerial offices and other arms of government or units. They shall also be entitled to require and receive from members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions."

Audit observed that:
i. The Ministry awarded contracts totaling ₦1,526,183,217.03 (One billion, five hundred and twenty six million, one hundred and eighty three thousand, two hundred and seventeen naira, three kobo) for the production and distribution of seedlings and agricultural equipment during the period under review
ii. Documents, books and records such as contractor files, contract agreements, payment vouchers, and other relevant supporting documents relating to these contracts were not made available for examination despite repeated requests and reminders to the Ministry by the Team, and
iii. The audit team were also denied access to files of institutions and contractors such as the Rubber Research Institute of Nigeria (IRRIN), Cocoa Research Institute of Nigeria (CRIN), National Cereals Research Institute, Nigeria Institute of Oil Palm Research (NIFOR), which contains information necessary to verify

contract execution, payments, and compliance with procurement regulations, and

iv. Lack of access to the records and documents made it impossible for the audit to ascertain the execution of the projects and to determine whether value for money was derived.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

i. Abuse of procurement due process.
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 Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committee of the National Assembly, the sum of ₦1,526,183,217.03 (One billion, five hundred and twenty six million, one hundred and eighty three thousand, two hundred and seventeen naira, three kobo), being contracts awarded without granting auditors, access to records and documents.
ii. Recover and remit to the Treasury, the sum of ₦1,526,183,217.03
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: DIVERSION OF PUBLIC FUNDS INTO PRIVATE COMMERCIAL ACCOUNTS (=₦294,620,000.00)

Description of Findings

Paragraph 701 of the Financial Regulations (FR) (2009) states, "no official bank account shall be opened unless authorized by the Account-General of the Federation." Furthermore, paragraph 713 of the FR (2009) states, "Personal money will in no circumstances be paid into a government bank account nor shall any public money be paid into a private bank account. An officer who pays public money into a private account is deemed to have done so with fraudulent intention."

Audit observed that:

i. The sum of ₦294,620,000.00 (Two hundred and ninety four million, six hundred and twenty thousand naira) was released in respect of contracts awarded to the Centre for Dryland Agriculture, Bayero University Kano, and the Lake Chad Research Institute, Maiduguri, for the production and distribution of seedlings in

support of the Federal Government's objective of improving agricultural productivity and food security.

ii. In accordance with the Treasury Single Account (TSA) policy, the funds were supposed to be paid into the official government accounts of the Institutes domiciled with the Central Bank of Nigeria but was diverted into commercial bank accounts operated by entities linked to the beneficiary institutes, and

iii. The use of the funds from the commercial bank accounts could not be verified by audit.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

i. Violation of TSA guidelines.
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦294,620,000.00 (Two hundred and ninety four million, six hundred and twenty thousand naira), being public funds diverted into commercial bank accounts.
ii. Provide the Polaris Bank and the UBA bank account statement from January 2019 to December 2022.
iii. Recover and remit to the Treasury, the sum of ₦294,620,000.00.
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 5: ENGAGEMENT OF CONTRACTORS WITHOUT VERIFIED TECHNICAL AND FINANCIAL CAPACITY (=₦12,750,000.00)

Description of Findings

Section 16(6) of the Public Procurement Act (PPA) (2007) states, "All bidders in addition to requirements contained in any solicitation documents shall:…(a) possess the necessary;(i) professional and technical qualifications to carry out particular procurements ;(ii) financial capability." Also, paragraph 3 of the Establishment Circular Ref. No. SGF.50/5.52/III/652 dated 11th October, 2017, states, "To this end, all Accounting Officers are to ensure that post-qualification/due diligence are carried out on all bidders recommended for award of projects and the report of such verification should form part of the documents to be submitted to the Bureau when requesting for Due Process Certificate of "No Objection..."

Audit observed that:

i. The Ministry awarded a contract for the production and distribution of 1,000 litres of Nutrient Solution for Yam in Aeroponics, amounting to ₦12,750,000.00 (Twelve million, seven hundred and fifty thousand naira) to a company during the year under review.
ii. The Ministry did not conduct a prequalification exercise and adequate due diligence prior to the award of the contract, and there was no documented justification and verification of the contractor's competence as indicated in the Bureau of Public Procurement (BPP) Due Process Review Report Ref. No. BPP/DPR/A&WR/REPORT/2021/130 dated September, 2021.
iii. Examination of the company's records revealed that the company was incorporated on 17th October, 2019 and had not submitted tax clearance certificates for the three preceding years. The firm was also not listed in the Bureau's database of registered federal contractors and lacked verifiable evidence of experience, technical capacity and financial capacity required for the specialized agricultural biotechnology work, and
iv. The procurement process was done without adequate assessment of the contractor's competence or technical capacity to ensure value for government funds is delivered.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

i. Award of contract to ineligible contractor
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,750,000.00 (Twelve million, seven hundred and fifty thousand naira), being award of contract without due diligence and confirmation of technical and financial capacity.
ii. Recover and remit to the Treasury, the sum of ₦12,750,000.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts and irregular payments specified in paragraphs 3117 and 3106 of the Financial Regulations (2009) should apply.

ISSUE 6: UNVERIFIED AND UNACCOUNTED DISTRIBUTION OF AGRICULTURAL SEEDLINGS TO FARMERS (₦280,652,830.00)

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

Audit observed that:

i. The Ministry awarded contract of ₦280,652,830.00 (Two hundred and eighty million, six hundred and fifty two thousand, eight hundred and thirty naira) to the Institute of Agricultural Research, Samaru, Zaria, for the production and distribution of improved foundation and certified varieties of groundnut, cowpea, sorghum, and maize seeds, as well as maize production value kits. The seeds were either harvested from the Institute's own farmland or purchased from the market when insufficient. The seeds were subsequently transported to various states, where they were handed directly to the Chairmen of Farmers Associations for onward distribution to farmers, bypassing the Ministry's storage and oversight mechanisms.
ii. The interviews with the Ministry's field officers revealed that the selection of beneficiaries was influenced by Senators and members of the House of Representatives, rather than being guided by objective criteria identifying legitimate farmers. Additionally, the Ministry did not maintain records detailing the quantity of seeds received by each beneficiary, the dates of distribution, or acknowledgment signatures confirming receipt, and
iii. This arrangement demonstrates lack of transparency and accountability. Audit could not verify whether the intended farmers actually received the seeds. There was no documentation to establish that the distribution process was equitable, efficient, or effective. Resources intended to support agricultural productivity were potentially diverted, and the Ministry's oversight mechanisms failed to ensure that public funds were applied to achieve the intended outputs.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

i. Project not executed according to specification
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the seedlings worth ₦280,652,830.00(Two hundred and eighty million, six hundred and fifty two thousand, eight hundred and thirty naira) distributed without beneficiary lists, acknowledgement records, GPS location tracking, or monitoring reports.
ii. Recover and remit to the Treasury, the sum of ₦280,652,830.00.
iii. Forward evidence of remittance to the Public Accounts Committee of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 7: PAYMENT OF CONTRACT FOR PRODUCTION AND DISTRIBUTION OF SEEDS WITHOUT EVIDENCE OF EXECUTION (₦19,380,000.00)

Description of Findings

Paragraph 603(i) of the Financial Regulations (FR) (2009) states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." Furthermore, Paragraph 708 of 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 Ministry awarded a contract for the production and distribution of Certified Black Variety Ginger Seeds to Centre for Dryland Agriculture (CDA) in Bayero University for a contract sum of ₦19,380,000.00 (Nineteen million, three hundred and eighty thousand naira) vide Award Letter Ref. FMA/PROC/FDA/CP/2021/0231/I dated 29th December, 2021.
ii. The Ministry failed to provide documented or approved criteria for selecting beneficiary farmers, and there were no records showing the names, contact details, or quantities of seeds distributed. Despite repeated requests, neither FMAFS nor CDA provided evidence confirming that the seeds were produced or distributed to intended beneficiaries.
iii. It was established that CDA did not execute the contract as stipulated in the award letter, Instead, execution was transferred to Bayero University Consult, contrary to Clause 3 of the award letter, which prohibited transfer of the contract.
iv. It was claimed that the CDA, being an academic institution, lacked the technical and logistical capacity to produce and distribute the seeds within the stipulated period. Consequently, contract was outsourced rather than directly executed, and
v. payment was made without documented and verifiable evidence of production and distribution of the seeds to the beneficiaries.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

i. Doubtful 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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦19,380,000.00 (Nineteen million, three hundred and eighty thousand naira), being payment for production and distribution of seeds without documented evidence of distribution.
ii. Recover and remit to the Treasury, the sum of ₦19,380,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment stipulated in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 8: ABANDONMENT OF ROAD PROJECT DUE TO LACK OF FINANCIAL CAPACITY (=₦10,543,692,694.99)

Description of Findings

Section 24(1) of the Public Procurement Act (PPA) (2007) states, "Except as provided for in this Act, all procurement of goods and works by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 16(6) of the PPA (2007) states, "All bidders in addition to requirements contained in any solicitation documents shall: (a) They possess necessary professional and technical qualifications to carry out particular procurements. (b) They must possess the machinery, equipment and power for the job..." Also, paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The contract for the completion of Ketu–Itoikin Road Project was awarded to a company for ₦10,543,692,694.99 (Ten billion, five hundred and forty three million, six hundred and ninety two thousand, six hundred and ninety four naira, ninety nine kobo) and expected to comply with statutory requirements designed to safeguard value for money. Eligibility Assessment Report indicated that the company lacked the financial capacity to deliver a project of this magnitude, with an annual turnover of ₦1.32 billion and a ₦4 billion credit facility representing only 37.94 percent of the project value. Conversely, Visible Construction Limited,

another shortlisted firm, had an annual turnover of ₦10.18 billion (97 percent of project cost), stronger technical capacity, and more relevant experience. Despite this differential, the Ministry selected the financially incapacitated contractor and recommended it to the Bureau of Public Procurement (BPP), which issued a Certificate of No Objection without adequately validating the firm's capacity.

ii. At the time of physical inspection in November 2024, the contractor had abandoned the project site. The physical condition of the site shown in the uploaded project-status image aligns with this observation. The image depicts partially cleared earth, exposed reinforcement bars, scattered construction debris, and an absence of machinery or workforce, conditions that corroborate the Interim Job Completion Certificate dated 12th July, 2023, which confirmed only 18.89 percent completion. The audit further noted shallow earthworks and isolated construction materials resembling those visible in the image, with no signs of active road or bridge construction (see Figure 2). This state of abandonment occurred more than eight (8) months after the project's twenty four (24) months completion deadline had elapsed.

Current Condition of the Road Construction Site

iii. ₦3,509,183,674.00 of project funds earmarked for road construction was diverted to construct a bridge not included in the approved scope, the priced Bill of Engineering Measurement and Evaluation (BEME), or the Ministry's budget. No variation approval, budget reallocation, or justification accompanied this diversion, which breached the financial and procurement regulations cited earlier. The partially constructed, unauthorized bridge observed during inspection is presented in Figure 3 below, and

Present Status of Unauthorized Bridge Construction

iv. A value-for-money assessment revealed that the Ministry disbursed ₦3,454,528,824.71 to the contractor, representing 32.67 percent of the contract sum, whereas the value of certified work completed amounted to only ₦1,993,324,737.69, equivalent to 18.89 percent completion. This disparity resulted in an estimated value-for-money loss of ₦1,461,204,087.02, attributable to payments made for unexecuted work and the misapplication of project funds

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

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

Management's Response

No response.

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the award of construction contract to company without financial capacity, leading to abandonment of the project.
ii. Account for the sum of ₦3,454,528,824.71 paid to the contractor without commensurate level of work done.
iii. Recover and remit to the Treasury, the sum of ₦1,461,204,087.02 being payment in excess of work done.
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 paragraph 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 9: UNACCOUNTED ADMINISTRATIVE FEES DEDUCTED FROM CONTRACT SUM (=₦53,635,814.66)

Description of Findings

Paragraph 112 (i) of the Financial Regulations (FR) (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring accurate collection and accounting for all public moneys received and expended…" Furthermore, paragraph 415 of the FR (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Fourteen (14) payments totaling ₦2,164,702,006.78 (Two billion, one hundred and sixty four million, seven hundred and two thousand, six naira, seventy eight kobo) were made to various research institutes and companies for contracts of the production and distribution of seeds, planting materials, and associated inputs.
ii. 2.5% of each contract sum amounting to ₦53,635,814.66 (Fifty three million, six hundred and thirty five thousand, eight hundred and fourteen naira, sixty six kobo) was deducted as Project Administrative Fees.
iii. There was no justification provided for the deduction of 2.5% of each contract payments and the account in which the sum was remitted was neither disclosed no provided for examination, and
iv. There was no evidence of administrative services provided in respect of the contracts to justify the deduction.

The above anomalies could be attributed to weaknesses in the internal control system at Federal Ministry of Agriculture and Food Security, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦53,635,814.66 (Fifty three million, six hundred and thirty five thousand, eight hundred and fourteen naira, sixty six kobo), being 2.5% deducted as Project

Administrative Fees from contract costs without evidence of service and utilisation.
ii. Recover and remit to the Treasury, the sum of ₦53,635,814.66.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to manage public funds effectively specified in paragraph 3115 of the Financial Regulations (2009) should apply.

NATIONAL POPULATION COMMISSION, ABUJA

At the National Population Commission (NPC), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PAYMENT FOR PERSONAL DIGITAL ASSISTANTS WITHOUT EVIDENCE OF DELIVERY (₦131,559,517,295.72)

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

Audit observed that:
i. The Commission awarded contracts totaling ₦131,559,517,295.72 (One hundred and thirty one billion, five hundred and fifty nine million, five hundred and seventeen thousand, two hundred and ninety five naira, seventy two kobo) for the procurement of eight hundred thousand (800,000) Personal Digital Assistants (PDAs) and Accessories for a modern technology-driven census to six (6) contractors between 1st December, 2022 to 2nd May, 2023.
ii. The Commission claimed to have received seven hundred and sixty thousand (760,000) out of the total number awarded in (i) above.
iii. Out of the 760,000 PDAs the Commission claimed to have received, there was no credible evidence of supply such as Stores Receipt Vouchers (SRVs), Delivery Notes, Waybills, or inspection reports instead, the Commission relied on handwritten notations on unofficial paper to substantiate receipt, and
iv. Access to physically inspect the storage or deployment locations was not granted to the Team.

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

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 ₦131,559,517,295.72 (One hundred and thirty one billion, five hundred and fifty nine million, five hundred and seventeen thousand, two hundred and ninety five naira, seventy two kobo), being payment for PDAs without evidence of delivery.
ii. Recover and remit to the Treasury, the sum of ₦131,559,517,295.72
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: INFLATION OF CONTRACTS PRICES (=₦1,447,631,500.00)

Description of Findings

Section 31(3) of the Public Procurement Act (PPA) (2007) states, "The following shall not be sought, offered or permitted (a) changes in prices; (b) changes of substance in a bid: and (c) changes to make an unresponsive bid responsive." Also, paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The Bureau of Public Procurement (BPP) cleared and approved the Commission's award of contract to a company for the supply of eighty thousand (80,000) units of Gisen Tab A7 Lite 8 devices at a total cost of ₦7,360,000,000.00 (Seven billion, three hundred and sixty million naira). However, the Commission awarded to a company, the contract for Seedstar PDAs at the total of ₦7,854,574,400.00 (Seven billion, eight hundred and fifty four million, five hundred and seventy four thousand, four hundred naira), leading to an inflation of the contract by ₦485,574,400.00 (Four hundred and eighty five million, five hundred and seventy four thousand, four hundred naira).
ii. The approved Gisen devices were Original Equipment Manufacturer(OEM)-tested and certified for compatibility with biometric applications, encryption systems, and census data capture software, whereas the Seedstar devices lacked BPP validation and OEM recognition characterised by weaker processors, lower resolution, and reduced battery life, thereby creating high risks of device failure and inefficiency during enumeration.
iii. Another contract for the supply of seventy thousand (70,000) Digi Tab A7 devices for the sum of ₦6,399,540,000.00 (Six billion, three hundred and ninety nine million, five hundred and forty thousand naira) for the 2023 Census was cleared and approved by the BPP. The Commission, however, instructed the contractor through award letter reference NPC/S.310/S-604/III dated 2nd May, 2023, to supply unspecified Tab A7 Lite devices at the contract sum of ₦6,864,877,600.00

(Six billion, eight hundred and sixty four million, eight hundred and seventy seven thousand, six hundred naira), resulting to an inflated contract sum of ₦465,337,600.00 (Four hundred and sixty five million, three hundred and thirty seven thousand, six hundred naira).

iv. The Third contract was approved by BPP to supply 50,000 Itec Tab A7 devices and related accessories at benchmark prices. However, contrary to this approval and through award letter reference NPC/S.310/S-609/II dated 2nd May 2023, the Commission instructed the contractor to supply Tab A7 Lite devices at inflated unit rates, resulting to an inflated contract prices amounting to ₦496,719,500.00 (Four hundred and ninety six million, seven hundred and nineteen thousand, five hundred naira) as shown in the Table below, and

S/N	NAME OF ITEMS	NO OF UNITS	AMOUNT PAID	APPROVED PRICE	INFLATED PRICE/Unit	TOTAL INFLATION (N)
1	Tab A7 Lite devices	50,000	98,069.68	91,402.00	6,667.68	333,384,000.00
2	Power Bank	50,000	12,294.87	11,458.00	836.87	41,843,500.00
3	Drop Off Accessories	50,000	16,634.25	15,435.00	1,199.25	59,962,500.00
4	Protective Porches	50,000	10,125.19	9,342.00	783.19	39,159,500.00
5	S.D Cards	50,000	6,364.40	5,917.00	447.40	22,370,000.00
				TOTAL		**496,719,500.00**

v. The total inflated contract prices by the Commission in respect of the three (3) contracts amounted to ₦1,447,631,500.00 (One billion, four hundred and forty seven million, six hundred and thirty one thousand, five hundred naira).

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,447,631,500.00 (One billion, four hundred and forty seven million, six hundred and thirty one thousand, five hundred naira), being inflation of contracts prices.
ii. Recover and remit to the Treasury, the sum of ₦1,447,631,500.00

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to inflation of contract and gross misconduct prescribed in paragraphs 3102 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: INCONSISTENCY IN CONTRACT DOCUMENTATION (=₦4.429,000,000.00)

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."

Audit observed that:

i. The contract for the Mobile Device Management (MDM) was awarded to a company vide Award Letter Ref NPC/S.310/S-583/VII dated 19th April 2023, for ₦4,429,000,000.00 (Four billion, four hundred and twenty nine million naira) to execute the 2023 population and housing census.
ii. The executed agreement described the contract as the "Development and Implementation of a Mobile Device Management Solution", Creating a contradiction between approved terms and contractual documentation.
iii. Despite this ambiguity, the Commission proceeded with the subscription model, paying the full sum of ₦4,429,000,000.00 (Four billion, four hundred and twenty nine million naira) on 15th May 2023 vide voucher NPC/CC/1966/2023 almost three weeks after the census had been officially postponed on 29th April 2023. The subscriptions, being time-bound, expired without being utilized for census purposes, thereby generating no operational benefit to the project.
iv. The claim of the Management as expressly stated by the Director General of the Commission was that the subscriptions were used "in the course of carrying out normal official activities.", and
v. No verifiable evidence was provided to substantiate this claim. More importantly, such justification for the procurement contradicted the principles of economy and efficiency: a subscription worth ₦4,429,000,000.00 (Four billion, four hundred and twenty nine million naira) was procured specifically to manage 800,000 census devices, not routine administrative tasks. Routine use of such a high-value license does not demonstrate value-for-money, nor does it justify tying scarce resources to outputs unrelated to census readiness. This explanation therefore highlighted wastage rather than addressing the performance gap.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,429,000,000.00 (Four billion, four hundred and twenty nine million naira), being payment for contract with inconsistent documentation.
ii. Justify to the Public Accounts Committees of the National Assembly, the use of the procured subscription in the course of operation of the Commission rather than for the purpose of the Census.
iii. Recover and remit to the Treasury, the sum of ₦4,429,000,000.00.
iv. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
v. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 4: VIOLATION OF BPP LOCAL CONTENT DIRECTIVES IN PDA CONTRACTS (=₦96,800,000,000.00)

Description of Findings

Paragraph 7 of the BPP Due Process Report referenced BPP/RPT/22/Vol.I/281 of 15th November, 2022, directed the National Population Commission (NPC) to ensure that Messrs Zinox Technologies Limited and TD Africa should not participate as local content suppliers, since they were already engaged as representatives of the Original Equipment Manufacturer (OEM) for the same procurement.

Audit observed that:

i. The Commission awarded contract for the procurement of 480,000 units of PDAs and accessories to a company at a contract value of ₦85,272,941,295.72 (Eighty five billion, two hundred and seventy two million, nine hundred and forty one thousand, two hundred and ninety five naira, seventy two kobo) with a delivery period of eight (8) weeks, to support the conduct of the census.
ii. This contract was to cover the 60% foreign content approved by the Federal Executive Council. However, contrary to BPP's explicit recommendation that the company should not participate in the 40% local content segment, the Commission went ahead to award an additional contract of ₦11,571,644,000.00 (Eleven billion, five hundred and seventy one million, six hundred and forty four thousand naira) for the procurement of 80,000 PDAs and Accessories to the same company.
iii. This decision created a procurement arrangement where a single vendor dominated both the foreign and local content allocations, effectively locking out indigenous firms from participating in a strategic national project. By failing to adhere to BPP's control mechanism, the Commission weakened procurement governance and compromised the intent of the local content policy, which is to foster inclusiveness, encourage fair competition, and stimulate the growth of domestic capacity, and

iv. Instead of creating a balanced ecosystem of suppliers that could ensure cost competitiveness, timely delivery, and knowledge transfer, the arrangement concentrated ₦96,800,000,000.00 (Ninety eight billion, eight hundred million naira) worth of public funds in one supplier without sufficient market testing of alternative options.

The above anomalies could be attributed to weaknesses in the internal control system at the National Population Commission (NPC)

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦96,800,000,000.00 (Ninety eight billion, eight hundred million naira), being contract awarded in violation of BPP local content directives
ii. Recover and remit to the Treasury, the sum of ₦96,800,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (FR) (2009) should apply.

ISSUE 5: NON-COMPLIANCE WITH THE FEDERAL EXECUTIVE COUNCIL APPROVED DISTRIBUTION PLAN

Description of Findings

Federal Executive Council (FEC) Memorandum SC (2023)142, required that the 320,000 units of PDAs procured for the conduct of the 2023 census were to be distributed equitably across the six geo-political zones, with designated states serving as catchment distribution hubs; Kano (North West), Adamawa (North East), FCT (North Central), Rivers (South South), Enugu (South East), and Oyo (South West). Compliance with this distribution plan was critical to ensuring balanced coverage, effective deployment of field staff, and integrity of the census process nationwide.

Audit observed that:

i. The Commission deviated from FEC approved distribution plan for the 320,000 PDAs meant for the 2023 census. Instead of ensuring equitable allocation across the six geo-political zones, diverted a total of 33,304 devices to Lagos State outside its approved quota. Lagos, already entitled to 30,000 units as part of the

South West allocation, was given an additional 378 units from North Central, 26,499 units from North East, and 6,427 units from North West.

ii. This diversion altered the strategic balance built into the distribution framework and undermined the rationale behind FEC's approval, which sought to match device allocation with the operational needs of each zone.

iii. By over-concentrating devices in Lagos, the Commission created an artificial surplus in one location while leaving other zones with deficits that constrained their ability to mobilize and train enumerators, deploy adequately across difficult terrains, and capture data in real time. In contrast, Lagos, with nearly double its allocation, risked under-utilization and wastage of scarce resources, and

iv. The redistribution distorted the national deployment architecture, weakened the effectiveness of field logistics, and exposed the census process to risks of imbalance, inequity, and reduced credibility.

The above anomalies could be attributed to weaknesses in the internal control system at the National Population Commission (NPC)

Risks

i. Alteration in the strategic balance built into the distribution.
ii. Under-utilization and wastage of scarce 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 Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the deviation from Federal Executive Council approved distribution plan for the PDAs.
ii. Recover the excess distributed to Lagos State and redistribute to the appropriate state for regional balancing.
iii. Forward evidence of redistribution to the Public Accounts of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 6: AWARD AND EXECUTION OF ICT CONTRACT WITHOUT BILL OF QUANTITIES (=₦6,230,605,039.00)

Description of Findings

Section 16(1) of the Public Procurement Act (PPA) (2007) states, "Subject to any exemption allowed by this Act, all public procurement shall be conducted :…(d)in a manner which is transparent, timely, equitable for ensuring accountability and conformity with this Act and regulations deriving therefrom."

Audit observed that:

i. The Commission awarded a contract worth ₦6,230,605,039.00 (Six billion, two hundred and thirty million, six hundred and five thousand, thirty nine thousand naira) to a company for the supply, installation, and implementation of Information Technology Components for the 2023 Population and Housing Census. The contract also included the construction of an ICT Disaster Recovery Center in Kaduna.

ii. The contractor executed the construction of the ICT Building without an approved Bill of Quantities (BOQ). The BOQ, which serves as the technical and financial compass of any capital project, was missing from the documentation and project design. In its absence, the Commission lacked a standardized benchmark for determining material requirements, labour inputs, and unit cost breakdowns. This meant that both the contractor and the Commission operated without the transparency, precision, and accountability that an approved BOQ guarantees. As a result, pricing decisions, scope variations, and material specifications were handled in an ad-hoc manner, leaving the project vulnerable to inflated claims, hidden costs, and weak oversight, and

iii. Additionally, the non-availability of a BOQ had direct implications for performance monitoring and quality assurance. Without clear documentation of quantities and standards, it became nearly impossible to track value for money or ensure that the delivered ICT infrastructure met technical requirements. This weakened the Commission's ability to enforce compliance, control project risks, and guarantee timely delivery within budget. The lack of a BOQ also raised the likelihood of cost escalation, material shortages, and post-construction disputes between the Commission and the contractor, while simultaneously undermining public trust in the integrity and efficiency of the project delivery process.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,230,605,039.00 (Six billion, two hundred and thirty million, six hundred and five million, thirty nine thousand naira), being ICT contract awarded and executed without BOQ.
ii. Recover and remit to the Treasury, the sum of ₦6,230,605,039.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and

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

ISSUE 7: AWARD OF CONTRACT TO UNQUALIFIED CONTRACTOR (=₦4,734,898,817.00)

Description of Findings

Section 23 (1) of the Public Procurement Act (PPA) (2007) states, "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) (2009) states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…."

Audit observed that:

i. The supply, installation, and implementation of ICT components for the 2023 National Population and Housing Census, amounting to ₦4,734,898,817.00 (Four billion, seven hundred and thirty four million, eight hundred and ninety eight thousand, eight hundred and seventeen naira) was awarded to a company without technical and professional capacity.
ii. The firm submitted a conditional Advance Payment Guarantee (APG) instead of the mandatory unconditional APG, and was not a registered member of relevant professional associations such as (Computer Society of Nigeria (CPN), CISCO as prescribed in the Invitation to Tender, dated 5th September, 2022, and also lacked recognition as an Original Equipment Manufacturer (OEM) in Nigeria, and
iii. By awarding such a high-value and sensitive ICT contract to a contractor without demonstrated technical competence, professional certifications, and industry recognition, the Commission compromised the assurance of technical competence and reliability essential for delivering the ICT infrastructure.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,734,898,817.00 (Four billion, seven hundred and thirty four million, eight hundred and ninety eight thousand, eight hundred and seventeen naira), being contract awarded to unqualified contractor without evidence of technical competence, professional certifications, and industry recognition.
ii. Recover and remit to the Treasury, the sum of ₦4,734,898,817.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contracts specified in paragraph 3117 of the Financial Regulations (2009) should apply.

FEDERAL MINISTRY OF COMMUNICATIONS, INNOVATION AND DIGITAL ECONOMY, ABUJA

At the Federal Ministry of Communications, Innovation and Digital Economy, Abuja, for the period 1st January to 31st December, 2021, the following observations were made:

ISSUE 1: FAILURE TO CONDUCT NEEDS ASSESSMENT AND PROJECT EVALUATION

Description of Findings

Section 18 of the Public Procurement Act (PPA) (2007) states, "Subject to regulations as may from time to time be made by the Bureau under the direction of the Council, a procuring entity shall plan its procurement (a) preparing the needs assessment and evaluation."

Audit observed that:

i. The Ministry failed to carry out or document a needs assessment and evaluation for the Abuja ICT Park project. No evidence was available to show that the Ministry conducted market surveys, analyzed cost implications, or aggregated requirements prior to commencement of procurement.
ii. Interviews with officials highlighted contradictions that further weakened the reliability of the Ministry's position. The Procurement Department representative asserted that the User Department had undertaken a needs assessment and dismissed it as a policy issue, while officials from the ICT Department who were the user department and direct beneficiaries of the project stated that they had no knowledge of such an exercise, and
iii. The absence of this planning step meant that the project lacked a credible basis for prioritization, realistic costing, and evidence that it addressed the most pressing ICT development needs. Consequently, resources were committed without assurance of economy in pricing, efficiency in allocation, or effectiveness in achieving the intended development outcomes of the ICT Park.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

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

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the award and execution of ICT Park project without conducting a need assessment in line with the National Digital Economy Policy.
ii. Submit evidence of policy justification, feasibility evaluation, and stakeholder consultations conducted prior to project conception, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: COST OVERRUN DUE TO ABSENCE OF FEASIBILITY AND ENVIRONMENTAL STUDIES (=₦94,047,561.00)

Description of Findings
Section 2(1) of the Environmental Impact Assessment Act, Cap E12, Laws of the Federation of Nigeria, 2004, states, "The public or private sector of the economy shall not undertake or embark on or authorise projects or activities without prior consideration, at an early stage, of their environmental effects." Furthermore, section 13(1) of the Environmental Impact Assessment Act, Cap E12, Laws of the Federation of Nigeria, 2004, states, "Notwithstanding the provisions of Part I of this Act, an environmental impact assessment shall be required where a Federal, State or local government agency authority established by the Federal, State or local government council- (a) is the proponent of the project and does any act or thing which commits the Federal, State or local government authority to carrying out the project in whole or in part;" Also, section 18 of the Public Procurement Act (PPA) (2007) states, "Subject to regulations as may from time to time be made by the Bureau under the direction of the Council, a procuring entity shall plan its procurement (a) preparing the needs assessment and evaluation."

Audit observed that:
i. The Ministry failed to conduct feasibility studies and an Environmental Impact Assessment (EIA) prior to initiating the ICT Park project in Abuja leading to cost overrun amounting to ₦94,047,561.00 (Ninety four million, forty seven thousand, five hundred and sixty one naira). As a result, the swampy and waterlogged nature of the site was not identified during the design phase, and no provisions were made in the Bill of Quantities (BoQ) for soil stabilization or groundwater control.

ii. The Ministry officials could not provide any justification for the omission. The Bureau of Public Procurement's Due Process Review Report No. BPP/DPR/CID/REPORT/2020/283 (December 2020) also confirmed the absence of feasibility, financial, and economic studies, and noted that no EIA report was submitted for review emphasizing that the EIA is a crucial component of project preparation.
iii. The contractor later undertook an EIA as a prerequisite for obtaining building approval from the Abuja Metropolitan Management Council (AMMC), and
iv. At the time of the implementation, underground water was encountered during basement excavation, as documented in the September 2023 progress report. This lack of early planning that led to unanticipated challenges such as extensive dewatering, reinforcement, and soil stabilization works, took nine (9) months to complete. These additional activities, excluded from the original contract scope, resulted in a variation amounting to ₦94,047,561.00 (Ninety four million, forty seven thousand, five hundred and sixty one naira).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

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

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦94,047,561.00 (Ninety four million, forty seven thousand, five hundred and sixty one naira), being additional cost resulting from absence of feasibility and environmental studies prior to commencement of the project.
ii. Recover and remit to the Treasury, the sum of ₦94,047,561.00.
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: DELAY IN EXECUTION OF PROJECT DUE TO INADEQUATE BUDGETARY PROVISION

Description of Findings
Section 16(1) of the Public Procurement Act (PPA) (2007) states, "Subject to any exemption allowed by this Act, all public procurement shall be conducted :… (b) based only on procurement plans supported by prior budgetary appropriations and no

procurement proceedings shall be formalized until the procuring entity has ensured that funds are available to meet the obligations and subject to the threshold in the regulations made by the Bureau, has obtained a "Certificate of' No Objection' to Contract Award" from the Bureau;"

Audit observed that:

i. The Ministry awarded the contract for the ICT Park project in Abuja during the period under review.
ii. There was no adequate budgetary provision to meet the required15% mobilization fee of ₦1,347,665,992.75 as at the period of award, to enable the contractor to commence the work.
iii. The sum of ₦1,000,000,000.00 was the appropriation in the 2020 budget to commence the project, leaving a funding gap at the very start of implementation.
iv. The subsequent budgetary provisions for the project between 2021 and 2024 were inadequate compared to the contract cost for the project.
v. While the Bureau of Public Procurement (BPP), in its due process review report, advised the Ministry to prepare a cash flow projection and integrate the project in its Medium-Term Expenditure Framework, there was no evidence of adherence, and
vi. The inadequate budgetary provision led to delay in execution of the contract, with only 10% of the substructure completed as at September, 2023, twenty four (24) months after the expected project completion period.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Possible abandonment of government projects.
ii. Loss of public funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the award and commencement of the project without adequate budgetary provision.
ii. Produce funding plan for the project prior to award of the contract
iii. Forward the project funding plan to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 4: DELAYED IN SITE HANDOVER RESULTING TO UNBUDGETED PRE-HANDOVER COSTS (=₦19,474,645.70)

Description of Findings

Clause 21.2 of the Conditions of Contract requires that the employer make the project site available to the contractor free from encumbrances to allow work to commence on the agreed date. 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 Ministry awarded the ICT Park on 22nd February, 2021, without handing over the project site to the Company until 19th September, 2022, nineteen (19) months after the award.
ii. The Ministry had already disbursed the sum of ₦1,002,166,730.00, (One billion, two million, one hundred and sixty six thousand, seven hundred and thirty naira), representing approximately 74 percent of the approved 15 percent mobilization advance, as at 11th June, 2021.
iii. Despite this substantial payment, the contractor could not commence construction because the Ministry had not completed the administrative processes required for site possession. The delay nullified the purpose of mobilization, which is to facilitate immediate deployment of personnel, materials, and equipment to site. In anticipation of eventual handover, the contractor claimed to have repeatedly cleared the site four times at a total cost of ₦5,753,700.00 (Five million, seven hundred and fifty three thousand, seven hundred naira).
iv. There was no documentary evidence such as possession letters, work orders, or inspection reports authorizing such activity or verifying the expenditure. The repeated clearing was therefore considered unverified and reflective of weak supervision. In addition, the prolonged delay generated secondary inefficiencies such as idle equipment and administrative downtime that stalled progress and tied down public funds for nearly two years, and
v. The cumulative effect of the nineteen-month delay, including the sum for repeated clearing of site in (iv) above, and additional administrative inefficiencies such as idle equipment and extended mobilization downtime, was estimated at ₦19,474,645.70 (Nineteen million, four hundred and seventy four thousand, six hundred and forty five naira, seventy kobo).

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Loss of government funds.
ii. Incurring addition cost

Management's Response

No response.

Auditor'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 the ₦19,474,645.70 (Nineteen million, four hundred and seventy four thousand, six hundred and forty five naira, seventy kobo), being cost arising from non-timely handover of project site to contractor.
ii. Justify the delay in the handover of the site while seventy four (74) percent mobilisation for commencement of the contract had been paid to the contractor, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 6: LATE PAYMENT OF MOBILIZATION FEE RESULTING TO DELAYED PROJECT COMMENCEMENT (=₦1,347,665,992.75)

Description of Findings

Paragraph 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 contract or -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." Also, Article VI (6.2) of the Contract Agreement between the Ministry and the Company stipulates that, upon request by the contractor, the Ministry shall pay ₦1,347,665,992.75, representing 15% of the total contract sum, as a single advance payment." Similarly, paragraph 112 (i) of the FR (2009) states, "The functions of the Accounting Officer shall include: (a) ensuring that proper budgetary and accounting systems are established and maintained to enhance internal control, accountability and transparency;

Audit observed that:

i. The sum of ₦1,347,665,992.75 (One billion, three hundred and forty seven million, six hundred and sixty five thousand, nine hundred and ninety two naira, seventy five kobo) was the 15% Mobilisation fee on the contract sum to be paid to contractor, in one tranches, as specified in the contract agreement.
ii. The Ministry split the payment of the mobilisation fee into multiple installments over a period of three years. Available records revealed that the first tranche of ₦900,000,000.00 was made on 25th March, 2021, followed by ₦102,166,730.00, and the final ₦345,499,262.74 on 8th February, 2023.
iii. The contradiction between the contractor's right to a one-off 15% advance payment and the Ministry's prolonged release of funds over three years highlights poor financial planning and weak project management, and
iv. The Ministry's breach of contract agreement in relation to the mobilisation fee led to the contractor's ability to mobilize effectively as required. Thus delay the start of construction activities, causing a cascading delay in implementation.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Lack of financial planning.
ii. Undue delay in completion of project.

Management's Response

No response.

Auditor'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 lack of financial planning requirement for mobilisation fee, causing delay in execution of contract.
ii. Produce the funding plan for the project prior to award of contract.
iii. Forward funding plan to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 7: SLOW PACE OF PROJECT IMPLEMENTATION DESPITE SUBSTANTIAL FUND RELEASED (=₦1,847,665,992.75)

Description of Findings

Paragraph 88.1 of the Public Procurement Manual (2008) states, "Effective management of contracts is essential to ensure that the objectives of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract. The Procurement function or the Technical Department concerned must ensure that routine monitoring of all current contracts is maintained so that prompt remedial or preventative action can be taken when problems arise or are foreseen…" Also, Article xxvii (Inspection) 27.0 of the Contract Agreement requires that the Contractor to undertakes that the services covered by this Agreement shall be inspected by the Ministry's authorised representative before delivery.

Audit observed that:

i. The sum of ₦1,847,665,992.75 (One billion, eight hundred and forty seven million, six hundred and sixty five thousand, nine hundred and ninety two naira, seventy five kobo) had been disbursed to the contractor for the construction of the ICT Park project since the award of the contract in February 2021.
ii. The project, during physical inspection, was seen to be at foundation level of about 10% completion physically which does not commensurate with the time frame and the magnitude of funds disbursed.
iii. The project lacked visible superstructure works, while critical components such as mechanical and electrical installations, finishing, and landscaping were yet to commence. The site photographs as shown in pictures 2 and 3 confirmed that progress remained minimal, and

iv. This situation reflects poor project planning and monitoring. The delay in obtaining statutory approvals, late site handover, and weak contractor performance contributed to stagnation.

Picture showing the level of work done (Front view), while the other Picture, showing the level of work done (Back view)

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Undue delay in completion of project.
ii. Abandonment of critical projects.

Management's Response

No response.

Auditor'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 ₦1,847,665,992.75 (One billion, eight hundred and forty seven million, six hundred and sixty five thousand, nine hundred and ninety two naira, seventy

five kobo), being cumulative payments to the contractor without commensurate level of work done.

ii. Recover and remit to the Treasury, the sum of ₦1,847,665,992.75.

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

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

ISSUE 7: WEAK SUPERVISION AND ABSENCE OF RESIDENT OVERSIGHT (=₦160,000,000.00)

Description of Findings

Paragraph 88.1 of the Public Procurement Manual (2008) states, "Effective management of contracts is essential to ensure that the objectives of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract. The Procurement function or the Technical Department concerned must ensure that routine monitoring of all current contracts is maintained so that prompt remedial or preventative action can be taken when problems arise or are foreseen…"

Audit observed that:

i. The Ministry failed to provide adequate technical oversight for the ICT Park project. Despite six consultants engaged for design and supervision, including quantity surveying, none of them were resident on site for implementation. The consultants operated on a call-out basis and only visited when requested by the Ministry, which contradicted best practice for a project of this scale.

ii. Examination of correspondence showed that the lead consultant submitted a proposal in June 2023 for a six-month residency supervision fee to ensure continuous presence, but the proposal was still pending approval by the Ministry as of the time of audit. This confirmed that no provision had been made for resident oversight since the commencement of the project in 2021.

iii. The Bill of Quantities (BOQ) initially prepared by the contractor contained a provisional sum of ₦160,000,000.00 (One hundred and sixty million naira) under Bill No. 1 for "Residency Supervision for all necessary consultants during the construction period." However, the Bureau of Public Procurement (BPP) Due Process Review Report No. BPP/DPR/CID/REPORT/2020/283 dated December, 2020 reviewed and removed this provision, directing that residency consultancy fees should be treated separately to preserve consultant independence.

iv. Despite this directive by the BPP, the Ministry failed to prepare or approved a separate residency supervision arrangement, leaving the project without structured technical oversight during the construction phase, and

v. The absence of continuous supervision led to weak coordination between the contractor and the consultants, limited verification of progress reports, and increased risk of deviation from design specifications and contributed to the slow pace and low quality of implementation.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks
i. Undue delay in completion of project
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 Permanent Secretary should be requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the lack of residency supervision for the project despite provision of ₦160,000,000.00 (One hundred and sixty million naira) in the initial Bill of Quantities.
ii. Provide and remit to the Treasury, the sum of ₦160,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 8: PREMATURE FOREIGN TRIPS EXPENDITURE AT FOUNDATION STAGE (=₦90,000,000.00)

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

Audit observed that:
i. The sum of ₦90,000,000.00 (Ninety million naira) was included and described as "Allow a provisional sum of ₦90,000,000.00 to cater for Client's and Consultants' representatives for foreign trips for the inspection of technical equipment to be deployed for the project." in the priced Bill of Quantities (BOQ) for the contract for the ICT Park project with a contract sum of ₦8,984,439,951.65 (Eight billion, nine hundred and eighty four million, four hundred and thirty nine thousand, nine hundred and fifty one naira, sixty five kobo).
ii. The Ministry initiated expenditure planning for this provisional item while the project was still at foundation level, with no structural works, equipment procurement, or installation yet in progress. At this early stage, the basic building structure for equipment installation was incomplete, making any foreign inspection both premature and uneconomical. No evidence of a justified technical need, approved schedule, or cost-benefit documentation was provided to support the timing of such a trip.
iii. The action demonstrated weak expenditure prioritization and poor sequencing of project activities. Instead of concentrating the limited funds on critical works such

as soil stabilization, structural completion, and utility infrastructure, management, the Ministry diverted attention to a non-essential foreign inspection activity that had no immediate relevance to the physical progress of the construction, and

iv. Provisional sums in Bills of Quantities (BOQs) are normal planning tools but should be utilized only when the activity they cover becomes necessary and justifiable in the project timeline. Proper sequencing of expenditure promotes economy by avoiding premature costs, supports efficiency by channeling funds to current deliverables, and ensures effectiveness by maintaining alignment between spending and project progress.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Undue delay in completion of project.
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 ₦90,000,000.00 (Ninety million naira), being allowance for foreign trip expenditures initiated at early stage of the project without installation of equipment that required the inspection.
ii. Recover and remit to the Treasury, the sum of ₦90,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 9: MISAPPLICATION OF PROJECT FUNDS (=₦396,654,732.40)

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." 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 Ministry paid the sum of ₦396,654,732.40 (Three hundred and ninety six million, six hundred and fifty four thousand, seven hundred and thirty two naira, forty kobo) for consultancy services, supplies of office consumables and furniture, printing of stationery, etc. from the construction of ICT Park project fund.
ii. While Approvals were processed for consultancy services such as architectural, civil, structural, and project management in relation to the ICT Park, the payments were made to unrelated suppliers for supply of consumables and office furniture not contained in the Bills of Quantities of the ICT Park project, causing a reduction in the funds meant for its mobilization and execution, and
iii. Evidence of approval for virement from the Minister of Finance, Budget and National Planning and the National Assembly, in accordance with extant regulations, was not provided for audit. Consequently, the above payment cannot be considered as a legitimate charge against public fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Misappropriation of funds.
ii. Undue delay in completion of project

Management's Response

No response.

Auditor'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 ₦396,654,732.40 (Three hundred and ninety six million, six hundred and fifty four thousand, seven hundred and thirty two naira, forty kobo), being ICT Park project fund misapplied for unrelated supplies.
ii. Recover and remit to the Treasury, the sum of ₦396,654,732.40.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 10: FAILURE TO SECURED PERFORMANCE BOND ON PAYMENT OF MOBILIZATION FEE (=₦1,847,665,992.75)

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 contract or - 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." Also, 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 ₦1,347,665,992.75 (One billion, three hundred and forty seven million, six hundred and sixty five thousand, nine hundred and ninety two naira, seventy five kobo) representing 15% of the contract sum of ₦8,984,439,951.65 (Eight billion, nine hundred and eighty four million, four hundred and thirty nine thousand, nine hundred and fifty one naira, sixty five kobo) was paid to the Contractor as mobilisation fee, between March 2021 and February 2023.
ii. The Bureau of Public Procurement through its advisory Ref. BPP/RPT/20/Vol.I/460 of 21st December, 2020, directed that a minimum of 10% Performance Bond be secured for all major contracts prior to payments of mobilisation fee.
iii. Contrary to the provisions of extant regulations and the contract agreement, the Ministry failed to obtain a valid Performance Bond before release of the mobilisation fee.
iv. Nearly three years after contract award, the contractor submitted a Letter of Commitment dated 29th December, 2023 promising to furnish a Performance Bond upon receipt of additional funds of ₦500,000,000.00 (Five hundred million naira).
v. The total amount paid to the contractor without securing a Performance Bond amounted to ₦1,847,665,992.75 (One billion, eight hundred and forty seven million, six hundred and sixty five thousand, nine hundred and ninety two naira, seventy five kobo), and
vi. Despite receiving the payments, no bond was subsequently submitted, thus exposing government funds to loss in the event of non-performance by the contractor.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Exposure of public funds to loss.
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 Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,847,665,992.75 (One billion, eight hundred and forty seven million, six

hundred and sixty five thousand, nine hundred and ninety two naira, seventy five kobo), being amount paid to the contractor without securing a Performance Bond.

ii. Recover and remit to the Treasury, the sum of ₦1,847,665,992.75.

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

iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 11: NON-DISCLOSURE OF ADDITIONAL SOURCES OF FUNDING FOR THE ICT PARK PROJECT (=₦447,665,992.74)

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

Audit observed that:

i. The Ministry paid the sum of ₦102,166,730.00 (One hundred and two million, one hundred and sixty six thousand, seven hundred and thirty naira) and ₦345,499,262.74 (Three hundred and forty five million, four hundred and ninety nine thousand, two hundred and sixty two naira, seventy four kobo) totaling ₦447,665,992.74 (Four hundred and forty seven million, six hundred and sixty five thousand, nine hundred and ninety two naira, seventy four kobo), vide paid vouchers with Ref. No. FMCDE/CAP/061/2021 and FMCDE/CAP/606/2022 dated 11th June, 2021 and 19th February, 2022 respectively.

ii. The amount in (i) above was paid in respect of the Digital Innovation and Entrepreneurship Centre (ICT Park), Abuja contract which was appropriated under the Ministry's capital budget.

iii. The two (2) payments to the contractor were not traceable to the GIFMIS payment platform, suggesting the use of undisclosed funding sources outside approved government payment platform. The transaction appeared in the cash book and was acknowledged in the contractor's progress report and bank statement but did not appear in the GIFMIS records, indicating it was processed off system.

iv. Interviews with officials of the Ministry's Finance and Accounts Department produced no explanation regarding the existence or authorization of these alternate funding sources, and

v. The Ministry failed to provide any supporting documentation showing lawful appropriation, supplementary approval, or external funding agreement for these payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

i. Misappropriation of funds.

ii. Diversion of public funds.

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦447,665,992.74 (Four hundred and forty seven million, six hundred and sixty five thousand, nine hundred and ninety two naira, seventy four kobo), being payments from undisclosed external funding sources.
ii. Recover and remit to the Treasury, the sum of ₦447,665,992.74.
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 12: PAYMENT WITHOUT INTERIM PERFORMANCE CERTIFICATE (=₦500,000,000.00)

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." Also, section 35(2) of the Public Procurement Act (PPA) (2007) states, "Once a mobilization fee has been paid to any supplier or contractor, no further payment shall be made to the supplier or contractor without an interim performance certificate issued in accordance with the contract agreement."

Audit observed that:

i. Subsequent to the payment of 15% mobilisation fee to contractor in respect of the ICT Park project, Abuja, the Ministry released an additional sum of ₦500,000,000.00 (Five hundred million naira) to the contractor vide PV No FMCT/PROC./MTB/2021/06/1 dated 29th December, 2023, and
ii. The payment was not supported by any Interim Performance Certificate or verified progress report as required by extant regulations and the executed contract agreement. On the contrary, the Ministry relied on a self-commitment letter from the contractor dated 29th December, 2023, promising to deliver project vehicles and undertake overseas technical trips upon receipt of additional funds.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

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

Management's Response
No response.

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

Recommendations
The Permanent Secretary should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦500,000,000.00 (Five hundred million naira), being additional payment made to the contractor without Interim Performance Certificate.
ii. Recover and remit to the Treasury, the sum of ₦500,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 13: LOSS OF FUND DUE TO DUPLICATED PAYMENTS TO CONTRACTOR (=₦345,499,262.74)

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 112(i) of the FR (2009) states, "The functions of the accounting officer shall include:…(b) Ensuring that the essential management control tools are put in place to minimize waste and fraud…(g) Ensuring prudence in the expenditure of public funds."

Audit observed that:
i. The Ministry processed and approved two (2) separate payments of ₦345,499,262.74 (Three hundred and forty five million, four hundred and ninety nine thousand, two hundred and sixty two naira, seven four kobo) each as the third tranche of the 15% mobilization advance to the contractor awarded the contracts for the the Establishment of Information and Communication Technology (ICT) Park, Abuja.
ii. The first payment was approved by the Permanent Secretary on 19th January, 2022 vide payment voucher No. FMCDE/CAP/606/2021 dated 24th January, 2022, and was recorded in the Capital Cash Book on 25th February, 2022 but omitted from the Vote Book. The second payment was approved by the same Accounting Officer on 17th January, 2023 vide payment voucher No. FMCDE/CAP/149/2022 dated 8th February, 2023, and was recorded in the Vote Book but omitted from the Cash Book provided for audit.
iii. The paid vouchers used to effect both payments had identical contract references, amounts, and narrative descriptions. Thus, indicating clear and verifiable evidence of duplicate payment.
iv. No records to showed that the first payment was reversed, adjusted, or treated as an accounting error. There was also, no journal entry, refund, or internal memo linking the 2023 approval to any prior transaction. These omissions demonstrate

a failure of supervisory review, record reconciliation, and payment verification within the Ministry.

v. The staff of the Finance and Accounts Department failed to provide a justifiable explanation for the repeated authorization and absence of reconciliation between the Cash Book and Vote Book, and

vi. The contractor, while claiming to have received only one payment in 2023, submitted a bank statement that excluded the critical period between 2nd January, 2022 and 8th February, 2023, thereby preventing independent verification of its claim.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦345,499,262.74 (Three hundred and forty five million, four hundred and ninety nine thousand, two hundred and sixty two naira, seven four kobo), being duplicate payment made to the contractor without reversal, refund and reconciliation.
ii. Recover and remit to the Treasury, the sum of ₦345,499,262.74.
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 14: DENIAL OF ACCESS TO PROJECT DOCUMENTS

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 110 of the Financial Regulations (FR) (2009) states, "By virtue of the responsibilities and functions of the Auditor-General or his representatives shall, at all reasonable times, have free access to books of accounts, files, safes,…of all federal ministries/extra-ministerial offices and other arms of government or units."

Audit observed that:

i. The Ministry denied the Auditors access to project documents such as Needs Assessment Reports, Bank Mandates for ICT project payments, payment vouchers, Due Diligence Report on the contractor, Environmental and Social Impact Assessment Report, etc. for the performance audit of the Establishment of Information and Communication Technology (ICT) Park, Abuja.
ii. Several requests for project related documents through letters referenced OAuGF/P&PAD/FMCIDE/LoU/2025/09 of 27th March, 2025, OAuGF/P&PAD/FMCIDE/LoU/2025/10 of 2nd June, 2025, and OAuGF/P&PAD/FMCIDE/LoU/2025/12 of 13th June, 2025, were not responded to by the Ministry.
iii. The denial of the Auditor-General access to procurement documents is in contravention of the provisions of the Constitution of the Federal Republic of Nigeria, and
iv. There was no evidence to show that the Ministry achieved economy, efficiency, and effectiveness in the use of public funds for the ICT Park.

The above anomalies could be attributed to weaknesses in the internal control system at the Federal Ministry of Communications, Innovation and Digital Economy, Abuja.

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Permanent Secretary should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the denial of Auditors access to project documents in contravention of the constitutional provision.
ii. Produce all the documents in relation to the ICT Park project, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

HYDROCARBON POLLUTION REMEDIATION PROJECT (HYPREP)

At the Hydrocarbon Pollution Remediation Project (HYPREP), for the period1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNVERIFIED PAYMENTS OF COMPENSATION (=₦1,560,490,997.28)

Description of Findings

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

Audit observed that:

i. The sum of ₦1,560,490,997.28 (One billion, five hundred and sixty million, four hundred and ninety thousand, nine hundred and ninety seven naira, twenty eight kobo) was paid vide six (6) payment vouchers on 26th October, 2023, to a consultant for compensation of project affected persons for their land, economic trees and other assets, resulting from the Construction of 132kv Transmission Lines (62km) and two (2) 60MVA Power Substations for the Phase 1 of the Ogoni Power Project in Wiiyakara and Bodo in Ogoniland.
ii. Evidence such as verified valuation reports or site assessment documentation, approval by the Engineer or consultation records with relevant authorities, detailed list of verified beneficiaries or bank payment schedules, receipts or acknowledgment from affected landowners confirming receipt of compensation to show that the payment process followed the required verification and approval procedures stipulated in the governing contract and financial guidelines were not provided for audit, and
iii. The total amount in (i) above was paid directly to the consultant without confirmation onward remittances to the ultimate genuine beneficiaries.

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

Risks

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

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,560,490,997.28 (One billion, five hundred and sixty million, four hundred

and ninety thousand, nine hundred and ninety seven naira, twenty eight kobo), being payment for compensation of project affected persons without evidence of onward remittance to the ultimate beneficiaries.

ii. Recover and remit to the Treasury, the sum of ₦1,560,490,997.28.

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

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

ISSUE 2: NON-RETIREMENT OF CASH ADVANCES (=₦14,032,000.00)

Description of Findings

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

Audit observed that:

i. Advances totaling ₦14,032,000.00 (Fourteen million, thirty two thousand naira) were granted to two (2) staff for the purpose of enumeration of crops, economic trees, and other assets between 7th November and 31st December, 2023, contrary to the approved implementation framework, and

ii. The advances were not retired as at the time of this report.

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

Risks

i. Diversion of public funds.

ii. Loss of government funds.

Management's Response

No response.

Auditor's Evaluation

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

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦14,032,000.00 (Fourteen million, thirty two thousand naira), being unretired cash advances granted to staff.

ii. Recover and remit to the Treasury, the sum of ₦14,032,000.00.

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

iv. Otherwise, sanctions relating to non-retirement of cash advances specified in paragraph 3124 of the Financial Regulations (2009) should apply.

ISSUE 3: IRREGULAR PAYMENT FOR COMPENSATION TO COMPANY NOT ENGAGED FOR THE PURPOSE (=₦229,111,590.00)

Description of Findings

Paragraph 92 and 93 of the Federal Ministry of Works' Standard Conditions of Contract (Road Works, 1999 Edition) require that all compensation claims within a project area be verified and approved by the Engineer in consultation with relevant authorities, while contractors are responsible only for compensations directly arising from construction-related encroachments. Also, paragraph 708 of the Financial Regulations (FR) (2009) states, "On no account should payment be made for services not yet performed or for goods not yet supplied."

Audit observed that:

i. The sum of ₦229,111,590.00 (Two hundred and twenty nine million, one hundred and eleven thousand, five hundred and ninety naira) was paid to a company, the main contractor for the construction of 132kV Transmission Lines and two 60MVA Sub-stations at Wiiyakara and Bodo, on 23rd February 2023.
ii. The payment was recorded as compensation to project affected persons for land acquisition; however, the settlement of compensation was not part of the contractor's contractual obligations as contained in the executed agreement.
iii. Compensation matters were separately assigned to a firm engaged as consultants for that purpose.
iv. There was no evidence that the payment was supported by verified claims, certified progress report, or documentation linking it to actual field activities, and
v. There was no Engineer's approval, valuation report, or confirmation of payments to genuine beneficiaries was presented despite several requests.

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

Risks

i. Payment for work not done.
ii. Diversion of public funds.

Management's Response

M/s Energovod Engineering limited was the awarded contractor to handle the ogoni power project after passing through successfully due process and at the same time the project coordination office under the management of Dr giadom, Ferdinand D. The project coordinator authorized M/S Energovod Engineering ltd to pay for the compensation of land crop and other assets within the site of operation and it shall be admitted base on the enumeration report provide by the federal ministry of works and housing for site as follows WIYAAKARA transmission station ₦48,346,270.00 and BODO transmission station ₦180,765,320.00 in total it was ₦229,111,590.00 see appendixes 3,4 and 5.

Auditor's Evaluation

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

Recommendations

The Project Coordinator should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦229,111,590.00 (Two hundred and twenty nine million, one hundred and eleven thousand, five hundred and ninety naira), paid to the engineering company for compensation activities not included in its contractual scope.
ii. Recover and remit to the Treasury, the sum of ₦229,111,590.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

ISSUE 4: PAYMENT FOR TRAINING PROGRAMME WITHOUT EVIDENCE OF EXECUTION (=₦260,000,000.00)

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. The sum of ₦260,000,000.00 (Two hundred and sixty million naira) was paid to a consultancy firm for the training of six hundred (600) persons on Sustainable Electricity Distribution and Related Technical Workshops, as recorded in the vote book (Head OPP 04).
ii. There was no documentary evidence such as attendance registers, training reports, participant lists, evaluation forms, or photographs to confirm that the training was actually conducted or attended by the stated participants. No record of the venue, facilitators, or materials used was made available for verification.
iii. The training programmes were meant to build the technical capacity of beneficiaries to support the operation, maintenance, and sustainability of power infrastructure within the Ogoni project, and
iv. The absence of verifiable evidence raises concerns about whether value was obtained for the sum expended.

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

Risks

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

Management's Response
The training was conducted in line with terms of engagement and objective which is to enhance the technical capacity for sustainability of the power project. The report of the training, attendance list of participant and other information relating to the training as submitted by petro extra Energy Services can be find in appendix 10.

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

Recommendations
The Project Coordinator should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦260,000,000.00 (Two hundred and sixty million naira), being payment for training programme without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦260,000,000.00.
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 irregular payment specified in paragraphs 3104 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: DENIAL OF ACCESS TO PROJECT DOCUMENTS AND RECORDS (=₦27,585,439,410.13)

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 110 of the Financial Regulations (FR) (2009) states, "By virtue of the responsibilities and functions of the Auditor-General or his representatives shall, at all reasonable times, have free access to books of accounts, files, safes,…of all federal ministries/extra-ministerial offices and other arms of government or units."

Audit observed that:
i. The Project denied the audit team access to project records and documents such as contract files, payment vouchers, evidence of contract award, Technical Drawings, Due Process Certificates, Bills of Engineering Measurement and Evaluation (BEME) etc. in respect of the contracts for the construction of 132 KV transmission lines (62 km) and two (2) 60 MVA power substations for Phase 1 of the Ogoni Power Project with a contract sum of ₦27,585,439,410.13 (Twenty seven billion, five hundred and eighty five million, four hundred and thirty nine thousand, four hundred and ten naira, thirteen kobo).
ii. The denial of the Auditor-General access to procurement documents is in contravention of the provisions of the Constitution of the Federal Republic of Nigeria, and

iii. There was no evidence to show that the Ministry achieved economy, efficiency, and effectiveness in the use of public funds for the Power project.

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

Risks

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

Management's Response

The assertion of denial access to critical project, books and records may not be true, due to the following reasons and facts.

The letter with reference No: - received from the department of Audit performance, office of the Auditor General of the Federation, informing HYPREP that the officers were coming for performance Audit specially on Ogoni Power project, see Appendix-

Upon the arrival to the project coordination office, the officers were served with the following books of account related to the ogoni power project:
Cash Book

Payment voucher registered
Vote books

Onshore payment vouchers i.r.o 30% of APG to M/S Enagovod ltd and payment vouchers for compensation for crops, economic tree and third-party Assets for power plant project at Wiyaakara and Bodo, these payments were made to M/S Enagovod ltd and mike & Bah Nig. Ltd respectively.

Payment voucher for training on sustainable electricity distribution, this payment was made in favor of M/S petro Extra Energy services.

Economic and financial crime commission (EFCC) and hyprep are both government agency, working for the same purpose, while before the arrival of the officers from the office of the Auditor General for the federation, EFCC had recalled for the file, theses by made it very difficult to have access to the file. Since Hyprep has no power to denial EFCC nor Auditor General For the federation

During visit, the officers were taken to the project site for the project verification
iii) In view of the above, you may see, the project coordination did not denial the officer's access to critical project, books and records of accounts. Also, at the time of the Audit verification it was 30% APG, compensation Amount and training amount were disbursed and not 27 billion claims.

Auditor's Evaluation

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

Recommendations

The Project Coordinator should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the denial of auditors, access to project documents in contravention of the constitutional provision.

ii. Produce all the documents in relation to the contracts for Construction of 132 KV Transmission lines (62 km) and two (2) 60 MVA Power Substations for Phase 1 of the Ogoni Power Project.

iii. Forward documents 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 16

REVENUE & ECONOMIC SECTOR AUDIT DEPARTMENT (RESAD)

FISCAL RESPONSIBILITY COMMISSION, ABUJA (2023)

At the Fiscal Responsibility Commission (FRC), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNRETIRED CASH ADVANCES (=₦33,384,374.00)

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

Audit observed that:

i. The sum of ₦33,384,374.00 (Thirty three million, three hundred and eighty four thousand, three hundred and seventy four naira) was granted as non-personal cash advances to some staff without evidence of retirement of the previous advances.
ii. The purpose or task for which each advance in (i) above was granted had been completed by the benefiting staff between January and December, 2023.
iii. The advances granted remained unretired as at the time of audit in July, 2024, and
iv. Some of the officers were granted multiple advances ranging from ₦4,401,774.00 (Four million, four hundred and one thousand, seven hundred and seventy four naira) to ₦10,339,500.00 (Ten million, three hundred and thirty nine thousand, five hundred naira).

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

Risks

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

Management's Response

The above violation is regrettably acknowledged; it was of course not a deliberate act. The Management has made significant effort to strengthen its Internal Control System to ensure that there shall be no further violation of cash advances.

To this effect, the Management within this current financial year, 2025, has ensured that the retirement of all cash advances in the period 2024 under consideration and any other financial year have all been retired as shown in our response marked Annexture 1. Page 8-9.

Going forward, Management has also resolved as a matter of policy that officers with unretired advances cannot be eligible for any other advance until the previous ones are cleared and retired.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦33,384,374.00 (Thirty three million, three hundred and eighty four thousand, three hundred and seventy four naira), being unretired non-personal advances as at July, 2024.
ii. Recover and remit to the Treasury, the sum of ₦33,384,374.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to retire cash advances and irregular payments prescribed in paragraphs 3124 and 3106 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦16,673,200.00)

Description of Findings

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

Audit observed that:

i. The Commission procured diesel amounting to ₦16,673,200.00 (Sixteen million, six hundred and seventy three thousand, two hundred naira) in 2023, and
ii. The diesel procured was not taken on store charge, as required by extant regulations.

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

Risks

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

Management's Response
Management has already taken the necessary measure to ensure the Store takes records of all purchases and issues with detailed information been in concluded and is being implemented in the Commission to uphold greater transparency and accountability.

In addition, the internal Audit is also ensuring that no further purchases are made without adherence to the established procedures on ground.

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

Recommendations
The Executive Chairman should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦16,673,200.00 (Sixteen million, six hundred and seventy three thousand, two hundred naira), being diesel procured not taken on store ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦16,673,200.00.
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.

FISCAL RESPONSIBILITY COMMISSION, ABUJA (2024)

At the Fiscal Responsibility Commission (FRC) Abuja, for the period 1st January to 31st December, 2024, the following observation was made:

ISSUE 1: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE ATTORNEY GENERAL OF THE FEDERATION'S FIAT (=₦4,821,483.94)

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 ₦4,821,483.94 (Four million, eight hundred and twenty one thousand, four hundred and eighty three naira, ninety four kobo) was paid as balance for professional legal services rendered to the Commission, vide paid voucher No. FRC/OH/302/24 dated 25th July, 2024.
ii. There was no evidence to show that the Attorney-General of the Federation approved the engagement and payment of fees to the legal practitioner/firm, and
iii. There was no evidence of competitive bidding such as invitation of three firms to tender prior to the engagement of the legal practitioner.

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

Risks

i. Engagement of unqualified service providers.
ii. Loss of government funds.

Management's Response

The Commission was sued as one of the Defendants in the cases under consideration and because of the urgent nature of the cases and the need for the Commission to have legal representation in court, the Commission was constrained to engage the services of an external Solicitor to defend the case and file urgent Court processes to avoid lapse of time to filling our defence while the Commission will retrospectively seek to obtain the approval of the Office of the Attorney-General and Minister of Justice, which process is now on-going.

Auditor's Evaluation

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

Recommendations

The Executive Chairman should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,821,483.94 (Four million, eight hundred and twenty one thousand, four hundred and eighty three naira, ninety four kobo), paid for legal services without due process and requisite approvals.
ii. Recover and remit to the Treasury, the sum of ₦4,821,483.94.
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.

METALLURGICAL TRAINING INSTITUTE, ONITSHA

At the Metallurgical Training Institute (MTI) Onitsha, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦251,332,342.00)

Description of Findings

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

Audit observed that:

i. The Institute procured store items amounting to ₦251,332,342.00 (Two hundred and fifty one million, three hundred and thirty two thousand, three hundred and forty two naira) in 2023, and
ii. The items in (i) above were not taken on store ledger charge, as required by extant regulations.

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

Risks

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

Management's Response

i. The Institute hereby acknowledges the payment of ₦251,332,342 for the Constituency projects. The projects were;
ii. Construction of 17 units of motorized boreholes across various districts in Ajaokuta federal constituency, Kogi state.
iii. Provision of solar powered borehole in selected towns Moba, Idoosi
iv. Provision of solar powered boreholes in selected town moba/Ido Ekiti North.
v. Supply of empowerment and grants for women and youths in Obokun Oriade federal constituency, Osun state
vi. Provision of led solar street lights in Ogbaru 1 & 2 federal constituency.
vii. Supply and installation of home solar solution of 3-in-1 solar light in Ogbaru
viii. Supply and installation of home solar solution to communities in Ogbaru, Anambra state.
ix. In view of the above, the items were not taken to store ledger charges because they were not recognized as income to the institute.
x. However, the Institute verified the items in constituency projects with the invoices presented as per attached.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦251,332,342.00 (Two hundred and fifty one million, three hundred. and thirty two thousand, three hundred and forty two naira), being store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦251,332,342.00.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii. 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: PAYMENT OF MOBILIZATION FEES WITHOUT ADVANCE PAYMENT GUARANTEE (=₦208,589,961.75)

Description of Findings

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

Audit observed that:

i. The sum of ₦208,589,961.75 (Two hundred and eight million, five hundred and eighty nine thousand, nine hundred and sixty one naira, seventy five kobo) was paid to some contractors as 30% mobilization fees by the Institute, and
ii. There was no evidence to show that Advance Payment Guarantee/Bonds (APG) was submitted by the contractors before the payments of the mobilisation fees in (i) above.

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

Risks

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

Management's Response

The amounts paid as 30% mobilization fees to Masfam Integrated Resources LTD and M-Tah Consultants Limited were ₦76,465,850.10 and ₦7,053,451.80 respectively with proper verification of their advance performance guarantee/bonds (APG) by the Procurement Officers. Subsequent payments were made with valuation certificates and invoices for items supplied. Documents attached

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦208,589,961.75 (Two hundred and eight million, five hundred and eighty nine thousand, nine hundred and sixty one naira, seventy five kobo), being 30% mobilization fees paid to some contractors without Advance Payments Guarantee (APG).
ii. Recover and remit to the Treasury, the sum of ₦208,589,961.75.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to non-recovery of advances and non-retirement of imprest and advances specified in paragraphs 3118 and 3124 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: UNRETIRED CASH ADVANCES (=₦953,900.00)

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 instalments or otherwise." Furthermore, paragraph 1420 of the FR (2009) states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." Similarly, paragraph 2302 (ii) of the FR (2009) states, "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:

i. The sum of ₦953,900.00 (Nine hundred and fifty three thousand, nine hundred naira) was granted to some officers of the Institute as non-personal advances in 2023, and
ii. There was no evidence to show that the non-personal advances were retired.

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

Risks

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

Management's Response
"Cash advances granted in the year 2023 were all duly retired. There was no unretired advance as at the beginning of the following year. See the attached.

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

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦953,900.00 (Nine hundred and fifty three thousand, nine hundred naira), being unretired cash advances granted to some staff.
ii. Recover and remit to the Treasury, the sum of ₦953,900.00.
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 3106 and 3124 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: PAYMENTS WITHOUT RELEVANT SUPPORTING DOCUMENTS (=₦11,706,755.00)

Description of Findings
Paragraph 603(i) of the Financial Regulations (FR) (2009) states, "All vouchers shall contain full particulars of each service, such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, e.t.c." Furthermore, paragraph 708 of 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 Institute paid the sum of ₦11,706,755.00 (Eleven million, seven hundred and six thousand, seven hundred and fifty five naira) for various items during the year without relevant supporting documents to substantiate the genuineness of the expenditure, and
ii. The absence of relevant supporting documents prevented audit from ascertaining the authenticity of the payments.

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

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

Management's Response
The institute hereby noted the above issue of payments without supporting documents and wishes to state that most of the items listed on this issue were cash advances and DTAs for workshop participation.

However, the supporting documents for cash advances were attached to the credit notes raised for their retirements while reports of the workshops were retrieved from the workshop report files. See the attached documents.

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

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦11,706,755.00 (Eleven million seven hundred and six thousand, seven hundred and fifty five naira), being payments made without relevant supporting documents.
ii. Recover and remit to the Treasury, the sum of ₦11,706,755.00.
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.

NATIONAL METALLURGICAL DEVELOPMENT CENTRE, JOS

At the National Metallurgical Development Centre (NMDC), Jos, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: UNDER-DEDUCTION OF TAXES (=₦949,053.69)

Description of Findings
Paragraph 234(i) of the Financial Regulations (FR) (2009) states, "It is mandatory for Accounting Officers to ensure full compliance with the dual roles of making provision for the Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and services contract and actual remittance of same." In addition, paragraph 235 of the FR (2009) states, "Deductions for WHT, VAT, Stamp Duty and PAYE shall be remitted to the Federal Inland Revenue at the same time the payee who is the subject of the deduction is paid." Also, paragraph (6) of the Treasury Circular Ref: No TRY A12 & B12 /2015 OAGF/CAD/026/V.11/390 of 29th December, 2015, requires that all Accounting Officers, Directors of Finance and Accounts/Head of Accounts and Directors of Internal Audit to ensure immediate and total compliance with the provisions of Stamp Duty Act.

Audit observed that:

i. Twelve (12) payments totaling ₦228,338,877.13 (Two hundred and twenty eight million, three hundred and thirty eight thousand, eight hundred and seventy seven naira, thirteen kobo) were made to six (6) contractors from capital expenditure vote in 2023 for various projects/services, and
ii. The sum of ₦200,019,184.24 (Two hundred million, nineteen thousand, one hundred and eighty four naira, twenty four kobo) was paid to the contractors as the net amount after deduction of relevant taxes instead of the audit computed net amount of ₦199,070,130.55 (One hundred and ninety nine million, seventy thousand, one hundred and thirty naira, fifty five kobo) leading to overpayment of ₦949,053.69 (Nine hundred and forty nine thousand, and fifty three naira, sixty nine kobo) to the contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

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

Management's Response

Tax computations over the years have always been statutorily computed, deducted and remitted based on the contract letters as to whether the contract sum is tax (VAT, withholding or stamp duty) inclusive or not.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦949,053.69 (Nine hundred and forty nine thousand, and fifty three naira, sixty nine kobo), being overpayment made to contractors.
ii. Recover and remit to the Treasury, the sum of ₦949,053.69.
ii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iii Otherwise, sanctions relating to failure to collect and account for government revenue specified in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 2: NON-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CRF (=₦527,763.58)

Description of Findings

Paragraph 1(i) of the Treasury Circular Ref. No. FMFBNP/OTHERS/IGR/CFR/12/2021 dated 20th December, 2021, states, "All Ministries, Departments and Agencies (MDAs) that are fully funded through the Annual Federal Government Budget (receiving

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

Audit observed that:

i. The sum of ₦1,311,054.30 (One million, three hundred and eleven thousand, fifty four naira, thirty kobo) was computed as internally generated revenue from the CBN bank statement. The 25% payable to the Consolidated Revenue Fund (CRF) amounts to ₦327,763.58 (Three hundred and twenty seven thousand, seven hundred and sixty three naira, fifty eight kobo).
ii. The sum of ₦200,000.00 (Two hundred thousand naira) was also generated as statutory revenue from rent of government property.
iii. The total amount payable to the Consolidated Revenue Fund (CRF) was ₦527,763.58 (Five hundred and twenty seven thousand, seven hundred and sixty three naira, fifty eight kobo), and
iv. There was no evidence provided to show that remittances of 25% of the internally generated revenue and 100% of the statutory revenue were made to the CRF.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

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

Management's Response

The finding will be looked into and management will ensure compliance. Your recommendation is noted, action will be taken as soon as possible and evidence will be forwarded to your office.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦527,763.58 (Five hundred and twenty seven thousand, seven hundred and sixty three naira, fifty eight kobo), being 25% operating surplus and 100% statutory revenue outstanding remittances to CRF.
ii. Recover and remit to the Treasury, the sum of ₦527,763.58.

iii. Forward evidence of remittance to the Public Account 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 3: EXTRA-BUDGETARY EXPENDITURES (=₦256,911,576.00)

Description of Findings

Paragraph 313 of the Financial Regulations (FR) (2009) states, "The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure on any sub-head of the Recurrent Estimates in excess of the provision in the Approved estimates or Supplementary Estimates may be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of an application for supplementary provisions or virement''. Furthermore, paragraph 417 of the FR (2009) states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." In addition, paragraph 2906 (ii) of the FR (2009) states, "Pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words, payments that are not provided for in the annual estimates shall not be accepted."

Audit observed that:

i. The sum of ₦1,036,787,527.00 (One billion, thirty six million, seven hundred and eighty seven thousand, five hundred and twenty seven naira) was approved for the Centre in the Appropriation Act of 2023 for Personnel Cost, Overhead Cost and Capital Expenditure.
ii. Out of the amount in (i) above, the sum of ₦749,858,847.00 (Seven hundred and forty nine million, eight hundred and fifty eight thousand, eight hundred and forty seven naira) was the total budget for sub heads 210101 (Salaries & Wages), 220201 (Travel & Transport), 220206 (Other Services - General), and 220207 (Consulting & Professional Services) while the sum of ₦1,006,770,423.00 (One billion, six million, seven hundred and seventy thousand, four hundred and twenty three naira) was the actual expenditure for the same subheads leading to extra budgetary expenditure of ₦256,911,576.00 (Two hundred and fifty six million, nine hundred and eleven thousand, five hundred and seventy six naira) as shown in the table below, and

S/N	Head	Sub-Head	Description	Actual (₦)	Budgeted (₦)	Variance (₦)
1	2101	210101	Salary & Wages	956,862,399.00	713,326,922.00	243,535,477.00
2	2202	220201	Travel & Transport – General	23,040,013.00	13,633,217.00	9,406,796.00
3	2202	220206	Other Services – General	22,748,011.00	21,406,237.00	1,341,774.00

4	2202	220207	Consulting & Professional Services	4,120,000.00	1,492,471.00	2,627,529.00
	TOTAL			**1,006,770,423.00**	**749,858,847.00**	**256,911,576.00**

Source: Extracts from 2023 Approved Budget and Statement of Comparison of Actual and Budget Performance in the 2023 Audited Financial Statements.

iii. There was no evidence of supplementary appropriation or approved virement provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

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

Management's Response

Note that salaries and wages are appropriated and duly paid at AGF (IPPIS Office) as no salary is being prepared or paid directly from the Centre. For other expenditures, management will look into it to ensure compliance.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦256,911,576.00 (Two hundred and fifty six million, nine hundred and eleven thousand, five hundred and seventy six naira), being extra-budgetary expenditure.
ii. Recover and remit to the Treasury, the sum of ₦256,911,576.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to manage public funds effectively, specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: PAYMENT OF UNAPPROVED ALLOWANCES TO STAFF (=₦300,060,010.19)

Description of Findings

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

applicable to each post in the public service…" Furthermore, section 13 of the NSIWC Act CAP N72, LFN (1999) (as amended) states, "Where collective agreements between employers and employees involve increase wages, salaries, and fringe benefits, three copies of the collective agreements shall be submitted to the Commission for advice." Also, paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. Management of the Centre approved the payment of Peculiar Allowance totaling ₦300,060,010.19 (Three hundred million, sixty thousand, ten naira, nineteen kobo) outside the IPPIS consolidated salary structure to members of staff.
ii. The computation for the unapproved allowance was incorporated into the Centre's monthly payroll from January 2023 to December 2023.
iii. Staff were paid 55% of their gross salary as Peculiar Allowance as shown in the Table below, and

Month	Amount Paid (₦)
JANUARY	25,318,508.35
FEBRUARY	26,085,146.42
MARCH	25,597,476.91
APRIL	25,336,183.00
MAY	25,427,168.23
JUNE	24,897,580.89
JULY	24,977,311.06
AUGUST	25,015,748.25
SEPTEMBER	24,659,746.85
OCTOBER	24,390,487.24
NOVEMBER	24,269,583.06
DECEMBER	24,085,069.93
TOTAL	300,060,010.19

Source: Extracts from 2023 Payroll Analysis of National Metallurgical Development Centre.

iv. There was no evidence of approval from the National Salaries, Incomes and Wages Commission for the allowance.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

i. Misapplication of funds.
ii. Management override.

Management's Response

Note that salaries are paid from IPPIS office of the AGF and not from the Centre.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦300,060,010.19 (Three hundred million, sixty thousand, ten naira, nineteen kobo) being payments of unapproved allowances.
ii. Recover and remit to the Treasury, the sum of ₦300,060,010.19.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and overpayment of public funds specified in paragraphs 3106 and 3111 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: EXTRA-BUDGETARY EXPENDITURES (=₦54,769,299.65)

Description of Findings

Paragraph 313 of the Financial Regulations (FR) (2009) states, "The authority conveyed to the Accountant-General, and to officers controlling votes, by Recurrent Expenditure Warrants is limited to the amounts provided under each sub-head in the Approved Estimates and Supplementary Estimates. No expenditure on any sub-head of the Recurrent Estimates in excess of the provision in the Approved estimates or Supplementary Estimates may be authorized by any officer controlling a vote, without approval of the National Assembly. Such approval will be sought by means of an application for supplementary provisions or virement." Furthermore, paragraph 417 of the FR (2009) states, "Expenditure shall strictly be classified in accordance with the Estimates, and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed." In addition, paragraph 2906 (ii) of the FR (2009) states, "Pursuant to sub-section (i) above, all procurement plans must be supported by prior budgetary appropriation as proof of availability of funds. In other words, payments that are not provided for in the annual estimates shall not be accepted."

Audit observed that:

i. Fourteen (14) payments totaling ₦54,769,299.65 (Fifty four million, seven hundred and sixty nine thousand, two hundred and ninety nine naira, sixty five kobo) were made to staff and contractors in 2023.
ii. The payments in (i) above were charged to the 2023 budgetary provision for the settlement of prior year (i.e. 2022) outstanding Duty Tour Allowances and air tickets.
iii. The payments included amount for contracts awarded without budgetary provision in the year under review, and
iv. There was no evidence of supplementary budgetary provision for the above expenditures.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

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

Management's Response

These payments that fall under overhead costs are running costs which could not be paid for in the year it occurred due to lack of fund. For the capital payments, note that there was an extension of the budget year into the year under review, hence the payments were made from the actual year budget.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦54,769,299.65 (Fifty four million, seven hundred and sixty nine thousand, two hundred and ninety nine naira, sixty five kobo), being extra budgetary expenditure.
ii. Recover and remit to the Treasury, the sum of ₦54,769,299.65.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: PAYMENTS WITHOUT PRE-PAYMENT AUDIT (=₦50,516,499.65)

Description of Findings

Paragraph 601 of the Financial Regulations (FR) (2009) states, "All payment entries in cash books /accounts shall be vouched for on one of the prescribed treasury forms. Vouchers shall be made out in favour of the person or persons to whom the money is, due. Under no circumstance shall a cheque be raised, or cash paid for service which a voucher has not been raised." Furthermore, paragraph 1705 of the FR (2009) states, "The Head of Internal Audit Unit in all ministries/extra- ministerial offices and other arms of government shall ensure that 100% pre-payment audit of all checked and passed vouchers is carried out and the vouchers forwarded under security schedule direct to the appropriate Central Pay Office for payment..." In addition, paragraph 603(i) of the FR (2009) states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported by relevant documents such as local purchase orders, invoices, special letters of authority, time sheets, etc."

Audit observed that:

i. Six (6) payments totaling ₦50,516,499.65 (Fifty million, five hundred and sixteen thousand, four hundred and ninety nine naira, sixty five kobo) were made for procurement and capital projects, including supply of equipment, construction works, and provision of services under various contract awards in the year 2023.
ii. The payments in (i) above were made without evidence of pre-payment audit such as Internal Audit stamps, and
iii. No justification was provided for failure to subject the transactions to pre-payment audit by the Internal Audit Unit before payments were effected.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

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

Management's Response

Kindly note that no payment can be effected without pre-payment audit. Any payment voucher not stamped may have been an omission. This has been corrected and more controls have been put in place to forestall future reoccurrence.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦50,516,499.65 (Fifty million, five hundred and sixteen thousand, four hundred and ninety nine naira, sixty five kobo), being payments made without pre-payment audit.
ii. Recover and remit to the Treasury, the sum of ₦50,516,499. 65.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: PAYMENT OF MOBILIZATION FEES WITHOUT ADVANCE PAYMENT GUARANTEE (=₦23,778,000.00)

Description of Findings

Paragraph 2919 of the Financial Regulations (FR) (2009) states, "The following procedure shall be observed by ministries, extra-ministerial offices, and other arms of government in implementing their procurement plans, viz:…(g) obtain and confirm validity of performance guarantee." Also, section 71 (1) of the Finance Act (2020)

states, “In addition to any other regulation as may be prescribed by the Bureau, a mobilisation fee of not more than 30% for local contractors only may be paid to a supplier or contractor supported by an unconditional bank guarantee or insurance bond issued by an institution acceptable to the procuring entity until the mobilisation fee is fully amortised or recovered.” Section 36 of the Public Procurement Act (PPA) (2007) states, “The provision of a Performance Guarantee shall be a pre-condition 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...”

Audit observed that:

i. The sum of ₦23,778,000.00 (Twenty three million, seven hundred and seventy eight thousand naira) was paid as 30% mobilization on contract sums of ₦60,000,000.00 (sixty million naira) and ₦19,260,000.00 (Nineteen million, two hundred and sixty thousand naira) totaling ₦79,260,000.00 (Seventy nine million, two hundred and sixty thousand naira).
ii. The contract sums related to the procurement of research equipment and the reactivation of two (2) electric arc furnaces with on-the-job training, operation and maintenance, both awarded on 2nd August, 2023.
iii. The mobilization fees were paid without obtaining Advance Payment Guarantee (APG) or Insurance Bond prior to payment as required by extant regulation.
iv. For the contract for the reactivation of two (2) electric arc furnaces with on-the-job training, operation and maintenance, a performance bond insurance policy was presented approximately nine months after the mobilization fee had been paid, and
v. The insurance coverage spanned from 27th June, 2024 to 26th September, 2024, whereas the contract was awarded on 2nd August, 2023 and the mobilization fee was paid on 3rd October, 2023, indicating that the bond was not in place at the time of payment.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

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

Management’s Response

The contractor is well known to the Centre, having no previous record of defaulting and so was paid mobilization fee in order not to delay the work. As you observed a performance bond was later received.

Auditor’s Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,778,000.00 (Twenty three million, seven hundred and seventy eight

thousand naira), paid to contractors without obtaining Advance Payment Guarantee (APG) or Insurance Bond.

ii. Recover and remit to the Treasury, the sum of ₦23,778,000.00.

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

iv. Otherwise, sanctions relating to non-recovery of advance and non-retirement of imprest and advances specified in paragraphs 3118 and 3124 of the Financial Regulations (2009) respectively, should apply.

ISSUE 8: NON-INSURANCE OF GOVERNMENT ASSETS (=₦16,619,185,636.00)

Description of Findings

Section 65(1) of the Insurance Act (2003) states, "Every public building shall be insured with a registered insurer against the hazards of collapse, fire, earthquake, storm and flood." Furthermore, section 68(1) of the Insurance Act (2003) states, "No person shall use or cause or permit any other person to use a motor vehicle on a road unless a liability which he may thereby incur in respect of damage to the property of third parties is insured with an insurer Registered under this Act." Also, paragraphs 4.1 and 4.3 of NAICOM Guidelines for Insurance of Government Assets and Liabilities for Ministries, Departments and Agencies of Government other Stakeholders of 23rd October, 2023 respectively requires that MDAs are to ensure that all government assets and liabilities in their custody/supervision are adequately insured at all times; and that MDAs are to provide information annually to the commission on all its insurances. Similarly, Establishment Circular Ref. No. SGF/OP/I/S.3/VII/981 of 21st July, 2008, requires all MDAs to ensure that all assets under them are fully and adequately insured with registered insurance companies to prevent loss of government assets and also reduce the casualty attributed to fire, burglary, or theft of government property.

Audit observed that:

i. Assets of the NMDC valued at ₦16,619,185,636.00 (Sixteen billion, six hundred and nineteen million, one hundred and eighty five thousand, six hundred and thirty six naira) were not insured as required by extant regulations.

ii. The sum of ₦576,675.00 (Five hundred and seventy six thousand, six hundred and seventy five naira) was provided for insurance premium in the approved budget; however, evidence of insurance policy for the assets was not made available for scrutiny, and

iii. The insurance file presented for examination contained only copies of proposals and letters of introduction from the insurance companies, with no evidence to confirm that the assets were insured.

The above anomalies could be attributed to weaknesses in the internal control system at the National Metallurgical Development Centre, Jos.

Risks

i. Exposure to financial loss in the event of damage, theft, or destruction of assets.

ii. Inefficient use of government resources.

Management's Response
Your finding has been noted and will be complied with as Government makes funds available.

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

Recommendations
The Director-General has been requested to:
i. Justify to the Public Accounts Committees of the National Assembly, the non-insurance of the Centre's assets totaling ₦16,619,185,636.00 (Sixteen billion, six hundred and nineteen million, one hundred and eighty five thousand, six hundred and thirty six naira), and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

NIGERIA EXPORT PROMOTION COUNCIL, ABUJA

At the Nigeria Export Promotion Council (NEPC) Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: NON-SUBMISSION OF ANNUAL REPORTS TO THE PRESIDENT

Description of Findings
Section 12 of the Nigerian Export Promotion Council Act (NEPCA) (2004) states, "The Council shall, not later than six months after the end of each financial year, submit through the Minister to the President, a report of the activities of the Council and its administration during the immediately preceding year and shall include in such report the audited accounts of the Council and the auditor's comments thereon."

Audit observed that:
i. The Council did not provide Report of it's activities and administration for the year 2023 for review as at the time of this audit in October, 2024, and
ii. There was no evidence to show that the Report was submitted through the Minister to the President as required by Nigerian Export Promotion Council Act.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Promotion Council.

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

Management's Response
No response.

Auditor's Evaluation

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

Recommendations

The Executive Director/CEO should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the Report of activities of the Council and its administration for the year 2023, to the Presidency.
ii. Produce the report for the year in (i) above, as required by extant regulations.
iii. Forward copies of the Report to both the Public Accounts Committees of the National Assembly, and the Presidency, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: PAYMENT FOR INTERNATIONAL TRAVELS WITHOUT APPROVAL (=₦326,604,153.00)

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. Thirty seven (37) payments totaling ₦326,604,153.00 (Three hundred and twenty six million, six hundred and four thousand, one hundred and fifty three naira) were made to officers for estacode allowances, trainings, and other related activities.
ii. There was no evidence to show that the Secretary to the Government of the Federation (SGF) approved the international trip as required by extant regulations, and
iii. There was no evidence such as flight tickets, boarding passes, relevant pages of international passports and reports on the activities undertaken at the conferences provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Promotion Council.

Risks

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

Management's Response

"Based on enabling Act of the Council among the function as enumerated by the Act
(a) Maintain adequate and effective representation in other countries.
(b) Organise the participation of Nigeria in trade fairs and exhibitions in other countries
In view of this, the function of NEPC in above stated it clearly that the Council has mandate to represent Nigeria in other countries and organize the participation of Nigeria in trade fairs and exhibitions in other countries. Council always go with manufacturers of Nigeria products to showcase their products at international trade fairs and exhibitions. However, there are approvals, Invitations and reports for all the international travels we embarked upon which the audit team did not request for while auditing Council. A few of such reports are attached.

Please find enclosed as Appendix 1, Report of the official launch of the Nigerian Export. Trade House (ETH) China carried out from 16th-22nd April 2023 at the E-commerce logistics center, Yuhua District, Changsha, Human Province, China.

Enclosed as Appendix 2, The Report of the Council on its Participation at the 3rd Intra-Africa Trade Fairs (IATF) held in Cairo, Egypt.

Also find enclosed as Appendix 3, the NEPC-CBI Participation at Anuga Trade show Cologne, Germany, 7th-11th October, 2023"

Auditor's Evaluation

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

Recommendations

The Executive General/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦326,604,153.00 (Three hundred and twenty-six million, six hundred and four thousand, one hundred and fifty three naira), being payment for international travels without approval.
ii. Recover and remit to the Treasury, the sum of ₦326,604,153.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, prescribed in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: UNRETIRED CASH ADVANCES (=₦15,301,555.00)

Description of Findings

Paragraph 1405 of the Financial Regulations (FR) (2009) states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalments or otherwise." Furthermore, paragraph 1420 of the FR (2009) states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." Similarly, paragraph 2302 (ii) of the FR (2009) states, "On no

account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:

i. Thirty (30) payments totaling ₦15,301,555.00 (Fifteen million, three hundred and one thousand, five hundred and fifty five naira) were made to officers of the Council as non-personal advances between January and December, 2023.
ii. The advances remained unretired at the time of the periodic checks in October, 2024.
iii. There were instances where additional advances were granted without retirement of earlier advances.
iv. The amount in (i) above included twenty two (22) payments amounting to ₦14,178,655.00 (Fourteen million, one hundred and seventy eight thousand, six hundred and fifty five naira) made in excess of the approved threshold of ₦200,000.00, contrary to extant regulations, and
v. The payments in (iv) above resulted to non-deduction of 7.5% Value Added Tax and 5% Withholding Tax, amounting to ₦1,772,331.88 (One million, seven hundred and seventy two thousand, three hundred and thirty one naira, eighty eight kobo) that would have accrued to the government as revenue through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigeria Export Promotion Council.

Risks

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

Management's Response

All of the advances above have been retired as stipulated. We do maintain advance register and update the register as the staff retires the advances The nature of our projects enlightenment and capacity building, which involves temporary rent of hall (venue), printing of banners, training materials and souvenirs etc. Nine (9) of above advances is outstanding as at date.

Auditor's Evaluation

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

Recommendations

The Executive Director/ CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦15,301,555.00 (Fifteen million, three hundred and one thousand, five hundred and fifty five naira), being unretired cash advances.
ii. Recover and remit to the Treasury, the sum of ₦15,301,555.00.
iii. Forward evidence of recovery to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment prescribed in paragraph 3106 of the Financial Regulations (2009), should apply.

NIGERIAN INSTITUTE OF MINING AND GEOSCSCIENCES, JOS

At the Nigerian Institute of Mining and Geosciences (NIMG), Jos, for the period 1st January to 31st December, 2023, the following observation was made:

ISSUE 1: CASH ADVANCES GRANTED ABOVE LIMIT (=₦4,365,300.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦4,365,300.00 (Four million, three hundred and sixty five thousand, three hundred naira) for various purchases and services was granted to some staff of the Institute as cash advances in the year 2023.
ii. The cash advances were granted above the statutory limit of ₦200,000.00 as stipulated in the extant regulations, and
iii. The payments in (i) above resulted to non-deduction of 7.5% Value Added Tax and 5% Withholding Tax, amounting to ₦589,315.50 (Five hundred and eighty nine thousand, three hundred and fifteen naira, fifty kobo) that would have accrued to the government as revenue through taxes.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Institute of Mining and Geosciences, Jos.

Risks

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

Management's Response

Observation noted

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦4,365,300.00 (Four million three hundred and sixty five thousand and three hundred naira), being cash advances granted above limit.
ii. Recover and remit to the Treasury, the sum of ₦4,365,300.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments specified in paragraph 3106 of the Financial Regulations (2009) should apply.

SMALL & MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA, ABUJA

At the Small & Medium Enterprises Development Agency of Nigeria (SMEDAN), Abuja, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: VIOLATION OF DUE PROCESS IN AWARD OF CONTRACTS (=₦440,000,000.00)

Description of Findings

Paragraph 2950 of the Financial Regulations (FR) (2009) states, "(i) A ministry, Extra-ministerial office or other arms of government shall call for expression of interest or Applications for pre-qualification from consultants where their services so required have been fully ascertained. (ii) Pursuant to sub-section (i) above, a notice shall be published in at least 2 (two) national newspapers and the procurement journal." Also, section 24(1) of the Public Procurement Act (PPA) (2007) states, "Except as provided by this Act, all procurements of goods and works by all procuring entities shall be conducted by open competitive bidding." Furthermore, section 2922(iii) of the PPA (2007) states, "A national competitive bidding shall be advertised on the notice board of the procuring entity, two (2) national newspapers, the websites of the procuring entity and in the procurement journal at least six (6) weeks before the deadline for the submission of bids." In addition, paragraph 2907(i) of the FR (2009) states, "In order to ensure transparency and accountability, achievement of value for money, economy and efficiency, and equity and fairness, all procurements falling within the bureau's thresholds shall be by way of open competitive bidding.'' Furthermore, paragraph 603(i) of the FR (2009) states, "All vouchers shall contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other documents and will invariably be supported with relevant documents such as local purchase orders, invoices, special letters of authority, timesheets, etc." Also, Article 4.1.1 of the Contract Agreements requires that SMEDAN shall identify and select prospective cooperative/beneficiaries of the OLOP intervention. Similarly, Articles 4.1.2 of the Contract Agreements requires that SMEDAN shall sensitize selected cooperatives and conduct Needs Assessment for intervention.

Audit observed that:

i. The Agency awarded contracts totaling ₦440,000,000.00 (Four hundred and forty million naira) to various Microfinance Banks (MFBs) for distribution as grants to identified cooperative societies across local governments in Nigeria under the One Local Government One Project (OLOP) programme.
ii. There was no evidence to show that due process such as advertisement, competitive bidding, and evaluation of documents for the selection of the MFBs etc., were followed before the award of the contracts.
iii. Consolidated list of the cooperative societies and beneficiaries was not provided for examination.
iv. There was no evidence to show sensitization of selected cooperatives and conduct of needs assessment for the intervention were done as contained in the Agreement.
v. The basis for charging an administrative fee of 8% by the MFBs for managing and administering the grants was not provided for verification, and
vi. The Reports on the disbursement of the grants by the MFBs were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & Medium Enterprises Development Agency of Nigeria, Abuja.

Risks

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

Management's Response

One Local Government One Product (OLOP) is one of the flagship programmes of the Agency. It is targeted at smaller businesses forming themselves in to Cooperatives by mobilising resources (raw materials/unique skills) for value addition. Under the program, selected cooperative societies (one per senatorial district) will be supported to acquire industrial machines, work space, power generating sets and working capital to support their chosen business activity.

It should be noted that necessary due process was followed and adopted in engagement of Microfinance banks for the execution of the One Local Government One Project (OLOP) programme in various constituencies spread across the geo-political zones.

The process involves placing an advert (Notice Board) inviting reputable and competent Microfinance Banks (MFB's) to submit a request for Expression of Interest to participate in the disbursement of the Grants for selected cooperative societies (Appendix I). Thereafter, the submissions from the various MFB's are evaluated and those that qualified shall be allocated to various Senatorial Districts for the disbursement of the funds to the cooperative Societies that were earlier selected.

The observations are however noted and that henceforth, adequate measures would be taken to ensure the necessary corrections are made.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦440,000,000.00 (Four hundred and forty million naira), being contracts awarded and executed without due process.
ii. Recover and remit to the Treasury, the sum of ₦440,000,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct prescribed in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: AWARD OF CONTRACT TO INELIGIBLE CONTRACTOR (=₦47,500,000.00)

Description of Findings

Section 23(1) of the Public Procurement Act (PPA) (2007) states, "Where a procuring entity has made a decision with respect to the bidders, minimum qualifications of suppliers, contractors or service providers by requesting interested persons to submit applications in reaching decisions as to which supplier, contractor or service provider qualifies, apply only the criteria set out in the pre-qualification documents and no more." Also, paragraph 2909 of the Financial Regulations (FR) (2009) states, "All bidders in a contract for public procurement must show proof of eligibility for the award of the contract. They must prove the following amongst others, viz: (a) they possess the necessary technical qualification (b) they possess the machinery, equipment, and manpower for the job (c) they have the legal capacity to enter into the contract…." In addition, paragraph 50.2 of Procurement Procedures Manual states "…. compliance with the following requirements should be examined using the bidding documents as the reference point: *Stage 1:* To ascertain whether: The bidder is eligible - Example: (a)The bidder shall not be blacklisted; (b) In case of goods, works and consultancy contracts the domestic bidder should have required CAC registration; Tax Clearance Certificate, comply with Pension Fund and Industrial Training Fund (ITF) contributions…."

Audit observed that:

i. The sum of ₦47,500,000.00 (Forty seven million, five hundred thousand naira) was paid vide Payment Voucher No. SMEDAN/CP/EXP/199/2023 dated 13th October, 2023 to a company for the provision of skill acquisition training in selected wards of Akko in Gombe Central Senatorial District.
ii. The Tax Clearance Certificate (TCC) submitted covered 2019, 2020 and 2021 assessment years, whereas the contract was awarded and executed in 2023, and
iii. There was no evidence to show that TCC in year 2023 was obtained before contract award as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & Medium Enterprises Development Agency of Nigeria, Abuja.

Risks

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

Management's Response

In line with the provisions with the Procurement Act, all contract jobs are to be duly advertised through either Tenders Journal, National Dailies, No Objection from Bureau for Public Procurement and Notice Board advertisement. The submitted bids are subsequently evaluated using certain bid evaluation criteria which includes submission of certain regulatory documents and certifications form FIRS, NSITF, ITF,BPP e.t.c

In the case of GREEN GIANTS CONCEPT & SERVICES LTD, the company submitted all the necessary documents for the bid process including the Tax Clearance Certificate for different years of assessments. However, in the process of attaching the documents to the payment voucher, a wrong tax clearance certificate (for years 2019, 2020 & 2021) was picked instead of the current one (for years 2020,2021& 2022). After proper scrutiny, the appropriate TCC was retrieved form the Company's profile and was properly attached (Appendix I1).

The observations are however noted and that necessary corrections will be taken going forward.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦47,500,000.00 (Forty seven million five hundred thousand naira), being contract awarded without due process.
ii. Recover and remit to the Treasury, the sum of ₦47,500,000.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and failure to spend public funds effectively prescribed in paragraphs 3117 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: NON-INCLUSION OF CONTRACT COMPLETION PERIOD (=₦332,500,00.00)

Description of Findings

Section 16 (1) of the Public Procurement Act (PPA) 2007 states, "subject to any exemption allowed by this Act, all public procurement shall be conducted…(d) in a manner which is transparent, timely, equitable for ensuring accountability and conformity with this Act and regulations deriving therefrom."

Audit observed that:

i. Contract amounting to ₦332,500,000.00 (Three hundred and thirty two million, five hundred thousand naira) was awarded for the construction of a youth centre with accommodation on 1st September, 2023, without a defined duration for execution.
ii. The contract agreement signed on 4th September, 2023, provided that the contract shall come into effect on the date of its execution which shall be the day and date of signing. The Contractor shall perform the services within a reasonable and adequate time from the commencement of this agreement or any other period as may be subsequently agreed by the parties in writing.
iii. The contract award letter only required the contractor to indicate acceptance of the offer and proposed commencement date, after which the contractor was to contact the Legal Unit for execution of the agreement, and
iv. There was no evidence to show that the completion date was agreed upon in writing by both parties.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & medium Enterprises Development Agency of Nigeria, Abuja.

Risks

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

Management's Response

As a matter of policy and in line with the provisions of the procurement Act, all duly signed contracts are supposed to have a completion period/duration which is usually stated in the contract award letter as well in the contract agreement. Relevant copies are hereby attached as evidence of compliance (Appendix III).

It should however be noted that the contract in question relates to the construction of Youth centre which was awarded to African Plus Limited. As is usual with this type of contract, some internal and external variables (land clearing, building approvals, environmental impact assessment, timely release of funds e.t.c) which are in most cases beyond the contractor's control usually have effects on timing.

Despite the challenges highlighted above, the contract was duly executed and completed (Appendix III)

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦332,500,000.00 (Three hundred and thirty two million, five hundred thousand naira), being omission of contract duration as a mandatory requirement in award letters and contract agreements within the Agency.
ii. Recover and remit to the Treasury, the sum of ₦332,500,000.00.

iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment and irregular award of contract in paragraphs 3106 and 3117 of the Financial Regulations (2009) respectively, should apply.

ISSUE 4: IRREGULARITIES IN THE AWARD OF CONTRACTS (=₦60,000,000.00)

Description of Findings

Paragraph 2921(i) of the Financial Regulations (2009) states, "Except as exempted under the Procurement Act, all procurements of goods, works and services shall be by way of Open Competitive Bidding by which is meant that all 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." Also Federal Treasury Circular Ref. No. TRY/A2 & B2/2019/OAGF/CAD/026/V.III/358 dated 8th July, 2019 provide the mandatory documents required to facilitate payment of government contractors…"

Audit observed that:

i. The payment of ₦30,000,000.00 (Thirty million naira) was made to two (2) contractors totaling ₦60,000,000.00 (Sixty million naira) vide payment voucher. No. SMEDAN/CP/EXP/116/2023 dated 3rd October, 2023 for needs assessment for the 2023 Entrepreneurship Development Programme (EDP) in the North and South.
ii. There was no evidence to show that due process of award such as bidding process and evaluation was followed before the award of the contracts.
iii. There were inconsistencies in the nature of the contracts, as the award letters described the engagement as "Needs Assessment," while one contractor indicated in its notice of commencement that the engagement was for supply, and
iv. There was no evidence to show the exact scope for the need assessment in the North and South, and certificate of execution and report to show the actual work done by the contractors.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & medium Enterprises Development Agency of Nigeria, Abuja.

Risks

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

Management's Response

In line with the mandate establishing the Agency, we are to promote and develop the Small & medium enterprise sub-sector of the Nigerian economy. This involves training and capacity building for a varied strata of SME's spread across the six (6) geo-political zones of the country. The beneficiaries of these programmes which are intangible in nature, cut across skilled and unskilled, rural and urban, youth and women.

These categories of beneficiaries listed above need varied and specified training that are need based, and for the training to be impactful on the different sets of SME's, there is the need to carry out a NEEDS ASSESSMENT in the different locations and for the intended beneficiaries so as to know the kind of training they require based on the business environment and other peculiarities.

The report of the Needs Assessment carried out is hereby attached (Appendix IV)
The observations were noted and necessary measures will be taken for compliance in the future.

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

Recommendations
The Director-General should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦60,000,000.00 (Sixty million naira), being payment for Entrepreneurship Development Programme (EDP) in the North and South with contradictory scope of work.
ii. Recover and remit to the Treasury, the sum of ₦60,000,000.00.
iii. Forward evidence of remittance to the Public Accounts committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular award of contract and failure to spend public funds effectively specified in paragraphs 3117 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 5: UNRETIRED CASH ADVANCES (=₦346,581,300.00)

Description of Findings
Paragraph 1405 of the Financial Regulations (FR) (2009) states, "Accounting Officers are responsible for ensuring the prompt repayment of all advances by instalments or otherwise." Furthermore, paragraph 1420 of the FR (2009) states, "It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered." Similarly, paragraph 2302 (ii) of the FR (2009) states, "On no account shall special imprest or cash advance be used in place of Local Purchase Order or Job Order of the procurement of stores locally."

Audit observed that:
i. The sum of ₦346,581,300.00 (Three hundred and forty six million, five hundred and eighty one thousand, three hundred naira) was granted as cash advances to officers of the Agency to carry out various assignments in 2023, and
ii. There was no evidence that the advances granted in (i) above were retired.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & medium Enterprises Development Agency of Nigeria, Abuja.

Risks

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

Management's Response

As per the provisions in the Financial Regulation, personal and non-personal advances are granted for specific purpose to carry out certain assignments or functions of the Agency. Generally, all advances granted are supposed to be duly retired with necessary documentary evidences, as soon as the project/assignment or exercise is concluded.

However, in view of the fact that all aspects of our programs are not carried out at the same time, and that funds for the programs are released in tranches, means that all the advances cannot be retired at once. Additionally, the 2023 budget year was initially extended to June 2024 and later to December 2024. Also, due to the bottom-up policy, most of the advances were not released when they were requested. Upon release of the advance's programs were held and advances are now fully retired and the retirement vouchers are hereby attached (Appendix V).

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦346,581,300.00 (Three hundred and forty six million, five hundred and eighty one thousand, three hundred naira), being unretired cash advances.
ii. Recover and remit to the Treasury, the sum of ₦346,581,300.00.
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 3106 and 3124 of the Financial Regulations (2009) respectively, should apply.

ISSUE 6: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦627,363,914.81)

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 Regulations, the Storekeeper must certify that the stores have been received and taken on charge in the stores ledger quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original L.P.O." Furthermore, paragraph 2107 of the FR (2009) states, "A separate ledger shall be maintained for each store. Records of articles of the same group shall be kept in one ledger, and items should be arranged in alphabetical order. The unit of quantity shall be shown and articles shall be taken on charge in that unit. Separate folios shall be

assigned to the various articles in stock and the description shall, in every case, agree with that of the tally card kept in the store. All stores ledgers must be clearly indexed."

Audit observed that:

i. Payments amounting to ₦627,363,914.81 (Six hundred and twenty seven million, three hundred and sixty three thousand, nine hundred and fourteen naira, eighty one kobo) were made for the procurement of store items between January, 2023 and December, 2023.
ii. Some of the items reported as supplied, including laptops, HP LaserJet printers, office furniture and equipment, and other working materials, were not supported with Store Receipt Vouchers, and
iii. There was no evidence that the procured items were taken on ledger charge.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & medium Enterprises Development Agency of Nigeria, Abuja.

Risks

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

Management's Response

Majority of the store items in question relates to constituency projects that were embedded in to our Capital projects for a given year. Based on the terms of contract, the items are expected to be delivered at the Constituency as stated in the award letter. Upon delivery, it will be handed over to Member/Senator or his designated representative. The store officer/stock verifier will be available to confirm the delivery in terms of quantity/quality.

Thereafter the necessary documents (stores receipt voucher/stores issued voucher) will be filled and form part of the documents required for processing of payments. In essence, the store items are not delivered to the Head Office but rather to the designated locations in the constituency. (Appendix VI)

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦627,363,914.81 (Six hundred and twenty seven million, three hundred and sixty three thousand, nine hundred and fourteen naira, eighty one kobo), being payments for store items not taken on ledger charge.
ii. Recover and remit to the Treasury, the sum of ₦627,363,914.81.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: IRREGULAR PAYMENTS FOR MONITORING EXCERCISES (=₦99,794,750.00)

Description of Findings

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

Audit observed that:

i. The sum of ₦99,794,750.00 (Ninety nine million, seven hundred and ninety four thousand, seven hundred and fifty naira) was paid for various monitoring exercises, and
ii. There was no evidence such as monitoring reports to show that the monitoring exercises were conducted.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & medium Enterprises Development Agency of Nigeria, Abuja.

Risks

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

Management's Response

It should be noted that most of our capital programmes are intangible in nature, mostly capacity building (skills acquisition training, vocational training, entrepreneurship training) to a varied category of small businesses that cut across skilled/unskilled workforce, women and youth groups in both rural and urban areas.

These training programs are usually conducted by consultants under a given Terms of Reference and certain stipulated guidelines. In order to ensure that trainings were carried out in conformity with the stated Terms of Reference, staff form both head office and state offices are sent to monitor such trainings. The amount in question related to their travel costs. At the end of the training program, the monitors prepare their reports and this form the basis for effecting payments. Such reports are attached to payments vouchers raised in favor of the program's consultants. However, attached herewith are copies of the monitoring reports (Appendix VII).

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦99,794,750.00 (Ninety nine million, seven hundred and ninety four thousand, seven hundred and fifty naira), being payments without evidence of execution.
ii. Recover and remit to the Treasury, the sum of ₦99,794,750.00.
iii. Forward evidence of remittance to the Public Accounts Committees of National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 8: IRREGULAR VALUATION OF UNSERVICEABLE MOTOR VEHICLES (=₦13,500,000.00)

Description of Findings

Paragraph 2609 of the Financial Regulations (FR) (2009) states, "unserviceable stores, buildings, plants, motor Vehicles and equipment may be written-off and disposed of under the personal authority of the Accounting officer: … (b) 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." In addition, paragraph 2618 of the FR (2009) states, "Unserviceable stores authorized to be destroyed must be destroyed in such a manner as to render the articles unusable for their original purpose. The certificate of destruction, signed by at least two officers who witnessed the destruction must be completed to include details of the quantities destroyed and the method of destruction used. The certificate will be attached to the copy of the relevant Treasury Form 147 in the possession of the Accounting Officer."

Audit observed that:

i. Eight (8) motor vehicles of the Agency were classified as "unserviceable" in the Motor Vehicle Assets Register made available for audit.
ii. The fair market value of the vehicles, as stated by the Agency was ₦13,500,000.00 (Thirteen million, five hundred thousand naira) as shown in the table below.

DATE OF ACQUISITION	ASSET DESCRIPTION	USER NAME	MAKE/ MODEL	PLATE NO.	CONDITION	FAIR MARKET VALUE (₦)
2009	PICK-UP	BAUCHI	TOYOTA HILUX	SME 48	UNSERVICEABLE	1,500,000
2009	PICK-UP	KOGI STATE	TOYOTA HILUX	SME 46	UNSERVICEABLE	1,500,000
2009	PICK-UP	KANO STATE	TOYOTA HILUX	SME 45	UNSERVICEABLE	1,500,000
2009	PICK-UP	ENUGU STATE	TOYOTA HILUX	SME 35	UNSERVICEABLE	1,500,000

2009	PICK-UP	ENUGU STATE	TOYOTA HILUX	SME 31	UNSERVICE ABLE	1,500,000
2016	BUS (18-seater)	HQ, ABUJA	TOYOTA HIACE 2016	SME 25	UNSERVICE ABLE	2,500,000
2016	BUS (18-seater)	HQ, ABUJA	TOYOTA HIAC	SME 47	UNSERVICE ABLE	2,500,000
2017	SALOON CAR	HQ, ABUJA	PEUGEOT 301 2014	11N-04FG	UNSERVICE ABLE	1,000,000
	TOTAL					**13,500,000**

Source: Motor Vehicle Assets Register

iii. There was no evidence to show that the Agency maintains register for vehicles maintenance nor was their report made available to justify the vehicle's classification as unserviceable, and

iv. There was no evidence to show that a Board of Survey was convened in line with the Financial Regulations to commence with the disposal procedure of the unserviceable vehicles.

The above anomalies could be attributed to weaknesses in the internal control system at the Small & medium Enterprises Development Agency of Nigeria, Abuja.

Risks

i Diversion of public assets.

ii. Loss of public funds.

Management's Response

Most of the vehicles shown on the attached schedule are projects vehicles meant for monitoring projects/programs of the Agency at various zonal offices. Most of them were acquired as far back as 2019 and have exceeded their useful life, but are still in manageable working conditions and are serving the purpose of the various zonal offices in terms of travel logistics.

Moreover, there has not been adequate budgetary provisions for acquisition of new project vehicles in view of the inflationary trends. Most of them have been repaired and put to use.

We have also noted all the observations and advice and will ensure proper compliance.

While thanking you for the usual cooperation and hoping that the responses have addressed the issues raised, please accept the assurances of the Director General's high regards.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦13,500,000.00 (Thirteen million, five hundred thousand naira), being irregular valuation of unserviceable motor vehicles.

ii. Provide valuation report from the Federal Ministry of Works, for the unserviceable motor vehicles.
iii. Forward report in (ii) above to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

SECTION 17

TREASURY AUDIT DEPARTMENT (TAD)

DEBT MANAGEMENT OFFICE, ABUJA (SPECIAL AUDIT)

At the Debt Management Office, Abuja, for the period 1st January, 2020 to 31st December, 2024, the following observations were made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings

Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, paragraph 3210(v) of the Financial Regulations (FR) (2009) states, "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant-General not later than 31st May of the following year of Account."

In spite of the extant regulations:

i. The Management of the Debt Management Office (DMO) failed to submit its Audited Financial Statements for the financial year 2023 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 Debt Management Office (DMO), Abuja.

Risks

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

Management's Response

The Debt Management Office (DMO) is mandated to submit its Financial Statement to the DMO Supervisory Board for approval in line with Section 18 of the DMO Act (2003). The Audit process would not be complete until the account is approved by the DMO Supervisory Board. The DMO will submit both the Audited Financial Statement and the Management Report once it is approved by the Board.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the 2023 Audited Financial Statements to the Auditor-General for the Federation.
ii. Produce the Audited Financial Statement for the years 2023, and the corresponding Management Letter/Report as required by extant regulations.

iii. Forward copies of the Audited Financial Statements and Auditor's Reports thereon to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 2: NON-REVISION OF EXTERNAL DEBT SERVICE PAYMENT PROCEDURE

Description of Findings

Section 6(1) of the Debt Management Office (DMO) Act (2003) states, "The Office shall – …(c) prepare and implement a plan for the efficient management of Nigerian's external and domestic debt obligations at sustainable levels compatible with desired economic activities for growth and development; and participate in negotiations aimed at realising those objectives;…(f) set guidelines for managing Federal Government financial risks and currency exposure with respect to all loans;" Furthermore, section 8 of the DMO Act (2003) states, "The Board shall – (a) approve policies, strategies and procedures to be adopted by the Office for the achievement of its objectives;" In addition, section 33 of the DMO Act (2003) states, "The Board may, with the approval of the Minister, make regulations for the operation of this Act, including the issuance of- (d) guidelines on any other matter as the Board may deem fit in each circumstance."

Audit observed that:

i. The payment procedure was last revised in July, 2013 i.e. twelve (12) years ago.
ii. The procedure preceding the current revision (2013) was implemented in 2004.
iii. The total public debt, then, as at 31st December, 2013, according to the DMO report, stood at ₦10,044,198,820,000.00 (Ten trillion, forty four billion, one hundred and ninety eight million, eight hundred and twenty thousand naira) only while it has increased to ₦142,319,263,640,000.00 (One hundred and forty two trillion, three hundred and nineteen billion, two hundred and sixty three million, six hundred and forty thousand naira) as at 30th September, 2024.
iv. The DMO has moved from the CS-DRMS (Common Wealth Secretariat Debt Recording and Management System) system for recording and managing debt to the Common Wealth Meridian.
v. Monthly reconciliation of debt figures takes place at CBN Lagos as against the provisions of the payment procedure that stated the DMO Office, and
vi. The payment procedure remained unrevised with all the changes listed in (iii) to (v) above.

The above anomalies could be attributed to weaknesses in the internal control system at the Debt Management Office (DMO), Abuja.

Risks

i. Improper debt settlement (payments) oversight and advisory function.
ii. Sub-optimal decisions by those charged with governance.

Management's Response

The External Debt Service Payment Procedure covers two approaches as follows:
a. External Debt Service Payment Procedure comprising the Debt Management Office (DMO) and the external stakeholders involve in the payment process, namely, the Central Bank of Nigeria (CBN) and the Office of Accountant-General of the Federation (OAGF). The Procedure was developed in 2004 to foster coordination among these agencies in order to avoid default. A review was conducted in 2013 and a tripartite committee with members drawn from the above-named agencies was set up to ensure compliance with the payment process. The members of the committee meet quarterly. Review is conducted, when necessary, not at a definite term frame.

b. External Debt Service Payment Procedure for the DMO's internal payment process. The procedure includes the verification of the Demand Notice/Bill, matching the amount on the Bill with the figure in the Recording software (MERIDIAN), Audit Vetting, and requesting the Accountant-General of the Federation to issue Mandate to the CBN to effect payment. Review is conducted, when necessary, not at a definite term frame.

The increase in total public debt stock from ₦10.04 trillion as at December. 2013 to ₦142.32 trillion as at September 30, 2024 was as a result of new borrowings to part finance the deficit in the Appropriation Acts, depreciation of Naira and the inclusion of securitized Ways and Means Advances in 2024. The exchange rate depreciated from US$1/₦155.20 as at December 31, 2013 to US$1/₦1,601.03 in September 30, 2024.

The External Debt monthly reconciliation takes place at DMO's office in Abuja for External Debt Service Payments, due to the fact that externalization of debt service payments is done in the Banking Services Department, CBN Abuja. The Domestic Debt Service payment reconciliation takes place at Lagos due to the payment software (Script Less Security Settlement System) which is domiciled with the Registrar and Depository Services of the Banking Service Department located in Lagos.

CS-DRMS was the software used in recording debt by most of the Common-Wealth Countries and it has been in used since inception of the DMO in 2000. MERIDIAN, a newly developed software by the Common Wealth Secretariat for recording of debt in all Common Wealth Countries, was adopted by DMO in 2024.

Auditor's Evaluation

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

Recommendations

The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, reasons for not reviewing the payment procedure, twelve (12) years down the line of its implementation.
ii. Furnish evidence of measures put in place for the review of the External Debt servicing procedures to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 3: EXCESS ISSUES BETWEEN THE FGN DEBT FINANCE FIGURE AND NEW ISSUES OF DOMESTIC AND EXTERNAL LOAN CONTRACTED BY DMO (=₦54,574,605,847,503.10)

Description of Findings

Section 12(1) of the Fiscal Responsibility Act (2007) states, "The estimates of: aggregate expenditure and the aggregate amount appropriated by the National Assembly for each financial year shall not be more than the estimated aggregate revenue plus a deficit, not exceeding three per cent of the Estimated Gross Domestic Product or any sustainable percentage as may be determined by the National Assembly for each financial year." Also, section 6(1) of the Debt Management Office Act (2003) states, "The Office shall – (a) maintain a reliable database of all loans taken or guaranteed by the Federal or State Governments or any of their agencies;"

Audit observed that:

i. The sum of ₦88,674,455,519,076.10 (Eighty eight trillion, six hundred and seventy four billion, four hundred and fifty five million, five hundred and nineteen thousand, seventy six naira, ten kobo) was the total amount of new issues of domestic and external loan issued by DMO between 2020 to 2024 while the sum of ₦34,099,849,671,573.00 (Thirty four trillion, ninety nine billion, eight hundred and forty nine million, six hundred and seventy one thousand, five hundred and seventy three naira) was the amount of FGN debt finance figure as contained in the Approved budgets for the periods 2020 to 2024.

ii. The difference in (i) above led to excess issues contracted by DMO, amounting to ₦54,574,605,847,503.10 (Fifty four trillion, five hundred and seventy four billion, six hundred and five million, eight hundred and forty seven thousand, five hundred and three naira, ten kobo) as shown in the Table below, and

YEARS	TOTAL NEW ISSUES (DOM. & EXT.) (₦)	FGN DEBT FINANCE FIGURES (₦)	EXCESS ISSUES CONTRACTED (₦)
2020	8,210,318,929,904.00	2,951,710,000,000.00	5,258,608,929,904.00
2021	9,657,772,197,999.00	5,396,461,602,420.00	4,261,310,595,579.00
2022	10,209,555,711,850.00	6,295,338,286,149.00	3,914,217,425,701.00
2023	39,193,721,311,041.10	10,575,895,818,830.00	28,617,825,492,211.10
2024	21,403,087,368,282.00	8,880,443,964,174.00	12,522,643,404,108.00
TOTAL	**88,674,455,519,076.10**	**34,099,849,671,573.00**	**54,574,605,847,503.10**

iii. Evidence of approval by the National Assembly for the excess issues was not provided for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Debt Management Office (DMO), Abuja,

Risks

i. Contracting of unapproved new debts.
ii. Transparency concerns.
iii. Erosion of trust in the government's financial reporting.

Management's Response

The audit observation indicated an "excess issuance" of ₦54.57 trillion, arising from a comparison between:

₦88.67 trillion - reported as total new issuances of domestic and external debts (2020–2024); and, ₦34.10 trillion - reported as total approved New Borrowings in the Appropriation Acts for the same period.

The observation on the ₦88.67 trillion is misleading as it arose from a misclassification of borrowing components and an understatement of approved amount's such as:

Refinancing of maturing obligations (e.g., Nigerian Treasury Bills (NTBs), FGN Bonds, Sukuk, Green Bonds), which are not provided for in the Appropriation Acts. Refinancing of maturing obligations are best practices in public debt management because the Government has to run a surplus budget to provide funding for redemptions of maturing obligations.

Securitization of Ways and Means Advances, approved by Federal Executive Council (FEC) and National Assembly (NASS) in 2023 for which the sum of ₦22.719 trillion was securitized in 2023 and an additional ₦7.30 trillion in 2024 bringing a total of ₦30.02 trillion into the public debt stock.

Other Specific Borrowings approved by FEC and NASS for project-specific facilities (e.g., Kano–Maradi Rail Line).

Additionally, the audit observation's reference to ₦34.10 trillion as total approved borrowings in the Appropriation Acts (2020 – 2024) is inaccurate. The correct total approved borrowing figure inclusive of supplementary appropriations, is ₦40.50 trillion.

We observed that the understatement partly arose from the exclusion of supplementary appropriations in some fiscal years and in some cases misclassification of debt service provisions in the Appropriation Acts as the New Borrowings. This was pointed to the Auditors in our meeting with them.

Please see Table 2 for the summary of New Borrowings in the Appropriation Acts 2020 – 2024.

Table 2: 2020 – 2024 Approved Borrowings

Year	Approved Borrowing (Billion)
2020	4,585.87
2021	6,198.56
2022	7,259.81
2023	13,572.22
2024	8,880.44
Total	**40,496.91**

The total borrowing requirement for the period 2020 to 2024 will include the New Borrowings in the Appropriation Acts, the refinancing of maturing obligations, as well as other specific approvals, which for the period under consideration include the Securitization of Ways and Means Advances and Issuance of Promissory Notes.

Table 3, summarizes the approved borrowings, refinancing of maturities, other specific borrowing approvals and approvals for securitization of Ways and Means and Issuance of Promissory Notes from 2020 – 2024.

Table 3: Summary of the Borrowings 2020 - 2024 (billion)

Year	Approved Borrowing in the Budgets[1]	Refinancing of Domestic FGN Securities[2]	Domestic Project Financing[3]	Securitisation of Ways & Means[4]	Issuance of Promissory Notes[5]	Total
2020	4,585.87	2,803.35		–	440.31	7,829.53
2021	6,198.56	3,285.75		–	49.36	9,533.67
2022	7,259.81	4,527.61		–	21.13	11,808.55
2023	13,572.22	5,117.18	144.59	22,719.00	1,023.143	42,576.13
2024	8,880.44	7,352.86	311.39	7,300.00	43.66	23,888.35
Total	**40,496.91**	**23,086.75**	**455.98**	**30,019.00**	**1,577.62**	**95,636.23**

Notes:
Total borrowings comprise new domestic, external, and multilateral project-tied loans. These include refinancing of matured NTBs, FGN Bonds, FGN Savings Bond, Sukuk and Green Bonds over the period 2020 – 2024. Note that refinancing of maturing securities is not counted as additional borrowing as they do not increase the public debt stock in the fiscal year.

It is evident from the foregoing that the Audit observation of excess new issuance of ₦54.574 trillion does take into account the other approved borrowings over the period, except for the Borrowings in the Appropriation Acts. Furthermore, even the approved borrowing in the appropriation acts was grossly understated to ₦34.10 trillion, instead of the total sum of ₦40.5 trillion as stated in Table 2.

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

Recommendations
The Director-General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the excess issues of debt amounting to ₦54,574,605,847,503.10 (Fifty four trillion, five hundred and seventy four billion, six hundred and five million, eight hundred and forty seven thousand, five hundred and three naira, ten kobo).
ii. Forward evidence of approval by the National Assembly for the excess issues to the Public Accounts Committees of the National Assembly.
iii. Account for the sum of ₦54,574,605,847,503.10, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 4: NON-ADHERENCE TO FGN BORROWING PLAN (=₦11,529,038,328,427.00)

Description of Findings
Section 12(1) of the Fiscal Responsibility Act (2007) states, "The estimates of: aggregate expenditure and the aggregate amount appropriated by the National

Assembly for each financial year shall not be more than the estimated aggregate revenue plus a deficit, not exceeding three per cent of the Estimated Gross Domestic Product or any sustainable percentage as may be determined by the National Assembly for each financial year."

Audit observed from the review of the Appropriation Acts and the DMO's FGN Securities Issuance Programmes for year (2020 - 2024) that:

i. The total FGN approved appropriations for debt financing for the period 1st January, 2020 to 31st December, 2024, stood at ₦34,099,849,671,573.00 (Thirty four trillion, ninety nine billion, eight hundred and forty nine million, six hundred and seventy one thousand, five hundred and seventy three naira).
ii. DMO's figure for debt financing, based on the annual FGN Securities Issuance Programme for the years totaled ₦45,628,888,000,000.00 (Forty five trillion, six and twenty eight billion, eight hundred and eighty eight million naira).
iii. Aggregate value of ₦11,529,038,328,427.00 (Eleven trillion, five hundred and twenty nine billion, thirty eight million, three hundred and twenty eight thousand, four hundred and twenty seven naira) of debt financing was projected in excess of the established estimates for the periods, as shown in the Table below, and

SCHEDULE OF FGN BORROWING PLANS BY THE DMO

YEARS	FGN APPROVED DEBT FINANCE (₦)	DMO'S BORROWING PLAN (₦)	VARIANCE (₦)	% INCREASE
2020	2,951,710,000,000.00	4,006,947,000,000.00	1,055,237,000,000.00	35.75
2021	5,396,461,602,420.00	5,629,137,000,000.00	232,675,397,580.00	4.31
2022	6,295,338,286,149.00	7,097,363,000,000.00	802,024,713,851.00	12.74
2023	10,575,895,818,830.00	12,675,359,000,000.00	2,099,463,181,170.00	19.85
2024	8,880,443,964,174.00	16,220,082,000,000.00	7,339,638,035,826.00	82.65
	34,099,849,671,573.00	**45,628,888,000,000.00**	**11,529,038,328,427.00**	

Source: DMO's FGN Securities Issuance Programme

iv. The Office failed to adhere to the limits of the estimates set out in the Appropriation Acts.

The above anomalies could be attributed to non-adherence to established borrowing plans at the Debt Management Office (DMO), Abuja.

Risks

i. Abuse of fiscal policies.
ii. Exposure to unsustainable debt ratios.

Management's Response

The audit further observed a variance of ₦11.53 trillion between amounts raised under the DMO's Issuance Programme and new borrowings in the Appropriation Acts, suggesting non-adherence to the FGN Borrowing Plan. This observation results from a misinterpretation of the Domestic Securities Issuance Programme.

The Domestic Securities Issuance Programme is not a reproduction of the borrowing figures in the Appropriation Acts. Instead, it reflects the gross domestic borrowing requirements during a fiscal year, comprising:

New domestic borrowings as approved in Appropriation Acts.
Refinancing of maturing FGN securities (FGN Bonds, NTBs, Sukuk, Savings Bonds & Green Bonds).

Other domestic borrowings specifically approved by FEC/NASS outside the Appropriation Acts (e.g., Kano–Maradi Rail financing, payment of pension liabilities).

The Appropriation Acts, on the other hand, capture new domestic and external borrowings plus project-tied loans, but exclude refinancing of maturing obligations and other specific borrowing approvals. Comparing the Domestic Securities Issuance Programme with the Appropriation Acts, therefore, creates a misleading impression of "non-adherence to FGN borrowing plan."

Table 4 outlines the summary of the FGN Domestic Securities Issuance Programme for the period 2020 - 2024.

Table 4: Domestic Securities Issuance Programme

S/N	Description	2020	2021	2022	2023	2024	Total
1	New Domestic Borrowings[1]	744.986	2,343.39	3,145.49	7,043.59	6,060.92	19,338.38
2	Refinancing[2]:	3,261.96	3,285.75	3,951.87	5,487.18	7,352.86	23,339.62
3	Other Approved Domestic Borrowings[3]	-	-	-	144.593	311.39	455.98
4	Securitization of Ways and Means[4]	-	-	-	-	2,494.91	2,494.91
	Total	**4,006.95**	**5,629.14**	**7,097.36**	**12,675.36**	**16,220.08**	**45,628.89**

Notes:
Represent approved New Domestic Borrowings in the Appropriation Acts.

These are Domestic Securities that matured during the year for which no provisions were made from the FGN's revenue for their redemptions in the Appropriation Act. Therefore, they were refinanced through the issuance of the same FGN Securities in the Domestic Capital Market. This is standard best practice, especially for short-term instruments like NTBs, which have 91- to 364-day tenors. Importantly, refinancing does not constitute "new borrowing" under the Appropriation Act, though it remains part of the Issuance Programme.

The Federal Executive Council and NASS approved the financing of a certain component of the facility for funding the Kano - Maradi Rail line to be raised from the Domestic Capital Market. This approval came separately from the appropriation act. This represents part of the Ways and Means Advances Securitized in 2024 through the issuance of Securities to in the Domestic Capital Market.

The exclusion of the borrowing for refinancing and other specific borrowings from the Appropriation Act often makes the total Issuance Programme appear larger than the "New Borrowing" figures referenced in the budget.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-adherence to FGN borrowing plan amounting to ₦11,529,038,328,427.00 (Eleven trillion, five hundred and twenty nine billion, thirty eight million, three hundred and twenty eight thousand, four hundred and twenty seven naira).
ii. Forward approval of the National Assembly for the extra budgetary activities to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 5: DISCREPANCY IN FGN DEBT STOCK AS AT 31ST DECEMBER 2021 (=₦4,265,790,903,832.50)

Description of Findings

Paragraph 46 of the International Public Sector Accounting Standards (IPSAS) 3, Accounting Estimates, Changes in Accounting Policies and Errors, States, "Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Financial statements do not comply with IPSASs if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's financial position, financial performance or cash flows…" Also, paragraph 2(k) of the Revised External Debt Service Procedure (2013) states, "There will be a monthly reconciliation of the external debt service payments by the DMO, the CBN and the OAGF to be held at the DMO on or before the tenth day of every month."

Audit observed from the review of FGN Debt Stock as at 31 December 2021 that:

i. The FGN total debt stock as at 31st December 2021, stood at ₦37,393,108,983,832.50 (Thirty seven trillion, three hundred and ninety three billion, one hundred and eight million, nine hundred and eighty three thousand, eight hundred and thirty two naira, fifty kobo) as presented in the FGN Consolidated Financial Statements.
ii. The DMO's figure for the FGN total debt stock as at 31st December 2021 was ₦33,127,318,080,000.00 (Thirty three trillion, one hundred and twenty seven billion, three hundred and eighteen million, and eighty thousand naira) as shown in the Table below, and

SCHEDULE OF FGN 2021 DEBT STOCK				
S/N	DETAILS	2021 FGN CFS (₦)	DMO (₦)	VARIANCE (₦)
1	External Debts	15,855,260,156,100.00	13,884,760,970,000.00	
2	FGN Bonds	14,327,569,853,592.00		
3	TertFund	1,022,600,541,244.75		
	Total Long Term Borrowings (Note 45, 2021 FGN CFS)	31,205,430,550,936.70		17,320,669,580,936.70
4	**Total Short Term Loans** (Note 38, 2021 FGN CFS)	6,187,678,432,895.79		(13,054,878,677,104.20)
5	Domestic Loans		19,242,557,110,000.00	
	TOTAL	**37,393,108,983,832.50**	**33,127,318,080,000.00**	**4,265,790,903,832.50**
Source: DMO Records and 2021 FGN Consolidated Financial Statements				

iii. A difference of ₦4,265,790,903,832.50 (Four trillion, two hundred and sixty five billion, seven hundred and ninety million, nine hundred and three thousand, eight hundred and thirty two naira, fifty kobo) was identified between the records of the Accountant-General of the Federation and the Debt Management Office, despite the monthly reconciliation exercise set out in the debt management procedure, by the parties.

The above anomalies could be attributed to weaknesses in the internal control system at the Debt Management Office (DMO), Abuja.

Risks

i. Misrepresentation of information.
ii. Information integrity issues.

Management's Response

The Total Public debt stock as at December 2021 was ₦39,556,032.50 million, of this amount FGN total debt stock was ₦33,127,318.08 million. The Consolidated Financial Statements was prepared by the Office of the Accountant-General for the Federation, hence the DMO input was as provided in the published reports.

The DMO's position remains as it was published on the DMO's website and the issue of ₦4.27 trillion discrepancy does not arise. The CFS was prepared by the OAGF, hence, the figure can only be explained and verified by the OAGF.

Table 5 below shows the Total Public Debt published by the DMO on its Website as at December 31, 2021

TABLE 5: Total Public Debt as at December 31, 2021

	Debt Category	Amount Outstanding (US$'M)	Amount Outstanding ('M)	% of Total
A	**Total External Debt**	**38,391.32**	**15,855,231.25**	**40.08%**
	FGN Only	33,620.09	13,884,760.97	35.10%
	States & FCT	4,771.23	1,970,470.28	4.98%
B	**Total Domestic Debt**	**57,388.32**	**23,700,801.25**	**59.92%**
	FGN Only	46,593.28	19,242,557.11	48.65%
	States & FCT	10.795.04	4,458,244.14	11.27%
C	**Total Public Debt (A+B)**	**95,779.64**	**39,556,032.50**	**100%**

***Source**: Debt Management Office*

The DMO's comments are as follows:

i. The Total Public Debt as at December 31, 2021 as published on the DMO's website was ₦39.56 trillion not ₦37.39 trillion.
ii. The figure for Total External Debt Service as shown in Table 6 (2021 FGN CFS) is wrongly stated as ₦13,884,760,970,000.00, when compared to the DMO's figure of ₦15,855,231.25 million;
iii. The figure of ₦19,242,557,110,000.00 as shown in Table 6 (DMO) is wrongly stated as Total Domestic Debt, when compared to DMO's figure of ₦23,700,801.25 million, which comprises ₦19.24 trillion for total FGN Domestic Debt and States and FCT in the sum of ₦4.46 trillion;
iv. The DMO does not report on TetFund figure (₦1,022,600,541,244.75); and,
v. The Total FGN Long-Term Debt is ₦29,341,180,793,703.00, while the Total FGN Short-Term Debt is N3,786,137,291,000.00 (DMO's figures) are at variance with the Total Long-Term Borrowings (Note 45, 2021 FGN CFS) of ₦31, 205,430,550,936.70 and the figure of ₦6.187,678,432,895.79 (Note 38, 2021 FGN CFS) as stated in Table 6, the OAuGF may wish to contact the OAGF on this issue.

Auditor's Evaluation

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

Recommendations

The Director General should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly the discrepancy in the FGN debt stock as at 31st December, 2021, in the sum of ₦4,265,790,903,832.50 (Four trillion, two hundred and sixty five billion, seven hundred and ninety million, nine hundred and three thousand, eight hundred and thirty two naira, fifty kobo).
ii. Forward evidence of reconciliation of the figures for the years 2020 to 2024, at the meeting of the Accountant-General of the Federation (OAGF) and the Debt Management Office (DMO) to the Public Accounts Committees of the National Assembly, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

MIDSTREAM AND DOWNSTREAM GAS INFRASTRUCTURE FUND, ABUJA

At the Midstream and Downstream Gas Infrastructure Fund, Abuja, for the period 1st January 2022 to 31st December, 2024, the following observations were made:

ISSUE 1: UNDER-REMITTANCE OF 0.5% STATUTORY REVENUE FROM THE SALES OF PETROLEUM PRODUCTS (=₦26,549,415,244.48)

Description of Findings

Section 52 (7) of the Petroleum Industry Acts (PIA) (2021) states, "The source of the Midstream and Downstream Gas Infrastructure Fund shall be (a) 0.5% of the wholesale

price of petroleum products and natural gas sold in Nigeria, which shall be collected from wholesale customers and such levy shall be in addition to the levy provided for under section 47 (2) (c).” Furthermore, section 52(8) of the PIA (2021) states, “The Authority shall ensure prompt payment of all such sums directly into the Midstream and Downstream Gas Infrastructure Fund’s Account.” Similarly, section 52(9) of the PIA (2021) states, “The levy under section 52 (7) (a) of this Act shall become due within 21 days of the sales of petroleum products and natural gas sold in Nigeria…”

Audit observed that:

i. The 0.5% statutory revenue that is accruable to the MDGIF from the petroleum product sold was ₦39,895,325,313.49 (Thirty nine billion, eight hundred and ninety five thousand, three and twenty five thousand, three hundred and thirteen naira, forty nine) as shown in the document made available for audit, and
ii. Only the sum of ₦13,345,910,069.01 (Thirteen billion, three hundred and forty five million, nine hundred and ten thousand, sixty nine naira, one kobo) was remitted to MDGIF and accounted for, as 0.5% revenue from sales of petroleum products in Nigeria, thereby leading to an under-remittance of ₦26,549,415,244.48 (Twenty six billion, five hundred and forty nine million, four hundred and fifteen thousand, two hundred and forty four naira, forty eight kobo) in 2023 financial year.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund (MDGIF), Abuja.

Risks

i. Loss of government revenue.
ii. Diversion of public funds.
iii. Impairment of the MDGIF initiative.

Management’s Response

Section 52 (8) of the PIA (2021) states, “The Authority shall ensure prompt payment of all such sums directly into the Midstream and Downstream Gas Infrastructure Fund’s Account.”

The MDGIF has informed the Authority of the need to carry out reconciliation of the outstanding amount of 0.5% being owed by different petroleum marketers as against the debit notes earlier issued. The reconciliation between the Authority and Petroleum Marketers/ operators is ongoing while that between the MDGIF and the Authority will commence immediately after.

We believed we will conclude these reconciliations within 3rd quarter of 2025 and report the outcome / evidence of recoveries into the MDGIF account to the OAuGF by October 2025.

Auditor’s Evaluation

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

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦26,549,415,244,48 (Twenty six billion, five hundred and forty nine million, four hundred and fifteen thousand, two hundred and forty four naira, forty eight kobo) being under-remittance of 0.5% statutory revenue from the wholesale price of petroleum products to the Fund.
ii. Recover and remit to the Treasury, the sum of ₦26,549,415,244.48.
iii. Forward evidence of recovery and 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 2: UNDER-REMITTANCE AND UNDER-REPORTING OF GAS FLARE PENALTIES (=₦12,479,683,553.87)

Description of Findings

Section 52(7) of the Petroleum Industry Act (PIA) (2021) states, "The source of the Midstream and Downstream Gas Infrastructure Fund shall be…(d) money received from gas flaring penalties by the Commission under section 104 (4) of this Act shall be for the purpose of environmental remediation and relief of the host communities of the settlors on which the penalties are levied." Furthermore, section 52(8) of the PIA (2021) states, "The Authority shall ensure prompt payment of all such sums directly into the Midstream and Downstream Gas Infrastructure Fund's Account."

Audit observed that:

i. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) reported an actual total revenue from gas flare penalties for 2023, amounting to ₦140,542,799,981.78 (One hundred and forty billion, five hundred and forty two million, seven hundred and ninety nine thousand, nine hundred and eighty one naira, seventy eight kobo) in its 2023 published Annual Report.
ii. After the deduction of 4% cost of collection amounting to ₦5,621,711,999.27 (Five billion, six hundred and twenty one million, seven hundred and eleven thousand, nine hundred and ninety nine naira, twenty seven kobo) from the sum in (i) above, the net balance due to MDGIF amounted to ₦134,921,087,982.51(One hundred and thirty four billion, nine hundred and twenty one million, eighty seven thousand, nine hundred and eighty two naira, fifty one kobo)
iii. The amount remitted to and accounted for, by the Fund in relation to gas flare penalties for the year 2023, was ₦122,441,404,428.64 (One hundred and twenty two billion, four hundred and forty one million, four hundred and four thousand, four hundred and twenty eight naira, sixty four kobo), thereby leading to under-remittance and under-reporting of penalties from gas flare totaling ₦12,479,683,553.87 (Twelve billion, four hundred and seventy nine million, six hundred and eighty three thousand, five hundred and fifty three naira, eighty seven kobo), and

iv. There was no justification for non-collection of the actual net revenue generated by the Commission from gas flare, and prompt payment into the MDGIF Account, as required by section 52 (8) of the PIA 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund, (MDGIF) Abuja.

Risks

i. Shortage of funds for environmental remediation.
ii. Civil crisis due to non-remediation of environmental hazard.

Management's Response

The Petroleum Industry Act (PIA), 2021 bestowed the responsibility for collection of Gas Flared Penalty on the Nigerian Upstream Regulatory Commission (NUPRC). The NUPRC, being a revenue generating organization collect revenues and remit directly into the Federation Account including gas flared penalty.

The Commission usually remit gross revenues into the federation account and report on proceeding month basis. However, the Office of the Accountant-General of the Federation (OAGF) after monthly FAAC meeting net-off 4% cost of collection from the amount remitted by NUPRC as gas flared penalty and transfer net balance to the account of the MDGIF.

The MDGIF upon receipt of the net amount from the OAGF, records it as amount collected for the month and not on proceeding month basis.

From the audit observation above, the sum of ₦140,542,799,981.78 reported by NUPRC in its audited financial statement is gross amount collected for the year 2023 while the sum of ₦122,441,404,428.64 recorded in MDGIF books is total net amount (less 4%) remitted by OAGF and reported on actual month basis.

From our records and adopting the NUPRC reporting style, the total gross amount of gas flared penalty for 2023 (see appendix 3A, 2023) is ₦136,483,545,625.14 as against ₦140,542,799,981.78 reported by NUPRC in its audited financial statement. The resultant figure of under remittance by NUPRC is ₦4,059,254,356.64 (gross).

The MDGIF has taken note of the above discrepancy and will immediately write the NUPRC through the OAGF to request for clarification and or refund of the under remitted sum.

Auditor's Evaluation

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

Recommendations

The Executive Director of the MDGIF should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,479,683,553.87 (Twelve billion, four hundred and seventy nine million, six hundred and eighty three thousand, five hundred and fifty three naira, eighty seven kobo), being under-collection of gas flare penalties due to the Fund.

ii. Recover and remit the sum of ₦12,479,683,553.87 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(i) of the Financial Regulations (2009) should apply.

ISSUE 3: ENGAGEMENT OF CONSULTANT AT 5% FEE FOR GAS FLARE PENALTY RECOVERY (=₦3,517,519,272.95)

Description of Findings

Paragraph 3(d) of the Treasury Circular with Ref No TRYA6&B6/2019 OAGF/CAD/026/V.111/401 of 17th October, 2019, states, "Notwithstanding the provisions of any other circular(s), revenue collection and accounting shall not be concessioned at a fee or commission to any consultant(s) or third-party, without express/written approval of the President of Federal Republic of Nigeria."

Audit observed that:

i. The sum of ₦3,517,519,273.00 (Three billion, five hundred and seventeen million, five hundred and nineteen thousand, two hundred and seventy three naira) only was paid in three tranches to a consultant engaged by the MDGIF Council to recover outstanding Gas flare penalty due to the MDGIF between August 2021 to May 2022 from the Office Accountant-General of the Federation, as shown in the Table below.

S/N	DATE	PV NUMBER	DETAILS	AMOUNT (₦)
1	20/03/2024	CBN/OC/062/2024	Payment of 1st installment for professional fee for recovery of funds due to MDGIF	1,367,519,273.00
2	08/05/2024	CBN/OC/084/2024	Payment of 3rd installment for professional fee for recovery of funds due to MDGIF	1,075,000,000.00
3	03/04/2024	CBN/OC/069/2024	Payment of 2nd installment for professional fee for recovery of funds due to MDGIF	1,075,000,000.00
				3,517,519,273.00

Source*: Paid vouchers.*

ii. Evidence of express/written approval of the President of Federal Republic of Nigeria was not produced to audit to justify the engagement of a private consultant in recovery of the outstanding Gas Flare Penalty from a government organisation.
iii. The consultant, in the award letter, contract agreement and memo used for the payment in (i) above charged the Fund 5% of the total of ₦65,442,219,048.35 recovered as professional fee, contrary to the provisions of the extant regulations quoted.
iv. Evidence of adherence to terms of engagement as stated in the award letter to engage NURPC, CBN, Office of the Accountant General and Federal Ministry of Finance for reconciliation purposes amongst others were not produce nor evidence of responses from the affected MDA's to the consultant produced to justify the authenticity of the figures produced by the Consultant, and

v. Due process documents and due diligent report used in the engagement of the Consultant was not produced to the audit team.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund (MDGIF), Abuja.

Risks

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

Management's Response

Action taken in compliance with Governing Council approval granted at its meeting of 23rd May 2023 (See copy of conveyance of approval attached, Appendix. …)

Auditor's Evaluation

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

Recommendations

The Executive Director of the MDGIF should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,517,519,273.00 (Three billion, five hundred and seventeen million, five hundred and nineteen thousand, two hundred and seventy three naira) paid for the engagement of a consultant to recover outstanding Gas Flare Penalty from a government established institution.
ii. Recover and remit to the Treasury, the sum of ₦3,517,519,273.00.
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 4: UNDER-REMITTANCE OF GAS FLARE PENALTIES TO THE FUND (=₦38,610,104,671.31)

Description of Findings

Section 52(7) of the Petroleum Industry Act (PIA) (2021) states, "The source of the Midstream and Downstream Gas Infrastructure Fund shall be…(d) money received from gas flaring penalties by the Commission under section 104 (4) of this Act shall be for the purpose of environmental remediation and relief of the host communities of the settlors on which the penalties are levied." Furthermore, section 52(8) of the PIA (2021) states, "The Authority shall ensure prompt payment of all such sums directly into the Midstream and Downstream Gas Infrastructure Fund's Account."

Audit observed that:

i. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) reported an actual total revenue from gas flare penalties of ₦391,264,227,593.46 (Three hundred and ninety one billion, two hundred and sixty four million, two hundred

and twenty seven thousand, five hundred and ninety three naira, forty six kobo) for the year 2024, in its 2024 published annual report.

ii. After deduction of 4% cost of collection amounting to ₦15,650,569,103.72 (Fifteen billion, six hundred and fifty million, five hundred and sixty nine thousand, one hundred and three naira, seventy two kobo) from the sum in (i) above, the net balance due to MDGIF amounted to ₦375,613,658,489.31 (Three hundred and seventy five billion, six hundred and thirteen million, six hundred and fifty eight thousand, four hundred and eighty nine naira, thirty one kobo).

iii. The amount collected and accounted for by the Fund in relation to gas flare penalties from January to December, 2024, was ₦337,003,553,818.41 (Three hundred and thirty seven billion, three million, five hundred and fifty three thousand, eight hundred and eighteen naira, forty one kobo) only, leading to an under-collection of penalties from gas flare totaling ₦38,610,104,671.31 (Thirty eight billion, six hundred and ten million, one hundred and four thousand, six hundred and seventy one naira, thirty one kobo) as shown in the Table below:

S/N	MONTH	REVENUE FROM GAS FLARRED PENALTIES (₦)
1	JANUARY	13,240,158,092.25
2	FEBRUARY	27,217,575,349.58
3	MARCH	31,783,339,081.32
4	APRIL	20,567,917,160.00
5	MAY	52,478,785,802.00
6	JUNE	39,841,271,392.00
7	JULY	28,559,675,587.00
8	AUGUST	28,274,552,360.00
9	SEPTEMBER	25,671,094,199.00
10	OCTOBER	17,020,892,414.98
11	NOVEMBER	34,252,237,073.65
12	DECEMBER	18,096,055,306.63
	TOTAL (A)	**337,003,553,818.41**
	AMOUNT REPORTED BY NUPRC (I)	391,264,227,593.46
	COST OF COLLECTION AT 4% OF (I)	15,650,569,103.74
	REVENUE DUE TO MDGIF (B)	**375,613,658,489.72**
	UNDER-COLLECTION (B) - (A)	**38,610,104,671.31**

iii. There was no justification for non-remittance of the actual net revenue from gas flare, and prompt payment of same into the MDGIF Account, as required by section 52 (8) of the PIA 2021.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund, (MDGIF) Abuja.

Risks

i. Shortage of funds for environmental remediation.

ii. Civil crisis due to non-remediation of environmental hazard.

Management's Response

The Petroleum Industry Act (PIA), 2021 bestowed the responsibility for collection of Gas Flared Penalty on the Nigerian Upstream Regulatory Commission (NUPRC). The NUPRC, being a revenue generating organization collect revenues and remit directly into the Federation Account including gas flared penalty.

The Commission usually remit gross revenues into the federation account and report on proceeding month basis. However, the Office of the Accountant-General of the Federation (OAGF) after monthly FAAC meeting net-off 4% cost of collection from the amount remitted by NUPRC as gas flared penalty and transfer net balance to the account of the MDGIF.

The MDGIF upon receipt of the net amount from the OAGF, records it as amount collected for the month and not on proceeding month basis.

From the audit observation above, the sum of ₦391,264,227,593.46 reported by NUPRC in its audited financial statement is gross amount collected for the year 2024 while the sum of ₦337,003,553,818.41 recorded in MDGIF books is total net amount (less 4%) remitted by OAGF and reported on actual month basis.

From our records and adopting the NUPRC reporting style, the total gross amount of gas flared penalty for 2024 (see appendix 3A, 2024) is ₦391,264,227,593.03. When compared to NUPRC gross figure of ₦391,264,227,593.46, the resultant figure of under remittance by NUPRC is 43 kobo (gross).

The 43kobo under remittance could be due to rounding up error which we will reconcile with OAGF.

Auditor's Evaluation

The Management's response to the issue has been noted; however, it is deemed unsatisfactory because the calculation in the audit response is not correct. Consequently, the findings remain valid until the recommendations are implemented.

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦38,610,104,671.31 (Thirty eight billion, six hundred and ten million, one hundred and four thousand, six hundred and seventy one naira, thirty one kobo), being under-collection of gas flare penalties from the Commission.
ii. Recover the sum of ₦38,610,104,671.31 from the Commission and remit same to the Fund.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue specified in paragraph 3112(i) of the Financial Regulations (2009) should apply.

ISSUE 5: REVENUE FROM 2024 SALES OF NATURAL GAS, NOT COLLECTED AND ACCOUNTED FOR (=₦12,940,311,072.81)

Description of Findings

Section 52(7) of the Petroleum Industry Act (PIA) (2021) states, "The source of the Midstream and Downstream Gas Infrastructure Fund shall be (a) 0.5% of the wholesale price of petroleum products and natural gas sold in Nigeria, which shall be collected from wholesale customers and such levy shall be in addition to the levy provided for under section 47 (2) (c)." Furthermore, section 52(8) of the PIA (2021) states, "The Authority shall ensure prompt payment of all such sums directly into the Midstream and Downstream Gas Infrastructure Fund's Account."

Audit observed that:

i. The 0.5% statutory revenue that is accruable to the Fund from the sum of the petroleum product sold was ₦102,240,025,003.61 (one hundred and two billion, two hundred and forty million and twenty five thousand three naira sixty one kobo) as shown in the document made available for audit, and
ii. The sum of ₦89,299,713,930.80 (Eighty nine billion, two hundred and ninety nine million, seven hundred and thirteen thousand, nine hundred and thirty naira, eighty kobo) was remitted to the Fund and accounted for, as 0.5% revenue from sales of petroleum products in Nigeria, thereby leading to an under-remittance of ₦12,940,311,072.81 (Twelve billion, nine hundred and forty million, three hundred and eleven thousand, seventy two naira, eighty one kobo) in the 2024 financial year.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund (MDGIF), Abuja.

Risks

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

Management's Response

Section 52 (8) of the PIA (2021) states, "The Authority shall ensure prompt payment of all such sums directly into the Midstream and Downstream Gas Infrastructure Fund's Account."

The MDGIF has informed the Authority of the need to carry out reconciliation of the outstanding amount of 0.5% being owed by different petroleum marketers as against the debit notes earlier issued. The reconciliation between the Authority and Petroleum Marketers/ operators is ongoing while that between the MDGIF and the Authority will commence immediately after.

We believed we will conclude these reconciliations within 3rd quarter of 2025 and report the outcome / evidence of recoveries into the MDGIF account to the OAuGF by October, 2025.

Auditor's Evaluation

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

Recommendations

The Executive Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦12,940,311,072.81 (Twelve billion, nine hundred and forty million, three hundred and eleven thousand, seventy two naira, eighty one kobo), being statutory revenue of 0.5% of the wholesale price of petroleum products not collected for the year 2024.
ii. Recover and remit to the Treasury, the sum of ₦12,940,311,072.81.
iii. Forward evidence of recovery and 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 6: DOUBTFUL EXECUTION OF TRANSACTION ADVISORY SERVICES (=₦261,851,719.18)

Description of Findings

Section 52(13) of the Petroleum Industry Act (PIA) (2021) states, "The Transaction Advisor shall, in performing his duties under subsection (11), submit report of his findings and recommendations to the Council."

Audit observed from the review of the 2024 MDGIF accounting records and other related documents that:

i. The MDGIF expended the sum of ₦261,851,719.18 (Two hundred and sixty one million, eight hundred and fifty one thousand, seven hundred and nineteen naira, eighteen kobo) on payment of Transaction Advisors engaged by the Fund, as shown in the Table below, and

S/N	PAYMENT DATE	DETAILS	AMOUNT ₦
1	25/11/2024	Being payment for legal advisory fees	141,000,000.00
2	18/03/2024	Being payment of investment advisory fees	31,551,719.18
3	15/08/2024	Being transaction advisory fees	28,200,000.00
4	15/08/2024	Being transaction advisory fees	23,500,000.00
5	15/08/2024	Being payment for transaction advisory fees	23,500,000.00
6	15/08/2024	Being transaction advisory fees	14,100,000.00
	Total		**261,851,719.18**

ii. Evidence of job execution, Report of the findings and recommendations of the Transaction Advisors before the investments made, were not produced for audit even after several requests by the team.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund (MDGIF), Abuja.

Risks

i. Non execution of contract.
ii. Diversion of public funds.

Management's Response

These documents are under the custody of the legal adviser and Secretary of the Governing Council who was on annual leave during the Audit team visit. (attached are sample copies of the requested documents, Appendix ……).

Attached are the requested documents (Transaction Advisor report) for your sighting.

Auditor's Evaluation

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

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦261,851,719.18 (Two hundred and sixty one million, eight hundred and fifty one thousand, seven hundred and nineteen naira, eighteen kobo), paid to Transaction Advisors without advisory reports and recommendations.
ii. Recover and remit to the Treasury, the sum of ₦261,851,719.18.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payments and failure to account for public funds specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 7: NON-OBSERVANCE OF DUE PROCESS IN THE ENGAGEMENT OF TRANSACTION ADVISORS (=₦65,800,000.00)

Description of Findings

Section 52(12) of the Petroleum Industry Act (PIA) (2021) states, "The Transaction Advisor shall be selected on need basis through a competitive and transparent criteria specified by the Council and the selection process shall be managed by the Executive Director, Midstream and Downstream Gas Infrastructure Fund subject to the approval of the Council." Also, paragraph 10 of BPP "No Objection" with reference number BPP/S.1/A&WR/24/Vol.I/15B of 17th July, 2024 states, " This Due Process "No objection" is granted to the NMDPRA on the conditions that; (i) the relevant Request for Proposals (RFPs) shall be issued to nine (9) responsive firms to compete and the appropriate selection method is adopted; (ii) Price Competitiveness shall form the sole basis for the recommendation of the least evaluated responsive bidder; …(iv) Due diligence shall be conducted on the recommended bidder before award of the Contract;…"

Audit observed that:

i. The Fund awarded and paid three (3) contracts totaling ₦65,800,000.00 (Sixty five million, eight hundred thousand naira) on 13th August, 2024 to two (2) consultants for the provision of advisory services.

ii. The contracts in (i) above were awarded before the "No Objection" conditional approval of the Bureau of Public Procurement for adoption of selective tendering, and
iii. The action in (ii) contravenes the conditional approval granted by the Bureau of Public Procurement.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund (MDGIF), Abuja.

Risks
i. Violation of Public Procurement procedure.
ii. Cost overruns.

Management's Response
The Fund being a special purpose fund created by law, its activities are also strictly guided by the Act establishing it. Hence, the engagement of Transaction Advisors is guided by Section 52 (11), (12) & (13) and particularly 52 (12) of PIA 2021. See copy of Governing Council approval (Appendix…….) and BPP letter dated 17th July 2024 with reference number: BPP/S.I/A&WR/24/VOL 1/158 (Appendix …….)

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

Recommendations
The Executive Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, for the sum of ₦65,800,000.00 (Sixty five million, eight hundred thousand naira), being awarded transaction advisory contracts without observance of due process.
ii. Forward to the Public Accounts Committees of the National Assembly, the relevant Request for Proposals (RFPs) issued to the responsive firms, and Due diligence report conducted on the recommended bidder before award of the contract as stated in the conditional approval, and
iii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 8: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS FOR EXAMINATION

Description of Findings
Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, paragraph 3210(v) of the Financial Regulations (FR) (2009) states, "The Chief Executive Officer shall submit both the Audited Accounts and Management Report to the Auditor-General and the Accountant-General not later than 31st May of the following year of Account."

Audit observed that:

i. The Management of the Fund did not submit its audited accounts for the financial years ended 31st December, 2022, 2023 and 2024 for audit, and
ii. There was no justification given for not presenting the Financial Statement despite repeated requests by audit.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund (MDGIF), Abuja.

Risks

i. Impediments to Legislative oversight.
ii. Lack of transparency and accountability.
iii. Poor financial management.

Management's Response

We acknowledged delay in the commencement of statutory Auditing of the Fund's Financial Statements which is largely due to procedural challenges, however, the Auditing exercise for the years ending 31st December, 2022, 2023 and 2024 Financial Statements are been concluded and awaiting sign off which the OAuGF will be availed the signed copies as provided by extant rules and regulations as soon as the sign off is concluded.

Auditor's Evaluation

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

Recommendations

The Executive Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the 2022, 2023 and 2024 Audited Financial Statements to the Auditor-General for the Federation.
ii. Produce the Audited Financial Statement for the years 2022, 2023 and 2024 and the corresponding Management Letter/Report as required by extant regulations.
iii. Forward copies of the Audited Financial Statements and Auditor's Reports thereon to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 9: FAILURE TO PUBLISH FINANCIAL STATEMENTS AS MANDATED BY THE PETROLEUM INDUSTRY ACT

Description of Findings

Section 52(14) of the Petroleum Industry Act (PIA) (2021) states, "The Midstream and Downstream Gas Infrastructure Fund shall be managed as follows-…(e) certified annual audited accounts of the Midstream and Downstream Gas Infrastructure Fund shall be published annually."

Audit observed that:

i. The Fund failed to publish its 2022, 2023 and 2024 certified annual audited accounts as required by the Establishment Acts.
ii. The non-publication of the certified audited accounts in (i) above hinders transparency and accountability in the MDGIF's financial management, and
iii. The MDGIF failure to publish the certified annual audited accounts constitutes non-compliance with the Establishment Act.

The above anomalies could be attributed to weaknesses in the internal control system at the Midstream and Downstream Gas Infrastructure Fund (MDGIF), Abuja.

Risks

i. Loss of public trust
ii. Inefficient financial management
iii. Lack of transparency and accountability.

Management's Response

We acknowledged delay in the commencement of statutory Auditing of the Fund's Financial Statements which is largely due to procedural challenges, however, the Auditing exercise for the years ending 31st December, 2022, 2023 and 2024 Financial Statements are been concluded and awaiting sign off which the OAuGF will be availed the signed copies as provided by extant rules and regulations as soon as the sign off is concluded.

Auditor's Evaluation

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

Recommendations

The Executive Director of the MDGIF should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-publication of the MDGIF certified annual audited accounts contrary to the provisions of the Establishment Act, and
ii. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

UNIVERSAL SERVICE PROVISION FUND, ABUJA

At the Universal Service Provision Fund (USPF), Abuja, for the period 1st January to 31st December, 2024, the following observation was made:

ISSUE 1: NON-PERFORMING INVESTMENT/NON-ADHERENCE TO FEDERAL GOVERNMENT DIRECTIVE TO CLOSE ALL ACCOUNTS WITH COMMERCIAL BANKS (=₦3,209,353,597.55)

Description of Findings

Section 119(1) of the Nigeria Communication Act (2003) states "The USP Board shall, in consultation with the Commission, appoint an independent and competent

investment management firm as a USP Fund Managers with responsibilities; amongst others, for:…(f) prudently investing USP Funds cash reserves under directions from the USP Board and establishing cash management procedures to ensure maximum return on investments while meeting short term cash requirements for disbursement." 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…(i) ensuring internal guides, rules, regulations, procedures are adequately provided for the security and effective check on the assessment, collection, and accounting for revenue."

Audit observed that:

i. The Fund invested the sum of ₦1,800,000,000.00 (One billion, eight hundred million naira) in Aso Savings and Loan Plc, a private primary mortgage company, in June 2013 at an interest rate of 7% per annum.
ii. In 2015, the Federal Government directed all Ministries, Departments and Agencies (MDAs) to close all accounts maintained with commercial banks and transfer balances into the Treasury Single Account (TSA).
iii. As at the date of this periodic check in May, 2025 (10 years after), Aso Savings and Loan Plc has not been able to pay back the principal investment and the accrued interest totaling ₦3,209,353,597.55 (Three billion, two hundred and nine million, three hundred and fifty three thousand, five hundred and ninety seven naira, fifty five kobo), and
iv. The Audited Financial Statements of Aso Savings and Loan Plc showed that the Bank has been having going concern challenges since 2013 prior to initial investment by USPF.

The above anomalies could be attributed to weaknesses in the internal control system at the Universal Service Provision Fund (USPF), Abuja.

Risks

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

Management's Response

1. The decision to invest with Aso Savings and Loan Plc in 2013 was that of the Management of the Secretariat at that time.
2. Following the Presidential directives in 2015 to transfer all government funds to the Treasury Single Account (TSA), correspondence was sent to Aso Savings and Loan Plc. to transfer the principal amounts and accrued interests belonging to the USPF latest by Friday, September 11, 2025 (attached herewith as appendix 1). In addition, also find attached as appendix 2, Aso Savings and Loans Plc. response on how they propose to remit.
3. The Investment with Aso Savings and Loans Plc is one of the issues that will be deliberated by the Board of the USPF upon inauguration. It is worthy to note that a representative from the Federal Ministry of Finance is a member of USPF Board.

Auditor's Evaluation

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

Recommendations

The Secretary should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦3,209,353,597.55 (Three billion, two hundred and nine million, three hundred and fifty three thousand, five hundred and ninety seven naira, fifty five kobo), being investment of government fund in Aso Savings and Loan Plc in 2013 even when the company had shown signs of going concern challenges.

ii. Furnish reasons to the Public Accounts Committee of the National Assembly why the investment in the Bank was not terminated in 2015 when the Federal Government & the Central Bank of Nigeria directives were issued.

iii. Recover and remit to the Treasury, the sum of ₦3,209,353,597.55.

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

v. Otherwise, sanctions relating to failure to manage public funds prescribed in paragraph 3115 of the Financial Regulations (2009) should apply.

SECTION 18

UNIVERSITY TEACHING HOSPITALS & ALLIED INSTITUTIONS AUDIT DEPARTMENT (UTH & AIAD)

ABUBAKAR TAFAWA BELEWA TEACHING HOSPITAL, BAUCHI

At the Abubakar Tafawa Balewa Teaching Hospital (ATBUTH), Bauchi, for the period 1st January to 31st December, 2024, the following observation was made:

ISSUE 1: PAYMENT OF RETENTION WITHOUT CERTIFICATION (=₦3,986,551.45)

Description of Findings

Paragraph 2.3(c(x) of the Treasury Circular Reference No. TRY/A6&B6/2008 dated 16th May, 2008 and TRY/A2&B2/2019/OAGF/CAD/026/V.III/358 dated 8th July, 2019 on "Mandatory Documents Required to Facilitate Payment of Government Contractors" states, "For contracts having provisions for retention, the Auditor-General for the Federation or his representative and the representative of the MDA shall co-sign the certificate releasing the final payment."

Audit observed that:

i. The Hospital paid the sum of ₦3,986,551.45 (Three million, nine hundred and eighty six thousand, five hundred and fifty one naira, forty five kobo) as retention fees on two (2) contracts, and
ii. There was no evidence provided to show that the Auditor-General for the Federation or His representative signed the certificate releasing the final payment of retention as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Abubakar Tafawa Balewa Teaching Hospital (ATBUTH), Bauchi.

Risks

i. Payments for poorly executed jobs.
ii. Avoidable maintenance cost.

Management's Response

No response.

Auditor'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 payment of ₦3,986,551.45 (Three million, nine hundred and eighty six thousand, five hundred and fifty one naira, forty five kobo) as retention fees without evidence of certification by the Auditor-General for the Federation.
ii. Recover and remit to the Treasury, the sum of ₦3,986,551.45.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment in paragraph 3106 of the Financial Regulations (2009) should apply.

NATIONAL AGENCY FOR THE CONTROL OF AIDS, ABUJA

At the National Agency for the Control of Aids (NACA), Abuja, for the period 1st January to 31st December, 2024, the following observation was made:

ISSUE 1: PAYMENT FOR INTERNATIONAL TRAVELS WITHOUT APPROVAL (=₦47,622,947.00)

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. Five (5) paid vouchers amounting to ₦47,622,947.00 (Forty seven million, six hundred and twenty two thousand and nine hundred and forty seven naira) were raised in favour of officers of the Agency on 14th March, 2023, for International trips to attend trainings, workshops, conferences and other foreign engagements without approvals from the Head of Civil Service of the Federation or Secretary to the Government of the Federation, and
ii. Evidence of travel such as copies of invitation letter from the Organization, Immigration stamped pages on their international passports, air-tickets, or boarding pass, reports of training etc were not made available for audit.

The above anomalies could be attributed to weaknesses in the internal control system at the National Agency for the Control of Aids (NACA), Abuja

Risks

i. Loss of government funds
ii. Payment for journey not embarked on.

Management's Response

No response.

Auditor'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 ₦47,622,947.00 (Forty seven million, six hundred and twenty two thousand,

nine hundred and forty seven naira), being payments to Officers of the Agency for International travel without approvals.

ii. Recover and remit to the Treasury, the sum of ₦47,622,947.00.

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 HOSPITAL, ABUJA

At the National Hospital, Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: STORE ITEMS NOT TAKEN ON LEDGER CHARGE (=₦33,400,736.50)

Description of Findings

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

Audit observed that:

i. The sum of ₦33,400,736.50 (Thirty three million, four hundred thousand, seven hundred and thirty six naira, fifty kobo) was spent to procure store items in 2024 through eight (8) paid vouchers, and

ii. There was no evidence to show that the items passed through the store as Store Receipt Vouchers were not attached to the paid vouchers as required by extant regulations.

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

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 Chief Medical Director should be requested to:
i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦33,400,736.50 (Thirty three million, four hundred thousand, seven hundred and thirty six naira, fifty kobo), being payment for store items not taken on ledger charge as required by extant regulations.
ii. Recover and remit to the Treasury, the sum of ₦33,400,736.50.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and failure to spend public funds effectively, specified in paragraphs 3106 and 3115 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: IRREGULAR GRANTING OF WAIVERS TO STAFF AND NON-STAFF (=₦23,300,000.00)

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 Management Letter (Domestic Report) of the National Hospital for the year ended 31st December, 2022, prepared by the Hospital's External Auditor, showed that the Hospital Management granted waivers to staff and non-staff members amounting to ₦23,300,000.00 (Twenty three million, three hundred thousand naira), and
ii. There was no evidence of the basis/authority upon which the waivers were granted, there was no list indicating the beneficiaries (staff and non-staff members) and there was no indicative amount waived for each patient.

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

Risks
i. Payment for services already paid.
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 ₦23,300,000.00 (Twenty three million, three hundred thousand naira), being waivers granted without due process and justification.
ii. Recover and remit to the Treasury, the sum of ₦23,300,000.00.
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.

UNIVERSITY OF BENIN TEACHING HOSPITAL, BENIN

At the University of Benin Teaching Hospital, Benin, Edo State, for the period 1st January to 31st December, 2024, the following observation was made:

ISSUE 1: PROCUREMENT OF MOTOR VEHICLES USING UNAPPROVED VEHICLE VENDOR (=₦52,228,121.94)

Description of Findings
Paragraph 1 of the Executive Order No. 3 (2017) states, "All Ministries Department and Agencies (MDAs) of the FGN shall grant preference to local manufacturers of goods and service providers in their procurement of goods and services." Also, 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…" Similarly, paragraph 1 of the Establishment Circular Ref. No. NADDC.NAIDP/S.137/1/36 dated 17th March, 2023, provided the updated list of accredited local manufacturers/Assemblers in Nigeria, for the procurement of federal government vehicle.

Audit observed that:
i. The sum of ₦52,228,121.94 (Fifty two million, two hundred and twenty eight thousand, one hundred and twenty one naira, ninety four kobo) was paid through paid voucher number DEC/C/3A/23 to procure a project vehicle from an unaccredited vendor, and
ii. The vendor was not included on the list of the Federal Government's accredited auto dealer and therefore not qualified to do such business with the Government.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Benin Teaching Hospital, Benin, Edo State.

Risks
i. Procurement of substandard vehicles.
ii. Possible diversion of public funds.
iii. Procurement of fairly used vehicle.

Management's Response
No response.

Auditor'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 ₦52,228,121.94 (Fifty two million, two hundred and twenty eight thousand, one hundred and twenty one naira, ninety four kobo), being payment made to an unaccredited vendor for the procurement of project vehicle.
ii. Recover and remit to the Treasury, the sum of ₦52,228,121.94.
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.

UNIVERSITY OF MAIDUGURI TEACHING HOSPITAL, MAIDUGURI

At the University of Maiduguri Teaching Hospital, Maiduguri, Borno State, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: UNDER-REMITTANCE OF INTERNALLY GENERATED REVENUE TO THE CRF (=₦23,826,375.75)

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

Audit observed that:

i. The Hospital generated a total of ₦136,179,203.00 (One hundred and thirty six million, one hundred and seventy nine thousand, two hundred and three naira) as non-revolving Internally Generated Revenue (IGR).
ii. The 25% of the IGR, required for remittance to the CRF amounted to ₦34,044,800.75 (Thirty four million, forty four thousand, eight hundred naira, seventy five kobo), and
iii. The Management remitted the sum of ₦10,218,425.00 (Ten million, two hundred and eighteen thousand, four hundred and twenty five naira) leaving an unremitted balance of ₦23,826,375.75 (Twenty three million, eight hundred and twenty six thousand, three hundred and seventy five naira, seventy five kobo) to the Consolidated Revenue Fund (CRF) as required by extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Maiduguri Teaching Hospital, Maiduguri, Borno State.

Risks

i. Loss of government revenue.
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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦23,826,375.75 (Twenty three million, eight hundred and twenty six thousand, three hundred and seventy five naira, seventy five kobo), being unremitted IGR.
ii. Recover and remit to the Treasury, the sum of ₦23,826,375.75.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to failure to collect and account for Government Revenue stated in paragraph 3112 of the Financial Regulations (2009) should apply.

ISSUE 2: HIGH COST OF REVENUE COLLECTION (=₦25,226,112.84)

Description of Findings

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 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 217 of the FR (2009)

states, “It is the duty of the Accounting Officer responsible for the collection of revenue or other moneys due to Government, to ensure that all collections for which he is responsible are correctly and promptly brought to account, whether such collections are payable directly to him, or to a Sub-Accounting Officer or through any other channel.”

Audit observed that:

i. The Hospital appointed two (2) collecting agents to collect the Hospital’s revenue in the year under review.
ii. The sum of ₦25,226,112.84 (Twenty five million, two hundred and twenty six thousand, one hundred and twelve naira, eighty four kobo) was paid to the two collecting agents between 1st January to 31st October, 2024.
iii. The Management paid a flat amount of ₦1,950,000.00 to one of the Agents between January and July, regardless of the amount collected which was not fair to the Hospital, and
iv. The agreement/MoU entered into between the Hospital and the Bank shortchanged the Hospital and should have been reviewed downward or a performance-based payment option should have been instituted.

The above anomalies could be attributed to weaknesses in the internal control system at the University of Maiduguri Teaching Hospital, Maiduguri, Borno State

Risks

i. Loss of government revenue.
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. Account to the Public Accounts Committees of the National Assembly, the sum of ₦25,226,112.84 (Twenty five million, two hundred and twenty six thousand, one hundred and twelve naira, eighty four kobo), being payment to revenue collection agents without due consideration for value for money.
ii. Recover and remit to the Treasury, the sum of ₦25,226,112.84.
iii. Forward evidence of recovery and remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular or wrong payment specified in paragraph 3106 of the Financial Regulations (2009), should apply.

SECTION 19

WATER RESOURCES AUDIT DEPARTMENT (WRAD)

LOWER NIGER RIVER BASIN DEVELOPMENT AUTHORITY, ILORIN

At the Lower Niger River Basin Development Authority, Ilorin, for the period 1st January to 31st December, 2023, the following observations were made:

ISSUE 1: PROCUREMENT OF ICT FACILITIES WITHOUT CLEARANCE FROM NITDA (=₦29,496,581.00)

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. Contract for the sum of ₦29,496,581.00 (Twenty nine million, four hundred and ninety six thousand, five hundred and eighty one naira) was awarded to a firm for the computerization of the Authority's ICT and Internet Facilities, and
ii. There was no evidence that the Authority obtained the necessary clearance from NITDA.

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

Risks

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

Management's Response

NITDA and computer Professional of Nigeria (CPN) were considered as required by BPP via validation of the advert as criteria for ICT projects awarded by the Authority during the year under review.

Auditor's Evaluation

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

Recommendations

Managing Director should be requested to:

i. Account to the Public Accounts Committee of the National Assembly, the sum of ₦29,496,581.00 (Twenty nine million, four hundred and ninety six thousand, five hundred and eighty one naira), being award of ICT contracts without obtaining clearance from NITDA.
ii. Recover and remit to the Treasury, the sum of ₦29,496,581.00.

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

ISSUE 2: IRREGULAR TRANSFER OF FUNDS TO IPPIS TRANSACTION ACCOUNT (=₦123,900,156.65)

Description of Findings

Section 80 of the Constitution of the Federal Republic of Nigeria (1999) (as amended) states, "No money shall be withdrawn from the CRF 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."

Audit observed that:

i. The sum of ₦123,900,156.65 (One hundred and twenty three million, nine hundred thousand, one hundred and fifty six naira, sixty five kobo) was transferred to the Authority's IPPIS Personnel Account during the period under review.
ii. The amount was transferred to IPPIS Transaction account without disclosing the details/nature of the transfer, and
iii. The Management did not provide relevant authorisation/approval to justify the transfer made by the Authority.

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

Risks

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

Management's Response

As far as the Authority is concerned, the operation/management of personnel emolument account is being handled by IPPIS. Therefore, the Authority does not have direct knowledge of such transactions.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦123,900,156.65 (One hundred and twenty three million, nine hundred

thousand, one hundred and fifty six naira, sixty five kobo), being irregular transfer of funds to IPPIS transaction account.
ii. Recover and remit to the Treasury, the sum of ₦123,900,156.65.
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.

SOKOTO-RIMA RIVER BASIN DEVELOPMENT AUTHORITY, SOKOTO

At the Sokoto Rima River Basin Development Authority, Sokoto, for the period 1st January to 31st December, 2023, the following observation was made:

ISSUE 1: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings
Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, 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 Authority failed to submit its Audited Accounts and Management Reports, for the year ended 31st December, 2023, to the Auditor General for the Federation for vetting and necessary comments, and
ii. No justifiable 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 Sokoto Rima River Basin Development Authority, Sokoto.

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

Management's Response
The Audited Financial Statement for the year ended 2023 was on progress and to be submitted to you as soon as possible will be submitted soon. Efforts are being made to clear the back log as soon as possible.

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the Authority's audited financial statements for the year ended 31st December, 2023.

ii. Forward copies of the audited financial statements and Auditor's Reports thereon to both 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 specified in paragraph 3129 of the Financial Regulations (2009) should apply.

SECTION 19

FEDERAL GOVERNMENT OWNED ENTERPRISES (FGoEs) AUDITS

NIGERIAN UPSTREAM PETROLEUM REGULATORY COMMISSION, ABUJA

At the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: UNDUE FINANCIAL INTERFERENCE BY THE SUPERVISING MINISTRY AND NATIONAL ASSEMBLY COMMITTEES (=₦6,724,150.00)

Description of Findings

Paragraph 2 of the Establishment Circular, Reference No. SGF.6/VIII, dated 8th May, 2008, states, "…the practice of Ministers and Ministries accepting or requesting for funds and financial support of any form, including loans and purchase of vehicles from the Parastatals under their supervision should be stopped henceforth. Chief Executives of Parastatals will be held accountable for such lapses including the provision of facilities and vehicles to Ministers and Ministries." Furthermore, paragraph 2(i) of the Establishment Circular, Ref No. SGF/OP/I/S.3/XII/158 of 15th October 2019 states, "…For the avoidance of doubt, all yearly travel plans for statutory meetings and engagements must receive express clearance from the Office of the Secretary to the Government of the Federation and/or the Office of the Head of the Civil Service of the Federation within the first quarter of the fiscal year before implementation…" Also, paragraph 415 of the Financial Regulations (FR) (2009) states, "The Federal Government requires all officers responsible for expenditure to exercise due economy. Money must not be spent merely because it has been voted."

Audit observed that:

i. The sum of ₦6,724,150.00 (Six million, seven hundred and twenty four thousand, one hundred and fifty naira) was paid as estacode allowance and conference fees for the Offshore Technology Conference 2023 in Houston, Texas, USA, to officials outside the Commission.
ii. The beneficiaries have separate budgetary provisions for such international travel, making the expenditure contrary to extant financial regulations and applicable circulars, and
iii. There was no evidence of approval from the Office of the Secretary to the Government of the Federation (OSGF) and/or the Office of the Head of the Civil Service of the Federation (OHCSF) prior to the payments.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Abuja.

Risks

i. Diversion of Public Funds to cronies.
ii. Wasteful spending.
iii. Double payment as officers may have been paid by their organizations.

Management's Response

The expenditure was related to oversight activities during the time under review.

Auditor's Evaluation

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

Recommendations

The Chief Executive should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦6,724,150.00 (Six million, seven hundred and twenty-four thousand, one hundred and fifty naira), paid as Estacode Allowance and Conference Fees for non-Commission officials and justify the legal basis for the expenditure.
ii. Recover and remit to the Treasury, the sum of ₦6,724,150.00.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to irregular payment and gross misconduct specified in paragraphs 3106 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 2: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT THE APPROVAL OF THE ATTORNEY-GENERAL OF THE FEDERATION (=₦722,925,581.38)

Description of Findings

Paragraph 2(a) of the Establishment Circular Ref. No. SGF/PS/CIR/625/1 of 16th July, 2003, states, "… approval of the Honourable Attorney-General of the Federation should be obtained before External Solicitors/Advocates are hired, and legal fees agreed upon by Ministries and their Parastatals/Agencies for any service rendered." Furthermore, paragraph 2(b) of the same Establishment Circular 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 Commission paid the sum of ₦722,925,581.38 (Seven hundred and twenty two million, nine hundred and twenty five thousand, five hundred and eighty one naira, thirty eight kobo) to external solicitors as legal fees without evidence of prior approval of the Attorney-General of the Federation
ii. No evidence was produced to show that the engagement of the solicitors or the determination of their fees was approved by the Attorney-General of the Federation, despite repeated audit requests, and
iii. The selection and engagement process did not follow due process requirements, as there was no evidence of advertisement, competitive bidding, or financial quotations from the solicitors.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Abuja.

Risks

i. Engagement of inexperienced/ unqualified solicitors.
ii. Fees may not be competitive.
iii. Possible loss of public funds.

Management's Response

By the letter dated 11th November 2022 with Ref. No.: NUPRC/1129/VOL.14/283, the Commission sought the approval of the Honorable-Attorney General of the Federation and Minister of Justice (HAGF/MJ) for the operationalization of the Commission's Sustainable Framework for the Engagement and Payment of External Solicitors (SFEPES), designed to guide the engagement and remuneration of external solicitors, and by the letter dated 29th November 2022 with Ref. No.: MJ/LIT/ABJ/NUPRC/708/2022, the HAGF/MJ graciously approved the Commission's SFEPES and revised the fees payable for each category of cases.

Auditor's Evaluation

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

Recommendations

The Chief Executive should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦722,925,581.38 (Seven hundred and twenty two million, nine hundred and twenty five thousand, five hundred and eighty one naira, thirty eight kobo) paid as legal fees without evidence of approval from the Attorney-General of the Federation and compliance with procurement requirements.
ii. Recover and remit to the Treasury, the sum of ₦722,925,581.38.
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.

NIGERIAN MIDSTREAM AND DOWNSTREAM PETROLEUM REGULATORY AUTHORITY, ABUJA

At the Nigerian Midstream and Downstream Petroleum Regulatory Authority, Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: NON-REMITTANCE OF 1% INDUSTRIAL TRAINING FUND ON PERSONNEL COST (=₦217,841,922.18)

Description of Findings

Section 6 (1) of the Industrial Training Fund (Amendment) Act (2011) states, "Every employer having five (5) or more employees in his establishment, or having less than five (5) employees but with a turnover of 50 million Naira and above per annum, shall,

in respect of each calendar year and or the prescribed date, contribute to the Fund one per centum of its total payroll." Furthermore, section 6 (3) of the ITF (Amendment) Act (2011) requires all regulatory Agencies of the Federal Government to ensure compliance with the statutory provisions of the ITF Act with regards to section 6(i-iii).

Audit observed that:

i. The payroll of the Authority for the year 2024 amounted to ₦21,784,192,217.93 (Twenty one billion, seven hundred and eighty four million, one hundred and ninety two thousand, two hundred and seventeen naira, ninety three kobo).
ii. The unremitted 1% statutory Industrial Training Fund (ITF) from the gross salary in the payroll of the Authority amounted to ₦217,841,922.18 (Two hundred and seventeen million, eight hundred and forty one thousand, nine hundred and twenty two naira, eighteen kobo), and
iii. There was no justification for the non-compliance with the Industrial Training Fund (Amendment) Act (2011) on the statutory contribution to the Fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Midstream and Downstream Petroleum Regulatory Authority, Abuja.

Risks

i. Diversion of public funds.
ii. Loss of revenue to government.
iii. Wastage of public funds on possible penalty for non-compliance.

Management's Response

The Authority is in the process of settling the outstanding 1% Industrial Training Fund (ITF) obligation. Evidence of payment will be submitted to the Office of the Auditor-General for the Federation upon completion of the remittance.

Auditor's Evaluation

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

Recommendations

The Authority Chief Executive (ACE) should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦217,841,922.18 (Two hundred and seventeen million, eight hundred and forty one thousand, nine hundred and twenty two naira, eighteen kobo), being amount not remitted to the ITF for the financial year 2024.
ii. Provide and remit the sum of ₦217,841,922.18 to the Industrial Training Fund account.
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: NON-COLLECTION OF NATIONAL TRANSPORT AVERAGE AND BRIDGING ALLOWANCE INDEBTEDNESS TO NMDPRA (=₦431,012,935,018.88)

Description of Findings

Section 47(1) of the Petroleum Industry Act (PIA) (2021) states, "The Authority shall maintain a Fund (in this Act referred to as "the Authority Fund") into which money accruing to the Commission shall be paid."

Audit observed that:

i. The sum of ₦431,012,935,018.88 (Four hundred and thirty one billion, twelve million, nine hundred and thirty five thousand, eighteen naira, eighty eight kobo) was the National Transport Average (NTA), legacy debt and bridging allowance indebtedness to NMDPRA as at May 2023, as shown in the Table below.

S/N	DESCRIPTION	B/A AMOUNT (₦)	NTA AMOUNT (₦)	SUB TOTAL (₦)
1	DAPPMAN	132,564,551,164.93	182,617,609,142.75	315,182,160,307.68
2	MEMAN	46,117,003,659.57	60,186,494,113	106,303,497,772.30
3	UN-ISSUED LEGACY DEBT IN PROMISORY NOTE by FEDERAL MINISTRY OF FINANCE	9,527,276,938.90	-	9,527,276,938.90
	GRAND TOTAL DAPPMAN, MEMAN & LEGACY DEBT (1+2+3)	**188,208,831,763.40**	**242,804,103,255.48**	**431,012,935,018.88**

Source: NMDPRA Records.

ii. As at the time of this audit in August, 2025, nothing came to the knowledge of the auditors to have changed the position of the amount of the indebtedness, and

iii. There was no justification provided for non-recovery of the third parties' indebtedness to the Authority.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Midstream and Downstream Petroleum Regulatory Authority, Abuja.

Risks

i. Loss of government funds.

ii. Diversion of public funds.

Management's Response

Management notes that the sum of ₦431,012,935,018.88 represents a legacy receivable due from marketers. Efforts have been made to engage the affected marketers for reconciliation and sign-off of the outstanding balances

Auditor's Evaluation

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

Recommendations

The Authority Chief Executive (ACE) should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦431,012,935,018.88 (Four hundred and thirty one billion, twelve million, nine hundred and thirty five thousand, eighteen naira, eighty eight kobo), being indebtedness of third parties not recovered by the Authority.
ii. Recover and remit the sum of ₦431,012,935,018.88 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 failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations (2009) respectively, should apply.

ISSUE 3: NON-REMITTANCE OF 0.5% STATUTORY LEVY ON PETROLEUM PRODUCTS BY MARKETERS (=₦1,059,622,848.29)

Description of Findings

Section 47 (1) of the Petroleum Industry Act (PIA) (2021) states, "The Authority shall maintain a Fund (in this Act referred to as "the Authority Fund") into which money accruing to the Commission shall be paid." Furthermore, section 47 (2) of the PIA (2021) states, "The source of the Authority Fund shall be…(c) 0.5% of the wholesale price of petroleum products sold in Nigeria, which shall be collected from wholesale customers." In addition, section 292 (1) of the PIA (2021) states, "Where any hydrocarbon tax or any instalment of tax due and non-payable is not paid within the appropriate time limit prescribed in section 291 of this Act- (a) a sum equal to 10% of the amount of the tax payable shall be added of payment and the provisions of the Act relating to the collection and recovery of tax shall apply to the collection and recovery of such sum; (b) the tax due shall incur interest at the prevailing LIBOR or any successor rate, plus 10% from the date when the tax becomes payable until it is paid and the provisions of this Act relating to collection and recovery of tax shall apply to the collection and recovery of the interest…"

Audit observed that:

i. The sum of ₦1,059,622,848.29 (One billion, fifty nine million, six hundred and twenty two thousand, eight hundred and forty eight naira, twenty nine kobo) was standing as the amount of indebtedness for the year 2024, by fourteen (14) oil marketers as at 24th January, 2025.
ii. The amount in (i) above represented the total debt, inclusive of penalty, on the list of defaulting discharged (Excluding PMS), and
iii. There was no justification provided for non-payment of the debt by the defaulters.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Midstream and Downstream Petroleum Regulatory Authority, Abuja.

Risks

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

Management's Response

Following reconciliation exercises, the Authority recovered N3.19 billion of the N4.25 billion outstanding 0.5% Authority Levy for January-December 2024. The remaining balance of ₦1.06 billion is being pursued through Demand Notices issued to the defaulting marketers. Details of recoveries are provided in Appendix II.

Auditor's Evaluation

Audit notes the Management's response to the issue raised. Considering the recovery of ₦3,191.197,450.71 from the total receivables of ₦4,250,820,299.00 in respect of 0.5% statutory levy on petroleum products by marketers, and the provision of the schedule of receipts and outstanding receivables of ₦1,059,622,848.29 by the Authority, the issue is recommended to be sustained to the extent of the outstanding balance of ₦1,059,622,848.29 (One billion, fifty nine million, six hundred and twenty two thousand, eight hundred and forty eight naira, twenty nine kobo).

Recommendations

The Authority Chief Executive (ACE) should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the sum of ₦1,059,622,848.29 (One billion, fifty nine million, six hundred and twenty two thousand, eight hundred and forty eight naira, twenty nine kobo), being indebtedness of oil marketers not recovered.
ii. Recover the sum of ₦1,059,622,848.29 and remit 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 failure to collect and account for government revenue and gross misconduct specified in paragraphs 3112 and 3129 of the Financial Regulations (2009) respectively, should apply.

NIGERIAN EXPORT-IMPORT BANK, ABUJA.

At the Nigeria Export and Import Bank (NEXIM), Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: ENGAGEMENT OF EXTERNAL SOLICITORS WITHOUT CLEARANCE FROM THE ATTORNEY-GENERAL OF THE FEDERATION (=₦30,680,000.00)

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 Bank paid the sum of ₦30,680,000.00 (Thirty million, six hundred and eighty thousand naira) to some legal firms in 2024, and
ii. The payments made in (i) above were for legal services rendered by the law firms without approval from the Attorney General of the Federation, contrary to the provision of the extant regulations.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Export-Import Bank (NEXIM), Abuja.

Risks

i. Payment of higher legal fee.
ii. Engagement of incompetent solicitor.
iii. Loss of public funds.

Management's Response

The HAGF Circular referred to the legal officers, who are primarily staff of the Federal Ministry of Justice, as well as to agencies that are funded. For self-sustaining agencies like NEXIM, their liability will never extend to the Treasury because they operate as a separate legal entity from the government. And they do not file cases on behalf of the government.

The circular was not aimed at agencies like NEXIM.

Auditor's Evaluation

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

Recommendations

The Managing Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦30,680,000.00 (Thirty million, six hundred and eighty thousand naira), being payment to legal firms without the approval of the Honourable Attorney- General of the Federation, and
ii. Recover and remit the sum of ₦30,680,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (FR) (2009) should apply.

ISSUE 2: PAYMENT OF REIMBURSEABLE TO EXTERNAL AUDITOR WITHOUT EVIDENCE OF RETIREMENT (=₦1,000,000.00)

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 ₦12,128,400.00 (Twelve million, one hundred and twenty eight thousand, four hundred naira) was paid to the external auditor vide payment voucher Ref No. NXMVPVAUG2459 dated 9th September, 2024, for professional service to the Bank.
ii. Included in the sum in (i) above was ₦1,000,000.00 (One million naira) reimbursable, paid without evidence of retirement to indicated the cost incurred by the firm to earn the reimbursement.

The above anomalies could be attributed to weaknesses in the internal control system at the Nigerian Export-Import Bank (NEXIM), Abuja.

Risks

i. Payment for service not rendered.
ii. Loss of public funds.

Management’s Response

Kindly note the sum of one million paid as reimbursable expenses, which covers the cost of printing large volume of financial statements, were already incorporated into the audit fees as per the engagement letter. The Bank will however take cognizance subsequent audit engagements, request the external audit to provide receipts for both professional fees and reimbursable expenses.

Auditor’s Evaluation

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

Recommendations

The Managing Director/CEO should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦1,000,000.00 (One million naira) paid as reimbursable to external auditor without evidence of retirement.
ii. Recover and remit the sum of ₦1,000,000.00 to the Treasury.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

TRANSMISSION COMPANY OF NIGERIA

At the Transmission Company of Nigeria (TCN), Abuja, for the period 1st January to 31st December, 2024, the following observations were made:

ISSUE 1: FAILURE TO COLLECT ELECTRICITY WHEELING INCOME FOR THE USE OF GOVERNMENT SERVICES (=₦446,700,224,437.49)

Description of Findings

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

Audit observed that:

i. The sum of ₦446,700,224,437.49 (Four hundred and forty six billion, seven hundred million, two hundred and twenty four thousand, four hundred and thirty seven naira, forty nine kobo) was the total amount of outstanding trade receivables as at 31st December, 2024.
ii. The total outstanding receivables is made up of ₦217,677,332,987.00 (Two hundred and seventeen billion, six hundred ans seventy seven million, three hundred and thirty two thousand, nine hundred and eighty seven naira) being the Federal Government unpaid tariff shortfall owed to TCN between 2015 to 2021, and ₦229,022,891,450.40 (Two hundred and twenty nine billion, twenty two million, eight hundred and ninety one thousand, four hundred and fifty naira, forty kobo) being DisCos unpaid portion of the market invoices as at 31st December, 2024, and
iii. The outstanding receivables of the Company remained uncollected as at the time of finalising this audit report.

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

Risks

i. Suppression of government revenue.
ii. Loss of revenue to government.

Management's Response

Management acknowledges that the outstanding trade receivables position of ₦446,700,224,437.49 as presented reflects the outstanding balance in the books of TCN as at 31 December, 2024. However, Management wishes to respectfully bring to the attention of the Office of the Auditor-General for the Federation the operational realities of TCN and the Nigerian Electricity Supply Industry. Following the enactment of the Electricity Act 2023 and the consequent unbundling of TCN into the Transmission Service Provider and the Nigeria Independent System Operator, TCN now operates as a market participant and does not directly issue market invoices, collect market revenue, or enforce recovery from market debtors. These market billing,

collection, settlement, and recovery functions reside with the Market Operations arm of NISO, which collects market revenue and allocates same to market participants in line with the applicable market settlement framework. Management further wishes to state that part of the reported outstanding balance includes the sum of ₦217,677,333,980.00 owned to TCN by the Federal Government in respect of tariff shortfall. TCN has written several correspondences to the Honourable Minister of Finance seeking recovery/liquidation of this amount, and copies of the relevant letters are attached for audit verification (see appendix 1). Management continues to engage the relevant market and government institutions for recovery of the outstanding receivables. Management therefore respectfully requests that the audit observation be reviewed in line with the operational structure of the NESI, the statutory role of NISO Market Operations, and the attached evidence of recovery efforts in respect of the Federal Government tariff shortfall component.

Auditor's Evaluation

Audit notes the Management response to the issue raised. The response validates the total outstanding receivables of the Company as ₦446,700,224,437.49. The total outstanding receivables is made up of ₦217,677,332,987.00 being the Federal Government unpaid tariff shortfall owed to TCN between 2015 to 2021, and ₦229,022,891,450.40 being DisCos unpaid portion of the market invoices as at 31st December, 2024. However, both portion of the receivables remained uncollected by the Company as at the time of evaluation of this response. Therefore, the issue is sustained to reflect both component of the receivables totaling ₦446,700,224,437.49 (Four hundred and forty six billion, seven hundred million, two hundred and twenty four thousand, four hundred and thirty seven naira, forty nine kobo).

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦446,700,224,437.49 (Four hundred and forty six billion, seven hundred million, two hundred and twenty four thousand, four hundred and thirty seven naira, forty nine kobo), being outstanding trade receivables not collected as at 31st December, 2024.
ii. Recover and remit to the Treasury, the sum of ₦446,700,224,437.49.
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 (ii) of the Financial Regulations (2009) should apply.

ISSUE 2: NON-REMITTANCE OF 1% INDUSTRIAL TRAINING FUND (ITF) ON PERSONNEL COST (=₦24,669,444.38)

Description of Findings

Section 6(1) of the Industrial Training Fund (Amendment) Act (2011) states, "Every employer having five (5) or more employees in his establishment, or having less than five (5) employees but with a turnover of 50 million Naira and above per annum, shall, in respect of each calendar year and or the prescribed date, contribute to the Fund one per centum of its total payroll." Furthermore, section 6 (3) of the ITF (Amendment) Act

(2011) requires all regulatory Agencies of the Federal Government to ensure compliance with the statutory provisions of the ITF Act with regards to section 6(i-iii).

Audit observed that:

i. The sum of ₦5,903,936,544.87 (Five billion, nine hundred and three million, nine hundred and thirty six thousand, five hundred and forty four naira, eighty seven kobo) was paid as salary to staff of the Company for the financial year 2024.
ii. The 1% statutory Industrial Training Fund on the salary in (i) above, amouted to ₦59,690,894.60 (Fifty nine million, six hundred and ninety thousand, eight hundred and ninety four naira, sixty kobo) as required by the Industrial Training Fund Act (2011), and
iii. The sum of ₦35,021,450.22 (Thirty five million, twenty one thousand, four hundred and fifty naira, twenty two kobo) was remitted by the Company, leaving ₦24,669,444.38 (Twenty four million, six hundred and sixty nine thousand, four hundred and forty four naira, thirty eight kobo) unremitted for the year 2024.

The above anomalies could be attributed to weaknesses in the internal control system at the Transmission Company of Nigeria (TCN), Abuja.

Risks

i. Diversion of public funds.
ii. Loss of revenue to government.
iii. Wastage of public funds on possible penalty for non-compliance.

Management's Response

Management wishes to respectfully clarify that the sum of ₦59,690,894.60 quoted in the audit report is higher than the amount verified, assessed, and demanded by the Industrial Training Fund from TCN for the year under reference. Following the verification of employer's accounts by the Industrial Training Fund, Abuja Area Office, TCN's 2024 assessed payroll was put at ₦4,502,145,022.00, while the applicable 1% training contribution was assessed at ₦45,021,450.22. Management confirms that TCN made payment of ₦35,021,450.22 to the Industrial Training Fund as evidenced by the payment advice dated 12 September 2025. The payment was made in part due to paucity of funds, while the outstanding balance of ₦10,000,000.00 is currently being processed for payment. Copies of the ITF verification working paper, demand notice, and payment evidence are attached for audit verification (See appendix 2). Management therefore respectfully requests that the audit observation be reviewed in line with the official ITF assessment and the payment evidence provided.

Auditor's Evaluation

Audit notes the Management's response to the issue raised. Having provided the evidence of remittance of ₦35,021,450.22 from the total unremitted amount of ₦59,690,894.60, the sum of ₦24,669,444.38 remained unremitted for the financial year 2024. Therefore, the issue is sustained to the extent of unremitted balance of ₦24,669,444.38 (Twenty four million, six hundred and sixty nine thousand, four hundred and forty four naira, thirty eight kobo).

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦24,669,444.38 (Twenty four million, six hundred and sixty nine thousand,

four hundred and forty four naira, thirty eight kobo), being amount not remitted to the ITF for the financial year 2024.

ii. Provide and remit the sum of ₦24,669,444.38 to the Industrial Training Fund account.

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

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

ISSUE 3: NON-REMITTANCE OF 1% NATIONAL SOCIAL INSURANCE TRUST FUND (NSITF) ON PERSONNEL COST (=₦59,690,894.60)

Description of Findings

Section 56(1) of the Employee Compensation Act (2010) states, "There is established the Employees' Compensation Fund (in this Act referred to as "the Fund") into which shall be credited all moneys, funds or contributions by employers for adequate compensation to employees or their dependents for any death, injury, disability or disease arising out of or in the course of employment." Furthermore, section 33(1) of the Employee Compensation Act (2010) states, "Every employer shall, within the first 2 years of the commencement of this Act, make a minimum monthly contribution of 1.0 per cent of the total monthly payroll into the Fund." In addition, section 2 (1) of the Employee Compensation Act (2010) states, "Subject to the provisions of sections 3 and 70 of this Act, this Act shall apply to all employers and employees in the public and private sectors in the Federal Republic of Nigeria."

Audit observed that:

i. The sum of ₦5,903,936,544.87 (Five billion, nine hundred and three million, nine hundred and thirty six thousand, five hundred and forty four naira, eighty seven kobo) was paid as salary to staff of the Company for the financial year 2024.

ii. The 1% statutory remittance on the salary in (i) above, amounting to ₦59,690,894.60 (Fifty nine million, six hundred and ninety thousand, eight hundred and ninety four naira, sixty kobo) was not remitted to the NSITF as required by the Employee Compensation Act, 2010, and

iii. There was no justification for the non-compliance with the Employee Compensation Act (2010) on the statutory contribution to the Fund.

The above anomalies could be attributed to weaknesses in the internal control system at the Transmission Company of Nigeria (TCN).

Risks

i. Diversion of public funds.

ii. Loss of revenue to government.

iii. Wastage of public funds on possible penalty for non-compliance.

Management's Response

Management wishes to respectfully clarify that the sum of ₦59,690,894.60 quoted in the audit report is higher than the specific amount being processed by TCN in line with

the demand notice issued by the Nigeria Social Insurance Trust Fund. In respect of the period currently processed, being January 2024 to August 2025, the demand notice/payment voucher reflects the sum of ₦39,489,589.54, and TCN has taken steps to process payment in favour of NSITF. Copies of the NSITF demand notice and payment voucher/evidence of payment are attached for audit verification. Management therefore respectfully states that TCN has not neglected its statutory obligation but has been making efforts to liquidate outstanding NSITF liabilities progressively. Management respectfully requests that the audit observation be reviewed in line with the official NSITF demand notice, the backlog position, and the payment evidence provided (see appendix 3).

Auditor's Evaluation

Audit notes the Management's response to the issue raised. However, the Company provided the evidence of remittance of ₦39,489,589.54 for the period January to August, 2025 while there was no evidence of remittance for the year under consideration, 2024. Therefore, the issue is sustained as no evidence of remittance was provided for the period January to December, 2024.

Recommendations

The Managing Director should be requested to:

i. Account to the Public Accounts Committees of the National Assembly, the sum of ₦59,690,894.60 (Fifty nine million, six hundred and ninety thousand, eight hundred and ninety four naira, sixty kobo), being unremited contribution to the Employee Compensation Fund as required by the Act.
ii. Provide and remit the sum of ₦59,690,894.60 to the NSITF.
iii. Forward evidence of remittance to the Public Accounts Committees of the National Assembly, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.

ISSUE 4: NON-SUBMISSION OF AUDITED FINANCIAL STATEMENTS

Description of Findings

Section 23(3) of the Fiscal Responsibility Act (2007) states, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time." Also, 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 Transmission Company of Nigeria failed to submit its audited financial statements for 2024 financial years to the Auditor-General for the Federation, and
ii. The above practice contravened extant regulations on submission of audited financial statements.

The above anomalies could be attributed to weaknesses in the internal control system at the Transmission Company of Nigeria (TCN), Abuja.

Risks

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

Management's Response

Management wishes to respectfully state that as at the time of the audit exercise, the audit of TCN's 2024 Financial Statements was ongoing. As at the time of this response, the audit process is at an advanced stage and the financial statements are close to finalization for submission to the relevant authorities. The delay was principally due to the verification, reconciliation, and regularization of TCN's substantial asset base, which is a complex process requiring adequate attention to ensure accuracy, completeness, and proper financial reporting. Management remains committed to compliance with the provisions of the Financial Regulations and will forward the 2024 Audited Financial Statements to the Office of the Auditor-General for the Federation and other relevant authorities upon conclusion of the audit and approval process. Management therefore respectfully requests that the audit observation be reviewed in line with the current status of the audit process and the ongoing efforts to ensure that the financial statements are properly completed and submitted.

Auditor's Evaluation

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

Recommendations

The Managing Director should be requested to:

i. Justify to the Public Accounts Committees of the National Assembly, the non-submission of the 2024 Audited Financial Statements to the Auditor-General for the Federation.
ii. Produce the Audited Financial Statement for the year in (i) above, and the corresponding Management Letter/Report as required by extant regulations.
iii. Forward copies of the Audited Financial Statements and Auditor's Reports thereon to both the Public Accounts Committees of the National Assembly and the Auditor-General for the Federation, and
iv. Otherwise, sanctions relating to gross misconduct specified in paragraph 3129 of the Financial Regulations (2009) should apply.