

2023 ANNUAL REPORT AND ACCOUNTS

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REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF ONDO STATE GOVERNMENT OF NIGERIA FOR THE YEAR ENDED 31ST DECEMBER, 2023

SUBMISSION OF REPORT

I wish to humbly submit to the Honourable House of Assembly of Ondo State, my Annual Report on the accounts of Ondo State Government in respect of the financial year ended 31st December, 2023.

The accounts have been examined under my direction in accordance with Section 125 (2) of the Constitution of the Federal Republic of Nigeria 1999, as amended. The State Consolidated Annual Financial Statements have been certified correct as appropriate, subject to the observations in this report.

(I) ANNUAL FINANCIAL STATEMENTS

(A) The Annual Financial Statements with all relevant records for the year ended 31st December, 2023 were submitted by the Accountant-General on the 21st March, 2024.

Included in this report are the following components of the Consolidated Annual Financial Statements:

- ✓ Consolidated Statement of Financial Performance for the Year ended 31st December, 2023;
- ✓ Consolidated Statement of Financial Position as at 31st December, 2023;
- ✓ Cash Flow Statement for the Year ended 31st December, 2023;
- ✓ Statement of Comparison of Budget and Actual for the Year Ended 31st December, 2023;
- ✓ Statement of Changes in Net Assets/Equity for the Year ended 31st December, 2023; and
- ✓ Notes to the Accounts, comprising a summary of significant accounting policies and other explanatory notes.

(II) IMPLEMENTATION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) IN THE STATE

The outcome of audit review of the level of compliance of the General Purpose Financial Statements of Ondo State Government for the financial year 2023 revealed that the State had made significant progress towards full compliance with the provisions of existing IPSAS Accrual-Basis in the preparation of the financial statements.

The gaps that were identified have been pointed to the Accountant-General in the audit inspection reports issued on the General Purpose Financial Statements and these have been acted upon, where feasible; while other issues yet to be addressed by the Office of the Accountant-General have been noted for appropriate action.

However, some of these issues need to be highlighted here because of the fact that they affect the generality of the public sector entities:

A. VALUATION OF ASSETS AND MAINTENANCE OF FIXED ASSET REGISTER

The FAAC Sub-Committee on IPSAS Implementation in Nigeria, have issued some Treasury Circulars and published some manuals to guide the implementation of IPSAS generally, including the recognition, measurement (valuation and depreciation) as well as disclosure of legacy, heritage and other assets.

The Treasury Circulars include:

- i. Maintenance of Federal Government Assets Database; and
- ii. Guidelines & Procedures for Preparation of IPSAS Accrual;

Some of the other relevant publications include:

- i. Guidelines for the Recognition, Measurement and Disclosure of Legacy Assets of Government for Use by all Public Sector Entities in Nigeria.
- ii. Accrual Accounting Manual for all Public Sector Entities in Nigeria (Federal, States and Local Government) 2015;

- iii. Accrual Accounting Manual for all Public Sector Entities in Nigeria (Federal, States and Local Government) 2021 (Revised Edition).

One of the requirements of IPSAS, which was also highlighted in the above circulars and manuals, was the maintenance of comprehensive Assets Register by the State as well as the various MDAs. These assets were also to be valued based on the requirements of IPSAS 17, which states that “An item of Property, Plant and Equipment (PPE) that qualifies for recognition as an asset shall be measured at its cost or fair value as at the date of acquisition, where it is acquired through non exchange transaction. An entity shall choose either the cost model or the revaluation model as its accounting policy, and shall apply that policy to an entire class of PPE.”

It was however, observed that some MDAs submitted mere list of their Assets to the Office of Accountant-General (not proper asset registers) and attached values that were determined at their own discretions.

This made it difficult for the Office of Accountant-General to prepare a comprehensive Assets Register to confirm the value, existence and ownership of the Property, Plant and Equipment reported in the Consolidated Statement of Financial Position of the Report for year 2023.

We raised this issue with the Accountant-General, and he responded that:

- A Committee on the State Legacy Assets Valuation had been set up.
- A letter had been written by his Office to the Chairman of the Committee to expedite action on the asset valuation exercise. (A copy of this letter was presented to the Audit team to show that work is on-going on the valuation of all the Assets in the State).

What is now required is for the Committee to expedite action on the process to ensure that the State comply fully with the provision of IPSAS Accrual with respect to the issues of recognition, measurement, and disclosure of Non-Current Assets.

B. NEED FOR CONTINUOUS CAPACITY BUILDING FOR STAFF

Meanwhile, the various MDAs still have key roles to play in ensuring full compliance with IPSAS Accrual-Basis. There were some gaps in the implementation of IPSAS which pointed to the urgent need for more capacity building for the accounting, audit and budget officers of the MDAs.

Example of such gap is the issue of **WRONG CLASSIFICATION OF CAPITAL EXPENDITURE**. It was observed that some expenditures that were recurrent in nature were erroneously capitalized in some MDAs. This misclassification arose right from Budget preparation where the funds were classified under capital expenditures.

Apart from the issue of misclassification, there is still the need for operational staff of the public financial management system to get well acquainted with the existing National Charts of Accounts (NCOA), Treasury Circulars and Accounting Manuals for the preparation of Accrual-Based Budgets and Financial Statements across the various MDAs. This is because each MDA is also required to prepare separate financial reports that are based on IPSAS accrual; and audit findings revealed low capacity on the part of some of the Preparers of the financial reports. This is not unconnected with the fact the public sector entities had hitherto been using cash-basis of accounting which the staff had become accustomed to.

In addition, the Statement of Budget Comparison with Actual revealed that the State Budgetary Reporting System was prepared using Cash-Basis method, while the Accounts of the State was prepared based on IPSAS Accrual-Basis method. Hence, comparison of actual with budget would not give a reasonable outcome, as different criteria were being used. The State Budgetary System need to be upgraded for compliance with IPSAS Accrual-Basis in order to have a justifiable comparison in line with the FAAC Sub-Committee guidelines. This is more so as the economic code segment of the NCOA had been adjusted to accommodate non-cash line items. Meanwhile, the existing staff in the budget office may not be able to effectively prepare the budgets on accrual-basis. Hence, staff with accounting background may need to be further trained and posted to the Budget Office to assist in this regard, because of the accounting technicalities involved.

C. INVENTORIES

It was observed that the locations of items reported as Inventories were not indicated in the Notes to the account. Therefore, Audit could not confirm their ownership and existence, since there was no specific MDA responsible for keeping them.

(III) INFORMATION SYSTEMS AUDITING

A. State Accountant-General's Salary Platform (REMITA)

The State Government migrated from PAYCHOICE salary platform to REMITA platform effectively July, 2023. Remita is a financial services owned by System Specs, a financial services company headquartered in Lagos. It is a payment solution that helps individual, business and organization make and receive payment, pay bills and manage their finances.

In Ondo State, Remita is the Salary Payment Platform used by the Office of the Accountant-General to process, pay and report salary payment to workforce in the State. The Platform is used for salary payment of workforce in the Core Civil Service Local Government, Teachers, Unimed Staff and Pensioners.

Audit findings revealed that, the system is being financed with deductions from workers salary. The sum of ₦300 is being deducted as a service fee per transactions on each worker across the State.

The system had been characterized with the following challenges;

- i. **Lack of Full Access to Information on the payroll Platform:** Access with log in details were given to five (5) staff of the Ondo State Auditor-General's Office to carry out their statutory function as contained in Section 125, Sub Sections 1-6 of the 1999 Constitution of the Federal Republic of Nigeria. However, the access given was limited, as the Staff were restricted from accessing vital information on the platform. For instance, the Staff could not accessed January 2017 Salary Arrears which was paid in December, 2023, the Wage Award paid on monthly basis to the State Government Workers and Pensioners and allowances as well as other deduction reports for July to December, 2023. Sometimes access already given to some audit officers were denied on the platform without any justifiable reason, thus hindering the officers from performing their statutory functions.
- ii. **Auto-stop Counter feature not effective:** Audit findings revealed that auto-stop counter feature (to mark down) deductions and possibly to cut off salary

payment on retirement either on attainment of 60 years of age or after serving for a period of 35 years whichever comes first was not activated. Audit observed that salary of some officers still runs even after he/she might have retired from the active service, until when human interface is involved to stop the salary.

- iii. **Biometric of workers:** Audit scrutiny of the payment platform revealed that information uploaded on it were not updated. A navigation through the system revealed that basic information such as picture, BVN, NIN, e-mail, date of retirement, years of service, next of kin, etc. are not fully captured on the Payment Platform. This was largely attributable to the failure to fully capture the Biometric data of the workforce, for proper tracking, adequate controls, transparency and openness, it is advised that, the linkage of the Biometric and payment details should be done without further delay.
- iv. **Traffic Congestion on the Solution:** This happened due to the heavy volume of data on the platform and lack of enough Bandwidth to handle the existing data. It was also observed that when query was raised or when the platform was interrogated, the experienced was that the network was slow and unable to load the needed information. This resulted to undue delay and inability to access information by the end users of the platform, including Audit.
- v. **Network downtime:** It was observed that the Network was at its lowest performance during the working hours, peak period, which in turn led to delay in generating report and low productivity.
- vi. **Pay slips:** Pay Slips were not sent to e-mail of some workers, mostly the workers in the Teaching Service and those employed from 2017 till date. This created challenges to these categories of workers as they found it difficult to have a detailed breakdown of their monthly Salaries as and when due.
- vii. **Complexities:** The REMITA platform was complex, as it contained so many features that were not active for operations in the process of salary payments/reporting. Hence, the need to fine tune it and make it simpler for users across the State.
- viii. **Switching Problem:** It was very difficult, if not impossible to switch from one dashboard to another as obtainable in the PAYCHOICE platform. For a user working on Core Civil Service to access/compare information on Pensioners, will need to first log out from Core Civil Dashboard, before being able to access/log in to Pensioners dashboard. This can be improved upon by making switching seamless, integrating all the required features.

- ix. **Outsourcing:** The Remita Platform was completely outsourced as it was being managed, monitored, and controlled entirely by the Consultant's Staff. The users always need to link the Remita Staff anytime there was glitch on the Network.
- x. **Lack of Adequate Back-Up:** It was observed that the Remita had a backup for their data in the cloud. However, the Office of the Accountant-General did not have their own back-up nor access to the Remita Back-Up. There would be possibility of loss of information and untold hardships to the entire Ondo State workers, in case, there is a breach of agreement between the Remita Company and the Accountant-General's Office.

B. **Bank Account Monitoring System (BAMS)**

Bank Accounts Monitoring System (BAMS) was introduced to Ondo State in November, 2023 to facilitates, ease and track government bank operations. It is used to make payments to third parties, payments of car loans, transfer of funds and to generate reports on transactions made.

The System is an integrated Payment systems that provides flexibility to manage multiple bank accounts with detailed and accountable analysis, processes transactions efficiently across different banks. It focuses on bank account aggregation, payment processing and reporting. It gives unified access into all the State Government Accounts using one platform for cash payment, transfers of funds and payment of loans. The Car Loan Unit, Treasury Cash Office and Fund Transfer Unit were the major Units/Departments that made use of the Software for their operations.

Despite numerous benefits associated with the use of the platform, Audit findings had revealed the following inadequacies:

- i. **Lack of Service Level Agreement (SLA):** It was observed that the Memorandum of Understanding (MOU) had not been prepared and signed by various Stakeholders as at the time of writing this report. This is not healthy for the State as it could lead to unresolved litigations or loss of funds in case of breakdown of communication or disagreement between the parties involved. Hence, it is advised that the necessary work on the MOU be completed and signed by all Stakeholders.

- ii. **Online Reconciliation;** The reconciliations was still being done manually as the features for online reconciliations were not included on the Software and where included, not activated for use.
- iii. **Lack of full set-up/profiling of the account:** It was observed that the platform had not been fully set up by the developer even after 6 months of its operations in the State. Only limited transactions could be done via the platform. It was further observed that the appropriate set-up required from various banks were not being given. This to some extents affected the effectiveness and functioning of the software application.
- iv. **Lack of proper integration:** Various Accounts of Government were to be merged as one Account on the system for ease of transactions. However, it was observed that this was not possible as the system could not show actual on-line real time balances of the accounts because the various accounts did not handshakes on the platform.
- v. **Online Real Time Access not possible:** One of the benefits expected from the platform such as Banks Accounts Monitoring System (BAMS) is to give adequate and correct information, to be the same with the information in the Bank Statements at any given time. However, the system had failed to synchronize the information to reflect the true financial position in the banks at any given time.
- vi. **Bulk payments:** Using the software for bulk payments such as Car loan disbursement had remained a big challenge. As at the time of writing this report, only single transactions could be processed via the Platform.
- vii. **Poor interbank connectivity:** The interbank connectivity is another factor hindering the effective usage of the software. It was very difficult, if not impossible to sweep/move funds from one account of Government to another. This issue had slowed down the pace of carrying out government transactions.

C. **PAYDIRECT REVENUE PLATFORM**

The Revenue platform came into use in 2017. The Revenue Platform is a web based network in use by the Ondo State Internal Revenue Service (ODIRS), to process, collect, split, and report all revenue collections in the State. The Platform is used majorly by the Ondo State Internal Revenue Service at the Headquarter and its Outstation Offices across the State.

The software is being financed by charging of commission on revenue collected subject to the prevailing agreement as contained in the Memorandum of Understanding (MOU).

The Paydirect platform performs the following functions;

- i. Revenue collections for all taxes, which include Land Used Charge, motor licensing fees and other general taxes.
- ii. Reporting of revenue collected
- iii. Reconciliation
- iv. Sweeping of Revenue to the State Consolidated Revenue Fund Accounts
- v. Splitting of revenue.

The following problems/challenges/inadequacies still exist:

- i. **Failure to aggregate revenue by revenue locations:** Audit observed that the platform failed to aggregate revenue based on the locations where the revenue was collected. For instance, it was not possible to ascertain the total Revenue collected by Ifon Tax Station without sorting. Adequate and seamless reporting should be made possible transparently via a revenue platform in this 21st century.
- ii. **Failure to aggregate revenue by revenue items:** It was further observed that, the Revenue Platform could not be used to ascertain a total revenue generated on a particular items. With this features, Revenue collections and reporting could have been seamless and easier to understand.
- iii. **Network downtime:** Issue of Network problem was equally identified as one of the challenges encountered on the use of Paydirect Revenue Platform. Paydirect being a web platform requires a very strong and viable network for easy access and usage.
- iv. **Server response time out:** The server quickly times out. While working on a schedule, the Platform can log you out, hence, it will require a user to log in several times while making use of the platform, which lead to wastage of time.

D. SaaS e-Procurement Solution

Software as a Solution (SaaS) e-Procurement Solution is a non-financial platform used by the Ondo State Bureau for the Public Procurement (ODBPP) for

procurement and disposal of works, goods and services both from within and outside the shore of Nigeria. The software was developed by Europeans Dynamics but made operational in Ondo State through the World Bank-Assisted SFTAS programme in 2021/2022-

Although, the platform was not used for any transaction in the year 2023, the benefits of using the platform includes;

- i. Transparency
- ii. Ease of transactions from any part of the world
- iii. Relatively cheaper than Manual operations
- iv. It improves the integrity of the procurement process
- v. Fast service delivery
- vi. It ensures Security and confidentiality of the process. etc.

However, the platform is experiencing some challenges, these includes:

- i. **Failure to handshake with ODIRS through an Application Programming Interface (API):** Audit observed that the SaaS did not handshake with the ODIRS Revenue Platform. Since both ODIRS and ODBPP are Agencies of Government whose activities require some direct electronic interface for more efficient and effective performance, there is need for the Revenue Platform and the eGP platforms to handshake. As a result of this, the validation of Revenue Receipt of ODSG was being done manually. An officer from ODIRS needed to come to ODBPP to carry out his or her assignments. There is need for synergy between the two Agencies of government to make transactions as seamless as possible.
- ii. **Lack of Proper Integration:** Proper integration of the Platform with other Software in use in the State has not been done.
- iii. **Difficulties in Changes of Nomenclature:** It was observed that the classification was not done using a home-grown software, hence, the difficulties in changes of nomenclature.
- iv. **The Software Developers were not on ground:** The Developers of the Software are foreigners and therefore not on ground to offer any technical support or assistant.

The Bureau is, however, planning to develop a home-grown platform to address the above challenges, more so, the contract with European Dynamics' SaaS e-Procurement Solutions expires in September, 2024.

Having audited/ examined the above four (4) Information Technology Platforms used in the State, it is hereby recommended as follows:

- i. The use of IT Software for doing business of Government is a welcome development and has come to stay and in line with global best practices. Hence, the Management is advised to make necessary improvements on the challenges highlighted above in order to make the best use of the Software applications.
- ii. The benefits of using IT Software are numerous and government is advised to explore more for effective service delivery and for the overall well beings of her citizenry.
- iii. Training and retraining of operators will enhance their mastery and enable the government to have value for the huge investment on the various Information Technology Components in the State.

(IV) **RECORDS KEEPING OF THE DEBT MANAGEMENT OFFICE**

The Ondo State Debt Management Office could not provide any records of their own relating to the debt profiles of the State. The office relied on the records given to them by the Federal Debt Management Office (DMO), Abuja. Therefore, it was difficult to get relevant information such as the date of procuring some of these debts and how the debts were being serviced. Hence, Audit could not ascertain the genuineness of the figures reported.

The Debt Management Office (DMO) needs to maintain proper records to track the State Debts profiles henceforth, as this will ease reconciliation of figures with the records of the Federal Debt Management Office, Abuja which are usually presented on half-year basis.

(V) **CAR LOAN**

I. **BANK BALANCES**

It was observed that a dormant Car Loan account in Access Bank recommended for closure in the last report has been closed. However, the closure proceeds of ₦512,537.33 was not transferred to any of the bank accounts dedicated to Car loan. Further examination of the bank statement revealed that the proceeds were transferred to Ondo State COVID-19 support account. The authority for the transfer to another bank account other than the Car loan account was not made available. The action has effect of depleting the Car Loan Fund.

The Accountant-General should investigate this transfer and ensure that the sum of ₦512,537.33 involved is transferred back to the Car Loan Account.

II. OVER DEDUCTIONS OF CAR LOAN

Audit findings revealed that the total sum of ₦2,810,046.15 was over deducted or wrongly deducted from salaries of officers as car loan repayment in the year under review. The breakdown of this amount was ₦1,038,802.47 for Core Civil and ₦1,771,243.40 for TESCO. Further analysis on Over-deductions revealed that the total sum of ₦28,480.63 were made up of trivial amounts leaving a refundable balance of ₦2,781,565.52 to affected beneficiaries.

Hence, there is need for the sum of ₦1,028,246.35 and ₦1,753,319.17 to be paid back to the affected officers in the Core Civil and TESCO respectively. Also, monitoring mechanisms need to be put in place to forestall over-deductions of loans in order to minimize the impact on employees' well-being.

III. DECEASED OFFICERS WITH OUTSTANDING LOAN BALANCES

The sum of ₦959,912.84 were outstanding as loan balances against some deceased officers in the year under review. See the details below:

CORE CIVIL					
S/N	NAME	CS/ L.NO	MDA	AMOUT(N)	REF
1	Alaba Modupe	1234	H M B.	82,500.00	LEDGER 2
2	Omoegun Kikelomo Eunice	2344	G.HOUSE	387,750.00	LEDGER 7
3	Adebisi Mary O		ACCOUNTANT GENERAL	47,483.12	
4	Lawrence Grace .T.		PENSION COMMISION	41,250.00	
			SUB TOTAL	<u>558,983.12</u>	
TESCOM					
1	Ajileye Oluwatoyin Omolabake	TC04859	AKURE SOUTH	104,322.58	
2	Daodu A.Arike	TC13015	AKOKO	296,607.14	
			SUB TOTAL	<u>400,929.72</u>	
			GRAND TOTAL	<u>959,912.84</u>	

The Accountant-General need to ensure that the outstanding balances are recovered from the death benefits of the deceased officers.

IV. RETIREEES WITH OUTSTANDING CAR LOAN

Audit findings revealed that the sum of ~~N~~2,679,918.75 and ~~N~~2,184.18145 were being owed by some officers who retired from Core Service and Teaching Service respectively. Particulars of those involved are given below:

RETIREE WITH OUTSTANDING LOAN					
CORE CIVIL					
S/N	NAME	CS/ L.NO	MDA	AMOUT(N)	REF
1	ADARA OMOTAYO .L	1058		528,000.00	LEDGER 1
2	ADARA DEBORAH. O	1059		478,500.00	
3	ASA GRACE	1289	SPORTS COUNCIL	96,936.17	LEDGER 1
4	ADEDAPO ADEYELA	1413	HMB	156,016.42	LEDGER 3
5	OLORUNMEKE CLEMENT O.	1423	EDUCATION	261,250.00	
6	EKUNDAYO DUPE FUNKE	1438	HMB	169,583.10	
7	AKINOLA OLASUMBO MARY	1444	HMB	271,333.20	
8	AKINWUMIJU KEHINDE	2290	MATVE	453,750.00	LEDGER 7
9	FATOKIMI CALEB OLASILE	CS30047	HMB	264,549.86	LEDGER 8
SUB TOTAL				<u><u>2,679,918.75</u></u>	

TESCOM

S/N	NAME	CS/ L.NO	MDA	AMOUT(N)	REF
1	SEDARA OMOWUMI GRACE	TC02936	NEW LEDGER 2	90,475.00	
2	BADEWA TAIWO ABIGAIL		NEW LEDGER 3	360,000.00	
3	ADEGBOYEGA PHEBEAN F	TC00151	NEW LEDGER 4	479,233.33	
4	OGUNLAE TUNDE	TC04385	NEW LEDGER 4	641,666.67	
5	ADU ALEX BAMIDELE	TC08408	NEW LEDGER 4	612,806.45	
SUB TOTAL				<u><u>2,184,181.45</u></u>	
GRAND TOTAL				<u><u>4,864,100.20</u></u>	

There is need for the Accountant-General to ensure that:

- The name, loan balance and other particulars of the retired officers are transferred to Retiree ledgers referencing their CS or TC numbers in addition to their State Pension number for ease of reconciliation.
- The outstanding loans are deducted from the gratuity or pensions of the affected officers.
- Posting are done regularly for all recoveries until the loan is fully discharged.

V. OUTSTANDING LOANS WITH STOPPED DEDUCTIONS IN THE YEAR

Review of individual beneficiaries' account revealed that monthly deductions of 206 officers with total loan balance of ~~N~~37,543,088.50 were abruptly stopped during the year despite their indebtedness. However, at the time of this report, it

was observed that some of the stopped deductions have re-commenced. The summary as 31st December, 2023 is presented in the table below.

STAFF CATEGORY	NUMBER OF OFFICERS	BALANCE INVOLVED (₦)
Core Civil	108	15,709,027.05
Teaching & Non-Teaching	98	21,834,061.45
Total	206	37,543,088.50

The Accountant-General need to ensure that:

- i. Deduction is re-commenced on the salary of the remaining concerned officers without further delay.
- ii. Adequate measures are be put in place to prevent similar scenario in the future.

VI. **HOUSING LOANS BOARD**

A. **STATE OF ACCOUNTS**

The State of the Housing Loan account in the period under review left more to be desired as the following anomalies were observed:

- i. Failure to update the account of Retirees to reflect recovery made from their Pensions and Gratuities.
- ii. Indiscriminate closure of ledgers with outstanding balances without attaching evidence of balance recovery.

There is need for the Board to:

- i. Update the Retired officers' accounts when payments are received in their favour.
- ii. Attach/paste evidence of payment of outstanding balances on the Ledgers before closure of accounts.

B. **OVER DEDUCTIONS OF HOUSING LOAN REPAYMENT**

Audit findings revealed that the total sum of ₦664,640.74 was over deducted or wrongly deducted from salaries of officers as Housing loan repayment. Out of this

amount a total sum of ~~₦~~1,286.54 were below the ~~₦~~2,000 thresholds to qualify for a refund. Particulars of officers due for the balance of ~~₦~~663,354.20 had been indicated in inspection report however the outstanding balance yet to be refunded was ~~₦~~427,604.20. There is need to refund the overpayment to the affected officers.

C. REDUCTION IN REPAYMENT AMOUNT

In the course of this audit, instances of reduction in loan repayment amount were observed in the accounts of two of the beneficiaries, hence the need to adjust their deductions to conform to the terms of the loan. Particulars of the affected officers are given below:

S/N	NAMES	Loan Amount (₦)	Monthly deduction payable (₦)	Amount Paid Monthly (₦)	Actual deduction difference (₦)
1.	Olalumade Festus Olanrewaju	708,500.00	19,680.55	13,652.00	6,028.55
2.	Adesina Toyin Julianah	708,500.00	19,680.55	13,625.00	6,055.55

There is need for the monthly deduction of these officers to be adjusted upward in line with the terms of the Loan and to recover the respective monthly under-deductions.

D. OUTSTANDING LOANS WITH STOPPED DEDUCTIONS DURING THE YEAR

Review of individual beneficiaries' account revealed that monthly deductions of some officers with total loan balance of ~~₦~~4,359,057.07 were abruptly stopped despite their indebtedness. The Board responded that the balance had been reduced to ~~₦~~4,159,992.41 and that deductions had commenced. The Board needs to ensure that the amount outstanding against these officers are recovered

(VII) **CASH AND CASH EQUIVALENTS**

A. **BANK ACCOUNTS NOT SUBMITTED**

The table below shows the treasury bank accounts with their closing balances as reported in the financial statements for the period ended 31st December, 2023 under the Cash & Cash Equivalent (CCE) that were not submitted:

S/N	NAME OF ACCOUNT	NAME OF BANK	ACCOUNT NUMBER	CLOSING BALANCE ₦
1	ODSG LG BAILOUT	Access Bank	0697418562	70,066,761.80
2	ODSG CIVIL SERVANT DEDUCTION ACCOUNT	ECO BANK	1793066458	129,147.88
3	ONDO STATE GOVT VEHICLE LEASE ACCT	ECO BANK	1792002011	2,003,092.04
4	ODSG CAPITAL EXPENDITURE ACCT	ECO BANK	1793066599	876,426.37
5	ODSG CAPITAL DEVELOPMENT ACCT	FCMB	0409241104	100,000,000.00
6	ODSG CAPITAL DEVELOPMENT ACCT	FCMB	0409241173	100,282,945.20
7	ONDO STATE GOVT -STAFF MATTERS (LGSC)	First Bank Plc	2023433333	29,337,298.75
8	ODSC LG PENSION MATTERS (LPODSG)	First Bank Plc	2023667314	288,134,079.52
9	ODSG CONSOLIDATED REVENUE A/C	First Bank Plc	2002084301	638,044,241.74
10	ONDO STATE GOVT - STAFF MATTERS (CS)	First Bank Plc	2021071654	60,737,405.12
11	ODSG REVENUE NATURAL RESOURCES ACCT	First Bank Plc	2036564875	8,439,895.10
12	ONDO STATE GOVT - STAFF MATTERS (SB)	First Bank Plc	2021071630	67,005,853.14
13	ONDO STATE PENSIONERS MATTERS (SPODSG)	First Bank Plc	2023443251	18,309,395.28

14	ODSG STAFF MATTERS (UNIMED)	First Bank Plc	2042896902	2,343,203.86
15	STAFF MATTERS (TESCOM)	First Bank Plc	2009814800	59,146,560.25
16	ODSG TAXES	First Bank Plc	2009814738	220,021,305.17
17	ODSG COMMERCIAL MOTOR CYCLE & TRICYCLE	First Bank Plc	2032511699	1,555,831.00
18	ODSG VEHICLE LEASE	First Bank Plc	2014919525	58,224,661.31
19	ODSG REVENUE ACCOUNT	First Bank Plc	2002885759	184.26
20	ODSG REVENUE	First Bank Plc	2014441903	33,082,447.10
21	ODSG INT & DIV ON GOVT INVESTMENT	First Bank Plc	2009814783	93,858.12
22	ODSG CONCOLIDATED REVENUE A/C	First Bank Plc	1000797299	426,264.39
23	ODSG PORTFOLIO MGT ACCT	Polaris Bank Ltd	1770186898	76,364,144.31
24	ODSG EDUCATION ENDOWMENT FUND ACCOUNT	PREMIUM TRUST BANK	0080034131	34,918,766.85
25	ODSG PALLIATIVE ACCOUNT	PREMIUM TRUST BANK	0080035341	32,415,693.03
26	ODSG EXPENDITURE ACC	PREMIUM TRUST BANK	0080027513	4,408,132,415.38
27	ONDO STATE DEPOSIT ACCOUNT	PROVIDUS BANK	1300167925	182,348,192.00
28	BUDGET SUPPORT FACILITY A/C	PROVIDUS BANK	1300236834	823,354.94
29	ODSG COVID-19 RESPONSE FUND	PROVIDUS BANK	1400397327	5,530,534.61
30	ODSGLGS ECOLOGICAL FUND ACCT	PROVIDUS BANK	1400659542	655,355,918.47
31	ODSG SPECIAL RESERVE	STERLING BANK	0067584698	425,477,373.03
32	NEWMAP INTEREST ACCOUNT	STERLING BANK	0078156617	174,431.70
33	ODSG SINKING FUND ACCOUND	UBA	1026388853	315,691,977.38

34	ODSG GRATUITY TRANSIT ACCOUNT	UBA	1026150173	999,999,454.72
35	ODSG DEDICATED RESERVE ACCOUNT	Wema Bank Plc	0620189761	12,059,800.23
36	CONDITIONAL GRANT SCHEME	Wema Bank Plc	0122793457	5,024,398.33
37	ODSG TEACHERS DEDUCTIONS ACCT	ZENITH BANK	1014758321	330,691,715.94
38	ODSG EXPENDITURE	ZENITH BANK	1130081383	(608,055.75)
39	ODSG EXPENDITURE	ZENITH BANK	1015734993	-1340.08
40	ODSG JOINT LG SUBSIDY SAVING	ZENITH BANK	1013051678	1,367.75
41	OSDG BRIDGING LOAN A/C	ZENITH BANK	1014442529	5,474.43
42	ODSG COMM MOTOCYCLE	ZENITH BANK	1015498585	384,381.60
		TOTAL		9,243,050,856.27

Audit could not understand the reason(s) behind the failure of Accountant-General to submit the aforementioned bank accounts to the Auditor-General. This has become yearly occurrence where part of treasury bank accounts are not being provided for auditing. This failure is a breach of the provisions of Section 15 of the Ondo State Public Audit Law, 2021 (as amended). It is also to be noted that Section 16 (1) (iii) of the Law also requires that the Report of the Auditor-General should include the details of such essential records that were not maintained or produced for auditing purposes.

B. ACCOUNTS WITH CLOSING BALANCES IN THE PREVIOUS YEAR BUT NOT SUBMITTED FOR AUDITING IN THE CURRENT YEAR.

S/N	NAME OF ACCOUNT	BANK	ACCOUNT NO.	CLOSING BALANCE ₦
1	REV. CONSOLIDATED	FBN	2002084301	417,810,222.39
2	REFUND FRM FGN	FBN	2031399722	43,794.70
3	PARIS (2) EXPENDITURE	FBN	2031572921	689,473.68
4	TEACHERS' DEDUCTION	FIDELITY	5030089824	524,914,207.70

5	GOVT. DEDUCTION E. E. F	FIDELITY	5030010846	114,860,784.33
6	CAPITAL ACCOUNT	POLARIS	1750000477	94,973,431.07
7	REV. FITCHED SAWN	U.B.A	1020465048	810,733.50
8	CS DEDUCTION	WEMA	0122950997	168,842,570.21
9	TEACHER'S DEDUCTION	ZENITH	1014758321	565,695,677.00
		TOTAL		1,888,640,894.58

Audit could not understand the reason(s) behind the inability of Accountant-General to submit the aforementioned 13 bank accounts with the stated closing balances as at 31st December, 2022 to the Auditor-General. There was no information as regards the closure of these accounts. This act also contravened the provisions of Section 15 of the Ondo State Public Audit Law, 2021 (as amended). It is also to be noted that Section 16 (1) (iii) of the Law also requires that the Report of the Auditor-General should include the details of such essential records that were not maintained or produced for auditing purposes.

The non-production of the above accounts hindered the Office of the Auditor-General from effectively carrying out the audit of deductions made in respect of education endowment fund, deductions from teachers' salaries, cooperative deductions, the revenue and expenditure affected by the other accounts

C. ANOMALIES RELATING TO MAINTENANCE OF PALLIATIVE ACCOUNT WITH PREMIUM TRUST BANK

It was observed that a transfer was made in favour of one, Aina Yemisi Adeola from palliative account with Premium Trust Bank account No. 0080034935 on the 16th August, 2023 instead of the name of the company. This act contravened the provision of section 11007 of Ondo State Financial Regulations and Stores, 2017.

(VIII) PAY ROLL AUDIT

The regular payroll audit of the State has been carried out by the Office of the Auditor-General for year 2023. The details of the control weaknesses and infractions detected during the audit had been incorporated into the domestic report segment of the Annual Report of the Auditor-General on the Accounts of the

State Government for year 2023 under the appropriate Ministries, Departments and Agencies. However, below are the highlights of the findings.

i. Names on Nominal Roll not on Payment Register.

Audit scrutiny of Nominal Rolls and Payment Registers of MDAs revealed that there were several names on the nominal rolls but not on payment registers. For example, there were 574 personnel's on TESCO Human Resource Management (HRM) Nominal Roll but not on their Payment Register. Under the Core Civil Pay-Group, there were not less than 570 names on the nominal rolls but not on payment registers

SUMMARY OF OFFICERS WHOSE NAME APPEARED IN PAY REGISTER BUT NOT IN NOMINAL ROLL

S/N	MDAs	Number of Officers on Nominal Roll not on Payment Register	Number of Officers on Payment Register and not on Nominal Roll	Remarks
1	Ministry of Finance	18	6	
2	Ministry of Economic Planning and Budget	3	3	
3	Law Commission	3		
4	Public and Intergovernmental Relations	10	7	
5	Ministry of Information	9	21	

6	Development and Investment Promotion Agency	17		No pay point for the 17 Staff in the Agency in 2023
7	Bureau of Statistics		3	
8	Office of Public Utilities	17		No pay point for the 17 Staff in the Office in 2023
9	Christian Welfare Board	17		No pay point for the 17 Staff in the Board in 2023
10	Muslim Welfare Board	14		No pay point for the 14 Staff in the Board in 2023
11	Ministry of Works	7	29	
12	Office of Surveyor General	4	14	No pay point for Staff in the Office in 2023
13	Land and Housing	3	22	
14	Staff Loans Board	10		No pay point for the 10 Staff in the Office in 2023
15	Ministry of Environment	6	30	
16	Ministry of Energy, Mines and Mineral Resources	38		No pay point for the 17

				Staff in the Ministry in 2023
17	Gas Expansion Programme	5		No pay point for the 17 Staff in the Office in 2023
18	SEPA	22		No pay point for the 17 Staff in the Office in 2023
19	Ministry of Physical Planning	94		No pay point for the 94 Staff in the Ministry in 2023
20	NEWMAP	15		No pay point for the 15 Staff in the Office in 2023
21	Agency for Transport	27	7	
22	Women Affairs		20	
23	SITA	5	90	Pay point for the Staff in the Office was domiciled in Account General's Office in 2023

24	Agency for Persons with Disabilities	14		No pay point for the 14 officers of the Agency
25	Ministry of Culture and Tourism	7	8	
26	Ministry of Agriculture and Forestry (Produce)	20		
27	Scholarship Board	17		No pay point for the 17 Staff in the Board in 2023
28	BATVE		5	
29	House of Assembly	3		
31	AISA	4	9	
32	Amotekun Network	14		No pay point for the 14 centrally deployed Staff in the Agency in 2023
33	Establishment	9	22	One ghost Worker detected
34	GAD	3	22	3 Ghost workers, 1 Officer with inflated salary

35	ODIEC	18	8	1 Ghost worker identified
36	Liaison Office, Abuja	4		No pay point for the 4 Staff in the Office in 2023
37	Liaison Office, Lagos	11		No pay point for the 11 Staff in the Office in 2023
38	Political & Economic		25	
39	PIMU	5		No pay point for the 5 Staff in the Office in 2023
40	GHP	4	2	
41	UN – REDD+ PROJECT	4		No pay point for the 4 Staff in the Project in 2023
42	Office of Accountant-General	9	7	
43	Ministry of Commerce, Industry and Cooperative Services	7	9	
44	Micro Credit Agency	43		No pay point for the 43 Staff
45	Agric. Input	4	9	

	Total	544	378	
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FACTORS RESPONSIBLE FOR NAMES OF OFFICERS APPEARING ON THE NOMINAL ROLL BUT NOT ON PAYMENT REGISTER , AND VICE VERSA

The factors responsible for the discrepancies in the figures of personnel on the nominal roll and the pay register as indicated in the table above are as follows:

a. Non-linkage of the human resource management system with the payroll system

There was no effective linkage of the human resource management system with the payroll system of the State for seamless data update and for automatic stoppage of salary upon retirement. This and other application control weaknesses in the payroll system had been highlighted above under Section III A.

b. Non existence of pay points in some MDAs,

As can be seen in the table above, a good number of MDAs did not have pay-points in the course of year 2023. This was majorly due to the fact that they did not have the required minimum number of staff to have their own pay-point, i.e. 50. However, we observed that some MDAs even had up more than 50 staff, yet did not have pay point AISA (62), **Ministry of Physical Planning (94), etc.** Separation of pay-point from the primary place of assignment of employees increased the risk of fraud, as controls over who should to be paid and what they should be paid became weakened.

The Office of Accountant-General, based on the serious concerns that audit had been raising on this issue in the past, decided to create pay points for the affected MDAs in early year 2024. However, most of the pay-points are domiciled in the Office of the Accountant-General. As at March, 2024, the Office of Accountant General claimed that only the Staff Loans Board was yet to have pay point. However, the audit is concerned about the extent of interaction going on between the affected MDAs and their pay-points; as well as the level of monitoring and control being exercised on activities of the officers in charge of the pay-points domiciled in the Office of Accountant-General.

c. Officers to moving their Last Pay Certificates to new Stations

Some Officers are in the habit of not carrying their Last Pay Certificates along to their new duty stations when posted in breach of Section 20002 of Ondo State Financial Regulations and Stores, 2017, and the Establishment circular directing that members of staff should move their pay-points to their new duty stations whenever they are transferred.

This was common in many MDAs, even where there were pay points in the new stations that officers were posted to. This particular loophole had created opportunities for salaries of dead, absconded or retired staff not to be stopped, as information is often not communicated by the management of the MDAS where such officers were working to the MDAs where their salary pay points are located.

d. Non-updating the nominal rolls on regular basis.

The updating of the nominal roll and pay register ought to be routine activity to ensure payment of staff is based on correct data, to avoid wrong payment. However, audit has observed over the years that regular updates were not being carried out by the MDAS.

e. Not stopping salaries of officers when disengaged

Audit discovered several instances of non-stoppage of salaries of officer when disengaged from service either due to retirement, withdrawal of service, resignation, death, abscondment study leave without pay, etc. This often happens when information is not communicated either by the disengaging staff or the MDAs where they were working to the new station of the officers. However, more worrisome was the discovery that there were cases where formal communication were received about officer's disengagement from service due to one reason or the other, yet the nominal roll and/or payment register would not be updated to ensure stoppage of salaries to such disengaged staff. For example, it was observed in the Directorate of Rural and Community Development that an Officer Mrs. Jide-Omolade Opeyemi Olasunbola, who disengaged from the service in September 2023, according to her letter of retirement, still had her salaries paid up till December 2023. However, the Office claimed to have written a letter to the Office of the Accountant-General to stop the salary of the Officer but was not effected by the Office of the Accountant-General.

f. Duplicated payment of salaries to officers.

This could happen due to an officer's name appearing in more than one place in the payment register, or an officer using two different employees number. . For example, that there were 35 officers on TESCO payment Register that were using both TC and CS Employee Number; which implies that they are receiving double salary. There were also four (4) officers on TESCO payment Register with Duplicate names. Audit further investigation revealed that when these Officers were invited for clarification only One of them shown up, the remaining three did not.

There were also cases where same employee number was assigned to two different persons. For example, in the Mother and Child Hospital, it was observed that, one Olubo Agnes Iyabo with CS No. 05253, who mandatorily retired from the Service with effect from 5/10/2023, and also used the name throughout her service years collected salary with another name whose first and second names are different entirely in the payment platform as Olubo Christiana Aderonke. Audit observed that there was no change of name in her file to know if she is the same person bearing all the names but the same CSW number was used for both names There were also some discrepancies in the Staff CS Numbers of some officers as presented below:

S/N	NAMES	GL.	Nominal Roll CS.NO	Pay Register CS.NO	REMARK	Ministry
1	Olamibo Ayerin	10/1	11409	11409	Same CS No on Nominal Roll with (S/N) 2 below	Land and Housing
2	Akinnusotu Taiwo	15/10	11409		Pay point in other MDA	Land and Housing

g. Payment to non-existing worker (ghost).

Audit also observed that payments of salaries were made to some officers whose duty post could not be identified.

One officer whose name is on the pay register of the Office of Establishments and Training, Mr. Ayodeji Samuel, GL. 08 step 8 could not be traced to any MDA as at the time of writing this report. Also, there were two employees in General Administration Departments whose duty posts were not known, despite the fact

that they had their pay points in the Department. Jayeola Comfort Iseoluwa GL 9 (CS05970) and Olusola Jimoh Afelumo GL 05 (CS03111). Also, one officer whose name is on the Pay Register, Dada Abosede, GL. 09 step 7 could not be traced to any MDA as at the time of writing this report.

Hence, the officers could therefore be regarded as ghost workers until otherwise proved. Audit has recommended the stoppage of their salaries pending the period their identity/duty posts could be established.

iii. OTHER PAYROLL IRREGULARITIES DISCOVERED BY THE OFFICE OF THE STATE AUDITOR-GENERAL

a. Absence from Office Without Approval (Abscondment)

Audit observed during the period under review that some officers absented themselves or completely absconded from office without approval. The table below gives a summary of some of these cases, as detected in the MDAs:

S/N	Ministry, Department of Agency	No of Absconded Staff	Remarks
1	Primary Health Care Development Agency	31	The officers absconded between the month of March, 2023 to November, 2023. The Agency conducted routine staff verification exercise which helped in getting information about their abscondment
2	Ministry of Women Affairs and Social Development	2	
3	Ministry of Education	5	
4	Ministry of Agriculture and Forestry/ Ministry of Finance	1	One Mr. Tolulope Olutoye Kolawole, a Principal Insurance Inspector, GL.12, whose Salary domiciled in Ministry of Finance was

			posted to Ministry of Agric. but was reported absent as confirmed from the file in the Ministry
5	Ministry of Agriculture and Forestry- N-CARES/FADAMA Project/Ministry of Economic Planning and Budget	2	Salary of the two officers domiciled in Ministry of Budget and Planning, while the Officer was posted to N-CARES/FADAMA Project of the Ministry of Agriculture Management Information System Officer (MISO) and Procurement Officer 1 in the Project. They absconded from the duty since September 2023 to February, 2024, with N1,046,505.35 to be refunded by them
6	Ministry of Agriculture and Forestry	1	One Mr. Babalola Olufemi, GL 13 absconded from his duty post since 17 th November, 2023 and his salary had been stopped immediately it was discovered.
7	Judiciary	10	4 of them already dismissed, while audit has recommended dismissal of the remaining six
8	Customary Court of Appeal	2	One of the Officers dismissed while the other one has also been recommended for dismissal by audit
9	Mother and Child Hospital	11	
10	Neuro-Psychiatry Hospital	5	While salaries of 4 of them was stopped with one or two months after abscondment, one

			of them was still paid salary for May 2024 after she left the service since 26/5/2023
	Total	70	

Audit has communicated to the affected MDAs on the need for the following necessary actions to be taken, where appropriate:

- They should constitute panel of enquiry to unravel the circumstances that lead to the abscondment of the Officers, especially where the abscondment were not reported, as and when due; while those found culpable should be held liable.
- They should recover all payments made beyond the dates of abscondment of the Officers and evidence of recovery forwarded to the Office of the State Auditor-General accordingly.
- All government establishments should carry out regular staff verification exercise in order to know and determine the state of their workforce from time to time to check undue payment of salary to absconded staff or ghost workers.

b. Over-payment of salaries to retired/deceased staff

Cases of over-payment of salaries to retired/deceased staff were detected by the Office of the State Auditor-General in the course of the year under review. For example, it was observed that one Mr. Olajide Micheal Bakare CS24887 GL.8/3 Motor Driver who had been posted out of the Agency for Transport in November, 2022 to State Universal Basic Education Board (SUBEB) did not take his Last Payment Certificate (LPC) to the new station. Further inquiry revealed that he died in March 2023 and his salaries were still being paid till April 2024 in Ministry of Transport.

A deceased Officer with the name Folarin Oluwaremi Kehinde, CS no. 27096, who died on 14/5/2023 being a staff of Neuro Psychiatric Hospital, had her salary paid till 31/5/2024 and even June 2024 had been prepared, if not for the fact that the Audit inspecting Officer reported the issue to the Central Pay Officer in Accountant General to effect stoppage of her salary with effect from June 2024. Audit is of the Opinion that this act was deliberate on the part of the Salary desk Officer; because

the salary was increased in the Month of March 2024 without any promotion. Her salary was paid from 15/5/2023 to 31/5/2024 (12 months and 17 days), which amounted to N1,604,463.69

These kinds of incidence cut across several MDAs. Some of the affected MDAs are as follow:

S/N	MDA	No of Staff who were overpaid salaries beyond dates of retirement/withdrawal of service/resignation/death	Amount involved/recovered N
1	Ministry of Health: Withdrawal of Service Retirement Total	3 <u>3</u> 6	432,467.75 <u>1, 808,821.44</u> 2,242,289.19
2	Agricbusiness Devt Agency	1	86,809.23
3	Agency for Transport	1	700,107.10
4	House of Assembly Service Commission	1	130,213.26
5	High Court Withdrawal Deceased Total	3 3	520,071.26 <u>594,635.27</u> 1,114,706.53
6	Customary Court	4	1,095,926.85

7	Rural and Community Devt Agency	1	254,666.94
8	Agric (Livestock Productivity and Resilience support)	1	64,123.93
9	Agric (Produce and Forestry)	2	1,101,894.82
10	Neuro-Psychiatry Hospital	2	2,274,405.86
11	Mother and Child Hospital	5	2,559,470.32

The Office of the State Auditor-General had been making painstaking efforts to ensure the over-payments are deducted from the retirement benefits of affected officers, by indicating the amount of overpaid salaries in their pension files and instructing that such be deducted at the point of payment of pension/gratuity. The total amount discovered and recovered from the retirement benefits of the affected officers at the instance of the Office of the State Auditor General for year 2023 was **Forty-Seven Million Eight Hundred and Twenty-Eight Thousand Nine Hundred and Forty-Eight Naira Eighty Four Kobo (N47,828,948.84)**.

c. Records of Recoveries of Over-payment made on Salaries over the Years on Payment Platform Not made Available

It could be observed that Auditor-General's Office had been making recoveries of over-payments of salaries to retired officers at the point of the audit checks conducted on the pension files of the retirees. The figures indicated in the table below represent the recoveries made from the salaries of some retired Officers who were overpaid salaries beyond their retirement dates at the instance of audit between the years 2017 to 2023:

YEAR	OVERPAYMENT RECOVERED
2017	13,963,250.47
2018	7,247,885.60
2019	1,547,436.04
2020	49,891,631.40
2021	66,801,409.06
2022	45,466,340.06
2023	47,828,948.84
TOTAL	232,746,907.47

There supposed to be proper documentation of the eventual recovery of the above sums, when deducted from the gratuity/pension of the affected retirees. The recoveries were supposed to be made to separate bank account(s), as it ought to be captured as revenue to government, while receipts were supposed to be issued to the pensioners from whom the recoveries were made.

Audit requested for the bank statements of the two recovery accounts listed below in order to ascertain how much accrued into the account in respect of the over-payment of salaries and pension, and how the sums recovered were expended; but these statements were not made available for audit scrutiny by the Office of the Accountant-General.

1. ODSG Salary Refund Account UBA 1024624566 TESCO (Committee on Verification)

2. Staff Matters for Pensions Access Bank (Acc. No. not known) PENSION

The response of the Office of the Accountant-General to the request for the bank statements was that the ODSG Salary Refund Account (TESCOM) in UBA - Account No. 1024624566, was opened and operated by the Committee on Payroll Verification set up by the Office of the Head of Service. However, this Office is of the opinion that such fund should have been custodized by the State Treasury, and

even if any transit account was used to make the recoveries, the proceeds of the account should have been remitted to the State Treasury, with proper accounts of how much was realized, the nature, authorization and amount of disbursement that were made from the recovered amounts, if any, before arriving at the figure of the remittance.

d. Placing Officers on Wrong Grade Level/ Step on Promotion/ Abnormal Change in Grade Level Without Promotion

It was observed that some members of staff in some MDAs were placed on wrong grade level or steps in the course of the year. This was despite the circular issued by the Office of Establishment and Training to guide the placement of officers on steps after promotion.

For example, in December 2023, it was observed that one Mr. Salami Sunday (CS24958) a driver on grade level 08 step 3 who supposed to earn N55,033.25 as gross salary per month was placed on grade level 14 step 8 and was paid N131,980.60 as Gross Salary for that month thereby receiving N76,947.35 in excess of his monthly Salary. The trend continued till April 2024 when the infraction was detected by Audit.

In Tescom, a total number of 34 officers were given addition step which resulted to over-payment of N5, 766,788.09 in the year under review.

In addition, there were 28 personnel on TESCOM payment Register with abnormal change in grade level without promotion and also 4 of them were given promotion arrears that they were not due for, which resulted to an over-payment of N7,097,907.57 in the year under review.

e. Payment of undeserved allowances to some Staff.

There were instances where allowances were paid to some staff for which they are not due.

For example, in the Office of the Accountant-General, it was observed that an Officer enjoyed undue Rural and Shift Allowances for two (2) months of June and July, 2023. However, he had been surcharged and the sum was recovered from him in the months of July and August, 2023 at the instance of Audit Inspecting Officer.

In the State Library Board, the two (2) Officers were wrongly placed on health workers salary structure for the month of March and April, 2023 and were made to refund the amount at the instance of audit.

In Tescom, 2 officers received overpaid Rural Allowance of N161,656.10 in the year under review.

f. Unrecovered Salary Advance to Players

For example, a total sum of Three hundred and eighty thousand Naira (~~N~~380,000.00) was yet to be recovered from some players that took Salary Advance in the Football Agency contrary to the condition for granting the advance, which stipulate a repayment period of two months.

g. Low Take Home Pay for Some Employees

It was observed that the take-home/net pay of some staffs were in the negative while some others were below 10% of their gross salary. This might have negative effect on employees' productivity and commitment to duties. Financial pressure on staffs with low take home pay could become an impetus for sharp practices at the expense of the employer. An example of where this incidence was recorded was Olusegun Agagu University of Science and Technology (OSUSTECH). It should be noted that Regulation on minimum staff take home pay prescribes 33.3 percent of gross pay for public servants.

h. Non-Remittance of Contributory Pension of some Employees

The Statutory deductions and remittance of pension (Employees and Employer's) contributions were in arrears in some government institutions. For example OSUSTECH had 24 months arrears. This was viewed as gross violation of the 2014 Pension Reform Act and might result in retiring officers not receiving retirement benefits as and when due.

i. Payment of Salaries to Officers on Study Leave Without Payment/Leave of Absence

Audit observed that salary was paid to some Officers while they were on study leave/leave of absence without pay. This incidence of payment of salaries to officers on study leave without pay occurred in the State High Court; while in the

Ministry of Youth & Sports Development there was an officer on five (5) months leave of absence without pay who was erroneously paid her salary for the period, which she has since refunded.

j. Resigned Officers Without Notice in Lieu of

Audit found that some Court's Officers left without providing the mandatory one-month notice and failed to reimburse the State High Court for the penalty they were due for failing to notify the Court in advance of their resignation

k. Officers Without Duty Post

It was observed that there were 15 personnel on TESCOM payment Register that are without duty post which makes their existence doubtful as staff of the commission.

(IX) AUDIT OF CAPITAL PROJECTS

I. OUTSTANDING MATTERS IN YEAR 2021 AUDITOR-GENERAL'S REPORT NOT ATTENDED TO

(i) Construction of Government House Annex (ONDIPA Building), Alagbaka, Akure

The above issue as reported on pages 137 and 138 paragraph 2.0 of year 2021 Auditor-General's report **is still outstanding**. The Ministry did not respond to our request.

2. CURRENT ISSUES

I. ITEMS PURPORTEDLY PROCURED BUT NOT ON GROUND

Audit observed that there were some costs incurred on purchase of Vehicles, Laptop Computers, Android Tablets, Furniture and Fittings and other items that were built-in as part of the Bills of Quantities in some contracts executed/supervised by the Ministry. These items were not on

ground and were not seen during our physical verification of the projects.
The affected projects and the items are listed below:

A. Completion of Accountant-General's office Headquarters Complex, Alagbaka, Akure

	₦
The Project vehicle (one unit of Hilux Shell spec)	25,000,000.00
5 units of Laptops, 5 units of Android Tablets, 2 units of Printer, 5 units of Digital Camera, 1 unit of Scanner, Internet Modem and Subscription, Tables, Chairs Imported Steel File Cabinet	<u>2,500,000.00</u>
TOTAL	<u>27,500,000.00</u>

B. Construction of Hospital Facility in Akure Complex of the University of Medical Science Teaching Hospital, Akure.

	₦
1. Procurement of Two (2) units Hilux Vehicle.	60,000,000.00
2. Driver Wages for the two vehicles	3,590,000.00
3. Temporary Site Office	6,147,019.30
4. Purchase of Eight (8) units of Laptop Computer and Four (4) units Printer of HP 402	<u>2,500,000.00</u>
TOTAL	<u>72,237,019.30</u>

C. Construction of Hospital Facility in Ondo Complex of the University of Medical Science Teaching Hospital, Ondo.

	₦
1. Procurement of Two (2) units of Hilux Vehicle	60,000,000.00
2. Driver Wages for the two vehicles	3,590,000.00
3. Temporary Site Office	7,166,232.30
4. Purchase of Eight (8) units of Laptop Computer and Four (4) units Printer of HP 402	<u>2,500,000.00</u>
TOTAL	<u>70,756,246.30</u>

D. Construction of New Governor's Lodge, Alagbaka, Akure **₦**

1. Procurement of Two (2) Hilux Vehicles	74,485,950.50
2. Maintenance cost of the vehicles	1,485,199.10
3. Drivers wages for the two vehicles	2,376,318.56
4. Refurbishment of Three (3) Hilux Vehicle for the Ministry	7,233,112.50
5. Refurbishment of Three (3) Hilux Vehicle for ODBPP	7,200,000.00
6. Temporary Site Office and Store	8,644,150.00
7. Purchase of High Grade 10 units Laptop Computer and 10 units Printer of HP 402	<u>5,244,006.56</u>
TOTAL	<u>106,668,737.22</u>

E. Construction of Ondo State Innovation Centre Complex, Akure ₦

1. Provide 4 units Laptop Computer 4Gg and All-in-one A3 Coloured Printer	3,000,000.00
2. 2 units of Laptop Computer 4Gg and All-in-one A3 Coloured Printer	<u>1,500,000.00</u>
TOTAL	<u>4,500,000.00</u>

II. HOSPITALS MANAGEMENT BOARD (HMB)

1. OUTSTANDING MATTERS IN YEAR 2021 AUDITOR-GENERAL'S REPORT NOT ATTENDED TO

a. Unverified Projects

In the last Auditor-General Report (2021) paragraph 5.0 of page 94 and 95, out of nine (9) projects listed for Projects not verified, only serial 3, 6 and 8 were verified at different occasions as at 16th February, 2024. The remaining 6 projects that is, serial number 1, 2, 4, 5, 7 and 9 were still outstanding unverified by Audit.

2. CURRENT ISSUES

a. Un-completed Supplies

(Hallex Global Investment Nigeria Limited) The Contractor, Hallex Global Investment Nigeria Limited of No. 39, Ekusi Street, Owo. Ondo State, was given an award letter dated 15th November, 2021 to supply 2,000 units of Bedsheet (Lot 1) for use at the State Specialist Hospitals in the State at a cost of ₦14,556,213.02. The completion period was four (4) weeks. The supplier was given

30% Mobilisation Fee of ₦4,366,863.91. He supplied 1,062 units of the Bedsheet with outstanding supplies of 938 units.

III. **ONDO STATE UNIVERSAL BASIC EDUCATION BOARD, AKURE (SUBEB)**

1. **OUTSTANDING MATTERS IN YEAR 2021 AUDITOR-GENERAL'S REPORT NOT ATTENDED TO**

Some issues were raised in the Auditor-General's report for year 2021 on paragraph 1.0 to 4.0. The Public Accounts Committee of the Ondo State House of Assembly considered Auditor-General's reports for years 2019-2020 between 5th and 12th July, 2022 in which the House Committee mandated the Board to attend to the issues raised by the Auditor-General. Nothing has been done on the matters. Apart from our previous letters to the Board on these issues, we wrote reminder letters to them based on the resolutions of the House Committee vide letters with reference number GMD/SUBEB/CP/SA/VOL.IV/269 of 9th December, 2022 and GMD/SUBEB/CP/SA/VOL.IV/270 of April, 2023.

2. **CONTRACT DOCUMENTS NOT SUBMITTED TO AUDIT**

Some contracts and supplies were awarded by the Board on **UBEC/SUBEC 2020 and 2021 Capital Projects**. The Contract documents were requested from the Board by Audit through a letter with reference number GMD/SUBEB/CP/SA/VOL.IV/270 of 12th April, 2023 to which up till now there was no response from the Board.

3. **CURRENT ISSUE**

On 15th February, 2024, a final reminder letter reference number GMD/SUBEB/CP/SA/VOL.IV/272 was sent to the Board to remind them on the needs to attend to the report of the State Auditor-General as its affect the Board. Up till now, there was no response from the Board.

(X) **GOVERNMENT CORPORATIONS, BOARDS AND AGENCIES**

The auditing of Government Corporations, Boards and Agencies had witnessed an appreciable improvement in the year under consideration. However, there is room for improvement by placing high premium on prompt preparation of the Financial Statements, appointment of external firms of Auditors and settlement of Audit Fees as and when due. The Accounting officers of the Government Corporations, Boards and Agencies need to ensure prompt release of the relevant financial records to the Audit Firms and the Office of the State Auditor-General, whenever the need arises. Below is the current position of the auditing of the accounts of the Government Corporations, Boards and Agencies:

S/N	NAME OF CORPORATION/AGENCY	DATE OF LAST AUDIT	YEAR(S) OUTSTANDING	REMARKS
1	Adekunle Ajasin University, Akungba Akoko	31/12/2020	2021 to 2023	2020 Audit Submitted for review
2	Rufus Giwa Polytechnic, Owo	31/12/2016	2017 to 2023	Audit Firm nominated for 2017-2021 Accounts
3	Ondo State University of Science & Technology, Okitipupa	31/12/2020	2021 to 2023	
4	University of Medical Sciences, Ondo	31/12/2021	2022-2023	Audit firms already working on the 2 years account.
5	UNIMED. Teaching Hospital	31/12/2021	2022-2023	Audit firms nominated for the outstanding years.
6	OSOPADEC	31/12/2022	2023	Review of 2019-2022 in Progress
7	Ondo State Waste Management Authority	31/12/2021	2022-2023	Audit Firm nominated for 2022 Accounts
8	Ondo State Pension Commission	31/12/2022	2023	Review of 2022 in progress Audit Firm nominated for 2023 Accounts
9	Ondo State Sports Council	31/12/2020	2021 to 2023	Lien by Audit firm on records/report due to non-payment of Professional fees on 2021-2023 accounts
10	State Universal Basic Education Board	31/12/2019	2020-2023	Audit Firm nominated for 2020 - 2021 Accounts.

11	Ondo State Property Development Corporation	31/12/2021	2022-2023	Audit firms nominated for 2022 Accounts
12	Ondo State Water Corporation	31/12/2020	2021 to 2023	Audit firms nominated for 2021 Accounts
13	Ondo State Electricity Board	31/12/2019	2020 to 2023	2019 Accounts Submitted for review
14	Ondo State Community & Social Development	31/12/2022	2023	
15	Agricultural Development Project	31/12/2021	2022-2023	Review of 2019-2021 Accounts in progress
P16	Orange F.M	31/12/2020	2021 to 2023	
17	Ondo State Radio vision Corporation	31/12/2022	2023	
18	Owena Press Limited		2017-2023	Audit of 2017-2023 Accounts in Progress
19	Ondo State Contributory Health Commission	31/12/2022	2023	2023 Submitted for review
20	Ondo State Fadama III Project	31/12/2023	Nil	
21	Ondo State Agribusiness Empowerment Centre	31/12/2023	Nil	
22	Christian Welfare Board	31/12/2023	Nil	
23	Muslim Welfare Board	31/12/2023	Ni	
24	Ondo State Football Agency	31/12/2023	NIL	

ACKNOWLEDGEMENT

I wish to acknowledge and appreciate the tremendous support of the entire members of Staff of the Auditor-General's Office towards the production of this report. The Officers' spirit of team work, patriotism and dedication to duty contributed in no small measure to the production of the report within the statutory period.

My appreciation also goes to His Excellency Governor Orimisan Lucky Aiyedatiwa, Hon. Speaker and the Hon. Members of the Ondo State House of Assembly for their invaluable supports to the State Auditor-General's Office in the course of the year.