

HARVEST OF VIOLATIONS

(Snippets From the 2017 Federal Audit Report)



Centre for Social Justice

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By

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ACRONYMS

ASCON	Administrative Staff College of Nigeria
AuGF	Auditor-General for the Federation
BPE	Bureau of Public Enterprises
CBN	Central Bank of Nigeria
CRF	Consolidated Revenue Fund
DPR	Department of Petroleum Resources
FAAC	Federation Account Allocation Committee
FCTA	Federal Capital Territory Administration
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FRSC	Federal Road Safety Commission
FUPRE	Federal University of Petroleum Resources, Effurun
FUTO	Federal University of Technology, Owerri
GIFMIS	Government Integrated Financial Management Information System
IMO SUBEB	Imo State Universal Basic Education Board
IOCs	International Oil Companies in Nigeria
IPPIS	Integrated Personnel & Payroll Information System
IPSAS	International Public Sector Accounting Standards
KADPOLY	Kaduna Polytechnic
MDAs	Ministries, Departments and Agencies of Government
NCCE	National Commission for Colleges of Education
NCS	Nigeria Customs Service
NECO	National Examinations Council
NFVCB	National Film and Video Censors Board
NHIS	National Health Insurance Scheme
NNPC	Nigerian National Petroleum Corporation

NPA	Nigeria Ports Authority
OAGF	Office of the Auditor-General for the Federation
PAYE	Pay As You Earn
SEC	Securities and Exchange Commission
SUBEB	State Universal Basic Education Board
TRCN	Teachers Registration Council of Nigeria
UBEC	Universal Basic Education Commission
UNIABUJA	University of Abuja
UNIUYO	University of Uyo
VAT	Value Added Tax
WHT	Withholding Tax

INTRODUCTION

The Lima Declaration of Guidelines on Auditing Precepts (adopted at the IX Congress of the International Organisation of Supreme Audit Institutions-INTOSAI) states that the concept and establishment of audit is inherent in public financial administration as the management of public funds represents a trust. Audit is not an end in itself but an indispensable part of a regulatory system whose aim is to reveal deviations from accepted standards and violations of the principles of legality, efficiency, effectiveness and economy of financial management early enough to make it possible to take corrective action in individual cases, to make those accountable to accept responsibility, to obtain compensation, or to take steps to prevent - or at least render more difficult such breaches.

The last set of requirements on the purpose of audit is generally lacking in the Nigerian audit regime; corrective action appears not to follow individual cases of mismanagement; the treasury is hardly compensated and those responsible for the violations hardly accept responsibility. This has led to situations of impunity for violations of the law. Thus, the Nigerian society neither gets guarantees of non-repetition, compensation nor have the offenders punished.

The office of the Auditor-General for the Federation (AuGF) needs a supportive institutional environment in which audit issues can be taken seriously and identified flagrant abuses remedied. In this direction, the collaboration of the Public Accounts Committee of the legislature (PAC), anti-corruption agencies, the media, non-governmental organizations and other aspects of civil society, collectively dubbed "Pillars of Integrity" is imperative. The AuGF will be effective to the extent that these vital pillars collaborate to promote accountability and transparency in governance and financial management. Specifically, audit is central to the quest for transparency and accountability and the fight against corruption; the success of these campaigns is directly related to the extent to which citizens demand for adherence to the rule of law including the full implementation of audit recommendations, recovery of monies due to the treasury and punishment of offenders.

Year after year, the AuGF has documented series of violations and the situation did not improve in the 2017 Audit of the Accounts of the Federation of Nigeria. The 2017 Audit Report indicates that 160 agencies defaulted in submission of audited accounts for 2016; 265 agencies defaulted in submission of audited accounts for 2017; while 11 agencies have never submitted any financial statements since inception. Things are not getting better, rather impunity is increasing. Also, the performance of Ministries, Departments and Agencies (MDAs) and their Accounting Officers in responding promptly to audit observations is yet to improve.

The specific violations are mind-blowing. N26.6billion in irregular payments and expenditure across various MDAs – no payment vouchers and supporting documents, unapproved international trips, extra budgetary payments and payments that violated the E-Payment policy. Payments vouchers were routinely withheld and not presented for audit. The key agencies involved in these infractions include the National Health Insurance Scheme – N8.3bn, Ministry of Foreign Affairs - N4.3bn, Corporate Affairs Commission - N2.19bn and Plateau State Universal Basic Education Board - N1.6bn.

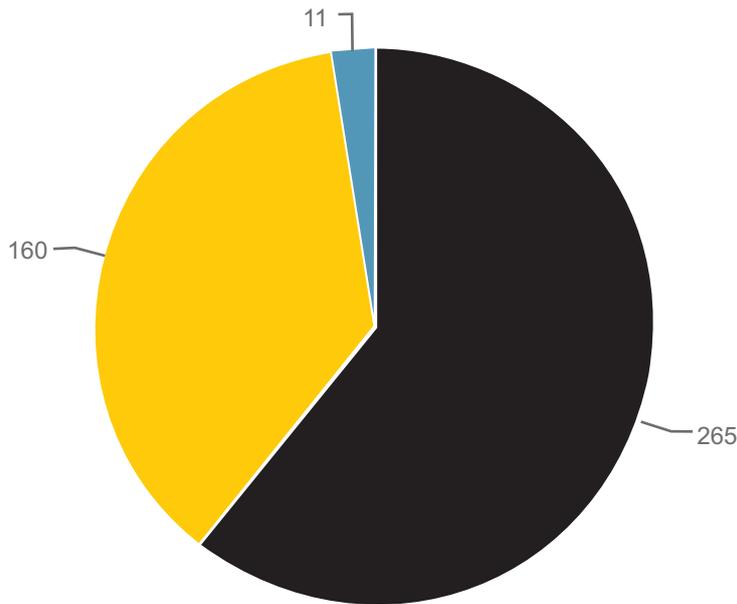
SUVs and cars were taken away by high level retiring officers or could not be accounted for at the Federal Civil Service Commission and the Lake Chad Research Institute, Maidugiri. 51 transactions in MDAs did not comply with the Public Procurement Act and the notable ones include NECO - N13.87bn, Nigerian Ports Authority (NPA) - N7.5bn and Federal University of Petroleum Effurun (FUPRE) - N1bn. As the Federal Government and the States complain of paucity of resources, the Nigerian National Petroleum Corporation (NNPC) and the Department of Petroleum Resources (DPR) continued the practice of unauthorized deductions from funds due to the Federation Account contrary to S.162 of the 1999 Constitution. This has been reported on a yearly basis and nothing has been done to stem the tide. The DPR has outstanding in respect of royalty and rent the sum of N980.2billion while bad and doubtful debts amount to \$149million. The Ministry of Mines and Steel Development failed to remit N8.5bn to the Federation Account between the years 2015 to 2017. Further, various agencies failed to remit operating surplus, IGR, Value Added Tax (VAT) and withholding tax to the treasury. These agencies include the National Power Training Institute of Nigeria, Securities and Exchange Commission, Bureau of Public Enterprises, University of Abuja, University of Uyo, National Examinations Council (NECO). The Executive illegally took N8billion from the Natural Resources Fund Account and "lends" it to Kano and Osun states at N4billion each. This is a practice outside the contemplation of enabling laws and policies.

What should Nigerian citizens do in the circumstances of these fundamental violations? Key institutions have failed the audit test and the oversight bodies are not alive to their responsibilities; what options for succour is there for the ordinary Nigerian? Is the situation truly intractable for a government that is openly committed to fighting corruption? What is the core anti-corruption agencies doing about this pathetic state of affairs? Apart from the recommendations of the AuGF, the authors have included recommendations for follow-up action that are by no means exhaustive. We therefore call on all well-meaning Nigerians to get on board now and take actions that will improve transparency, accountability and value for money in public finance management.

Eze Onyekpere
Lead Director

436 Agencies Above the Law

They Report to no One: Did not Submit Audited Accounts as Required by Law



● Number of Agencies that failed to Submit as at 31st December 2017 265

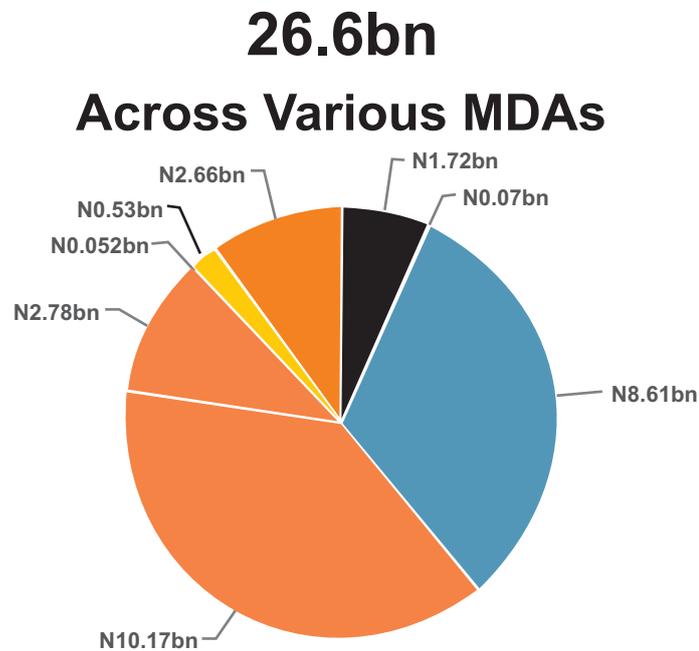
● Number of Agencies that Failed to Submit as at 31st December 2016 160

● Number of Agencies that Never Submitted Since Inception 11

Comment: Nigerians need to know these agencies that are above the law to bring them to justice. AuGF needs to publish their names and details

**SECTION 1:
SECTION 3 OF THE AUDIT REPORT –
CROSSCUTTING ISSUES**

Irregularities in Payments/Expenditure



● Irregular Payments	N1.72bn	● Unauthorized Payments/Virements without Approval	N0.07bn
● Outstanding Payment Vouchers/Missing Payment Vouchers/Accounting Records not presented for Audit	N8.61bn	● Misapplication of funds	N10.17bn
● Payments Made without Supporting Documents	N2.78bn	● Extra Budgetary Payments	N0.052bn
● Violation of E-Payment Policy	N0.53bn	● International Travel/Training without Approval	N2.66bn

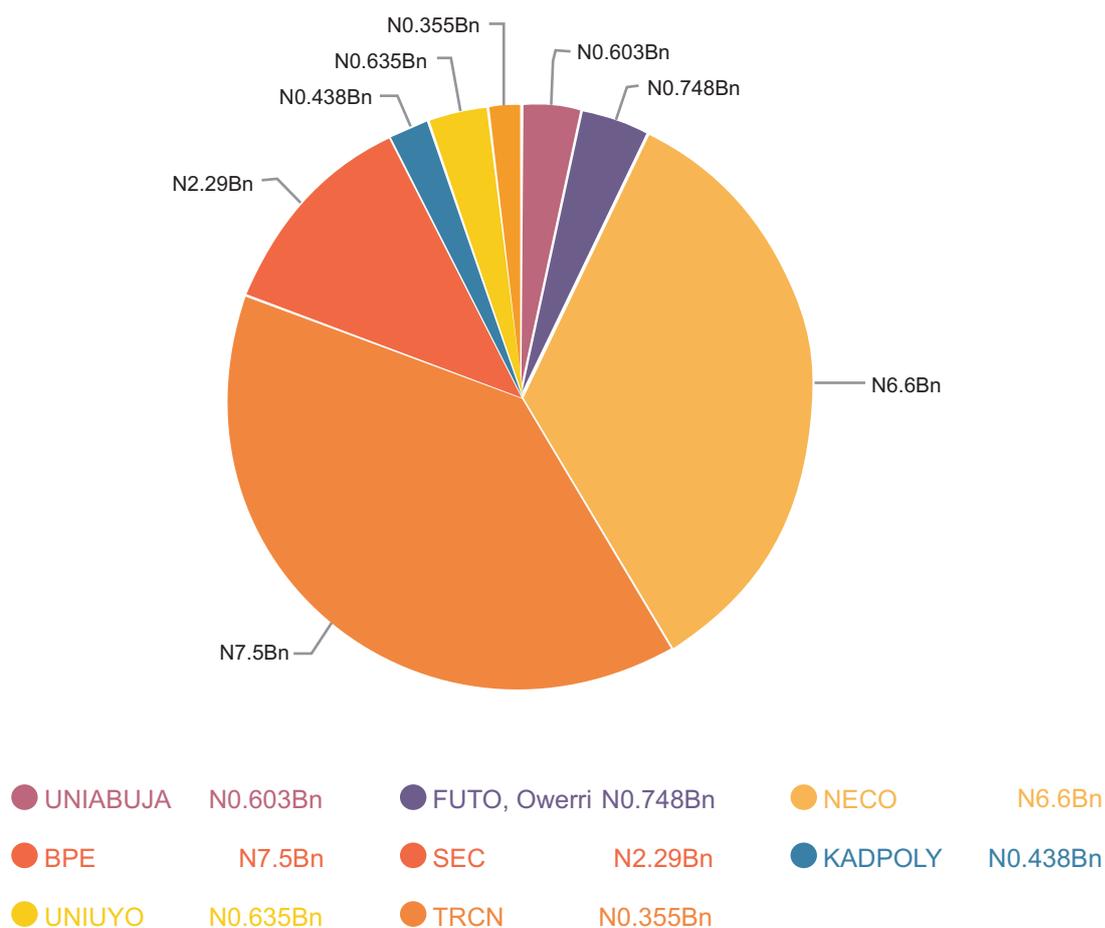
Key Agencies involved:

1. Corporate Affairs Commission-N2.19bn
2. National Health Insurance Scheme-N8.3bn
3. Federal University of Petroleum Resources-N0.83bn
4. Federal Capital Territory Administration-No.39bn
5. Federal University Lokoja-N0.70bn
6. Ministry of Foreign Affairs-N4.3bn
7. Plateau Universal Basic Education Board-N1.6bn
8. University of Ilorin-N0.51bn

AuGF Recommendation: Appropriate sanctions should be applied and no payment should be made without passing through the GIFMIS platform.

(A) Failure in Revenue Generation and Remittances N20.68bn

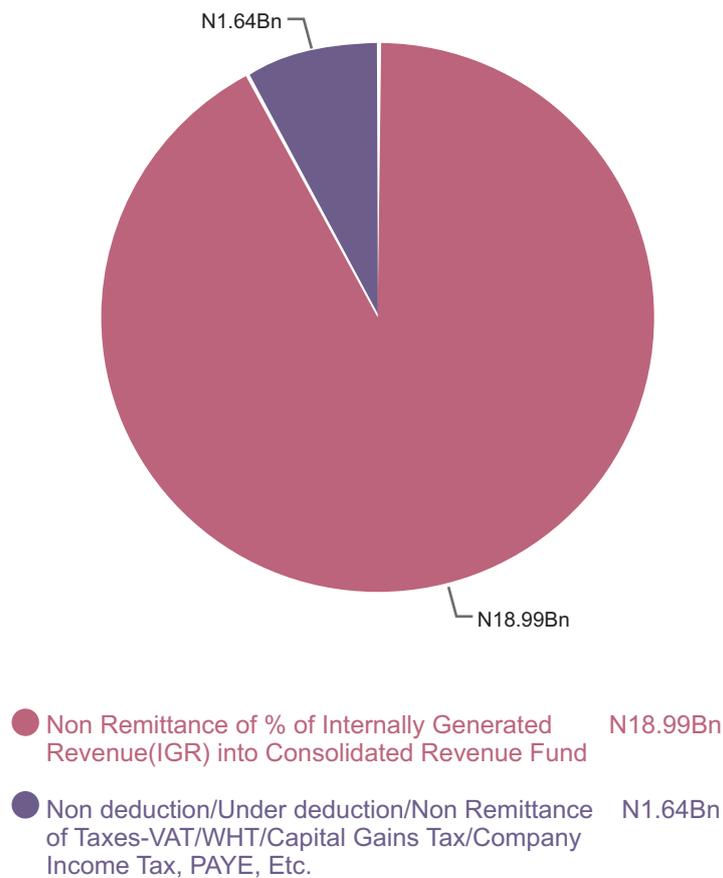
Revenues not Remitted to CRF by Various MDAs



AuGF Recommendation: I recommend that a proper strategy to improve the oversight of revenue generating agencies should be devised and implemented. A timely reconciliation of all revenues accruing to the CRF should be done immediately, to ensure that funds meant for the Government are remitted immediately. Adequate sanctions should be implemented against the heads of agencies failing to remit appropriately and in a timely manner.

(B) Failure in Revenue Generation and Remittances N20.68bn

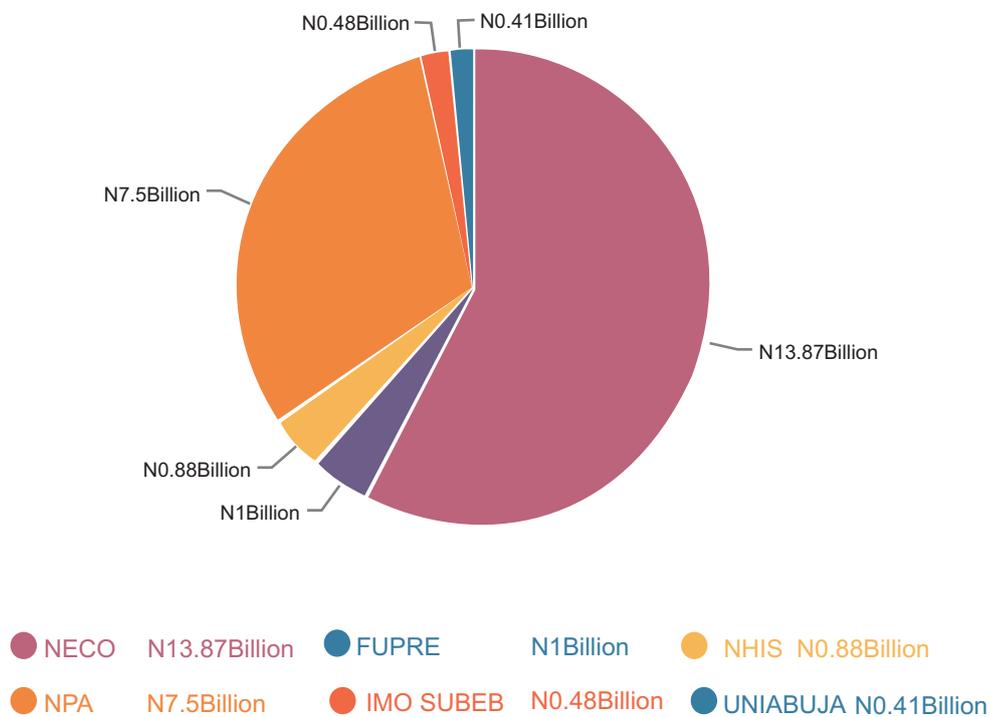
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(A) Irregularities In Contract Award, Execution Payment

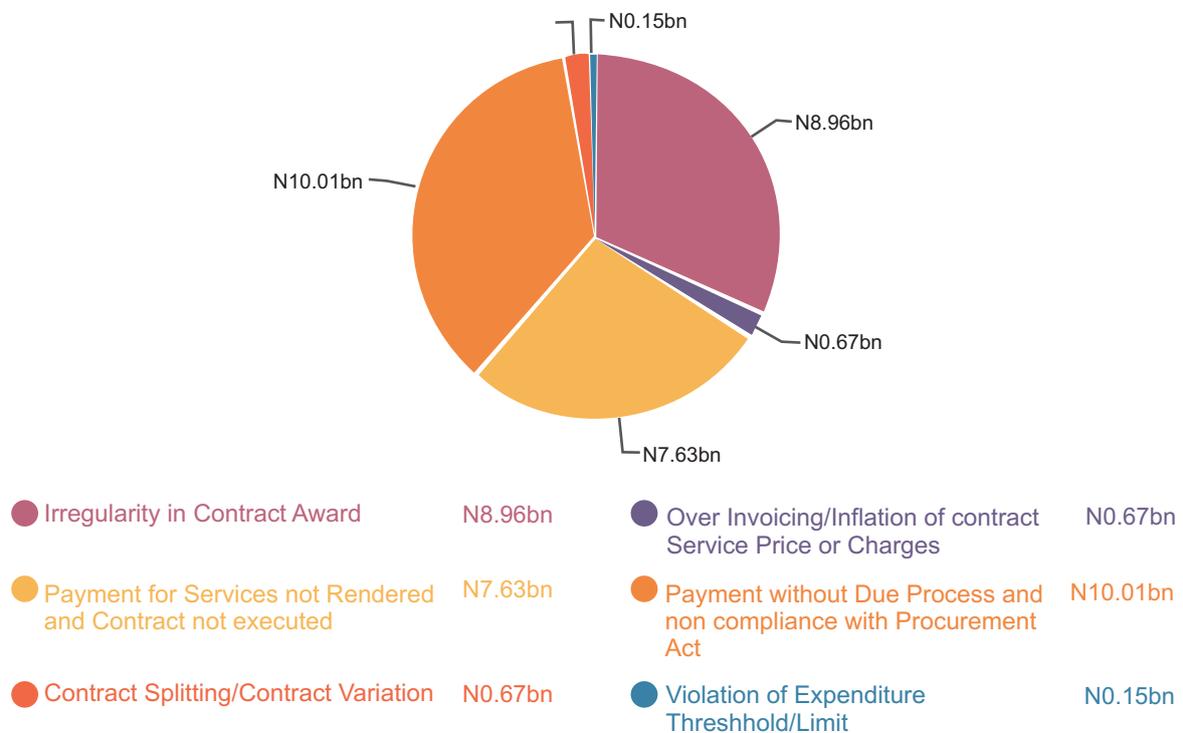
N28.6bn in Contracts, Key Agencies that did not comply with Public Procurement Act 2007



AuGF Recommendation: Minister of Finance should direct the activation of the Procurement Module of GIFMIS for use across MDAs. This should be properly followed up to ensure compliance especially through non-release of funds except for certified procurements. The Minister should also give directives to enable the GIFMIS Audit Module and give access to all Federal Auditors for proper monitoring of procurement activities.

(B) Irregularities In Contract Award, Execution Payment

N28.6bn in Contracts, Key Issues of Non-compliance with Public Procurement Act 2007



AuGF Recommendation: Minister of Finance should direct the activation of the Procurement Module of GIFMIS for use across MDAs. This should be properly followed up to ensure compliance especially through non-release of funds except for certified procurements. The Minister should also give directives to enable the GIFMIS Audit Module and give access to all Federal Auditors for proper monitoring of procurement activities.

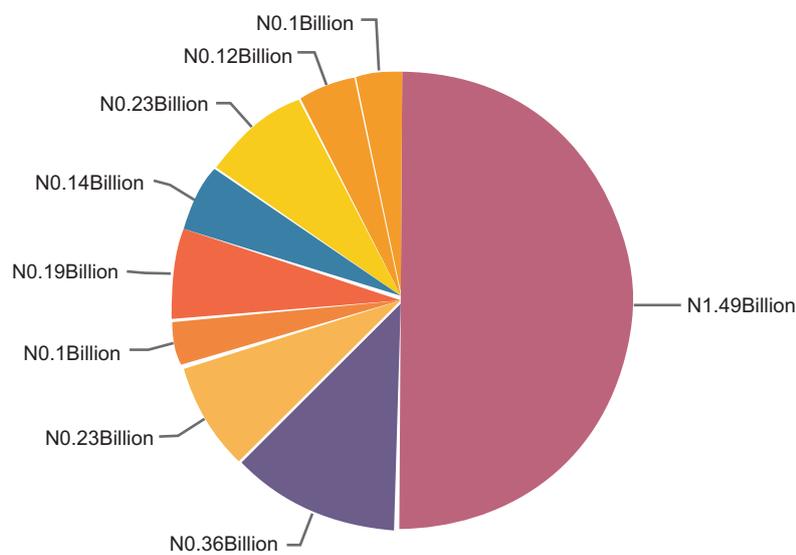
Store Items Not Taken On Store Charge

N825.8million in Stores in 12 MDA	
UNIVERSITY OF ABUJA,	N444,886,294.28
FEDERAL UNIVERSITY OF TECHNOLOGY, OWERRI	N63,916,000.00
UNIVERSITY OF IBADAN	N211,239,255.50
EBONYI STATE UNIVERSAL BASIC EDUCATION BOARD	N10,123,892.46
UNIVERSITY OF UYO, UYO, AKWA-IBOM STATE	N47,708,377.69
FEDERAL UNIVERSITY DUTSE, JIGAWA STATE	N8,249,600.00
FEDERAL CIVIL SERVICE COMMISSION ABUJA	N6,850,000.00
NIGERIAN INSTITUTE FOR OCEANOGRAPHY AND MARINE RESEARCH, LAGOS	N18,022,931.74
NATIONAL CENTRE FOR REMOTE CENSING	N3,829,440.00
NATIONAL FILM AND VIDEO CENSORS BOARD	N2,955,250.00
FEDERAL COLLEGE OF FORESTRY IBADAN	N8,090,205.00
Total	N825,871,246.67

AuGF Recommendation: The Asset Management module of GIFMIS should be implemented across MDAs as a matter of urgency to enhance optimal control and accountability of the government's current and non-current assets. Accounting officers should be requested to prepare and maintain complete and accurate asset records.

Unretired Loans and Advances N4.14bn

Unretired Loans and Advances, Key Agencies

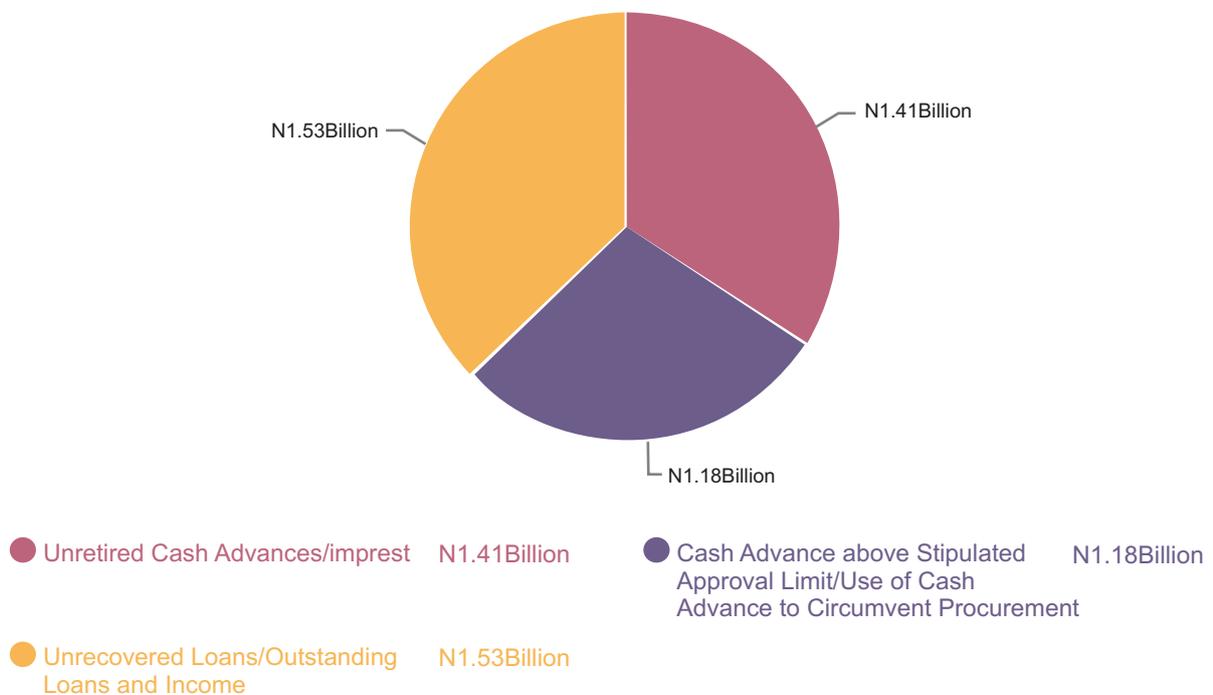


● SEC	N1.49Billion	● FCTA	N0.36Billion	● FOREIGN AFFAIR	N0.23Billion
● NFVCB	N0.1Billion	● ASCONE	N0.19Billion	● NCCE	N0.14Billion
● FUTO, Owerri	N0.23Billion	● Plateau SUBEB	N0.12Billion	● F/UNI LOKOJA	N0.1Billion

Recommendation: Accounting officers should be held accountable for all outstanding cash advances and unrecovered loans.

Unretired Loans and Advances N4.14bn

Unretired Loans and Advances, Key Issues



AuGF Recommendation: Accounting officers should be held accountable for all outstanding cash advances and unrecovered loans.

**SECTION 2:
SECTION 5 OF THE AUDIT REPORT –
FEDERATION ACCOUNT**

Under Distribution Of Non Mineral Revenue

₦175.1 Billion of Non Mineral Revenue Undistributed

BENEFICIARIES	RATES	AUDIT COMPUTATION	FAAC COMPUTATION	TOTAL VARIANCE
	%	₦	₦	₦
FEDERAL GOVERNMENT	52.68	990,116,988,617	897,836,269,387	92,280,719,230
STATE GOVERNMENTS	26.72	502,200,568,258	455,394,554,252	46,806,014,005
LOCAL GOVERNMENT	20.60	387,175,587,803	351,090,112,934	36,085,474,869
TOTAL	100.00	1,879,493,144,679.27	1,704,320,936,573.71	175,172,208,105.56

AuGF Recommendation: FAAC should share the balance of N175,172,208,105.56 to the three (3) tiers of government or provide appropriate explanation relating to the use of the money.

Under Distribution of Mineral Revenue

N199.5 Billion of Mineral Revenue Undistributed

THREE (3) TIERS OF GOVERNMENT	RATES	FAAC TOTAL ALLOCATION(N)	AUDIT TOTAL ALLOCATION(N)	VARIANCE (N)
FEDERAL GOVERNMENT	45.83%	1,222,017,884,270	1,313,483,145,689	91,465,261,419
STATE GOVERNMENT	23.24%	619,823,801,588	666,216,204,495	46,392,402,906
LOCAL GOVERNMENT	17.92%	477,858,170,386	513,624,768,436	35,766,598,049
DERIVATION	13%	346,621,817,599	372,565,672,897	25,943,855,297
TOTAL	100.00	2,666,321,673,845.32	2,865,889,791,519.31	199,568,117,673.99

AuGF Recommendation: FAAC should distribute the balance N199,568,117,673.99 of revenue to the three tiers of Government; or provide acceptance evidence and explanation on the utilization of above variance

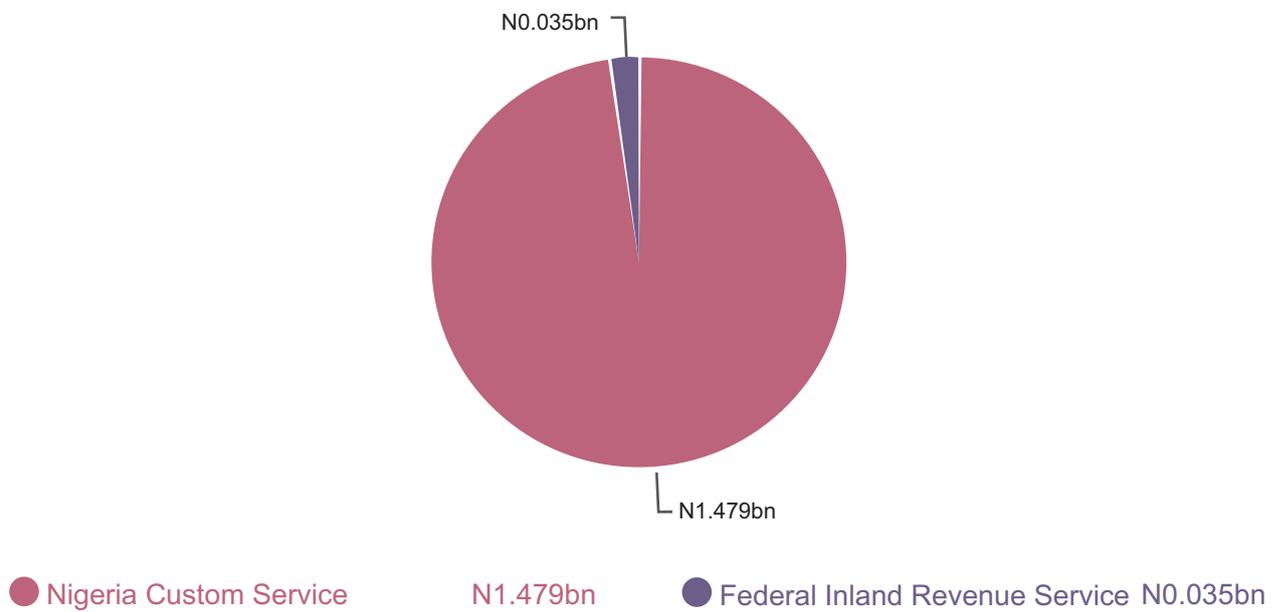
Unauthorized Deductions from the Federation Account by Revenue-Collecting Agencies-N1.55Trillion

Collecting Agencies	Total Revenue Collected	Deductions Before Payment to Federation Account	Amounts Paid To PPT/Royalty Account	Amount Paid to Federation Account
	A	B	C	D=A-B-C
		N	N	N
NNPC	2,407,699,164,05 6.12	1,332,077,481, 384.22		1,075,621,682,67 1.90
DPR	733,054,301,173. 04	0	26,770,904,031.2 4	706,283,397,141. 80
FIRS	2,653,810,173,22 6.72	0	196,537,472,149. 63	2,457,272,701,07 7.09
NCS	628,033,008,224. 38	0	0	628,033,008,224. 38
TOTAL	6,422,596,646,68 0.26	1,332,077,481, 384.22	223,308,376,180. 87	4,867,210,789,115 .17

AuGF Recommendation: The Accountant-General is required to ensure that all deductions made at source contrary to Section 162 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) are stopped. Any payment to be made from Federation Account should be made by the Federation Account Allocation Committee (FAAC) and not by any collecting Agency. Defaulting Agencies should be appropriately sanctioned.

Under Payment of Cost of Collection N1.515Billion

Underpayment for Cost of Collection



AuGF Recommendation: The sum of the total unpaid cost of collection due to the collecting Agencies should be refunded to the Agencies.

Non-statutory Borrowing from 1.68% Development of Natural Resources Fund Account.

S/ N	DATE	DETAILS	AMOUNT
			N
1	21/07/2017	LOAN TO KANO STATE GOVERNMENT	4,000,000,000
2	21/07/2017	LOAN TO OSUN STATE GOVERNMENT	4,000,000,000
		TOTAL	8,000,000,000

AuGF Recommendations

- (i) The Accountant-General is required to ensure the loans are repaid promptly.
- (ii) Furthermore, the Accountant-General is required to ensure that rules governing the application of the funds are strictly adhered to henceforth.

Breaches of Legislative Framework Leading to Loss of Revenue

(Department of Petroleum Resources DPR)

(A) Outstanding Amount in respect of Royalty, Rent, etc. US\$3,214,022,999 (₦980,277,014,978.65)

REVENUE COMPONENT	AMOUNT OUTSTANDING IN USD	NAIRA EQUIVALENT AT THE RATE OF N305:1USD
Oil Royalty	2,751,545,123.02	839,221,262,521.10
Gas Royalty	423,520,302.86	129,173,692,372.30
Gas Flared Penalty	37,801,077.22	11,529,328,552.10
Concession Rental	1,154,496.83	352,121,533.15
Total	3,214,022,999.93	980,277,014,978.65

(B)Bad and Doubtful Debts, DPR Cont'd

S/N	NAME OF COMPANY	BALANCE OUTSTANDING 31/12/2016	BALANCE OUTSTANDING 31/12/2016
1	Mid-Western	62,178,695.60	83,036,164.59
2	Newcross	1,241,957.04	1,241,957.04
3	Shoreline	21,867,346.68	23,776,742.86
4	Express	3,684,112.33	3,684,112.33
5	Cavendish	2,681,577.32	2,681,577.32
6	Allied Energy	33,529,169.10	34,662,933.32
	TOTAL	125,182,858.07	149,083,487.46

AuGF Recommendation: DPR Management is required to report on progress against the mitigating actions taken, as set out in their response. Specifically, DPR should give a current update on the outstanding balances, whether fully recovered or not. If not recovered, DPR should state how much is still outstanding to-date.

(C) Revision of Obsolete Petroleum Services Rates-DPR Cont'd

A review of the Petroleum (Drilling and Production) Regulation and Petroleum Act 1967 shows that the rates fixed by these legal instruments about 50 years ago (1969) for royalty, rent and gas flare are outdated and needs to be reviewed. Audit observed that the rates provided by Section 60(1) and (2) of the Petroleum Act 1969 CAP 10, are obsolete, and not in line with present economic realities.

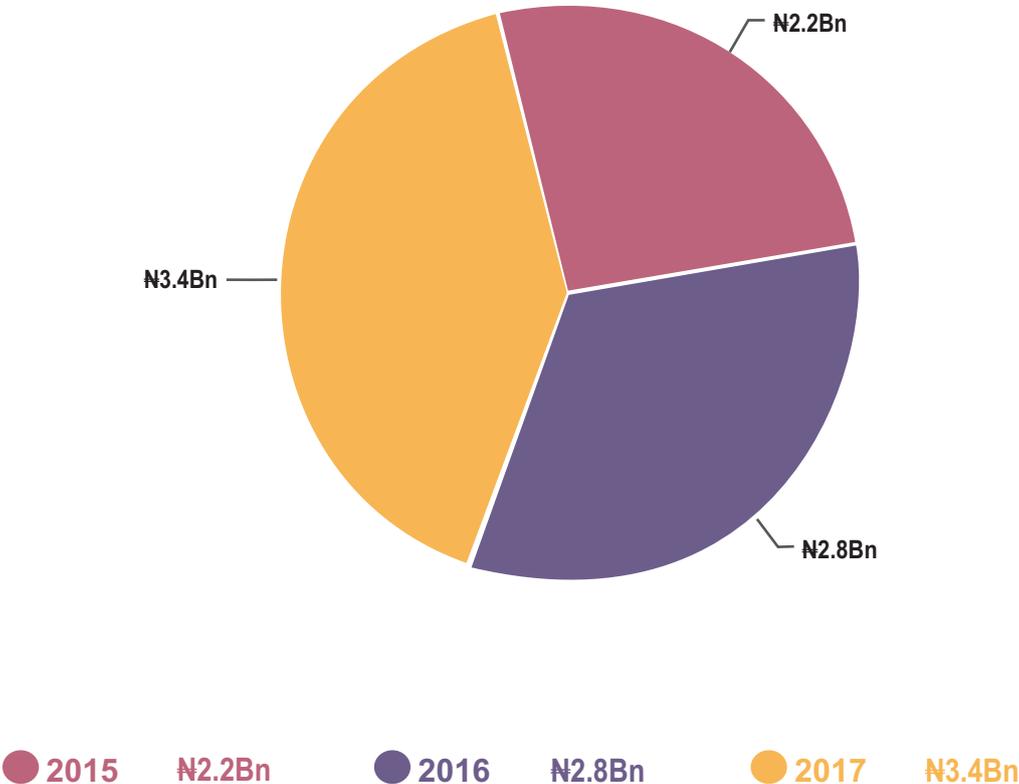
"A rent of N500.00 shall be payable for each calendar year for which an oil exploration license is in force; and where license is in force for only a part of a calendar, that part be regarded as a calendar year for the purpose of this paragraph. (2) the annual rent payable on an oil prospecting license or an oil mining lease shall be: (a) on an oil mining lease: (i) for each square kilometre or part thereof of a producing oil mining lease for the first ten years, \$20.00 and (ii) thereafter for each square kilometre or part thereof until expiration of the lease and on renewal, \$15.00". Also, as it was reported in year 2014, the records of DPR showed various fees ranging as low as ₦20.00; ₦50.00 and ₦70.00 for Operators Application Forms".

AuGF Recommendation: The DPR Accounting Officer is required to make specific recommendations to the Minister of Petroleum Resources on appropriate rates payable.

Non-Remittance Of Funds To Federation Account (Ministry Of Mines And Steel Development)

N8.5bn

Not Remitted to Federation Account



AuGF Recommendation: The CBN is required to ensure the amounts held on behalf of Ministry of Mines and Steel Development are invested appropriately.

**SECTION 3:
SECTION 6 OF THE AUDIT REPORT –
COMPLIANCE AUDIT OF MINISTRIES,
DEPARTMENTS AND AGENCIES**

Loss of Assets of Motor Vehicles

Federal Civil Service Commission

Four (4) Vehicles:

One Toyota Hilux,

One 407 Classic Peugeot,

One Toyota Land Cruiser Jeep and

One Toyota Corolla

Belonging to the Commission were taken away by the former Chairman of the Commission whose tenure of office elapsed in May 2017.

AuGF Recommendation: The Accounting Officer is required to take necessary action to recover the four vehicles and report to my Office for appropriate confirmation.

Irregular Payments and Payment Vouchers not Presented for Audit

Federal Ministry of Foreign Affairs (1)

(1) Irregular Payments

Four (4) payment vouchers amounting to N83,719,500 were made to a Company for the rehabilitation and re-integration of released Chibok girls in August, 2017.

Further scrutiny of the transaction revealed that there was no contractual agreement between the Ministry and the contractor. In addition, evidence of purchase, detailed specification of the back to school materials and job completion certificate were not produced for audit.

(2) Payment vouchers not presented for audit

Contrary to provisions of Financial Regulation 601 and 603, eight (8) payment vouchers totalling N118,506,342 were not produced for audit, despite repeated demands.

AuGF Recommendations

(1) The Accounting Officer is required to recover the sum of N83,719,500.00 and forward evidence to my office for confirmation.

(2) The sanctions contained in Financial Regulation 3106 should be invoked. The Accounting Officer should recover the sum of N118,506,342.86 and pay back to Treasury. Evidence of the recovery should be forwarded to my office for confirmation.

Diversion of Take-Off Grant (\$290,400.00)

The Consulate General of Nigeria in Guangzhou, China (2)

Take-off grant of US\$290,400.00 (N45,375,000.00 at N1 = \$0.0064) meant for Consulate-General of Nigeria, Guangzhou was transferred to the account of the Ambassador of Nigeria in Rome in 2013 for onward remittance to Guangzhou. This amount was never remitted to Guangzhou by the Ambassador and has remained outstanding till date.

AuGF Recommendation: The Ambassador of Nigeria in Rome whose account was used is required to account for the \$290,400.00 (N45,375,000.00). Evidence should be forwarded for my verification.

Payment Vouchers not Presented for Audit

Federal Ministry of Labour and Employment

Industrial Arbitration Panel Abuja

Examination of payment vouchers and other related records at the Industrial Arbitration Panel Abuja revealed that twenty-five (25) payment vouchers totalling N147,246,200 were not presented for audit contrary to the provisions of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and Section 110, 601 & 603 of the Financial Regulations.

AuGF Recommendation: The Chief Registrar is required to recover the sum of ₦147,246,200.00 and forward the recovery particulars to my Office for confirmation.

Payment for Contract not Executed and Irregular Payment

Military Pensions Board

Payment for Contract not Executed (1)

The sum of ₦95,000,000.00 (Ninety-five million naira) was paid to a contractor vide payment voucher with mandate number MPB/Batch No. 420/HQ dated 21/12/2017, for the acquisition of 27 plots of land opposite the Military Pensions Board complex. The Payment voucher (PV), evidence of Tender's Board Approval, the Purchase Agreement, and Certificate of Occupancy of the property were not provided to the audit team for verification.

AuGF Recommendation: The Chairman is required to recover from the contractor and pay back to the Treasury the sum of ₦95,000,000.00. Evidence of the recovery should be forwarded to me for confirmation, failure upon which he should be removed from his schedule and sanctioned in line with provisions of FR 3109.

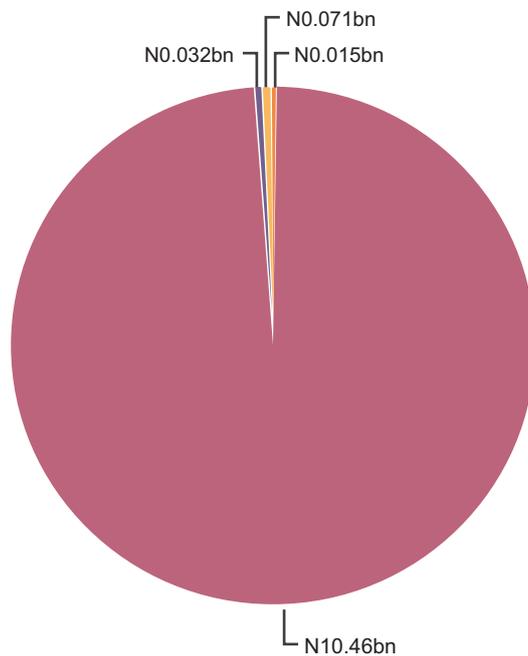
Irregular Payments (2)

Payments totalling ₦81,168,184 were made to persons other than payees named on payment vouchers.

AuGF Recommendation: The Chairman is required to recover and pay back to the Treasury the sum of ₦81,168,184.00, forwarding evidence of the recovery to my office for confirmation. Otherwise, he should be removed from his schedule in line with FR 3106.

Over 10 billion in Various Audit Unfractions

Federal Ministry of Justice



- Disbursement of judgement debt N10.46bn
- Foreign trips without approval N0.032bn
- Payment vouchers not presented for audit N0.071bn
- None boarding of unserviceable motor vehicles N0.015bn

AuGF Recommendation:

- (1) The Solicitor-General of the Federation and Permanent Secretary is requested to immediately constitute the Committee as required, otherwise the provision of Financial Regulation 3106 on irregular payments should be invoked.
- (2) The Solicitor-General of the Federation and Permanent Secretary is requested to recover the sum of N32,353,639.00 and pay to CRF, and evidence of recovery forwarded for my confirmation.
- (3) The Solicitor-General of the Federation and Permanent Secretary is required to account for the sum of N71,195,689.00 not presented for audit.
- (4) The Solicitor-General of the Federation and Permanent Secretary is required to urgently take steps to board the above mention vehicles to avoid further deterioration.

Payment Vouchers not Presented for Audit-N343 million

Federal Ministry of Water Resources

Eight (8) payment vouchers raised during the 2017 financial year totaling N343,957,350.60 (Three hundred and forty-three million, nine hundred and fifty seven thousand, three hundred and fifty naira, sixty kobo) were not presented for audit in violation of provisions of section 85(2) of the Constitution of the Federal Republic of Nigeria 1999 (as amended), and Financial Regulation 108. Consequently, the amount incurred on those vouchers cannot be regarded as legitimate charges against public funds.

The Permanent Secretary in his response produced only two (2) payment vouchers amounting to N4,478,015.00 while six (6) payment vouchers totalling N339,479,335.60 were not produced.

AUGF Recommendations: (1) Sanctions as contained in Financial Regulation 3106 should be invoked. The Permanent Secretary is required to account for the sum of ~~N~~339,479,335.60 not presented for audit.

Payment Without Supporting Documents-N204 million

Hadejia - Jama'Are River Basin Development Authority, Kano State

AUGF Recommendation: Sanctions as contained in Financial Regulation 3106 should be invoked. The Accounting Officer is required to recover and remit to the Consolidated Revenue Fund (CRF), the sum of N204,893.978.09. Evidence of recovery and remittance should be forwarded for my confirmation. The Managing Director was requested through my Inspection Report Ref. No. DSC/RIVB.5/CORPNoI.11/84 dated 20th December 2017, to produce all relevant supporting documents but failed to respond to my query.

Unaccounted Motor Vehicles

Lake Chad Research Institute, Maiduguri, Borno State

Management of the Institute could not account for:

2 Nos. Toyota Prado Jeeps purchased in 2013 & 2014 with reg No. 45 KOI FG for one Jeep and none for the other. No reason was given for not registering the second Prado Jeep. In addition, a Toyota Hiace bus with registration No. 45 KO3FG could not be accounted for during audit.

AuGF Recommendation: The Executive Director is required to account for the vehicles. The issue was communicated to the Executive Director through my Audit Inspection Report Ref. No. EIAD/WTR16/CORP/4 dated 21st December 2017 but he failed to respond.

**SECTION 4:
SECTION 7 OF THE AUDIT REPORT -
FEDERAL CAPITAL TERRITORY
ADMINISTRATION AND AREA COUNCILS**

Unauthorised Payments Without Supporting Documents (Extrabudgetary Spending/Payment to Unnamed Beneficiaries)

Federal Capital Territory Administration

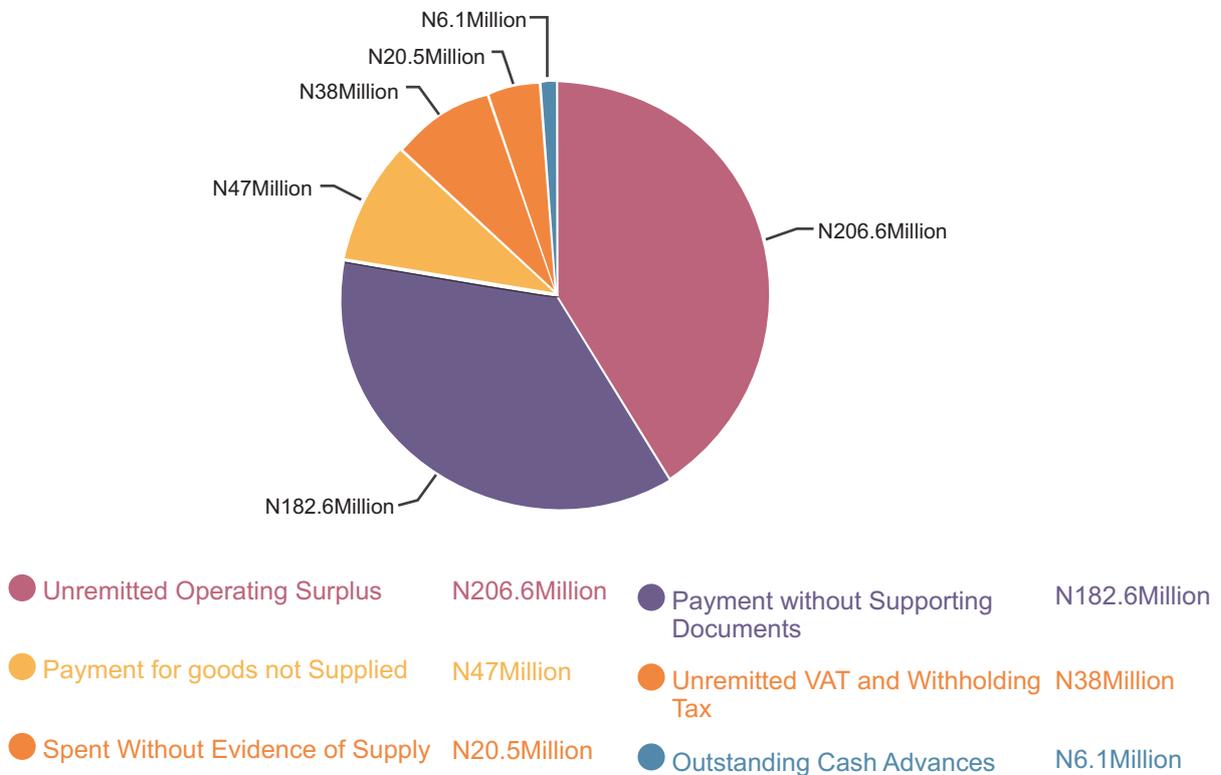
A total payment of ₦393,254,000 was made to various security agencies without any supporting documents to show actual beneficiary security agencies. Further examination of records revealed that there was no provision for such payments in the FCTA Appropriation Act for the year.

AuGF Recommendation: The Permanent Secretary should recover and pay back to the Treasury the sum of ₦393,254,000.00, being unauthorised expenditure made during the year without supporting documents. Evidence of the recovery and remittance to the Treasury should be forwarded to my office for confirmation.

**SECTION 5:
SECTION 9 OF THE AUDIT REPORT –
PERIODIC CHECKS OF STATUTORY
BODIES**

N501 Million in Serial Audit Infractions

National Power Training Institute Of Nigeria (NAPTIN)

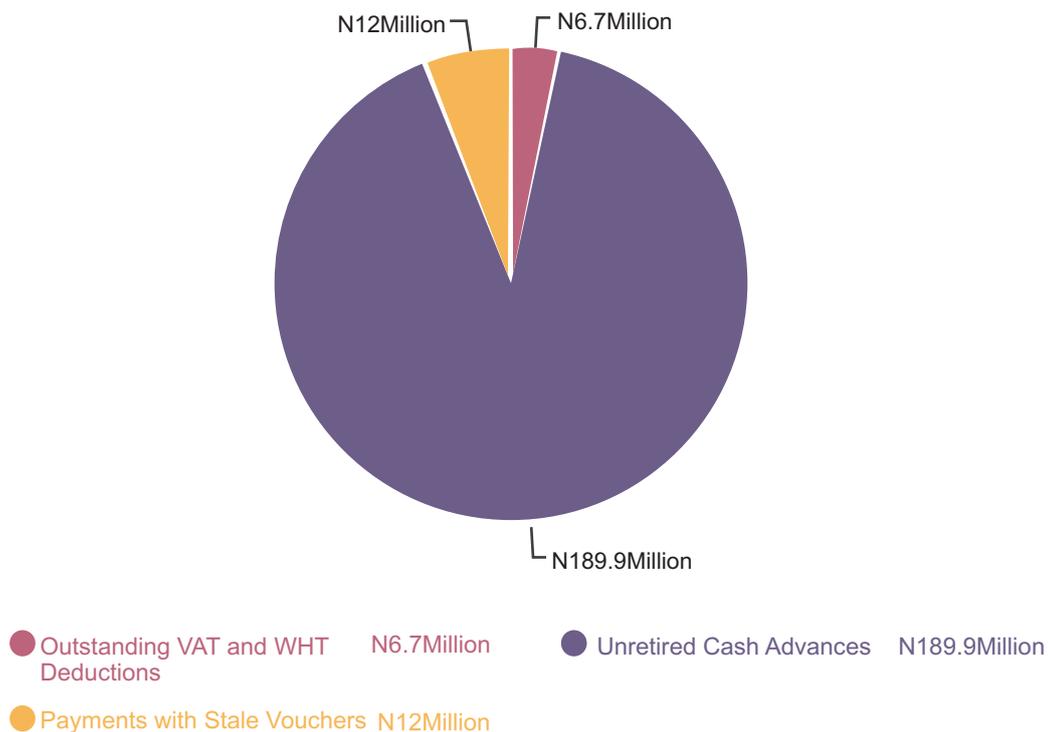


AuGF Recommendations:

- (1) The Director-General (DG) is required to remit the outstanding operating surplus of N206,680,771.62 to Consolidated Revenue Fund account of the Federal Government and evidence forwarded to my office for confirmation. Henceforth, the DG should desist from holding back funds of the Federal Government.
- (2) The Director-General is required to pay back the sum of N182,668,513.72 to the treasury and forward details to my office for confirmation.
- (3) The Director-General is required to recover the sum of N47,000,000.00 (Forty seven million naira) from the contractor and evidence forwarded to my office for confirmation.
- (4) The Director-General is required to remit the outstanding VAT and WHT deductions totalling N38,069,069.20, to the relevant revenue authority and forward evidence to my office for confirmation.
- (5) The Director-General is required to produce the equipment for physical verification with the relevant documents of supply, otherwise, the sum of N20,569,398.20 (Twenty million, five hundred and sixty-nine thousand, three hundred and ninety eight naira, twenty kobo) should be recovered from the contractor and details forwarded to my office for confirmation.
- (6) The Director-General is required to recover the outstanding advances of N6,187,393.50 from the affected officers and details forwarded to my office for confirmation.

N208 Million Irregular Spending/Remittances

Administrative Staff College of Nigeria (ASCON)

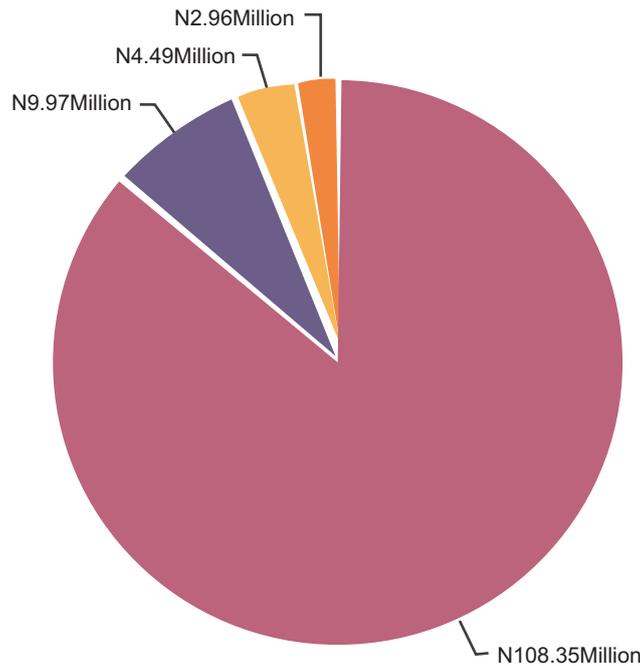


AuGF Recommendations:

- (1) The Director-General (DG) is required to ensure that all outstanding advances are retired and evidence forwarded to my office for confirmation.
- (2) The Director-General is required to remit the outstanding VAT and WHT deductions totalling N6,749,181.52, including penalty and interest, to the appropriate tax authorities and forward evidence of remittance for confirmation.
- (3) The Director-General should be sanctioned in line with FR 3129, which states that “any officer who violates any other-provision for which no sanction is specifically recommended, shall be taken to have committed gross misconduct and shall be disciplined accordingly”.

N125 Million In 4 Infractions

National Film and Video Censor Board



AuGF Recommendations:

- (1) The Director-General is required to recover the sum N108,348,235.01 from salaries and other entitlements of members of staff concerned and forward evidence of recovery forwarded to my office for confirmation.
- (2) The Director-General should be sanctioned in line with the provisions of Financial Regulations 3127 and 3128 (2009).
- (3) The Director-General is required to recover the sum of N4,491,300.00 from the staff concerned and details forwarded to my office for confirmation.
- (4) The Director-General is required to refund the sum of N2,955,250.00, and details forwarded to my office for confirmation.

N10.062bn in Audit Infractions

Nigerian Ports Authority

S/NO	ISSUES	AMOUNT
Issue 1	Irregularities in the award, execution and payment for contract	N7,503,344,599
Issue 2	Unpaid Rent	N2,504,959,843
Issue 3	Outstanding Insurance Claims	N54,354,138
	Sub Total	N10,062,658,580

AuGF Recommendations:

Issue 1: The Managing-Director should be sanctioned in line with extant regulations for the above infractions and the contractor made to ensure completion of the project.

Issue 2: The Managing Director is required to ensure that all outstanding debts are recovered with evidence forwarded to my office for confirmation. The Managing Director should be held personally liable for failure to recover these debts.

Issue 3: The Managing-Director is required to take immediate steps to recover the outstanding claims and forward evidence to my office for verification.

Issue 4. 3 Nos. Motor Vehicles Unaccounted For

Nigerian Ports Authority Cont'd

Three (3) Toyota Land Cruiser Jeeps, attached to 2 (two) former Chief Executives and 1 (one) Board member could not be accounted for as these officers left with them at the end of their tenure with the Authority.

AuGF Recommendation: The Managing Director is required to recover these vehicles or the monetary equivalent commercial value from them and forward evidence of recovery to my Office for verification .

Nigerian Ports Authority Cont'd

S/NO	ISSUES	AMOUNT
Issue 5	Payment of Insurance Claims on non-existing assets	N18,338,056
Issue 6	Irregularities in the award and payment of contract	N18,300,000
Issue 7	Payment for a non-existing contract	N25,887,233
	Sub Total	N62,525,289

AuGF Recommendations

Issue 5: The Managing Director is required to recover the sum of N18,338,056.45 from the insurance company and sanction the officers who authorized this transaction as no detailed assessment was carried out before payment.

Issue 6: The Managing Director should be sanctioned in line with the provisions of Financial Regulations 3117 (2009).

Issue 7: The Managing Director is required to recover the sum paid to the contractor and forward evidence to my Office for verification; else, be sanctioned according to Financial Regulations 3109 (2009).

Nigerian Ports Authority Cond'd

S/NO	ISSUES	AMOUNT
Issue 8	Payment made for contract not executed	N20,830,638
Issue 9	Full payment made for partial execution of project	N20,830,638
Issue 10	Improper and outrageous payment made for house lease abroad	£104,000=N41,808,000 @402
	Subtotal	N83,469,276

AuGF Recommendations:

Issue 8: The Managing Director is required to recover the contract sum from the contractor and forward evidence of recovery to my Office for verification. Otherwise, sanction in section 3104 'ii' of the Financial Regulations (2009) should be enforced.

Issue 9: The Managing Director is required to compel the contractor back to site to replace the substandard items and complete the project or recover the sum from him and forward evidence to my Office for verification.

Issue 10: The Managing Director responded that 'the service flat was rented for the use of all Board members while on official assignment in London and not only for the Board Chairman'. This explanation is not acceptable since these board members and chairman were always paid their travel allowances (estacode) whenever they travelled outside the country on official assignments.

Nigerian Ports Authority Cont'd

S/NO	ISSUES	AMOUNT
Issue 11	Irregularities and over payment in the award and payment of contract	\$9,000=N2,745,000
Issue 12	Reimbursable expenses without relevant supporting documents	N5,330,000
Issue 13	Anomalies in the execution of contract	N8,651,500
	Sub Total	N16,726,500

AuGF Recommendations

Issue 11: The Managing-Director is required to recover the over payment of \$9,000.00 (Nine thousand dollars) from the contractor; and review the contract agreement to remove clauses that overlaps with other services.

Issue 12: The Managing Director is required to recover the sum of ₦5,330,000.00 paid as reimbursable expenses from the contractor and evidence of recovery forwarded to my Office for verification.

Issue 13: The Managing Director is requested to compel the contractor to return to the project site, supply and install these missing items or recover the total sum of N4,463.200.00 from the contractor. Evidence of the supply and installation or recovery of the sum should be forwarded to my Office for confirmation.

Nigerian Ports Authority Cont'd

S/NO	ISSUE	AMOUNT
Issue 14	Irregularities in the execution of contract	N27,300,000
Issue 15	Payment of contract sum without full implementation of the provisions of the Bill of Quantities (BOQ)	N25,400,175
Issue 16	Payment of contract without fully implementing the provision of the Bill of Quantities (BOQ)	N30,825,000
	Sub Total	N83,525,175

AuGF Recommendations

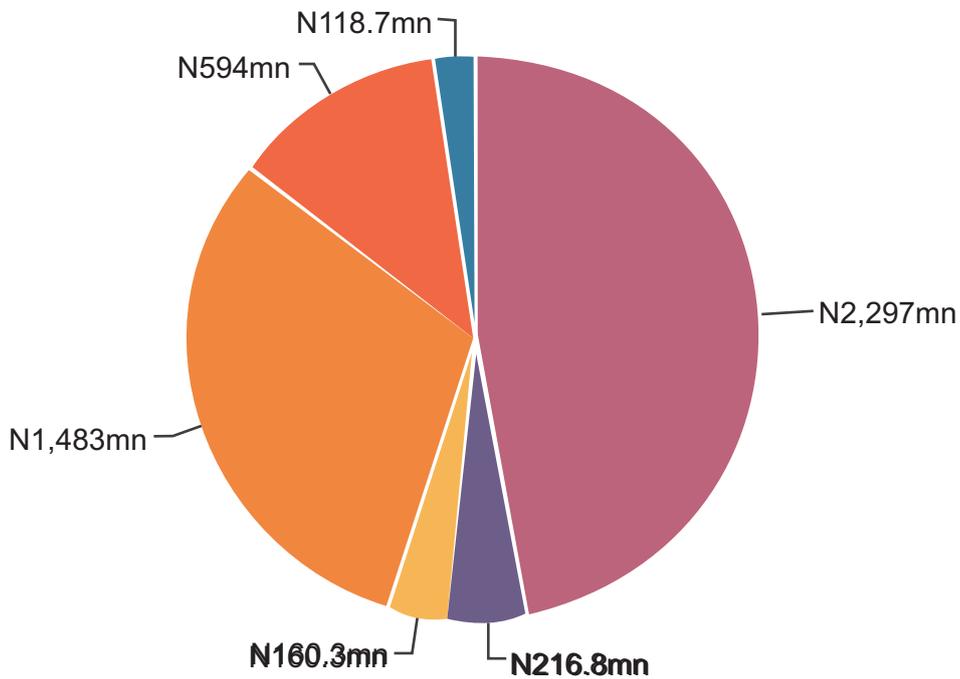
Issue 14: The Managing Director is required to commence immediate actions on how to return the building to serve its original purpose of being a health centre.

Issue 15: The Managing Director is required to ensure that all provisions in the BOQ are fully executed and evidence communicated to my office for confirmation or recover the value of work not executed.

Issue 16: The Managing-Director is required to address these irregularities, recover the total amount from the contractor or the officer who authorized the payment and forward evidence of recovery to my Office for confirmation. Response to these issues provided by the Managing-Director were not satisfactory; hence should be requested to comply with all the recommendations stated above.

N4,880 Million Not Properly Accounted For

Securities And Exchange Commission (SEC)

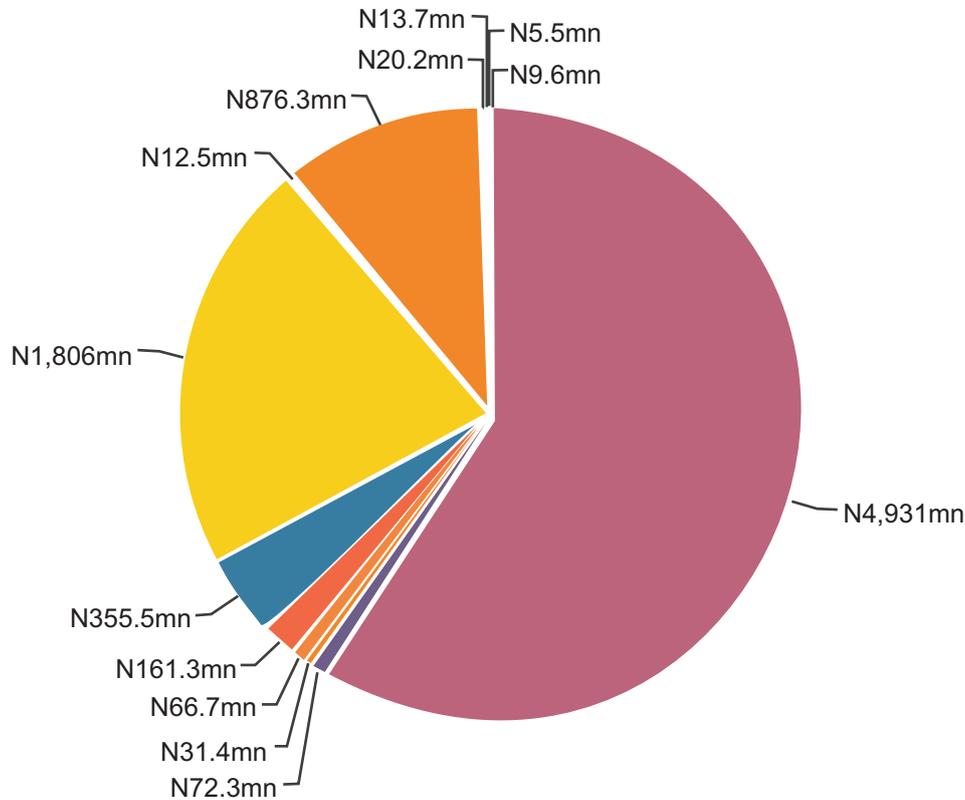


- Failure to Remit IGR N2,297mn
- Overpayment of Severance Allowance N216.8mn
- Investment Interest not Remitted to CRF N160.3mn
- Outstanding Staff Loan N1,483mn
- Irregular Monetization Allowance N594mn
- Engagement of External Solicitors N118.7mn

AuGF Recommendation: Recover over payment of severance allowances, remit outstanding IGR and investment interest, recover outstanding loans to staff, refund and recover monetized vehicle allowances, refund payment to tax consultant and personal liability for Director-General for breach of litigation procedures.

N8,364 Million in 13 Audit Infractions

National Health Insurance Scheme (NHIS), Abuja

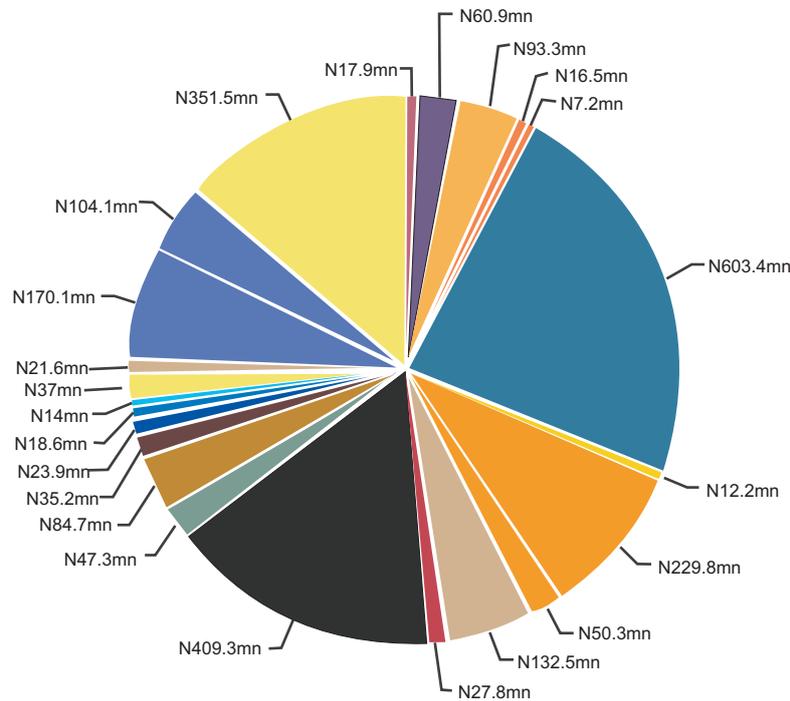


● Unauthorized Allowances	N4,931mn	● Payment without Supporting Documents	N72.3mn
● Services not Rendered	N31.4mn	● Abuse of Cash Advances	N66.7mn
● International Travels Without Approval	N161.3mn	● Irregular Payment	N355.5mn
● Unauthorized Allowances	N1,806mn	● Unauthorized Overse Medical Expenses	N12.5mn
● Payment Without Due Process	N876.3mn	● Payments without Supporting Documents	N20.2mn
● Irregular Payments	N13.7mn	● Management Collusion and Irregular Payment	N5.5mn
● Payment for services not rendered	N9.6mn		

AuGF Recommendation: Recover amount spent on unauthorised allowances, payment without supporting documents, payment without services rendered, recover all sums paid fraudulently as cash advances, recover sums paid on unapproved travel allowances, and recover all payments made without due process.

N2,622 Million in Various Audit Infractions

University of Abuja



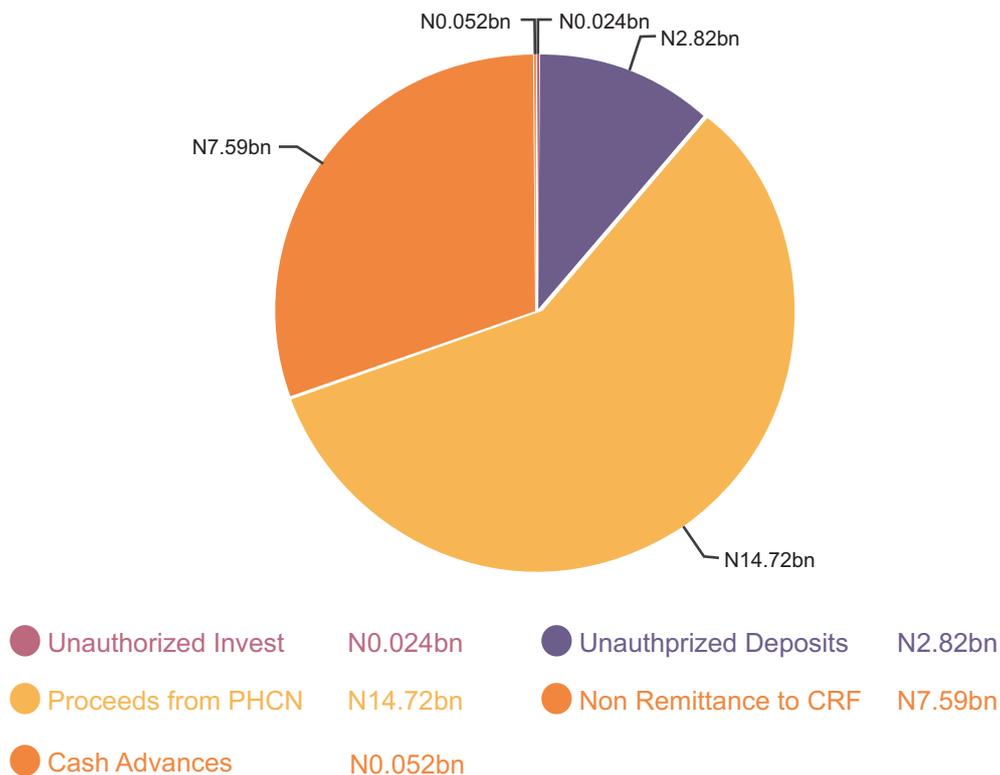
● Unaccounted Payments	N17.9mn	● Irregular Payment of Motor Vehicles and violation of Approval threshold	N60.9mn
● Weakness in the store	N93.3mn	● Payment of Sitting allowance to Management staff for attending Tenders Board meeting during working hours	N16.5mn
● Unaccounted security allowance	N7.2mn	● Non remittance of IGR to CRF	N603.4mn
● Irregular payment of salaries	N12.2mn	● Non adherence to due process in contract award	N229.8mn
● Irregular award and variation of contract	N50.3mn	● Payment of Unsubstantiated Provisional sums in the BOQ	N409.3mn
● Store office involved in the procurement	N27.8mn	● Violation of Approval Limit	N132.5mn
● Award of contract to related parties	N47.3mn	● Payment of Unapproved Allowances	N84.7mn
● Non deduction of tax from payment to consultant	N35.2mn	● Diversion of funds through fictitious contract	N23.9mn
● Unaccounted payment for claims	N18.6mn	● Incurring wasteful expenditure	N14mn
● Irregular payment to chief security officer	N37mn	● Unlawful payment of honorarium/allowance for servicing the vice chancellor	N21.6mn
● Unlawful payment of rent and rent allowance	N170.1mn	● Payment without relevant attachments	N104.1mn
● Stores not taken on ledger charge	N351.5mn		

AuGF Recommendation: Auditor General requested the affected officials to recover, account for or refund the monies and also prescribed the invocation of relevant financial regulations.

**SECTION 6:
SECTION 10 OF THE AUDIT REPORT –
REVENUE AUDIT DEPARTMENT**

N25.20bn in Audit Infractions

Bureau of Public Enterprises



AuGF Recommendation: Recover and pay accrued interest, recover proceeds from PHCN sales, remit operating surplus to CRF etc.

Verification of Revenue on Ports Concessionaires - \$679,403,172.00

Twenty-three (23) companies were granted concessional rent of various Ports under Nigerian Ports Authority for ten years and above with associated yearly rent of \$679,403,172.00 (Six hundred and seventy-nine million, four hundred and three thousand, one hundred and seventy-two dollars) payable to NPA as at 31st December, 2016. There is no evidence to show that the sum of \$679,403,172.00 was collected as at when due and remitted to the Consolidated Revenue Fund. This has been communicated to the Bureau vide letter with reference No. OAuGF/RESAD/05/2016/07 dated 19th April, 2018. No response has been received from the Bureau.

AuGF Recommendation: The Director-General is required to show evidence that the sum of \$679,403,172.00 was collected and remitted to the appropriate authority.

Recommendations

Nigeria's economic and social development is challenged by paucity of resources. We need to make the maximum use of available resources for the progressive improvement in the standard of living of our people, build necessary infrastructure and create jobs for the unemployed population. Further, considering that law is the command of the sovereign backed by sanctions, - laws, policies and regulations are meant to be obeyed.

Laws are not mere moral adjurations. When audit breaches attract no sanctions, they are bound to be replicated every year. Nigerians have collectively recognized and agreed that corruption is one the greatest binding constraints on our development and audit reports provide a veritable opportunity to scientifically fight corruption.

In the circumstances, the following recommendations are imperative.

To the National Assembly and its Public Accounts Committees

- ? Engage MDAs indicted in audit reports and ensure compliance with audit recommendations through the legislative process.
- ? Expediently enact the Federal Audit Service Commission Bill into law and forward same to the President for assent. The Bill when passed into law will improve the audit function and reform the system's ability to secure greater compliance with fit and good practices.

To the President

- ? Ensure that the resolutions and recommendations of the National Assembly on audit reports are implemented to the letter.
- ? Guarantee assent to the Federal Audit Service Commission Bill when it is finally approved by the National Assembly and sent for presidential assent. This is imperative considering that when the Bill was sent for presidential assent by the Eight National Assembly, it neither got assent nor was it returned to the legislature with reasons for declining assent.
- ? Give directive to the Accountant General of the Federation for the creation of subaccounts in the Treasury Single Account for the domicile of the IGR of relevant agencies and automatically deduct the requisite 25% (as required by Finance Circular Ref. No.: BO/RVE/12235/259/VII/201 dated 11th November, 2011) on a quarterly basis without recourse to the agencies or waiting for the end of year to calculate the due amount.

- ? Give directives to the Accountant General of the Federation for the creation of subaccounts in the Treasury Single Account for the domicile of withholding tax, VAT and all taxes collected by MDAs so that they will be swept into the CRF automatically without entering the accounts of the respective MDAs.

To the Auditor-General for the Federation

- ❖ Ensure follow-up information on compliance with the 2017 audit recommendations in the 2018 and future audit reports.
- ❖ Build further capacity of the office to improve subsequent audit reports.
- ❖ Maintain a professional and good inter-agency collaboration with the anti-corruption agencies for follow-ups on audit recommendations.

To Accounting Officers and Relevant Public Service Authorities

- ❖ Build capacity of staff and sensitise them on the Financial Regulations and its demands.
- ❖ Ensure the discipline of public officers who violate the Financial Regulations and Public Service Rules through the activation of the relevant sanctions mechanisms.

To the Anti-Corruption Agencies

- ❖ The report of the Auditor-General for the Federation contains tested facts which have provided opportunities for audited MDAs to respond to audit queries. Therefore, violations contained in audit reports and the accompanying recommendations provide very strong leads for the prosecution of offenders and recovery of money due to the treasury. The Economic and Financial Crimes Commission, the Independent Corrupt Practices and other Related Offences Commission and the Police should follow up on audit findings.

To Civil Society and the Media

- ❖ Embark on advocacy to ensure that audit violations and recommendations are not swept under the carpet but kept on the front burner of national discourse leading to societal pressure for reforms in accordance with fit and good practices.
- ❖ Support the enactment of the Federal Audit Service Commission Bill into law.
- ❖ Activate the office of the citizen, especially the tax-payer to demand that mismanagement of public resources attract the requisite consequences in law and in fact; that Nigerians get apologies and guarantees of non-repetition for audit violations.