

# **HIGHLIGHTS OF INFRACTIONS IN THE 2017 AUDIT REPORT**

*By Centre for Social Justice Limited by Guarantee*

## **Preliminary Review of the Report of the Auditor-General of the Federation**

The first point to note is that the report of the Auditor-General for the Federation (AuGF) 2017 is dated July 22, 2019 being 19 months after the end of the financial year to which it relates. It is just one month short of meeting the 18 months international standard.

The second issue is about the number of defaulting Agencies that have not submitted audited accounts. 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. The implication of the foregoing is that the incidence of defaults instead of decreasing, is increasing.

The third is the nature of infractions discovered by the audit which were in the words of the AuGF major weaknesses and lapses in the management of public funds. The key findings range from irregular expenditures to failure to surrender surplus revenues to the Treasury, all running into billions of naira. Also notable was the continuing failures in the implementation of International Public Sector Accounting Standards (IPSAS). Overall, the findings were indicative of significant weaknesses in expenditure control, accounting, financial reporting and in the completeness and accuracy of the consolidated financial statements. Responses to audit queries did not improve in the year under consideration.

The fourth issue is about the institutional structure and funding of the AuGF. The report states that the office of the AuGF was poorly funded while Nigeria has no extant Audit law as the Audit Act of 1956 has been repealed without the legislature enacting another. Proposals for new audit legislation has been before the National Assembly (NASS) for fourteen years and when it was passed by NASS, three succeeding Presidents including the incumbent refused to give assent for the bill to become law.

Essentially, the report is a litany of woes evidencing the poor management and unaccountability of the federal fiscal system.

## **SECTION THREE**

### **CROSS CUTTING ISSUES**

#### **3.2 FAILURE IN REVENUE GENERATION AND REMITTANCES OF REVENUE BY MDAS - ₦20,675,801,479.59**

- 16 revenue generating agencies did not remit to N19,025,384,100.29 to the CRF with BPE leading the list in agencies with unremitted to the tune of ₦7,585,116,400.00.
  - The others include University of Abuja; Modibo Adama University of Technology Yola, Adamawa state; Federal University Oye-Ekiti, Ekiti State; Federal University of Technology Owerri; Teachers Registration Council of Nigeria; National examination Council; Federal University Lokoja, Kogi state; National Power Training Institute of Nigeria (NAPTIN); Infrastructure Concession Regulatory Commission (ICRC); Centre for Management Development; Federal Radio Corporation of Nigeria; News Agency of Nigeria; Security and Exchange Commission and Federal Medical Centre Abeokuta Ogun state
- 26 audited MDAs did not deduct and/or remit N1,650,417,379.30
- AuGF recommended a timely reconciliation of all revenues accruing to the CRF to be done immediately so as to ensure that funds meant for the Government are remitted immediately. Also for appropriate sanctions to be meted out to defaulting agencies.

#### **3.3 IRREGULARITIES IN PAYMENTS/EXPENDITURE - ~~₦26,604,515,374.55~~**

- Several payments totaling ~~₦26,604,515,374.55~~ was made with a total of 140 infractions identified in the payments made by the MDAs. The sum of N8,608,588,928.68 was expended in 25 infractions without presenting Payment Vouchers to justify the payments made in the transactions,
- Also, a total of 10 MDAs embarked on International Travels and Trainings without requisite approval from the appropriate authorities, expending the sum of N2,660,420,450.05 on International Travels despite strict restriction placed on it.
- Furthermore, the sum of N2,789,475,927.84 was expended without providing supporting documents to the Payment Vouchers in 22 infractions in the MDAs.

Recommendation

The Minister of Finance should ensure that all MDAs are fully on the GIFMIS platform and that no payment is made without passing through the platform. The use of manual Payment Vouchers should be abolished. Appropriate sanctions should be applied to all involved in instances of payments being made without the expected supporting documents and/or approvals.

### **3.4 IRREGULARITIES IN CONTRACT AWARD, EXECUTION AND PAYMENT – N28,569,846,170.59**

- 51 transactions, across several MDAs, did not comply with the provisions of the Public Procurement Act, 2007.
- Out of the N28.6bn, N27.83bn was expended in contract related transactions that typify wastages and loss of public funds.
- It was recommended that the Minister of Finance give a directive for the activation of the Procurement Module of GIFMIS for use across MDAs to ensure compliance through non-release of funds except for certified procurements.

### **3.5 STORE ITEMS NOT TAKEN ON STORE CHARGE –N825,871,246.67**

- (12) MDAs had procured store items for the sum of ~~N~~825,871,246.67 without necessary documentations and as a result, items procured were not taken on store charge.
- Store items are assets that are major components in all MDAs financial records, and they take up a significant portion of the annual appropriation of the Federal Government.
- Non-Maintenance of Assets Registers was also observed

### **3.6 UNRETIRED LOANS AND ADVANCES – ₦ 4,140,509,453.35**

- Unretired cash advances to staff across 26 MDAs amounted to N1.41bn.
- A sum of N1.95bn worth of cash advances (granted by 21 MDAs) above N200,000 threshold indicates circumvention of procurement processes and avoidance of tax deductions.
- A sum of N1.54bn unrecovered loans in 3 MDAs.
- The Auditor General recommended that the Accounting officers be held accountable for all outstanding cash advances and unrecovered loans.

## **SECTION FOUR**

## **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AUDIT**

### **ISSUE 2: ERRORS IN THE OPERATION OF TSA, AND IMPROPER INCLUSION OF TSA SUSPENSE BALANCE AS INVESTMENT INCOME**

- Balance of N163,348,905,483.62 included within the Investment Income as TSA Settlement Centre. Evidence was sought to confirm this balance and it was discovered that it was a cumulative suspense balance comprising of unresolved transactions over several years. The inclusion of the TSA Settlement Centre balance as part of Investment Income in 2017 is inappropriate.
- Recommendation  
The Accountant-General of the Federation is required to take urgent steps to analyse or investigate and resolve all the transactions currently standing as suspense in the TSA Settlement Centre.

### **ISSUE 3: INADEQUATE DISCLOSURE OF AIDS AND GRANTS - N6,649,091,891.14**

- Total of N9,033,989,308.70 was received as aids and grants, and a sum of N6,649,091,891.14 representing 74% of the reported amount was said to be domestic grants. There was no information about the donors or the recipient MDAs to verify the occurrence, accuracy or completeness of the transaction.

#### Recommendation

- The Accountant-General is required to provide the list of donors and recipients of domestic grants in the format presented below.

### **ISSUE 4: DECLINE IN 'OTHER REVENUE'**

- Other Revenue showed a decline from N578, 931,562.10 in 2016 to N68,634,292.29 in 2017, showing a variance of N510,297,369.81 and representing an 88% decline.
- The explanation received from the office of the Accountant-General adducing the decline in 'Other Revenue' to lack of interface between GIFMIS and REMITA platform is untenable.

#### Recommendation

- The Accountant-General is required to speedily take necessary action to resolve the issues around REMITA and GIFMIS to prevent further misstatements of "Other Revenue and Unspecified Income".

## **ISSUE 5: INCOMPLETE DISCLOSURES IN THE FINANCIAL STATEMENT**

### **5(B) GRANTS AND CONTRIBUTIONS**

- The budgetary provision for Grants and Contribution was not disclosed in the notes to the accounts. This contravenes the provisions of IPSAS 24 (Presentation of Budget Information in Financial Statements).
- The sum of ₦57,624,929,461.05 was granted by the Federal Government of Nigeria as grants and contribution which represent transfers to domestic and foreign governments, public and private owned companies, academic institutions and internationals for 2017. The breakdown and details of grants and contributions were not presented for audit.

#### Recommendation

- The Accountant-General is required to disclose the budget and beneficiaries of grants and contributions for the year 2017.

## **ISSUE 6: TRANSFERS TO OTHER GOVERNMENT ENTITIES TREATED AS AN EXPENSE: N359,000,901,022.99.**

- The sum of N359,000,901,022.99. was reflected in the Consolidated Statement of Financial Performance as Transfers to Other Government entities.
- The amount is yet to be retired. Lastly, it is unclear whether the transfers are all in respect of recurrent expenditures, in which case the costs are to be expensed, or in respect of capital expenditures in which case the assets procured should be capitalized within the financial statements.
- The amount stated is material to the Financial Statements. As detailed information was not provided to Audit to address the risk of inaccuracies in the treatment of the transfers within the financial statements, we are unable to conclude that the balances stated are accurate.

#### Recommendation

- The Accountant-General is required to address the unexplained transfers.

## **ISSUE 7: UNRECONCILED CASH AND CASH EQUIVALENTS - N400,341,840,719.24**

- Third-party account balance confirmation provided by CBN alongside the balance contained in the Statement of Financial Position led to the following findings:
- There was a net overdrawn bank balance with MDAs in the sum of N400,341,840,719.24 as at 31st December, 2017 as reported in Note 25.

- A further examination of the notes revealed that 15 accounts had debit balances that means “assets” amounting to N2,595,778,779,855.57 while four accounts had N2,996,120,620,574.81 as credit balances signifying “Liability
- The overdrawn figure of ~~N~~2,455,817,954,214.86 shown by the CBN and the overdrawn balance shown by Office of the Accountant-General of the Federation in the financial statements ~~N~~400,341,840,719.24 are unreconciled resulting in two different year end balances.

#### Recommendation

- The Accountant-General is required to reconcile the true position of the year-end bank account liability of the Federal Government as shown in the Financial Statement with the Central Bank of Nigeria.

#### **ISSUE 9: UNVERIFIED BALANCES ON PROPERTY, PLANT & EQUIPMENT (PPE)**

(i) PPE worth ~~N~~877,510,498,792.01 was reported acquired in 2017, being Additions during the year. The names and the administrative codes of the MDAs that had additional PPE during the year were not provided for audit.

(ii) The sum of ~~N~~84,154,645,640.45 was reported as part of PPE as at 31/12/2017. From the details provided, these items are not PPE components.

#### Recommendation

The Accountant-General is required to:

- (i) Substantiate the balance shown as additions in 2017.
- (ii) Review all items classified as PPE and remove those that are not PPE in nature.

#### **ISSUE 10: IRREGULARITIES IN THE DISCLOSURE OF INTANGIBLE ASSETS - ~~N~~4,152,602,677.67**

(i) The sum of ~~N~~999,280,813.18 was the value of intangible assets acquired in 2017 under NCOA Code 320301, for copyright as reported in the Trial Balance, while the sum of ~~N~~5,151,883,490.85 was reported in Note 20 attached to the financial statement as intangible assets acquired in 2017. Hence, there is a discrepancy of ~~N~~4,152,602,677.67

(ii) The names and the administrative codes of the MDA that had additional intangible assets during the year were not attached to the note made available.

#### Recommendation

The Accountant-General is required to:

- (i) Resolve the difference between the Consolidated Trial Balance and the Notes 20 to the Consolidated Statement of Financial Position.
- (ii) Substantiate the Intangible assets acquired in 2017.

**ISSUE 11: FAILURE TO REPAY SHORT-TERM LOANS AND DEBTS-  
N910,039,557,742.**

- The balances remained unpaid throughout the year. Specifically, no inflows or outflows were recorded on these balances that were meant to be short-term.

Recommendation

- The Accountant-General is required to ensure the actual position of the above loans and ensure proper treatment in the books. Evidence of efforts made to be forwarded to my Office for confirmation.

**ISSUE 12: INACCURATE DISCLOSURE ON CURRENT PORTION OF BORROWINGS  
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**₦8,368,005,692.56**

- The Federal Government's current portion of borrowing for the period under audit was stated to be ₦8,368,005,692.56, made up of ₦2,518,918,218.06 brought forward from 2016 and additional borrowing of ₦5,849,087,474.50. The brought forward balance is disclosed as representing borrowing by Federal Ministry of Industry, Trade and Investment (FMITI), while the balance incurred in 2017 was unsubstantiated. FMITI responded by stating that the balance is incorrect and should be a nil balance.

Recommendation

- The Accountant-General is required to ascertain the accurate balances for the current portion of borrowing.

**ISSUE 14: INACCURATE DISCLOSURE ON CAPITAL GRANTS - N74,595,495,714.39**

- Balances stated as granted by Treasury for the year were netted off against grants received from other sources in order to arrive at the year-end total. The reasons for the net-off are unclear.

- Furthermore, the Grant “Received from Other Sources by the MDA for the Year” was not disclosed.
- Statement of Changes in Net Assets did not disclose the movement in Capital Grants during 2017. There was a movement of ₦868,239,443,472.67 during the year
- The Transfers to government entities (Capital Supplementation) shows ₦1,142,435,579,296.77 as Capital Transfer to Government entities during the year, bringing the total capital grant by Treasury for the year to the sum of ₦2,010,675,022,769.44
- However, the total shown as capital grant by Treasury for the year was ₦2,085,270,518,483.83
- The difference of ₦74,595,495,714.39 between the two (2) balances is unexplained.
- A breakdown of Grants received from other sources and this was not provided.

#### Recommendation

- The Accountant-General is required to revisit the calculations of Capital Grant, and Reserve, and make appropriate corrections.

#### **ISSUE 15: INACCURATE DISCLOSURE ON ACCUMULATED DEFICITS**

- The transitional Reserve balances of ₦9,747,262,271,984.00 and ₦5,952,153,054,507.57 respectively for 2016 and 2017 were found to be unsubstantiated.
- A request for evidence to substantiate the balances was not made but no evidence was provided.
- The amount for accumulated deficit was further misstated by ₦50,386,644,070.40, as the Net deficit for the year 2017 as shown in the statement of financial performance was ₦2,180,059,121,141.79.

#### Recommendation

- The Accountant-General is required to revisit the calculations for the Accumulated Deficit and make appropriate corrections.

**ISSUE 16: UNSUBSTANTIATED BALANCES IN THE STATEMENT OF FINANCIAL POSITION ₦251,364,767,509.74**

- The total amounts for which disclosures of supporting information within the Notes were inadequate amounted to ₦251,364,767,509.74 for the year under audit.
- Lump sum entries were also made as single figures for 2017 without a breakdown and details for the 2017 transactions were not provided.

**SECTION FIVE**

**FEDERATION ACCOUNT**

**5.1 UNAUTHORIZED DEDUCTIONS FROM THE FEDERATION ACCOUNT BY REVENUE-COLLECTING AGENCIES – N1,555,385,857,565.09**

- Section 162 (1) of the 1999 Constitution stipulates that *“the Federation shall maintain a special account to be called “the Federation Account” into which shall be paid all revenues collected by the Government of the Federation.”*
- Of the four agencies captured under this section, only Nigeria Customs Service remitted all it collected into the federation account.
- Table: Summary Of 2017 Gross Collections Remitted to the Federation Account

Collecting Agencies	Total Revenue Collected (N'Bn)	Other Deductions (N'Bn)	Amounts Paid to PPT/Royalty account (N'Bn)	Amount Paid to Federation Account (N'Bn)
	A	B	C	D = A-B-C
NNPC	2,407.7	1,332.07	0	1,075.62
DPR	733.05	0	26.77	706.28
FIRS	2,653	0	196.54	2,457.27
NCS	628.03	0	0	628.03
<b>TOTAL</b>	<b>6,422.59</b>	<b>1,332.07</b>	<b>223.31</b>	<b>4,867.21</b>

Source: 2019 Audit Report

- Without authorization, N1.55trn was deducted thus: the NNPC N1.33trn for “Joint Venture Cash Call”; DPR N26.77bn as “excess proceeds” while the FIRS deducted a “total excess proceeds on royalty” to the tune of N196.54bn.
- The Auditor General recommended that all deductions made at source be stopped and that defaulting agencies should be appropriately sanctioned.

**ISSUE 2: UNDER-DISTRIBUTION OF NON-MINERAL REVENUES - ₦175,172,208,105.56**

- Re-computation of Non-mineral revenue generated and actual distribution between the Federal, State and Local Governments revealed that a total of ₦1,879,493,144,679.27 was meant to be shared among the three (3) tiers of government but documents submitted showed that ₦1,704,320,936,573.71 was the actual amount shared thereby leading to a difference of ₦175,172,208,105.56

**ISSUE 3: UNDER-DISTRIBUTION OF MINERAL REVENUES- ₦199,568,117,673.99**

The total mineral revenue generated for the period under audit was ₦2,987,717,644,435.90 but after deduction of total cost of collection in favour of FIRS, NCS and DPR which amounted to ₦121,827,852,916.59, the actual amount available for distribution in respect of mineral revenue was ₦2,865,889,791,519.51. It was however observed that ₦2,666,321,673,845.32 was distributed, thereby leading to a variance of ₦199,568,117,673.99

**ISSUE 4: OMISSION IN THE FEDERATION ACCOUNT TRANSCRIPT STATEMENT - ₦22,259,485,631.84**

Examination of Federation Account transcript statement revealed that revenue collected for the month of March, 2017 shared in April 2017 amounting to ₦22,259,485,631.84 being excess proceeds on PPT from oil did not reflect in the transcript for the period.

Recommendation.

The Accountant-General is required to reconcile the sum of ₦22,259,485,631.84 not reflected in the transcript for the month of April 2017.

**ISSUE 6: UNDERPAYMENT OF COST OF COLLECTION-~~₦~~1,515,035,124.24**

Re-computation of cost of collection figures paid to relevant Collecting Agencies during the period under audit showed that Federal Inland Revenue Service (FIRS) and Nigeria Customs Service (NCS) were underpaid to the tune of ₦1,479,999,959.99 and

₦35,035,164.25 respectively, thereby having a total underpayment of ₦1,515,035,124.24.

## 5.7 NON-STATUTORY BORROWING FROM 1.68% DEVELOPMENT OF NATURAL RESOURCES FUND ACCOUNT – ₦8,000,000,000.00

- The Natural Resources Development Account was established to develop alternative mineral resources in order to provide alternative sources of revenue to the Federal Government other than the revenue from oil.
- However, an N8bn non-statutory borrowing consisting of N4bn loan to Kano and Osun states each was made from the fund.
- AuGF recommended that the loans be repayed promptly and called for the strict adherence to the rules governing the funds application.

## 5.8 BREACHES OF LEGISLATIVE FRAMEWORK LEADING TO LOSS OF REVENUE

### A. OUTSTANDING AMOUNT IN RESPECT OF ROYALTY, RENT, ETC. – US\$3,214,022,999.93 (₦980,277,014,978.65)

- Reviews of documents relating to royalty, gas flare penalty, gas sales royalty and concession rent shows that US\$3.2bn (N980.3bn) was not collected by DPR from the various Oil and Gas Companies for the year 2017.
- *“These oil Companies have failed to discharge their obligation to pay royalty, rent and other rates prescribed by Petroleum (Drilling) and Regulation, of 1969 and Petroleum Act 1969” – 2017 Audit Report*
- Table : Amount Outstanding with Oil and Gas Companies for The Year 2017

Revenue Component	Amount Outstanding in US\$ Mn	Naira Equivalent (N'Bn) at Rate of N305:\$1
Oil Royalty	2,751.55	839.22
Gas Royalty	423.52	129.17
Gas Flared Penalty	37.8	11.53
Concession Rental	1.15	0.352
<b>TOTAL</b>	<b>3,214.02</b>	<b>980.27</b>

Source: 2017 Audit Report

## B. BAD AND DOUBTFUL DEBTS

- Audit of outstanding balance with six selected Oil and Gas Companies indicate that the debts are becoming bad and doubtful.
- The table below breaks these debts down:

Table: Schedule of Bad and Doubtful Debts

Name of Company	Balance Outstanding 31/12/2016 (US\$M)	Balance Outstanding 31/12/2018 (US\$M)
Mid-Western	62.178	83.036
Newcross	1.241	1.241
Shoreline	21.867	23.776
Express	3.684	3.684
Cavendish	2.681	2.681
Allied Energy	33.529	34.662
<b>TOTAL</b>	<b>125.182</b>	<b>149.083</b>

Source: 2017 Audit Report

### **ISSUE 9: REVISION OF OBSOLETE PETROLEUM SERVICES RATES.**

- 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.
- For instance: “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”.

## Recommendation

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

## **ISSUE 10: NON-REMITTANCE OF FUNDS TO FEDERATION ACCOUNT (MINISTRY OF MINES AND STEEL DEVELOPMENT)**

- Revenue earned from activities of Federal Ministry of Mines and Steel Development for the years 2015, 2016 and 2017 were not transferred into the Federation Account in line with the guiding principles of Treasury Single Account (TSA). The revenue generated during this period amounted to ~~N~~8, 538,330,450.19. The breakdown of the yearly revenue is as follows:

2015 Revenue - 2,214,925,333.58

2016 Revenue - 2,838,351,664.97

2017 Revenue - 3,485,853,451.64

Total 8,538,330,450.19

## **ISSUE 11 UNDUE DELAY IN THE PAYMENT OF TAX REFUND: N47,436,473,379.94.**

- FIRS internal processes were not compliant with Section 23(3) of FIRS ACT 2007, “Any tax refund shall be made within 90 days of the decision of the service made to subsection (2) of this section, with the option of setting off against future tax by the tax payer”
- Applications for tax refund as at 31st December, 2017 stood at N47,436,473,379.94 while amount due for payments on that date stood at N23,096,824,505.11.
- The budgetary provision for tax refund in year 2017 was N25,000,000,000.00 (Twenty-five Billion naira).
- There were delays in approval from management after tax audit.
- There were also delays in refund to Taxpayer after tax audit and approval stages had been carried out.

## Recommendation

The Chairman of FIRS is required to ensure that the yearly budgetary provision for tax refund is adequate and that the 90-day time frame for tax refund is met

## **SECTION SIX**

### **COMPLIANCE AUDIT OF MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)**

#### **FEDERAL MINISTRY OF FOREIGN AFFAIRS**

- Between January and December 2016, a total of 289 payment vouchers under Capital expenditure and 453 payment vouchers under Overhead expenditure in the sum of ₦3,054,747,121.60 and ₦1,300,483,641.65 respectively, totalling ₦4,385,230,763.25 were not produced for audit as at the time of forwarding the audit report.

## **SECTION 9**

### **PERIODIC CHECKS OF STATUTORY BODIES.**

#### **NATIONAL POWER TRAINING INSTITUTE OF NIGERIA (NAPTIN)**

Issue 1: Unremitted Operating Surplus – N206,680,771.62

Issue 2: Payments without relevant supporting documents ₦182,668,513.72

Issue 3: Payment for Goods not Supplied N47,000,000.00

Issue 4: Unremitted VAT and WHT Deduction - ₦38,069,069.20

Issue 5: Payment for supply of Power System Simulator without evidence of supply ₦20,569,398.20

Issue 6: Outstanding Cash Advances

Cash advances totaling ₦6,187,393.50 granted to 17 (seventeen) officers of the Institute during the period under audit.

#### **ADVANCED MANUFACTURING TECHNOLOGY PROGRAMME**

Issue 2: Payment without relevant supporting documents –~~₦~~126,533,197.08

### **ADMINISTRATIVE STAFF COLLEGE OF NIGERIA (ASCON)**

Issue 1: Cash Advances not retired - ~~₦~~189,974,457.00.

Issue 2: Outstanding VAT & WHT Deductions - N6,749,181.52

Issue 3: Payments with the use of Stale Vouchers - ~~₦~~12,085,400

### **INFRASTRUCTURE CONCESSION REGULATORY COMMISSION (ICRC)**

Issue 1: Outstanding IGR - ~~₦~~127,092,987.58 and \$875,138.39

### **RURAL ELECTRIFICATION AGENCY**

#### **Issue 1: Wrong classification of assets - ~~₦~~2,781,572,787.58**

- The Sum of ~~₦~~2,781,572,787.58 was reflected by the Agency as balance for work in progress.
- Some of the projects that constituted this figure were electrification projects funded by government through the Agency which had been completed and handed over to the various Distribution Companies (DISCOs).
- It would therefore be improper to continue to retain them in its books since they are no longer under its control and possession. Requests for breakdown and details of the above figure were not granted.

### **NATIONAL FILM AND VIDEO CENSORS BOARD**

Issue 1: Advances not retired - ~~₦~~108,348,235.01

### **CENTRE FOR MANAGEMENT DEVELOPMENT**

Issue 1: Payment Vouchers not subjected to Internal Audit Checks - ~~₦~~61,079,750.00.

Issue 2: Extra-budgetary expenditure due to the CRF not remitted ~~₦~~59,274,180.66

Issue 3: Cash advances not retired - ~~₦~~50,166,627.21

Issue 4: Payment Vouchers not subjected to Internal Audit before payment  
₦26,285,158.50

### **FEDERAL COLLEGE OF FORESTRY, IBADAN**

Issue 1: Cash advances not retired - ₦25,610,061.89

Issue 2: Items not taken on charge in the store - ₦8,090,205.00

Issue 3: Payment Vouchers not presented for audit - ₦8,036,116.09

### **FEDERAL RADIO CORPORATION OF NIGERIA. IBADAN ZONE**

Issue 1: Outstanding Debt for services rendered - ₦120,099,666.88

Issue 2: Payment of Unapproved Allowance - ₦39,922,140.00

Issue 3: Cash advances not retired - ₦27,091,342.68

Issue 4: Payment for Foreign travels without approval - ₦25,100,192.00

Issue 5: Underpayment of operating surplus - ₦5,626,961.25

Issue 6: Unremitted VAT and WHT deductions - ₦22,585,852.74

Issue 7: Cash advances and imprest not yet retired - ₦13,948,530.23

### **METALLURGICAL TRAINING INSTITUTE**

Issue 1: Advances not retired - ₦2,227,100.00

Issue 2: Payment vouchers without relevant supporting documents - ₦48,457,400.00

### **MICHAEL IMOUDU NATIONAL INSTITUTE FOR LABOUR STUDIES (MINILS)**

Issue 1: Misapplication of Capital Vote - ₦17,062,011.30

Issue 2: Payment vouchers not presented for audit - ₦45,645,257.02

Issue 3: Award of contracts without due process - ₦68,109,701.50

Issue 4: Payments before preparation of payment vouchers and prepayment audit - ₦36,353,300.61

### **NATIONAL AGENCY FOR THE GREAT GREEN WALL**

Issue 1: Unretired advances - ₦36,110,744.95

Issue 2: Payment Made for Monitoring and Evaluation of Some Projects/Programmes Without Evidence - ₦16,987,424.00

### **NEWS AGENCY OF NIGERIA**

Issue 1: Non-remittance of internally-generated revenue - ₦32,324,585.60 & \$10,208.85

Issue 4: Unbudgeted expenditure - ₦47,088,696.30

### **SECURITIES AND EXCHANGE COMMISSION (SEC)**

#### **Issue 1: Non-remittance of internally-generated revenue- ₦2,297,199,080.00**

- Failed to remit the sum of N2,297,199,080.00, representing 25% of the Internally Generated Revenue (IGR) realized in 2015 and 2016, to the Consolidated Revenue Fund (CRF).
- All Federal Government Agencies/Parastatals are mandated to limit their Annual Budgetary Expenditure to no more than 75% of their Gross Revenue and remit the remaining 25% to the CRF not later than one month following the Statutory deadline for publishing each Corporation's accounts.

#### Recommendation

- The Director-General should pay the sum of N2,297,199,080.00 to the Consolidated Revenue Fund (CRF), being 25% of Gross Revenue of N9,188,796,322.13 generated by the Commission for the financial years 2015 and 2016, and forward payment details to my Office for confirmation.

#### **Issue 2: Overpayment of Severance Allowances - ₦216,787,050.94**

- The Director-General was paid the sum of N104,851,154.94 as severance package as Executive Commissioner contrary to the provision of "Certain

Political, Public and Judicial Office Holders (Salaries and Allowances, etc.,) Act, 2002 (as amended)”

- Whereas his entitlement according to the ‘Certain Political, Public and Judicial Office Holders (Salaries and Allowances, etc.,) Act, 2002 (as amended)’ is N5,777,595.00.

#### Recommendation

He should refund the sum of N99,073,559.94 and recover the sum N117,713,491.00 from his predecessor, totaling N216,787,050.94, being overpayment of severance allowances made to them.

#### **Issue 3: Interest from investment not remitted to Consolidated Revenue Fund (CRF) - ₦160,271,545.85**

- The Commission purchased Nigerian Treasury Bills (NTBs) amounting to N5,910,269,443.43, during the period under review, and the investments yielded interests totalling ₦160,271,545.85.
- No evidence that the Commission remitted the interests to the Consolidated Revenue Fund (CRF), as required by regulations.

#### Recommendation

Remit to the Consolidated Revenue Fund (CRF), the sum of ₦160,271,545.85.

#### **Issue 4: Outstanding balance on loans granted to staff - ₦1,483,795,990.72**

- An outstanding balance of N1,483,795,990.72 on loans granted to staff.
- The granting of the loans is a contravention of Federal Government’s directive that stopped all Ministries, Departments and Agencies (MDAs) from granting Loans to staff .

#### Recommendation

Recover the loans totaling ₦1,483,795,990.72 from the beneficiaries without delay.

#### **Issue 5: Irregularities in the payment of monetized motor vehicle allowances and monetized motor vehicle insurance allowances – ₦594,221,727.81**

- The Director-General, while serving as Executive Commissioner, was paid the sum of ₦39,860,000.00 as monetized car allowance which was to run for a period of four years,
- On his appointment as Director-General, he was again paid the sum of ₦84,388,886.00 as monetized car allowance.

- Furthermore, the sum of ₦469,972,841.81 was expended on the payment of monetized motor vehicle allowances and monetized motor vehicle insurance allowances in 2015 and 2016.
- Consequently, these payments of ₦124,248,886.00 and ₦469,972,841.81 (₦594,221,727.81) cannot be considered as proper charges against public funds.

Recommendation

The Director-General has been requested to refund the sum of N124,248,886.00 paid to him and recover sum of N469,972,841.

**Issue 5: Engagement of external solicitors - ₦118,718,654.00**

The Commission engaged external solicitors for various court cases without consent and approval of the Honorable Attorney-General of the Federation.

Recommendation

The Director-General should be held personally liable for breach.

**NIGERIAN PORTS AUTHORITY**

**Issue 2: Unpaid rent – ₦2,504,959,843.77**

- Discovered as unpaid rents on NPA's properties by corporate tenants as at 30th April 2016.

**PART B: HEALTH AND ALLIED INSTITUTIONS**

**NATIONAL HEALTH INSURANCE SCHEME (NHIS), ABUJA**

**Issue 1: Unauthorised payment of allowances**

Various irregular and unapproved allowances amounting to ₦4,931,475,094.63 were paid to members of staff during the period January, 2016 to December, 2017.

Recommendation

The Executive Secretary is required to recover and pay back to the Treasury the

sum of ₦4,931,475,094.63 and forward evidence of recovery and remittance to my office for confirmation.

**Issue 8: Irregular payment**

The Scheme spent a total of ₦355,510,475.00 on capital projects which were not appropriated for in 2016 and 2017 Capital Appropriation Act.

**Issue 9: Irregular Payments (unauthorised allowances to staff)**

The sum of ₦1,806,987,348.97 was paid to staff as allowances not approved by the relevant Authority.

**Issue 11: Irregular Payments (without due process)**

A total of ₦876,316,700.00 was paid for training in 2016 financial year.

**FEDERAL MEDICAL CENTRE, ABEOKUTA, OGUN STATE**

The Federal Medical Centre (FMC), Abeokuta realized a total of ₦620,678,361.00 as Internally Generated Revenue (IGR) for the period January to December 2016, out of which 25%, which is equivalent to ₦155,169,590.25 ought to have been deducted and paid over to the Consolidated Revenue Fund (CRF) in line with extant regulations. However, this was not done by the Management.

**PART C: EDUCATION AND RESEARCH INSTITUTES**

**UNIVERSITY OF ABUJA**

**Issue 7: Non remittance of IGR to CRF - ₦603,446,911.37**

The University failed to remit 25% of its IGR amounting to ₦603,446,911.37 to the Consolidated Revenue Fund (CRF).