

KEY ISSUES IN THE 2018 FEDERAL AUDIT REPORT



This publication is supported by "Improving the Effectiveness of Federal Audit Process and Reforms" Project

ABOUT CENTRE FOR SOCIAL JUSTICE (CSJ - RC:737676)

Centre for Social Justice (CSJ) is a Nigerian Knowledge Institution established to introduce professionalism in civil society work and to use cutting-edge services to enhance and deepen economic, social and political change.

Vision: A Nigeria where social justice informs public decision making and guarantees respect of human rights and fundamental freedoms for all.

Mission: To be a principal catalyst in mainstreaming social justice in public life through policy engagement and interventions that bring about economic, political and social reforms, rights enhancement and sustainable livelihoods.

This Report is produced by CSJ under the Project – Improving the Effectiveness of Federal Audit Process and Reforms.

The project has three core objectives:

- To advocate for the enactment of the Federal Audit Service Commission Bill into law.
- To support the office of the Auditor-General for the Federation, the Public Accounts Committees of the National Assembly (PACs) and Ministries, Departments and Agencies of Government (MDAs) in the improvement of audit practice.
- To build the capacity of Civil Society Organisations and the media to demand and monitor compliance of MDAs with the extant audit regime.



Plot 836, Block 1, Emmanuel Aguna Crescent, off Idris Ibrahim Crescent,
off Obafemi Awolowo Way, Jabi, Abuja.

www.csj-ng.org



08055070909



@censoj



Centre for Social Justice, Nigeria.

First Published in June 2021
by
Centre for Social Justice

Plot 836, Block 1, Emmanuel Aguna Crescent,
off Idris Ibrahim Crescent, off Obafemi Awolowo Way, Jabi, Abuja.
P. O. Box 11418 Garki, Abuja.

Tel: 08055070909, 08127235995

Website: www.csj-ng.org; Email: censoj@gmail.com; blog: csj-blog.org

Facebook: Centre for Social Justice Nigeria; Twitter: [@censoj](https://twitter.com/censoj)

Soundcloud: Centre for Social Justice Nigeria

Table of Contents

Acknowledgment	iii
Acronyms	iv
Introduction	vi
Failures in Revenue Generation & Remittances by MDAs	1
Irregularities in Contract Award, Execution & Payment	10
Irregularities in Payment/Expenditure	27
Store Items Not Taken on Store Charge	43
Unretired Cash Advances/Imprests	46
Circumvention of Procurement Process	50

Acknowledgement

Centre for Social Justice acknowledges the efforts of Mr. Emekaraonye Ferguson, Eze Onyekpere and Fidelis Onyejegbu in the compilation of this report.

The contents of this publication are taken from the 2018 Annual Report of the Auditor General for the Federation and then compiled with the aid of data visualisation.

Acronym

Bn	Billion
CBN	Central Bank of Nigeria
CRF	Consolidated Revenue Fund
FMC	Federal Medical Centre
FR	Financial Regulation
GIFMIS	Government Integrated Financial Management Information System
ICPC	Independent Corrupt Practices & other Related Offences Commission
IDPs	Internally Displaced Persons
IGR	Internally Generated Revenue
EFCC	Economic and Financial Crimes Commission
LPO	Local Purchase Order
MDAs	Ministries, Departments and Agencies of Government
Mn	Million
NAFDAC	National Agency for Food & Drug Administration and Control

Acronym

NAIC	Nigerian Agricultural Insurance Corporation
NHIS	National Health Insurance Scheme
NILDS	National Institute for Legislative and Democratic Studies
NIMASA	Nigerian Maritime Administration and Safety Agency
NSITF	Nigeria Social Insurance Trust Fund
PPA	Public Procurement Act
PPPRA	Petroleum Products Pricing Regulatory Agency
SMEDAN	Small & Medium Enterprises Development Agency of Nigeria
TSA	Treasury Single Account

Introduction

This publication compiles the key issues in the 2018 Audit Report of the Auditor General for the Federation. The objective of the publication is to ensure that these key issues receive popular attention and are understood by majority of the population who can read simple English but may not have the appetite of going through hundreds of pages to decipher the key issues.

The contents have been arranged according to classifications under various headings for ease of comprehension. The laws and policies violated by these issues are highlighted and there are recommendations from the Constitution of the Federal Republic of Nigeria 1999 (as amended), Public Procurement Act, Fiscal Responsibility Act, Financial Regulations, Treasury Circulars, etc. for the remediation of the violations.

Introduction

The key issues are failures in revenue generation and remittance including failure in remittance of revenues due from MDAs, non-remittance of IGR, non-deduction or under deduction of due taxes and violation of the directive to transfer funds from money deposit banks to the Treasury Single Account. The second is irregularities on contract award, execution and payment. This includes award of contract without due process, irregularities in payment, over inflation and over invoicing of contracts, payment for services not rendered and supplies not delivered, unauthorised contract variation, contract splitting and violation of approval threshold. The third is irregularities in payments and expenditure. These include outstanding/missing payment vouchers, payments without supporting documents, violation of e-payment policy, unauthorised foreign trips, extra budgetary spending, etc. The fourth is store items not taken on store charge and the fifth is unretired cash advances and imprest. The last is the circumvention of the procurement process.

Introduction

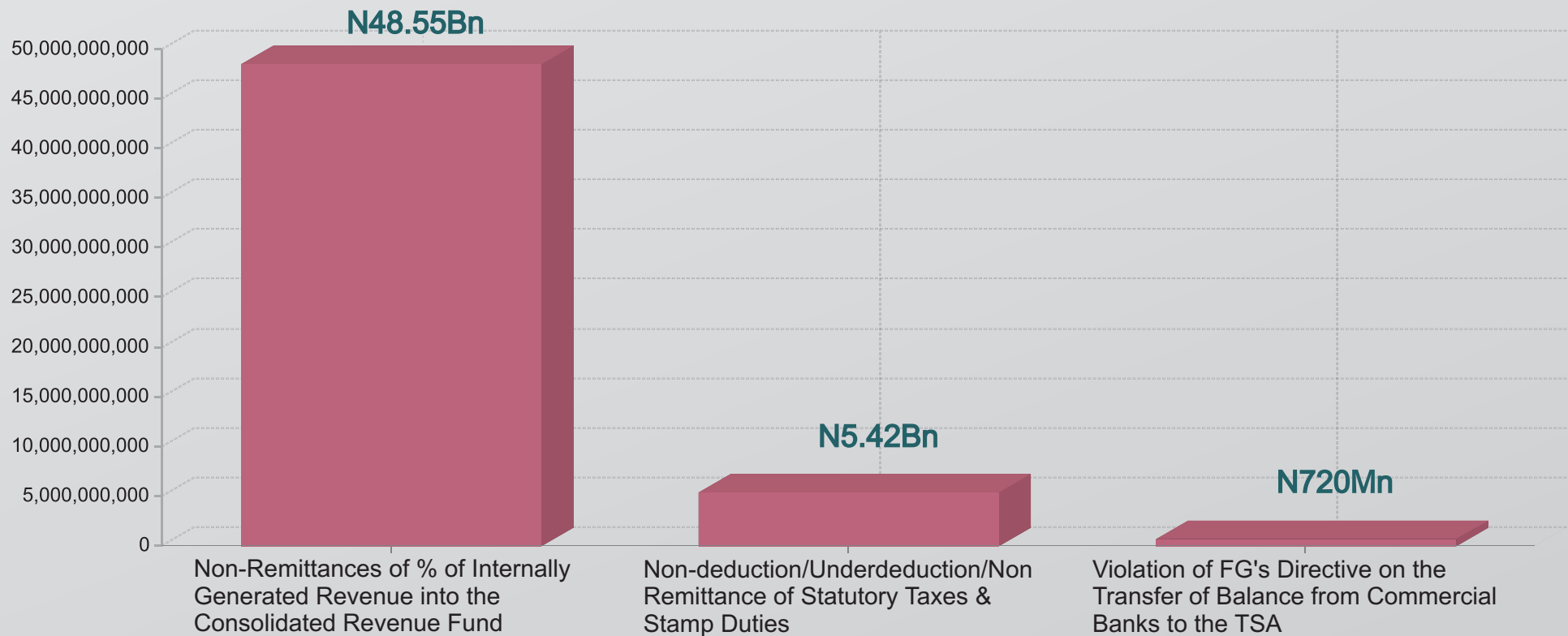
The 2018 Audit Report of the Auditor General for the Federation has been submitted to the Public Accounts Committee of the National Assembly and is available to the anti-corruption agencies. But Nigerians are waiting for follow up action for the recovery of misappropriated monies as well as the punishment of offenders who have run afoul of the fiscal and penal laws. Effective audit requires implementation of sanctions to serve as deterrence for offenders. This is most needed at this time Nigeria is passing through a fiscal crisis.

The collaboration of key stakeholders in the legislature, executive, judiciary and civil society is imperative if audit effectiveness is to become the norm. This publication presents a summary of the issues where critical stakeholders can start the campaign for audit effectiveness.

**(1) FAILURES IN REVENUE
GENERATION AND REMITTANCES
OF REVENUES BY MINISTRIES,
DEPARTMENTS & AGENCIES
(MDAs)**

(1) Failure in Remittances of Revenues by MDAs

N54.69 Billion



(1a) Non Remittance of % of IGR into the CRF

N48.55Billion

Some Key Agencies Involved

Bank of Industry **N46.24Bn**
National Insurance Commission
N1.054Bn
Jos University Teaching Hospital
N333.38Mn
Lagos University Teaching Hospital
N237Mn
Federal University of Agriculture,
Abeokuta **N289Mn**
Medical & Dental Council of Nigeria
N68.6Bn
Financial Reporting Council
N104.97Mn

Environmental Health Officers
Council of Nigeria **N29.53Mn**
PPPRA **N42.37Mn**
Veterinary Council of Nigeria
N74.66Mn
Nigeria Police Academy Wudil Kano
N46.46Mn
FMC Owerri **N8.52Mn**
Federal Polytechnic Idah **N9.89Mn**
Federal Medical Centre Keffi **N2.15Mn**
Fed. School of Occupational Therapy
Lagos **N3.25Mn**

Recommendations

The Minister of Finance should devise a proper strategy to improve the oversight of revenue generating agencies. A timely reconciliation of all revenues accruing to the Consolidated Revenue Fund (CRF) should be done immediately, to ensure that funds meant for Government are remitted as and when due. The Accounting Officer is under obligation by Financial Regulation (FR) 112 (L) to ensure that any revenues collected are not spent, but promptly remitted to the appropriate authorities. Adequate sanctions including prosecution and removal from office should be implemented against the heads of agencies failing to remit appropriately and in a timely manner. The Attorney General of the Federation, Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and Other Related Offences Commission (ICPC) should embark on the prosecution and recovery of the remittances.

The President should give directives to the Accountant-General of the Federation for the creation of sub-accounts in the Treasury Single Account for the domicile of all 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. However, in the event of a dispute, reconciliations will be done on a monthly or quarterly basis.

(1b) Non-deduction/Underdeduction/Non-Remittance of Statutory Taxes & Stamp Duties

N5.42Billion

The Agencies Involved

NSITF **N3.48Bn**

Lagos State University Teaching
Hospital **N968.73Mn**

Energy Commission of Nigerian
N57.73Mn

Federal Polytechnic Idah **N36.39Mn**

National Insurance Commission
N225.84Mn

Fed Ministry of Works & Housing
(Works Section) **N20.15Mn**

NILDS **N577.63Mn**

Nigeria Copyrights Commission **N6Mn**

NAIC **N5.22Mn**

Fed. Neuro-Psychiatric Hosp., Enugu
N5.81Mn

Fed. University of Agric Abeokuta
N4.38Mn

Fed School of Occupational Therapy
Lagos **N4m**

Police Academy Wudil, Kano **N13.96Mn**

Federal Character Commission **N5.85Mn**

Environmental Health Officers

Registration

Council of Nigeria **N5.47Mn**

Recommendations

For non-deduction and under-deduction of taxes, the Accounting Officer of the agencies involved should be compelled to collect the due sums through directives from the President, Secretary to the Government of the Federation or Head of Service as the case may be. FR 234 states:

“(i) It is mandatory for Accounting Officers to ensure full compliance with Value Added Tax (VAT) and Withholding Tax (WHT) due on supply and service contract and actual remittance of same”.

“(ii) Any loss of government revenue through direct payment of VAT and WHT to contractor or failure to provide for VAT and WHT due and remitting same to the Federal Inland Revenue Service by any ministry/extra ministerial department shall be recovered from the statutory allocation of the defaulting ministry/extra ministerial office and other arms of government”.

“(iii) Accounting Officers/Sub Accounting Officers who fails to provide for and remit VAT and WHT due on vatabale supplies and services shall be sanctioned under the applicable VAT Act No.102 of 1993 which may include fines and or imprisonment”.

Recommendations

The sanction for failure to collect and account for government revenue is provided in Financial Regulation 3112:

“(i) A public officer who fails to respond to the Auditor General’s query satisfactorily within 21 days for failure to collect government revenue shall be surcharged and be transferred to another schedule.

(ii) Where an officer fails to give satisfactory reply to an audit query within 7 days for his failure to account for government revenue, such officer shall be surcharged for the full amount involved and such officer handed over to either the Economic and Financial Crimes Commission (EFCC) or Independent Corrupt Practices and Other Related Offences Commission (ICPC).”

For non-remittance, adequate sanctions including prosecution and removal from office should be implemented against the Accounting Officers/Sub Accounting Officers of agencies failing to remit appropriately and in a timely manner. The Attorney General of the Federation, EFCC and ICPC should embark on the prosecution and recovery of the remittances.

(1c) Violation of Federal Government's Directive on the Transfer of Balances from Commercial Banks to the TSA

N720Million

The Agency Involved

- Financial Reporting Council **N720Mn**

Recommendations

The CBN's guideline for the operation of TSA in Nigeria states that the process is designed to bring **every** government funds in bank accounts within the effective control and operational purview of the Treasury, so as to:

- *"Enthroned centralised, transparent and accountable revenue management;*
- *Facilitate effective cash management;*
- *Ensure cash availability;*
- *Promote efficient management of domestic borrowing at minimal cost;*
- *Allow optimal investment of idle cash; Block loopholes in revenue management;*
- *Establish an efficient disbursement and collection mechanism for Government funds;*
- *Improve liquidity reserve; and*
- *Eliminate operational inefficiency and costs associated with maintaining multiple accounts across multiple financial institutions."*

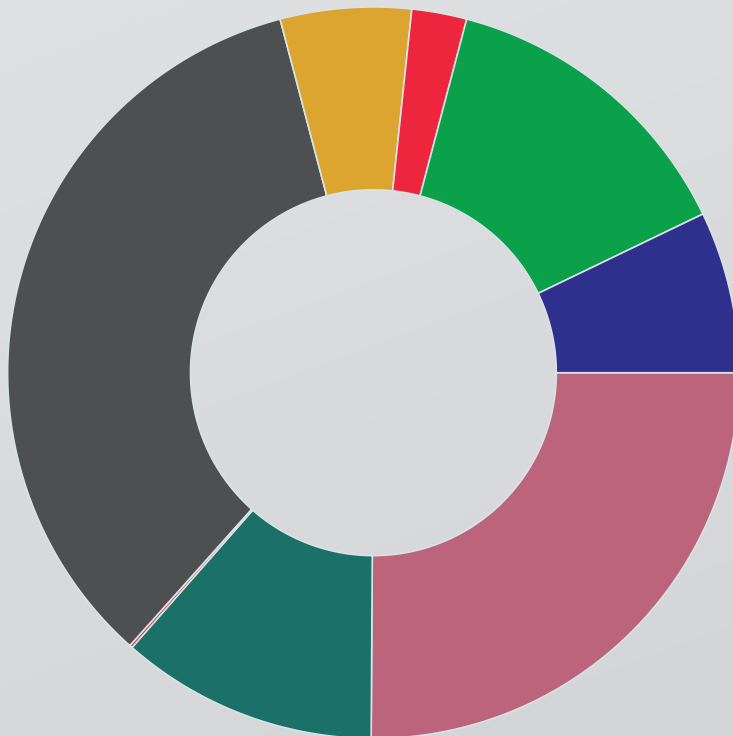
Refusal to follow stipulated guidelines should not go unchecked. Responsible officers of this infraction should be held accountable.

(2)

**IRREGULARITIES IN CONTRACT
AWARD, EXECUTION AND
PAYMENT**

(2) Irregularity in Contract Award, Execution & Payment

N18.37Billion*



Irregularity in Contract Payments	N4,634,795,119
Award of Contract without Due Process	N2,100,478,432
Over-invoicing/Inflation of Contracts	N23,157,792
Irregularity in Contract Award	N6,333,672,816
Payment for Unrendered Service	N1,068,020,425
Unauthorised Contract Variation	N448,554,645
Violation of Approval Threshold	N2,539,270,000
Contract Splitting	N1,319,355,177

*N18.37Billion was quoted in the 2018 AuGF Annual Report but the 8 categories here sum up to N18.47Billion

(2a) Irregularity in Payments for Contract

N4.63Billion

The Agencies Involved

NSITF **N1.39Bn**

University of Ilorin **N78.51Mn**

National Power Training Institute
of Nigeria **N15Mn**

National Theatre Lagos
N34.78Mn

Voice of Nigeria (VON) **N13.58Mn**

Federal Ministry of Works and
Housing

(Works Section) **N3.064Bn**

NAFDAC **N25.73Mn**

Federal College of Fresh Water
Fisheries

Technology, New Bussa **N3.61Mn**

(2b) Award of Contract Without Due Process

N2.1Billion

The Agencies Involved

Fed. Ministry of Finance **N98.54Mn**

National Identity Management

Commission (NIMC) **N229.79Mn**

Federal Character Commission

N56.03Mn

Regional Centre for International

Commercial Arbitration **N29.67Mn**

Federal Ministry of Works and

Housing (Works Section) **N1.19Bn**

Federal University Lokoja

N156.96Mn

Financial Reporting Council

N13.43Mn

Voice of Nigeria **N211.31Mn**

Federal University of Agriculture

Abeokuta **N113.07Mn**

Recommendations

Payments for contracts are to follow stipulated procedure as laid down by the Public Procurement Act (PPA) and as expatiated in a given vendor's contract. Practices outside these guidelines violate the procurement process. Repetition of such violations should be deterred by taking necessary steps to prosecute the defaulters.

Payments made without due process and non-compliance with the PPA constitute offences under S.58 of the Public Procurement Act. The Attorney General of the Federation or the EFCC should prosecute the responsible culprits.

(2c) Over-invoicing/Inflation of Contract/Over Payment to Contracts

N23.16Million

The Agencies Involved

- Energy Commission of Nigeria, Abuja N17.6Mn
- Voice of Nigeria (VON) N5.55Mn

(2d) Irregularity in Contract Award

N6.33Billion

The Agencies Involved

NSITF **N5.53Bn**

NIMASA **N320.45Mn**

National Council for Arts and Culture

N48.94Mn

Accident Investigation Bureau

N20.51Mn

Voice of Nigeria (VON) **N79.99Mn**

Fed. College of Agriculture, Moore
Plantation,

Ibadan **N216.84Mn**

Federal Ministry of Works and
Housing

(Works Section) **N79.5Mn**

Nigeria Police Academy Wudil, Kano
N35Mn

Recommendations

The 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 nonrelease 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.

The Bureau of Public Procurement (BPP) should fully activate its functions and ensure that MDAs follow the process of obtaining certificates of “No Objection” in appropriate cases as well perform procurement audits. BPP should also consider meting out the administrative sanctions stipulated in S.6 of the Public Procurement Act 2007.

The sanctions include suspension of the officers concerned with the procurement proceeding; the discipline of the Accounting Officer of the procuring entity and the temporary transfer of the procurement functions of the MDA to a third party procuring entity or consultant.

Recommendations

FR 3117 provides as follows:

"(i) Any Accounting Officer or public officer who is involved in the irregular award of contract i.e. contract award not in compliance with the normal tenders procedures as laid out by the Bureau of Public Procurement in these regulations or any other law shall be requested to offer an explanation in writing within 21 days to a query issued on this irregularity. Failure to give a satisfactory explanation shall lead to the demotion in rank of such officer and his immediate transfer to another schedule.

(ii) Where the award is by a Tenders Board, all members of the Board shall be sanctioned individually and collectively as in sub-section (I) above"

The rules and procedures are clear but what is missing is the political will to implement same.

(2e) Payment for Services Not Rendered/Supplies not Delivered/Contracts not Executed/Uncompleted Projects

N1.07Billion

The Agencies Involved

NIMASA N857.87Mn

National Centre for Technology

Management N33.709Mn

NAFDAC N28.99Mn

SMEDAN N17.02Mn

Nigeria Police Academy Wudil, Kano

N97.71Mn

National Theatre Lagos N27.77Mn

Federal College of Fresh Water

Fisheries Technology New Bussa

N4.94Mn

Recommendations

FR 708 states that:

“On no account should payment be made for services not yet performed or for goods not yet supplied.”

Also, FR 3104 (iii) states that:

“A public officer who fraudulently pays money to a contractor for a job not executed shall be required to refund in full the amount wrongly paid and shall be removed from that schedule and the matter referred to the Economic and Financial Crimes Commission for prosecution”.

Furthermore FR 3109 states:

“An Accounting Officer or Sub Accounting Officer who pays for the acquisition of asset(s) with public funds but fails to collect the asset(s) from the contractor/supplier shall be given 21 days to recover the assets(s) from the contractor/supplier, failing which the officer shall be transferred to another schedule. The contractor/supplier shall be blacklisted and reported to the Economic and Financial Crimes Commission for prosecution. If collusion is however established, the officer(s) involved shall be removed from that schedule and made to face disciplinary action”.

The Accounting Officer should recover and pay back the due sums to the Treasury. The Attorney General of the Federation or EFCC or ICPC should embark on the prosecution of the officers to ensure that they serve time in jail as well as recover the funds paid for services not rendered - S.342 of the of Administration of Criminal Justice Act, 2015.

(2f) Unauthorised Contract Variation

N448.055Million

The Agencies Involved

- Petroleum Training Institute Effurun **N10.56Mn**
- Federal University Lokoja **N233.65Mn**
- Nigerian Policy Academy Wudil, Kano **N204.34Mn**

(2g) Contract Splitting

N1.32Million

The Agencies Involved

- Federal Ministry of Works and Housing (Works Section) **N1.03Bn**
- National Social Insurance Trust Fund (NSITF) **N290.41Mn**

Recommendations

FR 3102 provides:

“(i) Any public officer who is alleged to be involved in the inflation of contract shall be allowed 5 days within which to respond to audit query addressed to him. Where the query involves an Accounting Officer, he shall be reported to Mr. President. In the case of any other officer, he shall be surcharged appropriately and removed from duty schedule, dismissed and prosecuted.

(ii) Where the inflation of the contract involves the Tenders Board, all the members that approved the inflated contract shall be severally and collectively sanctioned.”

FR 3116 is on Contract Splitting:

"Any public officer who is involved in splitting of contracts to circumvent tenders procedure shall be given 21 days notice within which to offer explanations to a formal query issued. Failure to give satisfactory explanation, any loss arising thereof may be recovered from or surcharged against the defaulting officer".

Recommendations

Over invoicing, inflation of price and contract splitting are offences under S.58 of the PPA and the Attorney-General of the Federation has the statutory mandate to institute criminal proceedings against the persons responsible for this. Beyond conviction for the crime and a term of imprisonment for the offender, the Attorney-General of the Federation should also take steps for the recovery of the inflated sums of money under S.342 of the Administration of Criminal Justice Act, 2015.

(2h) Violation of Approval Threshold

N2.54Million

The Agency Involved

- Federal Ministry of Works and Housing (Works Section) **N2.5Bn**
- Federal College of Agriculture, Moore Plantation, Ibadan **N39.27Mn**

Recommendations

Violations of Approval Threshold contrary to provisions of extant Federal Circular on the Approved Revised Thresholds for Service-Wide Application by the Bureau of Public Procurement (BPP) attracts sanctions as stated in FR 3126 (which restates the punishment parts of S.58 of the PPA) and 3117 (on sanctions for irregular award of contract). The two FRs should be invoked on the Management and Tenders Board of the defaulting agency. It is also an offence to be prosecuted by the Attorney General of the Federation and punished under S.58 of the Public Procurement Act. Granting of cash advances above the approved limit for local procurement of stores and services may deny government due taxes such as Value Added Tax and Withholding Tax. This is contrary to Federal Treasury Circulars Nos. TRY/A2/2009/OAGF/CAD/028 dated 24th March 2009 and TRY/A4 & B4/2014/OAGF/CAD/ADM/C.085/116 dated July 16th, 2014 which states that:

“All Accounting Officers and Officers controlling expenditure are to ensure that all local procurement of stores and services costing above N200,000.00 (Two hundred thousand) are made only through local purchase order (LPO) or job order (award of contracts), except as provided by the Public Procurement Act 2007”.

The responsible approving officers should be made to pay over to the treasury the calculated tax on the transaction.

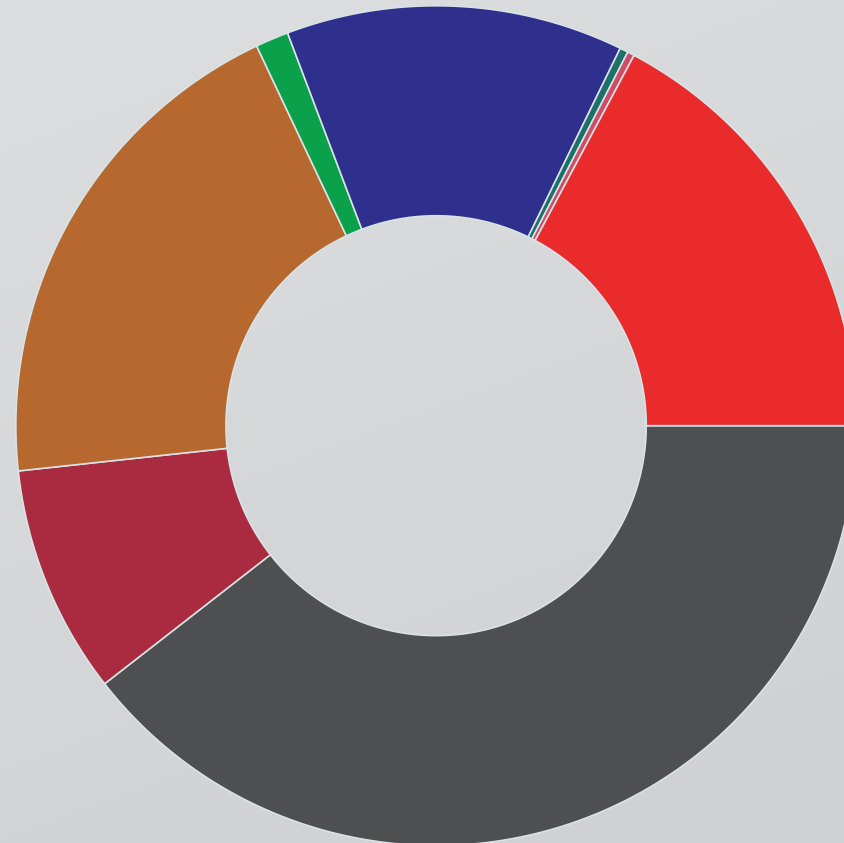
(3)

**IRREGULARITIES IN
PAYMENTS/EXPENDITURE**

(3) Irregularities in Payments/Expenditure

N23.48Billion

■ Outstanding/Missing Payment Vouchers	N9,268,993,545
■ Irregular Payments	N2,070,635,486
■ Payments made without Supporting Documents	N4,626,369,086
■ Violation of E-Payment Policy	N298,368,990
■ Extra Budgetary Payments	N3,046,348,218
■ Unauthorised Payment/Virement Without Approval	N75,062,290
■ Unauthorised Foreign Trips	N63,174,613
■ Misapplication of Expenditure Sub-Head	N4,037,929,692



(3a) Outstanding Payment Vouchers/Missing Payment Vouchers/Accounting Records Not Presented for Audit

N9.2Billion

The Agencies Involved

NSITF **N6.89Bn**

University of Ilorin **N513.92Mn**

PPPRA **N200.67Mn**

Energy Research Centre Sokoto
N34.07Mn

Nigerian Copyright Commission
Abuja **N6.96Mn**

Federal College of Agriculture Akure
N5.72Mn

Nigeria Airspace Management Agency
N1.44Bn

Federal Ministry of Finance **N98.76Mn**

Nigerian Hydrological Service Agency
N25.65Mn

Federal University of Agriculture
Abeokuta **N39.62Mn**

Voice of Nigeria (VON) **N12.97Mn**

National Council for Arts and Culture
N5.74Mn

(3b) Irregular Payments

N2.07Million

The Agency Involved

- NSITF **N1.87Bn**
- Federal University of Agriculture Abeokuta **N107.03Mn**
- National Horticultural Research Institute Ibadan **N32.37Mn**
- NHIS **N32.29Mn**
- National Boundary Commission **N12.06Mn**
- Voice of Nigeria (VON) **N14.67Mn**

Recommendations

Financial Regulations 417 states that:

“Expenditure shall strictly be classified in accordance with the estimates and votes must be applied only to the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed”.

Similarly, Financial Regulation 2906(i) states that for contracts to be seen as validly executed:

“All contracts or tenders falling within the limits of the threshold prescribed by the Bureau for Public Procurements, except as exempted under the Act, shall attract a "Certificate of 'No objection' to award Contract for such to be seen as validly executed. The Bureau shall issue this certificate only when it is satisfied that all necessary pre-requisites have been complied with.”

Irregular payments for unauthorised overseas medical expenses without approval from Head of Service of the Federation violates the requirements of Public Service Rules (PSR) 070206 (a) which states that:

“Approval for journeys outside Nigeria for medical treatment will only be granted by the Head of the Civil Service of the Federation. The Federal Ministry of Health should be informed of such approvals accordingly. This will be confined to, based on the recommendation of the approved Health Care Provider, serious cases where a patient’s life is in danger or where the examination is necessary for diagnosis of difficult cases or to ensure that a patient is fully recovered and able to undertake the duties of his office. Where the officer is treated as an out-patient, he will be entitled to estacode allowance at the appropriate rate”.

Recommendations

Irregular payments in unauthorised allowances to staff contravenes Circular Ref. No SWC/S/04/S.167/216 of 12th February, 2004, which states that all self-funded federal Parastatals and Agencies which wish to monetize their fringe benefits, should always submit the proposal package to the National Salaries, Income and Wages Commission for necessary evaluation and approval before implementation.

Money paid out without evidence of authorization from the appropriate authority, proper documentation or evidence of proper contracting should be recovered by the Accounting Officer and paid back to Treasury. Otherwise, the Accounting Officer/public officer should be removed from his schedule in accordance with FR 3106 which states that:

“A public officer who makes an irregular payment from public funds, shall be given 21 days notice to offer an explanation. Where no satisfactory explanation is given, the amount involved shall be recovered from the officer and such officer shall be removed from the schedule”.

Also, FR 3111 states that:

“A public officer who receives a query involving an overpayment of public funds in respect of salaries and allowances to staff, shall be given 21 days within which to reply to the query and refund the amount overpaid. He shall also be disciplined in accordance with the Public Service Rules and if need be, the matter should be referred to the police for prosecution”.

If the transactions leading up to this reveals a crime, prosecution by relevant agencies should follow.

(3c) Payments without Supporting Documents

N4.63Billion

Some Key Agencies Involved

NSITF **N2.21Bn**

Federal College of Agriculture, Moore
Plantation, Ibadan **N247.02Mn**

Nigeria Airspace Management
N109.64Mn

Engineering Material Development
Institute, Akure **N29.45Mn**

Regional Centre for Int'l Commercial
Arbitration **N26.45Mn**

National Root Crops Research
Institute
N15.5Mn

Ministry of Foreign Affairs **N1.6Bn**

Federal College of Agriculture
Abeokuta **N104.38Mn**

NHIS **N72.38Mn**

University of Ilorin **N58.21Mn**

Nigerian Hydrological Service Agency
N42.56Mn

Sokoto Energy Research Centre
Sokoto

N33.23Mn

National Film and Video Censors
Board **N21.53Mn**

(3d) Violation of E-Payment Policy

N298.37Million

The Agencies Involved

National Centre for Women
Development Abuja **N37.54Mn**
Nigeria Hydrological Service Agency
Abuja **N12.83Mn**
National Film and Video Censors
Board **N4.87Mn**
Federal College of Fresh Water
Fisheries Technology, New Bussa
N2.67Mn

Federal Ministry of Works and
Housing (Works Section) **N210.68Mn**
Surveyors Council of Nigeria
N19.45Mn
National Council for Arts and Culture
N6.72Mn
Environment Health Officers
Registration Council of Nigeria
N3.58Mn

Recommendations

The Federal Government Circular Ref. No. TRY/A8/B8/2008 dated 22nd October, 2008, provides that money should be paid to individual beneficiaries through their private bank accounts. The E-payment policy requires direct transfers of money without withdrawal of cash or payment through other members or staff accounts. When this is violated and money is paid in circumstances that do not show that the ultimate beneficiaries got the money, the Accounting Officer and other officers involved should be made to return the money to Treasury.

FR 3127 and 3128 provide sanctions for making payments using cheque or cash without exemption.

“Any organization that makes payment by cheque or cash without having been exempted from the e-payment policy shall have its budget allocation suspended”

“Any officer who makes payment by cheque or cash without relying on exemption from e-payment for his or her organization shall be deemed to have committed a gross misconduct and shall be disciplined accordingly”.

(3e) Extra Budgetary Payment

N3.05Billion

The Agencies Involved

Petroleum Training Institute Effurun

N1.17Bn

NHIS **N355.51Mn**

Financial Reporting Council

N258.59Mn

Investment and Securities Tribunal

N17.81Mn

Federal Ministry of Works and

Housing (Works Section) **N700Mn**

Federal Medical Centre Owerri

N542.87Mn

Hydraulic Equipment Development

Centre, Kano **N2.93Mn**

(3f) Unauthorised Payment/Virement Approval

N75.06Million

The Agencies Involved

- National Insurance Commission **N46.4Mn**
- Neuro Psychiatric Hospital Management Board Aro, Abeokuta **N28.66Mn**

Recommendations

Spending without appropriation violates S.81 of the Constitution which demands that executive estimates are sent to the legislature which approves and gives authority for expenditure while the head of the executive assents to the budget bill. S.27 (1) of the Fiscal Responsibility Act (FRA) states that:

“The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Act”.

Virtually, all Federal Appropriation Acts provide a clause such as:

“All amounts appropriated under this Act shall be released from the Consolidated Revenue Fund of the Federation and applied only for the purpose specified in the First Schedule to this Act”

Also, Financial Regulation 417 requires that expenditures are made strictly in line with budget. It states:

“Expenditure shall be strictly classified in accordance with the estimate. And votes must be applied only for the purpose for which the money is provided. Expenditure incorrectly charged to a vote shall be disallowed”.

Recommendations

S.22 (5) of the Corrupt Practices and Other Related Offences Act provides as follows:

"Any public officer who transfers or spends any sum allocated for a particular project, or service, on another project or service, shall be guilty of an offence under this Act and on conviction be liable to one year imprisonment or a fine of fifty thousand naira".

Furthermore, virements can only be undertaken in accordance with a procedure known to law.

S.27 (2) of the Fiscal Responsibility Act states the procedure as follows:

"Without prejudice to subsection (1) of this section, the Minister may in exceptional circumstances and in the overall public interest, recommend for the approval of the National Assembly virements from subheads under heads of account, without exceeding the amount appropriated to such head of account".

On the basis of the foregoing legal provisions, any expenditure without appropriation or virement without legislative approval is illegal, null and void. It should be recovered from the approving officers or Accounting Officer.

(3g) Unauthorised Foreign Trips

N63.17Million

The Agencies Involved

- National Boundary Commission N26.78Mn
- Federal Ministry of Environment N10.84Mn
- Nigerian Copyrights Commission N15.18Mn
- Investment and Securities Tribunal N3.23Mn
- Surveyors Council of Nigeria N6.17Mn
- Financial Reporting Council N960,980

(3h) Misapplication of Expenditure Sub-Head

N4.04Billion

The Agencies Involved

- National Commission for Refugees, Migrants & IDPs N3.88Bn
- Federal University of Agriculture Abeokuta N85.63Mn
- Federal Ministry of Works & Housing (Works Section) N38.31Mn
- Federal Ministry of Environment N23.95Mn
- Federal School of Occupational Therapy Oshodi, Lagos N10.51Mn

Recommendations

The Federal Government of Nigeria, through Circular Ref: HCSF/CSO/HRM/Pol.1402/1 on Restriction of Foreign Trainings and International Travels by Public Servants, dated 22nd January, 2015, and effective 1st January, 2015, placed embargo on International Conference, Seminars, Workshops, Study Tours, Training, Presentation of Papers, Negotiating/ signing MoU abroad at Government expense, except they are fully funded by the sponsoring/inviting organizations.

Where such travel is essential/strategic and to be funded by Government, it must be justified with the evidence of the source of funding to be approved by Head of Civil Service of the Federation (HCSF).

Money spent on international travels/training without approval should be recovered by the Accounting Officer and paid back to Treasury.

(4)

**STORE ITEMS NOT TAKEN ON
STORE CHARGE**

(4) Store Items Not Taken on Store Charge

N8.39 Billion

The Agencies Involved	Amount
National Commission for Refugees, Migrants and IDPs	N7.14Bn
Nigerian Airspace Management Agency, Lagos	N925.6Mn
Federal University of Agriculture, Abeokuta	N163.91Mn
Federal Ministry of Works and Housing (Works Section)	N63.12Mn
Citizenship and Leadership Training Centre, Abuja	N22.5Mn
Engineering Material Development Institute	N21.56Mn
Nigerian Agricultural Insurance Corporation (NAIC)	N16.26Mn
National Horticultural Research Institute Ibadan	N12.18Mn
National Hajj Commission of Nigeria, Abuja	N4.13Mn
National Boundary Commission	N8.03Mn
Surveyors Council of Nigeria	N7.86Mn

Recommendations

FR 2402 (I) states:

“On all payment vouchers for the purchase of stores, except as provided in subsection (ii) of this regulation, the storekeeper must certify that the stores have been received and taken on charge in the stores ledger, quoting the stores receipt voucher number and attaching the original copy of the store receipt voucher to the original LPO”.

Furthermore, FR 2413(I) provides:

“A requisition shall not be accepted and passed to the storekeeper until it has been examined by the responsible officer, to ensure that it is signed by the authorised requisitioning officer, the correct rate of charge is quoted, the quantity required is not excessive, and the voucher is otherwise correct. The Director Administration and Supplies shall furnish specimen signatures of authorized requisition in officers to the stores issuing units”.

The Asset Management Module of GIFMIS should be implemented across MDAs as a matter of urgency to enhance optimal control and accountability of government’s current and non-current assets. Accounting Officers should be requested to prepare and maintain complete and accurate assets record.

Essentially, if the “store items not taken on ledger charge” reveals the commission of a crime, prosecution by the Attorney General of the Federation, EFCC or ICPC should follow.

(5)

**UNRETIRED CASH ADVANCES /
IMPRESTS**

(5) Unretired Cash Advances/Imprests

N354.22 Million

Some of the Agencies Involved	Amount
NIMASA	N25.49Mn
National Library of Nigeria	N23.35Mn
Federal University of Agriculture Abeokuta	N115.25Mn
Nigerian Copyrights Commission	N40.43Mn
National Root Crop Research Institute	N15.05Mn
Voice of Nigeria	N17.39Mn
Accident Investigation Bureau	N25.93Mn
National Directorate of Employment	N12.62Mn
Environmental Health Officers Registration Council of Nigeria	N16.87Mn
Petroleum Training Institute, Effurun	N10.52Mn
Federal Character Commission	N7.12Mn
Nigerian Agricultural Insurance Corporation (NAIC)	N7.51Mn

Recommendations

FR 1011 (i) states that:

“All standing imprests must be retired on or before the 31st of December of the financial year which they are issued while special imprests must be retired immediately the reasons for which they were granted cease to exist. Retirement will be effected by the production of vouchers and/or cash for the full amount of the imprest”.

Appropriate sanctions as stated in FR 3118 (reproduced below) should be meted to the Head of Finance and Accounts or Head of Accounts.

“The Head of Finance and Accounts or Head of Accounts who fails to recover personal advances from staff shall be requested within 21 days to offer written explanations to a query addressed to him on this irregularity. All losses suffered by government as a result of negligence shall be recovered from or surcharged against the defaulting officer if he/she is a public officer and such officer would be charged for gross misconduct under the Public Service Rules”.

Recommendations

FR 3124 states:

“A public officer who fails to respond to a query issued to him within 21 days for non-retirement of advances or imprests shall be surcharged and the total amount involved recovered”.

The Accounting Officer who has the mandate of safeguarding public funds and ensuring the regularity and propriety of expenditure should be held accountable for all unretired cash advances and imprest. The Accounting Officer should be sanctioned if there is no evidence of targeted and concrete steps taken to ensure the cash advances and imprest are retired. FR 1420 is clear on the duties of the accounting officer when it states:

“It is the responsibility of all Accounting Officers to ensure that all advances granted to officers are fully recovered”.

The primary offender and Head of Accounts should be made to retire the cash advance or imprest and sanctioned in accordance with the FRs.

(6)

**CIRCUMVENTION OF
PROCUREMENT PROCESS**

(6) Circumvention of Procurement Process

N371.75Million

The Agencies Involved	Amount
Fed. Ministry of Works & Housing (Works Section)	N139.91Mn
Nigerian Airspace Management Agency	N44.06Mn
National Health Insurance Scheme	N66.79Mn
Federal Character Commission	N12.01Mn
Environmental Health Officers Registration Council of Nigeria	N23.41Mn
PPPRA	N35.52Mn
University of Ilorin	N24.86Mn
National Film and Video Censors Board	N4.14Mn
Accident Investigation Bureau	N6.01Mn
National Identity Management Commission	N4.78Mn
Nigeria Police Academy Wudil, Kano	N5.94Mn
Voice of Nigeria (VON)	N4.31Mn

Recommendations

The procurement process is guided by the Public Procurement Act (2007). It stipulates the guidelines that should apply to agencies of Government in the procurement of goods, works, and services. Circumventing them is an infraction of the law and is liable to sanction.

In preventing this, reinforcing a system with authentic internal control is of the essence. Strict adherence to the stipulated guidelines of the Procurement Act is advised. Follow up on infractions by relevant anticorruption agencies is encouraged to deter future defaulters.