

# AUDITOR-GENERAL'S REPORT ON THE ACCOUNTS OF THE FEDERATION OF NIGERIA FOR FY2016 : INFRACTIONS IN VARIOUS FORMS

A Step down Analysis to Cross-section of Public Financial Management  
Enthusiasts

Organised by Centre for Social Justice (CSJ)

With Funding Support of European Union  
In Collaboration with Rule of Law and Anti-Corruption (ROLAC)  
Programme

# Outline

- What is Audit infraction?
- Performance Audit (Value for Money) Infractions
- General Infractions found in 2016 Auditor General of the Federation Report
- Samples of Infractions found in 2016 Auditor General of the Federation Report – Selected MDAs
- Salient points and key issue in Audit and Auditing
- Conclusion

# What is Audit Infraction?

**INFRINGEMENTS**

**NON-COMPLIANCE**

**IMPUNITY**

**VIOLATION**



# AUDIT FINDINGS ON NATIONAL ASSEMBLY

## MANAGEMENT ACCOUNTS

01

The Personnel Account was overdrawn in two instances, and this attracted a penalty amounting to **N8.8m** in violation of Financial Regulations 710

02

Payment Vouchers for amounts totalling **N116m** paid by the Management within the first 6 MONTHS of the financial year 2015, were not produced for audit examination

03

Cash Advances totalling **N158.2m** granted to members of staff in 17 instances between the months of January and June 2015 are yet to be retired as at the time of writing this report in the month of August 2016, in flagrant disregard of extant regulations

04

Out-of-Pocket Expenses for sums totalling **N66.3m** paid through 8 payment vouchers, in respect of Purchase of Work Materials and Cash Advances for various activities were paid without the attachment of vital supporting documents.

# PERFORMANCE AUDIT (VALUE FOR MONEY) INFRACTIONS

INSTITUTIONS	AMOUNT (N)
Federal University of Technology (FUTO), Owerri	5,141,172,481.98
Ogun – Osun River Basin Development Authority	5,703,583,721.19
University of Port Harcourt	483,527,800.00
Lower Niger River Basin Development Authority	1,203,045,914.38
<b>TOTAL</b>	<b>12,531,329,917.55</b>

# Misstatements of Revenues and Poor Levels of Disclosure

# Ministry of Mines and Steel Development.

- Federal Government share of FAAC within the financial statements did not report any figures in respect of revenue from the Ministry of Mines and Steel Development.
- There was evidence from the Federation Account of revenue collection totalling **N9,923,015,02** by the Ministry from which a Federal share was due.
- There was no disclosure that the revenues from the Ministry formed a part of the total revenue from FAAC of **N1,864,112,413,551.40** either in the primary financial statements or in the notes.

# NNPC

- The breakdown of sources that made up the net receipts of **N1,325,774,477,847.94** from NNPC was not disclosed.
- Net receipt per an extract schedule from the Federation Account (Revenue from NNPC) showed a total receipt of **N797,749,790,090.74**, resulting in a difference of **N528,024,687,757.20** in comparison with the **N1,325,774,477.847.94** earlier disclosed.
- The issues raised indicate that significant figures in respect of the Federal share of revenue were not captured and/or adequately disclosed in the financial statements, and therefore that the financial statements are unlikely to be complete and accurate, and fairly presented

# Errors in the Amounts disclosed as Other Revenue

# VAT Revenue

- The Federal Government share of VAT revealed that the sum of **N108,997,999,612.48** was recorded as due to the Federal Government as share of VAT without the full picture of the VAT earnings to the Federation from which the Federal government share was derived.
- The Federation account revealed a figure of **N116,783,571,013.35** as the Federal share from January to December 2016.
- This posted a difference of **N7,785,571,400.87** being a shortfall in actual Federal Government share of VAT revenue, recorded in the financial statements.
- Also, the cost of collection incurred by the FIRS on VAT was not presented in the financial statements, either in full or as the Federal Government's share of the cost.
- See Table 1 below for details

**TABLE 1 – Federation Account Distribution of VAT**

<b>Details</b>	<b>Amount</b>	<b>Amount</b>
	<b>N</b>	<b>N</b>
<b>Total VAT Collected</b>		<b>828,199,394,271.89</b>
<b>Amount Distributed</b>		
FIRS Cost of Collection	32,439,880,837.04	
Federal Government	116,783,571,013.35	
State Governments	389,278,570,044.56	
Local Governments	272,494,999,031.17	
<b>Total Distributed</b>		<b>810,997,020,926.09</b>
<b>Undistributed Balance</b>		<b>17,202,373,345.80</b>

Source: Federation Account- OAGF

# Other Revenues

- A total of **N578,931,562.10** was recorded as „Other Revenue“ for the year January to December 2016
- There was a failure to define in clear terms what constitutes other Revenue in line with disclosure requirements.
- Some MDAs recorded Nil figures as other revenue which could not be justified considering the nature and activities of these MDAs, as they were expected to have other revenues.
- Such MDAs include: Defense Headquarters, Nigerian Army, NDA, Military Pensions Board, **over 80 percent of Nigerian Foreign Mission**, Federal Ministry of Interior, Code of Conduct Bureau, etc.
- These pose a significant risk that the balances included in the Financial Statements as other revenue are understated

# NON COLLECTION OF REVENUE

- It was observed from the CBN Components Statements that no collections were reported into the Federation Revenue Account by some revenue collecting Agencies for certain months of the year as stated below.

AGENCY	Type of Revenue	Period of Non Collection	No of months
NNPC	Gas Receipts	Jan – June and Sept. and November, 2016	8
NNPC	Miscellaneous Receipts	February – December, 2016	11
DPR	Rentals	May, 2016	1

# Lapses in Budgetary Provision for Salaries and Wages

# Extra-budgetary expenditure on Personnel costs

- The actual Personnel Cost of some Ministries, Departments and Agencies (MDAs) for the year 2016, when compared with the Personnel Cost Budget as disclosed in the Financial Statements, revealed extra-budgetary expenditure of **N408,708,433,835.25** as shown in Table 2 in the next slide.
- MDAs on IPPIS posted extra-budgetary expenditures amounting to **₦13,682,190,912.92**.

**TABLE 2: Extra-Budgetary expenditures**

<b>S/N</b>	<b>SECTOR</b>	<b>ACTUAL-YEAR 2016</b>	<b>BUDGET-YEAR 2016</b>	<b>EXCESS</b>
		<b>#</b>	<b>#</b>	<b>#</b>
1	ADMINISTRATIVE SECTOR	55,418,191,593.56	37,274,992,945.21	18,143,198,648.35
2	ECONOMIC SECTOR	517,729,235,482.35	165,007,484,758.49	352,721,750,723.86
3	LAW & JUSTICE SECTOR	13,961,303,769.95	710,058,807.39	13,251,244,962.56
4	SOCIAL SECTOR	119,242,550,163.56	94,650,310,663.08	24,592,239,500.48
	<b>TOTAL</b>	<b>706,351,281,009.42</b>	<b>297,642,847,174.17</b>	<b>408,708,433,835.25</b>

# Errors in Accounting for Personnel costs

- 12 MDAs had actual Personnel Cost for the Financial Year without any approved budget, which resulted in seeming extra budgetary expenditure of **₦6,049,260,633.08**

S/N	CODE	DESCRIPTION	ACTUAL YEAR 2016	BUDGET YEAR 2016
			₦	₦
1	116021001	MILITARY PENSION BOARD	2,088,000.00	0
2	119009098	FOREIGN MISSION: TEL AVIV CHRISTIAN PILGRIMS (MISSION)	143,685,976.75	0
3	119009108	PERMANENT MISSION, ASACOF, CARACAS	54,542,626.50	0
4	119009121	PERMANENT MISSION D-8 SECRETARIAT, ISTABUL, TURKEY	60,581,455.00	0
5	119009125	CONSULAR MISSION MAROUA, CAMEROON	35,946,148.50	0
6	124009001	POLICE PENSION BOARD	41,882,798.61	0
7	145001001	PUBLIC COMPLAINTS COMMISSION	2,799,400,025.43	0
8	161019001	PRESIDENTIAL TECHNICAL COMMITTEE ON LAND REFORMS	5,009,565.41	0
9	229031005	FEDERAL AIRPORT AUTHORITY OF NIGERIA	11,461,159.02	0
10	231020001	TRANSMISSION COMPANY OF NIGERIA	129,205,144.98	0
11	521024002	PHC TUTORS PROGRAMME, KADUNA POLYTECHNIC	2,765,262,732.88	0
12	521030002	INSTITUTE OF CHILD HEALTH (UBTH) BENIN	195,000.00	0
		<b>TOTAL</b>	<b>₦6,049,260,633.08</b>	<b>0</b>

# Omission of MDAs from the Consolidated Personnel Costs

- Some MDAs which are all on IPPIS were omitted during the consolidation of the 2016 Financial Statements, thereby, resulting in an understatement of the Personnel Cost by **₦10,330,547,121.67**

S/N	Codes	MDAs	Personnel costs
			₦
1	0231001001	FEDERAL MIN OF LANDS HOUSING AND URBAN DEV	4,898,020,194.35
2	0229001001	FEDERAL MINISTRY OF AVIATION	630,332,497.30
3	0123001001	FEDERAL MINISTRY OF CULTURE, TOURISM & NATIONAL ORIENTATION	620,108,759.33
4	0124001001	FEDERAL MINISTRY OF POLICE AFFAIRS	2,203,172,357.46
5	0231001001	FEDERAL MINISTRY OF POWER	842,741,852.37
6	0513001001	NATIONAL SPORTS COMMISSION	1,136,171,460.86
		<b>TOTAL</b>	<b>10,330,547,121.67</b>

# Discrepancies between Personnel Costs stated on the Payroll Ledgers (IPPIS) and amounts disclosed

- 346 MDAs had variances between personnel costs stated on the payroll ledgers and amounts disclosed amounting to **₦2,057,740,301.97**.
- IPPIS had a total of **₦457,318,210,513.97** as actual performance for personnel cost in respect of 450 IPPIS-MDAs, while Funds Department released a total of **₦421,286,250,550.70** in favour of these MDAs, thereby leading to a total variance amounting to **₦36,031,959,963.27**.
- Explanations and adjustments made by the Office of the Accountant-General following Auditor General's observation led to a similarly irregular balance of **₦656,432,354,259.70**
- This implies an over funding of IPPIS by **₦195,941,371,871.80** out of **₦460,490,982,387.90** stated as the amount paid

Discrepancies between amounts disclosed in the Financial Statements as Personnel Costs (Note 11) and amounts released by the Funds Department of the OAGF.

- 136 MDAs had discrepancies between their figures in Note 11 and amounts released by Funds department in their favour.
- Note 11 had a total of **₦462,377,651,404.41** as the total consolidated amount in respect of the MDAs, while the sum of funds released to them, amounted to **₦437,398,109,851.31**, thereby leading to a total variance of **₦24,979,541,553.10**.

# Lack of adequate disclosure (breakdown) of Social Contributions and Social Benefits

- A total of **₦142,803,862,412.24**, was reported under Social Contributions, but there was no breakdown showing *individual amounts for the different categories of contributions, for example, NHIS FGN contribution, Contributory Pension (employers), Group Life Insurance, Employees' Compensation Fund and Housing Fund Contribution.*
- There were also no similar breakdown on Social Benefits.

# Discrepancies in the coding and classification of the MDAs

- Payer-codes for some MDAs varied when those contained in Note 11 were compared with the codes used by IPPIS Department for the same MDAs.

S/N	MDAs	NOTE 11	IPPIS
1	CENTRE FOR BLACK AND AFRICAN ARTS AND CIVILIZATION	0123011005	0123031005
2	FEDERAL ROAD MAINTENANCE AGENCY	0231089004	0234004001
3	INSTITUTE OF ARCHAEOLOGY AND MUSEUM STUDIES – JOS	0123011012	0123031012
4	NATIONAL GALLERY OF ART	0123011008	0123031008
5	NATIONAL INSTITUTE FOR CULTURE ORIENTATION	0123011011	0123031011
6	NATIONAL THEATRE	0123011007	0123031007
7	NIGERIAN COLLEGE OF AVIATION TECHNOLOGY, ZARIA	0229031003	0230003001
8	NIGERIAN TOURISM DEVELOPMENT CORPORATION	0123011002	0123031002
9	OFFICE OF THE ACCOUNTANT-GENERAL OF THE FEDERATION	0220007001	022000700301
10	PENSION TRANSITIONAL ARRANGEMENT DIRECTORATE	0220015001	00000
11	NATIONAL INSTITUTE FOR HOSPITALITY AND TOURISM	0123011010	0123031010
12	NATIONAL ORIENTATION AGENCY	0123011017	0123031017
13	NATIONAL TROUPE OF NIGERIA	0123011006	0123031006

# CASH AND CASH EQUIVALENTS

# Unusual negative Cash balances held by MDAs

- 7 MDAs had negative cash balances totalling **N1,416,204,891.93** recorded against them.
- It was unclear how these MDAs became overdrawn or whether the negative balances were accurate.
- In the absence of overdraft facilities, the only reason for such may suggest that the MDAs received additional funding from unknown sources which were not disclosed in the financial statements.
- This also suggests that the MDAs incurred extra budgetary expenditure in the year 2016.

CODE	MDA	PERSONNEL	OVERHEAD	OTHER FUNDS	TOTAL
119009029	FOREIGN MISSION, CARACAS		(1,354,144,644.39)		
119009051	FOREIGN MISSION, KHARTOUM	(1,637,648.44)			
228030001	TECHNOLOGY BUSINESS INCUBATOR, CENTRE, YENEGOA		(2,186.27)		
0119009076	FOREIGN MISSION, NEW YORK(PM)		(14,584,213.72)		
0521026002	LAGOS UNIVERSITY TEACHING HOSPITAL		(22,463,839.31)		
0517018020	FEDERAL POLYTECHNIC, BALI		(22,372,359.81)		
	FEDERAL HIGH COURT, LAGOS			(25,928,140.51)	
	<b>TOTAL</b>	(1,637,648.44)	(1,414,567,243.49)		<b>(1,416,204,891.93)</b>

# Unusual cash transfer to Outstation by Defence Ministry and Defence Agency

- A total amount of **N21,508,976,098.59** as shown was stated to be funds transferred to outstation by the security agencies stated below at the end of the year.

		<b>CASH TRANSFER TO OUTSTATION</b>
		<b>N</b>
0116001001	FEDERAL MINISTRY OF DEFENCE-MAIN	11,863,621,049.41
0116012001	DEFENCE AGENCY INTELLIGENCE	9,646,355,049.18
	<b>TOTAL</b>	<b>N21,508,976,098.59</b>

# Unusual Inter-Account Transfer balance at year end

- A sum of **N1,869,372,432.00** was stated to be an Inter Account Transfer in favour of the Federal Ministry of Foreign and Intergovernmental Affairs, Headquarters at the end of the year 2016.
- Note that Inter Account transfers are not expected to be year end balances

		<b>INTER ACCOUNT TRANSFER</b>
0119001001	FEDERAL MINISTRY OF FOREIGN & INTERGOVERNMENTAL AFFAIRS – HQTRS	1,869,372,432.00

# Unusual Transfers to Outstation and Inter-Account Transfers

- Negative figures amounting to **N364,427,423.30** were reported as Cash Transfer to Outstation and Inter Account/ Inter MDA Transfers
- It was not clear from the Financial Statements and the Notes why the cash transfers were posted as negative figures

			CASH TRANSFER TO OUTSTATIONS	INTER ACCOUNT TRANSFERS	INTER-MDA CASH TRANSFER	TOTAL
			31040101	31040102	31040103	
8	111005001	OFFICE OF THE SENIOR SPECIAL ASSISTANT TO THE PRESIDENT - MDGS (OSSAP- MDGS)	-	-	-40,513,531.69	-40,513,531.69
563	514001001	FEDERAL MINISTRY OF WOMEN AFFAIRS – HQTRS	-	-2,848.00	-	-2,848.00

			<b>CASH TRANSFER TO OUTSTATIONS</b>	<b>INTER ACCOUNT TRANSFERS</b>	<b>INTER-MDA CASH TRANSFER</b>	<b>TOTAL</b>
81	119009036	FOREIGN MISSION: DUBAI TRADE MISSIONS	-17,902,441.52	-	-	-17,902,441.52
125	119009082	FOREIGN MISSION: PARIS	-51,925,800.65	-	-	-51,925,800.65
604	517018024	NATIONAL INSTITUTE FOR CONSTRUCTIO N TECHNOLOGY UROMI, EDO STATE	-	-17,774,730.23	-	-17,774,730.23
808	521026003	AHMADU BELLO UNIVERSITY TEACHING HOSPITAL	-	-57,700,811.00	-	-57,483,231.00
849	521027028	FEDERAL MEDICAL CENTRE, YOLA ADAMAWA	-	-8,067,389.59	-	-8,067,389.59
909	535004001	CHAD BASIN NATIONAL PARK	-24,020,383.00	-146,737,068.00	-	-170,757,451.00
			<b>(93,848,625.17)</b>	<b>(172,582,065.82)</b>	<b>(40,513,531.69)</b>	<b>(364,427,423.30)</b>

# Unsubstantiated Cash Transfers to Outstation, Inter-Account Transfers and Inter-MDA Cash Transfers

- Cash Transfers to Outstations, Inter Account Transfers as well as Inter MDA Cash Transfers totalling **N12,084,554,497.47** at the year-end
- A total of **N10,447,079,944.52** represented cash balances for some MDAs as at 31st December, 2016 which were said to be cash transferred to their outstations within the year.
- MDAs with un-substantiated cash transfers include:

MDAs	CASH TRANSFER TO OUTSTATIONS	INTER ACCOUNT TRANSFERS	INTER-MDA CASH TRANSFER	TOTAL
	31040101	31040102	31040103	
ADMINISTRATIVE SECTOR				
ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC)	-	-	81,085,647.54	81,085,647.54
NATIONAL INSTITUTE FOR LEGISLATIVE STUDIES	-	-	8,495,761.45	8,495,761.45
NIGERIAN NAVY		14,793,626.29	-	14,793,626.29

MDAs	CASH TRANSFER TO OUTSTATIONS	INTER ACCOUNT TRANSFERS	INTER-MDA CASH TRANSFER	TOTAL
	31040101	31040102	31040103	
FOREIGN MISSION: BAMAKO	38,265,293.23	-	-	38,265,293.23
FOREIGN MISSION: BANGKOK	130,821,214.24	-	-	130,821,214.24
FOREIGN MISSION: BANJUL	120,746,061.43	-	-	120,746,061.43
FOREIGN MISSION: BUCHAREST	190,014,857.65	-	-	190,014,857.65
FOREIGN MISSION: CAIRO	181,469,428.21	-	-	181,469,428.21
FOREIGN MISSION: DAMASCUS	155,216,349.16	-	-	155,216,349.16
FOREIGN MISSION: DAR-ES-SALAAM	29,873,826.73	-	-	29,873,826.73
FOREIGN MISSION: DUBLIN	76,533,564.00	-	-	76,533,564.00
FOREIGN MISSION: FREETOWN	2,548,550.18	-	-	2,548,550.18
FOREIGN MISSION: GABORONE	17,210,016.12	21,541,794.29	-	38,751,810.41
FOREIGN MISSION: GENEVA	160,459,790.96	-	-	160,459,790.96
FOREIGN MISSION: HARARE	99,568,466.00	50,093,934.43	-	149,662,400.43
FOREIGN MISSION: HONGKONG	75,413,989.23	-	-	75,413,989.23
FOREIGN MISSION: ISLAMABAD	206,983,623.71	-	-	206,983,623.71
FOREIGN MISSION: JEDDAH	198,447,507.35	-	-	198,447,507.35
FOREIGN MISSION: KHARTOUM	90,787,058.40	-	-	90,787,058.40
FOREIGN MISSION: KIEV	124,511,315.53	-	-	124,511,315.53

MDAs	CASH TRANSFER TO OUTSTATIONS	INTER ACCOUNT TRANSFERS	INTER-MDA CASH TRANSFER	TOTAL
	31040101	31040102	31040103	
FOREIGN MISSION: KINSHASA	24,002,006.23	-	-	24,002,006.23
FOREIGN MISSION: KUALA LUMPUR	76,992,259.55	-	-	76,992,259.55
FOREIGN MISSION: LIBREVILLE	169,545,001.51	-	-	169,545,001.51
FOREIGN MISSION: NEW YORK (PM)	576,048,653.75	-	-	576,048,653.75
FOREIGN MISSION: NIAMEY	80,916,919.09	47,147,967.45	-	128,064,886.54
FOREIGN MISSION: NNJC – NIAMEY	22,952,858.14	5,949,604.11	-	28,902,462.25
FOREIGN MISSION: PYONG YANG	69,470,951.92	-	-	69,470,951.92
FOREIGN MISSION: ROME	306,119,688.27	-	-	306,119,688.27
FOREIGN MISSION: SAO TOME	43,569,629.26	-	-	43,569,629.26
FOREIGN MISSION: SHANGHAI	51,236,654.70	-	-	51,236,654.70
FOREIGN MISSION: SINGAPORE	15,271,414.73	-	-	15,271,414.73
FOREIGN MISSION: TEHRAN	94,874,294.37	-	-	94,874,294.37
FOREIGN MISSION: TEL AVIV	48,200,713.31	-	-	48,200,713.31
FOREIGN MISSION BELGRADE, SERBIA	30,620,919.50	-	-	30,620,919.50
FOREIGN MISSION DOHA, QATAR	Uzochukwu Amakom, Ph.D. Senior Research Fellow, Institute for Development Studies, University of Nigeria, Enugu Campus	63,775,790.14	-	63,775,790.14

MDAs	CASH TRANSFER TO OUTSTATIONS	INTER ACCOUNT TRANSFERS	INTER-MDA CASH TRANSFER	TOTAL
	31040101	31040102	31040103	
NATIONAL BROADCASTING COMMISSION	25,771,796.27	-	-	25,771,796.27
NIGERIAN PRISON SERVICE	15,147.76	4,670,907.27	2,301,613.25	6,987,668.28
OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION – HQTRS	-	6,062,759.95	-	6,062,759.95
PUBLIC SERVICE INSTITUTE OF NIGERIA.	-	-	29,739,835.55	29,739,835.55
PUBLIC COMPLAINTS COMMISSION	19,240,000.00	-	-	19,240,000.00
INDEPENDENT NATIONAL ELECTORAL COMMISSION	5,908,882,969.88	-	-	5,908,882,969.88
MINISTRY OF COMMUNICATION TECHNOLOGY HQTRS	707,888,185.10	-	-	707,888,185.10
NIGERIA CHRISTIAN PILGRIM COMMISSION	-	134,633,738.61	-	134,633,738.61
NATIONAL LOTTERY REGULATORY COMMISSION (NLRC)	-	54,653,945.00	-	54,653,945.00
FEDERAL MINISTRY OF AGRICULTURE	9,535,179.02	-	-	9,535,179.02
FEDERAL COLLEGE OF ANIMAL HEALTH AND PRODUCTION TECHNOLOGY – IBADAN	-	829,300.00	-	829,300.00
NIGERIA STORED PRODUCTS RESEARCH, ILORIN	2,880,056.93	-	-	2,880,056.93
FPO ABEOKUTA	-	385.01	-	385.01
FPO AKURE	-	-	209,000.00	209,000.00
CENTRE FOR AUTOMOTIVE DESIGN AND DEVELOPMENT	638,986.00	-	-	638,986.00
FEDERAL MINISTRY OF LABOUR AND PRODUCTIVITY – HQTRS	126,690,679.20	-	-	126,690,679.20
NATIONAL POWER TRAINING INSTITUTE	-	35,969,425.00	-	35,969,425.00
OFFICE OF THE SURVEYOR-GENERAL OF THE FEDERATION	3,786,201.05	-	-	3,786,201.05
NIGERIAN COPYRIGHT COMMISSION		189,000.00	-	189,000.00
NATIONAL TEACHERS INSTITUTE	-	337,970.00	-	337,970.00

Uzochukwu Amakom, Ph.D. Senior Research Fellow, Institute for Development Studies, University of Nigeria, Enugu Campus

MDAs	CASH TRANSFER TO OUTSTATIONS	INTER ACCOUNT TRANSFERS	INTER-MDA CASH TRANSFER	TOTAL
	31040101	31040102	31040103	
FEDERAL COLLEGE OF EDUCATION ABEOKUTA	2,884,368.75	-	-	2,884,368.75
FEDERAL COLLEGE OF EDUCATION ASABA	50,434.59	-	-	50,434.59
FEDERAL COLLEGE OF EDUCATION BICHI	9,085,000.00	341,772,913.86	-	350,857,913.86
FEDERAL COLLEGE OF EDUCATION KOTANGORA	-	25,821,000.00	-	25,821,000.00
FEDERAL COLLEGE OF EDUCATION OBUDU	-	633,591,225.54	-	633,591,225.54
FGC IKURIN	-	4,670,800.10	4,712,450.10	9,383,250.20
FGC JOS	-	-	4,425.74	4,425.74
FGC ODIKOLOGUNA	-	8,542.31	-	8,542.31
FGC OGBOMOSHMO	-	423,771.64	-	423,771.64
FGGC KEANA	-	764,168.78	764,168.78	1,528,337.56
FGGC OYO	-	207,197.16	-	207,197.16

MDAs	CASH TRANSFER TO OUTSTATIONS	INTER ACCOUNT TRANSFERS	INTER-MDA CASH TRANSFER	TOTAL
	31040101	31040102	31040103	
FSTC AWKA	-	13,969.08	-	13,969.08
FTC JALINGO	-	142,814.03	142,814.03	285,628.06
FTC OTUPKO	492,950.00	-	210,588.33	703,538.33
OPTOMETRIST AND DISPENSING OPTICIANS BOARD OF NIGERIA	690,000.00	-	-	690,000.00
AHMADU BELLO UNIVERSITY TEACHING HOSPITAL	-	-	217,580.00	217,580.00
UNIVERSITY OF NIGERIA TEACHING HOSPITAL, ENUGU	-	2,842,525.00	-	2,842,525.00
UNIVERSITY OF PORT-HARCOURT TEACHING HOSPITAL	192,490.00	-	-	192,490.00
FEDERAL NEURO-PSYCHIATRIC HOSPITAL YABA	-	26,751,788.44	31,929,804.69	58,681,593.13
CHAD BASIN NATIONAL PARK	21,854,789.00	-	-	21,854,789.00
<b>TOTAL</b>	<b>10,447,079,944.52</b>	<b>1,477,660,863.49</b>	<b>159,813,689.46</b>	<b>12,084,554,497.47</b>

**A total of N10,447,079,944.52 represented cash balances for some MDAs as at 31<sup>st</sup> December, 2016 which were said to be cash transferred to their Outstations within the year.**

Uzochukwu Amakom, Ph.D. Senior Research Fellow, Institute  
for Development Studies, University of Nigeria, Enugu Campus

# Extra Budgetary Overhead Expenditure

# Extra-Budgetary Expenditure of on Overhead Costs

- 308 MDAs incurred extra-budgetary overhead expenditure of **N149,509,623,789.40** in 2016 as their actual Overhead Expenditure overshoot their appropriated budget for overhead costs.
- It is equally interesting that a total overhead expenditures of **N670,827,528,970.26** shown on the Statement of Financial Performance is far lower than the total appropriation for Overheads for 2016 (**N1,014,145,686,504.48**).
- According to the Auditor General, the extra-budgetary expenditure of **N149,509,623,789.40** by some MDAs on overheads (308 MDAs) is a symptom of poor budgeting and accounting

# LONG TERM LOANS

# Long Term Loans

- 4 MDAs had local long-term loans recorded against them within the year 2016
- The source from which the sum of **₦688,976,551.51** was drawn as long term local loans during the year was not disclosed, neither were the projects the loans were meant for, making it difficult to authenticate the figures.

S/N	CODE	MDA	LOCAL LOANS ₦	FOREIGN LOANS ₦	TOTALS ₦
		<b><u>ADMINISTRATIVE SECTOR</u></b>			
1	0125002001	FEDERAL GOVT STAFF HOUSING LOANS BOARD	614,780,235.65		614,780,235.65
		<b><u>SOCIAL SECTOR</u></b>			
2	0517021002	UNIVERSITY OF LAGOS	66,746,315.86		66,746,315.86
3	0517021009	UNIVERSITY OF ILORIN	3,950,000.00		3,950,000.00
4	0517021025	NATIONAL MATHEMATICAL CENTRE, SHEDA	3,500,000.00		3,500,000.00
		<b>TOTAL</b>	<b>688,976,551.51</b>		<b>688,976,551.51</b>

# DOMESTIC AND FOREIGN DEBTS

Uzochukwu Amakom, Ph.D. Senior Research Fellow, Institute  
for Development Studies, University of Nigeria, Enugu Campus

# Discrepancies between DMO balances and the Financial Statements

- Audit examination revealed discrepancies between the figures in the DMO 2016 annual report and the figures in the financial statements for Domestic Debts.
- The Financial Statement figures were higher than the DMO figures by **N14.99bn** without any visible explanation for the difference

S/N	DEBT ITEM	DMO FIGURES (Annual Report) N Billion	F/S FIGURES (Extracted) N Billion	DIFFERENCE N Billion
1.	FGN BONDS	7,564.94	7,564.94	Nil
2.	NTBs	3,277.28	3,277.28	Nil
3.	TREASURY BONDS	215.99	230.98	14.99
		11,058.21	11,073.20	14.99

# ACCOUNTING FOR MOVEMENTS IN PUBLIC FUNDS

# Incompleteness of Inflows into Funds and Levies

- A total inflow of **N635,678,914,196.30** into twenty-five (25) out of the forty-five (45) Funds and Levies listed in the Schedule submitted to audit
- There were no inflow in the year 2016 into at least 20 funds and Accounts.
- The following ten (10) funds are examples of Accounts for which we expected to see inflows:
  - COCOA LEVY FUND
  - SERVICE CHARGE POOL ACCOUNT
  - CUSTOM TEXTILE LEVY
  - IMPLEMENTATION COMMITTEE ON FGN LANDED PROPERTY
  - POLICE EQUIPMENT FUND
  - CHEQUE OPERATIONAL ACCOUNT
  - MONETISATION (Motor Vehicle)
  - CBN/FGN INDEPENDENT REVENUE ACCOUNT US\$
  - 40% POLISHED RICE LEVY POOL A/C
  - IPPIS OPERATION ACCOUNT
- Further observation revealed that the FGN Sales of Government House Recovery Account and the Federal Ministry of Health Flood Account were omitted without any explanation.

# Outflows From Funds And Levies

- The financial statements shows that a sum of **N663,507,454,649.18** as outflows from these Funds as at the 2016 year end
- However, there were no disclosure of the following:
  - Whether the outflows were all in 2016 or cumulative to the year-end date,
  - What elements of the outflows represents borrowings by the FGN and what represents expenditures for the purposes for which each of the Funds were created, and,
  - The amount borrowed, as a loan in the financial statements.
- Specifically, on borrowings from these funds, the Accountant-General and his team confirmed that some element of the total outflows were borrowings by the FGN.

# THE PENSION BOND REDEMPTION FUND

- The Financial Statements revealed that the closing balance of the Pension Bond Redemption Fund was **N589,429,549,635.02** after the addition of inflows totalling **N107,496,688,107.00** during the year.
- There were no disbursement from the Fund as inference from the Schedule was that there was funding but no payments were made from the Fund.
- This is highly unlikely and may not be a true reflection of the actual situation, as there was audit evidence of funding, and those who retired were being paid their accrued retirement benefits transferred to the relevant Pension Fund Administrators (PFAS).
- Furthermore, the Statement of Affairs and the CBN Bank Statements of this fund were not produced for audit examination to confirm the movements in the Fund

# POOR DISCLOSURE OF UNREMITTED DEDUCTIONS

# Unremitted Deductions

- The Financial Statements reported unremitted deductions made by MDAs totalling **N4,739,282,371.99**
- A breakdown of the unremitted deductions into unremitted Taxes of **₦947,290,091.30** and other unremitted deductions of **₦3,791,992,280.69**.
- Audit observed that there were debit and credit balances within the total of **₦947,290,091.30** for unremitted taxes and believes that the netting off affects the level of disclosure in the financial statements.
- Any debit balances should have been reported separately with explanations.
- A further review revealed that 56 MDAs had unusual debit balances totalling **(₦1,659,858,801.29)** as at December 31, 2016 without any explanation being provided.
- Remittance accounts are expected to have nil or credit balances at the end of the year and the debit balances are likely to have caused an understatement of the total amount of Unremitted Taxes.
- Furthermore, other than showing the unremitted balances per MDA, the nature and details of the unremitted taxes such as PAYE, WHT, VAT etc were not indicated.
- Also, the movements during the year could not be ascertained from the Financial Statements as currently reported.

# Other Unremitted Deductions

- Audit revealed that the reported figure of **₦3,791,992,280.69** as other unremitted deductions was a net figure after netting off MDAs with positive and negative balances.
- This lacks transparency and is not in line with the requirements of the accounting standards.
- Further examination revealed that 41 MDAs reported varying credit amounts totalling **₦8,043,740,857.73** as other unremitted deductions.
- MDAs with Other Unremitted Deductions with credit balances

## MDAs HAVING UNREMITTED TAXES WITH UNUSUAL DEBIT BALANCE

S/N	CODE	ADMINISTRATIVE SECTOR	AMOUNT (₦)
1	0116021001	MILITARY PENSION BOARD	-66,587,692.15
2	0124002001	NIGERIAN PRISON SERVICE	-110,354,626.70
3	0111001001	STATE HOUSE – HQTRS	-253,194,782.74
4	0228030001	TECHNOLOGY BUSINESS INCUBATOR CENTRE – YENEGOA	-607,555.50
5	0228077001	TECHNOLOGY BUSINESS INCUBATION CENTRE ILE-IFE	-1,069,643.09
6	0222010001	LAGOS INTERNATIONAL TRADE FAIR COMPLEX MANAGEMENT BOARD	-1,345,115.00
7	0228016001	TECHNOLOGY BUSINESS INCUBATOR CENTRE – WARRI	-1,630,172.64
8	0229005001	MARITIME ACADEMY, ORON	-3,024,863.46
9	0222006001	NIGERIAN EXPORT PROMOTION COUNCIL	-4,030,132.21
10	0228037001	CENTRE FOR SATELLITE TECHNOLOGY DEVELOPMENT – ABUJA	-17,813,802.10

11	0252049001	NATIONAL WATER RESOURCES INSTITUTE- KADUNA	-19,046,319.19
12	0231010001	NATIONAL POWER TRAINING INSTITUTE	-53,239,281.98
13	0229031006	ACCIDENT INVESTIGATION BUREAU	-74,323,238.12
14	0326001001	FEDERAL MINISTRY OF JUSTICE – HQTRS	-917,691.72
15	0318004001	FEDERAL HIGH COURT-LAGOS	-34,082,075.42
16	0517026018	FGC KIYAWA	-89,250.00
17	0517026035	FGC UGWOLAWO	-237,859.42
18	0517019021	ALVAN IKOKU COLLEGE OF EDUCATION, OWERRI	-508,149.37
19	0517026015	FGC KADUNA	-524,409.45
20	0517026065	FGGC KABBA	-940,797.50
21	0517026030	FGC ONITSHA	-1,200,000.00
22	0517026072	FGGC OMU-ARAN	-1,418,743.04
23	0517026051	FGGC CALABAR	-1,564,941.64
24	0517026026	FGC OGOJA	-1,689,966.71
25	0517026037	FGC ZARIA	-1,865,313.45
26	0517026023	FGC ODIKOLOGUNA	-2,516,150.04
27	0517026031	FGC PORT HARCOURT	-2,608,330.74
28	0517026077	FGGC UMUAHIA	-2,865,905.30
29	0517026042	FGGC ABULOMA	-3,518,482.40
30	0517026084	FSTC TUNGBO – YENAGOA	-4,370,085.35
31	0517026075	FGGC SHAGAMU	-4,538,236.24
32	0517026091	FTC OHANSO	-4,661,450.00
33	0517018025	FEDERAL POLYTECHNIC, ILE-OLUJI, ONDO STATE	-4,995,170.73

34	0517026066	FGGC KAZAURE	-5,152,230.32
35	0517026027	FGC OHAFIA	-5,265,940.87
36	0517026017	FGC KEFFI	-5,356,614.16
37	0517026016	FGC KANO	-5,890,766.68
38	0517026103	FSTC,DOMA	-6,525,687.00
39	0517026024	FGC ODOGBOLU	-6,998,769.85
40	0517026067	FGGC KEANA	-7,410,561.95
41	0517026069	FGGC LEJJA	-7,529,648.54
42	0517026082	FSTC JUBU-IMUSHIN	-7,537,166.38
43	0521027004	FEDERAL PSYCHIATRIC HOSPITAL ENUGU	-9,000,000.00
44	0517026053	FGGC EFON IMNRINGI	-9,857,102.43
45	0517026021	FGC MINJIBIR	-9,880,511.28
46	0517018024	NATIONAL INSTITUTE FOR CONSTRUCTION TECHNOLOGY UROMI, EDO STATE	-14,413,827.29
47	0517026054	FGGC ENUGU	-14,826,265.00
48	0517026011	FGC IKOM	-15,156,537.84
49	0517019008	FEDERAL COLLEGE OF EDUCATION KATSINA	-23,963,893.59
50	0517014001	TEACHERS REGISTRATION COUNCIL OF NIGERIA	-35,252,062.45
51	0521027015	NATIONAL ORTHOPAEDIC HOSPITAL ENUGU	-39,602,842.43
52	0517019010	FEDERAL COLLEGE OF EDUCATION OBUDU	-77,986,522.54
53	0521027031	FEDERAL MEDICAL CENTRE, KOGI	-110,495,643.90

54	0517018007	FEDERAL POLYTECHNIC NASARAWA	-157,043,104.86
55	0535016001	NATIONAL ENVIRONMENTAL STANDARDS AND REGULATIONS ENFORCEMENT AGENCY	-157,542,356.47
56	0517021012	UNIVERSITY OF AGRICULTURE, MAKURDI	-245,790,512.06
		<b>TOTAL</b>	<b>-1,659,858,801.29</b>

## MDAs with Other Unremitted Deductions with credit balances

S/N	CODE	<u>ADMINISTRATIVE SECTOR</u>	AMOUNT (N)
1	0123003001	NIGERIAN TELEVISION AUTHORITY	208,269,949.78
2	0112003001	HOUSE OF REPRESENTATIVES	121,095,824.46
3	0158001001	CODE OF CONDUCT TRIBUNAL	83,072,098.46
4	??????????	TERTIARY EDUCATION TRUST FUND	75,523,548.72
5	0111001006	STATE HOUSE MEDICAL CENTRE	29,942,661.24
6	0161015001	NIGERIA CHRISTIAN PILGRIM COMMISSION	24,494,693.93
7	0111009001	ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC)	682,653.20

		<b><u>ECONOMIC SECTOR</u></b>	0.00
8	0222003001	CENTRE FOR AUTOMOTIVE DESIGN AND DEVELOPMENT	53,444,407.03
9	0215027001	FEDERAL COLLEGE OF FRESH WATER FISHERIES – BAGA	28,202,598.49
10	0252002001	NIGERIA HYDROLOGICAL SERVICE AGENCY	13,422,497.93
11	0215003001	AGRICULTURAL RESEARCH AND MANAGEMENT INSTITUTE (ARMTI) – ILORIN	8,039,000.00
12	0215050001	NIGERIA STORED PRODUCTS RESEARCH, ILORIN	3,994,936.60
13	0228026001	TECHNOLOGY BUSINESS INCUBATOR CENTRE - OKWE ONUIMO	299,377.05
14	0228045001	NIGERIAN INSTITUTE FOR TRYPANOSOMIASIS RESEARCH – KADUNA	298,011.00
15	0228049001	ENGINEERING MATERIALS DEVELOPMENT INSTITUTE – AKURE	33,164.75
		<b><u>LAW &amp; JUSTICES SECTOR</u></b>	0.00
16	0318011001	FEDERAL JUDICIARY SERVICE COMMISSION-ABUJA	9,992,715.19
		<b><u>SOCIAL SECTOR</u></b>	0.00
17	0517021002	UNIVERSITY OF LAGOS	4,059,138,202.22
18	0517021009	UNIVERSITY OF ILORIN	1,109,170,110.12
19	0521027034	FEDERAL MEDICAL CENTRE, TARABA STATE	287,176,268.34
20	0517019017	FEDERAL COLLEGE OF EDUCATION UMUNZE	242,041,690.08
21	0521026014	NNAMDI AZIKIWE UNIVERSITY TEACHING HOSPITAL, NNEWI	226,043,562.59
22	0517018001	FEDERAL POLYTECHNIC ADO-EKITI	211,146,311.35
23	0517019011	FEDERAL COLLEGE OF EDUCATION OKENE	192,839,301.22
24	05210260j02	LAGOS UNIVERSITY TEACHING HOSPITAL	169,473,000.18

25	0517019001	FEDERAL COLLEGE OF EDUCATION ABEOKUTA	148,069,728.03
26	0517019002	FEDERAL COLLEGE OF EDUCATION AKOKA	148,069,728.03
27	0517021010	UNIVERSITY OF ABUJA	132,392,479.00
28	0521026001	UNIVERSITY COLLEGE HOSPITAL IBADAN	128,123,181.45
29	0517019003	FEDERAL COLLEGE OF EDUCATION ASABA	114,766,930.95
30	0517019013	FEDERAL COLLEGE OF EDUCATION ONDO	94,151,728.31
31	0517018010	FEDERAL POLYTECHNIC OFFA	39,226,523.71
32	0517018003	FEDERAL POLYTECHNIC BIDA	26,265,556.00
33	0517018005	FEDERAL POLYTECHNIC KAURA-NAMODA	19,001,473.00
34	0517019012	FEDERAL COLLEGE OF EDUCATION OMUKU	16,732,943.00
35	0513002001	CITIZENSHIP AND LEADERSHIP TRAINING CENTRE	11,644,588.39
36	0517016001	NATIONAL COMMISSION FOR COLLEGE EDUCATION SECRETARIAT	3,084,276.91
37	0514002001	NATIONAL CENTRE FOR WOMEN DEVELOPMENT	2,759,082.18
38	0517021025	NATIONAL MATHEMATICAL CENTRE, SHEDA	1,253,332.84
39	0535005001	CHAD BASIN NATIONAL PARK	241,725.00
40	0535006001	GASHAKA GUMTI NATIONAL PARK	90,290.00
41	0517009001	NATIONAL EXAMINATIONS COUNCIL	30,707.00
		<b>TOTAL</b>	<b>₦8,043,740,857.73</b>

- It was further noted that 23 MDAs had unusual debit balances totalling **₦4,251,748,577.04** reported as Other Unremitted Deductions as at December 31, 2016.
- Remittance accounts are expected to have nil or credit balances at the end of the year and not debit balances.

### MDAs with Other Unremitted Deductions showing unusual debit balances

S/N	CODE	<u>ADMINISTRATIVE SECTOR</u>	AMOUNT (₦)
1	0116015017	DEFENCE MISSIONS	-307,421.30
2	0116021001	MILITARY PENSION BOARD	-24,091,127.39
3	0111001001	STATE HOUSE – HQTRS	-248,831,593.02
4	0238004001	NATIONAL BUREAU OF STATISTICS	-105,000.00
5	0228030001	TECHNOLOGY BUSINESS INCUBATOR CENTRE - YENEGOA	-2,292,258.82
6	0228016001	TECHNOLOGY BUSINESS INCUBATOR CENTRE - WARRI	-2,691,977.53
7	0228077001	TECHNOLOGY BUSINESS INCUBATION CENTRE ILE-IFE	-3,987,744.56
8	0229031006	ACCIDENT INVESTIGATION BUREAU	-73,901,439.35
9	0252049001	NATIONAL WATER RESOURCES INSTITUTE- KADUNA	-134,373,398.93
10	0344001001	CODE OF CONDUCT BUREAU	-40,275,543.62
11	0318004001	FEDERAL HIGH COURT-LAGOS	-398,196,361.86
12	0517026080	FSTC AHOADA	-3,687,771.70
13	0521027033	FEDERAL MEDICAL CENTRE, KEBBI STATE	-7,104,710.00
14	0517019021	ALVAN IKOKU COLLEGE OF EDUCATION, OWERRI	-21,318,657.78

15	0517018024	NATIONAL INSTITUTE FOR CONSTRUCTION TECHNOLOGY UROMI, EDO STATE	-42,711,199.77
16	0517026103	FSTC, DOMA	-56,304,339.00
17	0521027015	NATIONAL ORTHOPAEDIC HOSPITAL ENUGU	-86,625,821.94
18	0517019008	FEDERAL COLLEGE OF EDUCATION KATSINA	-87,434,718.52
19	0535016001	NATIONAL ENVIRONMENTAL STANDARDS AND REGULATIONS ENFORCEMENT AGENCY	-90,940,487.87
20	0517019010	FEDERAL COLLEGE OF EDUCATION OBUDU	-229,580,168.76
21	0517014001	TEACHERS REGISTRATION COUNCIL OF NIGERIA	-340,131,768.86
22	0521027031	FEDERAL MEDICAL CENTRE, KOGI	-490,646,036.39
23	0517021012	UNIVERSITY OF AGRICULTURE, MAKURDI	-1,866,209,030.07
			<b>-N4,251,748,577.04</b>

# IRREGULARITIES AND MISSTATEMENTS OF RECEIVABLES

Uzochukwu Amakom, Ph.D. Senior Research Fellow, Institute  
for Development Studies, University of Nigeria, Enugu Campus

## Irregular credit or debit balances for Administrative or Personal Advances

- 4 MDAs had credit balances of Administrative advances as at 31st December, 2016 totalling **N64,509,019.54**.
- This is unusual as advances ought to be in debit balances or Nil.
- The National Water Resources Institute, Kaduna had a credit balance of Personal advances totalling **₦10,000,000.00** as at 31st December, 2016.
- This is equally unusual, as advances are to be in debit balances or Nil.

S/N	CODE	MDA	AMOUNT (N)
1.	0111001003	STATE HOUSE OPERATIONS - VICE PRESIDENT	(56,260,116.00)
2.	0228049001	ENGINEERING MATERIALS DEVELOPMENT INSTITUTE – AKURE	(279,222.68)
3.	0344001001	CODE OF CONDUCT BUREAU	(4,124,970.59)
4.	0517019021	ALVAN IKOKU COLLEGE OF EDUCATION, OWERRI	(3,844,710.27)
		<b>TOTAL</b>	<b>(64, 509,019.54)</b>

# OUTSTANDING IMPREST

- Audit findings showed that 59 MDAs had outstanding balances totalling **N413,449,306.89** as at 31st December, 2016 instead of NIL balances in their Imprest accounts contrary to Financial Regulation (2009) No. 1011 and 1012 which stipulates that
  - *“All standing Imprest must be retired on or before the 31st December of the Financial year in which they were issued, while Special Imprest shall be retired immediately the reasons for which they were granted cease to exist.”*

# UNRETIRED PERSONAL ADVANCES

- Further examination of the Receivable component of the financial statement revealed that 65 MDAs had outstanding advances of **₦4,868,785,297.01** contrary to the provisions of the extant regulations which require prompt retirement of advances.
- The above implies that there is still widespread violation of Financial Regulations (2009 edition) which requires prompt retirement of advances.

# WRITE-OFF OF INACTIVE REVOLVING LOANS

- There were inactivity in the revolving loan account of the Federal Ministry of Agriculture, the National Poverty Eradication Programme (NAPEP) and of loans to Federal Government Staff with outstanding balances of **₦35,663,759,061.10**, **₦801,494,655.09** and **₦13,537,670,462.22** respectively during the year 2016.
- Audit revealed that the affected balances in respect of the Federal Ministry of Agriculture were the Fertilizer Loan Fund (**₦34,627,254,356.33**) and Debt Relief Gain (DRG) (**₦1,036,504,704.77**) giving the total of **₦35,663,759,061.10**.
- These significant outstanding balances against NAPEP, the Federal Ministry of Agriculture and Staff of the Federal Government had been written off the books without adequate disclosure of this fact in the financial statement.

# REVENUE IN ARREARS

- 27 MDAs had Revenue in Arrears amounting to **₦79,245,944,780.65** as Receivables for the financial year 2016.
- The nature and details of these revenue arrears were neither disclosed nor made available for audit.
- It was also not evident whether and where the arrears have been included in the figures for revenue in the Statement of Financial Performance

## MDAs WITH REVENUE IN ARREARS

S/N	CODE	ADMINISTRATIVE SECTOR	BALANCE AS AT 31/12/2016 (₦)
1.	0123005001	NEWS AGENCY OF NIGERIA	211,215,569.66
2.		TERTIARY EDUCATION TRUST FUND	61,999,892,297.43
		<b>ECONOMIC SECTOR</b>	
3.	0215033001	FEDERAL COLLEGE OF LAND RESOURCES TECHNOLOGY, KURU – JOS	1,388,870.00
4.	0220007001	OFFICE OF THE ACCOUNTANT-GENERAL OF THE FEDERATION	13,537,670,462.22
5.	0222003001	CENTRE FOR AUTOMOTIVE DESIGN AND DEVELOPMENT	980,181.00
6.	0228063001	PROTOTYPE ENGINEERING DEVELOPMENT INSTITUTE, ILESHA	420,719.26

		<b>LAW AND JUSTICE SECTOR</b>	
7.	0318011001	FEDERAL JUDICIARY SERVICE COMMISSION-ABUJA	46,540,919.72
		<b>SOCIAL SECTOR</b>	
8.	0513002001	CITIZENSHIP AND LEADERSHIP TRAINING CENTRE	2,500,000.00
9.	0513021003	NIGERIA INSTITUTE FOR SPORTS (NIS)	1,416,342.00
10.	0517009001	NATIONAL EXAMINATIONS COUNCIL	1,958,715,624.20
11.	0517018001	FEDERAL POLYTECHNIC ADO-EKITI	57,047,473.17
12.	0517018003	FEDERAL POLYTECHNIC BIDA	593,336,728.11
13.	0517018010	FEDERAL POLYTECHNIC OFFA	33,090,535.61
14.	0517019004	FEDERAL COLLEGE OF EDUCATION BICHI	229,552,030.78
15.	0517019013	FEDERAL COLLEGE OF EDUCATION ONDO	723,148.49
16.	0517026080	FSTC AHOADA	7,938,750.00
17.	0517027001	LIBRARIANS REGISTRATION COUNCIL OF NIGERIA	78,980,556.00
18.	0521026001	UNIVERSITY COLLEGE HOSPITAL IBADAN	321,256,635.11
19.	0521026002	LAGOS UNIVERSITY TEACHING HOSPITAL	5,718,795.63
20.	0521026009	UNIVERSITY OF PORT-HARCOURT TEACHING HOSPITAL	5,972,000.00
21.	0521026010	UNIVERSITY OF CALABAR TEACHING HOSPITAL	22,045,918.00
22.	0521027015	NATIONAL ORTHOPAEDIC HOSPITAL ENUGU	6,175,311.00
23.	0521027021	FEDERAL MEDICAL CENTRE, MAKURDI	1,295,000.00
24.	0521027032	FEDERAL MEDICAL CENTRE, AZARE BAUCHI	6,240,587.95
25.	0521027034	FEDERAL MEDICAL CENTRE, TARABA STATE	1,024,850.00
26.	0521027038	FEDERAL MEDICAL CENTRE, EBUTE METTA	1,872,475.31
27.	0521048001	NATIONAL OBSTETRIC FITSULA CENTRE, ABAKALIKI	112,933,000.00
		<b>TOTAL</b>	<b>79,245,944,780.65</b>

# INACTIVE ADMINISTRATIVE ADVANCE

- The sum of **N288,960,363.44** was an inactive administrative advance standing against the Nigeria Immigration Service alone since 2015, and there was no movement within the year.
- The nature of this administrative advance and why it has remained in the books without any movements was not made available to audit

# DISCREPANCIES IN THE UNDERLYING RECORDS FOR PLANTS PROPERTY AND EQUIPMENT (PPE)

- PPE component of the financial statement and comparison of the breakdown of PPE from the Trial Balance and the following discrepancies were observed.
- The above analysis revealed a difference of **N95,031,727,082.39** between the carrying amount in Note 32 of **N907,596,934,126.48** and the amount stated in the trial balance of **N1,002,628,661,208.87** which implies an understatement of the Financial statements.

## Discrepancies between Note 32 and the Trial Balance

CLASS OF PPE	CODE	CARRYING AMOUNT AS PER NOTE 32	AMOUNT AS PER TRIAL BALANCE	DIFFERENCE
LAND & BUILDING – GENERAL	320101	350,446,464,181.59	372,438,640,453.24	21,992,176,271.65
INFRASTRUCTURE – GENERAL	320102	227,197,012,438.57	241,326,141,211.68	14,129,128,773.11
PLANT & MACHINERY – GENERAL	320103	31,268,244,724.78	46,276,442,769.52	15,008,198,044.74
TRANSPORTATION EQUIPMENT – GENERAL	320104	27,109,361,402.52	38,369,298,289.20	11,259,936,886.68
OFFICE EQUIPMENT – GENERAL	320105	12,671,351,825.98	25,920,776,837.21	13,249,425,011.24
FURNITURE & FITTINGS – GENERAL	320106	17,110,094,205.36	32,551,320,915.06	15,441,226,709.70
SERVICE CONCESSION ASSETS (PPP)-GENERAL	320107	463,837,155.20	463,837,155.20	-
LEASED ASSETS-FINANCE LEASE	320108	288,468,749.59	293,645,790.50	5,177,040.91
SPECIALISED ASSETS-GENERAL	320109	21,043,408,544.62	24,989,866,888.98	3,946,458,344.36
ASSETS-UNDER-CONSTRUCTION	320110	219,998,690,898.28	219,998,690,898.28	-
<b>TOTAL</b>		<b>N907,596,934,126.48</b>	<b>N1,002,628,661,208. 87</b>	<b>N95,031,727,082.39</b>

# Non-provision for Depreciation on Investment Properties

- Examination of the Trial Balance, which forms the basis of consolidation of the financial statements, revealed that out of 34 MDAs that had Investment Properties, 32 MDAs had opening balances and accumulated depreciation but did not charge depreciation for 2016.
- 29 MDAs did not account for both depreciation charges for the year as well as accumulated depreciation.
- This is in contravention of the accounting policy stated above and thus, makes the figure for Investment Properties **₦6,434,706,789.51** in the Statement of Financial Position unreliable.
- MDAs accounted for accumulated depreciation but did not disclose the opening balance for Investment Property as well as the depreciation charge for the year.
- This raises concern over the quality of the accounting processes that were in place.

# Extra-Budgetary Expenditure and Nil on Social Benefits

- The 2016 total actual cost for Social Benefits amounted to **₦262,380,807,035.99** whereas the budgeted amount for the period was **₦188,214,155,793.63** as contained in the Budget Report, resulting in extra-budgetary expenditure of **₦74, 166,651,242.36**.
- In addition, it was observed that there was no breakdown of the total Social Benefit cost of **₦262,380,807,035.36**, to disclose the different individual amounts for gratuity, pension and death benefits that make up social benefits.
- 924 Ministries, Departments and Agencies (MDAs) contained therein, 867 of them had nil balances recorded against them for Social Benefits.
- The failure to disclose balances for each of the MDAs raises significant concerns on the accuracy and completeness of the balance of **₦262,380,807,035.99** submitted as the total balance for Social Benefits

# LONG TERM BORROWINGS

- The long-term loan component of the Financial Statements showed that the total borrowings amounted to **N9,955,728,649,356.90** as at December 2016.
- Out of this **N7,564,937,464,592.00** was stated as Domestic Debt and **N2,390,791,184,764.90** as External loans.
- The balances published by the Debt Management Office (DMO) as at 31 December 2016 differed significantly from those stated by the Accountant-General

Type of Debt	Current Portion of Borrowings ₦' million	Long Term Borrowings ₦' million	Total Borrowings from the Financial Statements ₦' million	DMO Debt balances <sup>12</sup> ₦' million	Differences ₦' million
External loans	2,518,918.21 <sup>13</sup>	2,390,791.18	4,909,709.39	3,478,915.40	1,430,793.99
Domestic loans		7,564,937.46	7,564,937.46	11,058,204.30	3,493,266.84

# Payables and Debit balance of Payables

- Audit scrutiny of Other Payables revealed that out of the reported balance of **₦199,969,257,538.71** for the component, the sum of **₦5,652,289,124.43** was said to be Deferred Income.
- In addition, it was observed that 6 MDAs reported an unusual and unlikely debit balance of - **₦559,557,716.11** as Payables.

S/N	NAMES OF MDAs	AMOUNT ₦
1	Tertiary Education Trust Fund	5,567,760,152.74
2	Federal Polytechnic Ado Ekiti	1,149,036.00
3	University of Ilorin	7,526,527.69
4	Federal University – Dutsin-Ma	75,315,333.00
5	FMC Taraba state	538,075.00
	<b>TOTAL</b>	<b>5,652,289,124.43</b>

S/N	NAMES OF MDAs	AMOUNT ₦
1	Office of the Head of Civil Service of the Federation HQTRS	-112,000.00
2	Agricultural Research and Management Institute Ilorin	-74,465,785.83
3	Teachers Registration Council of Nigeria	-395,604,552.83
4	FGC Keffi	-41,756,352.29
5	FGGC Keana	-46,619,025.16
6	Federal Medical Centre Azare Bauchi	-1,000,000.00
	<b>TOTAL</b>	<b>-559,557,716.11</b>

# OTHER GENERAL MAJOR INFRACTIONS

- **NON-INVESTMENT OF TRANSFER TO FOREIGN EXCESS PPT/ROYALTY ON GAS BY CENTRAL BANK OF NIGERIA (CBN)– USD28,897,596.48**
- **NON-PROVISION OF BANK STATEMENT OF EXCESS PPT/ROYALTY (INVESTED FUNDS)**
- **UNDER REMITTANCE OF REVENUE FROM DOMESTIC CRUDE OIL SALES BY NNPC – N4,076,548,336,749.75**
- **EXTRA BUDGETARY EXPENDITURE ON TOTAL SUBSIDY (Petroleum Support Fund - PSF) PAID IN 2016 N443,940,559,974.80**
- **DIRECT DEDUCTIONS FOR FADAMA PROJECTS FROM FEDERATION ACCOUNT TO OFFSET DEBTS OWED BY ABIA AND ONDO STATES TO FEDERAL GOVERNMENT: ₦572,216,907.36**
- **OVERPAYMENT OF THE BAILOUT N416,368,202,413.97 INSTEAD OF N406,368,202,413.97**
- **NNPC IS YET TO REFUND A BALANCE OF N18,991,380,649.71 AS AT 31ST DECEMBER 2016 TO THE FEDERATION ACCOUNT**

# FEDERAL MINISTRY OF WORKS, POWER AND HOUSING - WORKS SECTOR

- Inappropriate rate of 5% (five percent) was applied to deduct Withholding Tax (WHT) from contracts of Consultancy and Professional Services instead of the prescribed 10% rate.
- 28 officers on Salary Grade Level 02 and 03 were still on the Ministry's IPPIS pay roll, in violation of Federal Government's directive that officers below Grade Level 04 should not be on the payroll of any ministry.
- A total of 15 projects, valued at **N25,704,034,166.50** had been abandoned in the Ministry of Works, Power and Housing (Works Sector).

# HOUSING SECTOR

- Cash advances granted to staff between January and December 2016 totalling **N26,369,523.00** were not retired as at July 2017
- 7 payment vouchers with amounts totalling **N95,707,792.48** were raised to pay mobilization fees to some contractors, without relevant supporting documents
- 2 payment vouchers with amounts totalling **N9,872,000.00** were raised and paid for verification visits of on-going Housing projects in South East and South West Geo-political Zones. These payments were questionable and irregular as Duty Tour Allowances (DTA) for 20 officers were found to have been paid into one person's account.
- Construction of a road at Nkwubor, Enugu Municipality, Enugu State, awarded to an Engineering company at the sum of **N230,819,696.63** was abandoned by the contractor after collecting mobilisation fee of **N34,622,954.49**.

# POWER SECTOR

- Cash advances totalling **N320,149,226.56** granted to some officers between January 2014 and 30th September, 2016, were not retired as at the time of examination in July, 2017,

# MINISTRY OF PETROLEUM RESOURCES

- A payment dated 29th March, 2016 with the sum of **N14,490,000.00** was used to pay a company in Abuja, under Capital expenditure, for the supply of 3 (three) Nissan Almera Saloon vehicles 1.5 to the Ministry.
- The invoice and the delivery note were dated 7th April, 2016 whereas the Store Receipt Voucher, Stock Verification Certificate and the payment voucher were dated 29th March, 2016, indicating that payment was made to the company before the actual delivery of the cars by the firm.
- The procurement was direct in violation to the PPA.

# FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT

- A total of **N14,538,930.00** was paid to 11 officers for the purchase of store items, contrary to Circular Ref. No. TRY/A7 & B7/201A, OAGF/CAD/026/V.I/178 of 24<sup>th</sup> March 2009, which states that all local procurement of stores and services costing above **N200,000.00** shall be made only through the award of contracts.
- Amounts totalling **N26,779,706.68** were paid as DTA and Estacode to some officers of the Ministry, without raising payment vouchers
- 14 paid vouchers with amounts totalling **N34,986,675.00** were devoid of relevant details such as names of beneficiaries, location or venue, account numbers of beneficiaries, signatures of participants etc.

# FEDERAL MINISTRY OF INFORMATION AND CULTURE - INFORMATION SECTOR

- The Office had no Fixed Assets Register in place to record all fixed assets such as motor vehicles, office equipment, furniture and fittings, procured within the period 2016
- A total of **N49,109,187.00** Cash advances were granted to staff of the ministry without retirement
- 2 payment vouchers with amounts totalling **N9,851,654.00** were raised to pay 2 (two) companies for the supply of printing materials through Federal Government Printing Press, Apapa, Lagos, without evidence that the items supplied were taken on ledger charge

# FEDERAL MINISTRY OF INFORMATION AND CULTURE - CULTURE SECTOR

- Asset Register was not maintained in the Ministry
- The sum of **N1,618,305.00** as paid to the Minister's Special Assistant without documentary approval.
- 2 payment vouchers raised on 12th May, 2016 for the sum of **N4,369,500.00** were not produced for audit scrutiny.
- A total of 24 payments amounting to **N6,326,958.00** were made through the GIFMIS platform, but were not reflected in the main Cash book.
- Sundry advances granted totalling **N169,525,677.00** were left unretired against 62 officers of the ministry

# FEDERAL MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT

- A total of **N3,250,097.52** was paid through 3 payment vouchers in respect of First 28 days Allowance to staff posted to the Ministry
- A payment to a company for the supply of veritable wax, pillow cases, Sheda etc., for the sum of **N3,059,545.13** was without proper approval
- Amounts totalling **₦9,332,000.00** were granted as Personal Advances to different officers for the 2016 Commonwealth National Women's Machinery and 60th Session of the United Nations in New York, without proper records.

## PENSION TRANSITIONAL ARRANGEMENT DIRECTORATE (PTAD)

- Amounts totalling **N1,011,750.00** were paid to staff as Out-of-Pocket Expenses incurred on the installation and servicing of 250 KVA generator as well as replacement of power wizard panel.
- These jobs were purportedly embarked upon and executed through staff personal funds, before asking for refunds without due approvals.
- Returns on pension funds totalling **N17,443,060,389.40** forwarded by the underwriters were not accompanied by required documents.
- The sum of **N4,201,400.00** was paid to the Head of IT Department as cost of replacing 13 Laptops out of a total of 33 Laptops allegedly stolen from PTAD's store.
- 10 payment vouchers raised for the payment of September 2016 monthly pension totalling **N91,349,342.42** were passed without the mandatory deduction of 1% check off dues amounting to **N913,493.42**
- In the Customs, Immigration and Prisons Pension Department (CIPPD), it was observed that a cash advance of **N2,573,000.00** was granted to a staff for the purchase of Laptops, Phones and Modems

# FEDERAL MINISTRY OF INTERIOR

- 13 officers of the Ministry were paid a total of **N6,766,902.00** being estacode and other allowances to enable them travel overseas to attend meeting and program, without obtaining due approval from the appropriate authority.
- 10 payment vouchers for amounts totalling **N10,028,798.78** were not presented for audit, despite several demands.
- 27 payment vouchers for amounts totalling **N580,577,723.73** were not presented for audit examination despite several demands.

# FEDERAL MINISTRY OF JUSTICE

- Personal advances granted to various officers totalling **N16,467,800.00** remained unretired.
- The sum of **N7,965,000.00** was paid on payment voucher No. 8023 of 2nd August, 2016, with no departmental number as Robe Allowance 2015, to an undisclosed payee

# NATIONAL ORIENTATION AGENCY, ABUJA

- A sum of **N1,900,000,000.00** being cash advanced to some members of staff of the Agency, was left unretired.
- Payments totalling **N129,036,700.00** violated the provision of the Circular on e-payment
- Amounts totalling **N15,683,570.00** were expended from the Agency's Capital vote on Recurrent expenses that were neither budgeted for nor approved by the National Assembly.
- 6 payment vouchers totalling **N35,058,930.00** were not adequately supported with relevant documents
- Public funds amounting to **N27,187,000.00** were used on expenditures which were neither captured in its budget estimates nor included in the Act establishing it
- Disposal of some government assets valued at **N7,585,623.00** was plagued with irregularities
- The sum of **N2,758,135.25** was paid to individuals rather than corporate organisations in whose names the payment vouchers were raised.

## NATIONAL PRIMARY HEALTHCARE DEVELOPMENT AGENCY, ABUJA

- 7 officers were granted cash advances ranging from **N320,000.00 to N2,550,000.00** and totalling **N9,644,800.00** for procurement of goods and services, contrary to the provisions of extant regulations.
- The sum of **N7,000,000.00** for Promotion Interview Exercise
- The NPHCDA had no Fixed Assets Register

# MINISTRY OF BUDGET AND NATIONAL PLANNING

- The sum of **N36,751,240.33** advances granted to some officers of the ministry were still not retired as at March, 2017.
- 42 payment vouchers with amounts totalling **N30,932,378.00** were raised and payments effected to members of staff and contractors for various services without relevant supporting documents.
- 4 officers were paid Estacode allowances of various amounts totalling **N6,420,870.00** to attend different functions overseas without prior approval from the Head of Service.
- 9 motor vehicles were disposed of, but the sum of **N10,738,750.00** realised as proceeds from the disposal was not remitted to the Consolidated Revenue Fund,

# BUDGET OFFICE OF THE FEDERATION

- The sum of **N4,962,500,000.00** was made available to the Budget Office of the Federation for Special Purpose Vehicle (SPV) Fund. However, there were no records maintained for the receipt and disbursement of this huge amount.
- Payment vouchers were not even raised while making payments.
- 4 MDAs were paid the sum of **N19,091,610,811.00** from the Service Wide Vote without the approval of the Honourable Minister of Finance.

# FEDERAL MINISTRY OF FINANCE

- A Cash advance of **N48,545,855.00** was granted to a staff of the ministry to enable him organize the National Council on Finance and Economic Development which was held between 20th and 23rd February, 2016. The advance however remained unretired even up to the time of examination in March, 2017.
- The sum of **N128,886,600.00** was paid for the monthly Newspaper publication of FAAC Revenue Allocation to the three tiers of Government. The payment was not made directly to the print media houses that published the FAAC Revenue Allocation but to an account maintained by the OAGF

# SALIENT ISSUES ON THE 2016 AUDITOR GENERAL OF THE FEDERATION REPORT

# Audit and Auditing

- Analysis of the 2016 Audit Reports at the Federal level and the major findings include:
- Ineffectual Auditor Independence
  - Nigerian auditors have **nominal**, not real independence
  - Constitutional provisions on auditor independence in adequate
  - No Audit Service Act or Law (states); except Lagos, Niger and few other states
  - **Extant audit law at the federal enacted in 1956**
- Inadequate Funding for Audit
  - Severe funding constraints is major impediment to achieving audit mandate
- Neglect of Audit Queries
- Weak Audit Recommendations
  - Penalties on failure to promptly respond to audit queries in Chapter 31 of the Financial Regulations not implemented
- Failure of Political and Executive Oversight
- Ineffective Public Account Committees (PAC) of the National Assembly (NASS)
- Executive indifference

# Key Issues in a Nutshell

Persistent poor and declining funding of the audit function

- Revenue leakages are pervasive, continuing and increasing
- Parastatals continue to underreport internally generated revenues, despite TSA, International Public Sector Accounting Standards (IPSAS) - up to 774 did not report IGRs

Perennial inadequate stakeholder attention to audit findings

- Serious transparency issues in accounting for pension fund
- Inability of OAGF departments to agree on actual expenditure on as personnel expenditure; major personnel fraud possible
- Only 450 out of 1000+ MDAs on Integrated Personnel and Payroll Information System (IPPIIS) at end-2016 – same as 2014

State actors (executive & legislature)

- Opaque handling of revenues accruing to the more than 45 Special Funds and levies (SFs) created by the FG
- Many (up to 20) of the 45 SFs possibly ‘slush funds’, operating outside the treasury; not subject to accounting or audit controls

Non-state actors, civil society and donors

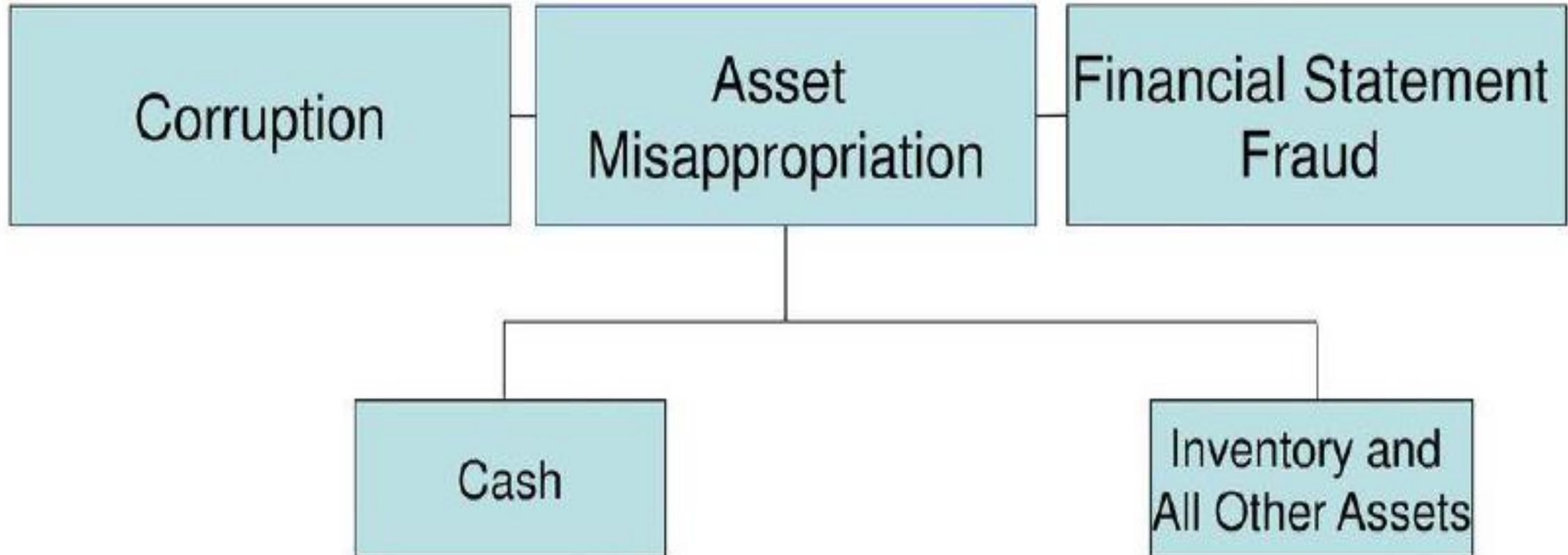
- Unbudgeted personnel and overhead spending, possibly signifying ‘illicit’ staff recruitment, inter alia
- Perennial late approval of the budget continue to adversely impact on service delivering and accounting for public funds

# CONCLUSION

Uzochukwu Amakom, Ph.D. Senior Research Fellow, Institute  
for Development Studies, University of Nigeria, Enugu Campus

# Fraud Tree

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**WE HAVE VARIOUS DOCUMENTS TO PROVE THIS MISAPPROPRIATION. THE TRUTH WILL PREVAIL, ALL OF US WILL KNOW THE TRUTH ABOUT THESE THINGS ONE DAY WHETHER THE GOVERNMENT HAVE THE RIGHT TO PROBE THEM OR NOT.**

**OTUNBA DELE AJAYI**

Uzochukwu Amakom, Ph.D. Senior Research Fellow, Institute for Development Studies, University of Nigeria, Enugu Campus

# Thank you for your Attention