



ABC of Auditor-General's report on 2014 remittances

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Will the National Assembly, whose leadership has been indicted in the damning audit report submitted to it on Monday by the Auditor-General of the Federation (AGF), have the courage to do a thorough job?

Can they be the judge in their own case?

These questions are to wait for answers until the Clerk of the National Assembly (CNA), Salisu Maikasuwa lays the 16-page 2014 Audit Report on the table for consideration by both chambers of the National Assembly, through the Public Accounts Committees of the Senate and House of Representatives.

Not a few Nigerians believe the lawmakers cannot do justice to the report. The National Assembly paid N9.5 billion without raising payment vouchers, an act classified as a violation of financial regulations.

The report contained unremitted government earnings involving Ministries, Departments and Agencies (MDAs), embassies and foreign missions, Office of the National Security Adviser (ONSA), National Assembly and the Nigerian National Petroleum Corporation (NNPC) among others.



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According to the shocking report, the NNPC failed to remit N3.3 trillion to the Federation Account Allocation Committee (FAAC) at its January 2014 meeting as required by law.

Some \$235.6 million, being accruals from gas sale to the Nigerian Liquefied Natural Gas (NLNG) was allegedly not paid to the Federation Account but transferred to some 'Coded' Accounts that were not disclosed.

It was alleged in the report that N36.4 billion was diverted to ONSA instead of releasing the funds to Water Resources for the rehabilitation and construction of dams. The report also said there were no records to verify the billions of naira released to procure hand sanitizers for some strategic schools and the payment of subsidy on fertilizer in agricultural programmes.

The CNA is expected to send the report to the Senate President and House of Representatives Speaker for consideration after which appropriate sanctions are expected to be recommended for any erring MDA to serve as deterrent.

Already, the AGF has written in the report that the leadership of the National Assembly erred by disbursing N9.5 billion without raising payment vouchers.

Below are the highlight of the report.

Irregular payments from

special funds set aside for

special programmes

and projects use

Total payments amounting to N73, 547,759,436.60 were made contrary to the established purpose of the funds.

- N36, 432,423,968.73 released to the Office of the National Security Adviser for the rehabilitation and construction of Dams instead of the Federal Ministry of Water Resources;
- N2, 894,531,250.00 spent for the procurement of hand sanitizer for schools and critical public places;
- N31, 324,952,239.87 subsidy payment on fertilizer and youth employment in Agricultural programmes;
- N2.395,851,978.00 payment for Group Life Assurance Premium for Armed Forces Budget in 2013 without cash backing;
- N500,000,000.00 payment for schools Agricultural programmes. These were at variance with the purpose of the fund. No evidence of these lines of expenditure in the 2014 Appropriation Act. They were not budgeted for.
- Withdrawal from 25 per cent Husked Brown Rice levy as loan given to Independent National Electoral Commission (INEC) to finance 2015 elections;

* One per cent (N7,000,000,000.00) Comprehensive Import Supervision Scheme (CISS) Pool Levy withdrawn as loan given to INEC to finance 2015 elections. Expenditure is contrary to the purpose of the fund which is to fund the Destination Inspection Service Providers;

(h) Loan from 10 per cent Rice Levy to Nigeria Custom Service (NICS) to take care of urgent and critical needs:

Non-disclosure of Federal Government and Federation Accounts Foreign Reserves in the financial statements

The value of the Federal Government and Federal Account Foreign Reserves were not disclosed in financial statements as part of the assets of the Federal Government.

Non-Accounting for one per cent Police Reward Fund

Direct deduction from the Federal Government shares in respect of one per cent (N5,199,864,234.84) Police Reward Fund. There no evidence of accounting for the utilisation of this fund.

Non-disclosure of N180,000, 000.00 expenditure of Subsidy Re-investment Programme (Sure-P) in the Consolidated Fund Statement.

Under-remittance of revenue from domestic crude oil sales by NNPC

From the examination of NNPC mandates to CBN on domestic crude oil sales and reconciliation statement of technical sub-committee of Federal Account Allocation Committee meeting held in January 2014 amount not remitted to FAAC was N3,234,577,666,791.35 as at 2104.

Transfer of \$235,685,861.00

to Escrow Accounts

Review of sales profile on sale of gas to NLNG was not paid to the Federation Account but transferred to some undisclosed Escrow Accounts. Relevant documents were not made available for verification.

Payment through NGL

funding account

Sales profile amounting to \$346,211,227.00 on gas in respect of gas export sales due to federation were stated to have been paid and received through the NGL funding account. No statements or documents were made available to confirm the receipts as well as the utilisation of these payment

made through the named account.

Nigeria Police Swift Operation Squad Moscow Road Port

Harcourt, Rivers State

- Two arms (AK 47 and pump action rifle) and 15 (7.02m) rounds of live ammunition, were reported lost to armed bandits but no action was initiated on Form 146 as required by Financial Regulation 2603(c).
- The under-listed arms and ammunition could not be traced to the armoury and did not reflect in the Movement Register. No explanation from the armourer indicating the location of those in possession of these arms and ammunition.

They are: Tokarov pistols (2); Stone guns (five); 7.62 x 39mm (4000); 9mm (200) and Tear Smoke Cartridge (200).

Nigeria Police Force,

Plateau State Command, Jos

- Amounts deducted as PAYE January – December
- The audit examination of the Fire Arms Register revealed that a total of 12 fire arms were reported missing at various Police Divisions in the state. This has become major problem in the Nigeria Police Force. The rate of missing or snatching of police fire arms is alarming and need concrete efforts to be made to reduce this trend.

Ministry of Police Affairs

Payment of insurance cover for 13 helicopters and a Cessna Jet. The policy was to be executed by the consortium of three insurance companies to underwrite the risk. We could not find evidence to confirm that the sum was actually paid by the Insurance Broker to the insurers in compliance with Section 41(i) of the Insurance Act 2005.

Unretired advances

of N740,311,600.00 _____ •N47,979,758.00 advances to 47 members of staff of the Ministry of Foreign Affairs were not retired;

- Federal Ministry of Health, N1,637,034,667.46 advances not retired;
- Federal Ministry of Special Duties and Inter-Governmental Affairs, three advances for N24,526,000.00 were yet to be retired in compliance with Financial Regulation 1405.
- Federal Ministry of Lands, Housing and Urban Development, N113,816,803.50 advances were unretired.

Federal High Court

- N44,428,125.00 advances were granted to 12 members of staff between March and December, 2014. These were not retired up to August, 2015; •N90, 588,425.00 were granted to 15 officers some in multiple forms as advances. Each exceeded the 200,000.00 limit authorised for procurement of goods and services. Treasury Circular

No. TRY/A2 and B2/2009, OAGF/CAD/026/VOL.1/188 of 09/04/2013;

- Eighty-four payment vouchers (PVs) amounting to N749,786,241.31 were not produced for audit examination and verification;
- Twenty-eight PVs raised and paid for various insurance premium and renewals between January, 2012 and December, 2014. Relevant documents as letter of engagement/award of N564,776,651.53 insurance contract to the insurance broker or insurance companies, schedule of staff/judges assured or insured were not produced for audit.

National Assembly, Abuja

Management

- Personal advances of N1,162,009,305.00 granted to 112 staff from recurrent votes and five members of staff from general service vote from July to December, 2014 for various purposes.

*Payments were made without raising payment vouchers at the management department which is a violation of Financial Regulation 601.

Unremitted taxes

- **Police Service Commission, Abuja**

N74,658,078.44 Value Added Tax (VAT) and Withholding Tax (WHT) in 2013 remained unremitted in 2015.

- **Ministry of Petroleum**

Resources

N29,367,344.82 unremitted taxes •At Department of Petroleum Resources, Outstanding revenue of \$743,648,242.45 to the Federal Government from 26 oil companies as at 31/12/13. Some of them are still in operation without any sanctions impose on them.

- At Nigeria Postal Services, N14,338,307.86 VAT/WHT not remitted to Federal Inland Revenue Service (FIRS). •At the Ministry of Niger Delta, N79,890,899.50 WHT/VAT not remitted

Lost of funds through illegal withdrawals

N803,165,979.78 was withdrawn through three illegal withdrawals as follows: 03/09/2014 (N300,000,000.00); 17/09/2014 (N305,073,540.00) and 19/11/2014 (N198,092,339.78). The beneficiaries were not stated/indicated.

Payment vouchers not presented

PVs for N322,584,551.91 were not presented for examination despite repeated demands for them.

Foreign Missions

Embassy of Nigeria in Washington DC, USA.

The Embassy of Nigeria in Washington DC, USA realised \$3,705,428. 00 (about N578,973,154.69) as Internally Generated Revenue (IGR) between 2012 and March 2015 but expended the whole amount on sundry expenses.

The Nigeria Permanent Mission to the United Nations in New York

A 22-storey building housing the Nigerian Consulate General, The National Boundary Commission of Nigeria and the National Intelligence Agency (NIA). Located few blocks

from the United Nations Headquarters, is grossly under-utilised. Meanwhile, the mission expends heavily on the payment of utility bills and maintenance. The property is fast deteriorating. Considering the fact that the property is strategically located, it's fast deteriorating and under-utilised.

Recommendations

- That the property as a matter of urgency, be comprehensively rehabilitated before it becomes and eye sore and embarrassment to Federal Republic of Nigeria.
- That after rehabilitation, the un-utilised space be put up for rent to earn revenue for Nigeria.

Nigeria High Commission in Singapore

Purchase of Vessel (ship) named "Excellent Driver". A Nigeria contractor was awarded a contract to purchase a vessel in Singapore on behalf of the Ministry of Petroleum Resources for the purpose of training programme of the Petroleum Training Institute (PTI), Warri, Delta State.

The Nigeria High Commission in Singapore was brought into the matter when the Ship was about to be re-sold in which the ambassador then intervened and stopped the selling of the vessel.

The Ministry of Petroleum Resources remitted part payment to the missions to settle outstanding debts and the balance to be remitted. Unfortunately the balance was not settled and the crew had abandoned the vessel. A delegation of the Ministry of Petroleum Resources visited Singapore in 2013,

in which they agreed with parties involved on re-payment plan. But, up to the time of audit inspection in November 2015, no payment had been made to the vendors. The vessel had remained unprotected and floating in the dockyard for over five (5) years which no doubt had depreciated in value.

The cost of the purchased and how much was paid before the vessel was abandoned could not be ascertained, due to the fact that the contract was awarded without involvement of Nigeria mission.

Recommendation

There is the need for urgent investigation into the circumstance of the vessel purchased ***“Excellent Driver”*** and abandonment after five (5) years in the dockyard of Singapore. Since public funds had been committed without value. Parties involved should be made to account for the value of the vessel paid and ensure that the vessel “Excellent Driver” is brought to Nigeria to achieve the purpose for which it was purchased.

Nigeria High Commission, Kingston-Jamaica

The aftermath of Haiti earthquake in 2010 led the Nigeria Red Cross to coordinate fund-raising to assist victims in Haiti. The total sum remitted to Nigeria High Commission in Kingston, Jamaica was \$4,902,006.16.

The fund was primarily to finance a project in Haiti with a view to alleviate the suffering of the victims and promoting greater cooperation between the two countries.

The following facts relate to the fund operations:

- A Nigeria-based contractor was awarded a contract build school in Haiti at the area not affected by earthquake at the contract sum of \$2,333,420.89, in which 50 per cent (\$1,166,710.44) of the contract sums was advanced without due process.
- Physical inspection of the project revealed that the project was at foundation stage and not more than 12 per cent completion stage in October, 2015. Even though, execution suspended by the Ministry of Foreign Affairs.

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