

# Abia State's Critical Audit Issues

Review of Auditor-General's  
2018 Fiscal Year Report

February 2020



# Abia State's Critical Audit Issues

Review of Auditor-General's 2018  
Fiscal Year Report

February 2020



**Authors:**

This report was compiled by Hope Givers Initiative in collaboration with Development Strategy Centre and with technical and financial support from Christian Aid.

**Table of Content**

Introduction	3
Timeliness	3
Inappropriate Financial Reports	3
Extra-Budgetary Recurrent Expenditures	6
Non-Response to Audit Queries	8
Recommendations	11

## Introduction

The Fiscal Responsibility Act (2017) and section 125 subsection 2 of the constitution of the Federal Republic of Nigeria, 1999 (amended) mandates an annual audit of the accounts of all State Governments, and stipulates that the responsible Ministries, Departments and Agencies (MDA) should react in a timely manner to the concerns raised by the Auditor-General through the audit.

The audit process, if credible serves as a critical element for effective resource management of any entity as it guarantees accountability in the utilisation of resources. It is therefore an essential element for good and accountable governance. It is on this premise that the Auditor-General's 2018 report on Abia State was reviewed to identify critical issues raised by the Auditor-General which could improve accountability and service delivery. This report presents the findings of the review through five key areas: timeliness, inappropriate financial reports, extra-budgetary recurrent expenditures, non-response to audit queries and non-submission of financial reports.

## Timeliness

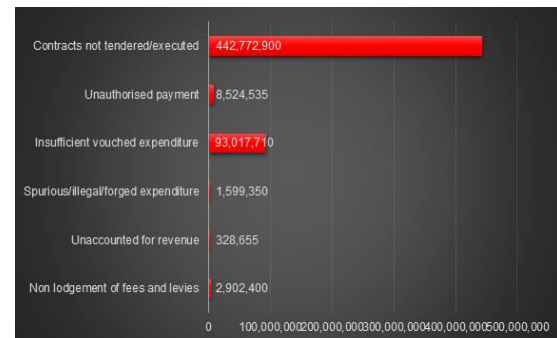
The audit report of 2018 was produced in a timely manner, in accordance with the specification of the fiscal responsibility law (2007).

## Inappropriate Financial Reports

A total of 24 cases of incomplete financial records by some Ministries, Departments and Agencies (MDA) were raised by the State's Auditor-General.

Following through these issues will help the State recover **N549,145,550.00**; the total loss this audit issue amounts to within the 2018 fiscal year.

Fig.1: Financial reports - Reasons for indictment



#### 4 Abia State's Critical Audit Issues: Review of Auditor-General's 2018 Fiscal Year Report

The Ministry of Education through 11 of the cases is responsible for 98% (**N541.34 million**) of the total amount of loss. Untendered or unexecuted contracts represent the bulk of the reason for incomplete financial records, with a total of **N442.77 million** (see fig.1). Table 1 presents the details of inappropriate financial reports by MDAs.

**Table 1:** MDAs indicted in the 2018 Report of Abia State Auditor-General

S/N	MDAs	Amounts Indicted (N)	Reasons for the indictment
1	Leru Secondary School, Isuochi	593,400.00	Non lodgement of fees and levies into the School Bank Account
2	Abam High School, Abam	121,500.00	Revenue not accounted for by the Principal Mr. B. A. Kalu
3	Abam High School, Abam	521,750.00	Spurious expenditure/forgery of invoice by the management of Abam High School, Abam
4	Bende Secondary Grammar School	232,156.00	Insufficient vouched expenditure
5	Ihediowa High School, Obinto	456,498.00	Insufficient vouched expenditure
6	Afugiri Girls Model School, Umuahia	134,455.00	Revenue not accounted for by the Principal Mrs. Uzukwe Patience Eziukwu
7	Afugiri Girls Model School, Umuahia	471,200.00	Insufficient vouched expenditure
8	Secondary Commercial School, Alayi	221,000.00	Illegal/forged expenditures by the Principal of the School
9	Secondary Commercial School, Alayi	2,309,000.00	Non lodgement of fees into the School Bank Account
10	Central Oguduasa Secondary School, Isuikwuato	292,600.00	Spurious Expenditure
11	Central Oguduasa Secondary School, Isuikwuato	72,700.00	Revenue short accounted for by the Principal Mr. Akabunwa

<b>S/N</b>	<b>MDAs</b>	<b>Amounts Indicted (N)</b>	<b>Reasons for the indictment</b>
12	Ututu Secondary Commercial School	564,000.00	Spurious expenditure incurred by the management of the School
13	Ministry of Health, Umuahia	1,814,535.00	Salary overpayment to various staff of the Ministry
14	Ministry of Education, Umuahia	2,000,000.00	Unexpected Project: AN ID card project not executed and not returned to the account of the ministry
15	Ministry of Education, Umuahia	6,700,000.00	Unretired imprest in the ministry for the year under review
16	Ministry of Education, Umuahia	70,888,806.00	Payment made from the Education Development Fund not vouched.
17	Ministry of Education, Umuahia	1,070,000.00	Unauthorised payment made from the education development fund to the then president
18	Ministry of Education, Umuahia	25,100,000.00	Printed material paid for but not supplied to the ministry
19	Ministry of Education, Umuahia	3,000,000.00	A new Toyota Siena car for use by Mr. Ahuruonye G. C. not accounted for in the ministry's vehicle ledger/records
20	Ministry of Education, Umuahia	395,672,900.00	Contracts on secondary schools' renovation/rehabilitation not tendered
21	Ministry of Education, Umuahia	20,000,000.00	Projects for first aid boxes for selected secondary schools across the state not executed
22	Ministry of Education, Umuahia	1,640,000.00	Unauthorised payment made from the education development fund to the board members of Secondary Education Board and Examination Development Centre
23	Ministry of Education, Umuahia	4,000,000.00	Spent by the Permanent Secretary from the Education Development Fund over/above the approved amount

## 6 Abia State's Critical Audit Issues: Review of Auditor-General's 2018 Fiscal Year Report

S/N	MDAs	Amounts Indicted (N)	Reasons for the indictment
24	Ministry of Education, Umuahia	11,269,050.00	Insufficient vouched expenditure
<b>Total</b>		<b>549,145,550.00</b>	

### Extra-Budgetary Recurrent Expenditures

Another critical issue raised in the report was the huge amounts of funds several MDAs spent in excess of their budgetary allocations. Considering that the annual budget document of the State is a legal document, expenditures in excess of the approved amounts implies contravening the law. The extra-budgetary expenditures were made by 25 MDAs across both personnel and overhead costs, amounting to a total sum of **N7,491,349,211.34**. Tables 2 and 3 provide details of these expenditure, with table 2 presenting the personnel cost and table 3, overhead costs.

**Fig. 2:** Breakdown of extra-budgetary recurrent expenditures



**Table 2:** MDAs with Extra-Budgetary Personnel Costs in 2018 Financial Year

S/N	Establishment	Revised Budget	Actual Expenditure	Extra-budgetary Expenditure
1	Government House	2,411,939,620.00	2,661,257,577.34	249,317,957.34
2	Abia State Liason Office – Abuja	35,853,230.00	44,984,452.99	9,131,222.99
3	Ministry of Information and Strategy	113,022,010.00	233,268,729.36	120,246,719.39
4	Abia Printing and Publishing Company	72,899,800.00	98,463,758.92	25,563,758.92

**Abia State's Critical Audit Issues:** Review of Auditor-General's 2018 Fiscal Year Report **7**

<b>S/N</b>	<b>Establishment</b>	<b>Revised Budget</b>	<b>Actual Expenditure</b>	<b>Extra-budgetary Expenditure</b>
5	Bureau of Common Service & Service Monitoring	29,866,570.00	47,291,269.03	17,424,699.03
6	Bureau of Service Welfare	63,470,750.00	81,220,508.07	17,749,758.07
7	Board of Internal Revenue	238,246,400.00	243,134,339.85	4,887,939.85
8	Ministry of Commerce and Industry	181,774,530.00	203,271,620.76	21,497,090.76
9	Ministry of Science and Technology	20,000,000.00	101,957,504.72	81,957,504.72
10	Umuahia Capital Development Authority	46,483,150.00	63,740,105.45	17,256,955.45
11	Ministry of Lands & Survey	210,313,070.00	215,222,814.84	4,909,744.84
12	Ministry of Physical Planning & Urban Renewal	-	25,418,018.60	25,418,018.60
13	Judicial Service Commission	113,271,450.00	121,955,471.18	8,684,021.18
14	Ministry of Justice	386,663,500.00	546,771,757.07	160,108,257.07
15	Judiciary- High Court	983,225,000.00	1,343,575,839.58	360,350,839.58
16	Judiciary- Customary Court of Appeal	1,316,493,900.00	1,324,843,542.93	8,349,642.93
17	Ministry of Education	367,327,430.00	469,637,315.55	102,309,885.55
18	Abia State University	3,306,785,230.00	4,226,914,893.04	920,129,663.04
19	Abia State College of Health Science & Mgt. Technology	308,207,990.00	343,442,845.00	35,234,855.00
20	Abia Specialist Hospital & Diagnostic Centre, Umuahia	176,705,470.00	260,296,297.66	83,540,827.66
21	Ministry of Sports	58,989,460.00	106,662,717.06	47,673,257.06
	<b>Total</b>	<b>10,441,538,560.00</b>	<b>12,763,331,379.00</b>	<b>2,321,742,619.00</b>



## 8 Abia State's Critical Audit Issues: Review of Auditor-General's 2018 Fiscal Year Report

**Table 3:** MDAs with Extra-Budgetary Overhead Costs in 2018 Financial Year

S/N	Establishment	Revised Budget	Actual Expenditure	Extra-budgetary Expenditure
1	Government House	10,834,000,000.00	15,924,978,302.34	5,090,978,302.34
2	Abia State Liaison Office Lagos	14,650,000.00	17,423,050.00	2,773,050.00
3	Abia State Independence Electoral Comm.	4,000,000.00	4,450,000.00	450,000.00
4	Ministry of Physical Planning and Urban Renewal	-	600,000.00	600,000.00
5	Ministry of Youth Development	5,000,000.00	7,955,040.00	2,955,040.00
6	Ministry of Sports	6,350,000.00	68,150,000.00	61,800,000.00
7	Abia State Sports Council	5,000,000.00	15,000,000.00	10,000,000.00
	Total	10,869,000,000.00	16,038,556,392.34	<b>5,169,556,392.34</b>

Up to 3 MDAs (Government House, Ministry of Physical Planning and Urban Renewal, and Ministry of Sports) were guilty of extra-budgetary expenditures on the grounds of both personnel and overhead costs, while the rest defaulted in either personnel or overhead costs. Such expenditure impacts on the long-term development of the State as the excess amount could have been channelled into financing capital expenditures.

### Non-Response to Audit Queries

All the MDAs indicted in table 1 above have been issued queries by the Auditor General of the state, yet there has been no response. In addition, the Director of Planning, Research and Statistics confirmed that there were no records of school rehabilitation across the State by the State Ministry of Education. Similarly, the State Ministry of Education office could not find the following documents:

**7.4 BILLION**

This excess could have financed capital expenditures that will impact long-term development in the State.

- Revenue cash book/register
- Cheques stumps used for 2016, 2017 in transacting the business of Eco Bank 911
- Payment Voucher – Eco Bank 2016 period
- Main Cash Book – 2016 to date (ECO Bank)
- Expenditure Ledger/Register – 2016 to date

### Under/Non-Submission of Financial Reports by MDAs

As at 31<sup>st</sup> of December 2018, the following annual accounts from the different parastatals have not been received in the office of the Auditor General of the state for review and comments. There are also cases of non-submission of annual accounts of parastatals to the office of the Auditor-General for years. MDAs such as the Abia State College of Education Technical, Arochukwu, Abia State Sports Council, Abia State Library Board, and the Abia State Independent Electoral Commission have not submitted their accounts to the Auditor General's office from 2010 to 2018.

**Table 4:** List of Abia State MDAs that have not submitted their financial records for audit

S/N	Names of MDAs	Years of Unaudited Accounts
1	Secondary Education Management Board	2013 - 2018
2	Broadcasting Corporation of Abia State	2015 - 2018
3	Abia State Universal Basic Education Board	2016 - 2018
4	Abia State Tourism Board	2017 - 2018
5	Abia Golden Chicken	2017 - 2018
6	Abia State Council for Arts and Culture	2014 - 2018
7	Project Implementation Unit (PIU)	2013 - 2018
8	Abia State Pilgrims Welfare Board	2013 - 2018

## 10 Abia State's Critical Audit Issues: Review of Auditor-General's 2018 Fiscal Year Report

S/N	Names of MDAs	Years of Unaudited Accounts
9	Abia State Sports Council	2010 - 2018
10	Abia State Waterboard	2014 - 2018
11	Abia State Agric Development Project (ADP)	2017 - 2018
12	Umuahia Capital Development Authority	2016 - 2018
13	Abia State University, Uturu	2014 - 2018
14	Abia State Teaching Hospital (ABSUTH)	2008 - 2018
15	Abia State Pensions Board	2014 - 2018
16	Abia State Environmental Protection Agency	2013 - 2018
17	Abia State College of Education Technical, Arochukwu	2010 - 2018
18	Abia Shopping Centre Ltd	2013 - 2018
19	Abia State Library Board	2010 - 2018
20	Abia State Independent Electoral Commission	2010 - 2018
21	Abia State Pools Betting Gaming & Casino Board	2015 - 2018
22	Aba South Town Planning Authority	2012 - 2018
23	Aba North Town Planning Authority	2012 - 2018
24	Arochukwu Town Planning Authority	2012 - 2018
25	Bende Town Planning Authority	2012 - 2018
26	Isiala Ngwa North Town Planning Authority	2012 - 2018
27	Ikwuano Town Planning Authority	2012 - 2018
28	Isiala Ngwa South Town Planning Authority	2012 - 2018
29	Obingwa Town Planning Authority	2012 - 2018

<b>S/N</b>	<b>Names of MDAs</b>	<b>Years of Unaudited Accounts</b>
30	Ohafia Town Planning Authority	2012 - 2018
31	Ukwa West Town Planning Authority	2012 - 2018
32	Ukwa East Town Planning Authority	2012 - 2018
33	Umunneochi Town Planning Authority	2012 - 2018
34	Ugwunagbo Town Planning Authority	2012 - 2018
35	Osioma Town Planning Authority	2012 - 2018
36	Isuikwuato Town Planning Authority	2012 - 2018

## **Recommendations**

- The legislature should prevail upon the indicted MDAs to give account on how the funds were appropriated. For instance, the legislature can pass a resolution to stop further releases of funds to the indicted MDAs until they clear all audit issues.
- Executive backing should be given to the need for speedy response and strict compliance to audit queries by MDAs
- Adequate provisions should be made for the capacity building of the accounts and audit personnel of various MDAs.
- Parastatals and agencies of government should be mandated to submit their audit report at most 6 months into the next fiscal year.

## Contact us

### **Christian Aid Nigeria Country Office**

Plot 802, Off Ebitu Ukiwe Street  
Opposite Nigeria Centre for Disease Control,  
Jabi District,  
Abuja, FCT  
Nigeria.

T: +234 (0) 703 255 9282

E: [nigeria-info@christian-aid.org](mailto:nigeria-info@christian-aid.org)

W: [christianaid.org.uk/ngeria](http://christianaid.org.uk/ngeria)

### **Hope Givers Initiative**

111 Chime Avenue,  
New Heaven,  
Enugu State,  
Nigeria.

T: +234 (0) 906 440 0647

E: [hopegiversinitiative@yahoo.com](mailto:hopegiversinitiative@yahoo.com)

England and Wales registered charity number. 1105851 Scotland charity number. SC039150 UK company number. 5171525 Registered with The Charity Commission for Northern Ireland NIC101631 Company number NI059154 Republic of Ireland Charity Commission number 20014162 Company number 426928. The Christian Aid name and logo are trademarks of Christian Aid. Christian Aid is a member of ACT Alliance. Christian Aid is registered with the National Planning Commission of Nigeria.

Cover photo: Repair of the Ihube-Lokpanta-Enugu State boarder road in Abia State. Christian Aid/Titilope Adeuja