

**REPORT OF THE
AUDITOR-GENERAL ON THE
ACCOUNTS OF GOVERNMENT OF
YOBE STATE FOR THE YEAR ENDED
31ST DECEMBER, 2009**

PART I

1.0 INTRODUCTION:

1.1 THE LEGAL FRAME-WORK FOR THE AUDIT OF GOVERNMENT ACCOUNTS:

The legal framework under which the Auditor-General performs his functions is very clear. The Constitution of the Federal Republic of Nigeria remains the supreme extent law and authority which stipulated the role of Auditor-General in this respect. Other numerous legislations that empowered him to conduct his Audit of Government Accounts include;

- The Audit Ordinance Act of 1952 (as amended)
- The Public finances, Control and Management Act of 1958 (as amended)
- The established financial regulations
- The periodic Governmental Administrative circulars; and
- Other laws of the State House of Assembly as instruments establishing specific organs or Agencies for the conduct of government business with provisions which empowered the Auditor-General to discharge statutory audit functions.

Section 125 of the 1999 Constitution of the Federal Republic of Nigeria provides for the Audit of Public Accounts of States Subsection 2 maintains that:-

“The Public Accounts of a State and of all Offices and Courts of the State shall be audited by the Auditor-General for the State who shall submit his reports to the House of Assembly of the State concerned, and for the purpose, the Auditor-General or any person authorized by him in that behalf shall have access to all books, records, returns and other documents relating to those accounts”.

Subsection 4 further provides that:-

“The Auditor-General for the State shall have power to conduct periodic checks of all Government Statutory Corporations, Commissions, Authorities, Agencies, including all persons and bodies established by a Law of the House of Assembly of the State”. And that:-

“In the exercise of his functions under this Constitution, the Auditor-General for a State shall not be subject to the direction or control of any other authority or persons”.

Financial Regulations Rule No. 102 maintains that:

“The Officer responsible under the constitution of the Federation for the audit and report on the Public Accounts of the State including persons and bodies established by law entrusted with the collection, receipt, custody, issue, sale, transfer or delivery

of any stamps, securities, stores or other properties of government of the State, and for the certification of the annual accounts of the government is the Auditor-General of the State. The Auditor-General shall examine and ascertain in such a manner as he may think fit the accounts relating to public funds and property and shall ascertain whether in his opinion:

- a. The accounts have been properly kept
- b. All public monies have been properly accounted for, and the rules and procedures applied are sufficient to secure an effective check or the assessment, collection and proper allocation of revenue.
- c. Monies have been expended for the purpose for which they are appropriated and that the expenditure have been made as authorized; and
- d. Essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property and funds.

Rule 103 further maintains that:

“By virtue of the responsibilities and functions of the Accountant-General of the State and the Auditor-General of the State, the two (2) Officers or their representatives shall have free access at all reasonable times to all files, documents, books and other records relating to the accounts of all State Ministries/Extra-Ministerial Departments or Units. They shall also be entitled to require and

receive from Members of the Public Service such information, reports and explanations as they may deem necessary for the proper performance of their functions.

It has become necessary to reflect these provisions of the law in this report because of the constant experience with some organs of the government that fail to cooperate with the audit, as well as respond to request for returns and documents relating to their transactions that are vital to the audit review of their accounts. This worrisome trend is rampant with some MDAs and even worst in some Boards and Parastatals as reported in the previous reports on their audited accounts.

The task of the Auditor-General as Supreme Audit Institution (SAI) is to audit the performance, economy, efficiency, effectiveness, legality and regularity of public administration (i.e public resources management). The orderly and efficient use of public funds constitute one of the essential pre-requisites for the proper handling of public finances and the effectiveness of the decisions and actions of any responsible organ of Government. The point being made here is that, henceforth this Office shall not take it lightly any failure by organs of government to cooperate with audit officials and to render all necessary documents/returns required for the purpose of my audit.

PART II

2.0 GENERAL OBSERVATIONS:

2.1 FINANCIAL STATEMENT:

The Draft Annual Financial Statement of Yobe State Government for the year ended 31st December, 2009 was submitted to my Office on 2nd September, 2010; but having subjected the accounts for review and audit, it was discovered to contain a series of errors, lapses and inconsistencies. The Statement was returned for corrections and reproduction vide my letter no TEF/Vol.I/34 dated 30th December, 2010; after inviting the Accountant-General with his Directors personally for discussion on these errors/lapses and having suggested ways of making the corrections. The corrected copies were returned to me for proper auditing on the 20th April, 2011. This was the period of election and the Financial Statement could not received serious attention until June after the inauguration of the new government and the legislature.

The financial statement of the Accountant-General as required by law is to be submitted for auditing latest by 30th June of every preceding year and the Auditor-General has 90 days within which to submit his opinion and report to the House of

Assembly. The Accountant-General must appreciate the timely production and submission of financial statement in order to facilitate the production of the Auditor-General's Annual Report on the accounts to the House of Assembly in good time as required by law. The unnecessary delay is observed to be mainly caused by the failure of the officials engage in accounting operations to record transactions promptly and maintain the necessary accounting books and records as stipulated in financial regulation and accounting procedures. I must emphasize that Accountants must discharge their responsibilities by performing their duties diligently and with all seriousness according to laid down accounting procedures and professionalism.

Strict adherence to the provisions of the established financial regulations and basic accounting procedures by all officials engaged in accounting work will make them submit accurate returns to Accountant-General's Office which in effect will make him produce reliable financial statement in time with minimum errors or lapses.

For the accounting period covering January-December 2009; the draft account accompanied by four (4) statements (Nos. 3-6) and the relevant notes were received for auditing purposes. The statements include:

- a. Statement No. 3 – Cash Flow Statement
- b. Statement No. 4 – Assets and Liabilities
- c. Statement No. 5 – Consolidated Revenue Funds
- d. Statement No. 6 – Capital Development Funds.

2.2 BOOK-KEEPING AND RECORDS:

Proper book keeping and the maintenance of adequate records of accounts have remained a big challenge to MDAs of government. Poor book keeping and inadequate maintenance of records of accounts largely contributed to their inability to render promptly returns and appropriation accounts of the expenditure votes under their control particularly for the non regular overhead costs (capital and salary votes).

Regrettably too, those that render summary returns and appropriation accounts find it difficult to provide the underlying records from which the accounts were prepared. I am of the view that this state of affairs is an indication that officials engage in accounting duties fail to ensure that books of accounts/records are promptly updated when transactions were made. Therefore, as the accounts fall into arrears it becomes difficult and frustrating to update and render accurate returns as appropriated by the legislature and assented by the Executive Governor.

Worst of all, MDAs are totally reluctant to forward copies of their monthly returns and appropriation accounts to the Office of the Auditor-General for audit purposes as required by the provision of Financial Regulations No. 103 making it difficult for me to ascertain details of actual releases made to them at specific intervals (usually on monthly basis). This Office has to rely on information received from the Ministry of Finance which normally comes to my office very late, thus making the audit process postmortem in nature with all the consequential effects of time lapses.

I have also noted with serious concern that most MDAs fail to maintain the DVEA books despite the relevance of this all important record, contrary to the requirement of Financial Regulations Nos. 401, 501-507 and 516 respectively. Non-maintenance of the DVEA books is the major cause for rampant cases of over expenditures and misclassification of accounts.

For the purpose of capturing details of releases made to various MDAs, the Office of the Secretary to the State Government should furnish this Office with copies of release letter made to various MDAs. Similarly, the Ministry of Finance should furnish this Office with details of disbursements made to various MDAs on monthly basis while returns/appropriations

accounts of MDAs should be copied to this Office on monthly basis. This will enable me plan and execute audit programmes systematically, to ensure that every item of transaction is captured and pass through the audit test, avoid pilling arrears of audit work and minimize time lapse. The Accountant-General must also activate and empower the Inspectorate Unit of the Treasury Division so as to have constant visitation of MDAs with a view to inspect and effect corrections of observed errors immediately as they occur.

I am quite convince that this manner of approach will immensely improve the quality and prompt maintenance of accounting records/data and information as well as improving the quality of Accountant-General's financial Statement and the Annual Report of the Auditor-General to the State House of Assembly.

2.3 ANNUAL ESTIMATES:

As mentioned earlier in my previous reports, approved annual estimates are not normally produced and made available to MDAs as timely as expected by the Ministry of Budget and Economic Planning. By the time the estimate are made available (probably in the middle of June), accounting officers appears reluctant to use the important document as a guide for efficient

expenditure control and classification of accounting heads and subheads as required by Financial Regulations No. 516. The deliberate failure to abide by the Departmental Votes Expenditure Accounts control procedures result into huge over expenditure/misclassification of accounts by various MDAs as contained in my previous reports.

2.4 INTERNAL CONTROL:

The essence of internal control is to ensure adherence to management policies that affects organizational finances and other areas of interest which assist in the realization of organizational objectives. The Internal Audit Unit and its function as required by the provisions of the financial regulations in chapter 20 rules 2001-2020 is one of the strong pillars of Internal Control in an Organization. The existence of a reliable and functional Internal Audit Unit in MDAs will improve the quality of accounting operations and reduce the scope of external audit work. Owing to the non availability of viable offices of the Internal Auditors in most of the MDAs, the realization of the above mentioned objectives become virtually impossible.

It was further observed that, in few MDAs where the offices of the Internal Auditors have been established, officers handling such duties are relatively of junior status and inexperience hence

their authority and capacity to object to certain abnormalities that can have negative effect on the accounts is always thwarted by top management. Government is hereby urge to establish this important but neglected unit under the Office of the Accountant-General for all the MDAs by converting the large number of redundant Accountants in his Office into Internal Auditors. These Accountants after being engaged to perform the duties of Internal Audit, must see themselves as Internal Auditors rather than Accountants. It is by so doing that they will be able to perform effectively the functions of Internal Audit. In other words, duties of the two (2) officers (Accountants and Auditors) must be distinctly separated and relevant training be conducted for them through workshop and seminars to enable them have the requisite knowledge and expertise.

2.5 AUDIT POLICY OBJECTIVES:

Promoting objectivity in financial reporting and ensure the reliability of financial statement. Documentation of audit processes, observations, findings and reporting. This involves examination of books of accounts against financial statement; to observe:-

- Irregularities/error,
- Inaccurate/incomplete information,

- Proper documentation and recording of information, and;
- Value for money invested.

2.6 PERFORMANCE AUDIT:

Performance Audit or Value for Money Audit (VFMA) is accorded priority in the daily affairs and programmes of my Office. In addition to vouching of transactions, the verification of items of substantial expenditure was conducted to determine the value for money invested based on evidence available. Assessment was also carried out in respect of tangible items like construction works, drilling of boreholes and rural electrification projects. Physical verifications and survey were also conducted to arrive at comments and observations contain in this annual report.

2.7 PREVIOUS AUDIT REPORTS:

While expressing my appreciation to the PAC on the level of concern shown on previous Auditor-General's Annual Reports, I still wish to draw the attention of the Committee (PAC) to ensure convening of Public Accounts Committee session annually. This measure will go a long way in improving the negative trends in public accountability across the State and sanctioning of erring officers will serve as deterrent for future occurrences.

PART III

3.0 BUDGET ANALYSIS:

3.1 ANALYSIS OF BUDGET PERFORMANCE:

During the accounting period January to December, 2009; the Government of Yobe State budgeted the sum of N51,925,000,000.00 as against N73,350,000,000.00 budgeted for the year 2008. The figure shows a difference of N21,425,000,000.00 or 29.21% below the previous year budget.

TABLE 1:

REVENUE	Budget 2008	Budget 2009	Variance	Actual Receipt over budget %
Opening Balance	700,000,000.00	8,000,000,000.00	7,300,000,000.00	1,042.86
Statutory Allocation	28,090,000,000.00	23,567,000,000.00	-4,523,000,000.00	16.1
Value Added Tax	2,952,000,000.00	3,508,000,000.00	556,000,000.00	-18.83
IGR	862,000,000.00	1,485,000,000.00	623,000,000.00	-72.27
Total Recurrent				
Revenue	32,604,000,000.00	36,560,000,000.00	3,956,000,000.00	-12.13
Capital Receipt				
External loans	1,856,000,000.00	2,442,000,000.00	586,000,000.00	-31.57
Internal loans	1,500,000,000.00	2,500,000,000.00	1,000,000,000.00	-66.67
Miscellaneous	18,350,000,000.00	2,472,000,000.00	-15,878,000,000.00	86.53
Grants	3,040,000,000.00	3,951,000,000.00	911,000,000.00	-29.97

Excess Crude Oil	16,000,000,000.00	4,000,000,000.00	-12,000,000,000.00	75
Total Capital Receipt	40,746,000,000.00	15,365,000,000.00	-25,381,000,000.00	62.29
Total Budget Size	73,350,000,000.00	51,925,000,000.00	-21,425,000,000.00	29.21

It can be observed that the total expected revenue of the State slumped in the year 2009. This condition was necessitated by fall in price of crude oil worldwide which forms our major source of earnings. The unpatriotic and rampant activities of the militants in the Niger Delta area have also reduced the quantum of crude oil production thereby affecting the amount of mineral revenue of the Federation Accounts hence the statutory allocation of the States. The government therefore took a wise decision not to go for excessive borrowings or sale of physical assets to finance huge budget.

3.2 ANALYSIS OF REVENUE PERFORMANCE:

The table below reflected the trend in the recurrent revenue performance of the State in 2009 (amount actually realized).

TABLE 2:

REVENUE	BUDGETED 2009 ₦	ACTUAL 2009 ₦	VARIANCE 2009 ₦	% 2009
Opening Balance	8,000,000,000.00	7,238,559,323.89	-761,440,676.11	90.482
Taxes	1,191,849,000.00	709,812,679.64	-482,036,320.36	59.5556
Fines and Fees	136,171,000.00	298,592,593.40	162,421,593.40	219.278
Licenses	17,990,000.00	345,464,456.77	327,474,456.77	1920.31

Earnings & Sales	90,340,000.00	191,188,810.20	100,848,810.20	211.633
Rent on Government Property	3,100,000.00	25,150,000.00	22,050,000.00	811.29
Interest & Dividends	0	69,061,305.00	69,061,305.00	NA
Reimbursements	15,000,000.00	0.00	-15,000,000.00	0
Boards and Parastatals	30,350,000.00	475,533,301.21	445,183,301.21	1566.83
Miscellaneous	200,000.00	5,364,300.26	5,164,300.26	2682.15
Repayment of Advances	0	203,080,469.96	203,080,469.96	NA
Statutory Allocation	23,567,000,000.00	18,405,190,559.03	-5,161,809,440.97	78.0973
Value Added Tax	3,508,000,000.00	4,370,940,017.56	862,940,017.56	124.599
Internal Loans	2,500,000,000.00	0	-2,500,000,000.00	0
External Loans	2,442,000,000.00	142,354,745.00	-2,299,645,255.00	5.82943
Grants/Subventions	3,951,000,000.00	3,592,829,117.57	-358,170,882.43	90.9347
Miscellaneous	6,472,000,000.00	9,227,863,926.67	2,755,863,926.67	142.581
Total Revenue	43,925,000,000.00	38,062,426,282.27	-5,862,573,717.73	86.6532

Even though, the underlying records in respect of revenue accounts for the MDAs have not yet been made available to my Office for scrutiny, reports of Auditors (Public and Private) in respect of routine assignments on MDAs, particularly Boards and Parastatals revealed serious concern cases of under performance as contained in this report.

The point being made here is that, the major source of earning is the statutory allocation, VAT, and excess crude all from the Federation Account. Our Internally Generated Revenue (N2,120,167,446.48) remains at a mere 5.57% of total revenue. In

view of the above and the changing fortunes associated with the vagaries of the oil sector, the need to exploit and enhance our internal revenue generating potentials and capacity in order to reduce overdependence on statutory allocation by the State must be look into with all seriousness. I am convince that the State has the potentials to realize this objectives as revealed by the recently concluded Yobe Economic Summit and recommendations submitted by Advisory Committee on enhancement of internally generated revenue which exposes major areas of untapped revenue potentials. Furthermore our revenue collection and accounting process, charges, rates and fees need to be reviewed. This is because the whole process of revenue administration in the State suffers a lot of defects which include the following among others:-

- a. Inadequate exploitation of revenue potentials by MDAs from various sources.
- b. Failure to collect revenue from identified sources already contained in budgeted estimates.
- c. Weaknesses in the revenue accounting system that can give room to officials of revenue collections and accounting to pilfer understate or out rightly fail to account for receipts under various heads and subheads.

d. The adapted method for the printing, custody and control of security books and licenses is so porous and allow MDAs and even individuals to acquire revenue earning security documents without proper control, exposing the revenue system to all forms of corruption associated with revenue accounting process in the State. This is contrary to the requirement of the financial rules and regulations chapter 3 rules 301-330 and chapter 10 rules 1001 – 1030.

It becomes aptly necessary for Accounting Officers across the State to appreciate and ensure strict adherence to the provisions of the financial Regulations quoted above in order to restore sanity in the collection and accounting process of revenue in Yobe State.

One area of much concern to me is the downward trend of internally generated revenue figure of 2009 instead of upward growth. In 2008 the IGR figure was N3,094,879,359.82 which decreased to N2,120,167,446.48 in 2009. In my opinion this was a result of poor or bad planning, corruption in revenue collection process, “I don’t care attitude” of Accounting Officers (Permanent Secretaries and Chief Executive Officers of MDAs) and lack of emphasis on revenue generation by the government itself.

I must state here with all sense of duty, that government should stand up to find solution to whatever problems that militate against revenue generation in the state, knowing fully well that revenue effort by states formed indices of sharing the so called “national cake”. Both Board of Internal Revenue and Ministry of Finance must be made to live up to their responsibilities in this regard. The Ministry of Budget and Economic Planning must also de-emphasize our present budgeting system where budget are based on expenditure before looking for the revenue to take care of the lined up expenditure. Rather, we should determine the revenue first and plan our programmes and projects based on our capacity to realize those revenues. The ability to project and forecast realizable revenue sources is the bedrock of this system of budgeting. This will compel the State to raise the percentage of its internally generated revenue.

3.3 TREND IN EXPENDITURE PERFORMANCE:

The total expenditure budgeted for the year 2009 amounted to **N50,170,762,120.00** as against revenue expectation of **N51,925,000,000.00**. This consist of **N18,958,813,120.00** for recurrent expenditure and **N31,211,949,000.00** for capital expenditure. However, the actual expenditure for the year stood at **N43,829,232,616.37** consisting of **N18,047,451,575.60** as

recurrent expenditure and **N25,781,781,040.77** as capital expenditure. See table III below.

TABLE III:

<i>EXPENDITURE</i>	<i>BUDGETED</i>	<i>ACTUAL</i>	<i>VARIANCE</i>	<i>Actual budget performance</i>
				<i>%</i>
<i>Recurrent</i>	18,958,813,120.00	18,047,451,575.60	911,361,544.40	95.19
<i>Capital</i>	31,211,949,000.00	25,781,781,040.77	5,430,167,959.23	82.60
<i>Total Expenditure</i>	50,170,762,120.00	43,829,232,616.37	6,341,529,503.63	87.36

During the year under review, the expenditure pattern indicate that the actual capital expenditure was much higher than the recurrent expenditure which was a deviation from previous years where recurrent expenditure exceeds that of capital. In other words, this administration must be commended for according more priority to development projects rather than recurrent expenditure. Physical projects abound all over the State as revealed in report by Directorate of Project Verification, Monitoring and Evaluation of this Office.

3.4 CAPITAL EXPENDITURE BUDGET:

Below is the behavior of the capital expenditure performance for the year 2009. A total sum of **N25,781,781,040.77** was actually expended as against a

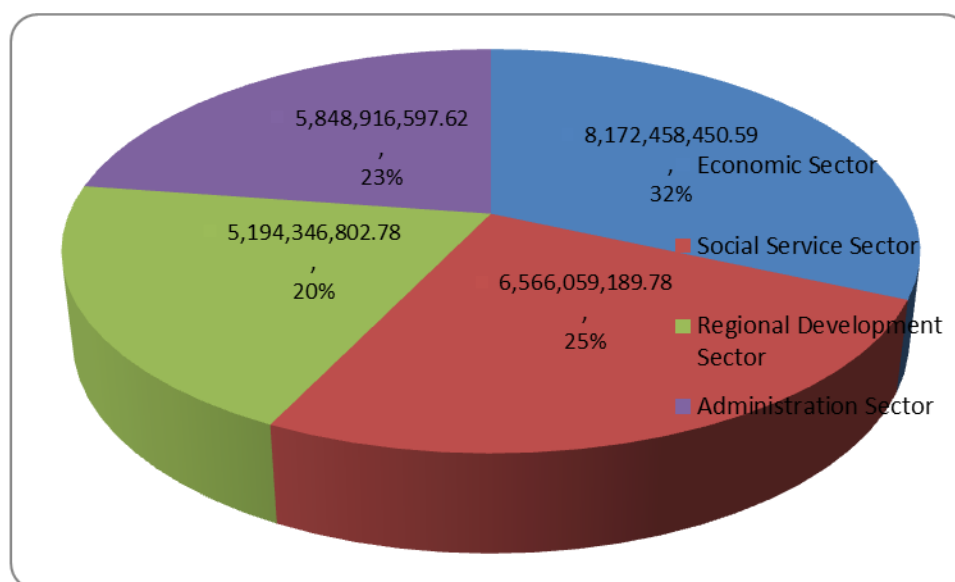
budgeted figure of **N31,211,949,000.00** resulting in actual performance of 82.60% or a variance **N5,430,167,959.23**.

This expenditure can also be broken-down into sector by sector as follows:

TABLE IV:

SECTORS	ACTUAL	%
<i>Economic Sector</i>	8,172,458,450.59	31.70
<i>Social Service Sector</i>	6,566,059,189.78	25.47
<i>Regional Development Sector</i>	5,194,346,802.78	20.15
<i>Administration Sector</i>	5,848,916,597.62	22.69
Total	25,781,781,040.77	100.00

The pie Chart below represents the graphical illustration of the Sectoral allocation.



These Sectors can further be broken down into the following details:

TABLE V:

SECTOR	ACTUAL	
ECONOMIC SECTOR	₦	
Agriculture	1,387,916,399.27	
Livestock	54,711,159.41	
Forestry	165,048,462.00	
Fisheries	1,471,360.00	
Industry	468,943,336.20	
Energy	1,118,924,143.00	
Commerce, Finance &		
Cooperatives	77,713,778.60	
Transport	4,897,729,812.11	
	Sub-Total	8,172,458,450.59
SOCIAL SERVICE SECTOR		
Education	3,799,394,429.50	
Health	2,057,242,893.68	
Information	616,775,302.54	
Social Development	92,646,564.06	
	Sub-Total	6,566,059,189.78
REGIONAL DEVELOPMENT SECTOR		
Water Supply	1,284,533,800.50	
Environment, Sewage & Drainage	0	
Housing	3,783,761,800.28	
Town & Country Planning	85,132,195.00	
Community Development	40,919,007.00	
	Sub-Total	5,194,346,802.78
ADMINISTRATION SECTOR		
General Administration	5,848,916,597.62	
	Sub-Total	5,848,916,597.62
	GRAND TOTAL	25,781,781,040.77

It is also important to note that, out of the capital receipts of **N26,755,573,675.00** actually realized during the year, only **N25,781,781,040.77** was expended as analyzed above, leaving a surplus of **N973,792,634.23** as closing balance of Capital Development Fund.

PART IV

4.0 AUDIT OBSERVATIONS:

4.1 MAINTENANCE OF CONTROL ACCOUNTS, LEDGERS AND ABSTRACTS:

The Control Account is an account used to record summarized balances of other related accounts. It reflects the content of the various individual accounts and present a single “mirror” of the balances contained in the individual ledger accounts. The main purpose for using the Control Accounts is to control and monitor the balances of the individual and groups of ledger accounts. If properly maintained Control Accounts and individual ledgers will facilitate the smooth and easy production of financial statement, and periodic information obtained from them, will form the basis of audit planning. The various type of ledger accounts consists of the general ledger, the remittance ledger, capital accounts control ledger, debtors and creditors ledgers, advances and deposit ledgers etc.

It was observed that both the control account and ledger account books were not being maintained by the MDAs including the Treasury Division of the State Ministry of Finance as required by accounting procedures. Similar important documents like the daily and monthly abstract accounts (in respect of revenue and

expenditure) as well as departmental vote expenditure control accounts books (DVEA) were also not maintained.

Therefore control records of accounting operations appear to be very inadequate. The scanty nature of records maintained makes the planning of my audit based on stock of payment vouchers received from the main account of the Treasury Division usually compiled and submitted to this office very late, (many months after the transactions were made). For example, vouchers covering January-December, 2009 were not received in this office until August, 2010 making my audit to be postmortem in nature.

In view of the development of modern auditing standards and approach, it becomes necessary to deviate from the ancient trend prevailing in the State. This is only possible with the cooperation of accounting officials who must appreciate the timely recording and maintenance of adequate records of accounts and make information readily available for the preparation of financial statement (draft) as well as making same available to the Auditor-General's Office when required for audit purposes. It is also necessary that stakeholders engaged in accounting duties and responsibilities must rise up to expectation and abide by the provisions of the established financial

regulations which have been so much neglected and disregarded by Accounting Officials.

4.2 CASH AND BANK BALANCES

The cash and Bank balances of N1,471,752,989.79 were made up of balances of subsidiary accounts and Main Treasury Accounts. Bank statements and certificates have been made available confirming and justifying the figure above.

4.3 FOREIGN LOAN

The financial statement indicates balance of N2,254,490,541.60 were carried forward from the previous year 2008. And a receipt of N142,354,745.00 was made during the year totaling to N2,396,845,286.60. However, the financial statement indicates a figure of N4,018,112,287.85 as foreign loan as at 31st December, 2009.

Consequently, this Office could not determine how the figure of N4,018,112,287.85 as reflected in the financial statement was arrived at. All efforts to secure the underlined documents/records in respect of the account for the purpose of my audit prove abortive (at least up to time of writing this report). The Ministry of Finance should strengthen the Debt Management Office (DMO) with a view to ensure proper and effective debt management administration.

4.4 APPROPRIATION ACCOUNTS:

Several cases of over expenditure were observed under various heads and subheads maintained by MDAs in respect of both capital and recurrent expenditures as given in Table VI below.

TABLE VI

EXCESS RECURRENT EXPENDITURE					
PERSONNEL COST					
H/SH	ORGANIZATION	BUDGETED	ACTUAL	VARIANCE	REMARKS
201101	Govt. House	73,400,000.00	73,704,781.46	304,781.46	
209101	Min. of Finance	354,000,000.00	397,757,736.22	43,757,736.22	
211101	Min. of Justice	84,000,000.00	94,289,074.00	10,289,074.00	
224101	Min. of Int & RD	79,240,000.00	80,056,254.67	816,254.67	
225101	Min. for LG & CA	29,400,000.00	29,823,979.54	423,979.54	
228101	MORA	14,550,000.00	14,678,789.27	128,789.27	
229101	YBHASC	3,900,000.00	4,063,995.56	163,995.56	
234011	HMB	962,000,000.00	1,060,860,589.33	98,860,589.33	
234021	Sports Council	53,530,000.00	57,601,193.05	4,071,193.05	
	NEAZDP	53,300,000.00	57,883,566.62	4,583,566.62	
234138	AISEB	9,344,000.00	12,531,079.05	3,187,079.05	
234153	SUBEB	393,811,000.00	419,418,845.16	25,607,845.16	
234102	Sports Council	48,000,000.00	79,673,890.00	31,673,890.00	
				223,868,773.93	
EXCESS RECURRENT EXPENDITURE					
OVERHEAD COST					
H/SH	ORGANIZATION	BUDGETED	ACTUAL	VARIANCE	REMARKS
209000	Min. of Finance	18,010,000.00	27,134,844.82	9,124,844.82	
201202	Maint. Of GH	601,600,000.00	834,499,314.16	232,899,314.16	
201300	Dep. Gov. Office	170,000,000.00	180,707,615.25	10,707,615.25	

205000	Min. of Ani. & F	17,060,000.00	21,090,987.96	4,030,987.96
221100	YBHA	825,200,000.00	831,230,007.81	6,030,007.81
215000	CSC	10,800,000.00	11,098,566.19	298,566.19
218100	Min. Youths & SD	16,000,000.00	16,794,117.00	794,117.00
227000	Min. of Housing	11,685,000.00	12,926,868.90	1,241,868.90
222000	Min. of Women Aff	18,000,000.00	19,016,536.22	1,016,536.22
225000	Min. for LG & CA	11,519,200.00	12,504,471.17	985,271.17
209300	State Tenders B.	2,400,000.00	3,211,186.04	811,186.04
209500	NYSC allowances	80,000,000.00	134,127,234.75	54,127,234.75
		322,067,550.27		

EXCESS CAPITAL EXPENDITURE

H/SH	ORGANIZATION	BUDGETED	ACTUAL	VARIANCE	REMARKS
	Min. of Trans. &				
406000	E.	637,800,000.00	1,118,924,143.00	481,124,143.00	
402000	Livestock	36,000,000.00	54,000,000.00	18,000,000.00	
405000	Manufacturing	110,000,000.00	468,943,336.20	358,943,336.20	
	Information	273,000.00	616,775,302.54	616,502,302.54	
415000	Housing	3,000,000,000.00	3,783,761,800.28	783,761,800.28	
		2,258,331,582.02			

It was well known to all Chief Executives and Accounting Officers that, incurring expenditure outside the provisions approved/provided by the appropriation law is an infringement and an offence warranting disciplinary actions on the part of the officers concerned. The principles of budgetary control, budget discipline and financial regulations rules no. 401, 501 and 502 are all relevant in this respect.

4.5 REVENUE SHORTFALLS:

A focus on revenue efforts (shortfall and surplus) and assessment of the performance of the MDAs could not be possible because, up to the time of writing this report, the underlying records in respect of Internally Generated Revenue (IGR) could not be made available for audit purposes. Similarly, reports of the External Auditors in respect of the Board of Internal Revenue accounts for the year 2009 failed to capture details of the MDAs' performance. The External Auditor raised serious concern over the failure of the BIR to monitor revenue drive of the MDAs, thus making them continue display luke-worm attitude towards internally generated revenue.

Analysis of the Financial Statement and reports of External Auditors of Boards and Parastatals revealed that the revenue generated by most Boards and Parastatals were not captured and presented in the financial statement of the State (see reports on Boards and Parastatals for details).

4.6 VOUCHING:

A remarkable progress have been achieved with regards to the vouching system, in view of the negligible level of un-vouched expenditure and the minimal case of un-produced vouchers observed in the year 2009.

The query earlier issued to the Treasury Division of the Ministry of Finance on 318 sundry vouchers amounting to N57,679,821.83 that were not produced during audit of the accounts, (most of which are vouchers in respect of tax deductions and a few payments to contractors) was promptly responded to and answered, confirming that the vouchers were trace from the Board of Internal Revenue where they were presented for the Board to issue individual receipts to the payees accordingly, following a composite remittance of the taxes due to the Board by the Treasury.

The positive development noted above is not un-connected with the series of reform programmes and capacity building initiatives of the State Government in conjunction with the European Union Support to reforming institutions programme (EU-SRIP) in the areas of public financial management from 2008-2010.

However, much needs to be done by the Ministry of Finance (Treasury Division) to ensure that the accounts/records are properly classified, promptly recorded and conveniently kept and compiled for timely submission to the Auditor-General for subsequent auditing. A situation where over 300 payment

vouchers are not readily produced until they are discovered by Auditors in the course of their audit work is totally unacceptable.

4.7 ADVANCES ACCOUNT:

During the period of this report, advances for the purchase of motor vehicles amounting to **N158,907,485.74** were issued to sundry Public Office Holders (POH). Recoveries amounted to **N203,080,469.96** including outstanding balances of previous year 2008. Though the recoveries are encouraging, care must be taken on loans and advances being extended to Public Office Holders. Installmental recoveries must be limited to their period of service in Government so that all repayments are made before expiration of their tenure. Similarly, Sub-Account Unit of the Ministry of Finance must be strengthened in order to provide list of both Civil Servants and Public Office Holders who are indebted to the government in any way especially or retirement or expiration of tenure.

4.8 IMPREST ACCOUNT:

Cases of non adherence to procedures laid down by the Financial Regulations in respect of imprest accounting process are very rampant under various MDAs. This covers both standing and special imprests advanced to Public Officials who decline to retire the amount as at when due and therefore refused to be

accountable. Imprests must not be regarded as pocket monies, and like other Public Monies, they must be accounted for fully at the end of specific intervals or service delivery. Officials are not relieved of responsibility until such amounts advanced to them are brought to account as required by Financial Regulations.

4.9 MINISTERIAL ACCOUNTS:

The vouching pattern under the MDAs accounts also shows a remarkable improvement. There are no serious cases of un-vouched expenditures or rampant cases of un-produced vouchers as recorded over the previous years.

The only problem is that Accountants/Accounting Staff are in many cases reluctant to post their books of accounts as soon as transactions are made. In fact Auditors posted to some MDAs has to assist in and or wait for the Accounting Staff to update their records (postings) before they could be readily available for auditing purposes. This attitude must stopped as it cause the audit staff a lot of time waste in discharging their assignments.

4.10 RESPONSE TO AUDIT QUERIES 2009

This Office also notice some commendable improvements towards response to audit queries issued to MDAs. Audit queries are almost answered as soon as they are received by the MDAs and explanations provided in the answers are also convincing.

More than 80% audit queries issued in respect of 2009 accounts are answered within the time limit.

This situation was very encouraging and MDAs are expected to maintain the trend. The table below contained summaries of queries issued, responses received and the audit remarks thereof:-

Ref. No.	Date	MDA	SUBJECT	AUDIT REMARKS
TEW.3/Vol.I/272	12/8/2011	Office of the Secretary to the State Govt	➤ 11 no. releases/vouchers not posted to cashbook amounting to N11,712,500.00. ➤ Lack of corresponding departmental payment vouchers for some transactions and inadequate particulars on the vouchers.	A response to the query was received confirming the updating of the postings accordingly. The vouchers were confirmed to be expenditures under head 233 of the miscellaneous vote of the MoF. Supporting documents were produced for audit scrutiny. Our team of Auditors were dispatched to re-examine the records. No major comments were observed (worth reporting) as minor

				issues have been dealt with on the spot.
TEW.14/Vol.II/4	12/8/2011	Yobe State House of Assembly	➤ A Case of 8 releases amounting to N82,516,855.00 not posted in the cashbook. ➤ Non attachment of supporting	A reply was promptly received confirming that the cashbook into which the vouchers were posted have been traced. Our Auditors were sent to verify and examine the records. The team observed minor issues and reported and the attention of the Clerk of the House has been drawn upon to take necessary action vide another letter. A reply confirming that attachment to vouchers

			documents (evidence) on sundry payment vouchers as required by F.R 603	were maintain separately in files and locked in cabinets to avoid lost. Our Auditors were sent to see and confirmed the existence of the evidence. The finance officer was directed/advice to constitutes a task force to sort out the documents and ensure that they are attached on the relevant vouchers.
TEW.3/S.1/Vol.I/1	12/8/2011	Office of the Head of Service	➤ Non attachment of relevant particulars supporting documents on payment vouchers as required by the F.R. 603	A reply was promptly received confirming that supporting documents are being

				kept in files and locked up in the Director of Finance Office. Our Auditors were sent to confirm their existence and they discovered that already an adhoc Committee was put in place and task with the responsibility of sorting out the documents for attachment on the vouchers. About 65% of the vouchers were confirmed to have been updated. The Auditors are currently conducting necessary
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				verifications for further necessary action.
TEW.5/Vol.I/146	27/7/2011	Min. of Education	➤ Cases of two uncompleted contracts in Yobe College Mamudo and College of Agriculture Gujba	A reply is still being awaited.
TEW.4/Vol.I/13	14/10/2011	Min. of Agriculture	➤ A Case of 3 no. of transactions that seems to contain irregular payments needing clarifications	A reply is still being awaited.
TEW.7/Vol.I/181	14/10/2011	Min. of Health	➤ Failure to make available contract documents in respect of construction of 200 bedroom General Hospital in Damaturu.	Officials of the Ministry promptly responded, and promised to liaise with the Ministry of Housing to get and furnish this Office with relevant document.

4.11 ACCOUNTS OF BOARDS, PARASTATALS, CORPORATIONS, COMMISSIONS AND AGENCIES:

Section 125(1-3) of the Constitution of the Federal Republic of Nigeria stipulated that Boards, Parastatals, Corporation, Commissions and Agencies under the State should produce their annual draft accounts and forward to the Office of the Auditor-General for his review, comments and subsequent nomination of firms of External Auditors to Audit the accounts and submit their report to the Auditor-General who will express opinion on such accounts in his Annual Report to the Legislature. This section was previously disregarded by the Boards and Parastatals as indicated in the Auditor-General's Report of 2007.

The situation on the ground then was so alarming because out of the total number of 56 Organizations only 4 (YSHPMC, Yobe Fertilizer Company, Board of Internal Revenue and PFMU) had responded/complied with the Constitutional requirement. The remaining Organizations have their accounts in arrears ranging from 2 to 10 years.

This adverse situation necessitated total reorganization of the Department of Boards and Parastatals and intensification of supervision of the affairs of the Department personally by the Auditor-General. As a result of this development and the support

received from the State Government through the release of funds to the Office of the Auditor-General to upset the arrears of services rendered by the External Auditors, the situation is now reversed for the better as indicated in the following tables:

TABLE IV: Organizations that have fully responded/complied and have their draft accounts audited up to the year ended 31st December, 2009 and beyond.

S/N	ORGANIZATION	SUBMISSION OF:	
		DRAFT ACCOUNTS	AUDITED ACCOUNTS
1	YSIEC	2008-2009	To 2009
2	YTV	2006-2009	To 2009
3	Pilot Livestock Dev. Project	2007-2009	To 2009
4	Millennium Development Goals	2007-2009	To 2009
5	Council for Arts & Culture	1999-2009	To 2009
6	SUBEB	2006-2009	To 2009
7	Board of Internal Revenue	2010	To 2009
8	State Afforestation Project	2006-2010	To 2009
9	Yobe Fertilizer Company	2007-2010	To 2009
10	School of Nursing and Midwifery	2005-2010	To 2009
11	Yobe Printing Corporation	2000-2010	To 2009
12	College of Legal & Islamic Studies	1999-2010	To 2009
13	RUWASA	2006-2010	Up to 2010
14	Housing & Prop. Dev. Corp.	2007-2010	Up to 2010
15	Yobe State Water Corporation	2005-2010	Up to 2010
16	NEAZDP	2007-2010	Up to 2010

17	Polythene & Woven Sacks Coy.	2006-2010	Up to 2010
18	School of Health Technology	2007-2010	Up to 2010
19	Teaching Service Board	2003-2010	Up to 2010
20	Project Financial Mgt. Unit	2007-2010	Up to 2010
21	State Polytechnic Geidam	2004-2010	Up to 2010
22	Science & Tech. Educ. Board	2000-2010	Up to 2010
23	YOSAMA	2005-2010	Up to 2010
24	Fire Service Board	2000-2010	Up to 2010
25	Hospital Management Board	2006-2010	Up to 2010

TABLE V: Organization that have responded/complied but have not yet audited their draft accounts up to 31st December, 2009.

		SUBMISSION OF:	
S/N	ORGANIZATION	DRAFT ACCOUNTS	AUDITED ACCOUNTS
1	CABS Potiskum	2006-2010	To 2008
2	YOSEPA	2000-2010	To 2008
3	Hotels & Tourism Board	2000-2010	To 2008
4	BAIU	2007-2010	To 2008
5	Dofarga Spring Water	2006-2009	To 2008
6	YOSADP	2006-2009	To 2008
7	Agency for Mass Education	2005-2008	To 2008
8	History Bureau	1999-2008	To 2008
9	House of Assembly Service Com	2005-2008	To 2008
10	Traditional Medicine Board	2000-2008	To 2008
11	Yobe Broadcasting Corporation	2003-2008	To 2008
12	Yobe Aluminum Company	2008	To 2008

13	Rural Electrification Board	2000-2010	On progress
14	Sports Commission	2002-2010	On progress
15	Library Board	2004-2010	On progress
16	Arabic & Islamic Educ. Board	2000-2010	On progress
17	Pilgrims Welfare Commission	2005-2009	On progress
18	Yobe Desert Stars FC	2007-2010	On progress
19	Yobe Transport Corporation	2000-2008	On progress
20	Local Govt. Service Commission	1999-2009	On progress
21	Small & Medium Scale Ind.	2004-2008	On progress
22	State Scholarship Board	2005-2009	On progress
23	Local Govt. Staff Pension B.	2005-2009	On progress

TABLE VI: Organizations that have refused to respond/comply despite our persistent request.

S/N	ORGANIZATION	SUBMISSION	
		DRAFT ACCOUNTS	AUDITED ACCOUNTS
1	Flour & Feed Mills Potiskum	No response	No response
2	Agency for Poverty Reduction	No response	No response
3	Yobe Savings and Loans Ltd	No response	No response
4	Judicial Service Commission	No response	No response
5	State Agency for the Control of AIDs	Newly Established 2010	Newly Established
6	Primary Health Dev. Agency	Newly Established 2010	Newly Established
7	RWSSP	Newly Established 2010	Newly Established
8	State Emergency Mgt. Agency	Newly Established 2010	Newly Established

**COMMENTS ON REVIEWED DRAFT/AUDITED ACCOUNTS FOR
BOARDS AND PARASTATALS 2009:
REVENUE GENERATION**

Some Boards and Parastatals were observed to have under performed in the area of revenue generation despite their promising potentials. While some of the organizations generated some revenue accordingly, the whole or part of the generated revenue were expended (spent) by the organizations contrary to the requirement of the Constitution of the Federal Republic of Nigeria which maintains that *“all revenues or other moneys raised or received by the State ... shall be paid into and forms one consolidated revenue funds of the State”* (section 120). Furthermore, *“No money shall be withdrawn from the consolidated revenue funds of the State to meet expenditure ... unless the issues of those moneys has been authorized by an appropriation law, supplementary appropriation law or has been authorized by a law of the House of Assembly”* (section 120 sub-section II & III).

Unless and only where the legislative edicts creating such organizations allow or authoritative approval is granted to the organizations to spend their Internally Generated Revenue (IGR),

all collections must be paid to government revenue accounts maintain by the Board of Internal Revenue.

In the same vein, even where there is authority to spend internally generated revenue the total figures of Revenue generated must be forwarded to the Office of the Accountant-General Ministry of Finance through the Board of Internal Revenue to enable him capture same in the annual draft financial statement, copy of which is to be submitted to the Revenue Mobilization Allocation and Fiscal Commission (if audited) where revenue effort of States serves as indices for resource allocation.

For these reasons, organizations are advised to submit periodic returns (if not cash, at least figures) of their IGR performance to both the Board of Internal Revenue and the State Accountant-General's Office. This would enhance and revealed the actual revenue earned by the State.

Queries have been issued to all organizations concerned to produce authoritative evidences allowing them to spend all or part of their Internally Generated Revenue (IGR).

Example of Revenue performance of some Boards/Parastatals

S/N	Name of Organization	Total Revenue generated	Amount remitted to BIR/MoF	Amount expended by the Organization	Remarks
1	Hospital Management Board	NIL	NIL	NIL	Zero performance/or not reflected in draft accts.
2	Printing Corporation	291,072.30	291,072.30	NIL	Serious under performance
3	College of Agriculture Gujba	33,786,777.37	NIL	33,786,777.37	Claim to have Authority to utilize their total IGR
4	CABS Potiskum	38,088,652.00	NIL	38,088,652.00	Claim to have Authority to utilize their total IGR
5	College of Legal & Islamic Stud.	16,277,276.52	NIL	16,277,276.52	Claim to have Authority to utilize their total IGR
6	State Environmental Protection Agency	NIL	NIL	NIL	Yet to received draft accts.
7	Sports Council	NIL	NIL	NIL	Yet to received draft accts.

8	Yobe State Television	3,845,494.00	NIL	3,845,494.00	Claim to have Authority to utilize their total IGR
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1. POLYTHENE & WOVEN SACKS COMPANY:

- The Audit report on the accounts (Management Report pg. 4) indicates careless maintenance of records especially supporting documents to payment vouchers are kept in shambles, causing the Auditors a lot of time waste in soughting-out these documents as attachment to the payment vouchers.

Attention of the Management has been drawn to this effect and has been warned to desist from such negligent attitude.

- Sales revenue accounts amounting to N30,628,860.00 (including profit margin of N17,870,888.88) was neither remitted to the Board of Internal Revenue, nor forwarded to the Ministry of Finance for inclusion in the Accountant-General Annual accounts for the year ended 31st December, 2009. Thus the figures could not be captured as part of the revenue potentials of the State to enable the Revenue Mobilization Allocation and Fiscal Commission enhance the revenue sharing formula of the State.

2. YOBE STATE WATER CORPORATION

The audit exercise observed that there was adequate funding of the cooperation (base on the audited reports on the accounts) as detailed below:

- Salary grants - N169,767,750.98
- Overhead cost - N14,629,000.00
- General Admin - N27,238,111.00
- Establishment Expenses - N8,498,929.65
- Maintenance Expenses - N17,286,721.00

Total - **N237,420,512.63**

However, despite the satisfactory financial support and the promising potentials of the State Water Corporation in terms of revenue generating capacity, the Corporation was only able to collect a meagre sum of N4,503,683.00 as revenue for the year 2009; out of which only the sum of N2,670,480.00 was claimed to have been remitted to the Board of Internal Revenue.

While the revenue potentials of the corporation appear to be grossly under exploited, the portion of the revenue expended was not rendered and captured in the financial statement of the State Accountant-General thereby reducing the State's potentials of getting more revenue from the "national cake".

3. SCHOOL OF HEALTH TECHNOLOGY NGURU

Page 4 of the audited accounts report indicates that the sum of N14,000,758.00 was generated as revenue during the year 2009 by the Institution. The whole of the revenue generated was expended by the School. No single kobo was remitted to the BIR/State and figures were not submitted to the Office of the Accountant-General for inclusion in his annual financial statement.

4. YOBE FERTILIZER COMPANY GUJBA

The Audit Report on the accounts of the Company received from Mesrs Bisi Agboola & Co (Chartered Accountants) indicated the following balances for the accounting year ended 31st December, 2009.

<i>Cost of Production</i>		<i>Sales of fertilizer</i>	
Raw materials	663,857,823.81	Value of NPK produced	851,795,100.00
other cost of production	77,993,985.00	Value of Urea	300,064,155.00
over head cost	600,000.00		
Margin profit	409,407,446.19		
Total	1,151,859,255.00		1,151,859,255.00

It can be seen from the table above that the Company recorded a profit margin of N409,407,446.19 over its total cost of production for the accounting period January-December, 2009.

The total value of fertilizer transferred to the State Ministry of Agriculture (for sale/distribution at a subsidized rate) amounted to N1,151,859,255.00.

It is my opinion that with this kind of very good financial result, government should do all it can to ensure that this Company stands on its foot. Autonomy should be granted to it so that gradually it will be prepared for privatization and subsequent quotation in the Nigerian Stock Exchange. One major way of achieving this is for the government to purchase all fertilizer produced by the Company at current market price and receives revenue from the Company in form of dividend, being the sole shareholder. Thus, the Company will subsequently use its resources to produce whatever quantity of fertilizer required without recourse to government for fund, knowing fully well that it has a ready market for its products. I must emphasized here that government should encourage all viable Companies like this one by given them the necessary autonomy that will enable them to stand on their own.

Management of these Companies on the other hand, must try to establish good internal control and proper accounting system so as to stop all leakages in revenue and stock of raw materials/finished products. Sales and purchases must be

recorded in the books of accounts/stores and also accounted for properly to enable the External Auditors determine the financial position of the Company at the end of any given year without much difficulties. The management can also seek for professional advice from the Office of the Accountant-General, Auditor-General or their respective External Auditors. Short training in form of workshop can be organized for their accounting staff/store officers by any of the above mentioned bodies at no cost but very meager amount for entertainment and logistic at workshop venue.

5. BUKAR ABBA IBRAHIM UNIVERSITY (BAIU)

Significant portions of the Auditors report (contain in the management report accompanying the audited accounts) on the accounts are here-under summarized/reported and forwarded for the Public Accounts Committee (PAC) session to note.

- Page 4 and 5, presents 28 nos. of payment vouchers amounting to N13,043,090.05 that were not posted into the cashbook depicting a poor and careless maintenance of record on the side of the Accounting Staff.
- VAT and Tax were not deducted on eleven (11) no. payment vouchers amounting to N52,589,637.00. This amount must

be recovered from the payees and disciplinary actions taken against such officials concern by the University authority.

- A total of eleven (11) no. payment vouchers amounting to N5,032,198.00 were paid without passing through the Internal Audit test despite the existence of a functional Internal Audit Unit depicting a deliberate and continuous attempt to side track existing internal check procedures.
- A total of 14 payment vouchers amounting to N2,430,443.40 were missing and could not be produce up to the time of writing this report.
- A total of 15 payment vouchers amounting to N4,256,334.92 were not supported with the relevant supporting documents/particulars, raising questions as to whether expenditure were actually incurred or in accordance with specifications (quantities and qualities) or incurred in the interest of public service.
- Failure to prepare Bank Reconciliation of Accounts for the Accounting period covering 2006, 2007 and 2008 (pg. 10 & 11).
- Failures to open and maintain assets register (pg. 9).

- Failure to channel materials and procurement through the stores accounting procedures as established in stores regulations (pg. 12).
- Overhead cost expenditure of N4,000,000.00 were not accounted for (pg. 16).
- A loan/advances amounting to N100,000.00 was not recovered from the loanee. (pg. 14).

Management of the University must view the observations and recommendations contain in reports of the Internal Auditors with all seriousness. This will enable the authorities reduce the enormous anomalies enumerated above to the bearest minimum.

6. YOBE STATE AGRICULTURAL MECHANIZATION AUTHORITY

The audited account report indicates that YOSAMA received a salary Grant of N56,290,500 and overhead cost grant of N3,900,000, given a total amount of N60,190,500 but generated only N22,660,200 as total revenue. Out of the amount only N11,200,000 was claimed to have been remitted to the Board of Internal Revenue while balance of N11,460,000 was said to have been expended by the organization and the figure could not be forwarded to the office of the Accountant-General for inclusion in annual financial statement.

Reports of the external Auditors on the accounts further observe weaknesses in the machinery for revenue collections and persistent cases of spending the revenue collected in the name of settlement of debt and maintenance of the zonal offices. However the report failed to provide details of such cases. The External Auditor (Merss. Raphael Enyeama & Co.) has been directed to provide details of the transactions involved.

The organization must double its revenue generation efforts, intensify supervision on the machinery for revenue collections and discourage spending of generated revenue in the name of settlement of debts especially by Zonal Offices.

7. YOBE STATE HOUSING PROPERTY DEV. CORPORATION

i. Payment Vouchers without supporting documents (particulars)

The management report indicates that 14 nos. payment vouchers amounting to N739,000.00 do not contain relevant particulars of expenditures contrary to the requirements of the Financial Regulations nos. 501, 503 & 510, 601 & 603.

ii. The External Auditors report (management) indicates that the under listed materials procured could not be channeled vide the stores accounting procedures as required by the financial and Store Regulations.

<u>ITEMS</u>	<u>AMOUNT</u>
➤ Building materials	- N165,228,167.51 (pg. 17)
➤ Fuel and lubricants	- N449,000.00 (pg. 19)
➤ Printings & Stationeries	- N526,750.00 (pg. 16)
Total	-N166,203,917.51

Failure to channel procurement through the stores accounting process could amount to the fact that the items have not been supplied at all, or not in accordance with specifications, (qualities and quantities) or not taken on charge and utilize in the interest of public service. In other words, channeling of materials procured vide the stores accounting process depicts transparency, proper control and full accountability by the organization as required by Store Regulations.

The External Auditor who also audited the accounts in 2006-2008 has several times reported the failure of the organization to respect the rules governing the stores accounting process but the management has continued to ignore this important advice. Attention of the management has been drawn to this effect vide a query letter and reply is still being awaited.

8. RURAL WATER SUPPLY & SANITATION AGENCY (RUWASA)

A contract was awarded for the fencing of RUWASA premises at the cost of N20,102,797.00 to one Alh. Muhammad

Yusuf. A release of the total money of the project was made to RUWASA vide payment voucher no. 19264 dated 16/11/09. As at the time of my audit verification, it was observed that the project has commenced; but work was abandoned half way. A payment of 50% cost has already been made to the Contractor while the balance was retained in RUWASA's account.

The Inspection Auditors requested for the project specifications and bills of preliminary estimate to be made available for audit scrutiny. But up to the time of writing this report, these all important documents could not be made available. A reminder has just been forwarded to the organization and a reply is still being awaited. The Management is also advised to invite the Contractor to resume work or assess the level of work and complete by direct labour or re-awarded to another Contractor.

9. YOBE STATE INDEPENDENT ELECTORAL COMMISSION (YSIEC)

Report on the accounts (management report pg. 4) indicates that payment made from the overhead cost accounts are not backed up by supporting documents such as bills, receipts, invoices etc.

The report equally confirmed that Bank Reconciliation of the accounts have not been observed over the years 2007, 2008 and

2009. Failure to observe the periodic reconciliation of accounts will raise questions as to the reliability of Bank and Cashbook balances, and could make Bank officials charge excessive charges on organizations arbitrarily.

The attention of the management has been drawn to this effect by the External Auditor and Management have noted for action. The Auditors have been directed to verify this in the next inspection exercise. The Management has also been advised to establish a functional Internal Audit Unit as a major pillar of internal control management.

10. BOARD OF INTERNAL REVENUE

The audited accounts/domestic report received indicates

- i. Non-maintenance of ledger accounts or abstract accounts for effective internal control of accounts and for keeping track of each and every item of revenue collected daily, monthly and annually (pg. 2 domestic report).
- ii. The BIR maintains many Bank accounts but not all these accounts have cash books for recording transactions in terms of deposits, withdrawals and to facilitate monthly reconciliation.
- iii. A case of serious under performance was observed in MDAs revenue generation where only a total of N59,862,795.98

was realized from January-December, 2009. (See notes 8 pg. 12 of domestic report).

Though, it was observed that some MDAs actually did collect some revenue and expended (spent) same without remitting to the BIR, the revenue potentials/performance of the MDAs appears to be grossly under exploited.

In view of my earlier comments on the State's position regarding the IGR, the situation is so adverse and disappointing and calls for concerted efforts of all stakeholders and intervention by the Government. Consequently, the Board must rise up to expectations and exercise its roles as empowered by the edict to coordinate, monitor and verify the revenue activities of all MDAs.

11. PILGRIMS WELFARE COMMISSION

During the period under review, a total of 18 payment vouchers amounting to N345,257,661.00 were raised without relevant particulars and or supporting documents contrary to the requirements of the established Financial Regulations rules no. 501, 503 & 510. The non-availability of relevant supporting documents (evidences) on payment vouchers makes it difficult to ascertain that expenditures were actually incurred in the interest of the public service. Such practice tends to indicate some

measure of deliberate negligent attitude of officers entrusted with public resources.

Audit queries have been issued on payment vouchers without supporting documents as indicated by remark against some of the vouchers given below and the reply is still being awaited. Accounting procedures as provided in the financial regulations should be followed in all government businesses and transactions.

PAYMENT VOUCHERS WITHOUT PARTICULARS

S/N	DATE	PV No.	PAYEE	AMOUNT	DETAILS	REMARKS
1	21/10/09	PC/530/09	Ex. Chairm. Pilgrims W. Comm.	N9,400,000.00	For offshore operational cost transferred to Kingdom of Saudi Arabia through Rahama Service	Details of retirement/evidence of utilizing amount lacking
26	21/10/09	PC/531/09	Ex. Chairm. Pilgrims W. Comm.	N52,510,000.00	Part of offshore operation expenses transferred to Saudi Arabia via NAHCON	Official receipt from NAHCON
3	26/11/09	PC/537/09	Ex. Chairm. Pilgrims W. Comm.	N89,037,750.00	For payment of Govt. sponsored BTA THROUGH Unity Bank	Details of due beneficiaries signed/acknowledge receipts.
4	23/10/09	PC/529/09	Secretary 2009 Amirul Hajj Team	N76,281,000.00	For operational cost of the Amirul Hajj Team and payment for Hadaya for 3,000 pilgrims.	Detailed breakdown of expenses. Details of beneficiaries duly signed.
5	15/10/09	PC/523/09	Secretary 2009 Amirul Hajj Team	N42,680,000.00	Estacode allowance for Members of Amirul Hajj	Details of voucher indicating

					Team	beneficiaries acknowledging receipt of their dues.
6	26/10/09	PC/52/09	Ex. Chairm. Pilgrims W. Comm.	N28,196,000.00	Govt. official estacode	Details of due beneficiaries signed/acknowledge receipts.
7	09/11/09	PC/633	Ex. Chairm. Pilgrims W. Comm.	N12,690,000.00	For transmission to Amirul Hajj to cover various expenses	Evidence of receipt by Amirul Hajj or payee signatures and retirements of expenditure
8	18/06/09	PC/296/09	Alh. Abba Gana	N5,131,950.00	Payment for onward transmission to the Nig. Immigration Services for renovation and construction of 2 offices and passport facilities	No evidence of HE's approval and receipt by the NIS or how the is utilized.

12. FIRE SERVICE BOARD:

The audited accounts report for the accounting period ended 31st December, 2007 & 2008 received lately in June, 2010 highlighted important issues worthy of mentioned in my 2009 Annual Report.

Non-Maintenance of the below listed important accounting records as required by existing Financial Regulations.

- Assets Register
- Multi-column Cashbook
- General ledger

Queries have been forwarded to the organization and a reply is still being awaited.

4.12 PENSION AND GRATUITY UNIT

During the period under review, a total of 300 files in respect of Pensions, Gratuities (final and regular) and Contract gratuities were received by this Office. Out of 300 files, 296 files totaling N386,520,801.01 were processed, approved and passed to office of the Head of Service for payment. The remaining 4 files were not cleared because of various irregularities.

It is worth mentioning here that the sum of N41,241,640.32 was saved as a result of pension overpayment, overstay in service and wrong computation of benefits.

ACKNOWLEDGEMENT:

Let me begin by thanking the Almighty Allah (S.W.A.) for seeing us through another fruitful year of Government activities and for given me the opportunity to issue this Annual Report.

I owe a debt of gratitude and sincere appreciation to ***His Excellency Alhaji Ibrahim Geidam FNCA, CPA the Executive Governor of Yobe State*** for his exemplary leadership, concern for public accountability and transparency and for given me the opportunity to serve our rapidly developing State in this capacity. The moral and financial support extended to the Office of the Auditor-General would remain permanent in my mind and that of my entire Staff.

The contributions of His Excellency the Deputy Governor, the Secretary to the State Government and that of Head of the State Civil Service must also be acknowledged. The approvals given to me and my Staff by these important personalities to attend Seminars and Workshops in different forum, have contributed immensely in making us catch-up with the Generally Accepted Auditing Principles (GAAP) being practice worldwide. For this my Office remains indebted.

My profound appreciation also goes to the Speaker and the entire Hon. Members and Staff of the State House of Assembly particularly the Chairman, Members and Secretary of the Public Accounts Committee (PAC) whose consultation and understanding I enjoyed without limit since my appointment as Auditor-General.

The usual cooperation of the State Ministry of Finance particularly the Permanent Secretary, the State Accountant-General and the entire Staff of the Ministry, that of Chief Executives of the various MDA's and their Directors of Finance and Supplies who worked closely with my Staff, are also gratefully acknowledged.

My acknowledgment also goes to EU-SRIP Programme in Yobe State under the leadership of Madam Regina O. Sonaiya who contributed immensely in the capacity building of my Staff over the past two years. The material support in terms of furniture and IT equipment received by this office boosted the moral of the Staff greatly and went a long way in making this task a success.

Finally, it will be an act of ingratitude to forget Members of Staff of the Auditor-General's Office. My dear colleagues in the service (from Directors to the lowest cadre) I must confessed that I enjoyed your unflinching support, cooperation and loyalty since

my assumption of office as your Chief Executive. It was due to your advises, commitments, dedication, hard-work and tireless efforts that we are able to collectively achieved and discharged this onerous task vested on us all. It was with deep gratitude that I recognized your individual and collective contributions, especially those of the Committee charged with Drafting of this Annual Report. I have no doubt in my mind that we will stand together and face future challenges squarely.

Thank you and God bless.

*Office of the Auditor-General,
P.M.B. 1051,
Damaturu, Yobe State.
Email: oagyobestate@yahoo.com*

*Muhammad Jawa Gashu'a FCNA,
Auditor-General
Yobe State Government
August, 2011.*

CERTIFICATION OF FINANCIAL STATEMENT 2009

To comply with section 125(2) of the Constitution of the Federal Republic of Nigeria 1999, I have examined the accounts and Financial Statements of the Government of Yobe State of Nigeria for the year ended 31st December, 2009. Returns were rendered by the Accounting Officers of MDA's in conformity with the public finance control and management) Act 1958 (as amended). I have also obtained information and explanation necessary (except for cases observed in this report) in the discharge of my responsibility.

The audit was conducted in accordance with the auditing requirements as specified in the Audit law. Projects and Programmes were verified in line with the concept of performance audit. In the discharge of my responsibility as vested on me by section 125(5) of the above Constitution, the Statement of Assets and Liabilities and the financial position of Yobe State Government given by the State Accountant-General for the year ended 31st December, 2009 have been certified, subject to comments and observations contained in this report.

In my opinion the financial statements (No. 3-6) and related accounts, notes and schedules give a true and fair view of the State of affairs of Yobe State Government as at 31st December, 2009.

**Office of the Auditor-General,
P.M.B. 1051,
Damaturu, Yobe State.
Email: oagjobestate@yahoo.com**

**Muhammad Jawa Gashu'a FCNA,
Auditor-General
Yobe State Government
August, 2011.**