

7/38



WESTERN REGION OF NIGERIA



REPORT

by the

Joint Public Accounts Committee of the
Western House of Assembly and the
Western House of Chiefs on the
Accounts of the Western Region
of Nigeria for the year ended
the 31st March, 1955

*Laid on the Tables of the Regional Legislature as
Western Region Sessional Paper No. 6 of 1957*

Price 6

*Printed and Published by the Government Printer, Western Region, Nigeria, 1957
To be purchased from the Government Presses, Ibadan, Lagos, Kaduna and
Enugu, also from the C.M.S. Bookshops, Lagos and Port Harcourt,
the S.I.M. Bookshop, Jos and the Crown Agents for Oversea
Governments and Administrations, 4 Millbank,
Westminster, London, S.W.1*

W/2 C. 71

WESTERN REGION OF NIGERIA

Report by the Joint Public Accounts Committee of the Western House of Assembly and the Western House of Chiefs on the Accounts of the Western Region of Nigeria, for the year ended the 31st March, 1955

MR. SPEAKER/PRESIDENT,

We have the honour to report that the Joint Public Accounts Committee met on the 8th, 9th and 10th of January, 1957, to examine the Report of the Director of Audit on the above accounts.

2. The following members were unable to attend :—

Gbelegbuwa II, the Awujale of Ijebu-Ode.

Chief F. Oputa-Otutu.

Mr J. Lawal.

3. Various points in the Report on which we required further particulars have been discussed with Heads of Departments concerned, who have been most helpful and gave us all the information that we required.

4. The Comments we desire to make are set out in the succeeding paragraphs. The paragraph references are to the paragraphs in the Report of the Director of Audit, Western Region of Nigeria, for the year ended the 31st March, 1955. To facilitate reference, the appropriate extracts from the Audit report are quoted immediately before the comments of your Committee.

5. Closing of Accounts :

Audit Report Paragraph 4.—“The Accountant-General formally closed his accounts to the 31st March, 1955 on the 12th October, 1955. An earlier closing is obviously desirable, but is unlikely for some time to come, because there is a grave shortage of staff in the Treasury, and also because under present arrangements for inter-regional accounting the Treasury must await final accounts of transactions, from other Regions (which are sometimes much delayed)”.

The Accountant-General informed us that efforts were being made to speed up submission of accounts, and that the possibility of decentralisation of detailed accounting records to Ministries or Departments was under consideration. Your Committee are agreed that the delay occasioned by the late arrival of inter-regional accounts was not, however, a matter within the control of the Accountant-General, Western Region.

6. Public Works Department : Unallocated Stores and Workshop Suspense Accounts :

Audit Report Paragraphs 6, 62-65 :

“6. All the principal annual financial statements to be prepared by the Accountant-General under Colonial Regulations have been submitted to Audit with the exception of the Statement of Public Debt, the Statement of Outstanding Loans and the Tabular Summary of Unallocated Stores”.

“62. Unallocated Stores—In 1954-55 there were three Unallocated Stores operated in the Western Region, two (Stores and Petrol) by the Public Works Department and one (Moor Plantation Petrol) by the Agricultural Department. The Director of Agriculture has submitted an annual financial statement for the Moor Plantation Unallocated Stores account, which has been audited and reconciled with the Treasury accounts. No 1954-55 statements have yet been submitted to the Treasury by the Public Works Department”.

"63. In Advances, Miscellaneous, there is included an outstanding balance of £37,860 0s. 7d in the account "Director of Public Works Unallocated Stores and Petrol". This represents debits for Unallocated Stores which should have been charged to the Public Works Department Unallocated Stores and Petrol sub-head; but were charged temporarily to advances and allowed to remain there uncleared at the end of the financial year, contrary to the explicit instructions of the Secretary of State on unallocated stores accounting".

"64. *Workshop Accounts.*—Up to 1953-54, the Public Works Department Workshop Suspense account operated through Expenditure and Revenue. During 1954-55 the account operated partly through Revenue and Expenditure (for clearance of pre-1954-55 items) and partly through suspense account (for 1954-55 current items) with a maximum debit balance of £30,000 approved by Finance Committee. For transactions in 1953-54 no satisfactory annual statement has yet been seen by audit. A statement submitted by the Director of Public Works was returned for amendment".

"65. For 1954-55 Workshop transactions, no statement of account has yet been received from the Public Works Department, either for the old items dealt with through revenue and expenditure or for the new items dealt with through suspense".

Your Committee noted that reconciliation statements had now been submitted by the Director of Public Works, in respect of both the Unallocated Stores and the Workshop accounts, and that these had been examined by the Director of Audit.

We were informed by the Director of Audit that his enquiries suggested that the various schedules supporting the reconciliation statements were not, as they should be, statements of unadjusted differences as between Treasury and Departmental figures. The Director of Audit drew attention to the fact that the submission of reconciliation statements in itself was of little value, if it was not followed up by an investigation into and explanation of the significance of the items appearing on such statements, and stated that he was not satisfied that this important aspect of the work was receiving the attention it merited.

Whilst accepting the validity of the criticisms of the Director of Audit, the Director of Public Works did not feel able to promise an early improvement in the state of these accounts in view of vacancies in his establishment of Accounting Staff. He also feared that as a result of the recent regrading of Accountancy posts in his department into the Executive grade, it would be impossible to find suitable recruits to fill the posts.

At the request of your Committee, the Director of Public Works undertook to furnish a memorandum setting out the duties upon which his present accounting staff were employed.

7. Receipt Book Control :

Audit Report Paragraph 13.—"Audit was unable to satisfy itself that proper control over the receipt, issue and custody of licence and receipt books was maintained by the Treasury in 1954-55. The Accountant-General exercised virtually no control from Headquarters over receipts once he had issued them to his sub and local-Treasurers, since returns of unused receipts submitted from outstations to Treasury Headquarters were not subject to effective check when received. The matter is under correspondence with the Accountant-General".

We were informed by the Accountant-General that a detailed control at Treasury Headquarters of individual Revenue Collectors' Receipts had been introduced with effect from July 1956. Your Committee noted that in the opinion of the Accountant-General it would take two years or more before full headquarters control over all receipts could be exercised. The Director of Audit undertook to report further on the adequacy or otherwise of measures now introduced.

8. Revenue Head 359—Reimbursements :

Audit Report Paragraph 18.—"No revenue was brought to account in 1954-55 on Revenue Head 359 Reimbursements, sub-head 14, Erection and Maintenance of Federal Works : Agency Fees (Estimate £52,000), and sub-head 19, Public Works Extraordinary Expenditure and Special Expenditure (Estimate £85,000). The apparent failure to collect the amounts due has been referred to the Accountant-General".

The Permanent Secretary to the Ministry of Works informed us that all known claims upon the Federal Government had now been rendered. The sum of £48,790 17s 11d which was the agency fees for 1954-55 had been collected, and a supplementary claim of £11,409 5s 5d arising from a recent decision on the payment for the hire of plant had just been made. The sum of £54,071, representing reimbursement for capital expenditure in respect of 1954-55, however, was still outstanding. The failure to collect these fees in 1954-55 was due to the fact that the Federal Government could only be asked to pay on final Treasury Expenditure figures. As these figures were not available until after the accounts for the year had been closed, settlement of fees must be expected in the subsequent financial year.

The question of 10 per cent store handling charges was also raised. The Director of Public Works stated that these were raised on the stores issue vouchers at the time of issue of the stores. The Director of Audit, stated that he would look further into this matter.

9. Expenditure Authorities :

Audit Report Paragraph 21.—"The formal authorities for expenditure obtained or yet to be obtained are detailed at Appendix V to this Report".

The Permanent Secretary to the Ministry of Finance informed us that—

(a) Special Warrants Nos. 13, 15 and 16 were included in the Report of the Joint Standing Committee on Finance for the period 1st July to 31st December, 1955, which was being presented to the House of Chiefs and to the House of Assembly early in 1957.

(b) The remaining Supplementary Warrants were being incorporated in the Report for the period 1st January to 30th June, 1956.

(c) The Supplementary Appropriation Bill in respect of 1954-55 would also be presented early in 1957.

(d) Advance Warrant, No. 5/1954-55 in respect of Supplementary Loan Expenditure has now been approved.

Your Committee noted the assurance given by the Permanent Secretary to the Ministry of Finance that the reports would be laid on the Table of the House during the next session and that in future delay would, as far as possible, be avoided.

10. Unauthorised Excess Expenditure :

Audit Report Paragraph 22.—"No authority has been seen for the items of excess expenditure listed at Appendix VI."

The following officers were called for explanation of the excess expenditure noted in the votes under their control for which they had not received the necessary authority :—

The Permanent Secretary, Ministry of Finance.

The Permanent Secretary, Ministry of Works.

The Permanent Secretary, Ministry of Education.

The Permanent Secretary, Ministry of Agriculture and Natural Resources.

The Permanent Secretary, Ministry of Health.

The Permanent Secretary, Ministry of Local Government.

The Permanent Secretary, Ministry of Development.

The Secretary to the Premier and Executive Council.

Your Committee noted from the discussion that owing to changes in the constitution with effect from the 1st October, 1954, a number of votes which were previously Federal became Regional. These changes resulted in some confusion in accounting for certain services which for the six months of the year were charged to Federal Votes and thereafter to Western Region Votes. Your Committee was satisfied that Ministries and Departments were now aware of the need for monthly reconciliation of their Vote Books with the Treasury, and assurances were received that this work was receiving closer attention than was the case in 1954-55.

11. Unvouched Expenditure :

Audit Report Paragraph 24.—“A very large number of payments in 1954-55 were not supported by vouchers in the accounts as presented to Audit. This has been a standing Audit criticism for years, and at the date of this report vouchers are awaited for payments as far back as 1948. The position is summarised below :

<i>Year of Account</i>	<i>Number of Missing Vouchers</i>	<i>Total Payments</i> £ s d
1948-49	9	562 18 5
1949-50	33	6,654 18 6
1950-51	86	4,357 12 7
1951-52	116	6,644 6 11
1952-53	137	12,294 6 5
1953-54	60	3,558 9 6
1954-55	639	25,614 0 2

The Accountant-General is making considerable efforts to trace the missing vouchers or to obtain the authority of Government for the relevant entries in the Accounts to be supported by certified copies of the missing vouchers or to be accepted unvouched. An obviously disquieting aspect of these outstanding vouchers is the possibility of irregularity being concealed by vouchers not submitted for Audit”.

We were informed by the Accountant-General that 494 of the missing vouchers had since been traced and submitted for examination. It was improbable that any of the remaining vouchers would be found. Permission had, therefore, been sought to allow the amounts involved to stand charged in the accounts without the production of vouchers. The Director of Audit expressed his willingness to support the application by the Accountant-General in respect of the years prior to 1952-53, as he had no reason to suspect any irregularity and he considered that no useful purpose would be served by continuing to show the vouchers as outstanding.

Your Committee agrees with this view and supports the action proposed.

12. Education Grants-in-Aid :

Audit Report Paragraph 30.—“Of the expenditure on 1954-55 Education Grants-in-Aid, a total of £772,666 has been reimbursed by the Federal Government under a certificate given by the Director of Education. The total thus certified is a proportion of the total reimbursable Grants-in-Aid payable for the period April to December 1954, which were certified at £1,058,999. I have not seen a detailed schedule of grants payable comprising the total, and have therefore not yet been able to verify the correctness of the amount recovered from the Federal Government. The matter is under correspondence, and details are being submitted to Audit”.

The Permanent Secretary to the Ministry of Education informed us that details of grants paid in respect of secondary and teacher training colleges during 1954-55 had been submitted to the Director of Audit since July 1956. The Director of Audit however, explained that he had not been able to identify or reconcile the figures quoted in his report with the expenditure appearing in the Treasury accounts. Your Committee noted that the Director of Audit was awaiting further information from the Director of Education.

13. Capital Works Account :

Audit Report Paragraph 32.—“During 1954-55 a Capital Works Account was opened to which was to be credited the unspent balances of the 1954-55 provision on certain sub-heads of Public Works Extraordinary Expenditure. The purpose of the fund was to make provision for the continuation of substantial uncompleted works of the 1954-55 programme. The balance on the Capital Works Account at the 31st of March, 1955, which appears in the Statement of Assets and Liabilities, was £788,360. There was no

expenditure from the fund in 1954-55 and the closing balance, represents the amounts debited to the Public Works Extraordinary head and credited to the fund in the year's accounts. So far as I can make out, the correct amount which should have been transferred is £387,415 17s 8d, and the matter has been referred to the Director of Public Works".

The Permanent Secretary to the Ministry of Finance admitted that there had been some confusion in the operation of the Capital Works Account. It is agreed that the sum of £788,360 credited to the Capital Works Account in 1954-55, was £399,745 9s 4d in excess of the amount required to fulfil the recommendations contained in paragraph 5 of Finance Committee's Memorandum No. 255/1954-55. Your Committee was informed that after only two years operation, the Capital Works Account had now been abandoned and replaced by a Capital Budget.

14. Renewals Fund Expenditure :

Audit Report Paragraph 35.—"As noted at Appendix V to this report warrant authority for renewals fund expenditure in excess of the approved estimates has not been seen".

The Director of Audit informed us that this matter was still the subject of correspondence, and that he was examining details of the debits to this account so as to determine the details of the expenditure for which a warrant might be required.

15. Western Region Literature Committee :

Audit Report Paragraph 36.—"The Annual Abstract Account does not show transactions by the Western Region Literature Committee, a body operated outside the scope of the territory's accounts (but under the control of the Education Department) for the purchase and sale of educational publications. The accounts have been audited for the period from the inception of the scheme up to the 31st of March, 1955, and a number of unsatisfactory matters are under correspondence with the Ministry of Education. No statements of account have yet been prepared for presentation to the House of Assembly. Audit has prepared statements which reflect a small profit up to March 1955, but the records from which the statement had to be compiled were so incomplete as to make the profit figure more than doubtful. The accounting records were not kept in such a way as to provide adequate checks against fraud and irregularity or to be subject to satisfactory audit".

We were informed by the Permanent Secretary to the Ministry of Education that the General Publications Section of the Literature Committee had been re-organised. Your Committee noted that expenditure of the section would in future appear in the Estimates and earnings would be brought to account as revenue.

16. Scholarship Fund :

Audit Report Paragraph 38.—"The liability 'Deposits, Western Region Scholarship Fund—£243,402 6s 10d' in the Statement represents the end-of-year balance on a special fund for providing Government Scholarships. A 1954-55 statement of account for this fund has been received from the Accountant-General, but it has not yet been possible to audit the subsidiary records kept by the Education Department, and thus to verify that the transactions on the Fund have been in accordance with the special rules approved by Finance Committee in November 1954".

The Permanent Secretary to the Ministry of Education informed us that his Department has reconciled the detailed accounts with the Treasury figures. The Director of Audit, however, stated that the matter was still the subject of correspondence, as differences between the Education Department and Treasury figures had not been satisfactorily explained.

17. Deposits—Home Allotments :

Audit Report Paragraph 40.—"Among the accounts included in 'Deposits, Miscellaneous—£104,102 1s 10d' in the Assets and Liabilities Statement is an item 'Deposits, Home Allotments—£13,981 2s 3d'. A scrutiny of the subsidiary ledgers for this account

reveals debit balances totalling £6,534 5s 0d, which urgently required investigation and clearing in view of the possibility of irregularity remaining concealed by a debit balance on an allotment account. The Accountant-General has the matter under action."

The Accountant-General informed us that corresponding credits to offset these debit balances were assumed to be in the books of the Federal Accountant-General and other Regional Accountants-General. A list of the individual balances had been circulated to other Regions and considerable progress had been made in clearing them. A sum of approximately £3,000 still remained to be cleared. Your Committee noted this information, but agrees with the Director of Audit that all outstanding debit balances should be cleared as quickly as possible.

18. Advances—Local Authorities Current Accounts :

Audit Report Paragraph 46.—"The amount of £30,428 17s 5d shown in the Statement of Assets and Liabilities as due on advances to Local Authorities represents the nett total of individual balances due to or from some sixty authorities. Balances due from the authorities totalled £34,578 6s 4d and balances due to them £4,149 8s 11d. No certificates have been seen from the Authorities accepting the balances as correct. Most of the balances are small, but agreement of at least the larger balances would seem—desirable. The matter is under correspondence with the Accountant-General"

We were informed by the Accountant-General that statements of account were issued regularly to all Councils, and that although liability was admitted, settlement in some cases could not be made in full owing to the state of the Councils' finances. Your Committee noted that the amount of £34,578 6s 4d due to Government had been reduced to £7,253 10s 11d due from eight Councils; credit balances had likewise been reduced to £995 17s 4d.

19. Advances—Personal :

Audit Report Paragraph 49.—"A total of £7,120 13s 8d was outstanding at the 31st March, 1955, on Miscellaneous Advances, Personal. Some of these advances are relatively large and long outstanding—e.g., £400 advance of salary to an officer in December 1952, not yet cleared. The Accountant-General is making considerable efforts to have the old items investigated and cleared"

The Accountant-General informed us that progress was being made in clearing Personal Advances. It was also explained that some of the advances belonged to officers transferred to other Regions, and recoveries were assumed to be held in the accounts of those Regions. Until the Accountants-General of those Regions brought their accounts up to date, they would be unable to clear the advances. Your Committee shares the view of the Director of Audit that clearance of these accounts requires urgent attention.

20. Advances—Teachers' Salary Arrears :

Audit Report Paragraph 50.—"Included in Advances, Miscellaneous is an account 'Teachers' Salary Arrears' with a balance of £6,297 4s 10d at the 31st March, 1955. The amount outstanding represents arrears under the 1952 salaries revision paid to teachers by the Western Region but to be recovered from the Federal Government. The Federal Government vote for this lapsed at the end of 1953, and the Accountant-General has asked the Permanent Secretary, Ministry of Education to agree the amount and indicate how the advance should be cleared"

We understand that the Federal Government has recently asked for a certificate from the Director of Audit to the effect that debits are proper charges to Federal funds and that this account is being scrutinised to enable this certificate to be given.

21. Advances—Public Works Department, Temporary Expenditure :

Audit Report Paragraph 51.—"Another Advances, Miscellaneous account calling for comment is 'Public Works Department Temporary Expenditure' with a closing balance of £2,220 17s 4d. This represented the uncleared balance of a suspense account opened in April 1954, at the request of the Public Works Department and agreed to by the Accountant-General on the understanding that it would be a temporary account to be

operated for a matter of six to eight weeks. To this account was to be charged only temporarily certain expenditure against Federal Votes, until the receipt of the Federal Estimates and the requisite allocations to Incur Expenditure could enable the amounts to be transferred to the proper vote of charge. Debits to the vote continued, however, until November 1954, when the Director of Public Works agreed—at the insistence of the Accountant-General—not to charge further sums to the suspense account. The account was not cleared by the end of 1954-55 and the amount outstanding has remained unchanged up to the date of this Report. The Accountant-General has recently pressed for the account to be cleared”.

The Permanent Secretary to the Ministry of Works informed us that the sum of £2,220 17s 4d outstanding had been cleared and the account was in credit by £62 16s 6d. The Director of Audit, however, was not satisfied that the amount had been properly cleared: some £700 of the amount had been cleared against votes which appeared to be assisted by Colonial Development and Welfare grants, and was, in respect of charges arising before 1st October, 1954. These would appear to be a liability of the Federal Government. Your Committee therefore looks back to the Ministry of Works for further action on this matter.

22. Advances—Textile Centres Trading Account :

Audit Report Paragraph 52.—“The Advances, Miscellaneous accounts ‘Trading Suspense, Textile Centres’ are related to trading operations by the Department of Industries which ceased during 1954-55 leaving debit balances totalling £1,018 13s 11d uncleared in the Treasury books. No statement of account for 1954-55 for the three Textile Centres has been submitted for audit. Until such a statement is received it is not possible to say how much, if any, of the £1,018, 13s 11d outstanding will eventually fall to be met from voted funds”.

The Director of Audit informed us that although the Chief Industrial Officer said in his memorandum to your Committee that the debit balance had been cleared, he was not satisfied that the credits by which the accounts were cleared were in order.

We understood from the Chief Industrial Officer that he agreed with the objection raised by the Director of Audit and that the matter was receiving attention.

23. Advances—Motor Vehicles :

Audit Report Paragraph 53.—“The account Advances, Motor Vehicles, which forms part of Advances, Miscellaneous, showed a nett debit balance of £354,418 1s 6d at the 31st March, 1955. This account covers advances to Government Officers for the purchase of motor vehicles and the nett debit balance includes credit balances totalling £35,326 10s 4d. These appear to arise from repayments of advances not correctly matched to the accounts originally debited with the issue of the advance. Steps are being taken by the Accountant-General to have them investigated and cleared”.

We were informed by the Accountant-General that steady progress was being made in clearing the credit balances. Balances totalling £25,000 had so far been cleared to the Accountants-General of the Federation and other Regions. The Director of Audit also intimated that he had this account under scrutiny and would, if necessary, report on it again in his report on the 1955-56 accounts.

24. Western Region Marketing Board—Annual Accounts :

Audit Report Paragraph 55.—“In October 1954, the Western Region Marketing Board came into existence (under the Marketing Board Ordinance No. 10 of 1954) as a statutory body with wide powers in the marketing of certain commodities such as Cocoa, Oil Palm and Cotton. There is provision in the ordinance for the audited accounts of the Board up to the 30th September, each year, to be laid upon the Table of the House of Assembly. I have not yet seen the annual accounts to the 30th September, 1955, nor have I been provided with the report of the commercial auditors appointed by the Minister of Finance under another section of the sale Law”.

It is understood that the Annual Report of the Board for the year ended 30th September, 1955, and the Auditor's Report are in the course of printing and will be laid upon the Table of the Legislature as soon as possible.

The question of whether reports on the accounts of all such statutory corporations should come under review by the Public Accounts Committee was also discussed. The Permanent Secretary, Ministry of Finance, informed us that his Ministry was enquiring into the procedure in the House of Commons in such cases, and would on receipt of a reply seek a decision on the procedure to be adopted.

25. Federal Loan :

Audit Report Paragraph 66.—"During the year 1954-55 a loan of £1,000,000 was received from the Federal Government in connection with a loan for water-supply schemes. To the end of the Financial year, a total of £299,205 3s 7d had been spent—1953-54 £150,537 12s 9d and 1954-55 £148,667 10s 10d. The unspent balance of loan funds at the 31st March, 1955, stood at £700,794 16s 5d. In the case of four schemes, expenditure in 1954-55 exceeded the original approved estimate for the year, the excesses totalling £67,720 12s 5d. I have not seen any formal warrant authorising this supplementary expenditure, although I understand that revised estimates were submitted to Finance Committee for approval".

Your Committee noted that Advance Warrant No. 5/1954-55 has since been issued to cover the excess expenditure.

26. Frauds and Losses :

Audit Report Paragraphs 74, 75, and 76

"74. Losses of cash and stores involving irregularity and coming to the notice of the Audit Department since the date of the last Annual Audit Report will be found detailed at Appendix VII".

"75. Many losses reported in previous Audit Reports have not been satisfactorily settled at the date of this Report. The clearance of these is being pursued with the Permanent Secretary, Ministry of Finance".

"76. Delays in reporting and investigating losses, adversely commented on in the 1953-54 Audit Report, have continued. Government is arranging for a re-drafting of the Financial Instructions on Losses to ensure a more expeditious clearance in future".

We were informed by the Permanent Secretary to the Ministry of Finance and the Director of Audit that the revision of the chapters of Financial Instructions dealing with losses was almost completed. This chapter which emphasised and was designed to ensure the need for prompt action in dealing with losses, would be referred to your Committee when it was ready. It was noted that it was proposed to refer the draft chapters to your Committee for comment.

The losses listed in Appendix III to the 1953-54 Audit Report were discussed generally, whilst further information was sought from Ministries and the Departments concerned on some of the individual cases listed in Appendix VII to the 1954-55 Audit Report. Your Committee emphasised (a) the need for prompt report of losses to the prescribed officers, (b) that the possibility of recovery of losses should not be overlooked when Federal Officers were involved in the losses of the Region's funds or stores, and (c) that the provisions of Financial Instruction 357 in connection with civil action for recovery of losses should not be overlooked.

I have the honour to be,

Sir,

Your obedient servant,

S. O. GBADAMOSI,
Chairman