

INTERNAL MEMO

NWC

From: - National Auditor
To: - NWC Members
Subject: - Re-Submission of Audit Memo
Date: - 16th February, 2021

BACKGROUND

Auditing is enshrined by the constitution for accountability, transparency, integrity, due process and internal control to detect and prevent potential and actual fraud. In this regards, the founding fathers of the PDP who crafted our constitution, deliberately planted audit as an integral part of the whole gamut of the operations of the party.

THE STATUS-QUO

Trust is a burden, the PDP entrusted its resources and the management of its resources to the NWC, who swore to an oath on the 10th December, 2017. Honourable members, you are aware that our constitution demand not only "internal control" and "due process" but External Auditors to be engaged for proper compliance, adequate disclosure and also report to INEC.

Furthermore, INEC as the Electoral Regulator, performs oversight functions by way of appointing annually their own auditors to come to authenticate and verify our "Audited Financial Reports" as submitted to them annually and in every election year as required by the "Electoral Act"

As a public body being a National Political Party, we are guided by the following;-

1. The Provisions of our Constitutions (2010)
2. The Provisions of the Electoral Act (2010) as amended.
Sections 89(1), 92 and 93
3. The Financial Act (2019)
4. The Public Procurement Act
5. Income Tax Act (2019)
6. The Requirements of the Financial Reporting Council
7. Our own PDP Establishment Manual and Code of Ethics
8. We are also required by law to public our Audited Accounts.

In compliance to these laws, my office had to perform Internal Audit, "Due Process" as well as to produce the final Accounts and Publish.

In order to operate the Audit Department must have access to all financial transactions documents e.g. Authorization and Approvals, Cash Books, Cheques, Vouchers, Journals, Bank Statement, Registers etc.

THE AUDIT MEMO

When the audit environment is transverse, and couldn't operate normally for whatever reason, then an alarm must be triggered. The purpose of this alarm is to bring to the notice of this NWC, the inability of the Audit Department to perform its functions as enshrined by the constitution and the extant laws.

To illustrate as example, the Audit Department was incapacitated by lack of access to the necessary inputs that will enable it to discharge its duties. For whatever reasons, there is no access to all financial transactions (cash inflows and outflows) documents of the party like cashbooks, receipts, vouchers, registers, cheques and bank statements etc. all of which are necessary input or pre-audit, due process, internal control, reconciliation as well as to draw up our Final Accounts, and all these necessary inputs are not available to the Audit Department.

In order for the Audit to function, there should be constant interaction and information flow between the Audit Department and all the arms of the party, unfortunately this has not been the practice. The inability of the Audit Department to discharge its functions has dire consequences to the party being the major opposition party, bearing in mind that this APC Government is vicious and desperate, so any infractions to financial and auditing practice will be a handy tool to cause dire legal and political embarrassment.

Let me recall the inability of the necessary ingredients to our auditing process resulted in a six months delay of submitting the parties 2017/2018. Audited Accounts as required by the Electoral Act. Furthermore we are aware that INEC is empowered by law to sanction any political party including the PDP.

Honourable Members, I have raised these issues and predicaments of the audit department severally in our various NWC meeting but to no avail.

It is now three years plus, through the tenure of this NWC that there was no one single financial transaction that passed through the Audit from the

inception of this NWC to date, despite the fact that the party have been undertaking financial transactions running into billions.

The public domain knows that the PDP conducted the following from December 2017 to date:

1. Forms were contracted, printed and sold through consultants.
2. Series of procurements and services were transacted and paid.
3. Congress and other activities were conducted and huge expenditures incurred.
4. Consultants were engaged and paid.
5. Statutory disbursement to zones and states from the proceeds of the sales of forms.
6. Travels were undertaken in and out of Abuja.
7. Proxy account for the sales of forms is illegal and unconstitutional (Section 55(1-3)). The details of the operation of this proxy account was not known to the audit department and members of the NWC. The interest cost of 3% on this account has to be explained.
8. From the inception of this NWC to date over N10 billion was generated and unaccounted for.
9. Noncompetitive contract was assigned to print congress documents at the costs of N630 million, while it is believed that the actual cost is much less than N150 million if competitively decided by the NWC.
10. A loan of N500 million was obtained without approval and paid with interest. The constitution's section 53(1) and 54(1-4) and 58(1) (a) & (d) this issue was echoed by the Gov. H.E Udom Emmanuel committee on "garnishee" reported to the 90th NEC in November, 2020.
11. Sales of last congress forms and membership cards which is in billions was not accounted for.
12. PAYE deducted from staff accumulated to over N62 million was not remitted to the FIRS. Meaning there is increased tax liability of the party and the staff cannot access benefits from the tax deduction. Non remittance of taxes could result in prosecution.

Honourable members it will interest you to know that:

- a. All the above (1-12) took place without involving the audit department.
- b. There was not any cash/bank reconciliations known to the audit department since department 2017.

- c. No fixed assets register maintained that will keep records of all the PDP assets e.g. land and building, vehicles, generators, furniture etc.
- d. No adequate record of the parties liabilities e.g. utilities, taxes, insurances and other accruals.

All the above issues were highlighted and copies of my 2017/2018 management reports were issued to the relevant members of the management, unfortunately nothing has changed.

Gladly, following up from its intervention to conclude the issue of staff restructuring and rationalization, and as a remedial measure the NEC sensed and constituted a committee on "garnishee" to sort out the issue which will enable the Party to conduct bankable transactions in compliance with and requirements of our constitution and the extant laws.

PRAYER

The audit department is in uncomfortable position which is unhealthy for efficient, effective and smooth management of the party.

In view of the above I am making this memo to seek for redress.

Mai Adamu Mustapha, B.Sc, M.Sc Accounting and Finance, Fellow CNA, Fellow IPMAN
National Auditor