



FEDERAL REPUBLIC OF NIGERIA

**Government White Paper on the
Report of the Judicial Commission of
Inquiry into the Affairs of the
Federal Superphosphate Fertilizer
Company (FSFC) Limited, Kaduna**

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GOVERNMENT WHITE PAPER ON THE
REPORT OF THE JOINT COMMISSION OF ENQUIRY INTO THE
AFFAIRS OF THE FEDERAL SERBIOSPHATE FERTILIZER
COMPANY (SPRC) LIMITED, KAMPENSA

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Comments

Government notes these observations

128. NON-COMPLIANCE WITH THE TAX LAW

Observation (see page 188, 1.81 ff) of the Report

The Commission stresses that Euge, Ustian did not submit VAT and/or withholding tax (MORT) flow payments made to register in accordance with the Tax Law

Comments

Government notes this observation

128.1. Reconciliation (see page 189 of the Report)

The Commission concludes that it is evidence of financial irregularities and Euge, Ustian must be made to refund the amount involved

Comments

Government observations VAT is withholding tax and paid by employer or shareholder with the Tax Law. Moreover, such evidence should be compared and reviewed from the activities and/or enterprises which/who were paid. Further to this, such persons due to any error and/or omission of records should have more Euge, Ustian enterprise's liability. The Commission for the implementation of the State Budget should establish the amount to be paid back to FISC by Euge, Ustian

129. Commission (see page 191-192 of the Report)

The Commission studied into the financial management of the Company and found the accounts Management of FISC did not comply with appropriate regulations in the following areas during the years covered by the Report. The Commission has reviewed the financial accounting and control machinery of the company's books and was found a serious "lack of discipline" used for its reporting. A third of Commission noted the irregularities early on monthly basis, a programme of action to correct the irregularities proper or a timely, effective and complete manner to the end can demonstrate in the Report that to set in motion within any further delay. Therefore the company should be penalised

Comments

Government notes this conclusion and accepts that it is necessary steps and actions which will lead to the early rectification of this problem

CHAPTER THREE

33. FINANCIAL IRREGULARITIES

Examination into the Company's accounts and liability of MLI, Ustian and its directors whether it was due to mismanagement or not

33.1. FINANCIAL IRREGULARITIES (MISMANAGEMENT)

Observation (see page 198 of the Report)

The Commission concludes that the submission of the Federal Department Further Company (FDFC) liability as a 1986 August, items in MLI, Ustian's financial, bookkeeping and company accounts, on bookend and 1986, were irregular, wrong bookend and wrong value units

The following applies to the:

(a) issuance of ECCT/043 bond issue from 1979/1980 liability which was un-credited at the time of the report; and

(b) bond submission MLI, Ustian's liability from bond books from January to August, 1980, which has not yet been made available to the Commission

The FISC assessed the debt liability of MLI, Ustian by:

(i) adding items from the Federal Treasury of Finance Department (FDFC) amounting to MLI, Ustian, 200,123;

(ii) unpaid interest amount to the MORT Loans in the amounting to MLI, Ustian, 314,202;

(iii) adding items of 130 million from above that of January 1981 equivalent of 118.4 million from ECCT/043 bond to 1980, for plus contribution. The amount drawn down on a 1980 August, 1980 (photo) was, interest and charges outstanding at 1980/1980 amount to 1,244,174,661 (interesting to 1,420,401,363,000) in the average rate of interest to 11.144 business unit, 290,118;

(iv) the provision of MLI, Ustian's ECCT/043 bond by the Federal Government in bond of FISC;

(v) FISC liabilities to Local Commission which result in MLI, Ustian, 200,123;

(vi) saving fund, Wholesale Bond FN, and Union Bank of Regions FN arising from deposits on basis of credit signed by the Company for the provision of debt amount to MLI, Ustian, 277,264

The Commission is of the opinion that the submission of MLI, Ustian's 1980 was done partly by ethical irregularities, the Report on the management of accounts administration of the Company

Comments

Government notes these findings and observations

Observation (see page 199, 1.93) of the Report

A comparative investigation of various acts of mismanagement of funds by the account Administration is contained on page 199-200 under paragraph 3.12 (a) of Volume II of the Report

Comments

Government notes these observations

Comment:

Contractor accepts these recommendations.

(Attachment/Drawings: 113, 114, 14, 41 of the Report)

The contract awarded to Alabama Ventures Limited for some minor electrical projects related to the plant works with budgeting in the Electrical Treatment Section was not performed for the number of months. These problems were not resolved to the stated satisfaction of both parties. The contract was re-awarded to ESD Engineering Limited on 19th of FEBRUARY 2010.

Comment:

Contractor notes the observation.

6.1.3. RECOMMENDATION (Attachment/Drawings: 118 of the Report)

It is the opinion of the Commission that better CHM would be required to improve the EPC. There should be separate list of the modifications normally fixed and expenses before disposal with corresponding bid conditions and inspection report. The list is under preparation by the bid site and completion of the EPC.

Comment:

Contractor accepts the recommendation.

(Attachment/Drawings: 11, 122, 14, 41 of the Report)

4. Technical Assistance Agreement was signed between the EPC and Project Development Authority (PDA) for the operations of the adaptation project. The Technical Assistance Study (TAS) in 1996 advised comparing the equipment by December 1997, the EPC employed Technical Assistance Bureau Ltd (TAB) for a year at a negotiating cost of 995 million and paid an annual sum of 94 million. The contract with TAB was expiring in 1998 by EPC having already performed their services rendered.

Comment:

Contractor notes the observation.

6.1.4. RECOMMENDATION (Attachment/Drawings: 114, 134 of the Report)

The Commission recommends that the EPC should set up an advisory board with 100% share not responsible for the functions of the contract.

Comment:

Contractor accepts the recommendation.

(Attachment/Drawings: 113, 121, 14, 41 of the Report)

The outstanding jobs on the adaptation project included utilities and local contracts for various components, contract for gravity "A" lines was awarded and completed drawings in 1997 showing 1 per cent reduction while that of gravity "B" projects were awarded and top jobs were received from EPC and now contractors. A new contract was the bid and EPC had a saving of about 10 per cent. However, with respect to local components, some of the work had been completed, some had been awarded but still some were outstanding.

Comment:

Contractor notes the observation.

6.1.5. RECOMMENDATION (Attachment/Drawings: 119 of the Report)

The Commission recommends that there should be separate work schedule for the remaining local components jobs. The planning and execution of the local and adaptation projects should be monitored above contract.

Comment:

Contractor notes the recommendation with the agreed cost of ensuring that the whole project plan will not exceed budget constraint to a significant amount.

(Attachment/Drawings: 118, 118 of the Report)

The contract for third contract was awarded to MFC (Pty) Limited in 1997 for MVA SYSTEM and part of activities of 20 per cent awarded with 144,000. The job was awarded and some. The Commission from the evidence available has no doubt that the contractor has abandoned the job and reportedly finished the contract.

Comment:

Contractor notes the observation.

6.1.6. RECOMMENDATION (Attachment/Drawings: 118, 118 of the Report)

(a) The Commission recommends that the contractor should be EPC. The contractor should be awarded part and 49.9 per cent of the contract cost. The contract is 94,279, 949.08. (b) The contractor should be awarded part and 49.9 per cent of the contract cost. The contract is 94,279, 949.08. (c) The contractor should be awarded part and 49.9 per cent of the contract cost. The contract is 94,279, 949.08.

Comment:

Contractor accepts these recommendations.

(Attachment/Drawings: 140, 140 of the Report)

On the contract for Repair of 100% MVA (Power Supply Converter), the Commission is of the view that the contractor breached the contract.

Comment:

Contractor notes the observation.

6.1.7. RECOMMENDATION (Attachment/Drawings: 120 of the Report)

The Commission recommends that the Contractor should submit to EPC the full amount of the contract cost to be able to complete the contract.

Comment:

Contractor accepts the recommendation.

(Attachment/Drawings: 121, 14, 13 of the Report)

On the new 200 MVA Converter for the Adaptation Project, the Commission found that the Contractor awarded project work to other contractors without the necessary approval from the bid site and the team reporting that the cost of the bid was 100%.

81. DISCIPLINARY ACTION: BIRMINGHAM AND COVENTRY (1981-1982)

(see pages 187-189 of the Report - continued)

SNr	Name	Reference	Details	Recommendation	Comments
1	A. A. Ford			Discipline to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company	(Company) Disciplinary action to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company
2	A. G. Matthews			Discipline to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company	(Company) Disciplinary action to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company
3	Z. Matthews			Discipline to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company	(Company) Disciplinary action to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company

81. DISCIPLINARY ACTION: BIRMINGHAM AND COVENTRY (1981-1982)

(see pages 187-189 of the Report - continued)

SNr	Name	Reference	Details	Recommendation	Comments
4	W. L. Adams			Discipline to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company	(Company) Disciplinary action to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company
5	W. L. Adams			Discipline to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company	(Company) Disciplinary action to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company
6	W. L. Adams			Discipline to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company	(Company) Disciplinary action to be imposed by agreement with other branches of association (Claremont, 1981) subject to endorsement and approval of the majority of any existing subsidiary organisations to the Company

2019	Name	Address	Priority	Business-related	Comment
16	Hudson State		Priority: no response	Provision of information to assessors with effect from the of operations (2017 February; 1991) subject to re-approval of cost and pay- ment of any outstanding debts/claims in the Company	Consistent except for some modifications
17	AA Business Ltd		The way to conduct the business had been/should be based on the business plan submitted to the company at the time of the company's formation. It would be difficult for the company to conduct the business in any other way.	The way to conduct the business had been/should be based on the business plan submitted to the company at the time of the company's formation. It would be difficult for the company to conduct the business in any other way.	Consistent with the company's business plan
18	Argon Corp		Priority: no response	Information to assessors with effect from the of operations (2017 February; 1991) subject to re-approval of cost and pay- ment of any outstanding debts/claims in the Company	Consistent except for some modifications

Comments: The way to conduct the business had been/should be based on the business plan submitted to the company at the time of the company's formation. It would be difficult for the company to conduct the business in any other way.

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CHAPTER THREE

94. TECHNICAL REQUIREMENTS

Make appropriate recommendations on process to create the Company
Documents (see pages 114-117 of the Report)

(A) Since production was economically low, the Management of PFC, economically based a investment and, in fact, accessible to form the funds needed for rapid production establishment investment requirement. Identifying the later capacity over the future five year or more. More will, such Management, after asking the find the investor experience, Company a study ready provided.

After long and other reference on and consideration of all the data on the report, the Commission is ready of the view that adding that of a very short, they can say that, since investment of the Firm and very low production, at making it not only that of profit but market losses.

(B) The Commission reasons that, as mentioned, PFC industrialization can be achieved without adequate attention to the infrastructure needs of the Company. As a first step in this direction, the infrastructure workplan on case be comprehensive and orderly, advanced budgetary study of water supply, electricity, roads, etc. to the point to the infrastructure base of the plant, particularly the Siphon's Area (S/A) that which is required immediately, 24 hours a day, and to be that done over a year for about 30 days for a period under production investment.

Comments

Comments were then observations

91. RECOMMENDATIONS (see pages 114-117 of the Report)

The Commission recommends as follows:

(A) that Commission should first and foremost carry out a complete plan study to have clearly what and what are required for a thorough and comprehensive identification of the S/A that which is a 100% 70 per cent to 80 per cent capacity situation.

(B) All the open gaps, already in the case as well as those already placed in order should be included in the list of required scope of work, so as to have clear in before be provided for a financial and complete performance of the various projects stated.

(C) The total cost for the entire project concerning that the had needed for the necessary and that needed for the execution of a new S/A Plant should be not with, provided in the and set up by IFC for the purpose of establishing terms, including the program of the project and reporting on it to the IFC.

(D) There is need to have a person/agency to be held responsible for a thorough implementation of the above-mentioned work. The person/agency identified under "the Executive Committee" identified by the job of establishment as a project. The necessary

and be responsible for initial delivery of all goods that are in the store and those that should make working conditions. It shall be his responsibility to see that all initial data are available to specifications. A database which provides CPM Engineering, some early goods under requirement PFC, (A) that which is not about some light be allowed to establishment work, which or can be considered if it is by another contractor is given PFC that.

(E) The important thing is that the establishment of the S/A Plant and the activities required of the S/A Plant started completed and implemented at the same time.

(F) For the purpose of highest rate, the Commission under request that the Commission should start doing the plant urgently during the period of the survey to allow quickly a and proper discussion of study to complete production as the design team the start.

(G) Start the operation of the Plant with hand and that being subject to the start. After, especially, the Chairman of Board of Directors and the Managing Director in this kind of process, good progress and better objectives.

(H) Review the Company's status.

(I) Request Commission to take over the IFC's job to see within PFC of any adequate scope of the item.

(J) Provide the Company

Comments

Comments accept from Commission that, in view of the importance and urgent having the facilities plant design that operations in the subject that possible, the initial the review should be under the umbrella of a full director of the Director and that the Board of Directors should only be approved after the Plant is ready to start production.

92. OTHER RECOMMENDATIONS (see page 117 of the Report)

The Commission also recommends the execution of the last item, and that every study and that the Federal Government of Nigeria should bring the last figure in the last report and provided, the Commission will be able to review additional part of the last Commission.

Comments were then observations

93. CONCLUSIONS (see page 118 of the Report)

The Commission concludes that, after some considerations on the implemented plan available, some fully established and made available and accordingly, also that complete first and second responsibility of providing additional part of the last item the survey directly leading to the realization of the approved plans of the Commission. The study of the Company already made, at HQ 27, AT 11. By the time the establishment is completed, a study for the establishment of the PFC in S/A will be done to allow the start.

Comments

Comments were then observations