

ADAMAWA STATE GOVERNMENT



ADDENDUM

To The Report of the

**AUDITOR GENERAL
FOR LOCAL GOVERNMENTS**

on the

**AUDITED FINANCIAL STATEMENTS OF THE 21 LOCAL
GOVERNMENT COUNCILS**

for the

**YEAR ENDED
31ST DECEMBER, 2018**

AUDIT CERTIFICATE

ON THE ADDENDUM ON THE REPORT OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS ON THE AUDITED FINANCIAL STATEMENTS OF THE 21 LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31st DECEMBER, 2018

The Auditor General audited the books of accounts and reviewed the audited financial statements of each of the 21 Local Governments Councils ("Councils") of Adamawa State and Consolidated the Audited Financial Statements for the year ended 31st December, 2018

Responsibility of the Local Government Councils

Each Local Government Council is responsible for the preparation and fair presentation of its financial statements in accordance with International Public Sector Accounting Standards (IPSAS) - Cash Basis, Adamawa State Financial Memoranda (FM) and the relevant laws. This responsibility includes maintaining internal control relevant to the preparation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with IPSAS - Cash Basis; and making accounting estimates that are reasonable in the circumstances.

Responsibility of External Auditors

The responsibility of the External Auditors is to express an opinion on the financial statements of each local government council based on their audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and International Standards on Auditing (Adapted as Nigerian Standards on Auditing) relevant to public sector.

Responsibility of Auditor General

The Auditor General is responsible for undertaking regularity and performance audits in compliance with International Standards of Supreme Audit Institutions (ISSAIs) - "INTOSAI Auditing Standards" and the relevant laws. Having complied with ISSAIs, the relevant laws and applied the Generally Accepted Auditing Standards, the audit provides a reasonable basis for the opinion of the Auditor General on the consolidated financial statements of the 21 Local Government Councils.

Opinion

The Financial statements for each of the 21 local governments show completely and distinctly the financial allocation received from the State - Local Government Joint Accounts and Allocation Committee (SLJAAC). So, in my opinion, the individual financial statements give a true and fair view of the financial position of each Council as of December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards - Cash Basis, Financial Memorandum and the relevant laws.

Management Report

The Report of the Auditor General on the Consolidated Audited Financial Statements of the 21 Local Governments Councils and the Management Report therein were reported with findings. The recommendation and response of the respective management of the Local Government Councils have been received and are hereby reported as addendum to the initial report published for the year ended 31st December, 2018



ZIRA SINI KWABE
AUDITOR GENERAL FOR LOCAL GOVERNMENTS
ADAMAWA STATE

**DEMSA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

PAYMENT VOUCHERS WITHOUT SUPPORTING DOCUMENTS:

Pages 462, 469, 479 & 487 paragraphs 2, 2, 2 & 2 respectively: The sum of **N16,323,500.00** was paid to various individuals to render services on behalf the council, but there was no evidence of expenditure attached to the payment vouchers, such as receipts, invoices, SRV and SIV to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Page 469 paragraph 3: The sum of **N2,771,000.00** was payments for made to various staff to render services for the period under review, but the payment vouchers were not checked and passed through the internal audit checked contrary to financial memoranda 14.10.

Effects

- Contrary to financial memoranda section 40.10.

- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Already implemented in the current year 2019

OUTSTANDING REVENUE RECEIPTS:

Pages 463, 470, 482 & 491 paragraphs 3, 4, 3 & 4 respectively: Three hundred and eighty one (381) booklets of outstanding revenue receipts were not returned to the Local Government Treasury. It was observed that the revenue receipts have been long overdue with the revenue collectors and the money collected on them without returning to the Local Government Treasury contrary to F.M. Section 7.9 (i& ii).

Effects

- Contrary to F.M. Section 7.9 (i& ii).
- Non remittance of revenue collected

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted and will implement recommendation

UN - POSTED REVENUE VOUCHERS:

Page 489 paragraphs 3: The total sum of **N479,100.00** was local revenue generated and receipt vouchers raised, but were not posted into the

Local Government treasury, contrary to financial memoranda section 7.9

(i).

Effects

Contrary to F.M. Section 7.9 (i).

Non remittance of revenue collected

Loss of fund

Recommendation

We recommend that all the revenue receipt should be accounted for

Management response

Noted and will implement recommendation

**FUFORE LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

THE TREASURY CASH BOOKS:

Page 157 paragraph 2: The Treasury cash book(s) of the council was examined and found to have not been properly maintained in line with the provision of financial memoranda Section 19.1, and other extant accounting Laws. It was observed that the sum of **N600,000.00** was withdrawn as cash withdrawal on cheque no. 0000014 of 28/6/2018 payable to Fadimatu Abdulsalam, but only **N60,000.00** was posted into the project cash book as contra entry, under charging both the debit and credit side of the cash book by **N540,000.00**.

Effects

Contrary to financial memoranda sections 19.1 and 19.23-26.

Recommendation

We urge the council to maintain a standard cash book

Management response

Noted

BANK RECONCILIATION STATEMENT:

Page 157 paragraphs 3: It was observed that bank reconciliation statement has not been prepared to reconcile the cash books and other books of accounts with the council's bank transactions, contrary to financial memoranda sections 19.23-19.26. However, the council's cash books disclosed a debit balance of **N7,892,961.78** while, that of the bank accounts disclosed a debit balance of **(N807,324.41)** with a variance of **N7,085,637.37** as closing balances as at 31/12/2018. However, this shows that the cash book balance did not agree with the bank account

balance as a result of the inability of the council to prepare bank reconciliation statement.

Effects

- Contrary to financial memoranda sections 19.23-19.26.
- In ability to detect error
- Excessive bank charges will not be noticed

Recommendation

We urge the Council to reconcile its bank statement with the cash books on monthly bases.

Management response

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 158 paragraphs 4: The total sum of **N92,722,206.26** was payments made to various individual for various/services rendered on behalf of the council, but relevant documents, such as receipts, invoices and SRVs necessary to authenticate the genuineness of the expenditures were neither attached to the payment vouchers nor produced to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Page 158 paragraph 5: The total sum of **N72,356,189.19** was payments made to various individual for various purchases/services said to have been rendered on behalf of the council, but the payment vouchers were not properly processed, checked and passed by the internal Auditor of the council, but posted into the cash book as paid PVs, Contrary to financial Memoranda section 14.10.

Effects

- Contrary to financial memoranda section 40.10.
- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Noted and already corrected in the current year 2019

CONSTRUCTION OF SHOPPING MALL:

Page 159 paragraph 6: The total sum of **N34,000,000.00** was paid to Fassociate Nigerian Ltd on cheques Nos 00000012 and 00000030 Vide P.V No. 8 of July, 2018 for the construction of shops of shopping mall in Fufore Town at the total contract sum of **N161,597,008.50** awarded in December, 2017, but the contract agreement/documents and bills of

quantities were neither attached to the payment vouchers nor produced to justify the said payments, contrary to Financial Memorandum Section. 14.17.

Effects

- Contrary to financial memoranda section 14.17
- In ability to authenticate the transactions
- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted

OUTSTANDING PAY AS YOU EARN (PAYE) NOT REMITTED:

Page 159 paragraph 7: The total sum of **N10,700,900.98** was pay as you earned (PAYE) deducted from the staff salaries of staff in previous years up to 31st December ,2018 is still outstanding. The pay as you earn has been long overdue in the deposit Ledger without remitting to the relevant tax authority concerned, contrary to extant laws.

Effects

- Violation of the law that is Personal Income Tax Act - PITA
- Increasing council unsettled liabilities
- Tax authorities will impose penalties
- Payment of penalties is an outflow of resources

Recommendations

- Council should commence immediate compliance with tax laws
- Outstanding PAYE should be remitted

Management response

Noted

UNACCOUNTED REVENUE RECEIPTS (COLLECTED BUT NOT REMITTED TO L.G TREASURY):

Page 161 paragraphs 9: The total sum of **N369,000.00** was the amount of unaccounted revenue receipts discovered in the cause of checking the revenue receipts returned against the Revenue collector's cash books and distribution register, for various revenue receipts issued to the revenue collectors were neither posted into the revenue collectors' cash books nor remitted into the Local Government treasury, contrary to Financial Memoranda sections 6.3-6.5 and 7.9.

Effects

Contrary to F.M.

Non remittance of revenue collected

Loss of fund

Recommendation

We recommend that all the revenue receipt should be accounted for

Management response

Noted and will implement recommendation

OUTSTANDING REVENUE RECEIPTS:

Page 161 paragraph 10: The total of two hundred and five (205) booklets of outstanding revenue receipts were not returned to the Local Government Treasury. It was observed that the revenue receipts have been long overdue with the revenue collectors and the money collected on them without returning to the Local Government Treasury contrary to F.M. Section 7.9 (i& ii).

Effects

Contrary to F.M. Section 7.9 (i& ii).

Non remittance of revenue collected

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

5% VAT AND WHT DEDUCTED FROM THE CONTRACT PVS NOT PASS THROUGH THE ACCOUNTING BOOKS:

Page 162 paragraph 11: That 5% VAT and WHT deducted from contract on payment vouchers were not recorded into the relevant books of account amounting to **N14,987,615.23**. It was observed that the 5% VAT and WHT deducted from the contract payment vouchers were neither debited into the treasury cash books/deposited into the deposit ledger nor remitted to the relevant tax authority concerned, contrary to the provision of Financial Memoranda Section 19.8.

Effects

- Violation of the enabling tax laws
- Increasing council unsettled liabilities
- Tax authorities will impose penalties
- Payment of penalties is an outflow of resources

Recommendations

- Council should commence immediate compliance with tax laws
- Outstanding VAT & WHT should be remitted

Management response

Noted

TRACTOR HIRING UNIT:

Page 163 paragraph 13: The total sum of **N160,000.00** was the only money remitted to the Local Government Treasury from the THU proceeds for the whole 2018 raining season, contrary to financial memoranda section 19.1. Hence, the THU log books and other relevant records were not produced for inspection.

Effects

- Contrary to F.M. Section 7.9 i.
- Non remittance of revenue collected

Recommendation

We recommend that all revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

**GANYE LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

BANK RECONCILIATION STATEMENT:

Page 47 Paragraph 2: The cash book of the council was not properly maintained and kept as bank reconciliation statement was not carried out, during the period under review, contrary to financial memoranda sections 19.23 and 19.26. However, the cash book balance was **N67,752.80** while the closing bank balance as at 30th September 2018 stood at **N68,208.80**. Therefore, the cash book and bank balances did not agree, due to the inability of the council to prepare bank reconciliation statements.

Effects

- Contrary to financial memoranda sections 19.23 and 19.26.
- Inability to detect and correct error
- Excessive bank charges will not be noticed

Recommendation

We urge the Council to reconcile its bank statement with the cash books on monthly bases.

Management response

Noted and will implement recommendation

UNCLAIMED PAYMENT VOUCHERS:

Pages 35, 43, 48 & 76 paragraphs 3, 3, 3, & 3 respectively: The total sum of **N6,711,700.00** was posted in to the cash book as paid payment voucher for various payments, but the amount were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.6.

Effects

- Contrary to financial memoranda section 14.6.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 36, 43, 48 & 75 paragraphs 4, 4, 4, & 2 respectively: The total sum of **N16,553,200.00** was paid to various individuals to render services/purchases on behalf of the council, but there were no relevant supporting documents as evidence of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Page 38, 45, 53 & 79 paragraphs 9, 7, 10 & 7 respectively: The total of three hundred (300) booklets of outstanding revenue receipt. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.9 (i & ii).

Effects

Contrary to F.M. Section 7.9 (i& ii).

Non remittance of revenue collected

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

**GIREI LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

BANK RECONCILIATION STATEMENT:

Page 55 paragraph 3: The bank reconciliation statement has not been prepared during the period under review, contrary to financial memoranda sections 19.23 and 19.26. However, the council's closing bank balance as per bank statement and the main and revenue cash books disclosed a credit balance of **N66,057.36** and debit balance of **N169,419.05** respectively, as at 31st December 2018. This shows that the cash book balances did not agree as a result of the council's inability to prepare bank reconciliation statement.

Effects

- Contrary to financial memoranda sections 19.23 and 19.26.
- Inability to detect and correct error
- Excessive bank charges will not be noticed

Recommendation

We urge the Council to reconcile its bank statement with the cash books on monthly bases.

Management response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECKS:

Pages 31 & 42 paragraphs 3 & 6: The total sum of **N25,694,800.00** was paid to various individuals for services / purchase on behalf of the council, but the payments for the period under review were not checked and

passed through the internal audit checked contrary to financial memoranda section 40.10.

Pages 67, 101, & 108 paragraphs 12, 10 & 8 respectively: The total sum of **N160,181,965.21** was paid to various individuals for services/purchase on behalf of the council, but the payments for the period under review were not checked and passed through the internal audit checked contrary to financial memoranda section 40.10.

Effects

- Contrary to financial memoranda section 40.10.
- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Noted

UN-REMITTED TAX:

Page 32 paragraph 4: The total sum of **N107,200.00** was 5% VAT and WHT that was not deducted from the contract sum paid to the contractor, contrary to extant tax laws.

Effects

- Violation of the enabling tax laws
- Increasing council unsettled liabilities
- Tax authorities will impose penalties

- Payment of penalties is an outflow of resources

Recommendations

- Council should commence immediate compliance with tax laws
- Outstanding VAT & WHT should be remitted

Management response

Noted

UNCLAIMED PAYMENT VOUCHERS:

Pages 49 & 57 paragraph 5: The total sum of **N1,563,000.00** was posted in to the cash book as paid payment vouchers for various payments, but the amount were not claimed by the recipients or payee, since they have not signed the payment vouchers, contrary to financial memoranda section 14.6.

Effects

- Contrary to financial memoranda section 14.6.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affect payment vouchers should be sign by the payee otherwise the fund should be refund to the treasury. Also future occurrence should be avert.

Management response

Noted

PAYMENTS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 30, 41, 47 & 57 paragraphs 2,5,4 & 4 respectively: The total sum of **N15,909,500.00** was paid to various individual to render services/ purchase on behalf of the council, but there were no relevant supporting documents as evidences of expenditure attached to the payment vouchers to justify the said payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 42 paragraph 7: The total sum of **N1,442,000.00** was paid to various individuals to render purchases / services on behalf of the council, but the payment vouchers were neither found in the volumes nor produced for inspection and verification, contrary to financial memoranda section 14.19.

Effects

- Contrary to financial memoranda section 14.19
- In ability to authenticate the transactions
- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted

UNPOSTED CHEQUES:

Page 47 paragraph 3: The total sum of N470,000.00 was cash withdrawn on cheque number 0168266 dated, 19/7/2018 from Girei micro finance bank (revenue account), on behalf of the council, but the said cheque was not posted into the cash book, contrary to financial memoranda section 19.1.

Effects

- Contrary to financial memoranda section 19.1.
- Disagreement between cash book and bank statement

Recommendation

We recommend that hence forth the Council should update it cash book with all cheques issued.

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 50 & 59 paragraphs 7: Four hundred and thirty booklets (431) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 6.2.

Effects

- Contrary to financial memoranda section 6.2.
- Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

REVENUE CASH BOOKS FOR VARIOUS REVENUE CENTERS NOT PASSED THROUGH INTERNAL AUDIT CHECKS:

Page 56 paragraphs 3: The total sum of **N1,171,680.00** was for various revenues centers collected on behalf of the council, but the revenue cash book were neither checked nor passed through the internal checks by the internal auditor of the council, contrary to financial memoranda section 14.10.

Effects

- Contrary to financial memoranda section 40.10.
- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Noted

**GOMBI LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

BANK RECONCILIATION STATEMENTS:

Page 179 paragraph 3: It was observed that, monthly bank reconciliation statement have not been prepared contrary to financial memoranda and regulations. The cash book balance of the council disclosed a debit balance of **N231,287.86** as at 31/12/2018, while that of bank account balances revealed a credit of **N1,969,654.19** with variance of **N1,738,366.33**. However, the cash book balance did not agree with the bank balance, as a result of the council's in ability to prepare bank reconciliation statements.

Effects

- Contrary to financial memoranda sections 19.23 and 19.26.
- In ability to detect and correct error
- Excessive bank charges will not be noticed

Recommendation

We urge the Council to reconcile its bank statement with the cash books on monthly bases.

Management response

Noted and will implement recommendation

UNCLAIMED PAYMENT VOUCHERS:

Pages 89, 100 & 109 paragraphs 2, 2 & 5 respectively: The total sum of **N5,230,575.00** was posted into the cash book as paid payment vouchers for various payments, but the amount were not claimed by the recipients or payee, since they have not signed the payment vouchers, contrary to financial memoranda section 14.6.

Effects

- Contrary to financial memoranda section 14.6.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affect payment vouchers should be sign by the payee otherwise the fund should be refund to the treasury. Also future occurrence should be avert.

Management response

Noted and will implement recommendation

UN-REMITTED PAYE:

Page 90 paragraphs 3: The total sum of **N536,190.77** was pay as you earn deducted from salaries of staff, but the said amount was not remitted to the relevant tax authorities concerned, contrary to extant laws.

Effects

- Violation of the law that is Personal Income Tax Act - PITA
- Increasing council unsettled liabilities
- Tax authorities will impose penalties
- Payment of penalties is an outflow of resources

Recommendations

- Council should commence immediate compliance with tax laws
- Outstanding PAYE should be remitted

Management response

Noted and will implement recommendation

OUTSTANDING PAYMENT VOUCHERS:

Page 99, 100, 108 & 181 paragraphs, 4, 3, 3 & 7 respectively: The total sum of **N23,138,899.94** was paid to various individuals to render purchases/services on behalf of the council, but the payment vouchers were neither found in the volumes nor produced for inspection and verification, contrary to financial memoranda section 14.19.

Effects

- Contrary to financial memoranda section 14.19
- In ability to authenticate the transactions
- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted and will implement recommendation

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 101, 109 & 181 paragraphs 5, 4 & 6 respectively: The total sum of **N8,544,675.00** was paid to various individual to render services/purchase on behalf of the council. There was no evidence of expenditure attached to the payment vouchers to justify the said payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions

- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

IMPREST ADVANCE NOT RETIRED:

Page 182 paragraphs 10: The total sum **N420,000.00** was paid to various imprest holders for service, but the imprest advance has not been retired during the year 2018, contrary to financial memoranda section 14:27-28.

Effects

- Accumulation of unsubstantiated expenditures
- Cash disbursement will not be accounted for
- Third party doubtful of expenditures
- Store records will not be updated thereby keeping unreliable records and create room for tangible items pilferage.
- Accumulation of unretired cash advances.
- Cash advance should not be disburse to the affected staff till prior cash advance is conclusively retired

Recommendations

- All cash advances should be properly retired with evidence of expenditures.
- Store and internal audit units should be called upon to sight, verify and issue appropriate documents like SRV in case of items purchased to support their observations.

- Accounts department should ensure existing cash advances are properly retired before processing new advances for all staff despite appropriate approvals.

Management Response

Noted

OUTSTANDING REVENUE RECEIPTS:

Page 183 paragraph 11: Two hundred and fifty eight (258) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.6.

Effects

- Contrary to financial memoranda section 7.6.
- Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted and will implement recommendation

**GUYUK LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

CASH BOOK AND BANK RECONCILIATION STATEMENT:

Page 96 paragraph 2: It was observed that the monthly bank reconciliation has not been prepared by council, to reconcile the cash book and bank transactions during the year under review, as aforementioned above, contrary to financial memoranda section 19.23 and 19.26. However, the cash book closing balance as 31/12/2018, was **N43,131.89** while the closing bank balance stood at **N2,063.44** as at same date. This was as a result of the inability of the council to prepare bank reconciliation statement.

Effects

- Contrary to financial memoranda sections 19.23 and 19.26.
- In ability to detect and correct error
- Excessive bank charges will not be noticed

Recommendation

We urge the Council to reconcile its bank statement with the cash books on monthly bases.

Management response

Noted and recommendation will be implemented

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Pages 97 & 104 paragraphs 3 & 4 respectively: The total sum of **N15,110,800.00** was paid to various individuals for services/purchase on behalf of the council, but the payments made for the period under

review were not checked and passed through the internal audit checked contrary to financial memoranda section 40.10.

Effects

- Contrary to financial memoranda section 40.10.
- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Noted and recommendation will be implemented

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 98 & 104 paragraphs 5 & 5: The total sum of **N1,748,110.00** was paid to various individuals for services/purchases on behalf of the council, but there were some documents such as receipts, SRV that were not attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted and recommendation will be implemented

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Pages 89 & 99 paragraphs 7 & 6 respectively: The total sum of **N190,000.00** was paid to various staff of the council for purchases/services rendered, but the payment vouchers were not controlled by the officer controlling the vote, contrary to financial memoranda section 14.8.

Effects

- Contrary to financial memoranda section 14.8.
- Possibility of extra budgetary spending

Recommendation

We recommend that hence forth all payments made by the Council should be subjected to vote control

Management response

Noted and already implanted in the current year 2019

OUTSTANDING REVENUE RECEIPTS:

Pages 81, 88 & 99 paragraphs 6, 4 & 7 respectively: The list of two hundred and seventy four (274) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.8.

Effects

Contrary to financial memoranda section 7.8.

Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted and recommendation will be implemented

DEPOSIT NOT REMITTED (PAYE):

Page 82 paragraph 3: The total sum of **N538,393.89** were various deductions made from staff salaries of the council as pay as you earn (PAYE), but the said amount was not remitted to the relevant tax authorities concerned, contrary to extant tax laws and regulations.

Effects

- Violation of the law that is Personal Income Tax Act - PITA
- Increasing council unsettled liabilities
- Tax authorities will impose penalties
- Payment of penalties is an outflow of resources

Recommendations

- Council should commence immediate compliance with tax laws
- Outstanding PAYE should be remitted

Management response

Noted and will implement recommendation

TRACTOR HIRING UNIT (THU)

Page 90 paragraphs 8: The total sum of **N2,080,000.00** was generated from one of the tractors of the council, which was said to have been away in Taraba state for two months on operation, but the amount generated was not remitted to the Local Government council treasury, contrary to financial memoranda section 6.1.

Effects

- IGR is under reported under this revenue category
- Reduction in the expected revenue
- Inappropriate charges lead to under-collection and under-remittance of IGR
- Physical cash collection could be manipulated
- Total IGR generated may not be ascertained if council collection are not consolidated

Recommendations

- Revenue collected should be banked
- Revenue from tractor hire should be consolidated to ascertain total IGR generated and remitted

Management Response

Noted and will implement recommendation

**HONG LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

BANK RECONCILIATION STATEMENT:

Page 98 paragraph 1: The total cash book closing balance of **N131,667.78** while the bank balance stood at **N21,437.79** as at 31st December 2018. This shows that the cash book and bank balances did not agree, due to the inability of the council to prepare bank reconciliation statements, contrary to financial memoranda section 19.23 and 19.26.

Effects

- Contrary to financial memoranda sections 19.23 and 19.26.
- In ability to detect and correct error
- Excessive bank charges will not be noticed

Recommendation

We urge the Council to reconcile its bank statement with the cash books on monthly bases.

Management response

Noted and already implemented in the current year 2019

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 77 paragraphs 2: The total sum of **N1.290,000.00** was paid to various individuals to render services/ purchase on behalf of the council, but there was no evidence of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions

- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT PASSED THROUGH INTERNAL AUDIT CHECKS:

Page 77 paragraph 3: The total sum of **N1,380,000.00** was payments made to sundry staff of the council for various purchases/services, but the payment vouchers were not checked and passed by the internal auditor of the council, contrary to financial memoranda section 40.10.

Effects

- Contrary to financial memoranda section 40.10.
- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Noted and already implemented in the current year 2019

UNCLAIMED PAYMENT VOUCHERS:

Pages 78 paragraph 4: The total sum of **N1,060,000.00** was posted in to the cash book as paid payment vouchers for various payments, but the said amount was not claimed by the recipients or payee, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Contrary to financial memoranda section 14.6.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affected payment vouchers should be signed by the payee otherwise the fund should be refunded to the treasury. Also future occurrence should be averted.

Management response

Noted and will implement recommendation

OUTSTANDING PAYMENT VOUCHERS:

Page 79 paragraph 5: The total sum of **N585,198.00** was paid to various individuals for purchases/services rendered on behalf of the council, but the payment vouchers were neither found in the volumes nor produced for inspection, contrary to financial memoranda section 14.19.

Effects

- Contrary to financial memoranda section 14.19
- Inability to authenticate the transactions
- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted and will implement recommendation

IMPREST ADVANCE NOT RETIRED:

Page 79 paragraph 6: The total sum of **N565,000.00** was granted to the imprest holders of the council for purchases/services for the year 2018, but the said imprest advance were not retired during the year, contrary to financial memoranda section 14.27-28.

Effects

- Accumulation of unsubstantiated expenditures
- Cash disbursement will not be accounted for
- Third party doubtful of expenditures
- Store records will not be updated thereby keeping unreliable records and create room for tangible items pilferage.
- Accumulation of unretired cash advances.
- Cash advance should not be disburse to the affected staff till prior cash advance is conclusively retired

Recommendations

- All cash advances should be properly retired with evidence of expenditures.
- Store and internal audit units should be called upon to sight, verify and issue appropriate documents like SRV in case of items purchased to support their observations.

- Accounts department should ensure existing cash advances are properly retired before processing new advances for all staff despite appropriate approvals.

Management Response

Noted and already implemented in the current year 2019

OUTSTANDING REVENUE RECEIPTS:

Page 80 paragraph 8: The total number four hundred and forty three (**443**) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.9.

Effects

- Contrary to financial memoranda section 7.9.
- Non remittance of revenue collected

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted and will implement recommendation

**JADA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

BANK RECONCILIATION STATEMENT:

Page 35 paragraph 2: The total cash book balance of **N241,585.73** while, the total bank balance was **N122,432.51** as at 30th September 2018. This shows that the cash book and bank balances did not agree, due to the inability of the council to prepare bank reconciliation statements, contrary to financial memoranda sections 19.23 -26.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted and will implement recommendation

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 22, 30, 36 & 65 of paragraphs 3, 3, 3 & 2: The total sum of **N21,021,750.00** was paid to various individuals to render services/purchases on behalf of the council, but there was no evidence

of expenditure attached to the payment vouchers to justify the said payments, contrary to financial memoranda section 14.17.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retired before future advances are granted

Management Response

Noted and will implement recommendation

OUTSTANDING PAYMENT VOUCHERS:

Page 45 paragraphs 8: The total sum of **N590,000.00** was paid to various individuals for purchases/services rendered on behalf of the council, but the payment vouchers were neither found in the volumes nor produced for inspection and verification, contrary to financial memoranda section 14.19.

Effects

- Contrary to financial memoranda section 14.19
- In ability to authenticate the transactions
- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted and will implement recommendation

UNCLAIMED PAYMENT VOUCHERS:

Page 46 paragraph 9: The total sum of **N560,000.00** was posted in to the cash book as paid payment vouchers for various payments, but the amount were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Contrary to financial memoranda section 14.6.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affect payment vouchers should be sign by the payee otherwise the fund should be refund to the treasury. Also future occurrence should be avert.

Management response

Noted and will implement recommendation

PAYE NOT REMITTED:

Page 24 paragraphs 5: The total sum of **N637,300.00** was deducted from the consolidated salaries of the council, as pay as you earn, from January to March 2018, but the said amount was not remitted to the relevant tax authority concerned nor posted into deposit ledger, contrary to extant laws.

Effects

- Violation of the law that is Personal Income Tax Act - PITA
- Increasing council unsettled liabilities
- Tax authorities will impose penalties
- Payment of penalties is an outflow of resources

Recommendations

- Council should commence immediate compliance with tax laws
- Outstanding PAYE should be remitted

Management response

Noted and will implement recommendation

OUTSTANDING REVENUE RECEIPTS:

Pages 47& 69 paragraphs 12 & 6 respectively: The total of two hundred and forty (246) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.9.

Effects

- This encourages dishonesty amongst revenue collectors
- Revenue collected will not be remitted
- Where revenue is remitted, it may be under remitted as booklet had overstayed with the officers.

Recommendation

- All booklets should be accounted for and revenue remitted timely
- Used revenue booklet should be submitted to the council treasury
- Only revenue booklets currently in use should be allowed to be with revenue collectors

Management Response

Noted and will implement recommendation

**LAMURDE LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

BANK RECONCILIATION STATEMENT:

Page 76 paragraphs 2: It was observed that the bank reconciliation has not been carried out by the council during the year under review, contrary to financial memoranda section 19.23-26. However, the total cash book opening balances as at 30th June, 2018, was **N26,773.44** while the closing bank balances as at same period was **N26,969.72** as at same date.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 77& 89 paragraphs 3 & 6 respectively: The total sum of **N38,647,000.00** was paid to various individuals to render services/purchase on behalf of the council. But there were no relevant

supporting documents as evidence of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retired before future advances are granted

Management Response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Pages 77 & 89 paragraphs 4 & 7 respectively: The total sum of **N2,872,000.00** was paid to various staff of the council for services to be rendered on behalf of the council, but the payment vouchers were neither found in the volumes nor produced, contrary to financial memoranda section 14.19.

Effects

- Payments become doubtful
- Expenditures become doubtful
- Recording of transactions become impossible because evidence of payments are not available

Recommendations

- All instruments of payment must be kept for inspection
- Payment instruments should not be trashed until superior and appropriate approval is granted

Management Response

Noted

UNCLAIMED PAYMENT VOUCHERS:

Page 77 paragraph 5: The total sum of **N1,081,181.52** was posted in to the cash book as paid payment vouchers for various payments made, but the amount were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Suspicion of accumulated fictitious payments
- Amount will distort/reduce bank and cash balances
- Unsubstantiated expenses claim

Recommendations

- The entire sum should be reversed from cashbook

- Approving officers should only approve expenditures that are of importance
- Payment vouchers should be posted to cashbook individually

Management Response

Noted

UNPOSTED CHEQUES:

Page 78 paragraph 7: The total sum of **N981,483.95** was withdrawn on cheque number 09990993 of 1/6/2018 as pension allowance, but the cheque was not posted into the cash book understating the payment side of the cash book, contrary to financial memoranda section 19.4.

Recommendation

The un-posted N981,483.95 cash withdrawal be investigated towards ensuring that the Council has not lost money and all steps taken to resolve the issue be presented for audit examination

Management Response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 78 & 90 paragraphs 6 & 10 respectively: Three hundred and thirty nine (339) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.9.

Effects

- This encourages dishonesty amongst revenue collectors
- Revenue collected will not be remitted
- Where revenue is remitted, it may be under remitted as booklet had overstayed with the officers.

Recommendation

- All booklets should be accounted for and revenue remitted timely
- Used revenue booklet should be submitted to the council treasury
- Only revenue booklets currently in use should be allowed to be with revenue collectors

Management Response

Noted

IMPREST PAYMENT VOUCHERS NOT CONTROLLED BY THE OCV:

Page 90 paragraph 8: The total sum of **N440,000.00** was paid to sundry imprest holders for purchase/services on behalf the council, but the payment vouchers were not controlled by the officer controlling the vote, contrary to financial memoranda section 14.8.

Effects

- Vote for individual expenses head may have been exceeded unknowingly
- Over expenditure on a particular expenditure head
- Budget monitoring is compromised

Recommendations

- Approving officer should be compelled to carry along vote officer

- Every expenditure should also pass through vote officer for monitoring

Management Response

Noted

**MADAGALI LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

CASH BOOK AND BANK RECONCILIATION STATEMENT:

Page 36 paragraph 2: The main cash book of the council was not properly maintained and kept as the bank reconciliation statement was not carried out, contrary to financial memoranda and regulation 19.23-26. However, the closing cash book balance of **N124,480,901.35** as at 30th June 2018, while the bank balance as at 30th June 2018 was **N33,752.34**. This shows that the cash book balance did not agree with the bank balance as a result of the inability of the council to prepare bank reconciliation statement.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Pages 37 & 51 paragraphs C & 2 respectively: The total sum of **N11,339,988.50** was payments made to various individuals for various purchase/services rendered on behalf of the council for the period under review, but the payment vouchers were not checked and passed through the internal audit checked contrary, to financial memoranda section 14.10.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out
- Going forward, no payment should be made without audit checks

Management Response

Noted and will implement recommendation

PAYMENT WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 37 & 51 paragraphs B & 1 respectively: The total sum of **N7,239,500.00** was paid to various individuals to render services/purchase on behalf of the council, but there were no evidences of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retired before future advances are granted

Management Response

Noted and will implement recommendation

UNCLAIMED PAYMENT VOUCHERS:

Pages 38 & 52 paragraphs D & 3 respectively: The total sum of **N12,651,862.00** was posted in to the cash book as paid payment vouchers for various payments, but the amounts were not claimed by the recipients or payee, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Suspicion of accumulated fictitious payments
- Amount will distort/reduce bank and cash balances

- Unsubstantiated expenses claim

Recommendations

- The entire sum should be reversed from cashbook
- Approving officers should only approve expenditures that are of importance
- Payment vouchers should be posted to cashbook individually

Management Response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Pages 38 & 52 paragraphs F & 4 respectively: The total sum of **N5,455,291.25** was paid to various individuals for purchases/services to be rendered on behalf of the council, but the payment vouchers were not controlled by the officer controlling the vote, contrary to financial memoranda section 40.10.

Effects

- Vote for individual expenses head may have been exceeded unknowingly
- Over expenditure on a particular expenditure head
- Budget monitoring is compromised

Recommendations

- Approving officer should be compelled to carry along vote officer
- Every expenditure should also pass through vote officer for monitoring

Management Response

Noted and will implement recommendation

OUTSTANDING PAYMENT VOUCHERS:

Page 53 paragraph 5: The total sum of **N438,128.46** was paid to various individuals for purchase/services on behalf of the council, but the payment vouchers were neither found in the volumes nor produced for inspection, contrary to financial memoranda section 14.19.

Effects

- Payments become doubtful
- Expenditures become doubtful
- Recording of transactions become impossible because evidence of payments are not available

Recommendations

- All instruments of payment must be kept for inspection
- Payment instruments should not be trashed until superior and appropriate approval is granted

Management Response

Noted and will implement recommendation

UN POSTED EXPENDITURES:

Page 37 paragraph A: The total sum of **N238,520,076.93** was debited to the council's bank account, but such amount was not posted into the treasury cash book, contrary financial memoranda section 19.1. However, the utilization of the said amount could not be therefore ascertained since the payment vouchers were not raised.

Effect

Amount unaccounted for

Recommendations

The council should account for the sum of N238,520,076.93 otherwise refund same.

Management Response

Noted

MAIHA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.

THE TREASURY CASH BOOK:

Page 113 paragraph 2: The treasury cash book of the council was examined and found to have not been properly maintained in line with the provision of Financial Memoranda section 19.21-23. However, it was observed that, single cash book was used for two bank accounts, i.e. First Bank Plc. (Main account) and Standard Micro Finance Bank (Revenue account). Hence, bank charges payment vouchers were not raised and posted into the cash book, contrary to financial memoranda section 19.1.

BANK RECONCILIATION STATEMENT:

Page 113 paragraph 3: It was observed during audit inspection that bank reconciliation statement have not been prepared to reconcile the cash book and other books of account with the bank transactions by the council, contrary to the provision of Financial Memoranda section 9.23-26. However, the opening balance of the treasury cash book disclosed a debit balance of **N418,629.81** while the council's two (2) bank accounts revealed a credit balance of **N1,687,364.17** with a variance of **N1,268,734.36** as at 1/1/18 understated, respectively, while the closing balance of the treasury cash book disclosed a debit balance of **N9,518.55** while that of bank statement revealed a credit balance of **N1,042,821.15** with a variance of **N1,033,302.60** as at 31/12/2018. From the above analysis, the cash book balance did not agree with the bank balance as a result of the inability of the council to prepare bank reconciliation statement.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted and will implement recommendation

TRACTOR HIRING UNIT (THU):

Page 116 paragraph 6: The total sum of **N2,998,000.00** was the amount generated or realized as IGR from five (5) tractors by the council. However, the amount generated was grossly inadequate with the tractors on ground. The poor performance of this revenue from these tractors could be as result of the following:

- i. The tractors were mismanaged to the extent that revenues were not realized.
- ii. That revenues collected were not remitted into the council's treasury as generated.
- iii. Revenues were collected, but it was diverted for private use.
- iv. Tractors were leased out to individuals at low rate per day and this could deny the council to generate more revenue from the tractors.

- v. Inflation of cost of maintenance which is not realistic compared with the actual costs.

Effects

- IGR is under reported under this revenue category
- Reduction in the expected revenue
- Inappropriate charges lead to under-collection and under-remittance of IGR
- Physical cash collection could be manipulated
- Total IGR generated may not be ascertained if council collection are not consolidated
- Payment of inflated cost

Recommendations

- Revenue collected should be banked
- Revenue from tractor hire should be consolidated to ascertain total IGR generated and remitted
- Inflated cost should be avoided

Management Response

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 116 paragraph 7: The total sum of **N6,363,800.00** is without proper supporting documents. It was observed that the payments were made for various purchases and other services said to have been rendered on behalf of the council. However, relevant documents such as receipts, SRV necessary to authenticate the genuineness of the expenditures

were neither attached to the payment vouchers nor produced for inspection and verification, contrary to financial memoranda section 14.17.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retired before future advances are granted

Management Response

Noted and will implement recommendation

UNCLAIMED PAYMENT VOUCHERS:

Page 117 paragraph 8: The total sum of **N1,750,000.00** was paid to various individual for services / purchase rendered on behalf, but it was observed that the said money was not claimed by the rightfully beneficiaries, since the payment vouchers were not signed by the

recipients, but was posted in to the cash book as paid PVs, contrary to financial memoranda section 14.16.

Effects

- Suspicion of accumulated fictitious payments
- Amount will distort/reduce bank and cash balances
- Unsubstantiated expenses claim

Recommendations

- The entire sum should be reversed from cashbook
- Approving officers should only approve expenditures that are of importance
- Payment vouchers should be posted to cashbook individually

Management Response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT CONTROLLED BY THE OCV:

Page 118 paragraph 9: The total sum of **N1,325,00.00** was paid to various individuals for purchases/services rendered on behalf of the council, but the payment vouchers were not controlled by the officer controlling vote (OCV), contrary to financial memoranda section 14.8.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out
- Going forward, no payment should be made without audit checks

Management Response

Noted and will implement recommendation

OUTSTANDING PAYMENT VOUCHERS:

Page 118 paragraphs 10: The total sum of **N990,000.00** was paid to various individuals for purchases/services to be rendered on behalf of the council, but the payment vouchers were neither found in the volumes nor produced for inspection and verification contrary to financial memoranda section 14.19.

Effects

- Payments become doubtful
- Expenditures become doubtful
- Recording of transactions become impossible because evidence of payments are not available

Recommendations

- All instruments of payment must be kept for inspection
- Payment instruments should not be trashed until superior and appropriate approval is granted

Management Response

Noted and will implement recommendation

PAYMENT VOUCHERS WITHOUT INTERNAL AUDIT CHECKS:

Page 119 paragraph 11: The total sum of **N420,000.00** was paid to various individuals for services / purchases to be rendered on behalf of the council, but the payment vouchers were not checked and passed through internal Audit checks, contrary to financial memoranda section 40.10.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out
- Going forward, no payment should be made without audit checks

Management Response

Noted and will implement recommendation

OUTSTANDING REVENUE RECEIPTS:

Page 120 paragraph 13: Eighty-six (86) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.9.

Effects

- This encourages dishonesty amongst revenue collectors
- Revenue collected will not be remitted

- Where revenue is remitted, it may be under remitted as booklet had overstayed with the officers.

Recommendation

- All booklets should be accounted for and revenue remitted timely
- Used revenue booklet should be submitted to the council treasury
- Only revenue booklets currently in use should be allowed to be with revenue collectors

Management Response

Noted and will implement recommendation

**MAYO BELWA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018**

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 250, 256, 260 & 268 paragraphs 2, 2, 2, & 2 respectively: The total sum of **N36,867,216.00** was paid to various individual to render services / purchase on behalf of the council, but there were no relevant supporting documents as evidences of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retires before future advances are granted

Management Response

Noted

UNCLAIMED PAYMENT VOUCHERS:

Page 251 paragraph 3: The total sum of **N294,000.00** was paid to various individuals for purchases/services on behalf of the council, however, it was posted in to the cash book as paid payment vouchers, but the amount were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retires before future advances are granted

Management Response

Noted

TRACTOR HIRING UNIT (THU):

Page 252 paragraph 5: The total sum of **N3,525,000.00** was collected from the tractor hiring unit, but the amount was not remitted into the council's treasury, contrary to financial memoranda section 19.1 and 6.1.

Effects

- IGR is under reported under this revenue category
- Reduction in the expected revenue
- Inappropriate charges lead to under-collection and under-remittance of IGR
- Physical cash collection could be manipulated
- Total IGR generated may not be ascertained if council collection are not consolidated

Recommendations

- Revenue collected should be banked
- Revenue from tractor hire should be consolidated to ascertain total IGR generated and remitted

Management Response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 252, 257, 261 & 271 of paragraphs 4, 3, 3 & 2 respectively: The total number of two hundred and twelve (212) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda 7.9.

Effects

- This encourages dishonesty amongst revenue collectors
- Revenue collected will not be remitted
- Where revenue is remitted, it may be under remitted as booklet had overstayed with the officers.

Recommendation

- All booklets should be accounted for and revenue remitted timely
- Used revenue booklet should be submitted to the council treasury
- Only revenue booklets currently in use should be allowed to be with revenue collectors

Management Response

Noted

**MICHIKA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

BANK RECONCILIATION STATEMENT:

Page 73 paragraphs 1: The cash book of the council were no properly maintained and kept as bank reconciliation was not carried out during the period under review, contrary to financial memoranda section 19.23 - 26. However, the cash book closing balance as at 31st December 2018 stood at **N18,242.20**, while the bank balance **N20,178.38** as at same date. This shows that the cash book balance did not agree with the bank balance as a result the inability of the council to prepare bank reconciliation statement.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted and will implement recommendation

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 43 & 48 paragraphs 6 & 2: The total sums of **N22,412,860.00** were payments made to various individuals to render services/ purchase on behalf of the council. But there were no relevant supporting documents as evidence of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retired before future advances are granted

Management Response

Noted and will implement recommendation

PAYE NOT REMITTED:

Page 38 paragraph 3: The total of **N703,345.52** was deducted from the staff salaries as pay as you earn, but the said amount was not remitted to the

relevant tax authorities concerned, contrary to extant tax laws and regulations.

Effects

- Violation of the law that is Personal Income Tax Act - PITA
- Increasing council unsettled liabilities
- Tax authorities will impose penalties
- Payment of penalties is an outflow of resources

Recommendations

- Council should commence immediate compliance with tax laws
- Outstanding PAYE should be remitted

Management response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Page 49 paragraph 3: The total sum of **N11,099,651.68** was paid to various individuals for purchases/services on behalf of the council, but the payments vouchers were not checked and passed through the internal audit checked, contrary to financial memoranda section 14.10.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out

- Going forward, no payment should be made without audit checks

Management Response

Noted and will implement recommendation

UNCLAIMED PAYMENT VOUCHERS:

Page 49 paragraphs 4: The total sum of **N9,498,000.00** was posted in to the cash book as paid payment vouchers for various payments made, but the monies were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Suspicion of accumulated fictitious payments
- Amount will distort/reduce bank and cash balances
- Unsubstantiated expenses claim

Recommendations

- The entire sum should be reversed from cashbook
- Approving officers should only approve expenditures that are of importance
- Payment vouchers should be posted to cashbook individually

Management Response

Noted and will implement recommendation

OUTSTANDING PAYMENT VOUCHERS:

Page 49 paragraphs 5: The total sum of **N1,523,769.79** was paid to individuals for purchases/services to be rendered on behalf of the council, but the

payment vouchers were neither found in the volumes nor produced for inspection, contrary to financial memoranda section 14.19.

Effects

- Payments become doubtful
- Expenditures become doubtful
- Recording of transactions become impossible because evidence of payments are not available

Recommendations

- All instruments of payment must be kept for inspection
- Payment instruments should not be trashed until superior and appropriate approval is granted

Management Response

Noted and will implement recommendation

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Page 50 paragraph 7: The total sum of **N3,541,920.10** was paid to various individuals for purchases/services rendered on behalf of the council, but the payment vouchers were not controlled by the officer controlling the vote, contrary to financial memoranda 14.8.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out
- Going forward, no payment should be made without audit checks

Management Response

Noted and will implement recommendation

IMPREST ADVANCE NOT RETIRED:

Page 77 paragraph 6: The total sum **N310,000.00**, was granted to imprest holders of the council for the year 2018, but the said imprest were not retired at the end of financial year, contrary to financial memoranda section 14.27-28.

Effects

- Accumulation of unsubstantiated expenditures
- Cash disbursement will not be accounted for
- Third party doubtful of expenditures
- Store records will not be updated thereby keeping unreliable records and create room for tangible items pilferage.
- Accumulation of unretired cash advances.
- Cash advance should not be disburse to the affected staff till prior cash advance is conclusively retired

Recommendations

- All cash advances should be properly retired with evidence of expenditures.
- Store and internal audit units should be called upon to sight, verify and issue appropriate documents like SRV in case of items purchased to support their observations.
- Accounts department should ensure existing cash advances are properly retired before processing new advances for all staff despite appropriate approvals.

Management Response

Noted and will implement recommendation

**MUBI NORTH LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

TREASURY CASH BOOKS:

Page 112 paragraphs 2: The treasury cash book of the council was examined and found to have not been properly maintained in line with the provisions of financial memoranda sections 19.1 and 19.23.

Effects

- Components of income could be misclassified
- Expenditures categories could be distorted
- Misleading balances on classes of income and expenditures
- Difficulties in reconciliation

Recommendations

- Treasury cashbook should be closely monitored
- Superior officer should oversee the records

Management Response

Noted

BANK RECONCILIATION STATEMENT:

Page 112 paragraph 3: The monthly bank reconciliation statements have not been prepared to reconcile the cash book with that of the bank transactions by the council, contrary to financial memoranda 19.24. However, the closing balance of the cash book as at 31/12/18 was **N99,130.81** while the closing balance for bank account as at 31/12/2018 stood at **N667,400.13** with a variance of **N568,269.32**.

This shows that cash book and bank balances did not agree as a result of the council's inability to prepare bank reconciliation statements.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted

UN POSTED CHEQUES:

Page 113 paragraph 4: The total sum of **N900,000.00** was withdrawn from the council's bank account, but the amount withdrawn on the various cheques were not posted in to the treasury cash book, contrary to the provision of financial memoranda section 19.4.

Recommendation

The un-posted N900,000 cash withdrawal be investigated towards ensuring that the Council has not lost money and all steps taken to resolve the issue be presented for audit examination

Management Response

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 117 paragraph 9: The total sum of **N23,095,990.00** was paid to various individuals for various purchases/services rendered on behalf of the council, but some relevant documents such as receipts, SRV necessary to justify the said payments were neither produced nor attached to the payment vouchers, contrary to financial memoranda section 14.17.

Effects

- Expenditures become doubtful
- There may be no approval for such expenditure
- Possible inflated prices of items
- No SRV and SIV obtained from Store
- Possible duplicated expenses
- Retirement of advance becomes impossible

Recommendations

- Staff involved should be made to provide documentary evidence of purchase
- All outstanding advances on staff names must be retired before future advances are granted

Management Response

Noted

UNCLAIMED PAYMENT VOUCHES:

Page 118 paragraph 10: The total sum of **N1,235,000.00** was claimed to have been paid to the under listed staff of the council for various purchases and other services said to have been carried out on behalf of the council. It was observed that the said money was not claimed by the rightfully owners since the payment vouches were not signed by the recipients, but was posted in to the cash book as paid payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Suspicion of accumulated fictitious payments
- Amount will distort/reduce bank and cash balances
- Unsubstantiated expenses claim

Recommendations

- The entire sum should be reversed from cashbook
- Approving officers should only approve expenditures that are of importance
- Payment vouchers should be posted to cashbook individually

Management Response

Noted

OUTSTANDING REVENUE RECEIPTS:

Page 119 paragraph 11: Seventy-two (72) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money

collected on them without remitting to the local government treasury,
contrary to financial memoranda section 7.9.

Effects

- This encourages dishonesty amongst revenue collectors
- Revenue collected will not be remitted
- Where revenue is remitted, it may be under remitted as booklet had overstayed with the officers.

Recommendation

- All booklets should be accounted for and revenue remitted timely
- Used revenue booklet should be submitted to the council treasury
- Only revenue booklets currently in use should be allowed to be with revenue collectors

Management Response

Noted

**MUBI SOUTH LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

THE TREASURY CASH BOOK:

Page 95 paragraph 2: The treasury cash book of the council was examined and found to have not been properly maintained in line with the provision of financial memoranda section 19.21-23.

Effects

Contrary to financial memoranda sections 19.21-23.

Recommendation

We urge the council to maintain a standard cash book

Management response

Noted and recommendation will be implement

BANK RECONCILIATION STATEMENT:

Page 95 paragraph 3: it was observed that, bank reconciliation statement have not been prepared to reconcile the cash book and other books of account with the bank transactions made by the council, contrary to the provision of financial memoranda section 19.24- 26. However, some transactions that were not posted into the treasury cash book.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook

- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted and recommendation will be implemented

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 98 paragraph 7: The total sum of **N6,193,800.00** was paid to various staff of the council for purchases/services said to have been carried out. It was observed that the payments vouchers were not properly supported with relevant documents such as receipts, SRV necessary to justify the payments made, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted and recommendation will be implemented

UNCLAIMED PAYMENT VOUCHES:

Page 98 paragraph 8: The total sum of **N9,636,110.00** was claimed to have been paid to the under listed staff of the council for various purchases and other services said to have been carried out on behalf of the council. It was observed that the said money was not claimed by the rightfully owners since the payment vouches were not signed by the recipients, but was posted in to the cash book as paid PVs, contrary to financial memoranda section 14.16.

Effects

- Suspicion of accumulated fictitious payments
- Amount will distort/reduce bank and cash balances
- Unsubstantiated expenses claim

Recommendations

- The entire sum should be reversed from cashbook
- Approving officers should only approve expenditures that are of importance
- Payment vouchers should be posted to cashbook individually

Management Response

Noted and recommendation will be implemented

PAYMENT VOUCHERS NOT CONTROLLED BY THE OCV:

Page 99 paragraph 9: The total sum of **N3,852,100.00** was paid to sundry staff of the council listed below, for various purchases and other services said to have been rendered, but the payment vouchers were

not controlled by the officer controlling vote (OCV), contrary to financial memoranda section 14.8.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out
- Going forward, no payment should be made without audit checks

Management Response

Noted and recommendation will be implemented

BOOKS OF ACCOUNTS NOT MAINTAINED:

Page 99 paragraph 10: It was observe during audit inspection for the period under review, that, financial records, such as Daily Abstract Revenue and Expenditure, DVEAs, Receipt Book distribution register, deposit ledgers, advance ledgers, tractor hiring unit and land revenue records, and contracts documents were not maintained by the Council, contrary to financial memoranda section 18.3.

Effect

Contrary to financial memoranda sections 183.

Recommendation

We urge the council to maintain the relevant books of account

Management response

Noted and recommendation will be implemented

**NUMAN LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 35, 46, 58 & 67 paragraphs 2, 2,3 & 2 respectively: The total sum of **N26,349,020.00** was paid to various individuals to render services/purchases on behalf of the council, but there were no relevant supporting documents as evidence of expenditures attached to the payment vouchers to justify the said payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

UNCLAIMED PAYMENT VOUCHERS:

Page 46 paragraph 3: The total sum of **N4,658,187.23** was posted in to the cash book as paid payment vouchers for various payments for services/purchases rendered on behalf of the council, but the amounts were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Contrary to financial memoranda section 14.6.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affect payment vouchers should be sign by the payee otherwise the fund should be refund to the treasury. Also future occurrence should be avert.

Management response

Noted

UNPOSTED CHEQUES:

Page 36 paragraph 3: The total sum of **N8,229,044.81** was withdrawn from the bank account of the council, but was not posted into the treasury cash book, contrary to financial memoranda section 19.4.

Effect

Contrary to financial memoranda section 19.4

Amount unaccounted for

Recommendation

The un-posted N8,229,044.81 cash withdrawal be investigated towards ensuring that the Council has not lost money and all steps taken to resolve the issue be presented for audit examination

Management response

Noted

TRACTOR HIRING UNIT (THU):

Page 37 paragraph 4: The total sum of **N3,040,000.00** was collected as revenue from the tractor hiring unit, but the said amount was not remitted into the local government treasury nor posted into the cash book, contrary to financial memoranda section 19.1.

Effects

- IGR is under reported under this revenue category
- Reduction in the expected revenue
- Inappropriate charges lead to under-collection and under-remittance of IGR
- Physical cash collection could be manipulated
- Total IGR generated may not be ascertained if council collection are not consolidated

Recommendations

- Revenue collected should be banked
- Revenue from tractor hire should be consolidated to ascertain total IGR generated and remitted

Management Response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 38, 47 & 60 paragraphs 6, 5 & 3 respectively: Four hundred and Ninety-two (492) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.9.

Effects

- Contrary to financial memoranda
- Understatement of council revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

SHELLENG LOCAL GOVERNMENT COUNCIL MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.

UNCLAIMED PAYMENT VOUCHERS:

Pages 303, 315, 323 & 342 of paragraphs 3, 4, 4 & 5 respectively: The total sum of **N9,346,000.00** was posted in to the cash book as paid payment vouchers for various payments. But the amounts were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Contrary to financial memoranda section 14.6.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affect payment vouchers should be sign by the payee otherwise the fund should be refund to the treasury. Also future occurrence should be avert.

Management response

Noted

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 321 & 342 paragraphs 3 & 6 respectively: The total sum of **N12,726,640.00** was paid to various individuals to render services/purchases on behalf of the council. But there were no relevant supporting documents as evidence of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

PAYMENT VOUCHERS NOT CONTROLLED BY THE OCV:

Page 305 paragraph 5: The total sum of **N6,350,984.36** was paid to sundry staff of the council listed below, for various purchases and other services said to have been rendered, but the payment vouchers were not controlled by the officer controlling vote (OCV), contrary to financial memoranda section 14.8.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out
- Going forward, no payment should be made without audit checks

Management Response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 306 paragraph 6: The total sum of **N830,000.00** was paid to various individuals for purchases/services rendered on behalf of the council, but the payment vouchers were neither found in the volumes nor presented for inspection, contrary to financial memoranda section 14.19.

Effects

- Contrary to financial memoranda section 14.19
- In ability to authenticate the transactions
- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Page 318 paragraph 5: The total sum of **N16,732,319.05** was paid to various individuals for purchases/services on behalf of the council, but the payments vouchers were not checked and passed through the internal audit checked, contrary to financial memoranda section 14.10.

Effects

- Contrary to financial memoranda section 40.10.

- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Noted

UNPOSTED CHEQUES:

Page 309 paragraph 1: The total sum of **N3,403,000.00** was withdrawn from the bank account of the council, but was not posted into the treasury cash book, contrary to financial memoranda section 19.4.

Effect

Contrary to financial memoranda section 19.4

Amount unaccounted for

Recommendation

The un-posted N3,403,000 cash withdrawal be investigated towards ensuring that the Council has not lost money and all steps taken to resolve the issue be presented for audit examination

Management response

Noted

TRACTOR HIRING UNIT (THU):

Page 301 paragraphs 12: The total sum of N700,000.00 was generated from the tractor hiring unit, but was neither paid into the council's treasury nor posted into the cash book, contrary to financial memoranda section 19.1.

Effects

- IGR is under reported under this revenue category
- Reduction in the expected revenue
- Inappropriate charges lead to under-collection and under-remittance of IGR
- Physical cash collection could be manipulated
- Total IGR generated may not be ascertained if council collection are not consolidated

Recommendations

- Revenue collected should be banked
- Revenue from tractor hire should be consolidated to ascertain total IGR generated and remitted

Management Response

Noted

OUTSTANDING REVENUE RECEIPTS:

Page 345 paragraph 7: The total number one hundred and twenty (120) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting

to the local government treasury, contrary to financial memoranda section 7.9.

Effects

- Contrary to financial memoranda section 7.9.
- Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

SONG LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.

TREASURY CASH BOOK:

Page 60 paragraph 2: The treasury cash book of the council was examined and to have been found out that, it has not been maintained in line with the provision of financial memoranda section 19.1 -3.

Effects

Contrary to financial memoranda sections 19.21-23.

Recommendation

We urge the council to maintain a standard cash book

Management response

Noted and recommendation will be implemented

BANK RECONCILIATION STATEMENT:

Pages 39, 48, 55 & 60 paragraphs 2, 2, 2 & 3. It was observed that, monthly bank reconciliation statement have not been prepared contrary to financial memoranda and regulations section 19.23-26.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted and recommendation will be implemented

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 42, 50 & 58 paragraphs 7, 5, & 5: The total sum of **N12,389,200.00** was paid to various individuals to render services on behalf the council, but there was no evidence of expenditure attached to the payment vouchers, such as receipts, invoices, SRV and SIV to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted and recommendation will be implemented

UNCLAIMED PAYMENT VOUCHERS:

Pages 42 & 58 paragraphs 8& 6: The total sum of **N7,977,124.14** was posted in to the cash book as paid payment vouchers for various payments. But the amounts were not claimed by the recipients or payees, as they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Contrary to financial memoranda section 14.16.

- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affect payment vouchers should be sign by the payee otherwise the fund should be refund to the treasury. Also future occurrence should be avert.

Management response

Noted and recommendation will be implemented

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Pages 41, 49 & 57 paragraphs 5, 4 & 6: The total sum of **N13,373,309.44** was payments for the period under review that, were not checked and passed through the internal audit checked, contrary to financial memoranda section 14.10.

Effects

- Contrary to financial memoranda section 40.10.
- Weakness in internal control system

Recommendation

We recommend that hence forth, all payments made by the council should pass through the internal audit check

Management response

Noted and recommendation will be implemented

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Page 43 paragraphs 9: The total sum of **N1,217,000.00** was paid to various staff of the council for purchases/services to be rendered, but the payment vouchers were not controlled by the officer controlling the vote, contrary to financial memoranda section 14.8.

Effects

- Unauthorised expenses will have been paid
- Violation of financial memoranda
- Suspicion of unsubstantiated expenses

Recommendations

- Post-payment audit should be carried out
- Going forward, no payment should be made without audit checks

Management Response

Noted and recommendation will be implemented

OUTSTANDING PAYMENT VOUCHERS:

Page 50 paragraph 6: The total sum of **N4,136,855.00** was paid to various individuals for purchases / services to be rendered on behalf of the council, but the payment vouchers were neither found in the volumes nor presented for inspection, contrary to financial memoranda section 14.19.

Effects

- Contrary to financial memoranda section 14.19
- In ability to authenticate the transactions

- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted and recommendation will be implemented

STATUTORY ALLOCATION AND PENSION ALLOWANCE NOT POSTED INTO THE CASH BOOK:

Page 40 paragraph 3: The total sum of **N14,255,217.61** and **N4,178,745.20** amounting to **N18,433,962.81** was statutory allocation and pension allowance received by the council respectively, but the said amount was not posted into the cash book, contrary to financial memoranda section 19.1.

Effects

- Contrary to financial memoranda
- Disagreement between cash book and bank statement

Recommendation

We recommend that the council should always update its cash book with direct deposit made into the bank account

Management response

Noted and recommendation will be implemented

REVENUE RECEIPT VOUCHERS NOT PASSED THROUGH INTERNAL AUDIT CHECKS:

Pages 51 & 62 paragraphs 7: The total sum of **N4,832,940.00** was for various revenues collected by the revenue collectors on behalf of the council and was duly posted into various cash books, but the revenue cash books were not checked and passed through internal audit checks, contrary to financial memoranda section 14.10.

Effects

- Contrary to financial memoranda section 40.10.
- Weakness in internal control system

Recommendation

We recommend that hence forth, all revenue receipt of the council should pass through the internal audit check

Management response

Noted and recommendation will be implemented

OUTSTANDING REVENUE RECEIPTS:

Pages 52 & 63 paragraphs 9 & 9: The list of seven hundred and fifty three (753) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the Local Government treasury, contrary to financial memoranda section 7.9.

Effects

- Contrary to financial memoranda section 7.9.
- Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted and recommendation will be implemented

**TOUNGO LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

PAYMENT VOUCHERS WITHOUT SUPPORTING DOCUMENTS:

Page 51 paragraph 5: The total sum of **N27,412,000.00** was paid to various individuals to render services/purchases on behalf of the council, but there were no relevant supporting documents as evidence of expenditure attached to the payment vouchers to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

UNCLAIMED PAYMENT VOUCHERS:

Page 51 paragraph 6: The total sum of **N1,248,548.00** was posted in to the cash book as paid payment vouchers for various payments, but the amount were not claimed by the recipients or payees, since they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Effects

- Contrary to financial memoranda section 14.16.
- Possibility of the payee not receiving at all or receiving less than amount due

Recommendations

We recommend that the affect payment vouchers should be sign by the payee otherwise the fund should be refund to the treasury. Also future occurrence should be avert.

Management response

Noted and recommendation already implemented in the current year 2019

PAYMENTS MADE WITHOUT APPROVALS:

Page 52 paragraphs 7: The total sum of **N1,900,000.00** was paid to various individuals for purchases / services said to have been rendered on behalf of the council, but the payments were not approved by the council, to authenticate the expenditure incurred, contrary to financial memoranda section 14.1.

Effects

- Contrary to financial memoranda section 14.1
- Misappropriation
- Unapproved expenditure

Recommendation

We urge the council to avoid incurring unapproved expenditure as it's unacceptable

Management response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 33 paragraph 5: The total sum of **N140,000.00** was paid to various individuals for purchases / services said to have been rendered on behalf of the council, but the payment vouchers were not found in the volumes nor were presented for inspection, contrary to financial memoranda section 14.19.

Effects

- Contrary to financial memoranda section 14.19
- In ability to authenticate the transactions
- Possibility of fund diversion

Recommendation

We urge the council to make available to us the unsighted payment vouchers and avert future reoccurrence.

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Page 54 paragraph 12: The total number of two hundred booklets (200) booklets of outstanding revenue receipts. It was observed that the

revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the local government treasury, contrary to financial memoranda section 7.9.

Effects

- Contrary to financial memoranda section 7.9.
- Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

**YOLA NORTH LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

**THE TREASURY CASH BOOKS AND BANK RECONCILIATION
STATEMENT:**

Page 189 paragraphs 2: The Treasury cash book(s) of the council was examined and found to have not been properly maintained in line with the provision of financial memoranda Section 19.1. It was also observed that bank reconciliation statement has not been prepared to reconcile the cash books and other books of accounts with the bank transactions, contrary to Financial Memoranda sections 19.23-26. However, the closing balances of both the cash book and bank accounts of the council for the year 2018 are **N514,623.95** and **N245,802.64** respectively, with a variance of **N268,821.31** as at 31/12/2018.

This shows that, the cash book balance did not agree with the bank balance as a result of the inability of the council to prepare bank reconciliation statement on a monthly basis.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted and recommendation will be implemented

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 190 paragraph 3: The sum of **N19,394,700.00**, was payments made for various individuals for purchases/services rendered on behalf of the council, but relevant documents such as receipts, invoices and SRVs necessary to authenticate the genuineness of the expenditures were neither attached to the payment vouchers nor produced to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted and recommendation will be implemented

OUTSTANDING REVENUE RECEIPTS:

Page 191 paragraph 6: The total sum of **N11,869,000.00** Collected on them in 795 booklets, while 18 booklets were open Departmental receipts that the values were of various rates that cannot be ascertained. It was observed that the outstanding revenue receipts booklets have been long overdue with the revenue collectors and the money collected on them

without returning to the Council's Treasury, contrary to financial memoranda section 7.9.

Effects

- Contrary to financial memoranda section 7.9.
- Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted and recommendation will be implemented

**YOLA SOUTH LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2018.**

**THE TREASURY CASH BOOK AND BANK RECONCILIATION
STATEMENT:**

Page 80 paragraph 2: The Treasury cash book(s) of the council was examined and found to have not been properly maintained in line with the provision of financial memoranda section 19.1. It was also observed that bank reconciliation statement has not been prepared to reconcile the cash books and other books of accounts with the bank transactions, contrary to financial memoranda sections 19.23-26. However, the closing balances of both the cash book and bank accounts of the council for the year, 2018, was **N67,831.78** and **N472,599.24** respectively, with a variance of **N404,767.46** as at 31/12/2018. This shows that the cash book balance did not agree with the bank balance as a result of the council's inability to prepare bank reconciliation statements.

Effects

- Under/Over statement of entries /posting in cash book
- Difficulty in tracing bank withdrawals to cashbook.
- Excessive bank charges will not be noticed
- Possible unauthorised debit will not be observed

Recommendations

- All cash payment should be in cash column of the cashbook while all bank withdrawals should be in bank column in the cashbook
- Account Department should ensure that several cash payments add up to bank withdrawals
- Monthly bank reconciliation must be carried out

Management Response

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 81 paragraph 3: The total sum of **N8,194,700.00** was payments made to individuals for various purchases /services rendered on behalf of the council, but relevant documents such as receipts, invoices and SRVs necessary to authenticate the genuineness of the expenditures were neither attached to the payment vouchers nor produced to justify the payments, contrary to financial memoranda section 14.17.

Effects

- Contrary to financial memoranda section 14.17.
- In ability to authenticate the transactions
- Possibility of overpayments

Recommendation

We urge the council to attach the relevant supporting documents to the affected payments and avert future reoccurrence.

Management response

Noted

OVER-DRAFT OBTAINED WITHOUT APPROVAL:

Page 81 paragraph 4: Audit inspection revealed that the local government council had overdrawn its account in Ummah MF Bank on 27/8/2018 amounting to **N500,000.00** without approval. It was observed that the overdraft (O/D) was made without obtaining approval from the appropriate authority concerned, and the utilization of the said money

was not justified. This is contrary to local government operational guidelines and other Financial Regulations.

Effect

Contrary to financial

Recommendation

We urge the council to avoid obtaining facility from financial institution without approval from relevant authority

Management response

Noted

UNACCOUNTED REVENUE RECEIPTS:

Page 82 paragraph 5: The total sum of **N116,000.00** was collected from the under listed 14 revenue receipts booklets issued to revenue collectors, but the amount was not remitted to the Local Government Treasury. The Unaccounted revenue receipts were discovered in the cause of audit inspection of some returned revenue receipts store, revenue collector's cash book and receipts book distribution register. It was apparently observed that the amount collected on these revenue receipts booklets was not posted into the revenue collector's cash book nor remitted to Local Government Treasury, contrary to financial memoranda sections 6.3, 6.4, 6.5 and 7.9.

Effects

- Contrary to financial memoranda section 7.9.
- Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

TRACTOR HIRING UNIT (THU):

Page 83 paragraph 6: The total sum of **N4,904,100.00** was remitted to the Local Government Treasury from Tractor hiring unit in 2018 raining season, out of which the sum of **N1,191,500.00** generated from August -December 2018 was not reflected in the revenue Collector's cash book. Similarly, the total sum of **N4,928,000.00** was also generated from the THU from January to 11/7/2019 raining season. However, it was apparently observed that Log books for each tractor and other relevant records were not maintained to ascertain the actual collection made from the unit. Hence, the collections were made without relevant records which could not give the true reflection of the amount collected.

Effects

- IGR is under reported under this revenue category
- Reduction in the expected revenue
- Inappropriate charges lead to under-collection and under-remittance of IGR
- Physical cash collection could be manipulated
- Total IGR generated may not be ascertained if council collection are not consolidated

Recommendations

- Revenue collected should be banked
- Revenue from tractor hire should be consolidated to ascertain total IGR generated and remitted

Management Response

Noted

PRINTING OF REVENUE RECEIPT BOOKLETS AT THE COMMERCIAL ROAD SIDE PRINTERS:

Page 83 paragraph 7: The total sum of **N307,400.00** and **N369,800.00** was paid to Ahmed Abubakar on P.V Nos 63 of April and 29 of September, 2018 respectively, for the printing of revenue booklet receipt at the commercial printing outlet. It was observed that the revenue earning receipts are being printed at unauthorized commercial printing outlets contrary to Financial Memoranda Section 7.3 and Audit Circular No.1. 2019 issued to your Local Government Council.

Effects

- Contrary to financial memoranda section 7.3.
- Possibility of producing council receipt for private use and subsequently diversion of council revenue

Recommendation

We recommend that the council should avoid printing security document from unauthorized entity.

Management response

Noted

PAYMENTS MADE WITHOUT APPROVAL:

Page 86 paragraph 10: The total sum of **₦600,000.00** was paid to various individuals for purchases / services rendered on behalf of the council, but the amount were not approved by the officer approving the vote, contrary to provision of finance memoranda section 14.1.

Effects

- Contrary to financial memoranda section 14.1
- Misappropriation
- Unapproved expenditure

Recommendation

We urge the council to avoid incurring unapproved expenditure as it's unacceptable

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Page 86 paragraph 11: It was observed that thirty-one (31) assorted booklets of outstanding revenue receipt have been long overdue with the revenue collectors and the money collected on them without returning to the Local Government Treasury, contrary to financial memoranda section 7.9.

Effects

- Contrary to financial memoranda section 7.9.

➤ Non remittance of revenue

Recommendation

We recommend that all the outstanding revenue receipt should be return to the treasury with the revenue collected

Management response

Noted

