

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, 2019**

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, 2019

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, 2019

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, 2019, 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, 2019



ZIRA SINI KWABE
AUDITOR GENERAL FOR LOCAL GOVERNMENTS
ADAMAWA STATE

DEMISA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.

BANK RECONCILIATION STATEMENT:

Page 494 paragraph 2: 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.

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 494 paragraph 3: The total sum of **N1,920,250.00** was paid to various individuals to render services on behalf of 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

OUTSTANDING REVENUE RECEIPTS:

Page 496 paragraphs 4: Two hundred and seventeen (217) 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

FUFURE LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.

CASH BOOK:

Page 186 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 19.1 and 19.23-26. The cash books were not reconciled with that of the council's bank transactions.

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 and will implement recommendation

BANK RECONCILIATION STATEMENT:

Page 180 Paragraph 3: 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.

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 and will implement recommendation

OUTSTANDING PAYMENT VOUCHERS:

Pages 183 & 188 paragraphs 4 & 4: The total sum of **N9,366,500.00** 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 and will implement recommendation

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 184 & 188 paragraphs 5 & 5 respectively: The total sum of **N1,907,000.00** 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 and will implement recommendation

OUTSTANDING REVENUE RECEIPTS:

Page 189 paragraph 6: The total of three hundred and eleven (311) 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 and will implement recommendation

**GANYE LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

CASH BOOK:

Page 87 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 19.1 and 19.23-26. The cash books were not reconciled with that of the council's bank transactions.

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 104 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 **N3,470,024.97** while the closing bank balance stood at **N18,135,651.21** as at 31/12/2019. 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

OUTSTANDING PAYMENT VOUCHERS:

Pages 88 & 104 paragraphs 5 & 4: The total sum of **N15,279,640.00** 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

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 87, 88, & 104 paragraphs 2, 3, & 3 respectively: The total sum of **N39,337,254.00** 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:

Pages 92 & 107 paragraphs 13 & 11 respectively: The total of two hundred and four (204) 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, 2019.

CASH BOOK:

Page 62 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 19.1 and 19.23-26. The cash books were not reconciled with that of the council's bank transactions.

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 and recommendation will be implemented

BANK RECONCILIATION STATEMENT:

Page 106 paragraph 3: it was observed that monthly bank reconciliation statement have not been prepared to reconcile the cash book balances with that of the council's bank transactions, contrary to financial memoranda section 19.23-26. However, the council's cash book disclosed a closing debit balance of **N4,139,899.34** while, the council's bank account revealed a closing credit balance of **N140,288,809.30** as at 31/12/2019. This shows that, the cash book and bank balances did not agree as a result of the council's in ability 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

DEPOSITS MADE INTO BANK NOT POSTED INTO THE CASH BOOK:

Pages 63 & 88 paragraphs 4 & 3: It was observed that the sum of **N1,669,000.00** was deposits made by various individuals into the council's bank account, but such amount was not posted into the treasury cash book, contrary to financial memoranda,

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

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECKS:

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 and recommendation will be implemented

UNCLAIMED PAYMENT VOUCHERS:

Pages 66,101 & 108 paragraphs 11, 9 & 7 respectively: The total sum of **N10,677,500.00** 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 and recommendation will be implemented

PAYMENTS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 66, 91, 99 & 108 paragraphs 10,8,7 & 6 respectively: The total sum of **N46,762,700.00** 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 and recommendation will be implemented

OUTSTANDING PAYMENT VOUCHERS:

Pages 91, 100 & 108 paragraphs 9, 8 & 7 respectively: The total sum of **N3,436,000.00** 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 and recommendation will be implemented

OUTSTANDING REVENUE RECEIPTS:

Pages 59, 91 & 110 paragraphs 7, 10 & 9 respectively: Three hundred and sixty seven (367) 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 and recommendation will be implemented

PURCHASE OF OFFICIAL VEHICLE:

Page 98 paragraph 5: The sum of **N6,000,000.00** was paid to Global Investment, for the purchase of Honda CRV and Peugeot 406, on payment voucher No. of August 2019 on contract. However, it was observed that, approval from the Ministry of Local Government Affairs, contract agreements signed by the Auditor General and other relevant evidences of purchase were neither produced nor attached to the payment voucher to justify the said payment, contrary to financial memoranda.

Effects

- Contrary to financial memoranda.
- Possibility of fictitious expense

Recommendation

We urge the Council to provide us with approval from ministry, contract agreement and other relevant evidence

Management response

Noted and recommendation will be implemented

ROAD REHABILITATION AND CONSTRUCTION:

Page 99 paragraph 6: The total sum of **N5,000,000.00** was said to have been paid to Yadim Nigeria Limited on payment voucher number 70 of August 2019, out of the contract sum of **N23,000,000.00** for the rehabilitation/ construction of Viniklang road. It was observed that approval from the Ministry, signed contract agreement, bill of quantity/designs and approval from Auditor General were neither

produced nor attached to the payment voucher to justify the said payment, contrary to financial memoranda.

Effect

Contrary to financial memoranda.

Recommendation

We recommend that all contract entered by the Council should strictly comply with due process

Management response

Noted and recommendation will be implemented

UNATTENDED SEMINARS/WORKSHOPS:

Page 102 paragraph 11: The sum of **N1,950,000.00** was paid to various officers of the council to attend seminars/workshop on payment voucher 41 of August 2019. However, it was observed that, there were no evidence to justify the expenditure incurred for the seminars/workshops said to have been attended, contrary to financial memoranda and extant laws.

Effect

Contrary to financial memoranda and extant laws.

Recommendation

We urge the payee(s) to provide evidence of attending the seminar/workshop otherwise they should refund the fund to the Council treasury

Management response

Noted and recommendation will be implemented

PURCHASE AND INSTALLATION OF 500/33 KVA TRANSFORMER:

Page 107 paragraph 5: The sum of **N7,000,000** was paid to Yasacoma Nigeria Limited (contractor) on payment voucher number 30 of October 2019 for the supply and installation of 550/33 KVA transformer to Girei Local Government Council, out of the contract sum of **N13,006,600.00**. However, it was observed that, 5% VAT, 5% WHT and 2.5% development levy totaling **N1,625,825.00** were not deducted from the contract sum nor paid to the relevant tax authorities concerned. On the other hand, signed contract agreement, SRV, company profile, approval from the Ministry were neither produced nor attached to the payment voucher, to justify the said payment made, contrary to financial memoranda.

Effects

- Contrary to financial memoranda.
- Tax evasion that could lead to penalty on the Council
- Overpayment to contractors
- Possibility of awarding contract to non-compliance company

Recommendations

- We urge the contractor (Yasakoma Nig. Ltd) to refund the sum of N875,000 for onward remittance to the relevant tax authorities.
- The Council should made available other relevant document such as company profile, contract agreement, ministry approval etc.

Management response

Noted and recommendation will be implemented

GOMBI LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST 2019.

CASH BOOK:

Page 187 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 19.1 and 19.23-26. The cash books were not reconciled with that of the council's bank transactions.

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 STATEMENTS:

Page 234 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 **N829,236.11** as at 1/10/2019, while that of bank account balances revealed a credit of **N484,131.11** with variance of **N345,105.00**. 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

UNCLAIMED PAYMENT VOUCHERS:

Pages 190, 216, 223 & 237 paragraphs 8, 5, 9 & 8 respectively: The total sum of **N50,014,228.34** 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

OUTSTANDING PAYMENT VOUCHERS:

Pages 189 ,215 ,222 & 236 paragraphs 7,4 ,7 & 7 respectively: The total sum of **N155,689,136.94** 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

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 189, 215, 221 & 236 paragraphs 6, 3, 6 & 6 respectively: The total sum of **N32,514,056.00** 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.

In the course of our assignment, we discovered that the total sum of **N32,514,056.00** was paid to various individuals 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.

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:

Pages 191, 224 & 238 paragraphs 9, 11 & 10 respectively: The total sum of **N153,265,720.84** 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

UNPOSTED CHEQUES:

Page 216 paragraph 6: The total sum of **N4,092,125.14** was withdrawn from the council's account for various purchases/services claimed to have been undertaken on behalf of the council. However, the said amount withdrawn on various cheques were 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

UNPOSTED PAYMENT VOUCHERS:

Page 223 paragraph 8: The total sum of **N123,111,419.21** was paid to various individuals and agencies for other purchases / services said to have been rendered on behalf of the council. However, it was observed that, the payment vouchers were filed in the volumes, but were not posted into the cash, contrary to financial memoranda section 19.1.

Effects

- Contrary to financial memoranda section 19.1.
- Un accounted payments

Recommendation

We recommend that all payment vouchers should be posted to the cash book

Management response

Noted

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Page 224 paragraph 10: The total sum of **N13,370,770.24** 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

UNATTENDED TRADE FAIR:

Page 225 paragraph 12: The total sum of **N2,975,700.00** was paid to Naomi Musa on payment voucher No. 89 of September 2019 in respect of international trade fair in Abuja. However, it was observed that, there were no relevant supporting documents produced or attached to the

payment voucher to justify the said payment, contrary to financial memoranda.

Effects

- Contrary to financial memoranda.
- 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:

Pages 191, 217 & 239 paragraphs 10, 7 & 12 respectively: Seven hundred and fourteen (714) 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

**GUYUK LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

CASH BOOK AND BANK RECONCILIATION STATEMENT:

Page 96 paragraph 2: It was observed that the monthly bank reconciliation has not been prepared by the 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 balance as at 30/6/2019, was **N3,873.49** while the bank balance stood at **N2,914.38** as at the 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 will implement recommendation

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Page 137 paragraph 4: The total sum of **N461,000.00** 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 will implement recommendation

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 113 & 136 paragraphs 4 & 3 respectively: The total sum of **N2,613,500.00** 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 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 and will implement recommendation

OUTSTANDING REVENUE RECEIPTS:

Pages 114 & 138 paragraphs 5 & 7 respectively: The list of one hundred and seventy four (194) 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 will implement recommendation

HONG LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.

CASH BOOK:

Page 116 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.

Effects

- Contrary to financial memoranda section 19.23 and 19.26.
- In ability to detect and correct error

Recommendation

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

Management response

Noted

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 118, 140 & 169 paragraphs 2, 2 & 3 respectively: The total sum of **N39,458,900.00** 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 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

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Pages 119 & 141 paragraphs 5 & 5 respectively: The total sum of **N2,869,400.00** 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

UNCLAIMED PAYMENT VOUCHERS:

Pages 119, 140 & 167 paragraphs 3, 3 & 4 respectively: The total sum of **N16,495,440.00** 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 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

OUTSTANDING PAYMENT VOUCHERS:

Pages 120 & 141 paragraphs 6 & 6 respectively: The total sum of **N235,236,329.00** 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
- 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

PROJECT ADVANCE NOT RETIRED:

Page 169 paragraph 8: The total sum of **N4,800,000.00** was paid to the councilors as project advance to execute various project in their respective wards. However, it was observed that the projects were not executed; hence the evidences of the work done were neither produced nor attached to the payment vouchers to justify the said payments, contrary to financial memoranda.

Effects

- Contrary to financial memoranda.
- Possibility of misappropriation

Recommendations

We recommend that the affected payment vouchers should be retire otherwise the fund should be refund to the Council treasury

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 120 & 142 paragraphs 7 & 7 respectively: The total number of one thousand three hundred and thirty six (**1,336**) 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

JADA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.

CASH SURVEY:

Page 85 paragraph 2: Cash survey was conducted on 20/11/2019 and the total cash book in the cash column was **N652,675.00** while, the physical cash produced was **N185,420.00** leaving a balance of **N467,255.00** not produced or accounted for, contrary to financial memoranda.

Effects

- Cash may have been misappropriated
- Possibly, unposted payment vouchers
- Unapproved expenditure may have occurred
- Deliberate dishonesty of staff
- Third party doubtful of expenditure.
- Accumulation of unretired cash advances.

Recommendations

- Weekly monitoring of cash disbursement
- Appropriate expenditure approval must be obtained before cash disbursement
- All payment vouchers must be posted into cash book

Management Response

Noted and will implement recommendation

BANK RECONCILIATION STATEMENT:

Page 234 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 balance of **N3,439,196.33** while that of bank account disclosed a balance of **N3,906,217.33** as at 31/12/2019. However, 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 and will implement recommendation

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 72, 77, 86 & 93 of paragraphs 3, 3, 3 & 3 respectively: The total sum of **N29,084,605.08** 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

PAYMENT MADE ABOVE THE SPENDING LIMIT OF THE CHAIRMAN WITHOUT F&GPC APPROVAL:

Page 8 paragraph 4: The total sum of **N16,718,160.00** was paid to sundry staff of the council for various purchases/services said to have been rendered on behalf of the council. It was observed that the payments made were above the spending limit of the chairman and the extract of F&GPC approvals were neither produced nor attached to the payment vouchers to justify the said payments, contrary to financial memoranda.

Effects

- Violation of extant financial regulations

- Misappropriation of council funds
- Abuse of fiduciary position

Recommendation

- A written communication should be sent to the office of the chairman by appropriate authority to stop continuous violation of regulations.

Management Response

Noted and will implement recommendation

OUTSTANDING REVENUE RECEIPTS:

Pages 74, 90 & 95 paragraphs 6, 9 & 7 respectively: The total of two hundred and ninety seven (297) 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, 2019.**

CASH BOOK

Page 159 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.

BANK RECONCILIATION STATEMENT:

Page 159 paragraph 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 cash book balances stood at **N3,725,008.14** while that of the bank balance stood at **N4,015,264.94** as at 31/12/2019. 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

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 128, 144, 151 & 160 paragraphs 3, 3, 3 & 4 respectively: The total sum of **N58,303,820.66** 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 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

OUTSTANDING PAYMENT VOUCHERS:

Pages 129, 147, 151 & 162 paragraphs 4, 6, 5 & 8 respectively: The total sum of **N5,958,929.60** 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:

Pages 130, 145, 151 & 161 paragraphs 5, 4, 4 & 7 respectively: The total sum of **N2,373,935.00** 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

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Pages 146, 152 & 160 paragraphs 5, 7 & 5 respectively: The total sum of **N6,760,647.79** 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

OUTSTANDING REVENUE RECEIPTS:

Pages 147, 153 & 163 paragraphs 7, 8 & 9 respectively: One hundred and sixty nine (169) 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

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Page 161 paragraph 6: The total sum of **N11,350,000.00** 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

PAYMENT MADE ABOVE THE SPENDING LIMIT OF THE CHAIRMAN WITHOUT F& GPC APPROVAL:

Page 154 paragraph 9: The total sum of **N2,539,000.00** was paid to sundry staff of the council for various purchases/services said to have been rendered on behalf of the council. It was observed that the payments made were above the spending limit of the chairman and the extract of

F&GPC approvals were neither produced nor attached to the payment vouchers to justify the said payments, contrary to financial memoranda.

Effects

- Violation of extant financial regulations
- Misappropriation of council funds
- Abuse of fiduciary position

Recommendation

- A written communication should be sent to the office of the chairman by appropriate authority to stop continuous violation of regulations.

Management Response

Noted

**MADAGALI LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

CASH BOOK:

Page 82 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.

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

BANK RECONCILIATION STATEMENT:

Page 118 paragraph 3: 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 cash book balances stood at **N238,925,248.35** while that of the bank balance stood at **N9,624,216.35** as at 31/12/2019. 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

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Pages 84, & 100 paragraphs 3 & 7 respectively: The total sum of **N564,980,898.62** 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

PAYMENT WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 84, 99 & 119 paragraphs 2, 4 & 4 respectively: The total sum of **N56,048,030.00** 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 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

UNCLAIMED PAYMENT VOUCHERS:

Pages 85, 100 & 119 paragraphs 4, 5 & 5 respectively: The total sum of **N415,602,191.65** was posted into 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

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Pages 85, 100 & 121 paragraphs 6, 8 & 10 respectively: The total sum of **N378,618,129.48** 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

UNPOSTED INCOME:

Page 86 paragraph 6: The sum of **N829,500.00** was cash deposit and revenue fees accrued to the local Government council, but was not posted in the council's treasury cash book, contrary financial memoranda section 19.25 (5).

Effects

- IGR is under reported
- It could lead to loss of revenue
- It will create problem in monthly reconciliation
- It leads to understatement of book balance

Recommendations

- All instruments of deposit must be kept and posted in cashbook
- Monthly reconciliation must not be skipped
- Treasury cashbook must be supervised by superior officer

Management Response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 120 paragraph 8: The total sum of **N84,660,362.45** 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

IMPREST ADVANCE FOR THE YEAR 2019 NOT RETIRED:

Page 120 paragraph 7: The total sum of **N1,210,000.00** was imprest advance for 2019 financial year, granted to imprest holders. It was observed that the imprest advance granted was not retired at the end of the financial year, contrary to financial memoranda section 14.24-28.

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

PAYE DEDUCTED NOT REMITTED:

Page 121 paragraph 11: The total sum **N3,613,560.10** was deducted as PAYE from the salaries of staff of the council, but was not remitted to the relevant tax authorities, 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

**MAIHA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

CASH BOOK:

Page 161 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.

BANK RECONCILIATION STATEMENT:

Page 161 paragraphs 3: 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.

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 162 paragraph 4: The total sum of **N993,500.00** 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

UNCLAIMED PAYMENT VOUCHERS:

Page 163 paragraph 5: The total sum of **N170,000.00** 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 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

OUTSTANDING PAYMENT VOUCHERS:

Page 163 paragraphs 6: The total sum of **N880,486.68** 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

OUTSTANDING REVENUE RECEIPTS:

Page 165 paragraph 8: Thirty five (35) 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

**MAYO BELWA LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

CASH BOOK:

Page 296 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.

BANK RECONCILIATION STATEMENT:

Page 296 paragraphs 3: 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 cash book balances stood at **N597,973.10** while that of the bank balance stood at **N33,972.58** as at 30/9/2019. 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

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 279, 289 & 297 paragraphs 3, 3 & 3 respectively: The total sum of **N26,976,000.00** 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

- 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

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Page 301 paragraph 5: The total sum of **N15,267,000.00** 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

OUTSTANDING REVENUE RECEIPTS:

Pages 283 & 293 paragraphs 4 & 3 respectively: The total number of two hundred and thirty eight (238) 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, 2019.**

TREASURY CASH BOOKS:

Page 111 paragraph 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 and recommendation will be implemented

PAYMENTS MADE WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 83, 88 & 112 paragraphs A, 3 & 3 respectively: The total sum of **N46,931,522.00** 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 recommendation will be implemented

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Pages 83 & 113 paragraphs 8 & 6 respectively: The total sum of **N641,030.504.58** was paid to various individuals for purchases/services on behalf of the council, 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 recommendation will be implemented

UNCLAIMED PAYMENT VOUCHERS:

Pages 84 & 112 paragraphs C & 4 respectively: The total sum of **N10,260,000.00** 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 recommendation will be implemented

OUTSTANDING PAYMENT VOUCHERS:

Pages 90 & 114 paragraphs 7 & 9 respectively: The total sum of **N146,259,633.81** 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 recommendation will be implemented

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING VOTE:

Pages 85, 89 & 115 paragraphs C, 6 & 8 respectively: The total sum of **N20,106,979.85** 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 recommendation will be implemented

UNATTENDED SEMINARS/WORKSHOPS:

Page 90 paragraph 12: The sum of **N735,000.00**, was paid to various officers of the council to attend seminars/workshop on payment voucher 41 of August 2019. However, it was observed that, there were no evidences to justify the expenditure incurred for the seminars/workshops said to have been attended, contrary to financial memoranda and extant laws.

Effects

- Cash advance should not be disburse to the affected staff till prior cash advance is conclusively retired
- Third party doubtful of expenditure.
- Accumulation of unretired cash advances.

Recommendations

- Accounts department should ensure existing cash advances are properly retired before processing new advances for all staff despite appropriate approvals.
- Staff should ensure documentary evidence supporting travelling and training costs i.e certificate of attendance/participation, airticket etc are attached..

Management Response

Noted and recommendation will be implemented

**MUBI NORTH LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

TREASURY CASH BOOKS:

Page 132 paragraph 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 142 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.

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

TRACTOR HIRING UNIT (THU):

Page 143 paragraph 3: The total sum of **N990,000.00** was realized from tractor hiring unit on receipt numbers 18751 to 18780, but only **N260,000.00** was remitted into the council's treasury on revenue receipt vouchers numbers 20 & 51 of June 2019 respectively, leaving the balance of **N730,000.00** not accounted for by the Director of Agriculture and Natural resources, contrary to financial memoranda.

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

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 144 paragraph 6: The total sum of **N8,828.000.00** 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

CONSTRUCTION OF PODIUM:

Page 144 paragraph 5: The total sum **N1,000,000.00** was paid to Ali Ladan, a staff of the council for the construction of podium on payment voucher number 41 of June 2019. It was observed that, the podium was not constructed, hence no estimates for the construction of the said podium submitted for approval and no receipts and other relevant evidences of expenditure produce to justify the said payment, contrary to financial memoranda.

Effects

- Loss of Council resources on unexecuted construction
- A typical fictitious payment
- Dishonesty on the part of staff

Recommendations

- The contract should be executed or staff should refund amount collected
- Competent firm should execute such construction in future
- Approving officer should be discrete in approving contract for staff

Management Response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 153 paragraphs 6: Eight (8) 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, 2019.**

THE TREASURY CASH BOOK:

Page 129 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

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 130 & 141 paragraph 3 & 5 respectively: The total sum of **N22,466,940.33** was paid to various staff of the council for purchases/services said to have been carried out. It was observed that the payment 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

OUTSTANDING PAYMENT VOUCHERS:

Page 131 paragraphs 4: The total sum of **N220,000.00** was paid to individuals for purchases/service 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

- 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

TRACTOR HIRING UNIT (THU):

Page 132 paragraph 7: The total sum of **N335,000.00** was realized from tractor hiring unit, but no remittance that was made to the council in respect of the amount collected, contrary to financial memoranda.

Effects

- Contrary to financial memoranda
- Understatement of council revenue

Recommendation

We urge the tractor hiring unit to refund the sum of N335,000 to the council treasury with immediate effect

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 134 paragraph 10: Thirty Nine (39) 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 urge the tractor hiring unit to refund the sum of N335,000 to the council treasury with immediate effect

Management response

Noted

NUMAN LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.

CASH BOOK:

Page 99 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.

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 and recommendation will be implemented

BANK RECONCILIATION STATEMENT:

Page 99 paragraphs 3: 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 cash book balances stood at **N4,093,949.70** while that of the bank balance stood at **N37,382,611.46** as at 30/9/2019. 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

- Contrary to financial memoranda sections 19.23 and 19.26.
- In ability to detect and correct error

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

PAYMENTS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 80, 89 & 99 paragraphs 3, 3 & 4 respectively: The total sum of **N4,415,000.00** was paid to various individuals to render services/purchases on behalf of the council, but there were no relevant supporting documents as evidence of 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 and recommendation will be implemented

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Page 101 paragraph 5: The total sum of **N1,923,977.45** 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 and recommendation will be implemented

UNCLAIMED PAYMENT VOUCHERS:

Page 102 paragraph 6: The total sum of **N7,926,382.00** 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 and recommendation will be implemented

OUTSTANDING PAYMENT VOUCHERS:

Page 92 paragraph 5: The total sum of **N795,000.00** 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 and recommendation will be implemented

OUTSTANDING REVENUE RECEIPTS:

Pages 82, 93 & 104 paragraphs 4, 6 & 6 respectively: Two hundred and twenty three (223) 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

**SHELLENG LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

THE TREASURY CASH BOOK:

Page 375 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.

Recommendation

The council's cash book should be properly maintained to extent that running periodic cash and bank balances are known at a glance.

Management response

Noted

BANK RECONCILIATION STATEMENT:

Page 375 paragraph 3: 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 cash book balances stood at **N15,876,668.39** while, that of the bank balance stood at **N14,695,380.75** as at 31/12/2019. 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.

Recommendation

Bank reconciliation exercise be carried out on a regular basis and reconciling items identified in each period resolved immediately

Management response

Noted

UNCLAIMED PAYMENT VOUCHERS:

Pages 336, 359 & 377 of paragraphs 5, 6, & 7 respectively: The total sum of **N50,743,470.87** 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.

Recommendation

All payments must be acknowledged by the recipients to serve as evidence that Council's funds are released to the intended beneficiaries.

Management response

Noted

PAYMENTS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 335, 358 & 376 paragraphs 4, 4 & 4 respectively: The total sum of **N44,977,087.00** 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.

Recommendation

The Council should ensure all payment vouchers are supported with relevant transaction documents

Management response

Noted

PAYMENT VOUCHERS NOT CONTROLLED BY THE OCV:

Page 359 paragraph 8: The total sum of **N14,590,000.00** 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.

Recommendation

As a control measure, all raised payment vouchers must be controlled with the help of Vote Books before funds are released to beneficiaries.

Management response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 359 paragraph 7: The total sum of **N129,270,034.66** 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.

Recommendation

The Council should, also, ensure that Paid Vouchers are filed and safeguarded to the extent that they are easily retrieved and produced for audit inspections when need be.

Management response

Noted

PAYMENT VOUCHERS NOT PASSED THROUGH THE INTERNAL AUDIT CHECK:

Pages 358 & 376 paragraphs 5 & 5 respectively: The total sum of **N103,426,520.23** 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.

Recommendation

The Council should ensure that all payment vouchers are subjected to Internal Audit Checks before funds are released for any intended purpose.

Management response

Noted

UNPOSTED CHEQUES:

Page 309 paragraph 1: The total sum of **N500,000.00** was withdrawn from the bank account of the council, on UBA cheque number 86991887 dated 12/9/2019. However, the amount withdrawn was not posted into the treasury cash book, contrary to financial memoranda section 19.4.

Recommendation

The un-posted N500,000 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

CONSTRUCTION OF MARKET STORES

Page 360 paragraph 11: The total sum **N14,000,000.00** was paid to BEE DEE venture and Robix Logistics Limited on various payment vouchers for construction of markets and shopping complex in Shelleng town. It was observe that, 5% VAT, 5% WHT and 2.5% development levy were neither deducted from the contract sum nor paid relevant tax authorities concerned, contrary to extant laws.

Recommendation

It is mandatory for VAT and other relevant taxes be deducted from Contactors' payments especially for the transactions in question. Therefore, the Council should investigate the issue of non-deduction of VAT, WHT, etc on the affected transactions, recover the taxes and remit to the appropriate authorities.

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 337, 362 & 377 paragraphs 7, 13 & 8 respectively: The total number three hundred and two (302) 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.

Recommendations

The Council should tract all revenue receipt booklets in use towards ensuring that remittance of revenue to its Treasury is timely carried out. The delays in returns and collected revenues be investigated to ensure that the Council has not loss money.

Management response

Noted

SONG LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.

TREASURY CASH BOOK:

Page 87 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.

Recommendation

The council's cash book should be properly maintained to extent that running periodic cash and bank balances are known at a glance.

Management response

Noted and recommendation will be implemented

BANK RECONCILIATION STATEMENT:

Page 86 paragraph 3; it was observed that monthly bank reconciliation statement have not been prepared to reconcile the cash book balances with that of the council's bank transactions, contrary to financial memoranda section 19.23-26. However, the council's cash book disclosed a debit balance of **N69,744,604.41** while, that of the bank balances has a credit balance of **N158,593.90** as at 31/12/2019. This shows that, the cash and bank balances did not agree as a result of the council's in ability to prepare bank reconciliation statement.

Recommendation

Bank reconciliation exercise be carried out on a regular basis and reconciling items identified in each period resolved immediately

Management response

Noted and recommendation will be implemented

PAYMENTS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 71, 88, 112 & 128 paragraphs 2, 8, 8 & 10 respectively: The total sum of **N544,411,495.03** 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.

Recommendation

The Council should ensure all payment vouchers are supported with relevant transaction documents

Management response

Noted and recommendation will be implemented

UNCLAIMED PAYMENT VOUCHERS:

Pages 92, 90 & 112 paragraphs 9, 11 & 9 respectively: The total sum of **N38,435,800.00** was posted into 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.

Recommendation

All payments must be acknowledged by the recipients to serve as evidence that Council's funds are released to the intended beneficiaries.

Management response

Noted and recommendation will be implemented

PAYMENT VOUCHERS NOT PASSED THROUGH INTERNAL AUDIT CHECK:

Pages 72, 89 & 130 paragraphs 8, 10 & 12 respectively: The total sum of **N309,870,627.89** 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.

Recommendation

The Council should ensure that all payment vouchers are subjected to Internal Audit Checks before funds are released for any intended purpose.

The Council should tract all revenue receipt booklets in use towards ensuring that remittance of revenue to its Treasury is timely carried out

Management response

Noted and recommendation will be implemented

PAYMENT VOUCHERS NOT CONTROLLED BY THE OFFICER CONTROLLING THE VOTE:

Page 112 paragraphs 19: The total sum of **N1,865,130.00** 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.

Recommendation

As a control measure, all raised payment vouchers must be controlled with the help of Vote Books before funds are released to beneficiaries.

Management response

Noted and recommendation will be implemented

OUTSTANDING PAYMENT VOUCHERS:

Page 72, 89,111 & 127 paragraph 7, 9, 7 & 9 respectively: The total sum of **N26,559,995.00** 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.

Recommendation

The Council should, also, ensure that Paid Vouchers are filed and safeguarded to the extent that they are easily retrieved and produced for audit inspections when need be.

Management response

Noted and recommendation will be implemented

UNATTENDED SEMINARS/WORKSHOPS:

Page 113 paragraph 11: The sum of **N8,715,321.00** was paid to various officers of the council to attend seminars/workshop on payment voucher 41 of August 2019. However, it was observed that, there were no evidences to justify the expenditure incurred for the seminars/workshops said to have been attended, contrary to financial memoranda and extant laws.

Recommendation

The council should investigate the reasons behind release of funds to attend Workshop & Seminars that were never attended and ensure that the involved sums recovered, and culprits sanctioned.

Management response

Noted and recommendation will be implemented

CONTRACTS/PROJECTS AND SUPPLIES MADE WITHOUT APPROVAL:

Page 114 paragraph 12: The total sum of **N45,937,256.09** was paid to various individuals and contractors for the supply and execution of projects on behalf of the council. However, it was observed that the said supplies, contracts and projects were without approval from the relevant authorities concerned, contrary to financial memoranda.

Recommendation

Approval thresholds for execution of Contract projects and Supplies be referred to and necessary approvals are sought and obtained before commencements. Secondly, the case in question be thoroughly investigated

Management response

Noted and recommendation will be implemented

OUTSTANDING REVENUE RECEIPTS:

Pages 73, 90 & 132 paragraphs 10, 12 & 18 respectively: The list of five hundred and twelve (512) 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.

Recommendation

The Council should tract all revenue receipt booklets in use towards ensuring that remittance of revenue to it's Treasury is timely carried out. The delays in returns and collected revenues be investigated to ensure that the Council has not loss money.

Management response

Noted and recommendation will be implemented

DIVERSION OF FUNDS:

Page 132 paragraph 17: The total sum of **N71,977,933.00** was paid to Abubakar Goni and Mahmud Hassan, for various purchases/services said to have been rendered on behalf the council. However, it was observed that, the said money paid were not meant for the purpose intended, hence relevant evidences of expenditure were neither produced nor attached to the payment voucher to support the said payments, contrary to financial memoranda.

Recommendation

A case of fund diversion involving N71,977,933.00 highlighted in the report be investigated, the involved amount returned to the Treasury and all evidences forwarded for audit scrutiny.

Management response

Noted and recommendation will be implemented

CONTRACTS FOR THE PURCHASE OF VEHICLES:

Page 131 paragraph 15: The sum of **N10,000,000.00** was paid to Hammab Motors, for the supply of one Toyota Rav 4 and three Peugeot 406, on behalf of the council, on payment voucher of No. 118 October, 2019, out of the contract sum of N16,266,687.50. However, it was observed that, relevant supporting documents such as F&GPC and approvals from agencies concerned were neither produced nor attached to the payment voucher to justify the said payment. Similarly, 5% VAT, 5% WHT and 2.5% education levy were deducted from the contract sum, but were not remitted to the relevant tax authorities, contrary to financial memoranda and extant laws.

Recommendation

The Council should ensure that the necessary documents in support of the Supply Contract in question are provided and the statutory deductions are remitted to the relevant Authorities. Furthermore, evidences should be forwarded for audit scrutiny.

Management response

Noted and recommendation will be implemented

TOUNGO LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.

TREASURY CASH BOOK:

Page 78 paragraph 2: The treasury cash book of the council was examined and found to have not been properly kept or maintained, in line with the provision of financial memoranda section 19.1 -3.

Recommendation

The council's cash book should be properly maintained.

Management response

Noted

BANK RECONCILIATION STATEMENT:

Page 85 paragraph 2: it was observed that monthly bank reconciliation statement have not been prepared to reconcile the cash book balances with that of the council's bank transactions, contrary to financial memoranda section 19.23-26. However, the council's cash book disclosed a balance of **N2,214,596.68** while, that of bank balance was **N2,412,082.72** as at 31/12/2019. This shows that, the cash and bank balances did not agree as a result of the council's in ability to prepare bank reconciliation statement.

Recommendation

Bank reconciliation exercise be carried out on a regular basis and reconciling items identified in each period resolved immediately

Management response

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 78 & 85 paragraphs 3 & 3 respectively: The total sum of **N52,407,871.00** 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 said payments, contrary to financial memoranda section 14.17.

Recommendation

The Council should ensure all payment vouchers are supported with relevant transaction documents

Management response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 79 paragraph 4: The total sum of **N2,500,000.00** 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.

Recommendation

The Council should, also, ensure that Paid Vouchers are filed and safeguarded to the extent that they are easily retrieved and produced for audit inspections when need be

Management response

Noted

**YOLA NORTH LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

CASH BOOK:

Page 239 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 19.1 and 19.23-26. The cash books were not reconciled with that of the council's bank transactions.

Recommendation

The council's cash book should be properly maintained.

Management response

Noted

BANK RECONCILIATION STATEMENT:

Page 239 Paragraph 3: 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.

Recommendation

Bank reconciliation exercise be carried out on a regular basis and reconciling items identified in each period resolved immediately

Management response

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Pages 232 & 240 paragraphs 4 & 4 respectively: The total sum of **N19,544,920.00** 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 said payments, contrary to financial memoranda section 14.17.

Recommendation

The Council should ensure all payment vouchers are supported with relevant transaction documents

Management response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 23 paragraph 5: The total sum of **N520,000.00** 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.

Recommendation

The Council should, also, ensure that Paid Vouchers are filed and safeguarded to the extent that they are easily retrieved and produced for audit inspections when need be

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

Pages 334 & 241 paragraphs 7 & 5 respectively: The list of one thousand and four (1,004), 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.

Recommendation

The Council should tract all revenue receipt booklets in use towards ensuring that remittance of revenue to it's Treasury is timely carried out

Management response

Noted

UNCLAIMED PAYMENT VOUCHERS:

Page 233 paragraph 6: The total sum of **N1,507,300.00** 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, as they have not signed the payment vouchers, contrary to financial memoranda section 14.16.

Recommendation

All payments must be acknowledged by the recipients to serve as evidence that Council's funds are released to the intended beneficiaries.

Management response

Noted

PAYMENT VOUCHERS NOT PASSED THROUGH INTERNAL AUDIT CHECK:

Page 240 paragraph 4: The total sum of **N18,999,520.00** was payments for the period under review that, were not checked and passed through the internal audit check of the council, contrary to financial memoranda section 14.10.

Recommendation

The Council should ensure that all payment vouchers are subjected to Internal Audit Checks before funds are released for any intended purpose.

Management response

Noted

**YOLA SOUTH LOCAL GOVERNMENT COUNCIL
MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31ST, 2019.**

CASH BOOK:

Page 91 paragraph 1: 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 19.1 and 19.23-26. The cash books were not reconciled with that of the council's bank transactions.

Recommendation

The council's cash book should be properly maintained.

Management response

Noted

BANK RECONCILIATION STATEMENT:

Page 98 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 **N1,227,000.00** while the bank balance stood at **N47,609.23** as at 30/6/2019. Therefore, this shows that, the cash book and bank balances did not agree, due to the inability of the council to prepare bank reconciliation statements.

Recommendation

Bank reconciliation exercise be carried out on a regular basis and reconciling items identified in each period resolved immediately

Management response

Noted

PAYMENT VOUCHERS WITHOUT PROPER SUPPORTING DOCUMENTS:

Page 104 paragraph 4: The total sum of **N17,592,300.00** 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 said payments, contrary to financial memoranda section 14.17.

Recommendation

The Council should ensure all payment vouchers are supported with relevant transaction documents

Management response

Noted

OUTSTANDING PAYMENT VOUCHERS:

Page 99 paragraph 6: The total sum of **N430,000.00** 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.

Recommendation

The Council should, also, ensure that Paid Vouchers are filed and safeguarded to the extent that they are easily retrieved and produced for audit inspections when need be

Management response

Noted

OUTSTANDING REVENUE RECEIPTS:

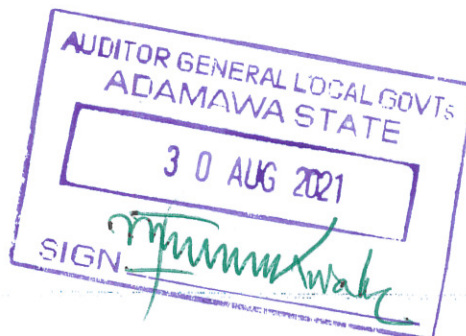
Pages 91, 100 & 105 paragraphs 4, 8 & 5 respectively: The list of four hundred and eighty (482) booklets of outstanding revenue receipts. It was observed that the revenue earning receipt booklets have been long overdue with the revenue collectors with the money collected on them without remitting to the Local Government treasury, contrary to financial memoranda section 7.9.

Recommendation

The Council should track all revenue receipt booklets in use towards ensuring that remittance of revenue to it's Treasury is timely carried out

Management response

Noted



AUDITOR GENERAL LOCAL GOVTS
ADAMAWA STATE
30 AUG 2021
SIGN *[Handwritten Signature]*