

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
OF THE 20 LOCAL GOVERNMENT COUNCILS OF BAUCHI STATE
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF
ALKALERI LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST
DECEMBER, 2018**

We are pleased to inform you that we have completed the audit of Alkaleri Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

1. Financial Analyses
2. Internal Control weakness and other observations.

1.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	4,443,686	11,753,493
Statutory Allocation	<u>914,866,113</u>	<u>807,199,138</u>
Total Recurrent Revenue	919,309,799	818,952,631
Personnel cost	628,397,096	794,289,519
Overheads	<u>262,769,907</u>	<u>24,798,246</u>
Total Recurrent Expenditure	891,167,324	819,087,765
Surplus/(Deficit)	28,142,475	(135,134)

1.1.1 REVENUE PROFILE

1) Statutory allocations

The Council recorded an increase in statutory allocation received from **N807.20 million** 2017 to **N914.87 million** in 2018, representing an increase of **13%**. The statutory allocations received in the year represents **16%** of the budgeted statutory allocation of **N5.82 billion**.

Statutory allocations accounted for above **99.5%** of the total revenue of the Local Government Council in the year under review.

2) Internally generated revenue

The internally generated revenue of the Council dropped from **₦11.75million** in 2017 to **₦4.44 million** in 2018.

We advise that all available revenue generating sources should be harnessed to boost the internally generated revenue and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦891.17 million** in the year under review as against **₦819.09 million** in 2017. The recurrent expenditure in 2018 represents **33%** of the budgeted recurrent expenditure of **₦2.67 billion**.

1.2.2 Capital expenditure

The expenditure of capital nature in the year under review was **₦ 97.48million** representing **3.45%** of the budgeted capital expenditure of **₦ 2.83 billion**.

Details are as highlighted in appendix 1

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 PREPARATION OF LT 16 FORMS

We observe that the preparation of the LT Form 16 by the Local Council was not done in the year under review.

2.1.1 RECOMMENDATION

Management should ensure that periodic reports are prepared.

2.2.0 BANK RECONCILIATION STATEMENTS

2.2.1 AUDIT COMMENTS

We observe that the bank accounts of the Council were not reconciled in the periods under review and there are differences between the closing balances of the cash book and the respective bank statements.

2.2.2 RECOMMENDATIONS

We recommend that:

1. Management should ensure that monthly bank reconciliation statements of all the bank accounts maintained by the Council are prepared.
2. Casting and balancing of the cash book should be done correctly. This will resolve the issue of differences between the cash book and the bank statement as well as prevent possible loss of funds.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council in the year were **N27.97 million**. **N21.31 million** was from previous years. Remittance of contract deductions amounting to **N20.47 million** to the relevant tax authorities were not done as required by law.

Management should ensure that all contract deductions are promptly remitted to the relevant tax authorities.

2.4.0 ACCOUNTING SYSTEM

2.4.1 AUDIT COMMENTS

We observe that:

1. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
2. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
3. Periodic report of revenue and expenditure were not prepared.
4. The Council continue to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
5. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done especially at the commencement of the adoption of IPSAS to avoid errors in the books of account.

2.5.0 FIXED ASSETS REGISTER

2.5.1 AUDIT COMMENTS

We observe that Fixed Assets Register was not maintained in the period under review. With the adoption of IPSAS, Property, plant and equipment of the Council should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

2.6.0 PUBLIC FUND

2.6.1 We observed that there is **N26.69 million** described as Public fund in the 2017 financial statements and we could not verify the existence of such fund in the Council's records.

ALKALERI LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Construction/renovation of D/Head house	3,983,000
2.	Purchase/compensation of land	4,529,000
3.	Construction/renovation of primary school	12,800,712
4.	Drilling of hand pump	13,919,808
5.	Renovation of Dispensary	3,812,333
6.	Construction of skill acquisition centre	924,000
7.	Construction/ provision of housing	9,396,945
8.	Construction/provision of office building	1,900,993
9.	Fencing of graveyard	1,800,000
10.	Cattle route demarcation	2,000,000
11.	Construction of access road	7,760,750
12.	Rehabilitation/repairs- electricity	500,000
13.	Construction of feeder road	1,478,155
14.	Renovation of market	625,000
15.	Construction & fencing of graveyard	14,903,445
16.	Construction/renovation of health facilities	9,645,310
17.	Construction/provision of water facilities	<u>7,500,000</u>
		<u>97,479,452</u>

18th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State

Dear Sir,

MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF BAUCHI LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST DECEMBER, 2018

We are pleased to inform you that we have completed the audit of Bauchi Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standards and Generally Accepted Accounting practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

3. Financial Analyses
4. Internal Control weakness and other observations.

2.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating results of the Local Government Council for the year under review in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally generated revenue	16,120,458	60,089,633
Statutory Allocation	<u>963,009,822</u>	<u>1,088,420,328</u>
Total Recurrent Revenue	<u>979,130,280</u>	<u>1,148,509,961</u>
Personnel cost	566,406,191	1,051,305,666
Overheads	<u>350,083,419</u>	<u>96,566,583</u>
Total Recurrent Expenditure	<u>916,489,610</u>	<u>1,147,872,249</u>
Surplus/(Deficit)	62,640,670	637,712

1.1.1 REVENUE PROFILE

1. Statutory allocations

The Council recorded a decline in statutory allocation from **₦1.09 billion** 2017 to **₦963.01million** in 2018. The statutory allocations received in the year represents **25%** of the budgeted statutory allocations of **₦3.82 billion**.

Statutory allocations accounted for more than 98% of the total revenue of the Local Government Council in the year under review.

2. Internally generated revenue

The internally generated revenue of the Council dropped from **N60.01 million** in 2017 to **N16.12 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1. Recurrent expenditure

The total recurrent expenditure of the Council in 2018 was **N916.49 million**, as against **N 1.15 billion** in 2017. This represents **42%** of the budgeted recurrent expenditure of **N 2.17 billion** in the year under review.

2. The capital expenditure

The capital expenditure of the Council in 2018 was **N 138.88 million** represents **4%** of the budgeted capital expenditure of **N 3.257 billion**.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 INTERNAL AUDIT

We observe that the Internal Audit function of the Council was not effective as an integral part of the Internal Control system. Periodic Internal Audit reports highlighting exceptions were not prepared in the period under review.

The routine checking and stamping of payment vouchers were not fully done in the period under review.

2.1.1 RECOMMENDATIONS

We advise that:

1. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
2. Produce periodic reports documenting his observations and recommendation to the Council
3. The council should ensure that the reports of the Internal Auditor are deliberated and issues raised are promptly addressed.

2.2.0 BANK RECONCILIATION STATEMENTS

2.2.1 AUDIT COMMENTS

We observe that bank accounts of the Council were reconciled in the year under review. We observed that reconciliation items are not promptly addressed by making the necessary postings in the cash book. The following reconciliation items have remained unaddressed as at the end of the year:

- Direct credits in the various bank accounts amounting to **₦ 6.87million**.
- Remittance in transit from previous months of **₦ 0.85million**.

2.2.2 RECOMMENDATIONS

The Council should ensure that all reconciliation items are promptly addressed and the necessary postings are done. The remittance in transit should be resolved within 14 days with the respective bank.

2.3.0 INCOMPLETE RECORDING OF TRANSACTIONS IN THE CASH BOOK

2.3.1 AUDIT COMMENTS

We observe the following:

1. There were instances where receipts lodged into bank accounts of the Council were not recorded in the cash book.
2. There is incorrect monthly totalling of expenditure recorded in the cash book resulting to different balancing of the cash book
3. There were payments vouchers not see in the year under review.

2.3.2 RECOMMENDATIONS

We recommend that:

1. Management should ensure that all transactions are recorded in the cash book.
2. The monthly balancing of the cash book should be done correctly.
3. Payment vouchers are raised for all expenditure with all the required information and duly recorded in the cash book.

2.4.0 DEPOSITS

2.4.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council in the year was **₦ 24.42 million**. This is made up of mainly contract deductions that are to be remitted to the relevant tax authorities of which the remittance have not been done .

We observe that outstanding balances of deposits as per the schedule made available to us amounted to **₦ 54.35 million**.

The management should ensure that the deposit ledgers are reconciled and updated.

2.5.0 ADVANCES

The unretired advances as the end of 2018 stood at **₦ 20.70 million**, this is against **₦ 39.57 million** in the schedule provided to us during the audit.

The management should ensure that the advances ledgers are reconciled and updated.

2.6.0 ACCOUNTING SYSTEM

2.6.1 AUDIT COMMENTS

We observe that:

6. The Council operated a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
7. The Council continued to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
8. There are instances where transactions were recorded in the cash book without payee, details and account codes.
9. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS and comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be encouraged.

2.7.0 FIXED ASSETS REGISTER

2.7.1 AUDIT COMMENTS

We observe that Fixed Assets Register was not maintained in the period under review. With the adoption of IPSAS, Property, plant and equipment of the Council should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

2.8.0 PUBLIC FUND

2.8.1 We observed that there is **N16.69 million** described as Public fund in the 2017 financial statements and we could not verify the existence of such fund in the Council's records.

Appendix1

BAUCHI LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Construction / provision of hospital / health centre	4,325,941
2.	Rehabilitation/repairs of residential building	7,736,983
3.	Construction/provision of electricity	14,372,497
4.	Rehabilitation/repairs –Roads	18,852,500
5.	Rehabilitation/repairs-Market/parks	850,000
6.	Construction/provision of water facilities	3,576,000
6.	Office furniture	1,000,000
7.	Rehabilitation/repairs –electricity	1,250,500
8.	Renovation of slaughter	1,551,625
9.	Renovation of dispensary	60,000
10.	Fencing & drilling of hand pump	26,415,782
11.	Rural electrification	18,911,609
12.	Construction/provision of public school	2,544,000
13.	Purchase of land	1,900,000
14.	Supply of office equipment	2,131,900
15.	Construction of toilet	315,575
16.	Construction of shops	6,818,526
17.	Purchase of health / medical equipment	3,444,000
18.	Construction / provision of office building	261,000
19.	Construction / provision of residential building	1,281,000
20.	Renovation of health centre	21,198,310
21.	Purchase of generator	<u>80,000</u>
		<u>138,877,748</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF
BOGORO LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST
DECEMBER, 2018**

We are pleased to inform you that we have completed the audit of Bogoro Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the international Auditing Standard and Generally Accepted Accounting practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

5. Financial Analyses
6. Internal Control weakness and other observations.

3.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year are as shown below:

	2018	2017
	N	N
Internally generated revenue	847,648	5,859,109
Statutory Allocation	<u>416,568,004</u>	<u>465,142,241</u>
Total Recurrent Revenue	417,415,653	471,001,350
Personnel cost	328,411,267	445,453,282
Overheads	<u>94,637,188</u>	<u>25,653,047</u>
Total Recurrent Expenditure	423,048,455	471,106,329
Surplus/(Deficit)	(5,632,802)	(104,979)

1.1.1 REVENUE PROFILE

1. Statutory Revenue

The Council recorded a slight decline in statutory allocation from **N465.14 million** 2017 to **N416.57 million** in 2018, the statutory allocation received in the year represents **9%**, of the budgeted statutory allocation.

Statutory allocations accounted for over **99.8%** of the total revenue of the Local Government Council in the year under review.

2. Internally generated revenue

We observed that internally generated revenue decreased significantly from **₦5.86 million** in 2017 to **₦0.88 million** in 2018. The Council achieved **2.6%** of the budgeted internally generated revenue of **₦32.59 million** in the year under review.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦423.05 million** in the year under review as against **₦471.11 million** 2017.

Personnel cost was **₦328.41 million** representing **77.63%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure of **₦ 30.91 million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 INTERNAL AUDIT

We observed that the Internal Audit function of the Council was not effective as an integral part of the Internal Control system. The routine checking and stamping of payment vouchers were not fully done in the period under review.

2.1.1 RECOMMENDATIONS

We advise that:

4. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
5. The Internal auditor should produce periodic reports documenting his observations and recommendations to the Council
6. The Council should ensure that the reports of the Internal Auditor are deliberated and issues raised are promptly addressed.

2.2.0 PREPARATION OF LT 16 FORMS

We observed that the preparation of the LT form 16 by the Local Council was not fully done in the period under review.

2.2.1 RECOMMENDATION

Management should ensure that periodic reports are prepared.

2.3.0 BANK RECONCILIATION STATEMENTS

2.3.1 AUDIT COMMENTS

We observed the followings:

1. Bank statements for Fidelity bank was not made available to us during the audit
2. The bank accounts of the Council were not reconciled in the year under review and there are differences between the closing balances of the cash book and the respective bank statements.

Management should ensure that monthly bank reconciliation statements of all the bank accounts maintained by the Council are prepared.

Casting and balancing of the cash book should be done correctly. This will resolve the issue of differences between the cash book and the bank statement as well as prevent possible loss of funds.

2.4.0 DEPOSITS

2.4.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council in the year were **₦13.62 million**. Contract deductions amounted to **₦2.37million** not remitted to the relevant tax authorities in compliance with the relevant tax laws. Also included in the deposit liabilities is UBA (NULGE) loan of **₦11.29 million**.

2.5.0 ACCOUNTING SYSTEM

2.5.1 AUDIT COMMENTS

We observed that:

10. The Council operated a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.

11. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
12. Periodic report of revenue and expenditure were not prepared.
13. The Council continued to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
14. Transactions were recorded in the cash book without the account codes.
15. Incorrect monthly casting and balancing of the cash book resulting to difference in the cash book closing balance and the balance in the financial statements.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done especially at the commencement of the adoption of IPSAS to avoid errors in the books of account.

2.6.0 FIXED ASSETS REGISTER

2.6.1 AUDIT COMMENTS

We observed that Fixed Assets Register was not maintained in the period under review. With the adoption of IPSAS, Property, plant and equipment of the Council should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

2.7.0 PUBLIC FUND

- 2.7.1 We observed that there is **N79.00 million** described as Public fund in the 2017 financial statements and we could not verify the existence of such fund in the Council's records.

Appendix 1

BOGORO LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (N)
1.	Completion of guest house	3,036,972
2.	Drilling of borehole	9,975,000
3.	Hand pump	4,307,692
4.	Purchase of generator	65,000
5.	Lock up shop	5,033,061
6.	Construction of culvert	1,936,125
7.	Renovation of primary school	1,115,500
8.	Sport equipment	720,000
9.	Purchase of motor cycle	2,009,500
10.	Construction of BOI S/complex	2,710,000
		<u>30,908,850</u>

15thSeptember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF DAMBAM LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Dambam Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Dambam Local Government Council for their co-operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

4.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	3,479,337	9,451,998
Statutory Allocation	<u>508,378,770</u>	<u>561,015,272</u>
Total Recurrent Revenue	511,858,107	570,467,270
Personnel cost	389,369,114	531,138,345
Overheads	<u>111,741,317</u>	<u>39,421,331</u>
Total Recurrent Expenditure	<u>501,110,431</u>	<u>570,559,676</u>
Surplus/(Deficit)	10,747,676	(92,406)

1.1.1 REVENUE PROFILE

A. Statutory allocation

The Council recorded a decline in statutory allocation received from **N561.01 million** 2017 to **N508.38 million** in 2018, representing a decrease of **N52.64 million 9%**. The statutory allocations received in the year represent **10%** of the budgeted statutory allocations of **N4.90 billion**.

Statutory allocations accounted for **99%** of the total revenue of the Local Government Council in the year under review.

B. Internally generated revenue

The internally generated revenue of the Council decreased from **₦9.45million** in 2017 to **₦3.48 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦501.11 million** in the year under review as against **₦570.56 million** 2017.

Personnel cost was **₦389.37 million** representing **77.70%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure in the year was **₦ 50.33million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATION

2.1.1 BANK RECONCILIATION STATEMENTS.

Monthly bank reconciliation statements were prepared up to date in the year under review. We observed that reconciliation items are not promptly addressed by making the necessary postings in the cash book. The following reconciliation items have remained unaddressed as at the end of the year:

- Bank charges/commission accumulated over the years in the reconciliation statements amounting to **₦ 4.36 million**
- Remittance in transit of **₦ 9.86million**.

2.1.2 RECOMENDATIONS

The Council should ensure that all reconciliation items are promptly addressed and the necessary postings are done. The remittance in transit should be resolved within 14 days with the respective bank.

2.2.0 PAYMENT VOUCHERS

2.2.1 AUDIT COMMENTS

Payment vouchers for the year under review were not made available to us during the audit, thereby making it difficult to confirm that the necessary supporting documents to all the expenditure are available.

2.2.2 RECOMENDATIONS

We advise that management should ensure that :

- Payment vouchers are raised for all transactions and that the necessary supporting documents are attached to the respective payment vouchers.
- Payment vouchers should be securely and serially file monthly for future reference.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The deposit liability of the Council in the year was **₦ 24.97 million** as against **₦ 26.68 million** contained in the schedule made available to us. The deposit liabilities were mostly from previous years.

2.4.0 FIXED ASSETS REGISTER

2.4.1 AUDIT COMMENTS

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.4.2 IMPLICATIONS

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.4.3 RECOMMENDATIONS

Maintenance of a fixed assets register which will serve as a back-up to the computerized ledger and periodic inventory of the Council Assets and control is very important.

2.5.0 TRAINING OF ACCOUNTING STAFF

2.5.1 AUDIT COMMENTS

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.5.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.5.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

DAMBAM LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Construction/provision of infrastructure	2,126,600
2.	Rehabilitation/repairs -water facilities	1,044,000
3.	Rehabilitation/repairs –electricity	989,000
4.	Purchase of guest house	15,400,000
5.	Purchase of Residential building	3,500,000
6.	Purchase of motor cycles	1,151,269
7.	Purchase of office furniture & fittings	3,600,000
8.	Rehabilitation/repairs-Market/parks	1,019,500
9.	Rehabilitation/repairs - water facilities	3,020,000
10.	Rehabilitation/repairs-Agricultural facilities	859,021
11.	Rehabilitation/repairs of residential building	500,000
12.	Construction/provision of water-ways	1,375,000
13.	Construction/provision of electricity	2,000,000
14.	Rehabilitation/repairs –Roads	1,500,000
15.	Construction/provision of residential buildings	9,325,000
16.	Construction/provision of housing	2,351,000
17.	Renovation of market	<u>570,000</u>
		<u>50,330,390</u>

15thSeptember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF DARAZO LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Darazo Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Darazo Local Government Council for their co-operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

5.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	5,812,648	17,595,501
Statutory Allocation	<u>690,130,906</u>	<u>737,500,402</u>
Total Recurrent Revenue	695,943,554	755,095,903
Personnel cost	548,808,346	736,615,167
Overheads	<u>117,854,516</u>	<u>18,298,418</u>
Total Recurrent Expenditure	<u>666,662,862</u>	<u>754,913,585</u>
Surplus/(Deficit)	29,280,692	182,318

1.1.1 REVENUE PROFILE

C. Statutory allocation

The Council recorded a decrease in statutory allocation received from **N737.50 million** 2017 to **N690.13 million** in 2018, representing a **6%** decrease. The statutory allocations received in the year represents **13%** of the budgeted statutory allocations of **N5.45 billion**.

Statutory allocations accounted for above **99%** of the total revenue of the Local Government Council in the year under review.

D. Internally generated revenue

The internally generated revenue of the Council decreased from **N17.60 million** in 2017 to **N5.81 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦666.66 million** in the year under review as against **₦754.91 million** 2017.

Personnel cost was **₦548.81 million** representing **82.32%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure of **₦ 53.41million**, details are as highlighted in **appendix 1**.

The capital expenditure in the year represents **2.76%** of the budgeted capital expenditure of **₦ 1.93 billion**

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATION

2.1.1 BANK RECONCILIATION STATEMENTS.

Monthly bank reconciliation statements were prepared up to date in the year under review. We observed that reconciliation items are not promptly addressed by making the necessary postings in the cash book. The following reconciliation items have remained unaddressed as at the end of the year:

- Bank charges/commission accumulated over the years in the reconciliation statements amounting to **₦10.23 million**
- Direct credits in the various bank accounts amounting to **₦ 3.49 million**.
- Remittance in transit of **₦ 9.55 million**.
- Reconciliation items are not dated for easy reference.

2.1.2 RECOMMENDATIONS

The Council should ensure that all reconciliation items are promptly addressed and the necessary postings are done. The remittance in transit should be resolved within 14 days with the respective bank.

2.2.1 DEPOSITS

The Council has a deposit liability of **₦ 15.18 million** in 2018. We observed that contract deductions amounting to **₦ 12.63 million** were not remitted to the relevant tax authorities.

2.3.1 FIXED ASSETS REGISTER

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.3.2 IMPLICATION

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.3.3 RECOMMENDATION

Maintenance of a fixed assets register which will serve as a back-up to the computerized ledger and periodic inventory of the Council Assets and control is very important.

2.4.1 TRAINING OF ACCOUNTING STAFF

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.4.2 IMPLICATIONS

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.4.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

Appendix1

DARAZO LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Construction/ provision of electricity	18,029,420
2.	Rehabilitation/repairs of water facilities	13,986,597
3.	Purchase / acquisition of land	1,708,166
4.	Minor road maintenance	3,570,000
5.	Purchase of communication equipment	1,000,000
6.	Maintenance of market/public places	2,209,504
7.	Construction/provision of roads	2,327,600
8.	Construction/ provision of infrastructure	6,701,374
9.	Purchase of tricycles	<u>3,875,000</u>
		<u>54,407,661</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF DASS
LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST DECEMBER, 2018**

We are pleased to inform you that we have completed the audit of Dass Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the international Auditing Standard and Generally Accepted Accounting practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

7. Financial Analyses
8. Internal Control weakness and other observations.

6.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally generated revenue	2,285,851	12,034,420
Statutory Allocation	<u>459,170,502</u>	<u>417,179,238</u>
Total Recurrent Revenue	461,456,353	429,213,658
Personnel cost	257,144,504	404,144,504
Overheads	<u>124,087,724</u>	<u>23,818,865</u>
Total Recurrent Expenditure	381,232,228	428,408,110
Surplus/(Deficit)	80,224,125	805,548

1.1.1 REVENUE PROFILE

1. Statutory allocation

The Council recorded an increase in statutory allocation from **N417.18 million** in 2017 to **N459.17 million** 2018. The statutory allocations received in the year represent **12%** of the budgeted statutory allocation of **N3.82 billion**.

Statutory allocations accounted for **99%** of the total revenue of the Local Government Council.

2. Internally generated revenue (IGR)

The internally generated revenue of the Council declined from **₦12.03 million** in 2017 to **₦2.28 million** in 2018. The IGR in the year represents **4.3%** of the budgeted internally generated revenue.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council in the year was **₦381.23 million** as against **₦428.41 million** in 2017. This represents **18%** of the budgeted recurrent expenditure **₦2.17 billion**.

Personnel cost represents **67.45%** of the total recurrent expenditure incurred in the year.

1.2.2 Capital expenditure

The capital expenditure in the year was **₦64.52million** representing **1.81%** of the budgeted capital expenditure of **₦ 3.56billion**. Details are as highlighted in **appendix 1**.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 INTERNAL AUDIT

We observe that the Internal Audit function of the Council was not effective as an integral part of the Internal Control system. The routine checking and stamping of payment vouchers were not fully done in the period under review.

2.1.1 RECOMMENDATIONS

We advise that:

7. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
8. The Internal auditor should produce periodic reports documenting his observations and recommendations to the Council
9. The Council should ensure that the reports of the Internal Auditor are deliberated and issues raised are promptly addressed.

2.2.0 PREPARATION OF LT 16 FORMS

We observed that the preparation of the LT form 16 by the Local Council was not done in the period under review.

2.2.1 RECOMMENDATION

Proper internal check should be introduced in the accounts section and there should be a proper supervision in the account department by responsible officers.

2.3.0 BANK RECONCILIATION STATEMENTS

2.3.1 AUDIT COMMENTS

We observe the following:

3. The bank accounts of the Council were not reconciled in the year under review and there were differences between the closing balances of the cash book and the respective bank statements. The closing cash book balance was **₦21,107,594.93** as against the closing balances of all the bank accounts of **₦2,577,291**.
4. We observe casting errors in the monthly balancing of the cash book. The closing monthly balance of the cash book may not be correct.
5. We could not trace the bank account into which cash to bank transactions amounting to **₦7,141,527** were made to.

2.3.2 RECOMMENDATIONS

Management should ensure that monthly bank reconciliation statements of all the bank accounts maintained by the Council are prepared.

Casting and balancing of the cash book should be done correctly. This will resolve the issue of differences between the cash book and the bank statement as well as prevent possible loss of funds.

2.4.0 PAYMENT VOUCHERS

2.4.1 AUDIT COMMENTS

Payment vouchers for the year under review were not made available to us during the audit, thereby making it difficult to confirm that the necessary supporting documents to all the expenditure are available.

2.4.2 RECOMENDATIONS

We advise that management should ensure that:

- Payment vouchers are raised for all transactions and that the necessary supporting documents are attached to the respective payment vouchers.
- Payment vouchers should be securely and serially file monthly for future reference.

2.5.0 DEPOSITS

2.5.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council was ~~N6,186,154~~ .We observe that the outstanding balance were taxes deducted from contracts and are not remitted promptly to the relevant tax authorities.

We advise that all deductions from contracts should be remitted to the relevant tax authorities.

2.6.0 ADVANCES

2.6.1 AUDIT COMMENTS

The unretired advances were ~~N23.04 million~~ and the following advance granted in the year were unretired as at the end of the year:

S/N	NAMES	AMOUNT (N)
1.	BASHIR MUTARI MOTOR	1,933,000
2.	ABDULLAHI MATO	4,190,000
3.	IDI ABBA BADEL	2,643,500
4.	BASHIR MUTARI MOTOR	3,963,312

5.	IDI ABBA BADEL	6,100,000
6.	ABDULLAHI MATO	<u>960,000</u>
		<u>19,789,812</u>

Management should ensure that all advances are retired within 2 weeks upon completion of the activities for which the advance was granted.

2.7.0 ACCOUNTING SYSTEM

2.7.1 AUDIT COMMENTS

We observe that:

16. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
17. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
18. Periodic report of revenue and expenditure were not prepared.
19. The Council continued to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
20. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done especially at the commencement of the adoption of IPSAS to avoid errors in the books of account.

2.8.0 FIXED ASSETS REGISTER

2.8.1 AUDIT COMMENTS

We observe that Fixed Assets Register was not maintained in the year under review. With the adoption of IPSAS, Property, plant and equipment of the Council

should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

2.9.0 TRAINING OF ACCOUNTING STAFF

2.9.1 AUDIT COMMENTS

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.9.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.9.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

DASS LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Renovation of guest house	3,517,441
2.	Purchase of generator	80,000
3.	Purchase of motor vehicle	1,500,000
4.	Purchase of motorcycle	742,000
5.	Construction/provision of infrastructures	1,000,000
6.	Office furniture	500,000
7.	Construction of market stalls	582,000
8.	Renovation of staff quarters	3,145,777
9.	Repair of borehole	1,110,000
10.	Drilling of hand pump	540,000
11.	Fencing of graveyard	<u>51,804,450</u>
		<u>64,521,668</u>

15thSeptember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF GAMAWA LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Gamawa Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Gamawa Local Government Council for their co-operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

7.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	9,089,673	26,730,544
Statutory Allocation	<u>817,777,158</u>	<u>724,088,886</u>
Total Recurrent Revenue	826,866,831	750,819,430
Personnel cost	506,542,308	645,830,303
Overheads	<u>251,650,586</u>	<u>108,220,038</u>
Total Recurrent Expenditure	<u>758,192,893</u>	<u>754,050,341</u>
Surplus/(Deficit)	68,673,937	(3,230,911)

1.1.1 REVENUE PROFILE

E. Statutory allocation

The Council recorded an increase in statutory allocation received from **N724.09 million** 2017 to **N817.80 million** in 2018, representing an increase of **13%**.

Statutory allocations accounted for above 98.9% of the total revenue of the Local Government Council in the year under review.

F. Internally generated revenue

The internally generated revenue of the Council decreased from **₦26.73 million** in 2017 to **₦9.09 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦758.19 million** in the year under review as against **₦754.05 million** 2017.

Personnel cost was **₦506.54 million** representing 66.81% of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure of **₦ 56.77million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATION

2.1.1 BANK RECONCILIATION STATEMENTS.

Monthly bank reconciliation statements were prepared up to date in the year under review. We observed that reconciliation items are not promptly addressed by making the necessary postings in the cash book. The following reconciliation items have remained unaddressed as at the end of the year:

- Bank charges/commission accumulated over the years in the reconciliation statements amounting to **₦ 5.81million**
- Direct debits in the various bank accounts amounting to **₦ 4.97million.**
- Remittance in transit of **₦ 8.09million.**

The Council should ensure that all reconciliation items are promptly addressed and the necessary postings are done. The remittance in transit should be resolved within 14 days with the respective bank.

2.2.1 DEPOSITS

The Council has a deposit liability of **₦ 43.06 million** in 2017 and received from the Ministry of Local Government Affairs the sum of **₦ 48.25million** for the settlement of deposit liabilities. We observed that the schedule of deposits made

available to us shows that the outstanding deposit is **N 44.28million** as at 31 December, 2018. The deposit ledgers may not have been updated.

2.3.1 FIXED ASSETS REGISTER

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.3.2 IMPLICATIONS

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.3.3 RECOMMENDATIONS

Maintenance of a fixed assets register which will serve as a back-up to the computerized ledger and periodic inventory of the Council Assets and control is very important.

2.5.1 TRAINING OF ACCOUNTING STAFF

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.5.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.5.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

Appendix 1

GAMAWA LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Rehabilitation/repairs of office building	3,594,480
2.	Construction of market stalls	680,000
3.	Construction of lock-up shop	1,317,359
4.	Minor road repairs	1,506,750
5.	Construction of maternity	22,338,878
6.	Construction of mosque	200,000
7.	Renovation of LG HQ	603,462
8.	Renovation of government lodge	1,702,531
9.	Rehabilitation/repairs - water facilities	4,800,000
10.	Construction of agric. shop	1,508,000
11.	Sand filling	5,900,000
12.	Drilling of borehole	200,000
13.	Motor vehicle	8,000,000
14.	Construction of fire service	1,000,000
15.	Purchase of solar	45,430
16.	Renovation of guest house	2,656,634
17.	Construction/provision of water facilities	<u>720,000</u>
		<u>56,773,524</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF
GANJUWA LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST
DECEMBER, 2018**

We are pleased to inform you that we have completed the audit of Ganjuwa Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

9. Financial Analyses
10. Internal Control weakness and other observations.

8.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating results of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally generated revenue	5,416,364	28,015,927
Statutory Allocation	<u>476,067,543</u>	<u>588,404,801</u>
Total Recurrent Revenue	<u>483,483,907</u>	<u>616,420,728</u>
Personnel cost	393,176,194	578,945,290
Overheads	<u>99,753,487</u>	<u>37,459,837</u>
Total Recurrent Expenditure	<u>492,930,081</u>	<u>616,405,127</u>
Surplus/(Deficit)	(11,446,174)	15,602

1.1.1 REVENUE PROFILE

1. Statutory revenue

The Council recorded a decline in statutory allocation from ~~N588.40 million~~ in 2017 to **N476.07 million** 2018, and statutory allocations accounted for more than **99%** of the total revenue of the Local Government Council in the year under review.

2. Internally generated revenue

We observed that internally generated revenue decreased significantly from **N28.01 million** in 2017 to **N5.42 million** in 2018. The Council achieved **14.72%** of the budgeted internally generated revenue in the year under review.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council in the year under review was **N492.93 million** as against **N616.41 million** in 2017. The recurrent expenditure in the year represents **17%** of the budgeted recurrent expenditure of **N2.83 billion**.

Personnel cost of **N393.18 million** accounted for **80%** of the total recurrent expenditure.

1.2.2 Capital expenditure

Expenditure of capital nature of the Council in the year under review was **N17.37 million**.

Details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 INTERNAL AUDIT

The routine checking and stamping of payment vouchers were not fully done in the year under review.

2.1.1 RECOMMENDATIONS

We advise that:

10. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
11. Produce periodic reports documenting his observations and recommendations to the Council
12. The council should ensure that the reports of the Internal Auditor are deliberated and issues raised are promptly addressed.

2.2.1.0 BANK RECONCILIATION STATEMENTS

2.2.1.1 AUDIT COMMENTS

The bank accounts of the Council were not reconciled in the year under review and there were differences between the closing balances of the cash book and the respective bank statements. The closing cash book balance was **₦1,797,000** as against the closing balances of all the bank accounts of **₦1,293,424**.

We observed that the following deposits were not recorded in the cash book:

UNITY BANK

Date	Details	Amount
27/4/2018	Mustapha Musa	135,000

FIDELITY BANK

Date	Details	Amount
08/08/2018	CHQ.NO 28879406 TRF FROM BH STATE LG JAAC	1,889,437.50
31/08/2018	CHQ.NO 28879592 TRF FROM BH STATE LG JAAC	1,115,205.00
24/08/2018	CHQ.NO 28879497 TRF FROM BH STATE LG JAAC	1,000,000.00
13/11/2018	CHQ.NO 29882335 TRF FROM BH STATE LG JAAC	1,404,000.00
27/11/2018	CHQ.NO 29881913 TRF FROM BH STATE LG JAAC	1,500,000.00

2.2.1.2 RECOMMENDATIONS

Management should ensure that monthly bank reconciliation statements of all the bank accounts maintained by the Council are prepared. This will resolve the issue of differences between the cash book and the bank statements as well as possible loss of funds.

2.3.1.0 INCOMPLETE RECORDING OF TRANSACTIONS IN THE CASH BOOK

2.3.1.1 AUDIT COMMENTS

We observe that monthly totalling (Balancing) of the cash book was not done resulting to differences between the closing cash book balances and the audit balances.

There was some expenditure recorded in the cash book without the appropriate accounting codes.

2.3.1.2 RECOMMENDATIONS

We recommend that the monthly balancing of the cash book should be done correctly and all payment vouchers should be appropriately coded.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council was **N3,251,708**. We observe that taxes deducted from contracts constitute the bulk of the deposits and are not remitted promptly to the relevant tax authorities.

We advise that all deductions from contracts should be remitted to the relevant tax authorities.

2.5.0 ACCOUNTING SYSTEM

2.5.1 AUDIT COMMENTS

We observe that:

21. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
22. Daily abstracts and departmental vote books were not completely updated to capture all the expenditure of the Council
23. Periodic report of revenue and expenditure were not prepared.
24. The Council continued to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
25. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aids the smooth operations of IPSAS and comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be encouraged.

2.6.0 FIXED ASSETS REGISTER

2.6.1 AUDIT COMMENTS

We observed that Fixed Assets Register or register to record expenditure of capital nature was not maintained in the year under review. With the adoption of IPSAS, Property, plant and equipment of the Council should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

Appendix 1

GANJUWA LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Construction of drainage	3,255,126
2.	Renovation of out post	287,592
3.	Renovation of lock-up shop	675,324
4.	Minor road repairs	4,609,168
5.	Renovation of culvert	375,000
6.	Rehabilitation/repairs- hospital/health centre	1,229,090
7.	Renovation of chairman's house	2,040,409
8.	Rehabilitation/repairs -water facilities	2,189,170
9.	Rehabilitation / repairs- electricity	327,500
10.	Construction of classrooms	1,703,953
		<u>17,369,850</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF GIADÉ LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Giade Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Giade Local Government Council for their co-operation during the period of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

1.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating Results of Giade Local Government Council for the year ended 31st December, 2018 in comparison with 2017 are summarized below:

	2018	2017
	N	N
Internally generated revenue	4,427,868	12,799,196
Statutory Allocation	<u>473,343,588</u>	<u>501,640,879</u>
Total Recurrent Revenue	<u>477,771,457</u>	<u>514,440,075</u>
Personnel cost	391,82,723	486,265,446
Overheads	<u>80,207,208</u>	<u>27,296,768</u>
Total Recurrent Revenue	<u>472,099,931</u>	<u>513,562,214</u>
Surplus/(Deficit)	5,671,525	877,861

1.1.1 REVENUE PROFILE

1. Statutory allocations

The Council recorded a decline in statutory allocation from **N501.64 million** in 2017 to **N473.34 million** 2018, indicating a **6%** decrease. The statutory allocations received in the year represents **13%** of the budgeted statutory allocation of **N6.62 billion**.

Statutory allocations accounted for **99.1%** of the total revenue of the Local Government Council in the year under review.

2. Internally generated revenue

Internally generated revenue was **₦4.43 million** in 2018 as against **₦12.80 million** in 2017 representing **22%** of the budgeted internal revenue of **₦19.88 million**.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦472.01million** as against **₦513.6million** in 2017. Personnel cost of **₦391.89million** represents 83% of the total recurrent expenditure and overhead represents **17%**.

The total recurrent expenditure represents **26%** of the budgeted recurrent expenditure of **₦1.82 billion**.

1.2.2 Capital expenditure

The capital expenditure of **₦ 35.69million** represents **1.65%** of the budgeted capital expenditure of **₦ 2.16 billion** in 2018.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.1 BANK RECONCILIATION

We observed the following:

- That the Council is accumulating reconciliation items on the reconciliation statements without doing the necessary updating of the cash book. This has resulted in having reconciliation items over years such as
 - Bank charges **₦6,595,878.44**
 - Remittance in transit **₦ 394,562**
 - Direct debit from bank **₦1,055,543.75**
- Monthly casting and balancing of the cash book need to be improved upon. Our casting revealed that the closing cash book balances are as followings: Cash **₦ 95,997.57** and bank **₦7,268,690.57** as against cash **nil** and bank **₦7,169,921.86**. The difference in the cash balance was in October 2018.
- Withdrawal from Fidelity bank not recorded in the cash book:

Date	Cheque Number	Details	Amount(₦)
27/12/18	27546450	Cash withdrawal by Salah Musa Jugudu	1,000,000

2.1.2 RECOMMENDATIONS

We advise that Management should ensure:

- That all reconciliation items are promptly addressed and the necessary postings into the cash book are done
- The monthly casting and balancing of the cash book should be done correctly.
- All withdrawals from bank accounts should be recorded in the cash book.

2.2.1 DEPOSITS

The outstanding deposit liabilities of the Council in the year were **₦4.72 million**. Contractors' retention amounted to **₦3.37 million**. We observed that tax deductions amounting to **₦1.19 million** were not promptly remitted to the relevant tax authorities in compliance with the relevant tax laws.

2.2.2 RECOMMENDATION

Management should ensure that all contract deductions are promptly remitted to the relevant tax authorities.

2.3.1 FIXED ASSETS REGISTER

We observed that the Council does not maintain a Fixed Asset Register or any register to record expenditure of capital nature. With the Accrual basis of accounting being introduced it becomes necessary to have record of all fixed assets of the Local Government.

2.3.2 IMPLICATIONS

Verification of assets acquired by the council in the past becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.3.3 RECOMMENDATIONS

Maintenance of a fixed assets register will serve as a back-up to the computerized ledger and periodic inventory of the Council Assets and to ensure that the assets are safe guarded.

2.5.1 TRAINING OF ACCOUNTING STAFF

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially IT training and the new form of reporting in the public sector.

2.5.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. Also it will enhance effective management decision making.

2.5.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

GIADE LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Fencing of cattle market	8,319,904
2.	Renovation of council house	2,500,000
3.	Construction/drilling of hand pump	3,075,000
4.	Renovation of market stall	3,042,320
5.	Construction of lockup shops	4,151,000
6.	Rehabilitation/repairs of agricultural facilities	7,193,300
7.	Rehabilitation/repairs of water facilities	7,241,300
8.	Construction/provision of housing	121,500
9.	Purchase/Acquisition of land	<u>50,000</u>
		<u>35,694,324</u>

15thSeptember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF ITAS-GADAU LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Itas-Gadau Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Itas-Gadau Local Government Council for their co-operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

9.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	2,576,770	10,427,133
Statutory Allocation	<u>646,363,072</u>	<u>723,099,216</u>
Total Recurrent Revenue	648,939,842	733,526,349
Personnel cost	566,545,735	692,425,200
Overheads	<u>88,755,611</u>	<u>41,083,058</u>
Total Recurrent Expenditure	<u>655,301,346</u>	<u>733,508,258</u>
Surplus/(Deficit)	(6,361,504)	18,092

1.1.1 REVENUE PROFILE

G. Statutory allocation

The Council recorded a decrease in statutory allocation received from **N723.10 million** 2017 to **N646.36 million** in 2018, indicating a decrease of **N76.74 million or 11%**. The statutory allocations in the year represent **17%** of the budgeted statutory allocations of **N3.82 billion**.

Statutory allocations accounted for above **99 %** of the total revenue of the Local Government Council in the year under review.

H. Internally generated revenue

The internally generated revenue of the Council decreased from **₦10.43 million** in 2017 to **₦2.58 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦655.30 million** in the year under review as against **₦733.51 million** 2017.

Personnel cost was **₦566.54 million** representing **86.45%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure in the year was **₦ 32.08 million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATION

2.1.1 BANK RECONCILIATION STATEMENTS.

Monthly bank reconciliation statements were prepared up to date in the year under review. We observed that reconciliation items are not promptly addressed by making the necessary postings in the cash book. The following reconciliation items have remained unaddressed as at the end of the year:

- Bank charges/commission accumulated over the years in the reconciliation statements amounting to **₦ 3.66million**
- Direct debits in the various bank accounts amounting to **₦ 7.02million.**

2.1.2 RECOMMENDATIONS

The Council should ensure that all reconciliation items are promptly addressed and the necessary postings are done. The remittance in transit should be resolved within 14 days with the respective bank.

2.2.0 PAYMENT VOUCHERS

2.2.1 AUDIT COMMENTS

Payment vouchers for the year under review were not made available to us during the audit, thereby making it difficult to confirm that the necessary supporting documents to all the expenditure are available.

2.2.2 RECOMENDATIONS

We advise that management should ensure that :

- Payment vouchers are raised for all transactions and that the necessary supporting documents are attached to the respective payment vouchers.
- Payment vouchers should be securely and serially file monthly for future reference.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The deposit liability of the Council was **₦ 14.36 million** in the year. We observed that the bulk of the deposit liability was NHF deduction of **₦ 13.04 million** from previous years.

2.4.0 FIXED ASSETS REGISTER

2.4.1 AUDIT COMMENTS

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.4.2 IMPLICATIONS

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.4.3 RECOMMENDATIONS

Management should ensure having in place the Fixed Assets Register.

2.5.0 TRAINING OF ACCOUNTING STAFF

2.5.1 AUDIT COMMENTS

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.5.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.5.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

ITAS- GADAU LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Construction/provision of hospital	820,000
2.	Rehabilitation/repair of residential building	2,039,190
3.	Drilling & installation of hand pump	3,497,600
4.	Rehabilitation/repairs-housing	2,023,950
5.	Rehabilitation/repairs-electricity	1,301,500
6.	Construction of market stalls	4,153,665
7.	Purchase of office furniture	1,500,000
8.	Land compensation	3,804,941
9.	Purchase of residential furniture	390,000
10.	Purchase of power solar	750,000
11.	Rehabilitation of water facility	11,000,060
12.	Purchase of submersible pump	<u>800,000</u>
		<u>32,080,906</u>

15thSeptember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF JAMA'ARE LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Jama'are Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Jama'are Local Government Council for their co-operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

10.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	3,095,770	14,982,037
Statutory Allocation	<u>318,746,190</u>	<u>342,405,123</u>
Total Recurrent Revenue	321,841,959	357,387,160
Personnel cost	257,374,124	323,205,935
Overheads	<u>71,791,505</u>	<u>34,098,840</u>
Total Recurrent Expenditure	<u>329,165,629</u>	<u>357,304,775</u>
Surplus/(Deficit)	(7,323,669)	82,385

1.1.1 REVENUE PROFILE

I. Statutory allocation

The Council recorded a decrease in statutory allocation received from **N342.41 million** 2017 to **N318.75 million** in 2018, indicating a decrease of **N23.66 million (7%)**.

Statutory allocations received in the year represents **9%** of the budgeted statutory allocations of **N3.25 billion** and account for **99%** of the total revenue of the Local Government Council in the year under review.

J. Internally generated revenue

The internally generated revenue of the Council decreased from **N14.98 million** in 2017 to **N3.09 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **N329.17 million** in the year under review as against **N357.30 million** 2017.

Personnel cost was **N257.37 million** representing **78 %** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure in the year was **N 23.91 million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATION

2.1.0 BANK RECONCILIATION STATEMENTS.

2.1.1 AUDIT COMMENTS

Monthly bank reconciliation statements were not prepared in the year under review. We observed that there are difference between the cash book balance and the bank statement which should be reconciled. The practice of not doing monthly reconciliation may lead to possible loss of funds

2.1.2 RECOMMENDATION

Management is advised to ensure monthly reconciliation of all bank accounts maintained by the Council.

2.2.0 PAYMENT VOUCHERS

2.2.1 AUDIT COMMENTS

Payment vouchers were not made available to us during the audit, making it difficult to verify the necessary supporting documents of all the expenditure of the Council.

2.2.2 RECOMMENDATIONS

We advise that management should ensure that all payment vouchers are serially and securely kept with all the necessary supporting documents for future references.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The Council has a deposit liability of **₦ 20.48 million** in the year under review, consisting of contract deductions and salary deductions accumulating over the years.

We advise that the deductions should be remitted to the relevant authorities.

2.4.0 FIXED ASSETS REGISTER

2.4.1 AUDIT COMMENTS

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.4.2 IMPLICATIONS

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.4.3 RECOMMENDATIONS

Management should ensure having in place the Fixed Assets Register.

2.5.0 TRAINING OF ACCOUNTING STAFF

2.5.1 AUDIT COMMENTS

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.5.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.5.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

JAMA'ARE LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Land compensation-TCN	4,719,881
2.	Solar powered borehole & hand pump	11,824,450
3.	Renovation of vet. Clinic/slaughter house/slab	2,710,102
4.	Supply of furniture-Council Chambers	2,920,000
5.	Electrical reactivation & connection	1,690,398
6.	Purchase of laptop	<u>50,000</u>
		<u>23,914,831</u>

15thSeptember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF KATAGUM LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Katagum Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Katagum Local Government Council for their co-operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

11.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	16,268,447	40,198,418
Statutory Allocation	<u>639,292,910</u>	<u>606,846,862</u>
Total Recurrent Revenue	655,561,357	647,045,281
Personnel cost	416,469,698	605,559,343
Overheads	<u>237,254,646</u>	<u>41,421,725</u>
Total Recurrent Expenditure	<u>653,724,344</u>	<u>646,981,068</u>
Surplus/(Deficit)	1,837,012	64,213

1.1.1 REVENUE PROFILE

K. Statutory allocation

The Council recorded an increase in statutory allocation received from **N606.85 million** 2017 to **N639.29 million** in 2018, resulting to an increase of **N32.45 million** or **5%**. The statutory allocations received in the year represent **9.54%** of the budgeted statutory allocations of **N6.70 billion**. Statutory allocations accounted for above **97.5%** of the total revenue of the Local Government Council in the year under review.

L. Internally generated revenue

The internally generated revenue of the Council declined from **N40.2 million** in 2017 to **N16.27 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **N653.72 million** in the year under review as against **N646.98 million** 2017.

Personnel cost was **N416.47 million** representing **63.71%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure in the year was **N 31.13 million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATION

2.1.0 BANK RECONCILIATION STATEMENTS.

2.1.1 AUDIT COMMENTS

Monthly bank reconciliation statements were not prepared in the year under review. We observed that there are differences between the balances of the cash book and the bank statements.

The practice of not preparing the monthly reconciliation statements may lead to possible loss of funds

2.1.2 RECOMMENDATIONS

The Council should ensure that monthly reconciliation statements are prepared to reconcile the cash book and the bank statement.

2.2.0 DEPOSITS

2.2.1 AUDIT COMMENTS

The deposit liabilities of the Council in the year were **N 15.53 million**. We observed that these liabilities are mostly contract deductions not remitted to the relevant authorities.

2.2.2 RECOMMENDATION

We advise that Management should ensure remittance of all deductions.

2.3.0 FIXED ASSETS REGISTER

2.3.1 AUDIT COMMENTS

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.3.2 IMPLICATIONS

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.3.3 RECOMMENDATIONS

Maintenance of a fixed assets register which will serve as a back-up to the computerized ledger and periodic inventory of the Council Assets and control is very important.

2.4.0 TRAINING OF ACCOUNTING STAFF

2.4.1 AUDIT COMMENTS

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.4.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.4.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

KATAGUM LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Construction of water facilities	26,140,290
2.	Purchase of canoe	371,000
3.	Construction of shop	684,307
4.	Supply of literate	2,000,000
5.	Construction of market stalls	1,171,371
6.	Rehabilitation/repairs of residential building	562,274
7.	Purchase of sport equipment	<u>200,000</u>
		<u>31,129,242</u>

15thSeptember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF KIRFI LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Kirfi Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Kirfi Local Government Council for their co- operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

12.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	4,047,512	6,995,647
Statutory Allocation	<u>399,587,099</u>	<u>452,944,302</u>
Total Recurrent Revenue	403,634,611	459,939,949
Personnel cost	240,244,301	420,028,420
Overheads	<u>156,596,414</u>	<u>39,086,691</u>
Total Recurrent Expenditure	<u>396,840,715</u>	<u>459,115,111</u>
Surplus/(Deficit)	6,793,896	824,838

1.1.1 REVENUE PROFILE

M. Statutory allocation

The Council recorded a decrease in statutory allocation received from **N452.94 million** 2017 to **N399.59 million** in 2018, representing **N53.36 million (11%)** decrease. The statutory allocations received in the year represent **11%** of the budgeted statutory allocations of **N3.99 billion**. Statutory allocations accounted for above **99 %** of the total revenue of the Local Government Council in the year under review.

N. Internally generated revenue

The internally generated revenue of the Council decreased from **₦6.99 million** in 2017 to **₦4.05 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦396.84 million** in the year under review as against **₦459.12 million** 2017.

Personnel cost was **₦240.24 million** representing **60.54%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure of **₦ 30.71 million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATION

2.1.0 BANK RECONCILIATION STATEMENTS.

2.1.1 AUDIT COMMENTS

Monthly bank reconciliation statements were prepared up to date in the year under review. We observed that reconciliation items are not promptly addressed by making the necessary postings in the cash book. The following reconciliation items have remained unaddressed as at the end of the year:

- Bank charges/commission accumulated over the years in the reconciliation statements amounting to **₦ 5.81million**
- Direct debits in the various bank accounts amounting to **₦ 4.97million.**
- Remittance in transit of **₦ 8.09million.**

2.1.2 RECOMMENDATIONS

The Council should ensure that all reconciliation items are promptly addressed and the necessary postings are done. The remittance in transit should be resolved within 14 days with the respective bank.

2.2.0 DEPOSITS

2.2.1 AUDIT COMMENTS

The Council has a deposit liability of **₦ 31.72 million** in the year under review. Schedules of the deposit liabilities were not made available to us during the audit indicating that the deposit ledgers were not updated.

2.3.0 FIXED ASSETS REGISTER

2.3.1 AUDIT COMMENTS

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.3.2 IMPLICATIONS

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.3.3 RECOMMENDATIONS

Maintenance of a fixed assets register which will serve as a back-up to the computerized ledger and periodic inventory of the Council Assets and control is very important.

2.4.0 TRAINING OF ACCOUNTING STAFF

2.4.1 AUDIT COMMENTS

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.4.2 IMPLICATIONS

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.4.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

KIRFI LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Renovation of mosque	4,345,312
2.	Construction of PHC	2,541,668
3.	Re-activation of S/pump	1,269,900
4.	Construction of D/Heads office	650,000
5.	Land compensation	2,301,440
6.	Renovation of toilet	250,000
7.	Lab furniture	500,000
8.	Construction/provision of water-ways	140,000
9.	Rehabilitation/repairs –Roads	2,385,000
10.	Construction of stalls	6,066,430
11.	Construction of dispensary	6,034,100
12.	Purchase of laptop	105,554
13.	Renovation of market	1,040,000
14.	Construction/provision of housing	2,071,090
15.	Rehabilitation/repairs –electricity	900,000
16.	Purchase of motor cycles	<u>106,800</u>
		<u>30,707,293</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF MISAU
LOCAL GOVERNMENT COUNCIL FOR THE THREE YEAR ENDED 31ST DECEMBER
2018.**

We are pleased to inform you that we have completed the audit of Misau Local Government Council for the year ended 31st December 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their co- operation during the period of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

1.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULT

The operating Results of Misau Local Government Council for the year ended 31st December 2018 are summarized below:

	2018	2017
	N	N
Internally Generated Revenue	4,398,733	7,443,040
Statutory Allocation	<u>483,616,900</u>	<u>596,650,707</u>
Total Recurrent Revenue	488,015,633	604,096,747
Personnel cost	344,936,803	561,650,394
Overheads	<u>149,431,341</u>	<u>42,799,914</u>
Total Recurrent Expenditure	494,278,434	603,950,308
Surplus/(Deficit)	(6,262,601)	146,439

1.1.1 REVENUE PROFILE

a) Statutory Allocation

The main revenue of the Council during the year under review continued to be statutory allocation from Federal Government. The Statutory Allocation of the Council decreased to N483.6 Million in 2018 from N596.6 Million in 2017 representing 19%.

b) Internally Generated Revenue

Internally generated revenue decreased from N7, 443,040 in 2017 to N4, 398,733 in 2018. The sharp drop could be as a result of lack of proper monitoring or due lull in activities in the year.

As the collection of internally generated is now in the hands of Consultants we expect to see improvement going forward as there are potentials in that area that are yet to be tapped.

1.2.0 EXPENDITURE

a) Recurrent Expenditure

The recurrent expenditure for the year shows a decreasing trend from N603.9 Million in 2017 to N494.2 Million in 2018. This represents 18.4% of the budgeted figure of N2.67 billion

b) Capital Expenditure

The total Capital Expenditure of the Council during the year was N30.86 million see appendix 1 for details.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 PREPARATION OF LT FORM 16

LT form 16 was not prepared by the Council during the year under review.

2.1.1 RECOMMENDATION

Management should ensure that all periodic reports are duly prepared

2.2.0 BANK RECONCILIATION STATEMENT

Audit observed that the council does not prepare Bank reconciliation statement. The importance of Bank reconciliation cannot be over emphasized as it serves to discover errors either from the Bank or the Accounts Department.

Audit observed a difference of N1,930828.37 between the Council's closing cash book balance and that of Audit.

We also observed that many Payment vouchers were missing during the year under review.

See attached appendix 2

2.2.1 RECOMMENDATION

We recommend that the council should revisit the matter and trace the cause of the difference.

There is the need to have separate columns in the Cash book for each bank as done by other local governments.

All missing items PVs should be traced and filed properly.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council in the year were **N8.83 million**. **N7.7 million** was from previous years.

Management should ensure that all contract and other deductions are promptly remitted to the relevant agencies and the periodic reconciliation of the deposits Ledger

2.4.0 ACCOUNTING SYSTEM

2.4.1 AUDIT COMMENTS

We observe that:

26. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.

27. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.

28. Periodic report of revenue and expenditure were not prepared.

29. The Council continues to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.

30. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done especially at the commencement of the adoption of IPSAS to avoid errors in the books of account.

2.5.0 FIXED ASSETS

2.5.1 AUDIT COMMENTS

Although IPSAS has commenced in 2016 and the preparations and presentations of the Accounts are in IPSAS, there is no accurate figure for the assets of all the local government councils in the state.

In order to fully satisfy IPSAS requirements we suggest that a comprehensive record and value of all the Local Governments' Assets should be prepared so that they can be brought into the accounts of the council.

Management should ensure having in place the Fixed Assets Register.

2.6.0 INVESTMENT

The book value of the Investments as at 2018 was N10,260,201 which may not be the correct value as most of the companies are not existing today or if they are existing their shares may be less than the value being carried in the accounts.. For example:

- Arewa ceramics Misau
- Urban Development Bank
- Bauchi Printing and publishing Company
- Zaranda Hotel Bauchi
- Kaduna Textiles
- Daar Communications
- Misau Basic Ternary
- Yankari Spring Water
- Manto Processing Company Limited
- Galambi Ranching Company Limited

We therefore suggest that the whole investments be revalued and any loss should be written off the books of the local government.

MISAU LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/R NO	PARTICULARS	N
1	Construction of Building	14,737,744
2	Construction of Water Facilities	1,167,800
3	Construction of Drainage	3,697,000
4	Rehabilitation of Sporting Facilities	3,000,000
5	Purchase of Generator	7,670,000
6	Purchase of Office Furniture	120,000
7	Rehabilitation of Hand Pump	474,000
TOTAL		30,866,544

MISAU LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF MISSING PVs

SR NO	DATE	PARTICULARS	AMOUNT (N)
1	JAN '08	PV NO 14 Settlement of Liability	421,250
2	FEB'08	PV NO 2 OPE	412,000
3	""	PV NO 5 OPE	100,000
4	" "	PV NO.10 Renovation of Auditors House	296,250
5	" "	PV NO 17 Medical Bill	200,000
6	""	PV NO.37 Visit by Staff	600,000
7	MAR '08	PV NO. 27 Sal for the month of March	3,214,412.78
8	APR '08	PV NO. 1 Special Advance	4.038,000
9	""	PV NO. 3 settlement of Allowance	300.000
10	""	PV NO. 7 Purchase of Generator	7,670,000
11	AUG '08	PV NO. 1 Community Contribution	2,300,000
12	""	PV NO.7 Accommodation on Nig Police	907,000
13	""	PV NO. 17 Payment for Contract	997,000
14	""	PV NO. 18 NO DETAILS	500,000
15	""	PV NO. 19 Payment for Contract	872,500
16	""	PVs NOs 26,28-30,32-34,40,43-47,52-59	Various Amounts
17	SEP '08	PV NO. 9 purchase of staff Uniform	750,000
18	""	PV NO. 12 Feeding Allowance	700,000
19	""	PV NO. 25 clearing of Drainages	920,000
20	""	PV NO. 26 Repair of Generator	683,000
21	""	PV NO. 28 Flagging Up by UNICEF	500,000
22	""	PV NO. 30 Supply of Relief Materials	750,000
23	""	PV NO. 31 Financial Assistance	950,000
24	""	PV NO. 32 Supply of cement	700,000
25	""	PV NO. 36 Contribution during Flood	800,000
26	""	PV NO. 37 Contribution during Flood	900,000
27	OCT'08	PV NO. 49 Cost of Fuel	430,000
28	""	PV NO 53 Contract	5,912,200
29	""	PV NO 54 Contract	1,586,800
30	NOV '08	Various PVs 7-9,12-15,17,25-58	Various Amounts

16thNovember, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS
OF NINGI LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED
31ST DECEMBER, 2018.**

We are pleased to inform you that we have completed the audit of Ningi Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the Internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of Ningi Local Government Council for their co-operation during the year of our audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

13.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally Generated Revenue	2,737,034	23,387,522
Statutory Allocation	<u>687,449,443</u>	<u>839,284,195</u>
Total Recurrent Revenue	690,186,477	862,671,717
Personnel cost	460,483,289	820,102,094
Overheads	<u>209,313,046</u>	<u>41,580,458</u>
Total Recurrent Expenditure	<u>669,796,335</u>	<u>861,682,552</u>
Surplus/(Deficit)	20,390,142	989,165

1.1.1 REVENUE PROFILE

O. Statutory allocation

The Council recorded a decrease in statutory allocation received from **N839.28 million** 2017 to **N687.45 million** in 2018, resulting to an increase of **N151.83 million** or **18%**.

Statutory allocations accounted for above **99.6%** of the total revenue of the Local Government Council in the year under review.

P. Internally generated revenue

The internally generated revenue of the Council declined from **₦23.39 million** in 2017 to **₦2.74 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦669.80 million** in the year under review as against **₦861.68 million** 2017.

Personnel cost was **₦460.48 million** representing **69%** of the total recurrent expenditure in the year under review. We observed that salaries were recorded net of monthly salary deductions. The monthly payroll summaries were not made available to us during the audit.

1.2.2 Capital expenditure

The capital expenditure in the year was **₦ 55.36 million**, details are as highlighted in appendix 1.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 BANK RECONCILIATION STATEMENTS.

2.1.1 AUDIT COMMENTS

Monthly bank reconciliation statements were not prepared in the year under review. We observed that there are differences between the balances of the cash book and the bank statements.

The practice of not preparing the monthly reconciliation statements may lead to possible loss of funds.

We observed that the following receipts were not traced to any of the bank accounts of the Council (Possibly remittance in transit):

Date	Details	Amount
14/6/2018	Settlement of Contract Liability	980,600
14/6/2018	Security & other charges	935,000
14/6/2018	Procurement of Materials	500,000
14/6/2018	Security & other issues	500,000
14/6/2018	Procurement of service materials	1,000,000

14/6/2018	Settlement of Contract	500,000
14/6/2018	Locally generated Revenue	795,024.80
2/12/2018	Miscel. Income	17,000,000
2/12/2018	Hosting & awarding	1,000,000
2/12/2018	Christian to Jerusalem	680,000
2/12/2018	Overhead cost for December	6,630,000
2/12/2018	Purchase of Drugs	19,200,000
2/12/2018	Security	950,000
2/12/2018	Total	<u>50,670,024.80</u>

2.1.2 RECOMMENDATIONS

The Council should ensure that monthly reconciliation statements are prepared to reconcile the cash book and the bank statement.

2.2.0 DEPOSITS

2.2.1 AUDIT COMMENTS

The deposit liabilities of the Council in the year were **₦ 10.25 million**. We observed that these liabilities are mostly contract deductions not remitted to the relevant authorities.

2.2.2 RECOMMENDATION

We advise that Management should ensure remittance of all deductions.

2.3.0 ADVANCES

2.3.1 AUDIT COMMENTS

We observed that unretired advances as at the end of the year under review were **₦ 23.51 million**. The Management should ensure that all advances should be retired at 2 weeks after the completion of the activities for which the advances were granted.

2.3.0 FIXED ASSETS REGISTER

2.3.1 AUDIT COMMENTS

We observed that the Council does not maintain a Fixed Asset Register in line with the requirements of the IPSAS accrual basis of accounting being adopted. It becomes necessary to have records of all fixed assets/capital expenditure of the Local Government.

2.3.2 IMPLICATIONS

Verification of assets acquired by the council becomes very difficult and possible loss of assets is inevitable since there is no Register.

2.3.3 RECOMMENDATIONS

Maintenance of a fixed assets register which will serve as a back-up to the computerized ledger and periodic inventory of the Council Assets and control is very important.

2.4.0 TRAINING OF ACCOUNTING STAFF

2.4.1 AUDIT COMMENTS

We observed that the council accounting staff needs special training to meet up with the current challenges in the maintenance of books of accounts especially on IPSAS chart of account and the new form of reporting in the public sector.

2.4.2 IMPLICATION

This will ensure effective and efficient management of accounting system and procedure in the Local Government Council. It will also enhance effective management decision making.

2.4.3 RECOMMENDATION

We advise that the Local government council should organize continuous training program for its staff.

NINGI LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Land compensation	1,900,000
2.	Construction of drainage	980,600
3.	Rehabilitation of feeder road	510,000
4.	Rehabilitation / Repairs - Electricity	8,916,480
5.	Construction / Provision of Cemeteries	8,286,808
6.	Construction / Provision of Public Schools	3,757,759
7.	Construction of Markets/Parks	10,888,513
8.	Rehabilitation / Repairs - Public Schools	4,135,229
9.	Rehabilitation / Repairs -Hospital / Health Centre	2,250,000
10.	Rehabilitation / Repairs - Water facilities	4,680,100
11.	Construction/ Provision of Hospital / Health Centre	3,844,250
12.	Construction / Provision of Infrastructure	849,250
13.	Construction / Provision of Water Facilities	749,250
14.	Construction / Provision of Residential Buildings	445,282
15.	Rehabilitation / Repairs - Water-Way	<u>3,169,915</u>
		<u>55,363,436</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF SHIRA LOCAL GOVERNMENT COUNCIL FOR THE THREE YEAR ENDED 31ST DECEMBER 2018.

We are pleased to inform you that we have completed the audit of Shira Local Government Council for the year ended 31st December 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff the Local Government Council for their co- operation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

1.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULT

The operating Results of Shira Local Government Council for the year ended 31st December 2018 are summarized below:

	2018	2017
	N	N
Internally Generated Revenue	2,605,854	8,535,547
Statutory Allocation	<u>411,885,157</u>	<u>576,455,693</u>
Total Recurrent Revenue	414,491,011	584,991,340
Personnel cost	356,285,310	646,230,795
Overheads	<u>71,233,970</u>	<u>38,237,204</u>
Total Recurrent Expenditure	428,519,279	584,467,999
Surplus/(Deficit)	(14,028,268)	523,341

1.1.1 REVENUE PROFILE

a) Statutory Allocation

The main revenue of the Council during the year under review is statutory allocation from Federal Government. The Statutory Allocation of the Council decreased to N411.8 Million in 2018 from N576.4 Million in 2017 representing 28%.

b) Internally Generated Revenue

Internally generated revenue decreased from N8, 535,647 in 2017 to just N2, 605,854 in 2018. The sharp drop might be as a result of lack of proper monitoring in the year.

As the collection of internally generated is now in the hands of Consultants we expect to see improvement going forward as there are potentials in that area that are yet to be tapped.

1.2.0 EXPENDITURE

c) Recurrent Expenditure

The recurrent expenditure for the year shows a decreasing trend from N584.4 Million in 2017 to N428.5 Million in 2018. This represents 33% of the budgeted figure of N1.28 billion

d) Capital Expenditure

The total Capital Expenditure of the Council during the year was N27.84 million see appendix 1 for details.

3.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 PREPARATION OF LT FORM 16

LT form 16 was not prepared by the Council during the year under review.

2.1.1 RECOMMENDATION

Management should ensure that all periodic reports are duly prepared

2.2.0 BANK RECONCILIATION STATEMENT

Audit observed that the council does not prepare Bank reconciliation statement. The importance of Bank reconciliation cannot be over emphasized as it serves to discover errors either from the Bank or the Accounts Department.

Audit observed a difference of N743, 251.95 between the Council's closing cash book balance and that of Audit.

2.2.1 RECOMMENDATION

We recommend that the council should revisit the matter and trace the cause of the difference.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council in the year were **N5.38 million**. **N1.9 million** was from previous year.

Management should ensure that all contract and other deductions are promptly remitted to the relevant agencies and the periodic reconciliation of the deposits Ledger

2.4.0 ACCOUNTING SYSTEM

2.4.1 AUDIT COMMENTS

We observe that:

31. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
32. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
33. Periodic report of revenue and expenditure were not prepared.
34. The Council continues to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
35. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done especially at the commencement of the adoption of IPSAS to avoid errors in the books of account.

2.5.0 FIXED ASSETS

2.5.1 AUDIT COMMENTS

Although IPSAS has commenced in 2016 and the preparations and presentations of the Accounts are in IPSAS, there is no accurate figure for the assets of all the local government councils in the state.

In order to fully satisfy IPSAS requirements we suggest that a comprehensive record and value of all the Local Governments' Assets should be prepared so that they can be brought into the accounts of the council.

Management should ensure having in place a Fixed Assets Register.

2.6.0 INVESTMENT

The book value of the Investments as at 2018 was N20,538,355 which may not be the correct value as most of the companies are not existing today or if they are existing their shares may be less than the value being carried in the accounts. For example:

- Jaiz International Bank Plc
- FSB International Bank
- Bauchi Printing and publishing Company
- Bauchi Hotels Ltd
- Kaduna Textiles
- Daar Communications
- Inland Bank Plc
- Yankari Savings & Loans.
- Savannah Bank Nigeria Plc
- NAL Merchant Bank Limited

We therefore suggest that the whole investments be revalued and any loss should be written off the books of the local government.

SHIRA LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/R NO	PARTICULARS	N
1	Renovation of Building	3,452,120
2	Rehabilitation of Hand Pump	24,388,605
TOTAL		27,840,725

15th August, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF TAFAWA
BALEWA LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST
DECEMBER, 2018**

We are pleased to inform you that we have completed the audit of Tafawa Balewa Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the international Auditing Standard and Generally Accepted Accounting practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

11. Financial Analyses
12. Internal Control weakness and other observations.

14.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally generated revenue	4,538,587	23,092,666
Statutory Allocation	<u>781,107,691</u>	<u>706,691,187</u>
Total Recurrent Revenue	785,646,278	729,783,853
Personnel cost	434,600,676	667,795,316
Overheads	<u>288,204,592</u>	<u>61,956,179</u>
Total Recurrent Expenditure	<u>722,805,268</u>	<u>729,751,495</u>
Surplus/(Deficit)	62,841,009	32,358

1.1.1 REVENUE PROFILE

1. Statutory allocation

The Council recorded an increase in statutory allocation from **N706.69 million** 2017 to **N781.11 million** 2018. The statutory allocation received in the year represents 17% of the budgeted statutory allocation.

Statutory allocations accounted for over 99% of the total revenue of the Local Government Council in the year under review.

2. Internally generated revenue

Internally generated revenue decreased significantly from **₦23.09 million** in 2017 to **₦4.54 million** in 2018 resulting to only **11%** of the budgeted internally generated revenue and less than **1%** of the total revenue of the Council.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦722.81 million** in 2018 as against **₦729.75 million** in 2017. The total recurrent expenditure consist of personnel cost of **₦434.60 million (60%)** and **₦288.20 million (40%)** and represent **38.7%** and **21.3%** of the respectively of the budgeted recurrent expenditure of **₦1.12 billion** and **₦1.35 billion**.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 INTERNAL AUDIT

We observe that the Internal Audit function of the Council was not effective as an integral part of the Internal Control system. The routine checking and stamping of payment vouchers were not fully done in the period under review.

2.1.1 RECOMMENDATIONS

We advise that:

13. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
14. The Internal auditor should produce periodic reports documenting his observations and recommendations to the Council
15. The Council should ensure that the reports of the Internal Auditor are deliberated and issues raised are promptly addressed.

2.2.0 PREPARATION OF LT 16 FORMS

We observe that the preparation of the LT form 16 by the Local Council was not done in the period under review.

2.2.1 RECOMMENDATION

Management should ensure that periodic reports are prepared.

2.3.0 BANK RECONCILIATION STATEMENTS

2.3.1 AUDIT COMMENTS

There is difference between the cash book balance and the balances of the bank statements as follows:

Balance as per cash book	₦10,344,961.22
Balance as per bank statements:	
First Bank	₦148, 088.81
Fidelity Bank	<u>₦3,257,183.81</u>
	<u>₦3,405,272.62</u>

2.4.1 RECOMMENDATIONS

We advise that:

- Casting and balancing of the cash book should be done correctly. This will resolve the issue of differences between the cash book and the bank statement as well as prevent possible loss of funds.
- Monthly reconciliation statements should be prepared to reconcile the cash book balance with the bank statement balances. The necessary posting of reconciliation items should be done to update the cash book and to avoid accumulating reconciliation items on the reconciliation statement.

2.5.0 DEPOSITS

2.5.1 AUDIT COMMENTS

The outstanding deposit liability of the Council in the year under review was **₦10.36 million**. We observe that contract deductions amounting to **₦4.49 million** were not remitted to the relevant authorities.

2.5.2 RECOMMENDATION

We advise that Management should ensure doing the remittance of all contract deductions.

2.6.0 ACCOUNTING SYSTEM

2.6.1 AUDIT COMMENTS

We observe that:

36. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
37. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
38. Periodic report of revenue and expenditure were not prepared.
39. The Council continued to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
40. Incorrect use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done to ensure proper documentation of all transactions of the Council and to avoid errors in the books of account.

2.7.0 FIXED ASSETS REGISTER

2.7.1 AUDIT COMMENTS

We observe that the Council continued not to maintain a Fixed Assets Register in the year under review. With the adoption of IPSAS, Property, plant and equipment and other expenditure of capital nature of the Council should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

TAFAWA BALEWA LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (₦)
1.	Landscaping Bula district palace	11,696,801
2.	Electrification	16,127,000
3.	Construction of Bula District palace	9,166,117
4.	Construction/provision of housing	7,017,735
5.	Drilling of hand pump	28,632,369
6.	Construction of health clinic	12,419,745
7.	Office equipment	680,000
17.	Purchase/acquisition of land	<u>22,395,000</u>
		<u>108,134,768</u>

15th September, 2020

The Caretaker Chairman,
Toro Local Government Council, Toro
Bauchi State

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF TORO
LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST DECEMBER, 2018**

We are pleased to inform you that we have completed the audit of Toro Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

13. Financial Analysis

14. Internal Control weakness and other observations.

15.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below:

	2018	2017
	N	N
Internally generated revenue	16,352,908	4,729,871
Statutory Allocation	<u>836,855,300</u>	<u>935,918,370</u>
Total Recurrent Revenue	853,208,208	940,648,242
Personnel cost	499,557,701	877,568,253
Overheads	<u>297,203,726</u>	<u>62,943,232</u>
Total Recurrent Revenue	<u>796,761,427</u>	<u>940,511,485</u>
Surplus/(Deficit)	56,446,781	136,757

1.1.1 REVENUE PROFILE

1. Statutory allocations

The Council recorded a decline in statutory allocation from **N935.92 million** in 2017 to **N836.86 million** in 2018, representing **14.5%** of the budgeted statutory allocation.

Statutory allocations accounted for **98%** of the total revenue of the Local Government Council in the year under review.

2. Internally generated revenue

Internally generated revenue was **₦16.35 million** in 2018 as against **₦4.73 million** in 2017 representing **32%** of the budgeted internal revenue of **₦50.94 million**.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **₦796.76 million** in 2018 as against **₦940.51 million** in 2017. This represents **27%** of the budgeted recurrent expenditure of **₦2.92 billion**.

Personnel cost in 2018 was **₦499.58 million** as against **₦877.57 million** in 2017. We observed that personnel cost of PHC department were not paid through the bank accounts of the Council in 2018.

1.2.2 Capital expenditure

The capital expenditure of **₦ 79.43million** represents **2.39%** of the budgeted capital expenditure of **₦ 3.32 billion** in 2018.

Details are as highlighted in appendix 1

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 INTERNAL AUDIT

The Internal audit is an integral part of the Internal Control system. The routine checking and stamping of payment vouchers were not fully done in the periods under review as there were some payment vouchers with internal audit stamp.

2.1.1 RECOMMENDATIONS

We advise that:

16. All payment vouchers should be made available to the internal auditor
17. The Internal auditor should produce periodic reports documenting his observations and recommendations to the Council
18. The Council should ensure that the reports of the Internal Auditor are deliberated and issues raised are promptly addressed.

2.2.0 PREPARATION OF LT 16 FORMS

The LT form 16 was not made available to us in the course of the audit exercise and it is likely to have not been prepared.

2.2.1 RECOMMENDATION

Management should ensure that periodic reports are prepared without further delay

2.3.0 BANK RECONCILIATION STATEMENTS

2.3.1 AUDIT COMMENTS

We observed the following:

- ✓ That the bank accounts of the Council were not reconciled in the periods under review and there are differences between the closing balances of the cash book and the respective bank statements as follows:

	2018	2018
	N	N
As Per Cash Book		4,137,806.87
As Per Bank Statements:		
First bank main	1,976	
First bank revenue	(3,782)	
Fidelity Bank	5,167,282	

- ✓ Monthly totals of receipts and expenditure in the cash books did not agree with our casting of the cash book. The monthly closing balances of the cash book may not be correct. See appendix for details

2.3.2 RECOMMENDATIONS

Management should ensure that monthly bank reconciliation statements of all the bank accounts maintained by the Council are prepared.

Casting and balancing of the cash book should be done correctly. This will resolve the issue of differences between the cash book and the bank statement as well as prevent possible loss of funds.

2.4.0 ADVANCES

2.4.1 AUDIT COMMENTS

The unretired advances stood at **N60.57 million** in 2018. Some advances/Imprest have remained in the records of the Council for long without been retired. Special advances amounting to **N42.33 million** granted in 2018 was not retired.

2.4.2 RECOMMENDATION

We recommend that Management should ensure that all advances are retired at least 2 weeks after the completion of the activities for which the advances were granted.

2.5.0 INVESTMENTS

2.5.1 AUDIT COMMENTS

The investment of the Council stood at **N32.01 million** as at the end of the year 2018. We observed that the Council received **N7.89 million** as dividend in 2018 from which a 15% investment commission was paid.

2.6.0 ACCOUNTING SYSTEM

2.6.1 AUDIT COMMENTS

We observed that:

41. The Council operated a manual accounting system with the maintenance of a cash book
42. There were no general, subsidiary ledgers.
43. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
44. Periodic report of revenue and expenditure were not prepared.

45. The Council continued to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
46. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.
47. There were payment vouchers not seen during the audit.
48. There were some payment vouchers without complete supporting documents and there were instances where certificate of honour were used to support expenditure that should be receipted.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done on the use of the IPSAS Chart of Accounts.

2.7.0 FIXED ASSETS REGISTER

2.7.1 AUDIT COMMENTS

We observed that Fixed Assets Register was not maintained in the period under review. With the adoption of IPSAS, Property, plant and equipment of the Council should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

3.0 BANK TRANSACTIONS

3.1 AUDIT COMMENTS

We observed the followings:

A. TRANSFERS

Transfers between bank accounts of the Council in the year under review were not recorded in the cash book.

We advise that such transfers should be properly recorded in the cash book to reflect all transactions and present the correct position.

B. UNDER RECORDED WITHDRAWALS

We observed that the following withdrawals from the bank accounts were not completely recorded in the cash book as shown below:

- FBN Main account 2018

Date	Cheque no.	As per Bank statement	As per Cash book	Difference
20/8/18	389040	2,656,000	2,048,000	608,000
24/12/18	389048	460,000	-	460,000

- Fidelity bank account 2018

Date	Cheque no.	As per Bank statement	As per Cash book	Difference
13/3/18	16946179	10,000	-	10,000
28/6/18	27062823	500,000	-	500,000
6/11/18	27680712	1,000,000	-	1,000,000

We advise that all withdrawals should be fully recorded in the cash book.

TORO LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (N)
1.	Construction of hand pump	2,795,500
2.	Construction of culvert	2,824,749
3.	Construction of health facilities	26,526,972
4.	Electrification project	4,656,000
5.	Renovation of classroom blocks	7,206,171
6.	Construction of slaughter slab	1,685,455
7.	Construction of drainage	2,981,655
8.	Renovation of ICT centre	1,071,390
9.	Rehabilitation of link road	6,430,000
10.	Communication equipment	650,000
11.	Skill acquisition	5,000,000
12.	Taxes	3,247,083
13.	Construction of mosque	6,872,065
14.	Motor vehicle	1,500,000
15.	purchase of office furniture	1,499,000
16.	Renovation of market	4,483,308
		<u>79,429,348</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State

Dear Sir,

**MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF WARJI
LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST DECEMBER, 2018**

We are pleased to inform you that we have completed the audit of Warji Local Government Council for the year ended 31st December, 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting practice.

During the course of the audit assignment, we came across certain matters which we consider necessary to bring to your notice.

This comprises weaknesses in the internal control system and other general observations on the system as a whole.

We wish to state that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of our normal audit exercise.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their cooperation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The Management report which summarizes financial analyses and internal control assessment as well other observations are herewith presented into two broad parts:

15. Financial Analyses

16. Internal Control weakness and other observations.

16.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2017 are as shown below

	2018	2017
	N	N
Internally generated revenue	119,000	2,252,591
Statutory Allocation	<u>461,181,277</u>	<u>615,777,627</u>
Total Recurrent Revenue	461,300,277	618,030,218
Personnel cost	393,526,847	597,809,762
Overheads	<u>63,741,158</u>	<u>20,046,132</u>
Total Recurrent Expenditure	457,268,005	617,855,894
Surplus/(Deficit)	4,032,272	174,324

1.1.1 REVENUE PROFILE

1. Statutory allocations

The Council recorded a decline in statutory allocation from ~~N615.78 million~~ in 2017 to **N461.18 million** in 2018, achieving **12%** of the budgeted statutory allocation of **N3.82 billion**.

Statutory allocations accounted for over **99.97%** of the total revenue of the Local Government Council in the year under review.

2. Internally generated revenue

The internally generated revenue of the Council declined from **N2.25 million** in 2017 to **N0.12 million** in 2018.

We advise that all available revenue generating sources should be harnessed and adequate internal control system should be put in place to address possible leakages especially regarding internally generated revenue.

1.2.0 EXPENDITURE

1.2.1 Recurrent expenditure

The total recurrent expenditure of the Council was **N457.27million** in 2018 as against **N617.86 million** in 2017. The recurrent expenditure in the year represents **18%** respectively of the budgeted recurrent expenditure of **N2.53 billion**.

Personnel cost represents **86.06%** of the total recurrent expenditure incurred in the year.

1.2.2 Capital expenditure

The capital expenditure in the year was **N26.61million** representing **1.69%** of the budgeted capital expenditure of **N 1.56billion**. Details are as highlighted in **appendix 1**.

2.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 INTERNAL AUDIT

We observe that the Internal Audit function of the Council was not effective in its role as an integral part of the Internal Control system. The routine checking and stamping of payment vouchers were not fully done in the period under review.

2.1.1 RECOMMENDATIONS

We advise that:

19. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
20. The Internal auditor should produce periodic reports documenting his observations and recommendations to the Council
21. The Council should ensure that the reports of the Internal Auditor are deliberated and issues raised are promptly addressed.

2.2.0 PREPARATION OF LT 16 FORMS

We observe that the preparation of the LT 16 forms by the Local Council was not fully done in the period under review.

2.2.1 RECOMMENDATION

Management should ensure that periodic reports are prepared.

2.3.0 BANK RECONCILIATION STATEMENTS

2.3.1 AUDIT COMMENTS

We observe the following:

6. The bank accounts of the Council were not reconciled in the year under review and there are differences between the closing balances of the cash book and the respective bank statements.
7. Our casting of the cash book revealed that the closing cash book balances were cash **₦ 589,146** and a negative bank balance of **₦912,619** as against **₦ 41,729** and **₦ 792,128** in the cash book. The difference may be as a result wrong monthly balancing of the cash book.

2.3.2 RECOMMENDATIONS

Management should ensure that monthly bank reconciliation statements of all the bank accounts maintained by the Council are prepared.

The cash book should be properly casted and balanced monthly.

2.4.0 DEPOSITS

2.4.1 AUDIT COMMENTS

The outstanding balance of deposits was **₦ 7.49 million**. We observed that the deposit liability included Unity Bank loan of **₦ 6.80 million** from the previous year.

2.5.0 ACCOUNTING SYSTEM

2.5.1 AUDIT COMMENTS

We observe that:

49. The Council operated a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.

50. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.

51. Periodic report of revenue and expenditure were not prepared.

52. The Council continued to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.

53. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done especially at the commencement of the adoption of IPSAS to avoid errors in the books of account.

2.6.0 FIXED ASSETS REGISTER

2.6.1 AUDIT COMMENTS

We observe that Fixed Assets Register was not maintained in the period under review. With the adoption of IPSAS, Property, plant and equipment of the Council should be properly documented and this should be done using the Fixed Assets Register.

Management should ensure having in place the Fixed Assets Register.

2.7.0 PUBLIC FUND

2.7.1 AUDIT COMMENTS

We observed that there is ~~₦~~**16.69 million** described as Public fund in the 2017 financial statements and we could not verify the existence of such fund in the Council's records.

WARJI LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/N	DETAILS	AMOUNT (N)
1.	Construction/provision of roads	5,721,060
2.	Rehabilitation/Repairs of housing	832,120
3.	Renovation of quarters	6,000,000
4.	Renovation of admin block	5,924,000
5.	Construction of blocks	1,920,000
6.	Construction of market stalls	2,400,00
7.	Construction of central store	1,226,088
8.	Land compensation	1,937,400
9.	Joint projects	4,419,999
10.	Purchase of Agric. Equipment	<u>230,000</u>
		<u>30,610,667</u>

15th September, 2020

The Auditor General,
Office of the Auditor General for Local Government,
Bauchi State.

Dear Sir,

MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF ZAKI LOCAL GOVERNMENT COUNCIL FOR THE THREE YEAR ENDED 31ST DECEMBER 2018.

We are pleased to inform you that we have completed the audit of Zaki Local Government Council for the year ended 31st December 2018.

Our audit was conducted in accordance with the guidelines established by the International Auditing Standard and Generally Accepted Accounting Practice.

During the course of our audit, we came across certain matters which we consider necessary to bring to your attention.

This comprises weaknesses in the internal Control System and other general observations in the system as a whole.

It is important to mention that the weaknesses reported in this report may not necessarily be exhaustive but those that came to our notice during the course of the normal audit.

We take this opportunity to express our profound gratitude to the Chairman, the Management and the entire staff of the Local Government Council for their co- operation during the period of the audit exercise.

Yours faithfully,

**For: ABDULKADEER MAHMOUD & CO.
(Chartered Accountants)**

MANAGEMENT REPORT

The management report which summarizes financial analysis and internal control assessment as well as other observation is herewith presented into two broad parts;

- Financial Analysis
- Internal control weaknesses and other observations.

1.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULT

The operating Results of Zaki Local Government Council for the year ended 31st December 2018 are summarized below:

	2018	2017
	₦	₦
Internally Generated Revenue	8,727,562	15,404,114
Statutory Allocation	<u>660,093,448</u>	<u>804,930,044</u>
Total Recurrent Revenue	668,821,010	820,334,158
Personnel cost	515,890,377	776,416,660
Overheads	<u>101,921,939</u>	<u>38,835,932</u>
Total Recurrent Expenditure	617,812,316	815,252,592
Surplus/(Deficit)	51,008,694	5,081,566

1.1.1 REVENUE PROFILE

a) Statutory Allocation

The main revenue of the Council during the year under review is statutory allocation from Federal Government. The Statutory Allocation of the Council decreased to N660 Million in 2018 from N804.9 Million in 2017 showing a decline of 22.4%

b) Internally Generated Revenue

Internally generated revenue decreased from N15, 404,114 in 2017 to N8, 727,562 in 2018. The sharp drop might be as a result of lack of proper monitoring in the year.

As the collection of internally generated is now in the hands of Consultants we expect to see improvement going forward as there are potentials in that area that are yet to be tapped.

1.2.0 EXPENDITURE

e) Recurrent Expenditure

The recurrent expenditure for the year shows a decreasing trend from N815.2 Million in 2017 to N617.8 Million in 2018. This represents 31.8 % of the budgeted figure of N1.98 billion

f) Capital Expenditure

The total Capital Expenditure of the Council during the year was N43.66 million see appendix 1 for details.

4.0 INTERNAL CONTROL WEAKNESSES AND OTHER OBSERVATIONS

2.1.0 PREPARATION OF LT FORM 16

LT form 16 was not prepared by the Council during the year under review.

2.1.1 RECOMMENDATION

Management should ensure that all periodic reports are duly prepared

2.2.0 BANK RECONCILIATION STATEMENT

Audit observed that the council does not prepare Bank reconciliation statement. The importance of Bank reconciliation cannot be over emphasized as it serves to discover errors either from the Bank or the Accounts Department.

Audit observed a difference of N2,279,046.40 between the Council's closing cash book balance and that of Audit.

2.2.1 RECOMMENDATION

We recommend that the council should revisit the matter and trace the cause of the difference.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council in the year were N1.54 **million**.

Management should ensure that all contract and other deductions are promptly remitted to the relevant agencies and the periodic reconciliation of the deposits Ledger

2.4.0 ACCOUNTING SYSTEM

2.4.1 AUDIT COMMENTS

We observe that:

- 54. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
- 55. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
- 56. Periodic report of revenue and expenditure were not prepared.
- 57. The Council continues to maintain single column cash book without proper analysis of revenue and expenditure into their respective ledgers in line with the chart of account.
- 58. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.

Management should ensure that the accounting system of the council aid the smooth adoption of IPSAS by maintaining correctly all the required accounting records and books

Comprehensive training of the Cashiers, Departmental Accountants, and Revenue Accountants should be done especially at the commencement of the adoption of IPSAS to avoid errors in the books of account.

2.5.0 FIXED ASSETS

2.5.1 AUDIT COMMENTS

Although IPSAS has commenced in 2016 and the preparations and presentations of the Accounts are in IPSAS, there is no accurate figure for the assets of all the local government councils in the state.

In order to fully satisfy IPSAS requirements we suggest that a comprehensive record and value of all the Local Governments' Assets should be prepared so that they can be brought into the accounts of the council.

Management should ensure having in place a Fixed Assets Register.

2.6.0 INVESTMENT

The book value of the Investments as at 2018 was N4,663,175 which may not be the correct value as most of the companies are not existing today or if they are existing, their shares may be less than the value being carried in the accounts.. For example:

- Jaiz International Bank Plc
- Manto Processing Company
- Bauchi Printing and publishing Company
- Zaranda Hotel Bauchi
- Kaduna Textiles
- Katagum Microfinance Bank
- Inland Bank Plc
- Yankari Savings & Loans.
- Federal Savings Bank Limited
- Urban Development Bank

We therefore suggest that the whole investments be revalued and any loss should be written off the books of the local government.

ZAKI LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
SCHEDULE OF CAPITAL EXPENDITURE

S/R NO	PARTICULARS	N
1	Renovation of Building	790,000
2	Construction of Water Facilities	6,500,000
3	Construction of Dispensary	647,768
4	Erosion & Flood Control	975,000
5	Maintenance of Health Centre	7,690,473
6	Road Maintenance	13,499,375
7	Purchase of Computer & Printer	290,000
8	Purchase of Veterinary Drugs	4,307,000
9	Purchase of Learning Materials	544,000
10	Construction of Computer Room	2,513,398
11	Purchase of Motor Cycle	570,000
12	Purchase of Wooden Canoes	950,000
13	Purchase of Cabinet	320,000
14	Purchase of Generator	500,000
15	Purchase of Motor Cycle	230,000
16	Purchase of Agric. Equipment	1,000,000
17	Purchase of Hand Pump	2,333,317
TOTAL		43,660,331