



BAUCHI STATE OF NIGERIA
OFFICE OF THE AUDITOR-GENERAL
FOR LOCAL GOVERNMENTS

P.M.B 0130, Bauchi, Bauchi State.

ALG/OFF/S/70/VOL.I
Ref: _____

29th December, 2020
Date: _____

MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS
OF THE 20 LOCAL GOVERNMENT COUNCILS OF BAUCHI STATE
FOR THE YEAR ENDED 31ST DECEMBER, 2019

MANAGEMENT REPORT
FOR THE YEAR ENDED 31ST DECEMBER, 2019
22nd October, 2020

The Auditor General for Local Government,

Office of the Auditor General for Local Governments,
PMB 0130, Bauchi,
Bauchi State.

Dear Sir,

ALKALERI I LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST
DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Alkaleri Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the operations.

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1.0 Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	<u>₦</u>	<u>₦</u>
Statutory Allocation	1,514,649,047	914,866,113
Internally Generated Revenue	<u>1,738,072</u>	<u>4,443,686</u>
	<u>1,516,387,119.</u>	<u>919,309,799.</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	928,833,135	628,397,096
Social Contributions and Allowances	90,487,357	17,148,311
Travel and Transport	44,646,859	21,805,207
Material and supplies	80,919,832	53,570,434
Maintenance Services	28,680,017	42,376,628,
Consulting and Professional Services	710,786	338,000
Miscellaneous Expenses	<u>87,336,673</u>	<u>127,531,647</u>
	<u>1,261,614,659.</u>	<u>891,167,324.</u>
<i>Surplus from Operating Activities</i>	<u>254,772,460</u>	<u>28,142,475</u>

Total revenue increased from ₦919,309,799 in 2018 to ₦1,516,387,119 in 2019. The expenditure also increased from ₦891,167,324 in 2018 to ₦1,261,614,659 in 2019. There was an excess of income over expenditure amounting to ₦254,772,460 and ₦28,142,475 in 2019 and 2018 respectively. The Council was able to operate within the limitations of the available resources during the year.

2.0 Capital Expenditure

2.1 Cost

A total sum of ₦256,773,717 was incurred on capital projects during the year bringing the cumulative cost of capital projects from ₦110,644,447 in 2018 to ₦367,418,164 in 2019.

2.2 Visitation to Projects

Some of the projects executed during the year were visited to confirm their existence, locations and the cost implications: These include:

	₦
1. Renovation of Almuhibbah Office Alkaler	871,875
2. Renovation of Senior Mgt Office Alkaleri	8, 161,617
3. Renovation of Civil Defence Office Alkaler	1,448,287
4. Renovation of Maternity Quarters Alkaleri	380,000

The execution of these projects was generally satisfactory.

3.0 Maintenance of Accounting Books and Records

The following books were not maintained:

- a. Petty Cash Book
- b. Advances Ledger
- c. Fixed Assets Register

Although, there was a cash book, it was poorly maintained. The book was not properly balanced on a monthly basis to facilitate the preparation of bank reconciliation statements.

We recommend that the above accounting books and record be properly maintained to ensure transparency and accountability of the Council. The management should ensure that the cash book is balanced on a monthly basis to facilitate the preparation of bank reconciliation statements.

4.0 Processing of Payment Vouchers

Control over the processing of payment vouchers was weak. Some of the payments were not authorised; others had no supporting documents and in some other cases, payments were not

acknowledged by the recipients. Some of these have been analysed as follows:

<u>Date</u>	<u>PV No.</u>	<u>Details</u>	<u>(₦)</u>	<u>Remarks</u>
8/10/19	17	Payment to Sharif Abdullahi for hiring and fueling of buses to hear a court verdict at Bauchi.	215,000	No Receipts attached to the P.V. Names and identity of those who went to Bauchi not known. Number of buses hired not known. Payment not acknowledged by recipients. The benefit of hearing court verdict to the Council not known
11/12/19	42	Payment to Haruna Abdullahi for security/vigilantees on rumours of kidnappers at Dagudi, Lim and Rimi	300,000	Payment not acknowledged by the recipients. Nothing to suggest that the money was handed over to the security/vigilantees.
11/12/19	40	Payment to Abdullahi Mohammed for Opening Ceremony of Trade Fair at Bauchi on 16/12/19	500,000	Payment not acknowledged by the recipients. Names of party officials that were paid ₦100,000 not disclosed.

11/12/19	41	Payment to Haruna Abdullahi for the rescue of a kidnapped person, Alh. Bello	₦ 600,000	Payment not acknowledged. The manner the money was spent not disclosed.
3/12/19	2	Payment to Sundry persons for State Recitation at Ningi	400,000	P.V. not checked and passed by the Internal Auditor. Payment not acknowledged by recipients. Breakdown of ₦100,000 for unforeseen expenses not given.
30/12/19	8	Payment to Chairman in respect of security/furniture for his residence.	1,000,000	The memo from the State Min. for Local Govt. Affairs was dated 14/7/2008 directing the payment. Payment made after 11 years: P.V. not passed by internal Auditor. Payment not acknowledged by the recipients. The incumbent Chairman in 2008 when the P.V was raised was different in 2019, an interval of 11 years when the payment was made

4/3/19	1&2	<p>Payment to Haruna Abdullahi in preparation for Presidential Election of 23/02/19 in Alkaleri L. G</p> <p>Disbursed as follows</p> <p>a) Divisional Police Officer Alkaleri-----</p> <p>b) Army Officer-----</p> <p>c) D S S -----</p> <p>d) Immigration-----</p> <p>e) Prisons-----</p> <p>f) Hunters Association---</p> <p>g) Security at the Polls---</p> <p>h) Others-----</p>	<p>₦</p> <p><u>10,000,000</u></p> <p>1,000,000</p> <p>1,000,000</p> <p>1,000,000</p> <p>500,000</p> <p>500,000</p> <p>1,000,000</p> <p>2,000,000</p> <p><u>3,000,000</u></p> <p><u>10,000,000</u></p>	<p>These payments were not acknowledged by the recipients. The role of officials in (d), (e) and (f) in elections could not be satisfactorily explained to us. The breakdown of others'- ₦3,000,000 was not shown on the P. V.</p>
2/10/19	78	Payment to Bala Moh'd Basi – for named officers in respect of security	10,000,000	Payment not acknowledged by the recipients. There was nothing to show that the money was actually paid to the purported beneficiaries.
2/10/19	79	Payment to Bala Moh'd Basi – for named officers in respect of security	5,000,000	Payment not acknowledged by the purported beneficiaries. There was no evidence that they were actually paid the money.

We recommend that most of these payments that do not appear to be transparent should be reviewed and possibly investigated by the Office of the Auditor General for Local Governments. Effective controls be introduced to serve as checks and balances in the system.

5.0 Other Matters

5.1 Council Minutes Book

Minutes Book in respect of Council meetings during the period could not be made available to us. We were therefore unable to satisfy ourselves that the projects executed by the Council received mandatory Council's approval.

5.2 Finance and General Purpose Committee – F&GPC Minutes

The F&GPC minutes was also not available. Therefore, the appraisal by F&GPC of Council's resolutions regarding capital projects could not be confirmed whether they were done or not. By implication, projects executed without Council's approval and appraisal by F&GPC is a violation of Due Process.

We recommend that Minutes book be maintained by the Council and all capital projects be subjected to Council's approval and F&GPC appraisal in compliance with Due Process requirements.

5.3 Stores

The stores were poorly maintained. The shelves have broken down and the stores records were not properly posted and updated. Most items purchased during the period could not be traced into stores records. In the absence of such postings, it is difficult to determine whether such items were actually received by the Council or not.

We recommend that the stores should be properly maintained and the records properly posted and updated from time to time.

5.4 Investments

Investments on shares increased from ₦18,284,170 in 2018 to ₦25,698,079 in 2019. The share certificates were said to have been transferred to the State Government for safe custody. We were unable to obtain documentary evidence on the following:

- a. Share certificates transferred to the State Government.
- b. Bonus shares issued during the period, if any
- c. Dividends declared and paid
- d. Dividends received.

We recommend that the Investment Register should incorporate matters relating to the above issues so that all transactions regarding investment are properly documented and updated from time to time.

5.5 DEPOSITS

Deposits representing deductions to be remitted to different Agencies stood at ₦45,661,315 as at 31st December, 2019. Prominent among these Agencies are:

	₦
Federal Inland Revenue Service (VAT & WHT)	33,149,845
Bauchi Board of Internal Revenue (PAYE)	9,782,470
N. A. N. N M Dues	309,281
NULGE Motor Cycle Loan	444,176
NULGE Union Dues	475,520

Substantial amount of the outstanding Deposits were brought forward from previous years. There is no justification whatsoever for non-remittance of these outstanding balances.

We recommend that deductions should be remitted to the appropriate Agencies as soon as they are effected in compliance with the extant laws regulating such deductions. Failure to do so may attract penalties.

6.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri
For: Lawyer Ejeheri & Co.

BAUCHI LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

The Auditor General for Local Government,
Office of the Auditor General for Local Governments,
PMB 0130, Bauchi,
Bauchi State.

Dear Sir,

BAUCHI LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Bauchi Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations.

Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	₦	₦
Statutory Allocation	2,874,776,382	963,009,822
Internally Generated Revenue	<u>42,639,279</u>	<u>16,120,458</u>
<i>Total Revenue</i>	<u>2,917,415,661</u>	<u>979,130,280</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	2,551,969,490	566,406,191
Social Contribution and Allowances	62,308,250	47,482,640
Travel and Transport	5,743,775	40,522,639
Material and supplies	81,173,516	141,143,360
Maintenance Services	10,716,900	11,327,700
Consulting and Professional Services	2,211,565	1,160,000
Miscellaneous Expenses	<u>149,130,109</u>	<u>108,447,081</u>
	<u>2,863,253,605</u>	<u>916,489,610</u>
<i>Surplus from Operating Activities</i>	<u>54,162,056</u>	<u>62,640,670</u>

The statutory allocation and internally generated revenue (IGR) increased from N979,130,280 in 2018 to ₦2,917,415,661 in 2019. The expenditure also increased from ₦916,489,610 in 2018 to ₦2,863,253,605 in 2019. The overall results showed an excess of income over expenditure in both years amounting to ₦54,162,056 in 2019 as against ₦62,640,670 in 2018.

The operation during the year was within the limitations of the available resources.

2.0 Maintenance of Accounting Books and Records

2.1 Although there was a cash book during the year, the maintenance was poor. No attempt was made to reconcile cash book balances in any of

the months with bank balances as reflected in the bank statements. In the absence of such reconciliations, errors, fraud or excessive bank charges arising from banking transactions are not likely to be easily detected.

2.2 Petty cash book was not maintained and consequently, the handling of petty cash expenses could not meet the minimum standard of bookkeeping.

2.3 We recommend that Petty cash book and main cash book for bank transactions be properly maintained. The cash book should be balanced on a monthly basis and reconciled with bank balances as shown in bank statements.

3.0 Processing of Payment Vouchers

It was observed that payment vouchers were generally poorly processed. Some of the payments were not authorized (approved), others had no supporting documents (receipts, invoices, stores receipt vouchers, etc) attached and others were irregular. Some of these are analysed as follows:-

<u>Date</u>	<u>PV No.</u>	<u>Details</u>	<u>(₦)</u>	<u>Remarks</u>
30/11/15	62	Monthly Allowances in respect of out of pocket Expenses.	120,000	Application made on 16/3/10, payment voucher processed on 30/11/15 and Payment made on 18/4/19 after a period of nine years.
26/2/19	58	Monthly contribution to the ruling party APC	250,000	No receipt from the party or acknowledgement of receipt.

4/7/14	65	MDG's 2014 workshop in Abuja, 7-9, July, 2014	₦ 200,000	Payment for the workshop made in September, 2019 five years after the workshop.
26/10/18	240	Purchase of Air condition for HOA Office.	60,000	No receipt attached to PV and no stores Receipt Voucher as evidence of delivering to the Council.
25/11/29	26	Monthly contribution to ruling party PDP	400,000	No receipt, no acknowledgement by payee. No evidence of Council's resolution increasing from ₦ 250,000 as at February, 2019 to ₦ 400,000.
14/4/19	72	Financial Assistance	30,000	The applicant applied 20 th May, 2011; approved and processed 14/4/19 after a period of about eight years. No acknowledgement by recipient. Payment said to have been made by E-payment but this could not be authenticated.

02/4/19	67	Payment to Vigilantees	N 40,000	The Officer (Council Staff) that applied for the money on behalf of the vigilantees on 26/03/16 collected and signed for the money on 11/4/19. No indication that the money, was paid to the vigilantees.
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The controls over the processing of payments vouchers up to the point of payment to the beneficiaries is poor. The system can be abused if adequate control procedures and mechanism are not instituted.

We recommend that the Office of the Auditor General for Local Government should look into this and take appropriate measures.

4.0 Wrong Coding, Posting and Classification of Entries

Most of the entries including income and expenditure were observed to have been wrongly classified in the books. In some other cases, they were complete omitted from the books. There were instances where we had to extract and analyse entries from bank statements for the purpose of the audit.

We recommend that Management should look into this and take appropriate measures to rectify it.

5.0 Other Matters

(Investment on shares by the Council amounted to ~~N~~46,662,979 as at 31st December, 2019.)

5.1 Investments

No Investments Register was maintained to cover the investments owned by the Council. Shares certificates were not available. The Officer in charge confirmed to us that the certificates had been transferred to the State Government for custody since 2014.

We were unable to obtain documentary evidence on:

- a. Shares (Investments) sold during the period;
- b. Bonus shares issued during the period, if any;
- c. Dividends declared and paid if any; and
- d. Dividend received, if any.

We recommend that an Investment Register be maintained by Management to update and streamline all transactions relating to investments owned by the Council.

5.2 Advances

Outstanding unretired advances granted to members of staff as at 31st December, 2019 stood at ₦26,470,785. Included in this figure was ₦20,701,185 brought forward from 2018 and there was no movement in the balances during the year 2019. Among these debtors are the following:

	₦
a. Sundry Persons 2017	1,833,600
b. Alhaji Ghani Shehu	8,190,350
c. Shehu Yalwa Jahua	8,425,235
d. Abdullahi Aliyu	500,000
e. Sulaiman Abubakar	865,000
<i>Total</i>	<u>19,814,185</u>

No satisfactory explanation was given why these advances were not retired, especially the sundry persons, ₦1,833,600 dating as far back as 2017. Alh. Sulaiman Abubakar was given another advance of ₦515,000 for the printing of F.R.C. forms during the year even when an earlier advance of ₦350,000 brought forward from 2018 was not retired. This is against the principle of granting advances. Outstanding advances should be fully retired before new ones are granted.

We recommend that Management should review the above advances and ensure that they are fully retired. The controls over advances should be reviewed, strengthened to be in conformity with generally accepted accounting principles and practice.

5.3 Deposits

Deposits representing deductions to be remitted to different Agencies stood at ₦97,848,966 as at year end. Prominent among these are the following:-

	₦
- Federal Inland Revenue Services (5% VAT)	11,923,104
- Union Dues	8,833,153
- F.M.B.N – NHF Deductions	24,068,702
- Bauchi State Government (PAYE)	<u>40,241,421</u>
<i>Total</i>	<u>85,066,380</u>

No satisfactory reason was given for this default.

We recommend that deductions from salaries, contracts etc should be remitted to the appropriate Agencies as soon as they are made in compliance with the extant laws regulating such deductions. Failure to do this may attract penalties.

5.4 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

6.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri
For: Lawyer Ejeheri & Co.

BOGORO LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

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

Dear Sir,

BOGORO LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Bogoro Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations.

Summary of Operations

Below is the summary of the Council's operations during the year under review.

	2019 N	2018 N
1.1 <u>REVENUE</u>		
Statutory Allocations	909,584,249	416,568,004
Disbursements from Ministry for Local Government, Bauchi.	1,237,148,974	-
Other Revenue	<u>174,490</u>	<u>847,648</u>
	<u>2,146,907,713</u>	<u>417,415,652</u>
1.2 <u>Less Expenditure:</u>		
Salaries and Allowances	874,088,391	328,411,267
Bank Charges	18,822	198,312
Other Expenses	<u>1,280,776,018</u>	<u>94,438,876</u>
	<u>2,154,883,231</u>	<u>423,048,455</u>
<i>Deficit for the Year</i>	<u>(7,975,518)</u>	<u>(5,632,802)</u>

1.3 **Operational Overview**

Statutory Allocations and other revenue increased from N417,415,652 in 2018 to N2,146,907,713 in 2019. The expenditure also increased from N423,048,455 in 2018 to N2,154,883,231 in 2019. The overall results showed an excess of expenditure over income (deficit) in both years amounting to N7,975,518 in 2019 as against N5,632,802 in 2018. The deficit in operations in 2019 was largely funded by the bank balances brought forward from the previous year.

2.0 Accounting Books and Records

It was observed that most of the accounting books and records were not available. We were informed that the documents had been collected by the Economic and Financial Crimes Commission (EFCC) due to an on-going investigation into the Council's financial transactions. In the absence of these records, especially payment vouchers and other related records we were unable to vouch, verify and authenticate the payments made by the Council during the year.

3.0 Other Matters

3.1 Bank Reconciliation Statements

We were reliably informed by the Deputy Treasurer that the Council did not prepare bank reconciliation Statements during the year. We recommend that bank reconciliation Statements be prepared on a monthly basis.

3.2 Absence of Internal Audit Report

We were informed by the Internal Auditor that Internal Audit Reports were not prepared during the period. In the absence of the financial records that were taken away by the EFCC, the Internal Auditor's Report would have provided an insight into the Council's operations during the year.

We recommend that the Internal Auditor should discharge his Statutory responsibility by giving periodic reports from time to time.

Recommendations

We recommend that appropriate steps be taken to ensure that the payment vouchers and other related accounting books and records taken away by the EFCC are returned as soon as possible. Statutorily, these records are expected to be under the custody of the Council.

4.0 Questionable Withdrawals amounting to N54,915,500

It was observed that a total sum of N54,915,500 was transferred from the Council's Fidelity Bank Account to the personal account of the Cashier. All efforts to reach out to the cashier for his explanation on this proved fruitless. These withdrawals were made as follows:

<u>Months</u>	N
September, 2019	7,650,000
October, 2019	27,484,000
November, 2019	4,175,000
December, 2019	<u>15,606,500</u>
	<u>54,915,500</u>

We recommend that management should investigate these withdrawals and where necessary, appropriate measures be taken to ensure that the money is refunded as soon as possible.

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5.0 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

6.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged. In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri

For: Lawyer Ejeheri & Co.

DAMBAM LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27th October, 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, 2019**

We are pleased to inform you that we have completed the audit of Dambam Local Government Council for the year ended 31st December, 2019.

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 2018 are as shown below:

	2019	2018
	₦	₦
Internally Generated Revenue	1,780,221	3,479,337
Statutory Allocation	<u>1,381,117,473</u>	<u>508,378,770</u>
Total Recurrent Revenue	1,382,897,694	511,858,107
Personnel cost	1,004,610,250	389,369,114
Overheads	<u>375,258,227</u>	<u>111,741,317</u>
Total Recurrent Expenditure	1,379,868,477	<u>501,110,431</u>
Surplus/(Deficit)	3,029,217	10,747,676

1.1.1 REVENUE PROFILE

1) **Statutory allocations**

The Council recorded an increase in statutory allocation received from ₦508.7 million 2018 to ₦1.31 billion in 2019, representing an increase of more than 171%. The statutory allocations received in the year represents 32% of the budgeted statutory allocation of ₦4.32 billion.

Statutory allocations accounted for above 99.9% 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 ₦3.47million in 2018 to ₦1.78 million in 2019.

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 ₦1.38 billion in 2019. The recurrent expenditure in 2019 represents 54% 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 ₦ 52.8 million. See details 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 ₦27.17 million. Remittance of contract deductions amounting to ₦13.9 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.

Appendix 1

**DAMBAM LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
SCHEDULE OF CAPITAL EXPENDITURE**

Construction of slaughter slab	214,755
Motor Vehicle	2,272,170
Construction/provision of infrastructure	2,126,600
Rehabilitation/repairs –water facilities	1,044,000
Rehabilitation/repairs –electricity	989,000
Purchase of guest house	15,400,000
Purchase of Residential building	3,500,000
Purchase of motor cycles	1,151,269
Purchase of office furniture & fittings	3,600,000
Rehabilitation/repairs–Market/parks	1,019,500
Construction/provision of water facilities	3,020,000
Rehabilitation/repairs–Agricultural facilities	859,021
Rehabilitation/repairs of residential building	500,000
Construction/provision of water–ways	1,375,000
Construction/provision of electricity	2,000,000
Rehabilitation/repairs –Roads	1,500,000
Construction/provision of residential buildings	9,325,000
Construction/provision of housing	2,351,000
Renovation of market	570,000
TOTAL	52,817,315

DARAZO LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27th October, 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, 2019**

We are pleased to inform you that we have completed the audit of Darazo Local Government Council for the year ended 31st December, 2019.

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 2018 are as shown below:

	2019	2018
	₦	₦
Internally generated revenue	6,321,048	5,812,648
Statutory Allocation	<u>1,860,365,187</u>	<u>690,130,906</u>
Total Recurrent Revenue	<u>1,866,686,235</u>	695,943,554
Personnel cost	1,286,543,853	548,808,346
Overheads	<u>543,154,634</u>	<u>117,854,516</u>
Total Recurrent Expenditure	<u>1,829,698,487</u>	<u>666,662,862</u>
Surplus/(Deficit)	36,987,748	29,280,692

1.1.1 REVENUE PROFILE

1. Statutory allocations

The Council recorded an increase in statutory allocation from ₦690 million 2018 to ₦1.86 billion in 2019. The statutory allocations received in the year represents 53% of the budgeted statutory allocations of ₦3.52 billion.

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

The internally generated revenue of the Council increased from ₦5.81million in 2018 to ₦6.32 million in 2019.

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 2019 was ₦1.82 billion, as against ₦666.6 million in 2018. This represents 76% of the budgeted recurrent expenditure of ₦2.412 billion in the year under review.

2. The capital expenditure

The capital expenditure of the Council in 2019 was ₦ 37.23 million. See details in appendix 1

3.0 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.

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 ₦ 8.63 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 . The management should ensure that the deposit ledgers are reconciled and updated.

2.5.0 ADVANCES

The unretired advances as the end of 2019 stood at ₦ 5.37 million as no schedule was provided to us to enable us make comparison.

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.

Appendix 1

DARAZO LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
SCHEDULE OF CAPITAL EXPENDITURE

PROJECT DETAILS	AMOUNT (N)
Joint project	5,569,511.22
Motor vehicle	2,789,920.00
Furniture	4,464,850.00
Max Air Contribution	2,850,000.00
Construction Of Market Stalls	222,376.00
Construction/provision of housing-4 bedroom	1,844,242.50
Completion Of Primary School	232,550.00
Box culvert	612,040.00
Construction of power generating plant house	1,200,000.00
Rehabilitation / repairs of residential building	750,000.00
Renovation of Dispensary/maternity	1,654,000.00
Purchase of generator	1,500,000.00
Purchase of amplifier	600,000.00
Purchase of fertilizers	6,500,000.00
Completion of jumat mosque	5,412,411.25
Purchase of truck	623,060.00
Purchase / acquisition of land	410,000.00
TOTAL	37,234,961

DASS LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

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

Dear Sir,

DASS LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Dass Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations.

Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	₦	₦
Statutory Allocation	951,131,446	459,170,502
Other Revenue	<u>1,294,475</u>	<u>2,285,851</u>
<i>Total Revenue</i>	<u>952,425,921</u>	<u>461,456,353</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	754,853,139	257,144,504
Overhead Cost	<u>200,527,272</u>	<u>124,087,724</u>
	<u>955,380,411</u>	<u>381,232,228</u>
<i>Surplus/(Deficit) for the Year</i>	<u>(2,954,490)</u>	<u>80,224,125</u>
1.3 <u>Operational Overview</u>		

The total revenue increased during the period from N461,456,353 in 2018 to N952,425,921 in 2019. The expenditure also increased from N381,232,228 in 2018 to N955,380,411 in 2019. The overall results showed an excess of Income Over Expenditure of N80,224,125 in 2018 as against a deficit of N2,954,490 in 2019.

2.0 Accounting Books and Records

2.1 Payment Vouchers were poorly prepared and processed. Some of the payments were neither authorised nor supported with receipts, invoices or Stores Receipts Vouchers (SRVs). Some of the recipients of payments did not sign the vouchers to show that they collected the money covered by such vouchers. The control over payments was weak.

We recommend that the controls over the processing of payment vouchers and payments should be strengthened to eliminate the inherent weaknesses in the system.

2.2 Bank Reconciliation Statements

Bank reconciliation statements were not prepared for the various bank accounts on a monthly basis. Failure to prepare bank reconciliation statements is a weakness that can be abused to the detriment of the Council as errors or fraud arising from banking transactions may not be easily detected.

We recommend that deliberate efforts be made by the Council's Management to ensure that bank reconciliation statements are prepared on a monthly basis.

2.3 Fixed Assets Register/Office Inventories

It was observed that the Council did not maintain fixed assets register to record its non-current assets vis-à-vis the property, plant and equipment on which it incurs expenditure on a yearly basis. It was also observed that office inventories showing the list of office furniture and equipment in each of the offices were not maintained.

We recommend that fixed assets register and office Inventories be maintained by the Council to secure and safeguard its non-current assets.

3.0 Other Matters

3.1 Advances

There was no effective control over the granting and retirement of advances. As a generally accepted accounting practice, new advances can only be granted when an earlier advance has been fully retired.

We recommend that Advances Ledger be properly maintained as a measure to regulate the granting and retirement of advances. When

the controls are weak, members of staff are likely to abdicate their responsibility in retiring their outstanding advances.

3.2 Investments

Investment on shares amounted to N17,743,868 as at the end of the year. The Council does not maintain Inventories Register to show the details and other vital information about these shares. We were informed by the Deputy Treasurer that the Council did not make provision for the Office of an Investment Officer as in other Councils of the State.

We recommend that an Investment Register be maintained for the documentation of vital details about the shares as follows:

- a. Date of purchase, the price per share and the amount.
- b. Share certificates issued by the Companies.
- c. Bonus shares issued, if any by the Companies.
- d. Dividends declared, paid and received by the Council, and
- e. Shares sold by the Council, if any etc.

The Register should incorporate the above details and properly updated from time to time. Importantly, the Office of Investment Officer should be created by the Council.

3.3 Deposits

It was observed that Deposits representing deductions to be remitted to Government Agencies increased from N6,186,154 in 2018 to N15,336,395 in 2019.

We recommend that deductions should be remitted to the appropriate Agencies as soon as the deductions are made in compliance with the extant laws regulating such deductions. Failure to do so may attract penalties.

4.0 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

5.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri
For: Lawyer Ejeheri & Co.

GAMAWA LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27th October, 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, 2019**

We are pleased to inform you that we have completed the audit of Gamawa Local Government Council for the year ended 31st December, 2019.

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.

4.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2018 are as shown below

	2019	2018
	₦	₦
Internally generated revenue	6,396,910	9,089,673
Statutory Allocation	<u>1,596,267,145</u>	<u>817,777,158</u>
Total Recurrent Revenue	1,602,664,055	826,866,831
Personnel cost	1,057,357,281	506,542,308
Overheads	<u>443,035,315</u>	<u>251,650,586</u>
Total Recurrent Expenditure	1500,392,596	<u>758,192,893</u>
Surplus/(Deficit)	102,271,460	68,673,937

1.1.1 REVENUE PROFILE

1. Statutory allocations

The Council recorded an increase in statutory allocation from ~~₦~~817.78 million in 2018 to ~~₦~~1.59 billion in 2019, representing 46% of the budgeted statutory allocation of ~~₦~~3.46 billion.

Statutory allocations accounted for over 99.6% 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 ~~₦~~9.08 million in 2018 to ~~₦~~6.39 million in 2019.

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 ₦1.50 billion in 2019 as against ₦758.19 million in 2018. The recurrent expenditure in the year represents 66.7% of the budgeted recurrent expenditure of ₦2.24 billion. Personnel cost represents 29.53% of the total recurrent expenditure incurred in the year.

1.2.2 Capital expenditure

The capital expenditure in the year was ₦112 million representing 8.55% of the budgeted capital expenditure of ₦ 1.31 billion. 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:

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

The Council prepares the LT 16 forms but observe that figures used do not fully agree with the subsidiary registers.

2.2.1 RECOMMENDATION

Management should ensure that periodic reports are prepared and all figures are in agreement with subsidiary registers.

2.3.0 BANK RECONCILIATION STATEMENTS

2.2.1 AUDIT COMMENTS

We observe that although the Council prepares the bank reconciliation statements some the issues raised are not detailed enough.

2.3.2 RECOMMENDATIONS

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

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 ₦ 8.9 million. The whole of this figure is contract deductions yet to be remitted to the relevant Tax Authorities.

2.5.0 ACCOUNTING SYSTEM

2.5.1 AUDIT COMMENTS

We observe 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. 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.

Appendix 1

GAMAWA LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
SCHEDULE OF CAPITAL EXPENDITURE

Construction/renovation of market stalls	1,000,000
Minor road repairs	4,401,500
Renovation of police station	800,000
Rehabilitation/repairs - water facilities	7,300,000
Construction of feeder road	33,000,000
Renovation of cattle market	400,000
Drainage	7,105,000
Construction/Provision of Infrastructures	1,995,000
Renovation of palaces	13,400,000
Construction of mosque	1,800,000
Rehabilitation/repairs of residential building	5,391,950
Construction/Provision of Hospitals/Health Centres	29,755,364
Construction/provision of water facilities	<u>5,662,000</u>
TOTAL	<u>112,010,814</u>

GANJUWA LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

The Auditor General for Local Government,
Office of the Auditor General for Local Governments,
PMB 0130, Bauchi,
Bauchi State.

Dear Sir,

GANJUWA LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Ganjuwa Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations.

1.0 Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	₦	₦
Statutory Allocation	1,318,015,080	476,067,543
Other Revenue	<u>2,324,950</u>	<u>5,416,364</u>
<i>Total Revenue</i>	<u>1,320,340,030</u>	<u>481,483,907</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	1,057,204,963	393,176,594
Overhead Cost	<u>241,687,553</u>	<u>99,753,487</u>
	<u>1,298,892,516</u>	<u>492,930,081</u>
<i>Surplus/(Deficit) for the Year</i>	<u>21,447,514</u>	<u>(11,446,174)</u>

1.3 Operational Overview.

Statutory Allocation and other revenue (IGR) increased from N481,483,907 in 2018 to N1,320,340,030 in 2019. The expenditure also increased from N492,930,081 in 2018 to N1,298,892,516 in 2019. The overall results showed an excess of revenue of N21,447,514 in 2019 as against a deficit of N11,446,174 in 2018.

2.0 Accounting Books and Records

The accounting books and records were poorly maintained during the year under review. The key areas that came to our notice are highlighted as follows:

2.1 Payment Vouchers

- a. A Significant number of payment vouchers covering January to December, 2019 could not be made available to us. This made our audit exercise to be very challenging.
- b. A lot of the payment vouchers did not have supporting documents – receipts, involves, Stores Receipts Vouchers (SIRs) etc attached

to them. It became difficult to authenticate the genuineness of some of the payments covered by these PVs.

- c. Some of the payments were made with payment vouchers that were not duly processed and authorised.

In a nutshell, the control system regulating the processing of vouchers, authorization, payment, filing etc is very weak. There is need to review and introduce some checks and balances in the system.

2.2 Daily/Monthly Abstracts of Expenditure

It was observed that the abstracts of expenditure for all the Council's departments were not properly maintained. Under the Circumstance, the records of expenditure incurred by the Council may not be comprehensive and reliable.

We recommend that Management should review the operations for better result.

2.3 Bank Reconciliation Statements

Bank Reconciliation Statements were not prepared for all the bank accounts during the period under review. Errors or fraud arising from banking transactions are not likely to easily detected.

We recommend that bank reconciliation statements be prepared on a monthly basis.

2.4 Council Minutes Book

The Council did not maintain Minutes books or file for the recording of important resolutions that may have some bearing on financing matters. It was observed for example that the Council spent the sum of N25,730,513 on capital projects but we were unable to confirm whether it was subjected to Council's approval.

We recommend that minutes book or file be maintained by the Council.

3.0 Other Matters

3.1 Internal Audit Report

The Council's Internal Auditor did not prepare any audit report for the period.

We recommend that the Internal Auditor should always review the internal control system and operations of the Council and report to Management from time to time.

4.0 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

5.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri

For: Lawyer Ejeheri & Co.

GIADE LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27th October, 2020

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

Dear Sir,

MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF GIADE LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Giade Local Government Council for the year ended 31st December, 2019.

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.

5.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2018 are as shown below:

	2019	2018
	₦	₦
Internally generated revenue	3,720,127	4,427,868
Statutory Allocation	<u>1,335,472,960</u>	<u>473,343,588</u>
Total Recurrent Revenue	<u>1,339,193,087</u>	<u>477,771,457</u>
Personnel cost	875,881,879	391,82,723
Overheads	<u>434,220,331</u>	<u>80,207,208</u>
Total Recurrent Expenditure	1,310,102,210	<u>472,099,931</u>
Surplus/(Deficit)	29,090,877	5,671,525

1.1.1 REVENUE PROFILE

1. Statutory allocation

The Council recorded an increase in statutory allocation from ~~₦~~473.34 million in 2018 to ~~₦~~1.33 billion 2019. The statutory allocations received in the year represent 37% of the budgeted statutory allocation of ~~₦~~3.61 billion. Statutory allocations accounted for 99.7% of the total revenue of the Local Government Council.

2. Internally generated revenue (IGR)

The internally generated revenue of the Council declined from ~~₦~~4.42 million in 2018 to ~~₦~~3.72 million in 2019. The IGR in the year represents 18% 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 ₦1.31 billion as against ₦472 million in 2018. This represents 18% of the budgeted recurrent expenditure ₦1.82 billion.

Personnel cost represents 71.9% of the total recurrent expenditure incurred in the year.

1.2.2 Capital expenditure

The capital expenditure in the year was ₦34.62 million representing 16.02% of the budgeted capital expenditure of ₦2.16 billion. 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 BANK RECONCILIATION STATEMENTS

2.1.1 AUDIT COMMENTS

We observe the following:

- That the Council is accumulating reconciliation items on the reconciliation statements some dating back as far as 2013 without doing the necessary updating of the cash book. This has resulted in having reconciliation items over years.
- Monthly casting and balancing of the cash book need to be improved upon.

2.3.2 RECOMMENDATIONS

Management should ensure that monthly bank reconciliation statements of all the bank accounts maintained by the Council are prepared. All outstanding issues are addressed promptly.

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 were ~~N~~3, 827,626. We observe that the outstanding balance were taxes deducted from contracts not remitted promptly to the relevant tax authorities, retention fees and loan repayments.

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

2.6.0 ADVANCES

2.5.1 AUDIT COMMENTS

The unretired advances were ~~N~~2.55 million as at the end of the year. 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

2.6.1 AUDIT COMMENTS

We observe that:

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

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

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

18. 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.

19. 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

2.7.1 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

2.8.1 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.

Appendix1

GIADE LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
SCHEDULE OF CAPITAL EXPENDITURE

PROJECTS DETAILS	AMOUNT(N)
Joint projects	3,900,000
Motor vehicle	937,170
Furniture	1,525,000
Max Air Contribution	2,850,000
Box culvert	257,000
Construction of drainage	847,200
Electrification	20,925,875
Renovation of Dispensary/maternity	300,000
Construction of lockup shops	2,725,900
TOTAL	<u>34,268,145</u>

ITAS-GAUDA LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27h October, 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-GAUDAU LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Itas-Gadau Local Government Council for the year ended 31st December, 2019.

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.

6.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2018 are as shown below:

	2019	2018
	N	N
Internally generated revenue	1,498,567	2,576,770
Statutory Allocation	<u>1,524,312,651</u>	<u>646,363,072</u>
Total Recurrent Revenue	1,525,811,218	648,939,842
Personnel cost	1,163,180,666	566,545,735
Overheads	<u>291,518,004</u>	<u>88,755,611</u>
Total Recurrent Expenditure	<u>1,454,698,669</u>	<u>655,301,346</u>
Surplus/(Deficit)	71,112,548	(6,361,504)

1.1.1 REVENUE PROFILE

1. Statutory allocation

The Council recorded an increase in statutory allocation from **N646.36 million** 2018 to **N1.52 billion** 2019. The statutory allocation received in the year represents 55% 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 **₦2.57 million** in 2018 to **₦1.49 million** in 2019 resulting to only **19%** 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 **₦1.45 billion** in 2019 as against **₦655.30 million** in 2018. The total recurrent expenditure consist of personnel cost of **₦1.16 billion (80%)** and overhead cost of **₦291.50 million (20%)** and represent **83%** and **38.6%** of the respective budgeted recurrent expenditure of **₦1.40 billion** and **₦755 million**.

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:

10. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
11. The Internal auditor should 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.

2.2.0 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

We observed that reconciliation items are not promptly addressed by making the necessary postings in the cash book. Most of the reconciliation items have remained unaddressed over a long period.

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 **₦18.53 million**. We observe that contract deductions amounting to **₦4.1 million** and NHF **₦13.04 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:

20. The Council continued to operate a manual accounting system with the maintenance of a cash book and no general, subsidiary ledgers.
21. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
22. Periodic report of revenue and expenditure were not prepared.
23. 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.
24. 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.

JAMA'ARE LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27th October, 2020

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

Dear Sir,

MANAGEMENT REPORT ON THE AUDITED FINANCIAL STATEMENTS OF JAMA'ARE LOCAL GOVERNMENT COUNCIL FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Jama'are Local Government Council for the year ended 31st December, 2019.

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 Analysis

12. Internal Control weakness 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 2018 are as shown below:

	2019	2018
	N	N
Internally generated revenue	2,623,892	3,095,770
Statutory Allocation	<u>950,943,360</u>	<u>318,746,190</u>
Total Recurrent Revenue	953,367,251	321,841,959
Personnel cost	366,004,804	257,374,124
Overheads	<u>511,374,501</u>	<u>71,791,505</u>
Total Recurrent Revenue	<u>877,379,305</u>	<u>329,165,629</u>
Surplus/(Deficit)	75,987,946	(7,323,669)

1.1.1 REVENUE PROFILE

1. Statutory allocations

The Council recorded an increase in statutory allocation from **N318.74 million** in 2018 to **N950.94 million** in 2019, representing **35.6%** of the budgeted statutory allocation.

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

2. Internally generated revenue

Internally generated revenue was **₦2.62 million** in 2019 as against **₦3.09 million** in 2018 representing **41%** of the budgeted internal revenue of **₦6.35 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 **₦877.37 million** in 2019 as against **₦329.16 million** in 2018. This represents **61%** of the budgeted recurrent expenditure of **₦1.444 billion**.

Personnel cost in 2019 was **₦366.0 million** as against **₦257.37 million** in 2018.

1.2.2 Capital expenditure

The capital expenditure of **₦ 96.16 million** represents **8.60%** of the budgeted capital expenditure of **₦ 1.116 billion** in 2019. See details 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:

13. All payment vouchers should be made available to the internal auditor
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

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:
- ✓ Monthly totals of receipts and expenditure in the cash books did not agree with our casting of the cash book. Some of the monthly closing balances of the cash book may not be correct.

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 **₦12.18 million** in 2019. Some advances/Imprest have remained in the records of the Council for long without being 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 **₦14.15 million** as at the end of the year 2019.

2.6.0 ACCOUNTING SYSTEM

2.6.1 AUDIT COMMENTS

We observed that:

25. The Council operated a manual accounting system with the maintenance of a cash book
26. There were 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 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.
30. Incorrect/incomplete use of accounting codes in recording transactions in the cash book.
31. There were payment vouchers not seen during the audit.
32. 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.

Appendix 1

JAMA'ARE LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
SCHEDULE OF CAPITAL EXPENDITURE

Land compensation	930,000
Motor vehicle	2,437,170
Construction/provision of infrastructure-mosque	59,462,031
Rehabilitation/repairs -water facilities	2,174,000
Rehabilitation/repairs -electricity	1,868,000
Rehabilitation/repairs-Market/parks	1,547,500
Joint project	3,834,394
TOTAL	72,253,095

KATAGUM LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27thOctober, 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, 2019.

We are pleased to inform you that we have completed the audit of Katagum Local Government Council for the year ended 31st December, 2019.

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.

8.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating highlights of the Local Government Council for the year in comparison with 2018 are as shown below:

	2019	2018
	N	N
Internally Generated Revenue	6,483,750	16,268,447
Statutory Allocation	<u>2,208,109,881</u>	<u>639,292,910</u>
Total Recurrent Revenue	2,214,593,631	655,561,357
Personnel cost	1,594,336,995	416,469,698
Overheads	<u>572,432,875</u>	<u>237,254,646</u>
Total Recurrent Expenditure	<u>2,166,769,870</u>	<u>653,724,344</u>
Surplus/(Deficit)	47,823,761	1,837,012

1.1.1 REVENUE PROFILE

A. Statutory allocation

The Council recorded a sharp increase in statutory allocation received from **N639.29 million** 2018 to **N2.20 billion** in 2019, an increase of **N1.56 billion** or **245%**. The statutory allocations received in the year represent **40%** of the budgeted statutory allocations of **N6.503 billion**.

Statutory allocations accounted for more than 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 **₦16.26 million** in 2018 to **₦6.48 million** in 2019.

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 **₦2.16 billion** in the year under review as against **₦653.72 million** 2018.

Personnel cost was **₦1.59 billion** representing **73.6%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure of **₦ 34.9 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

Although monthly bank reconciliation statements were prepared up to date in the year under review, we observe that reconciliation items are not promptly addressed by making the necessary postings in the cash book.

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 **N 3.24 million** in the year under review. This figure represents contract deductions not remitted to the relevant Agency.

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.

Appendix1

KATAGUM LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

SCHEDULE OF CAPITAL EXPENDITURE

DETAILS	AMOUNT (₦)
Purchase of office furniture and fitting	256,300
Construction/provision of infrastructure	2,561,866
Renovation of health centre	4,286,826
Rehabilitation/repairs -water facilities	6,878,500
Electrification	8,971,000
Culvert	4,023,140
Motor vehicle	2,272,170
Joint project	5,665,907
TOTAL	66,044,951

KIRFI LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

The Auditor General for Local Government,
Office of the Auditor General for Local Governments,
PMB 0130, Bauchi,
Bauchi State.

Dear Sir,

KIRFI LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Kirfi Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations.

Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	₦	₦
Statutory Allocation	856,785,269	399,587,099
Internally Generated Revenue	<u>8,494,300</u>	<u>4,047,512</u>
	<u>865,279,569</u>	<u>403,634,611</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	651,659,348	240,244,301
Social Contributions and Allowances	28,386,250	6,218,855
Travel and Transport	24,845,805	13,614,796
Material and supplies	47,448,875	24,279,260
Maintenance Services	10,391,050	10,386,400
Consulting and Professional Services	683,942	600,000
Miscellaneous Expenses	<u>79,974,595</u>	<u>101,497,103</u>
	<u>843,389,865</u>	<u>396,846,715</u>
<i>Surplus from Operating Activities</i>	<u>21,889,704</u>	<u>6,793,896</u>

Total revenue increased from ₦403,634,611 in 2018 to ₦865,279,569 in 2019. The expenditure also increased from ₦396,846,715 in 2018 to ₦843,389,865 in 2019. There was an excess of income over expenditure in the two years amounting to ₦21,889,704 and ₦6,793,896 for 2019 and 2018 respectively. The Council was able to operate within the limitations of the available resources during the year.

2.0 Capital Expenditure

2.1 Cost

A total sum of ₦17,859,143 was incurred on capital projects during the year bringing the cumulative cost of capital projects from ₦43,038,591 to ₦60,897,734 in 2019.

2.2 Visitation to Projects

Some of these projects were visited during the course of the audit to confirm their existence, locations and the cost implications. These include:

- i. Renovation of Primary Health Care House/Generator House in the Local Government quarters – ₦1,100,000.
- ii. Renovation of Secretary House in the Local Government Quarters – ₦1,316,660.
- iii. Renovation of House No. 11 in the Local Government Quarters – ₦1,100,000.

The execution of these projects was generally satisfactory.

3.0 Maintenance of Accounting Books and Records

The following books were not maintained:

- a. Petty Cash Book
- b. Fixed Assets Register

There was cash book but poorly maintained. The book was not properly balanced on a monthly basis to facilitate the preparation of bank reconciliation statements. Expectedly, bank reconciliation statements were not prepared during the year.

- 3.1 We recommend that Management should ensure that these books are introduced and properly maintained. The petty cash book is meant to take care of petty cash expenses under the control of the Cashier/Accountant.

The Fixed Assets Register is designed to take care of all fixed assets purchased and owned by the Council. The cash book should be properly maintained and balanced on a monthly basis to facilitate the reconciliation

and preparation of bank statements. This is necessary for the detection of errors or fraud in banking transactions.

4.0 Processing of Payment Vouchers

Payment vouchers were observed to be poorly processed. Some payments were made without due authorization. Others had no supporting documents: receipts, invoices, SRV etc as back-up for the payment. In some other cases, payments were not acknowledged by the recipients.

Some of these have been analyzed hereunder:-

<u>Date</u>	<u>PV No.</u>	<u>Details</u>	<u>(₦)</u>	<u>Remarks</u>
3/9/19	15	Payment to District Head and Village Head for prayer, etc	900,000	No acknowledgements of payment by any of the recipients.
25/8/19	14	Security Allowances for August, 2019	1,000,000	Payment for Security Allowances for August, 2019. No acknowledgements by recipients.
14/12/19	10	Payment to Ahmadu Bulus, an Officer in respect of Pilgrimage to Jerusalem	940,000	No evidence of Officer's application for sponsorship. He did not acknowledge receipt of the money.

27/11/19	6	Payment to sundry persons in respect of January monthly Allowances	₦ 890,000	No attachment showing the names of benefitting staff. No acknowledgement by recipients.
25/2/19	18	Payment to Sadeeq Abubakar to obtain International Passport, Photographs etc for 25 Kirfi United Football team members to enable them travel to Norway in March, 2009 to represent Nigeria in International Competition.	460,000	Request made on 23/2/2009 and payment in September 2019 after more than 9 years. The names/identity of footballers and officials not disclosed. It was not clear whether they obtained the International Passports. No acknowledgment by recipients.
7/10/2003	78A	Payment to Sundry Persons on Request for transportation and feeding to attend All African Games holding in Abuja from 4th to 18th October, 2003.	45,000	The applicant from NSCDC, Kirfi applied for the financial assistance on 29th September, 2003. The PV was processed and approved 7/10/03. Payment made in December, 2019 after a period of 16 years. The names of the supposed 6 beneficiaries were not disclosed and did not acknowledge receipt.

Omitted on PV. (Feb. 2019)	28	Payment to Musa Ladan for the hiring of three lorries @ ₦50,000 each to transport motor cycles allocated to the Local Government by the State Government from Bauchi to Kirfi.	₦ 150,000	Number of motor cycles not known. No SRV attached to the PV as an evidence that they were received by the Council. No document to show how the motor cycles were received and distributed to the end-users.
23/1/19	5	Payment to Musa Ladan for Entertainment/hosting of guests from Bauchi on 10 th December, 2018.	200,000	The PV was irregular. Number and names of guests not disclosed. Purpose of their visit not known. Benefit of the visit to the Local Govt. could not be ascertained.
8/11/18	4	Payment to Musa Ladan for hosting the Recruitment Team from the Office of Head of Civil Service Establishment and Servicom Matters Bureau scheduled for 9 th Nov. 2018.	300,000	Fueling of vehicles alone consumed not less than ₦80,000. The number/identity of Team members not known. The benefit of the visitation to the

				Local Govt. not known.
--	--	--	--	-------------------------------

The control over the processing of payments is weak. The system is susceptible to abuse if adequate control measures are not instituted to checkmate such abuses.

We recommend that the Office of the Auditor General for Local Government should carry out a comprehensive review and introduce some checks and balances into the system.

5.0 Other Matters

5.1 Investments

Total investments on shares as at 31st December, 2019 stood at ₦20,289,607. The shares certificates were said to have been transferred to the State Government for safe custody.

We were unable to obtain documentary evidence on:

- a. Share certificates transferred to the State Government;
- b. Bonus shares issued during the period, if any;
- c. Dividends declared and paid if any; and
- d. Dividends received, if any.

Most of the shares that were bought some years ago ought to have appreciated in value by now. There is nothing to suggest that any of these shares have appreciated in value.

We recommend that the Investment Register should incorporate matters relating to the above issues so that all transactions are properly streamlined and updated from time to time.

5.2 Advances

Unretired advances (Receivables) as at 31st December, 2019 stood at ₦11,436,167. Some of these advances were brought forward from previous years and no cogent reasons were given why they have not been retired.

Prominent among these are the following:

	₦
a. Adamu B. Garba	464,731
b. Lawal Lado	275,000
c. Umaru Baba	265,736
d. Adamu M. Cheledi	200,000
e. Adamu Aliyu	<u>150,000</u>
<i>Total</i>	<u>1,355,467</u>

We recommend that concerted efforts be made by Management to ensure that these advances are retired within the shortest possible time.

5.3 Deposits

Deposits representing deductions to be remitted to different Agencies stood at N37,572,575 as at 31st December, 2019. Prominent among these Agencies are the following:-

- Federal Inland Revenue Services (5% VAT)	8,097,537
- Medical and Health Check off Dues	6,583,710
- F.M.B.N – NHF Deductions	14,089,072
- Bauchi State Government (PAYE)	<u>1,000,000</u>
<i>Total</i>	<u>29,770,319</u>

More than 50% of the outstanding deposits were brought forward from previous years. There can be no justifiable reasons why deductions are not remitted to the appropriate Agencies.

We recommend that deductions from salaries, contracts etc should be remitted to the appropriate Agencies as soon as such deductions are made in compliance with the extant laws regulating such deductions. Failure to do this may attract penalties.

5.4 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

6.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri
For: Lawyer Ejeheri & Co.

NINIG LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27th October, 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 YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Misau Local Government Council for the year ended 31st December, 2019.

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 Analyses

14. Internal Control weakness and other observations.

9.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

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

	2019	2018
	N	N
Internally generated revenue	2,899,429	4,398,733
Statutory Allocation	<u>1,655,550,949</u>	<u>483,616,900</u>
Total Recurrent Revenue	1,658,440,378	488,015,633
Personnel cost	1,180,715,150	344,936,803
Overheads	<u>420,329,023</u>	<u>149,431,341</u>
Total Recurrent Expenditure	1,601,044,173	494,278,434
Surplus/(Deficit)	57,396,205	(6,262,601)

1.1.1 REVENUE PROFILE

1. Statutory Revenue

The Council recorded a sharp increase in statutory allocation from **N483.16 million** 2018 to **N1.65 billion** in 2019, the statutory allocation received in the year represents **52%**, 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 from **₦4.39 million** in 2018 to **₦2.89 million** in 2019. The Council achieved **35%** of the budgeted internally generated revenue of **₦8.17 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 **₦1.60 billion** in the year under review as against **₦494.27 million** 2018.

Personnel cost was **₦1.18 billion** representing **73.75%** of the total recurrent expenditure in the year under review.

1.2.2 Capital expenditure

The capital expenditure in the year was **₦ 66.42 million**, see appendix 1 for details.

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:

16. The Internal auditor should draw out periodic audit programme that covers all transactions of the Council.
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

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 **₦7.83 million**. This figure is made up of Contract deductions and union dues not remitted to the relevant authorities.

2.5.0 ACCOUNTING SYSTEM

2.5.1 AUDIT COMMENTS

We observed that:

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

34. Daily abstracts and departmental vote books were not completely updated to capture all the transactions of the Council.
35. Periodic report of revenue and expenditure were not prepared.
36. 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.
37. Transactions were recorded in the cash book without the account codes.
38. 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.

Appendix 1

MISAU LOCAL GOVERNMENT COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
SCHEDULE OF CAPITAL EXPENDITURE

construction of culvert	1,500,000
Construction / Provision Of Agricultural Facilities	23,000,000
Construction / Provision Of Hospitals / Health Centres	25,000,000
Rehabilitation/repairs -electricity	4,953,750
Purchase / Acquisition Of Land	250,000
Purchase Of Computer Printers	500,000
Purchase Of Security Equipment	129,000
Purchase Of Power Generating Set	90,000
Motor vehicle	2,272,170
Max Air	2,850,000
Purchase of canoes	500,000
Joint project	5,248,193
Furniture	130,000
TOTAL	<u>66,423,113</u>

NINIG LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

The Auditor General for Local Government,
Office of the Auditor General for Local Governments,
PMB 0130, Bauchi,
Bauchi State.

Dear Sir,

NINGI LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Ningi Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations

Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	₦	₦
Statutory Allocation	1,467,411,208	687,449,443
Other Revenue	<u>125,558,579</u>	<u>2,737,034</u>
<i>Total Revenue</i>	<u>1,592,969,787</u>	<u>690,186,477</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	1,272,526,322	460,483,289
Overhead Cost	<u>283,073,557</u>	<u>209,313,046</u>
	<u>1,555,599,879</u>	<u>669,796,335</u>
<i>Surplus/(Deficit) for the Year</i>	<u>37,369,908</u>	<u>20,390,142</u>
1.3 <u>Operational Overview.</u>		

Statutory Allocations and other revenue (IGR) increased from N690,186,477 in 2018 to N1,592,969,787 in 2019. The expenditure also increased from N669,796,335 in 2018 to N1,555,599,879 in 2019. The overall results showed an excess of revenue of N37,369,908 in 2019 as against N20,390,142 in 2018. The Council was able to operate within the limitations of the available recourses during the period.

2.0 Accounting Books and Records

2.1 Bank Reconciliation Statements

Bank Reconciliation Statements were not prepared for all the bank accounts during the period under review. It was therefore relatively difficult to detect errors or fraud arising from banking transactions.

We recommend that bank reconciliation statements be prepared on a monthly basis.

2.2 Poor Classification and Posting of Entries

It was observed that most of the entries posted into the books – the cash book, ledger books etc were poorly classified and sometimes duplicated. Most of these had to be reclassified for the purpose of the audit.

2.3 Fixed Assets Register

It was observed that fixed Assets Register/Office Inventories were not maintained by the Council. In the absence of such records it will be difficult to ascertain the fixed assets (Non–Current Assets) owned by the Council at any point in time. Secondly, it will be relatively difficult to exercise an effective control over the movement of office furniture and equipment in each of the offices in the absence of office inventories.

2.4 Recommendations

We recommend that bank reconciliation statements be prepared on a monthly basis for easy detection of errors or fraud arising from banking transactions. All transactions should be posted appropriately to the codes designated for them and as much as possible, duplication and wrong classification of entries should be avoided.

Fixed assets Register be maintained together with Office Inventories for each of the offices.

3.0 Other Matters

3.1 Council Minutes Book

Minutes book in respect of Council Meetings during the period could not be made available to us. We were therefore unable to satisfy ourselves that the projects executed by the Council during the period received the mandatory Council's approval.

3.2 Finance and General Purpose Committee (F & G.P.C) Minutes

The Finance and General Purpose Committee minutes book could not also be made available to us. Therefore the appraisal by F & GPC of

Council's resolutions regarding capital projects could not be confirmed whether they were done or not. By implication, projects executed without Council's approval and appraisal by F & GPC is a violation of due process.

We recommend that minutes book be maintained by the Council and all capital projects be subjected to Council's approval and F & GPC appraisal in compliance with Due Process Requirements.

4.0 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

5.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri
For: Lawyer Ejeheri & Co.

SHIRA LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27th October, 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 YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Shira Local Government Council for the year ended 31st December, 2019.

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.

10.0 FINANCIAL ANALYSIS

1.1 OPERATING RESULTS

The operating results of the Local Government Council for the year in comparison with 2018 are as shown below:

	2019	2018
	N	N
Internally generated revenue	2,846,682	2,605,854
Statutory Allocation	<u>1,262,083,868</u>	<u>411,885,157</u>
Total Recurrent Revenue	<u>1,264,930,549</u>	414,491,011
Personnel cost	902,527,658	356,285,310
Overheads	<u>415,075,337</u>	<u>71,233,970</u>
Total Recurrent Expenditure	<u>1,317,602,995</u>	428,519,279
Surplus/(Deficit)	(52,672,446)	(14,028,268)

1.1.1 REVENUE PROFILE

1. Statutory revenue

The Council recorded a sharp increase in statutory allocation from ~~N411.88 million~~ in 2018 to **N1.26 billion** 2019, 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 observe that internally generated revenue is always decreasing indicating that the Council is not paying attention to internally generated Revenue. The Council only collected a meagre **N2.8 million** in 2019.

The Council achieved **7.3%** 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 **N1.31 billion** as against **N428.51 million** in 2018. The recurrent expenditure in the year represents **71%** of the budgeted recurrent expenditure of **N1.88 billion**.

Personnel cost of **N902.52 million** accounted for **68.89%** of the total recurrent expenditure.

1.2.2 Capital expenditure

Expenditure of capital nature of the Council in the year under review was **N21.38 million**.

Details are as highlighted in appendix 1.

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.

2.2.1 RECOMMENDATION

We recommend that the council should ensure monthly preparation of Bank reconciliation statement.

2.3.0 DEPOSITS

2.3.1 AUDIT COMMENTS

The outstanding deposit liabilities of the Council were ~~N3, 028,104~~. We observe that taxes deducted from contracts and contracts retention constitute the bulk of the deposits which are not remitted/refunded promptly to the relevant tax authorities contractors.

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:

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

SHIRA LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

SCHEDULE OF CAPITAL EXPENDITURE

S/R NO	PARTICULARS	AMOUNT (N)
1	Renovation of Building	4,182,800
2	Rehabilitation of Water facilities	1,668,000
3		2,889,900
4	Joint Project	7,755,000
5	Motor Vehicle	1,335,000
6	Max Air	2,850,000
7	Rehabilitation of Hand Pump	700,016
	TOTAL	21,380,716

TAFAWA-BALEWA LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

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

Dear Sir,

TAFAWA BALEWA LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Tafawa Balewa Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and

4. There will be general improvement in the Operations.

1.0 Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
	₦	₦
1.1 Revenue		
Statutory Allocation	1,704,160,006	781,107,691
Other Revenue	<u>4,122,608</u>	<u>4,538,587</u>
<i>Total Revenue</i>	<u>1,708,282,614</u>	<u>785,646,278</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	1,418,992,969	434,600,676
Overhead Cost	<u>180,690,911</u>	<u>288,204,592</u>
	<u>1,599,683,880</u>	<u>722,805,268</u>
<i>Surplus for the Year</i>	<u>108,598,734</u>	<u>62,841,010</u>

1.3 Operational Overview.

Total revenue increased from N785,646,278 in 2018 to N1,708,282,614 in 2019. Expenditure also increased from N722,805,268 in 2018 to N1,599,683,880 in 2019. The overall results showed an excess of Income Over Expenditure in the two years – N62,841,010 in 2018 and N108,598,734 in 2019.

2.0 Accounting Books and Records

2.1 Poor processing and Filing of Payment Vouchers

It was observed that in most of the payments, Payment Vouchers were not signed by the payees as an acknowledgement of payment. A significant number of payment vouchers were missing, not in the file and therefore could not be accessed for the purpose of our audit. No satisfactory reasons could be adduced for these lapses. If this practice remains unchecked, it can lead to abuse and other fraudulent activities.

We recommend that Management should review the system and ensure that all lapses are overhauled.

2.2 Bank Reconciliation Statements

Like most of the other Councils, bank reconciliation statements were not prepared during the period. Under the circumstance, excess bank charges, errors or fraud arising from banking transactions may not be easily detected.

We recommend, as a generally accepted accounting practice that bank reconciliation statements for all bank accounts maintained by the Council be prepared on a monthly basis.

2.3 Fixed Assets Register/Office Inventories

It was observed that fixed Assets Register and Office Inventories were not maintained by the Council. These records are designed to ensure that all non-current assets movable and immovable owned by the Council are secured and properly safeguarded.

We recommend that a fixed assets register and Office Inventories be introduced by the Council.

2.4 Internal Audit Report

Internal Audit reports were not available. It was also observed that "Pre-audit checks" usually conducted by the Internal Auditor before payments are made were not carried out.

We recommend that the Internal Auditor should be alive to his responsibilities ensuring, among other things, that there are checks and balances in the system.

3.0 Other Matters

3.1 Council Minutes File or Book

The Council did not maintain Minutes File. We were therefore unable to confirm whether most of the projects embarked upon during the year were backed by resolutions passed by the Council. The sum of N110,960,512 was spent on capital expenditure (Property, Plant and Equipment) during the year.

Capital Projects that are not subjected to Council's approval and resolution are violation of Due Process.

We recommend that Minutes File be introduced and maintained appropriately for the good of the Council.

3.2 Investments

Investment on shares amounted to N21,504,014 as at the end of the year. There was no Investment Register maintained by the Council to cater for the following vital information:

- a. Date of purchase of shares, unit prices, number of shares purchased from the different companies and total cost.
- b. Bonus shares issued to the Council from time to time, if any
- c. Dividends declared, paid and received.
- d. Number of share certificates issued by the companies and where they are kept for safe-custody.
- e. Any other information that may be considered necessary.

We recommend that the Investment Register should incorporate matters relating to the above issues so that all transactions regarding investments are properly documented and updated from time to time.

4.0 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

5.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri

For: Lawyer Ejeheri & Co.

TORO LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

The Auditor General for Local Government,
Office of the Auditor General for Local Governments,
PMB 0130, Bauchi,
Bauchi State.

Dear Sir,

TORO LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Toro Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations.

1.0 Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	₦	₦
Statutory Allocation	1,970,769,513	836,855,300
Other Revenue	<u>14,382,529</u>	<u>16,352,908</u>
<i>Total Revenue</i>	<u>1,985,152,042</u>	<u>853,208,208</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	1,701,643,424	499,557,701
Overhead Cost	<u>267,191,258</u>	<u>297,203,726</u>
	<u>1,968,834,682</u>	<u>796,761,427</u>
<i>Surplus/(Deficit) for the Year</i>	<u>16,317,360</u>	<u>56,446,781</u>

1.3 Operational Overview.

Total revenue increased from B853,208,208 in 2018 to N1,985,152,042 in 2019. The expenditure also increased from N796,761,427 in 2018 to N1,968,834,682 in 2019. The overall results showed an excess of income over expenditure of N16,317,360 in 2019 as against N56,446,781 in 2018. The Council was able to operate within the limitations of the available resources.

2.0 Accounting Books and Records

2.1 Payment Vouchers

We were unable to obtain the payment vouchers for the months of Junes, July, August and September, 2019. We were informed by the cashier that these financial documents were part of the Council's documents still in the possession of the Economic and Financial Crime Commission (EFCC). In view of this development, we had to rely on the cashbook and bank statements that were made available to us. From these books we were able to generate and classify the Council's expenses and other information needed for the audit.

We recommend that appropriate steps be taken to ensure that the payment vouchers and other related accounting books collected by the EFCC that are still in their custody are returned as soon as possible. Statutorily, these records are expected to be under the custody of the Council.

2.2 Daily/Monthly Abstracts of Expenditure

We were not furnished with the above register for the period under review. The register is very important for the recording of expenditure by the various departments of the Council.

We recommend that this register be maintained by the various departments of the Council.

2.3 Bank Reconciliation Statements

Bank Reconciliation Statements were not prepared by the Council on a monthly basis. In the absence of such reconciliations, errors or fraud arising from banking transactions are not likely to be easily detected.

We recommend that bank reconciliation statements be prepared on a monthly basis so that errors or fraud arising from banking transactions can be easily detected and corrected.

3.0 Other Matters

3.1 Deposits N13,759,278

Deposits representing deductions to be remitted to different Agencies stood at N13,759,278 as at year end. These deductions are expected to be remitted to the appropriate Agencies as soon as they are made. No satisfactory reason was given for the failure to do so.

We recommend that deductions showed be remitted to the appropriate Agencies as soon as they are made in compliance with the extant laws regulating such deductions. Failure to do this may attract penalties.

3.2 Investments – N44,005,178

Total investments on share by the Council amounted to N44,005,178 as at the end of the year. We were not furnished with an Investment register that covers the investments owned by the Council. We were therefore unable to obtain documentary evidence on:

- a. Shares purchased showing the date, unit price and the cost of each holding.
- b. Bonus shares issued during the period, if any
- c. Dividends declared and paid if any.

We recommend that an Investment Register be maintained to update and streamline all transactions relating to investments owned by the Council.

4.0 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

5.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri
For: Lawyer Ejeheri & Co.

WARJI LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

22nd October, 2020

The Auditor General for Local Government,
Office of the Auditor General for Local Governments,
PMB 0130, Bauchi,
Bauchi State.

Dear Sir,

WARJI LOCAL GOVERNMENT COUNCIL

MATTERS ARISING FROM THE AUDIT OF THE COUNCIL'S ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

We are pleased to inform you that we have completed the audit of Warji Local Government Council's Accounts for the year ended 31st December, 2019.

During the course of the audit, certain matters concerning the Council's Accounting, Internal control procedures and operations came to our notice which we would like to point out to you. These relate principally to areas where we feel that the systems, procedures and operations could be improved upon.

The recommendations we suggest will give rise to one or more of the following advantages:

1. The internal control procedures will be more effective,
2. The Accounting Records will be more reliable,
3. There will be reduced risk of errors or fraud and
4. There will be general improvement in the Operations.

1.0 Summary of Operations

Below is the summary of the Council's Operations during the year under review.

	2019	2018
1.1 <u>Revenue</u>	₦	₦
Statutory Allocation	902,257,689	461,181,277
Other Revenue	<u>694,000</u>	<u>119,000</u>
<i>Total Revenue</i>	<u>902,951,689</u>	<u>461,300,277</u>
1.2 <u>Less: Operating Expenses</u>		
Salaries and Allowances	735,560,112	393,526,847
Overhead Cost	<u>167,574,853</u>	<u>63,741,158</u>
	<u>903,134,965</u>	<u>457,268,005</u>
<i>Surplus/(Deficit) for the Year</i>	<u>(183,276)</u>	<u>4,032,272</u>

1.3 Operational Overview.

Statutory Allocations and other revenue (IGR) increased from N461,300,277 in 2018 to N902,951,689 in 2019. The expenditure also increased from N457,268,005 in 2018 to N903,134,965 in 2019. The overall results showed an excess of Income Over Expenditure of N4,032,272 in 2018 as against a deficit of N183,276 in 2019. The Council was able to operate within the limitations of the available resources during the period.

2.0 Accounting Books and Records

2.1 Missing Payment Vouchers

We were unable to get the following payment vouchers:

Date	Cheque No.	P.V. No.	Particulars	Amount ₦
16/9/19	32708071	30	Alh. Adamu Mohammed (Security Vote)	1,000,000
21/10/19	32708095	65	Abdulwada Garba (Hiring)	25,000

2/11/19	3270811	110	Alh. Adamu Mohammed (Security Vote)	1,000,000
2/11/19	3270811	113	Salisu Hassan (entertainment)	130,000
2/12/19	32708127	09	Alh. Adamu Mohammed (Imprest)	500,000

All efforts to get these payment vouchers proved abortive.

2.2 Representation and Payment of Old Transactions

We observed that the Council in 2019 adopted a habit of bringing forward old payment vouchers for processing and payment. No satisfactory explanation could be given for this.

2.3 Internal Audit Report

The Council's Internal Auditor did not prepare any audit report for the period. The Internal Auditor is expected to prepare periodic report to acquaint Management about the financial operations, controls and especially budgeting, monitoring and implementation.

4.0 Accounting Orientation/ Refreshers Seminars

It was observed that most of the accounting staff have not received any form of training in recent times to equip them in the performance of their accounting duties. Consequently, their efficiency and effectiveness are greatly hampered due to their limitations.

We recommend that accounting orientation or refreshers seminars be organised for accounting and auditing staff of the Council. This is necessary

to sharpen their accounting knowledge, skills and principles to bring about effectiveness and efficiency in the performance of their accounting duties.

5.0 Conclusion

We shall be pleased to discuss further with you any matter mentioned in this letter and any action that has been taken or is envisaged.

In the meantime, may we express our appreciation for the cooperation extended to us by members of staff of the Council.

Yours faithfully,

John Ejeheri
For: Lawyer Ejeheri & Co.

ZAKI LOCAL GOVERNMENT COUNCIL

MANAGEMENT REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

27thOctober, 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 YEAR ENDED 31ST DECEMBER, 2019.

We are pleased to inform you that we have completed the audit of Zaki Local Government Council for the year ended 31st December, 2019.

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 Zaki 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 2018 are as shown below:

	2019	2018
	N	N
Internally Generated Revenue	5,409,206	8,727,562
Statutory Allocation	<u>1,487,351,337</u>	<u>660,093,448</u>
Total Recurrent Revenue	1,492,760,462	668,821,010
Personnel cost	987,407,321	515,890,377
Overheads	<u>384,992,739</u>	<u>101,921,939</u>
Total Recurrent Expenditure	<u>1,372,400,060</u>	617,812,316
Surplus/(Deficit)	120,360,402	51,008,694

1.1.1 REVENUE PROFILE

C. Statutory allocation

The Council recorded an increase in the statutory allocation received from **N660.09 million** 2018 to **N1, 487.35 million** in 2019, resulting to an increase of **N827.26 million** or **125%**.

Statutory allocations accounted for above **99.6%** 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 declined from **N8.72 million** in 2018 to **N5.40 million** in 2019.

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 **N1,372.40 million** in the year under review as against **N617.8 million** 2018.

Personnel cost was **N987.4 million** representing **72%** 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 **N 99.80 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.

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 **₦0.932 million**. We observe 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 **₦ 6.98 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 observe 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.

Appendix1

ZAKI LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

SCHEDULE OF CAPITAL EXPENDITURE

Particulars	AMOUNT (N)
Renovation of building	35,277,219
Construction of Water facilities	1,677,000
Renovation of Dispensary	2,568,751
Construction/provision of electricity	500,000
Construction/provision of infrastructure-rural roads	25,048,918
Construction & fencing of wall grave yard	5,717,089
Construction / provision of residential buildings	1,000,000
Construction of market stalls	12,819,635
Joint project	4,648,400
Rehabilitation of road	880,000
Purchase of Motor Vehicle	2,272,170
Purchase of Wooden Canoes	4,800,000
Furniture	300,000
Purchase of Agric Equipment	2,300,000
	99,809,181