

STATE GOVERNMENT OF OSUN

REPORT OF THE STATE AUDITOR-GENERAL  
FOR LOCAL GOVERNMENTS

MANAGEMENT LETTER  
ON THE ACCOUNTS OF THE LOCAL  
GOVERNMENTS AND THE JOINT ACCOUNT  
ALLOCATION COMMITTEE (JAAC) FOR THE  
YEAR ENDED  
31<sup>ST</sup> DECEMBER, 2021

# TABLE OF CONTENT

Preface .....	4
Atakumosa East.....	5
Atakumosa West.....	10
Ayedaade.....	18
Ayedire.....	27
Boluwaduro.....	34
Boripe.....	42
Ede North.....	49
Ede South.....	55
Egbedore.....	61
Ejigbo.....	74
Ife Central.....	85
Ife East.....	90
Ife North .....	98
Ife South.....	107
Ifedayo.....	111
Ifelodun.....	117
Ila.....	127
Ilesa East.....	132
Ilesa West.....	140
Irepodun.....	145
Irewole.....	151
Isokan.....	158
Iwo.....	166
Obokun.....	177
Odo-Otin.....	183
Ola-Oluwa.....	193
Olorunda.....	200
Oriade.....	209
Orolu.....	215

Osogbo.....	2219
Osun State Local Government Staff Loans Board, Osogbo.....	229
State Universal Basic Education Board (SUBEB).....	231
Traditional Councils.....	232

## **PREFACE**

The internal control weaknesses report on the underlisted Local Governments, Local Council Development Authorities, Area Councils and Agencies and Institutions funded by Local Governments were contained in the various Audit Inspection and Internal Control Weaknesses Reports issued to the respective Managements. The associated risks and management responses, with the attendant Recommendations of the Auditor-General are as stated in this report.

Thank you.

**Emmanuel Oluseun Kolapo** FCA, CISA  
State Auditor General For Local Governments  
State of Osun

# **MANAGEMENT LETTER**

## **ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO**

### **OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. EXPENDITURE NOT ACCOUNTED FOR AMOUNTING TO ₦925, 000:00:** During the Audit Inspection, It was revealed that the sum of nine hundred and twenty five thousand naira only (₦925, 000:00) was approved and released for the commissioning of various viable projects, Repair of Iyaloja vehicle, Commencement of pre-census activities, Repair and servicing of official car attached to the office of HOD Admin and for the Repair of Nulge bus respectively in the Local Government. The officer failed to account for the expenditure by providing necessary documents to prove the genuineness of the expenditure contrary to financial memoranda 14:16-18 which states that "An official printed receipt must be obtained and attached to the Payment Voucher in respect of a payment to Government, Local Government or commercial firm. If the printed receipt cover more one payment Voucher, reference to the Payment Voucher to which the receipt is attached shall be entered on the other voucher.

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers and would be presented for further audit scrutiny.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNRETIRED IMPREST TOTALING TOTALLING ₦182,500.00:** Payment vouchers for imprest totalling one hundred and eighty-two thousand five hundred naira only were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers to be submitted for further audit scrutiny.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper*

*accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**3. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNT TO N34,900.00:** It was observed that during the Audit Inspection that some Revenue Collectors did not produce Revenue Earning Receipts in their possession for Auditing.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffers and duly accounted for them to be presented for further audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**4. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** The Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**5. FINAL ACCOUNT:** The General Purpose Financial stated was submitted in 25<sup>th</sup> April, 2022 contrary to the March deadline given for its submission.

The Head of Finance is charge to be alive to his/her responsibility by ensuring adequate supervision of its subordinate towards ensuring timely preparation and presentation of their financial statement henceforth.

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts*

***RECOMMENDATION:*** *The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General*

**MANAGEMENT LETTER**  
**ATAKUNMOSA EAST CENTRAL LOCAL COUNCIL**  
**DEVELOPMENT AREA, IWARA**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TOTALLING ₦425,000:00:** It was observed that the sum of four hundred and twenty-five thousand naira only (₦425,000:00) representing payment for sanitation as approved by his Excellency, Production of internal audit report for 3<sup>rd</sup> quarter and servicing and replacement of some spare parts of vehicle was not supported with required official receipts and invoice to authenticate the genuineness of the expenditure which was against the Provision of Financial Memoranda No. 14:17 which states that "An official printed receipt must be obtained and attached to the Payment Voucher in respect of a payment to Government, Local Government or commercial firm. If the printed receipt cover more one payment Voucher, reference to the Payment Voucher to which the receipt is attached shall be entered on the other voucher"

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNRETIRED IMPREST TOTALING TOTALLING\_(₦80,000.00):** -Payment voucher for Imprest amounting eighty thousand naira only (₦80,000.00) was not supported with necessary receipt to authenticate the genuineness of the expenditure contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers to be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper*



*accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**3. STORE ITEMS NOT TAKEN ON CHARGE AMOUNTING TO ₦270,000.00:** It was observed that a number of materials totalling ₦270,000.00 were not charged to store before usage which is contrary to the provision of Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoices and store issue voucher; if the store delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:** *This is an indication that purported items might not have been purchased, thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *It was an oversight and items procured had been taken to the store for record purpose and the store receipts vouchers had been issued and attached to the payment vouchers and would be presented for further audit scrutiny.*

**RECOMMENDATION:** *Necessary supporting document such as store receipt vouchers and store issued voucher should be attached to the payment voucher before put into use*

**4. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification/combination of all Non-Current Asset of the Local Government to ensure their existence and completeness.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

Furthermore, the Internal Auditor should be alive to his/her duties.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register should be opened to capture all Assets of Local Government and would be updated on monthly basis and monitoring by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The management must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**5. FINAL ACCOUNT:** The Head of Finance is charge to be alive to his/her responsibility by ensuring adequate supervision of its subordinate towards ensuring timely preparation and presentation of their financial statement henceforth

**MANAGEMENT LETTER**  
**ATAKUNMOSA WEST LOCAL GOVERNMENT, OSU**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup>**  
**DECEMBER, 2021.**

**1. IRREGULAR PAYMENT AMOUNTING ₦ 300, 000:00:** Audit Inspection revealed that there were a lot of irregularities in the appended signature in front of the names of some beneficiaries amounting to three hundred thousand naira indicating that the money was paid by proxy without authority letter to that effect. Contrary to the Financial Memoranda No. 14:13 Which states that 'payment as far as possible be made to the person to whom it is due. Payment to a third party shall only be made on production of a written authority from the person whom it is due. Such authority being attached to the Payment Vouchers after payment.

**RISK:** *This was an indication that purported recipient might not have been paid thereby resulting to the loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *Action had been taken, the sub-receipts attached to the payment voucher had been signed by the recipient which would be presented for further audit verification.*

**RECOMMENDATION:** *Due process should be strictly adhered to before payment is effected.*

**2. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TALLING ₦805,000:00:** During the Audit Inspection, it was observed that a total sum of eight hundred and five thousand naira (₦805,000.00) was released for the production of jingle, entertainment of Osun planning commission members, replacement of obsolete spare parts and entertainment to the community development association member respectively in the Local Government with necessary documents to prove the genuineness of the expenditure contrary to Financial Memoranda No. 14:17 which states that "An official printed receipt must be obtained and attached to the Payment Voucher in respect of a payment to Government, Local Government or commercial firm. If the printed receipt cover more one payment Voucher, reference to the Payment Voucher to which the receipt is attached shall be entered on the other voucher".

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers and would be presented for audit scrutiny.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**3. STORE ITEMS NOT TAKEN ON CHARGE (N208,000.00):** It was observed that store items amounting to N208,000 for printing of Internal Audit report, purchase of cartridge Toner and other material were not charged to the store before usage which was contrary to the financial memoranda 34:17(1) which states that "All stores should be examined immediately they are received by the store keeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc against the local purchase order, invoice of government store issue voucher".

**RISK:** *This is an indication that purported items might not have been purchased/printed, thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *It was an oversight and items procured had been taken to the store for record purpose and the store receipts vouchers had been issued and attached to the payment vouchers and would be presented for further audit scrutiny.*

**RECOMMENDATION:** *Necessary supporting document such as store receipt vouchers and store issued voucher should be attached to the payment voucher before put into use*

**4. UNRETIRED IMPREST TOTALING TOTALLING\_TO N470,000.00:** Payment vouchers for imprest totalling Four hundred and seventy thousand naira only were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:** *Government fund might not have been use for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION: RECOMMENDATION:** *Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification.*

**5. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNT TO N100,000.00 FOR THE YEAR 2019 & 2020:** It was observed that during the Audit Inspection that some Revenue Collectors did not produce Revenue Earning Receipts in their possession for Auditing.

**RISK:** *It can lead to lost in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them to be presented for further audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**6. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification and valuation of all Non-Current Asset of the Local Government to ensure their existence and completeness.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**7. FINAL ACCOUNT:** The General Purpose Financial stated was submitted in 25<sup>th</sup> May, 2022 contrary to the 29<sup>th</sup> April deadline given for its submission, the idea which is considered not to be too good enough for timely presentation of financial information to the appropriate users.

The Head of Finance is charge to be alive to his/her responsibility by ensuring adequate supervision of its subordinate towards ensuring timely preparation and presentation of their financial statement henceforth

**RISK:** *It can lead to hoarding of some important information needed in the preparation of Final Account, leading to not having true and fair judgement of the Account by the Auditor-General.*

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General*

**8. SUBMISSION OF REVENUE RETURNS:** It was observed that the Finance Department and Mr Fela Olalere (Rate Officer) have failed to remit to the Auditor-General the correct Internally Generated Revenue profile for the period of 1<sup>st</sup> to 4<sup>th</sup> quarter inspite of all the effort made by the Director on Revenue for the Auditor-General for Local Governments.

***RISK:*** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

***MANAGEMENT RESPONSE:*** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

***RECOMMENDATION:*** *All the receipt booklets should be produced for audit check and verification.*

# **MANAGEMENT LETTER**

## **ATAKUNMOSA WEST CENTRAL LOCAL COUNCIL**

### **DEVELOPMENT AREA, IFEWARA**

**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. EXPENDITURE NOT PROPERLY ACCOUNTED FOR ₦2,357,500.00:**

Expenditure worth two million, three hundred and fifty-seven thousand five hundred naira only was released to Messers Odusoro Olaoluwa, Ogedengbe Idowu, Awe Adewale, Abe Gbenga and Olukanni E.A for production of 2021 approved estimate, hosting of traditional rulers, sensitization of selected youth, prevention of flooding, workshop on the effective and efficient productivity and production warning and approved stamp respectively in the Local Government of which the officer failed to accounted for by supporting the expenditure with necessary documents to prove the genuiness of the expenditure contrary to Financial Memoranda No. 14:16-18 which states that "An official printed receipt must be obtained and attached to the Payment Voucher in respect of a payment to Government, Local Government or commercial firm. If the printed receipt cover more one payment Voucher, reference to the Payment Voucher to which the receipt is attached shall be entered on the other voucher.

It was further observed that receipts attached as evidences of execution seem to be fake and moreover list of invitees, video coverage with photograph were not provided for Audit scrutiny

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers and would be presented for audit scrutiny.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNCLAIMED ALLOWANCE/EXPENDITURE AMOUNTING ₦75,000.00:** It was observed that the sum of seventy-five thousand naira was not acknowledge as being received by the beneficiaries/ recipients which suggests that the amount involved was neither paid to the beneficiaries nor remitted to the Government coffers.

**RISK:** *This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *Action had been taken, the sub-receipt attached to the Payment Voucher had been signed by the recipients and would be presented for further audit verification.*

**RECOMMENDATION:** *The sub-receipt must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was carried out.*

**3. UNRETIRED IMPREST AMOUNTING TO ₦60,000.00:** Payment vouchers for imprest totalling sixty thousand naira only were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION: RECOMMENDATION:** *Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification.*

**4. STORE ITEMS NOT TAKEN ON CHARGE (₦50,000.00):** It was observed that store items amounting to ₦50,000 were not charged to the store before usage which is contrary to the financial memoranda 34:17(1-2) which states that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for qualities, weights etc against the local purchase order, invoice of government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:** *This is an indication that purported items might not have been purchased, thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *It was an oversight and items procured had been taken to the store for record purpose and the store receipts vouchers had been issued and attached to the payment vouchers and would be presented for further audit scrutiny.*

**RECOMMENDATION:** *Necessary supporting document such as store receipt vouchers and store issued voucher should be raised attached to the payment voucher before put into use*

**5. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNT TO ₦226,400.00:** It was observed that during the Audit Inspection that some Revenue Collectors did not produce Revenue Earning Receipts in their possession for Auditing.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffers and duly account for them to be presented for further audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**6. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification/combination of all Non-Current Asset of the Local Government to ensure their existences completeness of the list of the Assets and the correctness in the Financial Statements. It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

Furthermore, the Internal Auditor should be alive to his/her duties.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**7. FINAL ACCOUNT:** The General Purpose Financial stated was submitted in 25<sup>th</sup> April, 2022 contrary to the 31<sup>st</sup> March deadline given for its submission.

The Head of Finance is charged to be alive to his/her responsibility by ensuring adequate supervision of its subordinate towards ensuring timely preparation and presentation of their financial statement henceforth.

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General*

**8. SUBMISSION OF REVENUE RETURNS:** It was observed that the Finance Department and Adetipe F (Rate officer) have failed to remit to the Auditor-General the correct Internally Generated Revenue profile for the period of 1<sup>st</sup> to 4<sup>th</sup> quarter inspite



of all the effort made by the Director on Revenue for the Auditor-General for Local Governments.

***RISK:*** *It can imply an attempt to conceal loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

***MANAGEMENT RESPONSE:*** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

***RECOMMENDATION:*** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**AYEDAADDE LOCAL GOVERNMENT, GBONGAN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS**  
**TOTALLING ₦750,000.00:**

The total sum of Seven hundred and fifty thousand naira only being payment approved for production of vest and entertainment of 320 people at Ode Omu day Celebration. It was observed that the payments were not properly accounted for as there were no official receipts and bills, photograph of events etc attached to the payment vouchers to authenticate the genuineness of the expenditure which was contrary to the provision of Financial Memoranda No. 14:17 stipulate that "An official receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one Payment Voucher to which the receipt is attached shall be entered on the other voucher".

***RISK:***

*Payments made without supporting documents could imply non-execution of such services and therefore constitute a loss of Local Government fund.*

***MANAGEMENT RESPONSE:*** *The relevant receipts were attached but probably got detached in the course of filing and sorting in the cashier's office. The receipt was however been found and attached to the reply of the audit query and submitted to the office of the Auditor General for Local Government for further Audit verification.*

***RECOMMENDATION:***

*The recipient/authorizing officer should present official receipt and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**2. UNCLAIMED ALLOWANCE :-** It was observed that a total sum of ₦10,000.00 claimed to have been paid to casual labourer of Ayedaade Local Government Gbongan. was not supported with duly signed sub – receipt which means that the allowance might not have been paid to the beneficiary contrary to Financial Memoranda No. 14:16 which stipulates that "Payment Vouchers shall be receipted by the payee or his authorized agent, and receipt must state clearly in words and figure the actual amount received and not simply "Received the above amount".

***RISK:***

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

***MANAGEMENT RESPONSE:*** *The sub-receipt for the payment had not been signed by all recipients as at the time of audit exercise, upon which Auditor issued query and due process was later followed and necessary documents were attached to be submitted for further audit verification.*

**RECOMMENDATION:**

*An official printed sub-receipt duly signed must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was carried out.*

**3. DOUBTFUL EXPENDITURE AMOUNTING TO ₦900,000.00:-** It was observed that the payment purportedly made in respect of sensitization programme for the prevention of fire outbreak during the harmattan season appeared to be doubtful as there was no genuine and concrete evidence that the programmes were executed.

**RISK:**

*The implication of this expenditure was that the Services might not have been performed, thus the Public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:** *Receipts, sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes have been presented for Audit Scrutiny.*

**RECOMMENDATION:** *The recipients must attached all necessary supporting evidence such as sub-receipts, evidence of participation or video coverage to prove genuiness of expenditure.*

**4. UNRETIRED IMPREST TOTALLING ₦225,000.00: -** The Sum of two hundred and twenty- five thousand naira only made for imprest in the month of September to December,2021 were not retired contrary to financial Memoranda No. 14:27 which states that 'Imprest shall be retired when the purpose for which the imprest is approved. However, all imprest shall automatically be retired at the end of each Financial year.

**RISK:**

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:** *It was an oversight, the receipts and invoices had been attached to the reply of the audit query submitted to the Office of the Auditor General for further audit verification.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure Incurred. New imprest should not be realised without the retirement of previous ones.*

**5. LATE PAYMENT ₦5,245,430.82:** It was observed during the period under review that there was a total sum of ₦5,245,430.82 for the year 2020 and 2021 that stood as late payment. The Director of Finance of Ayedaade Local Government, Gbongan was hereby advise to be up and doing to his responsibility and ensure that the Revenue Generated in the Local Government were paid to the coffers of the Local Government at appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signifies loose monitoring of revenue collections and could lead to loss in the internally Generated Revenue of the local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

*Both head of finance and Internal auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of receipt book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipts.*

**6. FINAL ACCOUNT:-** The Local Government cash flow statement was not properly prepared. Operating activities items were mistakenly classified into investing activities. However this had been corrected at the instance of Audit Officer.

Efforts must be made to ensure that items are properly classified into the appropriate activities henceforth.

**RISK:**

*The implication of the negligence of the Head of finance in the preparation of correct financial statement may likely affect its reliability.*

**MANAGEMENT RESPONSE:**

*The official in charge of the preparation of the Financial Statement be supervised thoroughly before the presentation of the General Purpose Financial Statement.*

**RECOMMENDATION:**

*The Director of Finance and supply should make sure the General Purpose Financial Statement are well prepared in order to avoid sanction from Auditor General.*

**7. VALUATION AND REVALUATION OF NON – CURRENT ASSET:-** It should be noted that the office of the Auditor General for Local Government had embarked on verification/ of non – current assets of the Local Governments to ensure their existence, completeness of the lists and completions and corrections of the disclosed values. Furthermore, the Local Governments did not have comprehensive and reliable inventory/fixed assets register. The Internal Auditor is expected to maintain Standard Assets Register of both serviceable and non – serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could made the local Government Asset prone to theft, expropriation of assets (i.e use of local*

*government property without authorisation, Pilfering, Falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.)*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate, reliable financial data of the assets.*

**MANAGEMENT LETTER**  
**AYEDAADE SOUTH LOCAL COUNCIL**  
**DEVELOPMENT AREA, ORILEOWU**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS**

**TOTALLING ₦1,300,000.00:** It was observed that the total sum of One million three hundred thousand naira only (₦1,300,000.00) was expended on behalf of the Local Government for procurement of Hepatitis B. KITS RDT URNALYSIS STRIPS AND CONSUMABLE items were not supported with necessary documents contrary to the provision of Financial Memoranda No. 14:16:17 particularly 14:16 states that "Payment Vouchers shall be receipted by the payee or his authorized agent, and receipt must state clearly in words and figure the actual amount received and not simply "Received the above amount" while paragraph 14:17 stipulate that "An official receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt cover more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers".

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services or purchases, or conceal inflation of prices.*

***MANAGEMENT RESPONSE:*** *It was an oversight and the receipt had been obtained and attached to the payment vouchers which would be presented for further Audit verification.*

***RECOMMENDATION:***

*The recipient/authorizing officer should present official receipt and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**2. UNRETIRED IMPREST TOTALLING ₦122,500.00:** It was observed that the sum of (₦122,500.00) One hundred and twenty-two thousand, five hundred naira only represent payments made in the month of March and November 2021, which were not retired contrary to the provision of Financial Memoranda 14:27 which states that: Imprest shall be retired when the purpose for which the imprest was granted completed or at such intervals as prescribed when the imprest is approved. However, all imprest shall automatically be retired at the end of each financial year.

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:*** *It was an oversight and the receipts were eventually presented for further audit verification.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure Incurred. New imprest should not be realised without the retirement of previous ones.*

**3. UNCLAIMED ALLOWANCES WORTH ₦35,000.00:-** It was observed that a total sum of thirty-five thousand naira only ₦35,000.00 claimed to have been paid for national orientation agency and others for the month of September 2021 was not supported with duly signed sub – receipt which suggests that the allowances were not paid to the purported beneficiaries contrary to Financial Memoranda No. 14:16 which stipulates that “Payment Vouchers shall be receipted by the payee or his authorized agent, and receipt must state clearly in words and figure the actual amount received and not simply “Received the above amount”.

**RISK:**

*This was an indication that purported recipient might not have been paid there by resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The sub-receipt for the payment had not been signed by all recipient as at the time of audit exercise, upon which Auditor issued a query and due process was followed and necessary documents were attached to be presented for further audit verification.*

**RECOMMENDATION:**

*An official printed sub receipt duly signed must be obtained and attached to the payment voucher as this proved the authenticity that the payment was made.*

**4. EXPENDITURE NOT TAKEN ON CHARGE ₦45,000.00:-** It was observed that the sum of (₦45,000.00) forty five thousand naira only was expended on the purchase of set of computer system in to Administrative Department in Ayedaade South LCDA, Orile owu in the month of July, 2021. Examination revealed that items bought could not be verified and the payment voucher was not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt contrary to financial memoranda 34:17(1-2) which stated that, “All store should be examined immediately they are received by store keeper or other officer responsible for the stores. The stores must be checked for quantities, weights e.t.c. against the Local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger”. This had been made a subject of Audit Query No. LQ/AUD/AYEDASLCDA/06/2021.

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The store ledger in use had been exhausted, however another ledger had been procured and updated. Also store receipts and issue vouchers had been issued accordingly which would be presented for further audit verification.*

**RECOMMENDATION:**

*The Internal Auditor should audit attachments to payment vouchers and reflect it in the Internal Auditor's Report. The Internal Auditor should also audit Stores to ascertain receipts and distribution of items.*

5. **UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS FOR THE YEAR 2019, 2020 AND 2021 AMOUNTING TO ₦180,000.00:-** It was observed that some revenue collectors failed to present their revenue earning receipts in their possession for checking and it shows that fraudulent act has taken place which contrary to Financial Memoranda 6:7 which states that when making payments to the treasury or presenting to the treasury a paying – in – slip in respect of cash paid direct to a bank, the Revenue collector shall produce all receipt books, his Revenue collector cash book and Revenue Collector's summary cashbook.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets in their possession and duly account for them to be presented for further Audit verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification or the officers will be surcharged.*

6. **LATE PAYMENT ₦3,415,220.00: -** It was observed during the period under review that there was a total sum of ₦3,415,220.00 for the year 2020 and 2021 that stood as late payment, the Director of finance of Ayedaade South LCDA, Orileowu was hereby advice to be up and doing to his responsibility and ensure that the revenue generated I the Local Government were paid to the coffer of the Local Government at the appropriate time. See the list of the officers involved attached to this report.

**RISK:**

*It signifies loose monitoring of revenue collections and could lead to loss in the internally Generated Revenue of the local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**



*Both head of finance and Internal auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of receipt book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipts.*

**7. FINAL ACCOUNT:** - Expenditure items in the Financial Statement were observed to be wrongly classified into the appropriate Heads. Also discrepancies were observed in the final budget of statement of comparison of budget and actual and the approved budget and actual and the approved budget. However, these had been corrected at the instance of Audit Inspecting Officer.

You are admonished to ensure proper classification of items in the financial statement to ensure reliability of financial information.

***RISK:***

*The implication of the negligence of the Head of finance in the preparation of correct financial statement may likely affect its reliability.*

***MANAGEMENT RESPONSE:***

*The official in charge of the preparation of the Financial Statement be supervised thoroughly before the presentation of the General Purpose Financial Statement.*

***RECOMMENDATION:***

*The Director of Finance and supply should make sure the General Purpose Financial Statement are well prepared in order to avoid sanction from Auditor General.*

**8. VALUATION AND REVALUATION OF NON – CURRENT ASSET:** - It should be noted that the office of the Auditor General for Local Government had embarked on verification/ of non – current assets of the Local Governments to ensure their existence, completeness of the lists and completions and corrections of the disclosed values. Furthermore, the Local Governments did not have comprehensive and reliable inventory/fixed assets register. The Internal Auditor is expected to maintain Standard Assets Register of both serviceable and non – serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

***RISK:***

*Non availability of comprehensive and reliable inventory/fixed asset register could made the local Government Asset prone to theft, expropriation of assets (i.e use of local government property without authorisation, Pilfering, Falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.)*

***MANAGEMENT RESPONSE:***

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate, reliable financial data of the assets.*

**MANAGEMENT LETTER**  
**AYEDIRE LOCAL GOVERNMENT, ILE-OGBO**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OF ACCOUNTS AMOUNTING TO #450,000.00:-** A total sum of four hundred and fifty thousand naira only (#450,000.00) paid for logistics and incentives for Local Hunters, Vigilante groups and other Security operatives deployed to curb hoodlums vandalization of Local Government Secretariat and other principal towns in the Community was not supported with relevant official receipts to justify the authenticity of the payment contrary to Financial Memoranda 14:17 which states that "An Official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, Local Government, or commercial firm. If he printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached shall be entered on the other voucher"

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

***Management Response***

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers, however the receipt had been found and re attached to the payment voucher to be submitted for further audit clarification.*

***RECOMMENDATION:***

*The recipient/authorising officers should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**2. UNRETIRED IMPREST AMOUNTING TO #180,000.00:-** Payment Voucher for imprest totaling one hundred and eighty thousand were not supported with necessary receipts to authenticate the genuiness of the expenditure contrary to the Financial Memoranda 14:27 which states that payment vouchers shall be receipted by payee or his authorized agent and the Official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, Local Government, or commercial firm.

***RISK:***

*Government fund might not have been used for Official purpose.*

**Management Response**

*The head of finance and the internal auditor should ensure proper recording of petty cash book and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**RECOMMENDATION-**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification.*

**3. STORE ITEMS-NOT-TAKEN-ON-CHARGE AMOUNTING TO (N685,000.00):** - It was observed that the printing of file jackets could not be verified to store ledger contrary to the provision of Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store ledgers had not been updated as at the time of audit inspection. However, they had been updated retrospectively and available for audit scrutiny. The lateness was highly regretted.*

**RECOMMENDATION**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

**4. EXPENDITURE NOT CHECKED AND PASSED AMOUNTING TO N120,000.00:** It was observed that payment vouchers raised for the sum of one hundred and twenty thousand naira (N120,000.00) for some officers of Ayedire Local Government did not follow due process of prepayment auditing before payments were made to various recipients contrary to Financial Memoranda 14:10 which states that, "Before any payment is made, a prepayment audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of these Financial Memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or accounts and that sufficient funds are available to meet it".

**RISK:**

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**Management Response**

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply to audit query.*

**RECOMMENDATION:**

*The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement.*

**5. BANK RECONCILIATION STATEMENT:** The Bank Reconciliation Statement was presented for Audit scrutiny which was an indication that it might not have been prepared. Please, let the Head of Finance and Supplies forward an up to date Bank Reconciliation Statement of your Local Government to this office without further delay in compliance with the provision of Financial Memoranda 22:7(5) which states that, "Following the examination of monthly reconciliation of accounts by the executive committee, the duplicate copy together with a copy of Bank Reconciliation Statement shall be sent to the Auditor General for Local Governments, the original copy filled and carefully preserved in the Finance Department". The Head of Finance and Supplies must prepare and forward the Bank Reconciliation Statement to this office without any further delay.

**Risk**

*Non-Preparation of Bank Reconciliation Statement by the Head of Finance could conceal fraud, errors perpetrated in the bank transactions through extraneous debits in the bank statements and Cashbook or collusion between the signatories.*

**Management Response**

*The Bank Reconciliation Statement were not prepared as at the time of Audit Inspection, because Bank Statements were not available due to network outage. But however, they have been prepared and submitted to the Office of Auditor-General for audit verification.*

**RECOMMENDATION:**

*The head of Finance should be alive to his responsibilities and prepare the Bank Reconciliation statements and forward same with all details to the Auditor-General without further delay.*

**6. FINAL ACCOUNTS:-** Transfers from the main council to the LCDA were mistakenly consolidated in their aggregates, wrong depreciation percentage observed to have been applied were corrected at the instance of the audit inspecting officer.

**7. LATE PAYMENT #7,016,093.00:** It was revealed during the period under review that a total sum of #7,106,093.00 for the year 2020 and 2021 stood as late payment, the Director of Finance of Ayedire Local Government, Ile-Ogbo is hereby advised to be up to his responsibilities and ensure that the revenue generated in the

Local Government are paid to the coffers of the Local Government at the appropriate time.

**RISK:**

*It signifies loose monitoring of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**Management Response:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly.*

**Recommendation:**

*Both head of finance and Internal Auditor show be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any Officer that failed to remit money in their custody after seven days of receipt.*

**7. VALUATION AND REVALUATAION OF NON-CURRENT ASSETS:** It embarked on verification/compilation of all non-current assets of the Local Government should be noted that the Office of Auditor General for Local Governments had to ensure their existence, completeness of the list of the Assets and the correctness of the provisional values of the assets in the Financial Statements. The Local Government did not maintain a comprehensive and reliable inventory fixed Assets Register.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prove to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response:**

*A Comprehensive asset register would be opened to capture all Assets of Local Governments and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**Recommendation:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence validation and authorisation in order to give accurate reliable financial data of the assets.*

**MANAGEMENT LETTER**  
**AYEDIRE SOUTH LCDA,**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. DOUBTFUL EXPENDITURE WORTH N650,000.00:** Expenditure worth six hundred and fifty thousand naira only incurred on two days sensitization meetings with undergraduate student and Environmental Sanitation exercise with emphasis on street cleaning appeared to be doubtful in nature and lacked sufficient proof to justify their genuineness.

It was further observed that various evidences such as list of invitee, video coverage with photograph were not provided for Audit scrutiny.

***RISK:***

*The implication of this expenditure was that the services might not have been performed, thus public fund might have been diverted for personal purposes.*

***Management Response***

*The display of cultural heritage is an annual event during the Iwude Ijesa festival. The pictorial and other evidences had been forwarded to the Office of the Auditor-General for Local Governments for scrutiny.*

***RECOMMENDATION:***

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure.*

**2. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N543,500.00):** -The sum of five hundred and forty-three thousand five hundred naira only (N543,500.00) representing the purchase of office cabinet and essential materials for the Administrative Department coupled with monthly keeping of palace was observed to have occurred during the period of Audit Inspection. The payment was not supported with required official receipts and invoice to authenticate the genuineness of the expenditure which was against the provision of Financial Memoranda No. 14:17 which states that, "an official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers".

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

***Management Response***

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers, the receipts had been found and re-attached to the payment voucher which would be submitted for further audit verification.*

**RECOMMENDATION:**

*The recipient/authorising officers should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**3. FINAL ACCOUNT:** The notes to the accounts were not prepared, there were also discrepancies in the budget approved and the final budget in the statement of comparison of budget and actual. All errors were however corrected at the instance of the audit inspecting officers.

**4. LATE PAYMENT:** It was revealed during the period under review that a total sum of #771,450.00 for the year 2020 and 2021 stood as late payment, the Director of Finance of Ayedire South LCDA, Oluponna is hereby advised to be up to his responsibilities and ensure that the revenue generated in the Local Government are paid to the coffers of the Local Government at the appropriate time.

**RISK:**

*It signifies loose monitoring of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**Management Response:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly.*

**Recommendation:**

*Both head of finance and Internal Auditor show be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.*

**4. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of Auditor General for Local Governments had embarked on verification/compilation of all Non-current Assets of the Local Government to ensure their existence, completeness of the list of the Assets and the correctness of the provisional values of the assets in the Financial Statements. The Local Government did not maintain a comprehensive and reliable inventory fixed Assets Register.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prove to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*



**Management Response:**

*A Comprehensive asset register would be opened to capture all Assets of Local Governments and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**Recommendation:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence validation and authorisation in order to give accurate reliable financial data of the assets.*

# **MANAGEMENT LETTER**

## **BOLUWADURO LOCAL GOVERNMENT,**

### **OTAN AYEGBAJU**

**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST TOTALLING (₦25,000.00):-** Payment Voucher amounting to ₦25,000.00 as monthly Imprest was not supported with the required official receipt and sub-receipts contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest is approved. However, all imprests shall be automatically be retired at the end of each Financial Year".

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and re-attached to the payment voucher to be presented for further Audit Verification.*

***RECOMMENDATION:***

The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.

**2. EXPENDITURE NOT CHECKED AND PASSED BY THE INTERNAL AUDITOR AMOUNTING TO (₦320,000.00):-** It was observed that the payment voucher raised for the sum of Three Hundred and Twenty Thousand Naira which were on various job was neither checked nor passed by the Internal Auditor before payment was made contrary to Financial Memoranda 40:10 which states that, "Before any payment is made, a pre-payment audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of these Financial Memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or account and that sufficient funds are available to meet it".

***RISK:***

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

***MANAGEMENT RESPONSE:***

*The voucher was not checked and passed by the Internal Auditor due to exigence of the expenditure as at the time the Payment Voucher was raised. The approval for the expenditure had been sought in file before payment was effected. However, the Payment*

*Voucher had now been processed with necessary attachment and would be submitted to the Office of the Auditor General for Local Government for further Audit scrutiny.*

**RECOMMENDATION:**

*The Internal Auditor Should ensure that prepayment and post payment audit were carried out on all transactions of the Local Government.*

**3. DOUBTFUL EXPENDITURE AMOUNTING TO (N520,000.00):-**It was observed that the payment vouchers raised on behalf of members of staff of Boluwaduro Local Government, otan- Ayegbaju for the courtesy calls on the Royal Fathers in Boluwaduro Local Government by the outgoing corps Members and Sensitization of Citizenry on Revenue generation appeared doubtful because tangible evidence that would justify the payment such as the evidence of documentation , photographs, video clip, receipts etc could not be produced for audit scrutiny.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes had been prepared for reverification of Audit Team.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.*

**4. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS (N250,000.00):** It was observed that some payments were made to department of Agriculture and Food security and Town Planning and Flag off ceremony of OBR2 polio vaccine campaign without attaching necessary receipts and invoices as evidences of payments contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers". The Head of Finance and Supplies and the Internal Auditor must be alive to their responsibilities in this regard.

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and would be attached to the payment vouchers for Audit Verification.*

**RECOMMENDATION:**

*The recipient/authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**5. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement.

Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**6. FINAL ACCOUNT:** The General-Purpose Financial Statement was submitted on the 27th April, 2022 contrary to the 29th March, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the delaying in the preparation of financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

# **MANAGEMENT LETTER**

## **BOLUWADURO EAST LOCAL COUNCIL**

### **DEVELOPMENT, AJODA**

#### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021**

**1. UNRECEIPTED EXPENDITURE TALLING (N30,000.00):-** Payment Voucher amounting to N30,000.00 as purchase of Stationeries. The payment voucher was not supported with the required official receipt, sub receipts contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers".

***RISK:***

*This was an indication that the purported items might not have been purchased thereby resulting to loss of loss of Local Government fund.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and would be re-attached to the payment vouchers for further Audit verification.*

***RECOMMENDATION:***

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**2. UNRETIRED IMPREST AMOUNTING TO (N85,000.00):-** It was observed that the sum of Eighty-five thousand naira (N85,000.00) as monthly imprest were neither receipted with any evidence nor supported with receipt to authenticate that the allowance was actually incurred by the officer which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all impests shall be automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and would be re-attached to the payment vouchers for further Audit Verification.*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**3. UNCLAIMED EXPENDITURE AMOUNTING TO (N190,000.00):-**It was observed that the payment voucher raised for O'Clean technical committee at Boluwaduro East LCDA, Ajoda for the month of April, 2021 was neither acknowledged nor claimed by the recipient to authenticate the payment. This is contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment"

***RISK:***

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

***MANAGEMENT RESPONSE:***

*The Sub-receipt for the payment had not been signed by all recipients as at the time of Audit exercise, upon which Auditor issued a query and due process was duly followed and necessary documents were later attached for further Audit Verification.*

***RECOMMENDATION:***

*A duly signed sub-receipt must be obtained and attached to the payment voucher as this proved the authenticity that the payment was made.*

**4. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TALLING (N325,000.00): -** It was observed that the payment voucher raised for hosting and entertainment of all farmers in Boluwaduro East LCDA. The payment voucher was not supported with the required official receipt, sub receipts contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers".

***Risk:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and re-attached to the payment vouchers which would be presented for further Audit Verification.*

***RECOMMENDATION***

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**5. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N2,500,000.00 FOR THE YEAR 2019, 2020 AND 2021:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts in their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that "When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of

cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector's summary cashbook".

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them which would be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*The Officers will be surcharged if all the receipt booklets should be produced for Audit check and verification.*

6. **LATE PAYMENT ₦87,060.00:** It was revealed during the period under review that there was a total sum of ₦87,060.00 for the year 2019 that stood as late payment. The Director of Finance of Boluwaduro East Local Council Development Area, Ajoda is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the cover of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitory of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

7. **FINAL ACCOUNTS: -** The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

8. **VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard



Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**MANAGEMENT LETTER**  
**BORİPE LOCAL GOVERNMENT, IRAGBIJI**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31ST DECEMBER, 2021**

**1. DOUBTFUL EXPENDITURE TALLING (N30,000:00):** It was observed that the sum of N30,000.00 was released to some members of staff of the Local Government for the purchase of sanitation, removal of decomposing corpse. Audit Scrutiny of the records attached to the payment vouchers showed that the amount on the receipt and payment voucher did not correspond with each other.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes would be presented for Audit scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure.*

**2. UNRETIRED IMPREST (#82,500.00)** Payment Vouchers amounting to N82,500.00 was released and paid as imprest for the month of May and June 2021. The Payment Vouchers were not retired with necessary receipt and documents which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government Fund might not have been used for Official purpose.*

**MANAGEMENT RESPONSE:**

*It was an oversight, and the receipts had been obtained and would be attached to the payment vouchers for Audit Verification.*

**RECOMMENDATION:**

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**3. UNRECEIPTED EXPENDITURE TALLING (N500,000:00):** It was observed that the payment voucher raised for the sensitization of woman advancement and national development during a day seminar was not attached with any document like receipts, invoices, sub-receipts etc. to ascertain that the payment was actually made

contrary to Financial Memoranda 14:16 & 14:17 which states that Payment Vouchers shall be receipted by the payee or authorized agent, and the receipt must state clearly in words and figure the actual amount received and not "Simply received the above amount" and paragraph 14:17 stipulate that "An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm."

**RISK:**

*This was an indication that the purported program might not have been done thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*It was an oversight the receipts, sub-receipts signed by beneficiaries photographs, video clips had been obtained and would be attached to the payment vouchers for further Audit Verification.*

**RECOMMENDATION:**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**4. UNCLAIMED ALLOWANCE AMOUNTING (N420,000.00):** - It was observed that the payment vouchers raised for the payment of O'clean Technical committee and casual workers of staff of Boriye Local Government, Boriye in respect of monthly stipend in the months of June and September, 2021 respectively were not signed by the recipients. They were neither acknowledged nor claimed. This was contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

**RISK:**

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*The Sub-receipt for the payment had not been signed by all recipients as at the time of Audit exercise, upon which Auditor issued a query and all the recipients had been called upon to append their signatures on the receipt which would be presented for further Audit Verification.*

**RECOMMENDATION:**

*Duly signed sub-receipt must be obtained and attached to the payment voucher as this proved the authenticity that the payment made.*

**5. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N60,000.00 FOR THE YEAR 2019 AND 2021:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts on their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that "When making

payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector's summary cashbook".

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer which would be presented for Audit Scrutiny.*

**RECOMMENDATION:**

*The officers will be surcharged if all the receipt booklets should be produced for Audit check and verification.*

6. **LATE PAYMENT ₦1,246,688.94:** It was revealed during the period under review that there was a total sum of ₦1,246,688.94 for the year 2019, 2020 and 2021 that stood as late payment. The Director of Finance of Bori Local Government, Iragbiji is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the coffer of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitoring of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

7. **VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft and misappropriation of assets.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**8. FINAL ACCOUNT:** The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the delaying in the preparation of financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

# **MANAGEMENT LETTER**

## **BORIBE NORTH LOCAL COUNCIL DEVELOPMENT AREA, IREE**

**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST TOTALLING (₦375,000.00):-** It was observed that the sum of Three Hundred and Seventy-five Thousand Naira (₦375,000.00) was paid as monthly Imprest from February to July, 2021. The payment voucher was not supported with the required official receipt, sub receipts contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all impests shall be automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for Official purpose.*

***MANAGEMENT RESPONSE:***

*It was an oversight and the receipts had been obtained and would be re-attached to the P.V. for further Audit Verification.*

***RECOMMENDATION:***

The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.

**2. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (₦150,000.00) :-**It was observed that the payment vouchers raised for 3-days sensitization workshop organized by the budget department and printing of General Receipts were not supported with necessary documents such as sub-receipt contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of payment voucher to which the receipt is attached, shall be entered on the other vouchers".

***Risk:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and would be re-attached to the payment vouchers to be present for further Audit Verification.*

***RECOMMENDATION***

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

3. **LATE PAYMENT N450,530.00:** It was revealed during the period under review that there was a total sum of N450,530.00 for the year 2021 that stood as late payment. The Director of Finance of Boriye North Local Council Development Area, Iree is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the coffer of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

***RISK:***

*It signified loose monitoring of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

***MANAGEMENT RESPONSE:***

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

***RECOMMENDATION:***

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

4. **VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

***RISK:***

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

***MANAGEMENT RESPONSE:***

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**5. FINAL ACCOUNT:**

The Head of Finance should ensure adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth, to avoid sanction.



**MANAGEMENT LETTER**  
**EDE NORTH LOCAL GOVERNMENT, OJA-TIMI**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **UNRETIRED IMPREST AMOUNTING TO (N242,500.00):-** It was observed that the sum of Two hundred and forty two thousand five hundred naira only (N242,500.00) made to a staff of Ede North Local Government, Oja Timi, Ede as monthly Imprest in the month of November, 2021 was not supported with receipt to authenticate the Imprest given to the officers contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the Imprest was granted is completed or at such intervals as are prescribed when the Imprest is approved. However, all Imprest shall automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:*** *It was an oversight and all the receipts and invoices had been attached to the reply of the audit query submitted to the Office of the Auditor General for further audit verification.*

***RECOMMENDATION:*** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

2. **UNREVALIDATED VOUCHER AMOUNTING (N30,000.00):-** It was observed that the payment voucher and supporting documents attached were old payment vouchers of which the approval was from previous year budget which is contrary to Financial Memoranda.

***RISK:***

*Unrevalidated voucher was an indication of financial indiscipline and lack of prudence in the management of Local Government fund as such payment is prone to double and fictitious payment.*

***Management Response***

*The Payment voucher had been revalidated by the Budget Department and the Chairman's signature as evidence of his approval had been sought in file before payment was effected but failed to effect same in the voucher. The negligence was highly regretted.*

*I am very sorry for the delay which this might cause your management.*

***RECOMMENDATION***

*The Head of Finance should not honour any unrevalidated payment voucher by the Budget Department before payment is made.*

3. **NON-PREPARATION OF BANK RECONCILIATION STATEMENT:** It was observed that Bank Reconciliation Statements were not prepared for the period of January to March, 2021. Further observations revealed that there was no proper and

adequate supervision of the officer in charge of Bank Reconciliation Statement by the HOD Finance and Supplies during the period under review contrary to the provision of Financial Memoranda 19:23 which states that, "At the end of the month, a detailed statement must be obtained from the bank of monthly transaction on the Local Government account, and where this can be obtained, a certification of the balance of the Local Government. This transaction according to the bank statement must be checked against entries in the Local Government cashbook and the two records reconciled". You are required to prepare Bank Reconciliation Statement and forward to this office for audit scrutiny.

**RISK:**

*Non-preparation of Bank Reconciliation Statement by the Head of Finance could conceal fraud, errors perpetrated in the Bank transactions through extraneous debits in the Bank Statements, and Cashbook collusion between the signatories.*

**MANAGEMENT RESPONSE:**

*The Bank Reconciliation Statements were not prepared as at the time of Audit Inspection, because Bank Statements were not available due to Network Outrage. But however, they had been prepared and submitted to the Office of the Auditor-General for Local Government for audit verification.*

**RECOMMENDATION:**

*The Head of Finance should be alive to his responsibilities and forward same with all details to the Auditor-General without further delay, failure of which he should be sanctioned accordingly.*

4. **ASSET VERIFICATION AND REVALUATION:-**

**MISSING TRACTOR:** *Recent Verification/Revaluation exercise conducted by seasoned professionals in the field of engineering, Agriculture, Estate Valuation and Medicine revealed lacuna in the management of the tractors purchased. Three out of six tractors were purportedly sold and authority papers were not produced except for one recently sold out of three public auctioneering, leaving a supposed balance of three tractors but two tractors were physically sighted and the HOD Agriculture of food security could not provide the whereabouts of one tractor and its implement.*

5. **FINAL ACCOUNT/GPFS :-** *It was observed that the preparation/ presentation and submission of the Local Government Financial Statement was late, which affect the prompt auditing and checking of the account.*

*The Director of finance should ensure that the officer in charge is alive to his/her responsibilities in order to meet the set standard expected from the (GPFS) Accounts.*

**RISK:** *It can lead to hoarding of some important information needed in the preparation of Financial Account, leading to not having true and fair judgement of the Account by the Auditor – General.*

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:** *The Director of Finance and supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor – General.*

6. **LATE PAYMENT ₦202,250.00:-** *It was observed during the period under review that a total sum of ₦202,250.00 for the year 2020 and 2021 that stood as late payment, the Director of Finance of Ede North Local Government, Oja - Timi was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.*

**RISK:**

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration on fraud by the concerned revenue collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.

**MANAGEMENT LETTER**  
**EDE NORTH AREA COUNCIL, OWODE-EDE**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **UNRETIRED IMPREST AMOUNTING (N140,000.00):-** It was observed that the payment vouchers raised as monthly imprest for the Head of Budget Department in Ede North Area Council, Owode-Ede for the month of September and December, 2021 were not receipted with any evidence to authenticate that the imprest were actually paid by the officer contrary to Financial Memoranda 14:27 which states that, "Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year".

**RISK:**

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:** *It was an oversight and all the receipts and invoices had been attached to the reply of the audit query submitted to the Office of the Auditor General for further audit verification.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

2. **STORE ITEMS-NOT-TAKEN-ON-CHARGE AMOUNTING TO (N35,000.00):-** It was observed that a sum of Thirty five thousand naira was expended as running cost for the Procurement Unit in Ede North Area Council, Owode-Ede during the month of September, 2021. Examination showed that the items bought could not be verified to store ledger and the payment voucher was not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt contrary to Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store ledgers had not been updated as at the time of audit inspection. However, they had been updated retrospectively and available for audit scrutiny. The lateness was highly regretted.*

**RECOMMENDATION**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers for audit verification.*

3. **UNCLAIMED ALLOWANCE AMOUNTING TO (N75,000.00):-** It was observed that the payment voucher of Seventy five thousand naira which was made to a staffer of Ede North Local Government, Oja-Timi, Ede in respect of imprest paid for the month of October, 2021 was neither acknowledged nor claimed contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

**RISK:**

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The sub-receipt for the payment had not been signed by all recipients as at the time of audit exercise, upon which Auditor issued a query and due process was duly followed appropriately & necessary documents were attached.*

**RECOMMENDATION:**

*An official printed sub-receipt duly signed by all recipients must be obtained and attached to the payment voucher as this proved the authenticity that the payment was made.*

**6. ASSET VERIFICATION/REVALUATION:-****ABANDONING OF PRODUCTION DAM AND THREE EARTHENED POND VALUE**

**₦3,600,000.00:-** Asset listing and valuation team discovered an abandoned one big production dam valued @₦3,000,000.00 and three ponds valued @₦200,000.00 each. The site location is well fenced with wire, bushy and in shabby condition.

*The management is advised to put repair into the structure and be a good source of revenue to the Local Government.*

7. **FINAL ACCOUNTS:-** The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:** *It can lead to hoarding of some important information needed in the preparation of Financial Account, leading to not having true and fair judgement of the Account by the Auditor – General.*

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:** *The Director of Finance and supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor – General.*

8. **LATE PAYMENT ₦24,000.00:-** *It was observed during the period under review that a total sum of ₦24,000.00 for the year 2020 and 2021 stood as late payment, the Director of Finance of Ede North Area Council, Owode Ede was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.*

**RISK:**

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration on fraud by the concerned revenue collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.

# **MANAGEMENT LETTER**

## **EDE SOUTH LOCAL GOVERNMENT, OKE-IRESI**

### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021**

1. **EXPENDITURE NEITHER CHECKED AND PASSED BY THE INTERNAL AUDITOR OFFICER NOR CONTROLLED BY OFFICER WITH AUTHORITY TO INCURE EXPENDITURE WITH ACCOUNT AMOUNTING TO (N200,000.00):-** It was observed that the payment vouchers of two hundred thousand naira expended on a psychiatric patient from Zaria, Kaduna State who was coming back to Ede, Osun State was not checked and passed by the Internal Auditor before effecting the payment contrary to the Financial Memoranda 40:10 which states that, "Before any payment is made, a pre-payment audit of vouchers and supporting document shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of this Financial Memoranda has been followed in all respect, the payment is one properly authorized and correctly charged to the Sub-Head or accounts and that sufficient funds are available to meet it". The head of Finance should put in place a proper Internal Control Mechanism to ensure accountability and probity.

***RISK:***

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

***Management Response***

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply to audit query.*

***RECOMMENDATION:***

*The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement, or make refund of money collected.*

2. **UNRETIRED IMPREST AMOUNTING TO (N137,500.00):-** It was observed that the sum of One hundred and thirty seven thousand five hundred naira (N137,500.00) as monthly imprest incurred in the month of August and November, 2021 were not retired with necessary receipt and document contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

***RISK:***

*Government fund might not have been used for Official purpose.*

### **Management Response**

*It was an oversight, and the receipt invoice had been attached to the reply to audit query and submitted to the Office of the Auditor General for further audit verifications.*

### **RECOMMENDATION-**

*The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

### **3. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS AMOUNTING (N50,000.00):-**

It was observed that the payment voucher raised for entertainment of heads of Budget forum meeting in Ede South Local Government, Oke-Iresi was not receipted to authenticate that the expenditure was actually incurred by the officer contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or Commercial Firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered the other vouchers".

### **RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

### **Management Response**

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers. However, the receipt had been found and attached to the reply of audit query and submitted to the office of the Auditor-General for Local Government for further audit verification.*

### **RECOMMENDATION:**

*The recipient/authorising Officers should present Official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**4. ITEM-NOT-TAKEN-ON-CHARGE AMOUNTING TO (N350,000.00):-** It was observed that a sum of Three hundred and fifty thousand naira (N350,000.00) expended on the procurement of dispensing envelopes to various health centres in Ede South Local Government, Oke-Iresi for the month of May, 2021 could not be verified to store ledger and the payment voucher was not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt contrary to Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".



**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store Ledgers had been exhausted as at the time of audit inspection, however the ledgers had been updated. Store receipt voucher had been raised which would be presented for further audit verification.*

**RECOMMENDATION**

*The storekeeper must ensure that all relevant vouchers are updated and all necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

**5. ASSET REVALUATION/EXCEPTIONAL REPORT:**

*(a) **MISAPPROPRIATION OF TRACTOR IMPLEMENTS: RIDGER AND PLOUGH MISSING:-** The Local Government has four tractors and were evaluated accordingly. The officer on ground could not account for the whereabouts/ missing of RIDER and PLOUGH allocated to the Local Government.*

*(b) **POULTRY PEN:-** The Local Government has a dilapidated poultry pen within the Local Government on a four plot of land and fenced, worth ₦4,000,000.00.*

*6. **LATE PAYMENT ₦30,000.00:-** It was observed during the period under review that a total sum of ₦30,000.00 for the year 2020 and 2021 that stood as late payment, the director of Finance of Ede South Local Government, Oke - Iresi was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.*

**RISK:**

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration on fraud by the concerned revenue collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.*

# MANAGEMENT LETTER

## EDE EAST LOCAL COUNCIL DEVELOPMENT AREA, SEKONA

### OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021

1. **EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N1,284,500.00):-** It was observed that the total sum of One million, Two hundred and eighty four thousand five hundred naira expended on a three day sensitization programme on “the ways to eradicate kidnapping in the society” and monthly imprest to Hon. Yinusa Musefiu of Ede East Local Council Development Area, Sekona for the month of September and December, 2021 were neither receipted nor supported with necessary document such as sub-receipt contrary to Financial Memoranda 14:17 which states that, “An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm, if the printed receipt covers more than one payment vouchers, reference to the number”.

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

**Management Response**

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers. However, the receipt had been found and attached to the reply of audit query and submitted to the office of the Auditor-General for Local Government for further audit verification.*

**RECOMMENDATION:**

*The recipient/authorising Officers should present Official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

2. **UNRETIRED IMPREST AMOUNTING TO (N10,000.00):-**It was observed that the payment voucher of ten thousand naira (N10,000.00) paid as monthly imprest to the Department of Procurement was not retired with necessary receipts and documents which is contrary to Financial Memoranda 14:27 which states that, “Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year”.

**RISK:**

*Government fund might not have been used for Official purpose.*

**Management Response**

*It was an oversight, and the receipt invoice had been attached to the reply to audit query and submitted to the Office of the Auditor General for further audit verifications.*

**RECOMMENDATION-**

*The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

3. **STORE ITEM-NOT-TAKEN-ON-CHARGE AMOUNTING TO (N400,000.00):-** It was observed that a sum of Four hundred thousand naira (N400,000.00) expended on the preparation of year 2022 draft estimate of Ede East Local Council Development Area, Sekona could not be verified to store ledger and the payment voucher was not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt contrary to Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store Ledgers had been exhausted as at the time of audit inspection, however the ledgers had been updated. Store receipt voucher had been raised which would be presented for further audit scrutiny.*

**RECOMMENDATION**

*The storekeeper must ensure that all relevant vouchers are updated and all necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

4. **ASSET VERIFICATION EXERCISE:-** Capital appreciation of assets were greatly noted in the course of asset verification exercise conducted by seasoned professionals in the field of engineering, medicine, Agriculture and Estate management on the Non – current assets owned by your council.

*Tractor 038 valued was 750,000.00 observed by the team to be unserviceable and recommended for public auctioning to avoid further deterioration. Please, ensure that new assets register generated by the team is updated and physical assets are safeguard accordingly.*

5. **FINAL ACCOUNT/GPFS :-** Despite the fact that there was late in the preparation and submission of the Financial Statement, it was also observed that the discrepancy was detected in the approved budgeted figures and the final budget also in statement of

*comparisim of budget and actual, but being corrected at the instance of audit inspecting officer.*

**RISK:** *It can lead to hoarding of some important information needed in the preparation of Financial Account, leading to not having true and fair judgement of the Account by the Auditor – General.*

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:** *The Director of Finance and supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor – General.*

6      **LATE PAYMENT ₦10,000.00:-** *It was observed during the period under review that a total sum of ₦10,000.00 for the year 2020 and 2021 that stood as late payment, the Director of Finance of Ede East LCDA, Sekona was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.*

**RISK:**

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned revenue collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.*

**MANAGEMENT LETTER**  
**EGBEDORE LOCAL GOVERNMENT, AWO**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N40,000.00):-** It was observed that the payment vouchers of Forty thousand naira made as monthly imprest and replacement of battery & Laptop charger attached to the office of pension desk officer were not acknowledged with official receipt to authenticate that the expenditure were actually incurred contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers".

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

***Management Response***

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers.*

***RECOMMENDATION:***

*The recipient/authorising Officers should present Official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

2. **EXPENDITURE NEITHER CHECKED AND PASSED NOR CONTROLLED AMOUNTING TO (N30,000.00):-** It was observed that the sum of Thirty thousand naira expended on the entertainment of monthly Exco for the month of September, 2021 was neither checked and passed by the Internal Auditor nor controlled by officer that had authority to incur expenditure before effecting the payment contrary to Financial Memoranda 40:10 which states that, "Before any payment is made, a pre-payment audit of vouchers and supporting document shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of this Financial Memoranda has been followed in all receipt, the payment is one properly authorized and correctly charged to the Sub-Head or accounts and that sufficient funds are available to meet it". The head of Finance should put in place a proper Internal Control Mechanism to ensure accountability and probity.

***RISK:***

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**Management Response**

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply to audit query.*

**RECOMMENDATION:**

*The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement.*

3. **UNRETIRED IMPREST AMOUNTING TO (N10,000.00):-** It was observed that the sum of Ten thousand naira (N10,000.00) as monthly imprest incurred in the month of October, 2021 was not retired with necessary receipt and document which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all impests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government fund might not have been used for Official purpose.*

**Management Response**

*It was an oversight, and the receipt invoice had been attached to the reply to audit query and submitted to the Office of the Auditor General for further audit verifications.*

**RECOMMENDATION-**

*The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

4. **EXPENDITURE NOT-TAKEN-ON-CHARGE AMOUNTING TO (N295,000.00):-** It was observed that the total sum of two hundred and ninety five thousand naira (N295,000.00) were expended on the purchase of Laptop (HP), Printer for the use of Administrative Department and Expenses incurred on the submission of Soft Copies of Local Government Budgets from 2017 to 2021 respectively in Egbedore Local Government, Awo in the month of June, 2021. It was observed that the items bought and expenses incurred could not be verified to store ledger and the payment vouchers were not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt which was contrary to Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store Ledger in use had been exhausted, however another ledger had been procured and updated. Also store receipt and issue vouchers had been issued accordingly to be presented for further audit verification.*

**RECOMMENDATION**

*The storekeeper must ensure that all relevant ledgers are updated and all necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

**5. ASSET VERIFICATION/ REVALUATION EXERCISE:-** *Seasoned professional in the field of Engineering, estate valuation, agriculture and medicine were engaged on the verification and evaluation of the Noncurrent assets of details report and the resultant valuation of assets of updated asset register have been forwarded to the Local Government.*

*The management should ensure prompt updating of your new assets register and as well safe guarded the asset in conformity with Financial Memoranda No. 38:1 which state "A Local Government shall keep permanent inventories showing all its physical assets which although Normally purchased from recurrent expenditure votes, Nevertheless are intended or likely to be employed on the business of the Local Government. Over a period of served years such assets include Motor vehicles, office furniture (desks chairs, table e.t.c) specialized plant and equipment used by various departments of the Local Government and generally any physical assets which have a life of several years.*

**OTHER COMMENTS:-** *Of Assets Tractor plough missing:- Verification team confirmed that out of six tractors and 6 ploughs owned by old Egbedore Local Government, four were retained by old council. The Team could only sighted four tractors and three ploughs. Audit team investigation revealed the outstanding plough has been with undisclosed outsider (Not on rentage Nor received rentage proceed) for the past five years. The management is advised to retrieve the government assets: Illegally took – away by undisclosed identify.*

**RISK:** *Non availability of comprehensive and reliable inventory/ fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Auditor unit of the local Government.*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets.*

6. **FINAL ACCOUNT/GPFS :-** It was observed that the preparation/ presentation and submission of the Local Government Financial Statement was late, which affect the prompt auditing and checking of the account. The Director of finance should ensure that the officer in charge is alive to his/her responsibilities in order to meet the set standard expected from the (GPFS) Accounts.

**RISK:** It can lead to hoarding of some important information needed in the preparation of Financial Account, leading to not having true and fair judgement of the Account by the Auditor – General.

**MANAGEMENT RESPONSE:** The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.

**RECOMMENDATION:** The Director of Finance and supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor – General.

7. **LATE PAYMENT ₦4,000.00:-** It was observed during the period under review that a total sum of ₦4,000.00 for the year 2020 and 2021 that stood as late payment, the Director of Finance of Egbedore Local Government, Awo was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.

**RISK:**

It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration on fraud by the concerned revenue collectors.

**MANAGEMENT RESPONSE:**

The revenue collectors concerned had been issued queries and sanctioned accordingly

**RECOMMENDATION:**

Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.

8. **NON SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of the 1<sup>st</sup> to 4<sup>th</sup> quarter 2021 despite several efforts move by the direction of Revenue of Auditor General for Local Governments.

**RISK:** It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.

**MANAGEMENT RESPONSE:** The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.



***RECOMMENDATION:*** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**EGBEDORE SOUTH LOCAL COUNCIL**  
**DEVELOPMENT AREA, IDO-OSUN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **DOUBTFUL EXPENDITURE AMOUNTING TO (N250,000.00):-**It was observed that the payment voucher raised for the Civic Engagement programme tagged “Family Meeting” between the government and the people of grassroots held at Egbedore Local Government, Awo appeared doubtful because tangible evidence that would have justified the payment such as the evidence of documentation could not be produced for audit scrutiny.

***RISK:***

*The implication of this expenditure was that the programme might not have been performed, thus the public fund might have been diverted for personal purposes.*

***Management Response***

*Receipts, pictorial evidence like video & photographs that were not ready s at the time of audit exercise had been collected from vendor and attached to reply to audit query and submitted to the Office of the Auditor General for Local Government verifications.*

***RECOMMENDATION:***

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuiness of the expenditure or refund payment.*

2. **EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N115,000.00):-** It was observed that the payment vouchers raised as monthly imprest for the NYSC (Zonal Coordinator) and expenses incurred during the passing-out ceremony of newly recruited Amotekun Corps members at Ejigbo in the month of September, 2021 were neither authorized nor supported with necessary document such as sub-receipt contrary to Financial Memoranda 14:17 which states that, “An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm, if the printed receipt covers more than one payment vouchers, reference to the number”.

**RISK:**

*Payments made without supporting documents could imply non-execution of such services and therefore constitute a loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The relevant receipts were attached but probably was detached in the course of filing and sorting in the cashier's office. The receipt had however been found and attached to the reply of the audit query and submitted to the office of the Auditor General for Local Government for further Audit verification.*

**RECOMMENDATION:**

*The recipient/authorizing officer should present official receipt and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

3. **EXPENDITURE NEITHER CHECKED AND PASSED BY THE INTERNAL AUDITOR NOR CONTROLLED BY OFFICER WITH AUTHORITY TO INCURE EXPENDITURE AMOUNTING TO (N10,000.00):-** It was observed that the sum of Ten thousand naira expended on Electricity Bill of the main secretariat of Egbedore South Local Council Development Area, Ido-Osun for the month of October, 2021 was not checked and passed by the Internal Auditor nor controlled by officer that had authority to incur expenditure before effecting the payment contrary to the provision of Financial Memoranda 40:10 which states that, "Before any payment is made, a pre-payment audit of vouchers and supporting document shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of this Financial Memoranda has been followed in all respect, the payment is one properly authorized and correctly charged to the Sub-Head or accounts and that sufficient funds are available to meet it". The head of Finance should put in place a proper Internal Control Mechanism to ensure accountability and probity.

**RISK:**

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**Management Response**

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply to audit query.*

**RECOMMENDATION:**

*The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement, or make refund of money collected.*

4. **ITEM-NOT-TAKEN-ON-CHARGE AMOUNTING TO (N1,300,000.00):-** It was observed that a sum of one million three hundred thousand naira (N1,300,000.00) expended on the procurement of dispensing envelopes to various health centres in Ede South Local Government, Oke-Iresi for the month of May, 2021 could not be verified to store ledger and the payment voucher was not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt contrary to Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

***RISK:***

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

***Management Response***

*The Store Ledgers had been exhausted as at the time of audit inspection, however the ledgers had been updated. Store receipt ledgers had been raised.*

***RECOMMENDATION***

*The storekeeper must ensure that all relevant vouchers are updated and all necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

5. **ASSET VERIFICATION/REVALUATION:-** Seasoned professionals in the field of valuations, engineering, town planning and medicine embarked on evaluation on the non- current assets of your council in order to substantiate the existence, completeness and correctness of the provisional values of the assets stated in your previous year GPFS. Please, see the appendix "A" attached and ensure prompt updating of your new register and as well safeguard the assets in conformity with Financial Memoranda No. 38.1 which state " A Local Government shall keep permanent inventories showing all its physical assets which although Normally purchased from recurrent expenditure votes, Nevertheless are intended or likely to be employed on the business of the Local Government. Over a period of served years such assets include Motor vehicles, office furniture (desks chairs, table e.t.c) specialized plant and equipment used by various departments of the Local Government and generally any physical assets which have a life of several years.

**RISK:** Non availability of comprehensive and reliable inventory/ fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements.

**MANAGEMENT RESPONSE:** A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Auditor unit of the local Government.

**RECOMMENDATION:** The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets.

6. **FINAL ACCOUNT/GPFS :-** It was observed that the preparation/ presentation and submission of the Local Government Financial Statement was late, which affect the prompt auditing and checking of the account. The Director of finance should ensure that the officer in charge is alive to his/her responsibilities in order to meet the set standard expected from the (GPFS) Accounts.

**RISK:** It can lead to hoarding of some important information needed in the preparation of Financial Account, leading to not having true and fair judgement of the Account by the Auditor – General.

**MANAGEMENT RESPONSE:** The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.

**RECOMMENDATION:** The Director of Finance and supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor – General.

7. **LATE PAYMENT ₦23,650.00:-** It was observed during the period under review that a total sum of ₦23,650.00 for the year 2020 and 2021 that stood as late payment, the Director of Finance of Egbedore South LCDA, Ido Osun was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.

***RISK:***

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration on fraud by the concerned revenue collectors.*

***MANAGEMENT RESPONSE:***

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

***RECOMMENDATION:***

Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.

8. **NON SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of the 1<sup>st</sup> to 4<sup>th</sup> quarter 2021 despite several efforts move by the direction of Revenue of Auditor General for Local Governments.

***RISK:*** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

***MANAGEMENT RESPONSE:*** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

***RECOMMENDATION:*** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**EGBEDORE AREA COUNCIL, OKINNI**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **EXPENDITURE NOT-TAKEN-ON-CHARGE AMOUNTING TO (N345,000.00):-** It was observed that the sum of Two hundred and seventy thousand naira was expended on the purchase of executive table and chair for the office of the chairman in Egbedore Area Council, Okinni in the month of August, 2021. Examination revealed that items bought could not be verified and the payment voucher was not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt contrary to Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

***RISK:***

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

***Management Response***

*The Store Ledger in use had been exhausted, however another ledger had been procured and updated. Also store receipt and issue vouchers had been issued accordingly to be presented for further audit verification.*

***RECOMMENDATION***

*The storekeeper must ensure that all relevant ledgers are updated and all necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

2. **UNRETIRED IMPREST AMOUNTING TO (N20,000.00):-** It was observed that the payment vouchers of twenty thousand naira (N20,000.00) for Typesetting, photocopies, transportation to State Operation Coordinating Unit and payment of half imprest for the month of January, 2021 of Egbedore Area Council in the month of April and May, 2021 respectively were not properly retired with necessary receipt and documents which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

***RISK:***

*Government fund might not have been used for Official purpose.*

***Management Response***

*It was an oversight, and the receipt invoice had been attached to the reply to audit query and submitted to the Office of the Auditor General for further audit verifications.*

**RECOMMENDATION-**

*The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**3. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING (N305,000.00):-**

*It was observed that the payment vouchers raised for the sensitization on education programme, hosting of various groups such as Artisans, NURTW, Religious leaders, leaders of communities, in Egbedore Area Council, Okinni were not receipted with any evidence nor supported with document to authenticate that the expenditure were actually incurred. Contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or Commercial Firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered the other vouchers".*

**RISK:**

*Payments made without supporting documents could imply non-execution of such services and therefore constitute a loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The relevant receipts were attached but probably was detached in the course of filing and sorting in the cashier's office. The receipt had however been found and attached to the reply of the audit query and submitted to the office of the Auditor General for Local Government for further Audit verification.*

**RECOMMENDATION:**

*The recipient/authorizing officer should present official receipt and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**4. ASSET VERIFICATION/REVALUATION:-**

**RISK:**

*Non availability of comprehensive and reliable inventory/ fixed asset register could made the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response**

*A comprehensive asset register would be opened to capture all assets of Local Government and would be updated monthly basis by the Internal Audit Unit of the Local Government.*

**RECOMMENDATION**



*The Internal Auditor must ensure that all assets are captured in the register by taken in to cognisance of the ownership, existence valuation and authorization in order to give accurate reliable financial data of the assets.*

5. **FINAL ACCOUNT/GPFS :-** *It was observed that the preparation/ presentation and submission of the Local Government Financial Statement was late, which affect the prompt auditing and checking of the account. The Director of finance should ensure that the officer in charge is alive to his/her responsibilities in order to meet the set standard expected from the (GPFS) Accounts.*

**RISK:** *It can lead to hoarding of some important information needed in the preparation of Financial Account, leading to not having true and fair judgement of the Account by the Auditor – General.*

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:** *The Director of Finance and supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor – General.*

6. **LATE PAYMENT ₦122,600.00:-** *It was observed during the period under review that a total sum of ₦122,600.00 for the year 2020 and 2021 that stood as late payment, the Director of Finance of Egbedore Area Council, Okinni was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.*

**RISK:**

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration on fraud by the concerned revenue collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.*

**MANAGEMENT LETTER**  
**EJIGBO LOCAL GOVERNMENT, EJIGBO**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **UNRETIRED IMPREST AMOUNTING TO (N53,500.00):-** It was observed that the payment voucher of Fifty three thousand five hundred naira made to the staffer of the Local Government as monthly imprest for the month of October, 2020 was not supported with official receipts to authenticate that the expenditure was actually incurred contrary to the provision of Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the Imprest was granted is completed or at such intervals as are prescribed when the Imprest is approved. However, all Imprest shall automatically be retired at the end of each financial year". This had been made subject of Audit Query issued.

***RISK:***

*Payments made without supporting documents could imply non-execution of such services and therefore constitute a loss of Local Government fund.*

***MANAGEMENT RESPONSE:*** *The relevant receipts were attached but probably was detached in the course of filing and sorting in the cashier's office. The receipt has however been found and attached to the reply of the audit query and submitted to the office of the Auditor General for Local Government for further Audit verification.*

***RECOMMENDATION:***

*The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

2. **UNCLAIMED ALLOWANCE AMOUNTING TO (N110,000.00):-** It was observed that the payment vouchers of One hundred and ten thousand naira which was made to staffers of Ejigbo Local Government, Ejigbo in respect of imprest paid for the month of August and October, 2021 were neither acknowledged nor claimed contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

***RISK:***

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

***MANAGEMENT RESPONSE:*** *The sub-receipt for the payment had not been signed by all recipients as at the time of audit exercise, upon which Auditor issued a query and due*

*process was duly followed and necessary documents were later attached and submitted for further audit scrutiny.*

**RECOMMENDATION:**

*An official printed sub receipt duly signed by all recipients must be obtained and attached to the payment voucher as this proved the authenticity that the payment was actually made.*

**3. ASSET VERIFICATION/REVALUATION:-**

**RISK:**

*Non availability of comprehensive and reliable inventory/ fixed asset register could made the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response**

*A comprehensive asset register would be opened to capture all assets of Local Government and would be updated on monthly basis by the Internal Audit Unit of the Local Government.*

**RECOMMENDATION**

*The Internal Auditor must ensure that all assets are captured in the register by taken in to cognisance of the ownership, existence valuation and authorization in order to give accurate reliable financial data of the assets.*

**4. FINAL ACCOUNT/GPFS :-** *Discrepancies was observed in the cash and cash equivalent as wrong formular was used in the preparation and presentation of the Local Government Financial Statement which make the GPFS not to be in conformity with the set standard. The Head of Finance is hereby advised to ensure that the rightful formular is being used for accurate preparation of GPFS before presenting it for audit checks.*

**RISK:** *This can affect the reliability of the statement to the end users.*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of GPFS for Audit Verification.*

**RECOMMENDATION:** *The Director of Finance and supply should make sure that the statements are well prepared in order to avoid sanction from Auditor.*

**5. LATE PAYMENT ₦1,014,600.00:-** *It was observed during the period under review that a total sum of ₦1,014,600.00 for the year 2020 and 2021 that stood as late payment, the Director of Finance of Ejigbo Local Government, Ejigbo was hereby advice to be up and doing to his responsibilities and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.*

**RISK:**

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned revenue collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.

6. **NON SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of the 1<sup>st</sup> to 4<sup>th</sup> quarter 2021 despite several efforts move by the director of Revenue of Auditor General for Local Government.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**EJIGBO WEST LCDA, OGURO**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N125,000.00):-** It was observed that the payment vouchers of One hundred and twenty five thousand naira paid as running cost for the Head of Department of Town Planning and Land Services, Department of Social Development and Information of Ejigbo West Local Council Development Area, Oguro for the month of June, 2021 were not acknowledged with official receipts to authenticate that the running cost were actually incurred contrary to the provision of Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers.

**RISK:**

*Payments made without supporting documents could imply non-execution of such services and therefore constitute a loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The relevant receipts were attached but probably was detached in the course of filing and sorting in the cashier's office. The receipt has however been found and attached to the reply of audit query and submitted to the office of the Auditor General for Local Government for further audit verification.*

**RECOMMENDATION:**

*The recipient/authorizing officer should present official receipt and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

2. **UNRETIRED IMPREST AMOUNTING TO (N75,000.00):-** It was observed that the sum of Seventy five thousand naira which was made to the staffer of Ejigbo West Local Council Development Area, Oguro as monthly imprest in the month of November, 2021 was not retired with necessary receipt and documents contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the Imprest was granted is completed or at such intervals as are prescribed when the Imprest is approved. However, all Imprest shall automatically be retired at the end of each financial year.

**RISK:**

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:** *It was an oversight and all the receipts and invoices had been attached to the reply to audit query submitted to the Office of the Auditor General for further audit verification.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

4. **UNCLAIMED AND UNRETIRED IMPREST AMOUNTING TO (N180,000.00):-**It was observed that the total sum of one hundred and eighty thousand naira which was made to the staffers of Ejigbo West Local Council Development Area, Oguro as monthly imprest for the month of March and April, 2021 respectively were neither acknowledged nor claimed which is contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

Also, the payment vouchers raised as monthly imprest were not retired with necessary receipt and documents contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as were prescribed when the imprest is approved. However, all imprest shall be automatically be retired at the end of each financial year.

**RISK:**

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The sub-receipt for the payment had not been signed by all recipients as at the time of audit exercise, upon which Auditor issued a query and due process was duly followed appropriately and necessary documents were attached.*

**RECOMMENDATION:**

*An official printed sub-receipt duly signed by all recipients must be obtained and attached to the payment voucher as this proved the authenticity that the payment was actually made.*

3. **EXPENDITURE NEITHER CONTROLLED NOR CHECKED AND PASSED BY INTERNAL AUDITOR AMOUNTING TO (N240,200.00):-** It was observed that payment voucher of Two hundred and forty thousand two hundred naira (N240,200.00) was neither controlled nor checked and passed by the officer with authority to control expenditure before effecting payment which is contrary to the provision of Financial Memoranda 40:10 which states that, "Before any payment is made, a prepayment audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of those Financial Memoranda have been followed in all respect, the payment is one properly authorized and correctly charged to the stated sub-head or account, and that sufficient funds are available to meet it.

**RISK:**

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**Management Response**

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply to audit query.*

**RECOMMENDATION:**

*The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement.*

**4. ASSET VERIFICATION/REVALUATION:-**

**RISK:**

*Non availability of comprehensive and reliable inventory/ fixed asset register could made the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response**

*A comprehensive asset register would be opened to capture all assets of Local Government and would be updated only monthly basis by the Internal Audit Unit of the Local Government.*

**RECOMMENDATION**

*The Internal Auditor must ensure that all assets are captured in the register by taken in to cognisance of the ownership, existence valuation and authorization in order to give accurate reliable financial data of the assets.*

**5. FINAL ACCOUNT/GPFS :-** *It was observed that the preparation/ presentation and submission of the Local Government Financial Statement was late, which affect the prompt auditing and checking of the account.*

*The Director of finance should ensure that the officer in charge is alive to his/her responsibilities in order to meet the set standard expected from the (GPFS) Accounts.*

*The discrepancies were observed on the approved budgeted figures and the Final budget in statement of budgeted of comparison of budget and actual but corrected at instance of audit Inspecting officer.*

**RISK:** *It can lead to hoarding of some important information needed in the preparation of Financial Account, leading to not having true and fair judgement of the Account by the Auditor – General.*

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:** *The Director of Finance and supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor – General.*

6. **NON SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of the 3<sup>rd</sup> to 4<sup>th</sup> quarter 2021 despite several efforts move by the direction of Revenue of Auditor General for Local Governments.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*



**MANAGEMENT LETTER**  
**EJIGBO SOUTH LCDA, ILAWO**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

1. **EXPENDITURE NOT-TAKEN-ON-CHARGE AMOUNTING TO (N30,000.00):-** It was observed that a sum of Thirty thousand naira was expended on the printing of letterhead, leave approval forms and record of service of Ejigbo South Local Council Development Area, Ilawo. Audit Examination revealed that the purported printed letterhead, leave approval forms and record of service could not be verified to store ledger and the payment voucher was not supported with the evidence such as store receipt voucher, store issued voucher, invoice and receipt contrary to Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

***RISK:***

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

***Management Response***

*The Store Ledger in use had been exhausted, however another ledger had been procured and updated. Also store receipt and issue vouchers had been issued accordingly which would be presented for further audit verification.*

***RECOMMENDATION***

*The storekeeper must ensure that all relevant vouchers are updated and all necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

2. **UNRETIRED IMPEST AMOUNTING TO (N15,000.00):-** It was observed that a sum of Fifteen Thousand Naira expended by staffer of Ejigbo South Local Council Development Area, Ilawo as monthly running imprest for the month of April, 2021 was not retired contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:** *It was an oversight and all the receipts and invoices had been attached to the reply of the audit query submitted to the Office of the Auditor General for further audit verification.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

3. **UNCLAIMED ALLOWANCE AMOUNTING TO (N90,000.00):-** It was observed that the payment of Ninety thousand naira (N90,000.00) which were made to staffers of Ejigbo South Local Council Development Area, Ilawo in respect of monthly running imprest for Agriculture/Food Security Department and for entertainment/hosting of indigenes of Osuntedo security personnel, members of caretaker committee and staff of Ejigbo LCDA at a peace meeting between the opposing sides from Osuntedo community for the month of June and October, 2021 respectively were neither acknowledged nor claimed contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

**RISK:**

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The sub-receipt for the payment had not been signed by all recipients as at the time of audit exercise, upon which Auditor issued a query and due process was duly followed appropriately and necessary documents were attached.*

**RECOMMENDATION:**

*An official printed sub-receipt duly signed must be obtained and attached to the payment voucher as this proved the authenticity that the payment was made.*

4. **EXPENDITURE NEITHER CHECKED AND PASSED BY THE INTERNAL AUDITOR NOR CONTROLLED BY THE OFFICER THAT HAS AUTHORITY TO INCURE EXPENDITURE AMOUNTING TO (N190,000.00):-** It was observed that the sum of One hundred and ninety thousand naira expended on the O'Clean Technical Committee in the month of July, 2021 was neither checked and passed nor controlled by the Internal Auditor and by officer with authority to incur expenditure respectively before effecting the payment contrary to Financial Memoranda 40:10 which states that, "Before any payment is made, a pre-payment audit of vouchers and supporting document shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of this Financial Memoranda has been followed in all respect, the payment is one properly authorized and correctly charged to the Sub-Head or accounts and that sufficient funds

are available to meet it". The head of Finance should put in place a proper Internal Control Mechanism to ensure accountability and probity.

**RISK:**

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**Management Response**

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply of the audit query.*

**RECOMMENDATION:**

*The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement.*

**5. ASSET VERIFICATION/REVALUATION:-**

**RISK:**

*Non availability of comprehensive and reliable inventory/ fixed asset register could made the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response**

*A comprehensive asset register would be opened to capture all assets of Local Government and would be updated on monthly basis by the Internal Audit Unit of the Local Government.*

**RECOMMENDATION**

*The Internal Auditor must ensure that all assets are captured in the register by taken in to cognisance of the ownership, existence valuation and authorization in order to give accurate reliable financial data of the assets.*

**6. FINAL ACCOUNTS:-** *The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth*

**7. LATE PAYMENT ₦100,000.00:-** *It was observed during the period under review that a total sum of ₦100,000.00 for the year 2020 and 2021 that stood as late payment, the Director of Finance of Ejigbo South LCDA, Ilawo was hereby advice to be up and doing to his responsibility and ensure that the revenue generated in the Local Government were paid to the coffer of the Local Government at the appropriate time.*

**RISK:**

*It signifies loose monitories of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration on fraud by the concerned revenue collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipt.

**MANAGEMENT LETTER**  
**IFE CENTRAL LOCAL GOVERNMENT,**  
**AJEBAMIDELE, ILE-IFE**

**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. UNRETIRED IMPREST TOTALING (₦240,000.00):** It was observed that payment to the tune Two Thousand Hundred and Forty Thousand naira for the payment of monthly imprest was not supported with official receipt nor invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year.

**RISK:** *Government fund might not have been use for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers to be presented for further Audit Verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**2. DOUBTFUL EXPENDITURE #500,000.00:** The expenditure incurred by the Local Government on payment for financial assistance to Iyalaja for the repair of vehicle No LG ILFEE appeared doubtful because tangible evidence that would justified the payment such as sub receipts could not be produced for audit scrutiny to authenticate the genuineness of the payment.

**RISK:** *Non production of obsolete parts could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:** *As at the time of Audit Inspection, the obsolete parts were not on ground, it was kept at works department store. However, the Audit Inspection team had been notified to come for re-inspection.*

**RECOMMENDATION:** *The head of works department should ensure proper safe keeping of obsolete parts in works store with proper recording in the store ledger to avoid pilfering.*

## **1. VALUATION AND REVALUATION OF NON**

The office of Auditor General for Local Government embarked on verification of all Non-Current Asset of the Local Government to ensure their existences, completeness and valuation.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, misappropriation of assets, pilfering, falsification of asset values in GPFS, etc.*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**4. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review had some errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly.*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction.*

**MANAGEMENT LETTER**  
**IFE CENTRAL WEST LOCAL COUNCIL**  
**DEVELOPMENT AREA, ILE-IFE**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. EXPENDITURE NOT CHECKED AND PASSED BY THE INTERNAL AUDITOR (₦6,358,500.00):** It was observed during the Audit Inspection that the payment vouchers amounting to the tune of Six million, three hundred and fifty-eight thousand, five hundred naira only the purchase of Vehicle for the Chairman of Ife Central west and monthly Imprest were not checked and passed by the Internal Auditor. Also, It was not supported with proper records or accounts like bills or receipts to justify the authenticity of the payment contrary to the provision of Financial Memoranda No. 40:10 which states that, "Before any payment is made, a prepayments audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provision of these financial memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or account, and that sufficient funds are available to meet it".

***RISK:*** *Not subjecting Payment Vouchers to Internal Audit Check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund*

***MANAGEMENT RESPONSE:*** *The vouchers were not checked and passed by the Internal Auditor due to exigency of the expenditure as at the time the Payment Vouchers were raised. The approval for the expenditure had been sought in file before payment was effected. However, the Payment Voucher had now been processed with necessary attachment and submitted to the office of the Auditor General for Local Government for further scrutiny.*

***RECOMMENDATION:*** *The Internal Auditor should ensure that the prepayment and post payment Audit were carried out on all transactions of the Local Government*

**2. UNRETIRED IMPREST TOTALING (₦25,000.00):** It was observed that payment to the tune of Twenty-five thousand naira only for monthly imprests were not supported with official receipts nor invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is

approved. However, all imprests shall automatically be retired at the end of each financial year

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further Audit Verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**3. DOUBTFUL EXPENDITURE ₦2,000,000.00:** The expenditure incurred by the Local Government in respect of Evacuation and final disposal of accumulated illegal dumped Site, and amount incurred on the entertainment and 2 days sensitization programme on disaster management during and after disaster within the Ife Central West Local Government Ilare ; appeared doubtful because tangible evidence that would justify the payments such as sub receipts; video clips could not be produced for audit scrutiny to authenticate the genuineness of the payments.

**RISK:** *The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:** *The effect of work done had been eroded with passage of time before Audit inspection was carried out, the supporting evidences such as photographs and sub-receipt of dump site cleared will be available for Audit Verification.*

**RECOMMENDATION:** *A duly signed sub receipt and other supporting evidences must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was actually carried out*

**4. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government embarked on verification/combination of all Non-Current Asset of the Local Government to ensure their existences completeness of the list of the Assets and the correctness in the Financial Statements.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local*



*Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**5. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparison of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared henceforth.*

**MANAGEMENT LETTER**  
**IFE EAST LOCAL GOVERNMENT, OKE OGBO**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. UNRECEIPTED EXPENDITURE TALLING (₦203,800.00):** It was observed that payment to the tune of two hundred and three thousand, eight hundred naira only for the payment for conveyance of working tools for 774,000 jobs in Nigeria and to Special Task force on Covid-19 for Ife East Local Government were not supported with official receipts nor invoices to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm".

**RISK:** *This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further Audit Verification.*

**RECOMMENDATION:** *The Recipient or Authorizing officer should ensure that all supporting document were collected while incurring the expenditure.*

**2. UNRETIRED IMPREST TOTALING (₦137,500.00):** It was observed that payment to the tune of one hundred and thirty seven thousand, five naira only for the payment of monthly imprests were not supported with official receipts or invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year.

**RISK:** *Government fund might not have been use for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further Audit Verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**3. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification/combination of all Non-Current Asset of the Local Government to ensure their existences completeness of the list of the Assets and the correctness in the Financial Statements.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

Furthermore, the Internal Auditor should be alive to his/her duties.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**4. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The excel formular will be used in the preparation of the future General Purpose Financial Statement before presented for Audit verification.*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**MANAGEMENT LETTER**  
**IFE EAST CENTRAL LOCAL COUNCIL**  
**DEVELOPMENT AREA, MODAKEKE**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. UNRETIRED IMPREST TOTALING TOTALLING (₦137,500.00):** It was observed that payments to the tune of one hundred and thirty seven thousand, five hundred naira only for the payments of monthly imprests were not supported with official receipts nor invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year.

***RISK:*** Government fund might not have been use for official purpose

***MANAGEMENT RESPONSE:*** It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further Audit Scrutiny.

***RECOMMENDATION:*** The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones

**2. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification/combination of all Non-Current Asset of the Local Government to ensure their existences completeness of the list of the Assets and the correctness in the Financial Statements.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

Furthermore, the Internal Auditor should be alive to his/her duties.

**3. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

***RISK:*** This can affect the reliability of the statement to the end users

***MANAGEMENT RESPONSE:*** The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification

***RECOMMENDATION:*** The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.

# **MANAGEMENT LETTER**

## **IFE OOYE LOCAL COUNCIL**

### **DEVELOPMENT AREA, ILE-IFE**

**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. EXPENDITURE NOT CHECKED AND PASSED BY THE INTERNAL AUDITOR (₦270,000.00):** It was observed during Audit Inspection that the payment vouchers totalling one hundred and two hundred and seventy thousand naira only for the payment of financial Assistant payable to the NIDSA for funding some important and event of the association and 50% monthly imprest payable to HOD and PHC general office for Ife Ooye LCDA were not checked and passed by the Internal Auditor. Also, they were not supported with proper records or accounts like bills or receipts to justify the authenticity of the payment contrary to the provision of Financial Memoranda No. 40:10 which states that, "Before any payment is made, a prepayments audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provision of these financial memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or account, and that sufficient funds are available to meet it".

**RISK:** *Not subjecting Payment Vouchers to Internal Audit Check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund*

**MANAGEMENT RESPONSE:** *The vouchers were not checked and passed by the Internal Auditor due to exigency of the expenditure as at the time the Payment Vouchers were raised. The approval for the expenditure had been sought in file before payment was effected. However, the Payment Voucher had now been processed with necessary attachment and submitted to the office of the Auditor General for Local Government for further scrutiny.*

**RECOMMENDATION:** *The Internal Auditor should ensure that the prepayment and post payment Audit were carried out on all transactions of the Local Government*

**2. UNRECEIPTED EXPENDITURE (#50,000.00):** It was observed that payment of Fifty Thousand naira being payment for production of Quarterly Audit Report for the first Quarter of the year 2021, of Ife East Local Government was not supported with official receipt nor invoice to authenticate that the money were used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm".

**RISK:** *This was an indication that the purported might not have been purchased, thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *The said vouchers were retired as at the time of payment but the receipt might have been detached during filing and sorting of the vouchers, the receipt will be produced for further Audit Scrutiny.*

*The Recipient or Authorizing officer should ensure that all supporting document were collected while incurring the expenditure.*

**3. UNRETIRED IMPREST TOTALING TOTALLING (#110,000.00):** It was observed that the payment vouchers of monthly imprests were not supported with official receipts nor invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year.

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers to be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N10,000.00:** It was observed during the Audit Inspection that some Revenue Collectors did not produce Revenue Earning Receipt in their custody for Audit Checking.

The Head of Finance and Supplies is hereby advised to make sure that guarantors of the Revenue Collectors are held liable and made to produce all Receipt Booklets in their custody.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them to be presented for further audit scrutiny.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**5. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification/combination of all Non-Current Asset of the Local Government to ensure their existences completeness of the list of the Assets and the correctness in the Financial Statements.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

Furthermore, the Internal Auditor should be alive to his/her duties.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**6. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.'*

**7. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of the quarter 2021 despite several efforts move by the direction of Revenue of Auditor General for Local Governments.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*



***RECOMMENDATION:*** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**IFE NORTH LOCAL GOVERNMENT, IPETUMODU**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. EXPENDITURE NOT CHECKED AND PASSED BY THE INTERNAL AUDITOR (#72,000.00):** It was observed that during the Audit Inspection that the payment made to the tune of Seventy-two thousand naira only (₦72,000.00) was not checked and passed by the Internal Auditor. Also, the payment voucher was not supported with proper record or accounts like bill or receipt to justify the authenticity of the payment contrary to the provision of Financial Memoranda No. 40:10 which states that, "Before any payment is made, a prepayments audit of voucher and supporting documents shall be made by the Internal Auditor on all payment voucher to verify that the provisions of these financial memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or account, and that sufficient funds are available to meet it".

**RISK:** *Not subjecting Payment Vouchers to Internal Audit Check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund*

**MANAGEMENT RESPONSE:** *The vouchers were not checked and passed by the Internal Auditor due to exigency of the expenditure as at the time the Payment Vouchers were raised. The approval for the expenditure had been sought in file before payment was effected. However, the Payment Voucher had now been processed with necessary attachment and submitted to the office of the Auditor General for Local Government for further scrutiny.*

**RECOMMENDATION:** *The Internal Auditor should ensure that the prepayment and post payment Audit were carried out on all transactions of the Local Government*

**2. UNRETIRED IMPREST TOTALING TOTALLING (₦260,000.00):** It was observed that payments to the tune of Two hundred and sixty thousand naira only for the payments of monthly imprest were not supported with official receipts nor invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year.

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**3. DOUBTFUL EXPENDITURE #760,000.:** The expenditure incurred by the Local Government in respect of O' Clean Market Sanitation and Evacuation of refuse in public places of Ife North Local Government Ipetumodu appeared doubtful because tangible evidence that would justified the payments such as sub receipts; video clips, photographs etc could not be produced for audit scrutiny to authenticate the genuineness of the payments.

**RISK:** *The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:** *The effect of work done had been eroded with passage of time before Audit inspection was carried out, the supporting evidences such as photographs and sub-receipt of dump site cleared would be made available for Audit Verification.*

**RECOMMENDATION:** *A duly signed sub receipt and other supporting evidences must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was actually carried out*

**4. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, misappropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**5. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**6. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of the period of 1<sup>st</sup> – 4<sup>th</sup> quarters 2021 despite several efforts made by the direction of Revenue of Auditor General for Local Governments.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**IFE NORTH WEST LOCAL COUNCIL**  
**DEVELOPMENT AREA, EDUNABON**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. UNRETIRED IMPREST TOTALING TOTALLING (N275,000.00):** It was observed that the payment of monthly imprests were not supported with official receipts nor invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year.

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**2. UNRECEIPTED EXPENDITURE TOTALLING (N200,000.00):** It was observed that payment to the tune of Two hundred thousand naira only stood as payment to an Officer for the Clearing of accumulated refuse at RCC Area and Moro in Ife North West LCDA were not supported with official receipts, invoices and Video clips to authenticate that the money was used for the purpose stated in payment voucher contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm".

**RISK:** *This was an indication that the purported assignment might not have been carried out thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt, sub-receipt, photographs etc had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION:** *The Recipient or Authorizing officer should ensure that all supporting document were collected while incurring the expenditure.*

**3. DOUBTFUL EXPENDITURE TALLING (650,000.00):** The expenditure incurred by the Local Government on entertainment of the members of the Executive Committee of Ife Central West Local Council Development Area, Ile-Ife; for the entertainment of the Executive Committee appeared doubtful because tangible evidence that would justify the payment such as sub receipts, certificate of attendance could not be produced for audit scrutiny to authenticate the genuineness of the payment.

**RISK:** *The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:** *Receipts, sub-receipts, list of beneficiaries, photographs and sitting allowance were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes had been obtained and would be presented for further Audit Scrutiny.*

**RECOMMENDATION:** *A duly signed sub receipt and other supporting evidences must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was actually carried out. surcharge will be made if fund is not well accountable for.*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N25,000.00:** It was observed during the Audit Inspection that some Revenue Collectors did not produce Revenue Earning Receipt in their custody for Audit Checking. The Head of Finance and Supplies is hereby advised to make sure that guarantors of the Revenue Collectors are held liable and made to produce all Receipt Booklets in their custody.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffers and duly account for them to be presented for further audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification. The unproduced amount would be surcharged*

**5. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, misappropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**6. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**MANAGEMENT LETTER**  
**IFE NORTH AREA COUNCIL OYERE ABORISADE**  
**Observation and internal control review for the financial year ended 31<sup>st</sup>**  
**December, 2021.**

**1. UNRETIRED IMPREST TOTALING TOTALLING (#162,500.00):** It was observed that payment to the tune of one hundred and sixty two thousand, five hundred naira for the payment of Monthly imprest for Head of Departments of Ife North Area Council not supported with official receipt or invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprest shall automatically be retired at the end of each financial year.

***RISK:*** Government fund might not have been used for official purpose

***MANAGEMENT RESPONSE:*** It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers.

***RECOMMENDATION:*** The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones

**2. UNRECEIPTED EXPENDITURE TOTALLING (#467,800.00):** It was observed that payment to the tune of four hundred and sixty-Seven thousand, Eight hundred naira only being the payment in respect of the Peace and Enlightenment Committee and Formulating and production of year 2021 Draft Estimate, and radio program about women development were neither supported with official receipt or invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm".

***RISK:*** This was an indication that the purported items/program might not have been purchased or carried out thereby resulting to loss of Local Government fund.

***MANAGEMENT RESPONSE:*** It was an oversight, and the receipt, sub-receipt, photographs etc had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.

***RECOMMENDATION:*** The Recipient or Authorizing officer should ensure that all supporting document were collected while incurring the expenditure.



**3. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, misappropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**4. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**5. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of 4<sup>th</sup> quarter 2021 despite several effort made by the Director of Revenue of Auditor General for Local Government.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

***RECOMMENDATION:*** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**IFE SOUTH LOCAL GOVERNMENT, IFETEDO**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. UNRETIRED IMPREST TOTALING TOTALLING (#305,000.00):** It was observed that payment to the tune of three hundred and five thousand naira only made for the payments of monthly imprests were not supported with official receipts nor invoice to authenticate that the money was used for the purpose stated in payment vouchers contrary to Financial Memoranda 14:27 which states that, "Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year".

***RISK:*** Government fund might not have been used for official purpose

***MANAGEMENT RESPONSE:*** It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers to be presented for further audit verification.

***RECOMMENDATION:*** ***RECOMMENDATION:*** The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones

**2. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N210,000.00:** It was observed during the Audit Inspection that some Revenue Collectors did not produce Revenue Earning Receipt in their custody for Audit Checking. The Head of Finance and Supplies is hereby advised to make sure that guarantors of the Revenue Collectors are held liable and made to produce all Receipt Booklets in their custody.

***RISK:*** It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.

***MANAGEMENT RESPONSE:*** The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them to be presented for further audit verification.

***RECOMMENDATION:*** All the receipt booklets should be produced for audit check and verification or the amount involved be recovered.

**3. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**4. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *An excel based program will be used in the preparation of the future General Purpose Financial Statement before presented for Audit verification.*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

# MANAGEMENT LETTER

## IFE SOUTH WEST LOCAL COUNCIL

### DEVELOPMENT AREA

OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31<sup>ST</sup> DECEMBER, 2021.

**1. UNRETIRED IMPREST TOTALING TOTALLING (N180,000.00):** It was observed that payment to the tune of one hundred and eighty thousand naira for the payment of Monthly imprest was not supported with official receipts nor invoice to authenticate that the money was used for the purpose stated in payment voucher contrary to Financial Memoranda 14:27 which states that, "Imprests shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year".

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**2. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, misappropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**3. FINAL ACCOUNT:** The General purpose financial statement presented in the year under review was full of errors, most especially in the classification of expenditure, balancing of ledgers and in the cash flow statement.

Asides discrepancies were observed in the approved budgeted figures and the final budget in the statement of comparism of budget and actual. These lapses exposed the ineptitude and negligence of the Head of Finance and Supply and he had been asked to effect necessary corrections.

***RISK:*** *This can affect the reliability of the statement to the end users*

***MANAGEMENT RESPONSE:*** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

***RECOMMENDATION:*** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**MANAGEMENT LETTER**  
**IFEDAYO LOCAL GOVERNMENT, OKE-ILA**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS (N1,770,000.00):** It was observed that some payments were made as Flag off ceremony of OBR2 polio vaccine campaign, purchase of chemical/sprayer, weeding of Local Government, Oil palm and Cashew plantation and hosting of PCRC meeting and ethnographic study of Osun/Ekiti Inter-state boundary without attaching necessary receipts and invoices as evidences of payments contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers". The Head of Finance and Supplies and the Internal Auditor must be alive to their responsibilities in this regard.

***Risk:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts, sub-receipts, photographs and video clips had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny.*

***RECOMMENDATION***

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**2. UNRETIRED IMPREST AMOUNTING TO N395,000.00:** It was observed that some payments were made as imprest for the month of February, July, August and October without attaching necessary receipts and invoices as evidences of payments contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year". The Head of Finance and Supplies and the Internal Auditor must be alive to their responsibilities in this regard.

***RISK:***

*Government Fund might not have been used for official purpose*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny.*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**3. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

***RISK:***

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

***MANAGEMENT RESPONSE:***

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

***RECOMMENDATION:***

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**4. FINAL ACCOUNTS:** - The General-Purpose Financial Statement was submitted on the 25<sup>th</sup> April, 2022 contrary to the March, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

***RISK:***

*This was an indication that the delay in preparation of financial statement may likely affect the timely presentation of the statement to the end users.*

***MANAGEMENT RESPONSE:***

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*



**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**MANAGEMENT LETTER**  
**IFEDAYO AREA COUNCIL, IDI-ODAN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS (N1,045,000.00):** It was observed that some payments were made without attaching necessary receipts and invoices as evidence of payment for entertaining the stakeholders meeting, repair and servicing of the legislative bus, environmental sanitation and allowance to board members made on behalf of the Local Government contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers". The Head of Finance and Supplies and the Internal Auditor must be alive to their responsibilities in this regard.

***Risk:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts, sub-receipts, photographs and video clips had been obtained and re-attached to the payment vouchers and would be presented for Audit Scrutiny.*

***RECOMMENDATION***

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund*

**2. UNRETIRED IMPREST (N300,000.00):** It was observed that the sum of Three Hundred Thousand Naira (N300,000.00) was released and paid as imprest for the month of April, June, July and August 2021 was not retired with relevant official receipt to justify authenticity of payments contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

3. **LATE PAYMENT ₦76,950.00:** It was revealed during the period under review that there was a total sum of ₦76,950.00 for the year 2020 that stood as late payment. The Director of Finance of Ifedayo Local Government, Oke-Ila is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the cover of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitoring of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

4. **VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**5. FINAL ACCOUNTS:** - The General-Purpose Financial Statement was submitted on the 25th May, 2022 contrary to the 29th April, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**MANAGEMENT LETTER**  
**IFELODUN LOCAL GOVERNMENT, IKIRUN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST AMOUNTING TO (N155,000.00):-** It was observed that the sum of One Hundred and Fifty-five Thousand Naira (N155,000.00) as monthly imprest were neither receipted nor supported with receipt, bills and invoices to authenticate that the expenditure was actually incurred which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government Fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:**

*It was an oversight, the acknowledgement receipts would be obtained and attached for the payment for further Audit Verification.*

**RECOMMENDATION:**

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**2. DOUBTFUL EXPENDITURE AMOUNTING TO (N365,000.00):-** It was observed that the payment vouchers raised on behalf of members of staff of Ifelodun Local Government, Ikirun for armed forces Remembrance Day celebration and sensitization program on constraint of entrepreneurial growth within Local Government appeared doubtful because tangible evidence that would justify the payments such as bills, receipts, pictorial evidences etc could not be produced for audit scrutiny.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes would be presented for Audit scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.*

**3. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N200,000.00):-**

It was observed that the payment voucher raised in organized meeting with Artesian Traders and Petrol dealer on dignity of prompt payment of Taxes in Ifelodun Local Government was not supported with necessary documents such as sub-receipt contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government of another Local Government or a commercial firm, if the printed receipt covers more than one payment vouchers, reference to the number".

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts list of beneficiaries, photographs would be obtained and attached for further Audit Verification.*

**RECOMMENDATION:**

*The recipient/authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**4. UNCLAIMED ALLOWANCE TALLING N100,000.00:** It was observed that the Sum of One Hundred Thousand (N100,000.00) allowance stood as unclaimed as there was no evidence that the recipient had received the monthly allowance. Sub receipt attached to the payment voucher was not signed by some of the Corpers. This is contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

**RISK:**

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*The Sub-receipt for the payment had not been signed by all recipients as at the time of Audit exercise, upon which Auditor issued a query and due process was followed and necessary documents were later attached for further Audit Verification.*

**RECOMMENDATION:**

*The Head of Finance should ensure that all sub-receipts are signed on time and attached to the payment vouchers.*

**5. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N1,190,000.00 FOR THE YEAR 2021:**

It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts on their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that "When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The

Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector's summary cashbook".

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer which would be presented for Audit Scrutiny.*

**RECOMMENDATION:**

*The officers will be surcharged all the receipt booklets should be produced for Audit check and verification.*

6. **LATE PAYMENT ₦1,498,600.00:** It was revealed during the period under review that there was a total sum of ₦1,498,600.00 for the year 2019, 2020 and 2021 that stood as late payment. The Director of Finance of Ifelodun Local Government, Ikirun is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the cover of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitory of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

7. **VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**8. FINAL ACCOUNT:** The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the delaying in the preparation of financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*



**MANAGEMENT LETTER**  
**IFELODUN AREA COUNCIL, IBA**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST AMOUNTING TO (N165,000.00):-** It was observed that the sum of One Hundred and Sixty-five Thousand Naira Only (N35,000.00) as monthly imprest were neither receipted with any evidence nor supported with sub-receipt to authenticate that the expenditure was actually incurred by the officer which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose*

***MANAGEMENT RESPONSE:***

*It was an oversight, and receipts had been obtained and would be re-attached for Audit Verification.*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**2. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N185,000.00):-** It was observed that the payment vouchers raised for repair/replacement of spare part, general servicing of Nulge bus with reg. no. LG 07 KNR and Toyota corolla LG 26 KNR were not supported with necessary documents such as Sub- receipts contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government of another Local Government or a commercial firm, if the printed receipt covers more than one payment vouchers, reference to the number".

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and would be re-attached for Audit Verification.*

***RECOMMENDATION:***

*The recipient/authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**3. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO ₦20,000.00 FOR THE YEAR 2019:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts on their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that “When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector’s summary cashbook”.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer which would be presented for Audit Scrutiny.*

**RECOMMENDATION:**

*The Officers will be surcharged if all the receipt booklets should be produced for Audit check and verification.*

**7. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriate of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

8. **LATE PAYMENT N376,100.00:** It was revealed during the period under review that there was a total sum of N376,100.00 for the year 2019, 2020 and 2021 that stood as late payment. The Director of Finance of Ifelodun Area Council, Iba is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the cover of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitory of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

9. **FINAL ACCOUNT:** The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the delaying in the preparation of financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**MANAGEMENT LETTER**  
**IFELODUN NORTH LOCAL COUNCIL**  
**DEVELOPMENT AREA, EWETA-IKIRUN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST AMOUNTING TO (N232,500.00):-** It was observed that the sum of Two Hundred and Thirty-two Thousand, Five Hundred naira (N232,500.00) as monthly imprest were neither receipted with any evidence nor supported with sub-receipt to authenticate that the expenditure was actually incurred by the officer which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all impests shall be automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:***

*It was an oversight and the receipt had been obtained and would be re-attached for Audit Verification.*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**2. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N1,200,000.00 FOR THE YEAR 2019 AND 2021:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts on their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that "When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector's summary cashbook".

***RISK:***

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

***MANAGEMENT RESPONSE:***

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer which would be presented for Audit Scrutiny.*

***RECOMMENDATION:***

*All the receipt booklets should be produced for Audit check and verification.*

**3. LATE PAYMENT N1,768,470.00:** It was revealed during the period under review that there was a total sum of N1,768,470.00 for the year 2019, 2020 and 2021

that stood as late payment. The Director of Finance of Ifelodun North Local Council Development Area, Eweta-Ikirun is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the cover of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitory of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

**4. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

5      **FINAL ACCOUNT:** The Head of Finance should ensure adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth, to avoid sanction.

**MANAGEMENT LETTER**  
**ILA LOCAL GOVERNMENT, ILA ORANGUN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST (N95,000.00).** It was observed that the payment voucher raised as monthly imprest of supervisory councillors for education, health and works were neither receipted nor supported with necessary documents such as receipts and sub-receipt contrary to Financial Memoranda 14:27 which states that."Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprest shall automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts were eventually presented for further Audit Verification.*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**2. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N750,000.00):**It was observed that the payment vouchers raised in respect of servicing of Local Government generating plant located within secretariat and repair of Toyota Camry LG 09 and meeting held with okada riders, buses and cars, purchase of marriage materials were neither receipted nor supported with necessary documents such as receipt, sub-receipt and invoices contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government of another Local Government or a commercial firm, if the printed receipt covers more than one payment vouchers, reference to the number".

***Risk***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny*

***RECOMMENDATION***

*The recipients/authorizing officers should ensure that all supporting documents were collected while incurring the expenditure.*

**3. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their

existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement.

Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

4. **FINAL ACCOUNTS:** - The Head of Finance should ensure adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth, to avoid sanction.



**MANAGEMENT LETTER**  
**ILA CENTRAL LCDA, MAGBON ILA-ORANGUN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS (N555,000.00):** It was observed that the payment voucher raised for peace and security meeting for the month of December, 2020 and June, 2021 and materials needed in the department of town planning and land services were not supported with necessary documents such as receipts, sub-receipt and invoices contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of payment voucher to which the receipt is attached, shall be entered on the other vouchers".

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Verification.*

***RECOMMENDATION:***

*The recipient/authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNRETIRED IMPREST AMOUNTING TO (N325,000.00):-** It was revealed that some payments were made as imprest without attaching necessary receipts and invoices as evidence of payment made on behalf of the Local Government contrary to Financial Memoranda 14:27 which states that."Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprest shall automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and re-attached and would be presented for further Audit Verification.*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**3. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO ₦180,000.00 FOR THE YEAR 2019:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts on their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that “When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector’s summary cashbook”.

***RISK:***

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

***MANAGEMENT RESPONSE:***

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their possession and duly account for them to be presented for further Audit Verification.*

***RECOMMENDATION:***

*The Officers will be surcharged if the receipt booklets are not produced for Audit check and verification.*

**4. FINAL ACCOUNTS:** - The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**5. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

***RISK:***

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS.*

***MANAGEMENT RESPONSE:***

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**MANAGEMENT LETTER**  
**ILESA EAST LOCAL GOVERNMENT, IYEMOGUN**  
**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup>**  
**DECEMBER, 2021.**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TOTALLING ₦400,000:00:** It was observed that the sum of four hundred thousand naira only (₦400,000:00) representing payment for entertainment of member of peace and security committee meeting of this local government and production of data requested by the federal character commission osogbo to up-date the information of workers in Osun State, publicity on unique radio over diversion of vehicles and entertainment of NURTW accomoran members for logistics and entertainment during the year 2020 Armed forces remembrance day to Mrs Olarewaju O.F. The payment was not supported with required official receipts and invoice to authenticate the genuiness of the expenditure which was against the Provision of Financial Memoranda No. 14:17 which states that "An official printed receipt must be obtained and attached to the Payment Voucher in respect of a payment to Government, Local Government or commercial firm. If the printed receipt covers more than one payment Voucher, reference to the number of the Payment Voucher to which the receipt is attached shall be entered on the other vouchers"

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers to present for further Audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNCLAIMED ALLOWANCE AMOUNTING ₦ 80, 000:00:** It was observed that the sum of eighty thousand naira was not acknowledged by the beneficiaries/ recipients which suggests that the amount involved might not have been paid to the beneficiaries nor remitted to the Government coffers.

**RISK:** *This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *Action had been taken, the sub-receipt attached to the Payment Voucher had been signed by the recipients which would be presented for further audit verification.*

**RECOMMENDATION:** *The sub-receipt must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was carried out.*

**3. IRREGULAR SIGNATURE AMOUNTING ₦180, 000:00:** Audit Inspection review that there were a lot of irregularities in the appended signature in front of the names of

some beneficiaries amounting to one hundred and eighty thousand naira without authority letter that it would be paid by proxy Contrary to the Financial Memoranda No. 14:13 Which states that 'payment shall as far as possible, be made to the person to whom it is due. Payment to a third party shall only be made on production of a written authority from the person whom is due, such authority being attached to the Payment Vouchers after payment'.

**RISK:** *It could lead to misappropriation of fund*

**MANAGEMENT RESPONSE:** *The management had ensured strict adherence to due process before payment was effected in subsequent payment and the anomaly had been rectified to be presented for further audit verification.*

**RECOMMENDATION:** *Due process should be strictly adhere to before payment is effected.*

**4. EXPENDITURE NOT PROPERLY ACCOUNTED FOR ₦750,000.00:** During the Audit Inspection, It was observed that a sum of seven hundred and fifty thousand naira only (₦750 000:00) was released to Messers Areola S.O and Akindele S.B for the supply and spreading of laterite material and Evacuation of refuse respectively in the Local Government of which the officers failed to account for by supporting the expenditure with necessary document to prove the genuiness of the expenditure contrary to Financial Memoranda No. 14:17 which states that "An official printed receipt must be obtained and attached to the Payment Voucher in respect of a payment to Government, Local Government or commercial firm. If the printed receipt covers more than one payment Voucher, reference to the Payment Voucher to which the receipt is attached shall be entered on the other voucher".

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers which would be presented for further Audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**5. STORE ITEMS NOT TAKEN ON CHARGE (₦160,000.00):** It was observed that store items amounting to ₦160,000 for purchase of parts repair and servicing of printers, printing and spiral binding and essential material for marriage were not charge to the store before usage which is contrary to the financial memoranda 34:17(1-2) which states that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for qualities, weights etc against the local purchase order, invoice of government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger.

**RISK:** *This is an indication that purported items might not have been purchased/printed thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *It was an oversight and items procured/printed had been taken to the store for record purpose and the store receipts vouchers had been issued and attached to the payment vouchers and would be presented for further audit scrutiny.*

**RECOMMENDATION:** *Necessary supporting document such as store receipt vouchers and store issued voucher should be attached to the payment voucher before put into use*

**6. UNRETIRED IMPREST TOTALING TOTALLING ₦305,000.00:** Payment vouchers for imprest totalling three hundred and five thousand naira only were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers to be submitted for further audit scrutiny.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**7. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNT TO ₦100,000.00 FOR THE YEAR 2019 & 2020:** It was observed that during the Audit Inspection that some Revenue Collectors did not produce Revenue Earning Receipts in their possession for Auditing.

**RISK:** *It can lead to lost in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffers and duly account for them to be presented for further audit scrutiny.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**8. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification/combination of all Non-Current Asset of the Local Government to ensure

their existences completeness of the list of the Assets and the correctness in the Financial Statements.

It was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

Furthermore, the Internal Auditor should be alive to his/her duties.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**9. FINAL ACCOUNT:** The General Purpose Financial stated was submitted in 25<sup>th</sup> May, 2022 contrary to the 29<sup>th</sup> April deadline given for its submission, the idea which is considered not to be too good enough for timely presentation of financial information to the appropriate users.

The Head of Finance is charge to be alive to his/her responsibility by ensuring adequate supervision of its subordinate towards ensuring timely preparation and presentation of their financial statement henceforth

**RISK:** *It can lead to hoarding of some important information needed in the preparation of Final Account, leading to not having true and fair judgement of the Account by the Auditor-General.*

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General*

**10. SUBMISSION OF REVENUE RETURNS:** It was observed that the Finance Department and Adetipe F (Rate officer) have failed to remit to the Auditor-General the correct Internally Generated Revenue profile for the period of 1<sup>st</sup> to 4<sup>th</sup> quarter inspite of all the effort made by the Director on Revenue for the Auditor-General for Local Governments.

***RISK:*** It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.

***MANAGEMENT RESPONSE:*** The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.

***RECOMMENDATION:*** All the receipt booklets should be produced for audit check and verification.



# **MANAGEMENT LETTER**

## **ILESA NORTH EAST LOCAL COUNCIL**

### **DEVELOPMENT AREA, IMO**

**OBSERVATION AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31<sup>ST</sup> DECEMBER, 2021.**

**1. IRREGULAR SIGNATURE AMOUNTING TO ₦ 50, 000:00:** Audit Inspection revealed that there are lot of irregularities in the appended signature in front of the names of some beneficiaries amounting to Fifty Thousand Naira without authority letter to that effect Contrary to the Financial Memoranda No. 14:13 Which states that 'payment as far as possible be made to the person to whom it is due. Payment to a third party shall only be made on production of a written authority from the person whom it is due. Such authority being attached to the Payment Vouchers after payment.

**RISK:** *This was an indication that purported recipient might not have been paid thereby resulting to the loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The management would ensure strict adherence to due process before payment voucher is effected henceforth.*

**RECOMMENDATION:** *Due process should be strictly adhere to before payment is effected.*

**2. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO ₦ 215, 000:00:** During the Audit Inspection, it was observed that a total sum of two hundred and fifteen thousand naira (₦ 215, 000:00) was released to Messer Ogunsakun B.M, Adejumo Julianah, Adekilekun Adetunji, Ojo Idowu and Odunewu Bola for production of quarterly Internal Audit report, Entertainment of monthly meeting, Production of file jacket and Clearing of overgrown weeds respectively in the Local Government of which the officers failed to account for by supporting the expenditure with necessary documents to prove the genuineness of the expenditure contrary to the Provisions of Financial Memoranda No. 14:17 which states that "An official printed receipt must be obtained and attached to the Payment Voucher in respect of a payment to Government, Local Government or Commercial Firm. If the printed receipt covers more than one Payment Voucher to which the receipt is attached shall be entered on the other voucher.

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure and attached appropriately.*

**3. UNRETIRED IMPREST AMOUNTING TO ₦150,000.00:** Payment vouchers for imprest totalling one hundred and fifty thousand naira only were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**4. VALUATION AND REVALUATION OF NON CURRENT ASSETS:** It should be noted that the office of Auditor General for Local Government has embarked on verification/combination of all Non-Current Asset of the Local Government to ensure their existences completeness of the list of the Assets and the correctness in the Financial Statements.

In the process it was observed that the Local Government did not have comprehensive and reliable inventory and fixed Assets Register.

Furthermore, the Internal Auditor should be alive to his/her duties.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**5. FINAL ACCOUNT:** The Head of Finance is charge to be alive to his/her responsibility by ensuring adequate supervision of its subordinate towards ensuring timely preparation and presentation of their financial statement henceforth.

**MANAGEMENT RESPONSE:** *The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

***RECOMMENDATION:*** *The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

# **MANAGEMENT LETTER**

## **ILESA WEST LOCAL GOVERNMENT,**

### **OMI - ALADIYE**

Observation and internal control review for the  
financial year ended 31<sup>st</sup> December, 2021.

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TOTALLING ₦2,950, 000:00:** : Audit Scrutiny of records revealed that payment voucher No 02/March/2021 was not supported with sub-receipt and other relevant documents contrary to Financial Memoranda 14:16 & 14:17 which state that Payment Vouchers shall be receipted by the payee or authorized agent, and the receipt must state clearly in words and figure the actual amount received and not “Simply received the above amount” and paragraph 14:17 stipulate that “An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm.”.

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Voucher which would be presented for further audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. DOUBTFUL EXPENDITURE WORTH ₦1,050,000.00:** Audit Inspection showed that a sum of one million and fifty thousand naira only purportedly expended on flag off for the introduction of vaccine immunization of Corona Virus (Covid-19) phase I and for the creation of awareness and retraining of Health workers in the Local Government on Covid-19 phase 2 were without the attachment of necessary documents or pictorial evidence, video clips to justify the actual performance of the exercise.

It was observed that the expenditure was frivolous as the money was spent on the purchase of foods and drinks.

**RISK:** *The implication of this expenditure was that the program might not have taken place, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:** *Receipts, sub-receipts, list of beneficiaries, photographs and video clips were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes had been obtained and would be presented for further Audit Scrutiny.*

**RECOMMENDATION:** *A duly signed sub receipt and other supporting evidences must be obtained and attached to the payment voucher as this proved the authenticity that the program was actually carried out*

**3. FINAL ACCOUNTS:** Capturing and Balancing errors were observed in the statement of comparison of Budget and Actual in the period under review. However, this was being corrected in the instance of Audit officer. The Head of Finance and Supplies is admonished to ensure proper and adequate supervision of his subordinate towards ensuring error free financial statement.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**4. ASSET LISTING AND REVALUATION OF NON CURRENT ASSET:** The asset verification team noted that the council failed to maintain a comprehensive asset register, for instance poultry, battery cage and skip eater were left uncaptured. The Internal Auditor is advised to always take the cognisance of ownership and documentations of the asset in order to give accurate financial data in the GPFS.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

# **MANAGEMENT LETTER**

## **ILESA WEST CENTRAL LOCAL COUNCIL**

### **DEVELOPMENT AREA, EREJA SQUARE ILESA**

**Observation and internal control review  
for the financial year ended 31<sup>st</sup> December, 2021.**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TOTALING (N332,000.00) :** Audit scrutiny of records revealed that some of the payment vouchers were not supported with receipts and other relevant documents to substantiate the expenditure contrary to Financial Memoranda 14:16 & 14:17 which states that, " Payment Vouchers shall be receipted by the payee or authorized agent, and the receipt must state clearly in words and figure the actual amount received and not "Simply received the above amount" and paragraph 14:17 stipulate that "An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm."

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers and would be presented for audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNRETIRED IMPREST TALLING N 240,000:00:** It was observed that a sum of two hundred and forty thousand naira only were not retired contrary to the provision of Financial Memoranda 14:27 which states that "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically retired at the end of each financial year".

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers which would be presented for audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**3. UNCLAIMED EXPENDITURE AMOUNTING ₦ 160, 000:00:** It was observed that the sum of One hundred and sixty thousand naira only stood as unclaimed allowance because it was not acknowledged by the beneficiaries/ recipients as having been received, an indication which suggests that the amount involved was neither paid to the beneficiaries nor remitted to the Government coffers contrary to the Financial Memoranda 14:13 which states that "Payment vouchers shall be receipted by the Payee or his authorized agent and the receipt must state clearly in words and figures the actual amount received and not simply received the above amount.

**RISK:** *This was an indication that purported recipients might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *Action had been taken, the sub-receipt attached to the Payment Voucher had been signed by the recipients and would be presented for audit verification.*

**RECOMMENDATION:** *The sub-receipt must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was carried out.*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLET (#74,000.00):** The Back duty investigation on the revenue checking revealed that one of the Revenue collectors of the council (See the Appendix A) failed to submit the Revenue Earning Booklet in his possession for audit checking. The Head of Finance should ensure prompt payment for all receipt issued, checked and passed by the Internal Auditor and returned to store for safe keeping before issuance of a new ones.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffers and duly accounted for them to be presented for further audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**5. ASSET LISTING AND REVALUATION OF NON CURRENT ASSET:** This assignment revealed that the Local Council devoid of comprehensive fixed asset register. For instance, the council has three tractors, five plough beam, two harrows and one ridger. Out of all these listed, only one tractor was captured in the council asset register. All these assets (equipment) found on ground are serviceable, if the necessary financial support is given for their repairs, it would be a good source of revenue to the Local Government. The Internal Auditor must ensure that all assets are captured in the asset register, taking cognisance of ownerships, valuations in ensuring an accurate reliable financial figures in the council GPFS

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local*

*Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**6. FINAL ACCOUNTS:** Balancing errors are observed in the statement of comparism of Budget and Actual in the period under review. However, these errors were corrected at the instance of Audit inspection team. The Head of Finance and Supplies is admonished to be meticulous in handling accounting figures to ensuring error free financial statement.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction.*



**MANAGEMENT LETTER**  
**IREPODUN LOCAL GOVERNMENT, ILOBU**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED**  
**31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST TOTALLING [N67,500.00]:** Audit inspection revealed that some of the imprest holder of the Local government and state security services and Nigeria Police Service did not attach importance to retirement of imprest before taking subsequent one contrary to Financial Memoranda 14:27 which states that “which states that.”Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprest shall automatically be retired at the end of each financial year”. The head of Finance is hereby mandated that a new imprest should not be given to any officer who fails to retire the previous one with relevant official receipts to justify authenticity of the expenses.

**RISK:**

*Government fund might be diverted for personal use.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers which would be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for Audit verification.*

**2. DOUBTFUL EXPENDITURE TOTALLING (N5,135,000.00):** - It was observed that a total sum of Five Million, One Hundred Thirty-five Thousand Naira was spent on empowering the Local agents against Fulani incursion and O’Clean technical for the month of January, 2021 and cost of entertainment that took place at Irepodun Local government secretariat, Ilobu and a day sensitization programme for secondary and primary schools in Irepodun Local Government. Further observation revealed that the payment vouchers used to effect those payment were not supported with enough documentary evidences to prove the genuineness of the expenditure which made it appeared doubtful contrary to Financial Memoranda 14:16.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal use.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team, however, supporting evidences such as sub-receipts, photographs, video tapes had been obtained which would be presented for further Audit scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.*

**3. EXPENDITURE NOT CHECKED AND PASSED BY THE INTERNAL AUDITOR TALLING (N1,050,000.00):** It was observed that the payment vouchers used to effect the payments was not checked and passed by the Internal Auditor contrary to Financial Memoranda No. 40:10 which says that "Before any payment is made, a prepayment audit vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of the Financial Memoranda have been followed in all respect.

**RISK:**

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**MANAGEMENT RESPONSE:**

*The voucher was not checked and passed by the Internal Auditor due to exigence of the expenditure as at the time the Payment Voucher was raised. The approval for the expenditure had been sought in file before payment was effected. However, the Payment Voucher had now been processed with necessary attachment and submitted to the Office of the Auditor General for Local Government for further scrutiny.*

**RECOMMENDATION:**

*The Internal Auditor Should ensure that prepayment and post payment audit were carried out on all transactions of the Local Government.*

**4. UNCLAIMED ALLOWANCES WORTH (N480,000.00):** It was observed that a total sum of Two Hundred and Ninety Thousand Naira (N290,000.00) claimed to have been paid to the O'clean Technical and Marshall for monthly allowances were not supported with sub-receipts to affirm the genuineness of the disbursement of the expenditure which made it to appear unclaimed.

**RISK:**

*This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*The Sub-receipt for the payment had not been signed by all recipients as at the time of Audit exercise, upon which Auditor issued a query and due process was duly followed appropriately & necessary documents had been attached to be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*An official printed sub-receipt must be obtained and attached to the payment voucher as this proved the authenticity that the payment made.*

5. **UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO ₦30,000.00:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts on their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that “When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector’s summary cashbook”.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets in their possession and duly account for them to be presented for further Audit Verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification.*

6. **SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> quarter 2021. Despite several effort made by the Director of Revenue of Office of the Auditor-General for Local Government.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of Local Government and opportunity for preparation of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:**

*All the receipts booklets should be produced for audit check and verification.*

# **MANAGEMENT LETTER**

## **IREPODUN SOUTH LOCAL COUNCIL**

### **DEVELOPMENT AREA, ERIN-OSUN**

#### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT CHECKED AND PASSED BY THE INTERNAL AUDITOR [N2,120, 000:00]:** It was observed that the sum of Two Million, One Hundred and Twenty Thousand Naira (N1,120,000:00) was paid to Mrs. Alaje Folasade O. as monthly office imprest for the month of March, 2021 and for the cost of conducting of a two day Training/workshop on indepth knowledge that are empirically important in solving modern security problems and challenges in the LCDA. It was observed that the payment voucher was not checked and passed by the Internal Auditor contrary to Financial Memoranda No 40:10 which says that "Before any payment is made, a prepayment audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of these Financial Memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or accounts and that sufficient funds are available to meet it".

***RISK:***

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

***MANAGEMENT RESPONSE:***

*The voucher was not checked and passed by the Internal Auditor due to exigence of the expenditure as at the time the Payment Voucher was raised. The approval for the expenditure had been sought in file before payment was effected. However, the Payment Voucher had now been processed with necessary attachment and submitted to the Office of the Auditor General for Local Government for further scrutiny.*

***RECOMMENDATION:***

*The Internal Auditor Should ensure that prepayment and post payment audit were carried out on all transactions of the Local Government.*

**2. DOUBTFUL EXPENDITURE TALLING (N2,550,000.00):** It was observed that a total sum of Two Million, Five Hundred and Fifty Thousand Naira (N2,550,000.00) was spent on workshop program for the security agencies, sensitization program on implication of Drug abuse and addiction, organization of an enlightenment program for youths and sensitization and mobilization program against child abuse menace etc. it was observed that the payment vouchers used to effect those payments were not supported with enough or adequate documents to prove the genuineness of the expenditure, thus, this made the expenditure appeared to be doubtful contrary to Financial Memoranda 14:16.

**RISK:**

*The implication of this was that the services might not have been performed, thus public fund might have been diverted for personal use.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes had been obtained and would be presented for Audit scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.*

**3. UNRECEIPTED EXPENDITURE TALLING - ₦10,000:** It was observed during the Audit inspection that the sum of Ten Thousand Naira (₦10,000) was released for the monthly running cost of salary officer in the month of September, 2021. The payment voucher used to effect the payment was not supported with official documents like receipts, invoice, etc., to authenticate that the expenditure was actually incurred by the recipient on behalf of the Local Government, contrary to Financial memoranda 14:17 which states that. "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*It was an oversight, and the receipts had been obtained and attached to the payment vouchers to be presented for Audit Scrutiny.*

**RECOMMENDATION:**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO ₦120,000.00 FOR THE YEAR 2019 :** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts on their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that "When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector's summary cashbook".

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them which would be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification.*

**6. FINAL ACCOUNT:** The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**6. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of 3<sup>rd</sup> and 4<sup>th</sup> quarter 2021. Despite several effort made by the Director of Revenue of Office of the Auditor-General for Local Government.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of Local Government and opportunity for preparation of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:**

*All the receipts booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**IREWOLE LOCAL GOVERNMENT, IKIRE**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS**

**TOTALLING ₦275,000.00:** The total sum of two hundred and Seventy-five thousand naira only (₦275,000.00) represent the payment for vehicle allowance approved for the vigilante group. It was observed that the payment was made without attaching proper records such as official receipts and bills etc to authenticate the genuineness of the expenditure which was contrary to the provision of Financial Memoranda 14:17 which states that “An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one Payment Voucher to which the receipt is attached shall be entered on the other voucher”.

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and attached to the payment vouchers which would be presented for further audit verification.*

***RECOMMENDATION:***

*The recipient/authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNRETIRED IMPREST TOTALLING ₦45,000.00:-** the total sum of (₦45,000.00) forty five thousand naira only represent payments made in the month of November, 2021 which were not retired contrary to financial Memoranda No. 14:27 which states that ‘Imprest shall be retired when the purpose for which the imprest is approved. However, all imprest shall automatically be retired at the end of each Financial year.

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipt would be produced and presented for further audit verification.*

***RECOMMENDATION:*** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper*

*accountability for all expenditure Incurred. New imprest should not be realised without the retirement of previous ones.*

**3. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS FOR THE YEAR 2020 AMOUNTING TO ₦5,000.00:-** It was observed that some revenue collectors failed to present their revenue earning receipts in their possession for checking and it shows that fraudulent act has taken place which contrary to Financial Memoranda 6:7 which states that when making payments to the treasury or presenting to the treasury a paying – in – slip in respect of cash paid direct to a bank, the Revenue collector shall produce all receipt books, his Revenue collector cash book and Revenue Collector's summary cashbook.

***RISK:***

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

***MANAGEMENT RESPONSE:***

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets in their possession and duly account for them, which would later be presented for audit verification.*

***RECOMMENDATION:***

*All the receipt booklets should be produced for Audit check and verification or the officers will be surcharged.*

**4. LATE PAYMENT ₦2,697,667.00:** It was observed during the period under review that there was a total sum of ₦2,697,667.00 for the year 2020 and 2021 that stood as late payment. The Director of Finance of Irewole Local Government, Ikire was hereby advice to be up and doing to his responsibility and ensure that the Revenue Generated in the Local Government were paid to the coffer of the Local Government at appropriate time. See the list of the Officers involved attached to this report.

***RISK:***

*It signifies loose monitoring of revenue collections and could lead to loss in the internally Generated Revenue of the local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

***MANAGEMENT RESPONSE:***

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

***RECOMMENDATION:***

*Both head of finance and Internal auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of receipt book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipts.*

**5. FINAL ACCOUNT:-** It is disheartening to note that same transactions were omitted from the financial statement presented for audit scrutiny especially the motor



vehicle taken away by the political functions. However, this had been included in the 2021 financial statement at the instance of Audit Inspecting Officer.

**RISK:**

*The implication of the negligence of the Head of finance in the preparation of correct financial statement may likely affect its reliability.*

**MANAGEMENT RESPONSE:**

*The official in charge of the preparation of the Financial Statement be supervised thoroughly before the presentation of the General Purpose Financial Statement.*

**RECOMMENDATION:**

*The Director of Finance and supply should make sure the General Purpose Financial Statement are well prepared in order to avoid sanction from Auditor General.*

**6. VALUATION AND REVALUATION OF NON – CURRENT ASSET:** - It should be noted that the office of the Auditor General for Local Government had embarked on verification/ of non – current assets of the Local Governments to ensure their existence, completeness of the lists and completions and corrections of the disclosed values. Furthermore, the Local Governments did not have comprehensive and reliable inventory/fixed assets register. The Internal Auditor is expected to maintain Standard Assets Register of both serviceable and non – serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could made the local Government Asset prone to theft, expropriation of assets (i.e use of local government property without authorisation, Pilfering, Falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.)*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate, reliable financial data of the assets.*

# MANAGEMENT LETTER

## IREWOLE NORTH-EAST LOCAL COUNCIL

### DEVELOPMENT AREA, WASINMI

OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31ST DECEMBER, 2021.

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS  
TOTALLING ₦397,500.00:**

The total sum of Three Hundred and Ninety Seven Thousand, Five Hundred naira only (₦397,500.00) being payment approved for the course fees, duty tour allowance and sensitization programme for people in the community were not attached with proper records such as official receipts and bills etc to authenticate the genuineness of the expenditure which was contrary to the provision of Financial Memoranda No. 14:16:17 particularly 14:16 states that "Payment Voucher shall be receipted by the payee or his authorized agent, and receipt must state clearly in words and figure the actual amount received and not simply "Received the above amount" while paragraph 14:17 stipulate that "An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one Payment Voucher to which the receipt is attached shall be entered on the other voucher".

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers which would be presented for further audit verification.*

**RECOMMENDATION:**

*The recipient/authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNRETIRED IMPREST AMOUNTING TO ₦90,000.00: -** The sum of ninety thousand naira only (₦90,000.00) represents monthly imprest approved for the department of Agric and food security for the running of the office; It was observed that the imprest was not retired by the recipient contrary to financial Memoranda No. 14:27. The Head of finance should ensure that any officer that fails to retire the previous imprest paid to him should not be paid the new one.

**RISK:**

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipt would be produced and presented for further audit verification.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure Incurred. New imprest should not be realised without the retirement of previous ones.*

**3. UNCLAIMED EXPENDITURE ₦25,000.00:-** It was observed that financial assistance to Baptist day primary school appeared unclaimed as there was no evidence for the receipt of their claimed expenditure by the beneficiaries/recipients; an indication which suggests that the amount involved was neither paid to the beneficiaries nor remitted to the Government coffers. This is contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

**RISK:**

*This was an indication that purported recipient might not have been paid there by resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *The acknowledgement receipts for the payment had not been given by recipient as at the time of audit exercise, which was later brought by the school and attached to the payment voucher which would be presented for further audit verification.*

**RECOMMENDATION:**

*An acknowledgement letter/receipt must be obtained and attached to the payment voucher so as to prove the authenticity of the payment made.*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS FOR THE YEAR 2019, 2020 AND 2021 AMOUNTING TO ₦1,066,528.00:-** It was observed that some revenue collectors failed to present their revenue earning receipts in their possession for checking and it shows that fraudulent act has taken place which contrary to Financial Memoranda 6:7 which states that when making payments to the treasury or presenting to the treasury a paying – in – slip in respect of cash paid direct to a bank, the Revenue collector shall produce all receipt books, his Revenue collector cash book and Revenue Collector's summary cashbook.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipts booklets in their possession and duly account for them to be presented for further Audit verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification or the officer will be surcharged.*

5. **LATE PAYMENT N980,905.00:** It was observed during the period under review that, there was a total sum of N980,905.00 for the year 2020 and 2021 that stood as late payment. The Director of Finance of Irewole North East LCDA, Wasinmi was hereby advice to be up and doing to his responsibility and ensure that the Revenue Generated in the Local Government were paid to the coffer of the Local Government at appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signifies loose monitoring of revenue collections and could lead to loss in the internally Generated Revenue of the local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

*Both head of Finance and Internal auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of receipt book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipts.*

6. **FINAL ACCOUNT: -** The General Purpose Financial Statement was submitted on 24<sup>th</sup> May, 2022 contrary to the 29<sup>th</sup> April deadline given for its submission. The idea which is considered not to be too good enough for timely presentation of financial information to the appropriate users. The HOD finance is charged to be alive to his/her responsibilities by ensuring adequate supervision of its subordinate towards ensuring timely preparation and presentation of their financial statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts*

**RECOMMENDATION:**

*The Director of Finance and supplied should make sure that the General purpose Financial Statement were submitted before the speculated time to avoid sanction by the Auditor General*

7. **VALUATION AND REVALUATION OF NON – CURRENT ASSET: -** It should be noted that the office of the Auditor General for Local Government had embarked on verification/ of non – current assets of the Local Governments to ensure their existence, completeness of the lists and completions and corrections of the disclosed values. Furthermore, the Local Governments did not have comprehensive and reliable

inventory/fixed assets register. The Internal Auditor is expected to maintain Standard Assets Register of both serviceable and non – serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

***RISK:***

*Non availability of comprehensive and reliable inventory/fixed asset register could made the local Government Asset prone to theft, expropriation of assets (i.e use of local government property without authorisation, Pilfering, Falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.)*

***MANAGEMENT RESPONSE:***

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

***RECOMMENDATION:***

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate, reliable financial data of the assets.*

**MANAGEMENT LETTER**  
**ISOKAN LOCAL GOVERNMENT, APOMU**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31ST DECEMBER, 2021**

1. **EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS AMOUNTING TO (#260,000.00):-** It was observed that the payment voucher raised in respect of running cost for procurement of stationeries and payment for others bills and monthly exco meeting and allocation sharing comprising of Isokan Local Government and Isokan South LCDA were not supported with necessary documents such as sub-receipt to authenticate the genuineness of the expenditure which were contrary to the provision of Financial Memoranda 14:16:17 particularly 14:16 states that “payment voucher shall be receipted by the payee or his authorized agent, and receipt must state clearly in words and figure the actual amount received and not simply “Received the above amount while paragraph 14:17 stipulate that “An Official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of payment voucher to which the receipts is attached, shall be entered on the other vouchers”.

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services or purchases, or conceal inflation of prices.*

**MANAGEMENT RESPONSE:** *It was an oversight, the receipt had been obtained and attached to the payment vouchers which would be presented for further audit verification.*

**RECOMMENDATION:**

*The recipient/authorizing officer should present official receipt and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

2. **UNRETIRED IMPREST AMOUNTING TO ₦530,000.00:-** The sum of five hundred and thirty thousand naira only (₦530,000.00) represents monthly imprest approved for the Head of Department of Administration and General Services for the running of the office, It was observed that the imprest was not retired by the recipient contrary to financial Memoranda No. 14:27. The Head of finance should ensure that any officer that fails to retire the previous imprest paid to him here should not be paid the new one.

**RISK:**

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:** *It was an oversight, the receipts were eventually presented for further audit scrutiny.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure Incurred. New imprest should not be realised without the retirement of previous ones.*

**3. DOUBTFUL EXPENDITURE AMMOUNTING TO ₦160,000.00:-** It was observed that the payment purportedly made in respect of Aliyu A. O. for monthly meeting with AFAN and herders appeared to be doubtful as there was no genuine and concrete evidence that the programmes were executed.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:** *Receipts, sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes were later presented for Audit Scrutiny.*

**RECOMMENDATION:** *The recipients must attached all necessary supporting evidence such as sub-receipts, evidence such as sub-receipts, evidence of participation or video coverage to prove genuiness of expenditure.*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS FOR THE YEAR 2019, 2020 AND 2021 AMOUNTING TO ₦6,852,980.00:-** It was observed that some revenue collectors failed to present the revenue earning receipts in their possession for checking and it shows that fraudulent act has taken place which contrary to Financial Memoranda 6:7 which states that when making payments to the treasury or presenting to the treasury a paying – in – slip in respect of cash paid direct to a bank, the Revenue collector shall produce all receipt books, his Revenue collector cash book and Revenue Collector’s summary cashbook.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipts booklets under their coffers and duly account for them to be presented for further audit verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification or the officers will be surcharged.*

5. **LATE PAYMENT N772,400.00:** It was observed during the period under review that, there was a total sum of N772,400.00 for the year 2021 that stood as late payment. The Director of Finance of Isokan Local Government, Apomu was hereby advice to be up and doing to his responsibility and ensure that the Revenue Generated in the Local Government were paid to the coffer of the Local Government at appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signifies loose monitoring of revenue collections and could lead to loss in the internally Generated Revenue of the local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

*Both head of finance and Internal auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of receipt book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipts.*

6. **FINAL ACCOUNT:-** Discrepancies were observed in the final budget of the statement of budget and Actual and the approved budget presented for audit scrutiny . however, this was corrected at the instance of Audit officer. This lapses exposed the ineptitude and negligence of the head of Finance and he has been asked to effect necessary corrections and avoid this in future.

**RISK:**

*The implication of the negligence of the Head of finance in the preparation of correct financial statement may likely affect its reliability.*

**MANAGEMENT RESPONSE:**

*The official in charge of the preparation of the Financial Statement be supervised thoroughly before the presentation of the General Purpose Financial Statement.*

**RECOMMENDATION:**

*The Director of Finance and supply should make sure the General Purpose Financial Statement are well prepared in order to avoid sanction from Auditor General.*

7. **VALUATION AND REVALUATION OF NON – CURRENT ASSET:-** It should be noted that the office of the Auditor General for Local Government had embarked on verification/ of non – current assets of the Local Governments to ensure their existence, completeness of the lists and completions and corrections of the disclosed values. Furthermore, the Local Governments did not have comprehensive and reliable inventory/fixed assets register. The Internal Auditor is expected to maintain Standard Assets Register of both serviceable and non – serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.



**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could made the local Government Asset prone to theft, expropriation of assets (i.e use of local government property without authorisation, Pilfering, Falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.)*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate, reliable financial data of the assets.*

**MANAGEMENT LETTER**  
**ISOKAN SOUTH LCDA, IKOYI**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS (#97,500.00):-** It was observed that the payment vouchers raised in respect of Entertainment of community development Council for the month of March, was not supported with necessary documents such as sub-receipt contrary to Financial Memoranda 14:17 which states that, "An Official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of payment voucher to which the receipts is attached, shall be entered on the other vouchers".

***RISK:***

*Payments made without supporting documents could imply non-execution of all or part of the services or purchases, or conceal inflation of prices.*

***MANAGEMENT RESPONSE:*** *It was an oversight and the receipt had been obtained and attached to the payment vouchers which would be presented for further audit verification.*

***RECOMMENDATION:***

*The recipient/authorizing officer should present official receipt and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**2. IRREGULAR PAYMENT TALLING #1,478.68:** It was observed that a reasonable number of payment voucher was not controlled by the Officer with Authority to incurred expenditure (A.I.E) not checked and passed by the Internal Auditor. It was not supported with proper records or Accounts contrary to Financial Memoranda 40:10 which state "Before any payment is made, a prepayments audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provision of these financial memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or accounts and that sufficient funds are available to meet it".

***RISK:***

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

***MANAGEMENT RESPONSE:*** *The voucher was not checked and passed by the Internal Auditor due to exigency of the expenditure as at the time of payment voucher was raised. The approval for the expenditure had been sought in file before payment was effected. However, the payment voucher had now been processed with necessary attachment and*

*submitted to the Office of the Auditor General for Local Governments for further audit scrutiny.*

**RECOMMENDATION:** *The Head of Department should ensure that payment voucher is properly processed before any payment.*

3. **DOUBTFUL EXPENDITURE TALLING ₦7,830,000.00:** It was observed that the payment purportedly made in respect of publicity of Government, Covid – 19 mobilization, enforcement and enlightenment, security awareness during Ileya festival, drugs and child abuse and entertainment appeared to be doubtful as there were no genuine and concrete evidence that the programmes were executed.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:** *Receipts, sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes have been presented for Audit Scrutiny.*

**RECOMMENDATION:** *The recipients must attached all necessary supporting evidence such as sub-receipts, evidence such as sub-receipts, evidence of participation or video coverage to prove genuineness of expenditure.*

4. **UNRETIRED IMPREST TALLING ₦65,000.00:-** It was observed that the sum of sixty five thousand naira only (₦65,000.00) was made for a service not rendered the monthly imprest, stamping and application of insecticide for prevention of caterpillars, purchase stationaries were nor retired contrary to financial Memoranda No. 14:27 which states that 'imprest shall be retired when the purpose for which the imprest is approved. However, all imprest shall automatically be retired at the end of each Financial year. This had been made a subject of Audit Query No. LQ/AUD/ISOKS/LCDA/05/2021.

**RISK:**

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:** *It was an oversight and the receipts were eventually presented.*

**RECOMMENDATION:** *The Head of finance and the Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure Incurred. New imprest should not be realised without the retirement of previous ones.*

5. **UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS FOR THE YEAR 2019, 2020 AND 2021 AMOUNTING TO ₦2,120,000.00:-** It was observed that some revenue collectors failed to present their revenue earning receipts in their possession

for checking and it shows that fraudulent act has taken place which contrary to Financial Memoranda 6:7 which states that when making payments to the treasury or presenting to the treasury a paying – in – slip in respect of cash paid direct to a bank, the Revenue collector shall produce all receipt books, his Revenue collector cash book and Revenue Collector’s summary cashbook.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipts booklets in their possession and duly account for them to be presented for further Audit verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification.*

6. **LATE PAYMENT ₦1,095,400.00:** It was observed during the period under review that, there was a total sum of ₦1,095,400.00 for the year 2020 and 2021 that stood as late payment. The Director of Finance of Isokan South LCDA, Ikoyi was hereby advice to be up and doing to his responsibility and ensure that the Revenue Generated in the Local Government were paid to the coffer of the Local Government at appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signifies loose monitoring of revenue collections and could lead to loss in the internally Generated Revenue of the local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly*

**RECOMMENDATION:**

*Both head of finance and Internal auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of receipt book register and revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in their custody after seven days of receipts.*

7. **FINAL ACCOUNT:-** Expenditure items in the Financial Statement were observed to be wrongly classified into the appropriate Heads. Also discrepancies were observed in the final budget of statement of comparison of budget and actual and the approved budget and actual and the approved budget. However, these had been corrected at the instance of Audit Inspecting Officer.

You are admonished to ensure proper classification of items in the financial statement to ensure reliability of financial information.

**RISK:**

*The implication of the negligence of the Head of finance in the preparation of correct financial statement may likely affect its reliability.*

**MANAGEMENT RESPONSE:**

*The official in charge of the preparation of the Financial Statement be supervised thoroughly before the presentation of the General Purpose Financial Statement.*

**RECOMMENDATION:**

*The Director of Finance and supply should make sure the General Purpose Financial Statement are well prepared in order to avoid sanction from Auditor General.*

**8. VALUATION AND REVALUATION OF NON – CURRENT ASSET:-** It should be noted that the office of the Auditor General for Local Government had embarked on verification/ of non – current assets of the Local Governments to ensure their existence, completeness of the lists and completions and corrections of the disclosed values. Furthermore, the Local Governments did not have comprehensive and reliable inventory/fixed assets register. The Internal Auditor is expected to maintain Standard Assets Register of both serviceable and non – serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could made the local Government Asset prone to theft, expropriation of assets (i.e use of local government property without authorisation, Pilfering, Falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.)*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate, reliable financial data of the assets.*

**MANAGEMENT LETTER**  
**IWO LOCAL GOVERNMENT, IWO**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N111,000.00):** The sum of one hundred and eleven thousand naira only (N111,000.00) expended for the purchase of tyres and servicing of official vehicle of council manager was not supported with required official receipts and invoices to authenticate the genuineness of the expenditure which was against the provision of Financial Memoranda 14:17 which states that "An official printed receipt must be obtained and attached to the payment voucher in respect of payment to Government or another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher relevant to the number of payment voucher to which the receipt is attached shall be entered on other vouchers".

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

**Management Response**

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers, "which would be submitted for further audit verification.*

**RECOMMENDATION:**

*The recipient/authorising Officers should present Official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**2. UNRETIRED IMPREST AMOUNTING TO N240,000.00:** Payment vouchers for imprest totaling two hundred and forty thousand naira only were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government fund might not have been used for Official purpose.*

**Management Response**

*The head of finance and the internal auditor should ensure proper recording of petty cash book and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**RECOMMENDATION**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification.*

3. **BANK RECONCILIATION STATEMENT:** The Bank Reconciliation Statement was prepared up to October, 2021 and the followings were the observations:

(i) Debit in Bank Not in the Cashbook: - It was observed that the sum of N2,048,652.73 appeared as Debit in Bank Not in Cashbook contrary to the existing regulation.

(ii) Non-Preparation of Vouchers before effecting payments are unethical and illegal and should therefore be discontinued.

**Risk**

*Non-Preparation of Bank Reconciliation Statement by the Head of Finance could conceal fraud, errors perpetrated in the bank transactions through extraneous debits in the bank statements and Cashbook or collusion between the signatories.*

**Management Response**

*The Bank Reconciliation Statement were not prepared as at the time of Audit Inspection, because Bank Statements were not available due to network outage. But however, they have been prepared and submitted to the Office of Auditor-General for audit verification.*

**RECOMMENDATION:**

*The head of Finance should be alive to his responsibilities and must prepare the Bank Reconciliation Statements and forward same with all details to the Auditor General without further delay. Failure of which should be sanctioned accordingly.*

4. **LATE PAYMENT:** Audit investigation revealed during the period under review that a total sum of #2,292,756.00 for the year 2020 and 2021 stood as late payment, the Director of Finance of Iwo Local Government, Iwo is hereby advised to be up to his responsibilities and ensure that the revenue generated in the Local Government are paid to the coffers of the Local Government at the appropriate time.

**RISK:**

*It signifies loose monitoring of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**Management Response:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly.*

**Recommendation:**

*Both head of finance and Internal Auditor show be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanctions should be issued to any Officer that failed to remit money in their custody after seven days of receipt.*

5. **VALUATION AND REVALUATAION OF NON-CURRENT ASSETS:** It should be noted that the Office of Auditor General for Local Governments had embarked on verification/compilation of all Non-Current Assets of the Local Government to ensure their existence, completeness of the list of the Assets and the correctness of the

provisional values of the assets in the Financial Statements. The Local Government did not maintain a comprehensive and reliable inventory fixed Assets Register.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response:**

*A Comprehensive asset register would be opened to capture all Assets of Local Governments and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**Recommendation:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence validation and authorisation in order to give accurate reliable financial data of the assets.*

**6. FINAL ACCOUNTS.** It was observed that receivables and payables were not captured in the year 2020 financial statements. They however had been captured at the instance of the audit inspecting officers.



**MANAGEMENT LETTER**  
**IWO EAST LCDA, OLOMOWEWE**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N406,000.00):** It was observed that the total sum of #406,000.00 was expended for publicity on the third wave of Covid 19 called Delta variance observed to have occurred during the period under review. The payment was not supported with the required official receipts, invoices and proper records to authenticate the genuineness of the expenditure.

This is contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher to in respect of payment to Government or another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher relevant to the number of payment voucher to which the receipt is attached shall be entered on other vouchers".

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

**Management Response**

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers, however the receipts had been found and re- attached to the payment voucher to be submitted to the office of the Auditor General for further audit verification.*

**RECOMMENDATION:**

*The recipient/authorising Officers should present Official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**2. STORE ITEMS-NOT-TAKEN-ON-CHARGE AMOUNTING TO (N152,200.00):-** It was observed that store items such as office materials procured for smooth running of affairs in the Local Council Development Area were not taken on charge and could not be verified in the store contrary to the provision of Financial Memoranda 34:17 (2) which states that, "All stores should be examined immediately they are received by the storekeeper or other officer responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoice or government store issue voucher. If the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store ledgers had not been updated as at the time of audit inspection. However, they had been updated retrospectively and available for audit scrutiny.*

**RECOMMENDATION**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

**3. UNRETIRED IMPREST AMOUNTING TO ₦240,000:00:** Payment vouchers for imprest totaling two hundred and forty thousand naira were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government fund might not have been used for Official purpose.*

**Management Response**

*The head of finance and the internal auditor should ensure proper recording of petty cash book and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**RECOMMENDATION-**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification.*

**4. UNCLAIMED ALLOWANCE/EXPENDITURE ₦360,000.00:** It was observed that the total sum of three hundred and sixty thousand naira only ( ₦360,000.00 ) for clearing and removal of accumulated debris at Aiba River, oweyo Area, Oke – Odo, Iwo. They were not acknowledged by the beneficiaries which is an indication that the amount involved was neither paid to the beneficiaries nor remitted back into Government Coffers contrary to financial memoranda 14:13 which states that "payment shall as far as possible be made to the person to whom it is due. Payment to a third party shall only be made on production of a written authority from the person whom is due. Such authority being attached to the Payment Vouchers after payment".

**RISK:**

*The purported recipients might not have been paid which means Government fund might not have been used for Official purpose.*

**Management Response**

*The expenditure was made with respect to a recipient bank accounts who were at out-station. They had however been called upon to sign the sub-receipt which had been attached to the vouchers.*

**RECOMMENDATION:**

*The Head of Finance should ensure that all sub receipts are signed on time and attached to the payments vouchers.*

5. **BANK RECONCILIATION STATEMENT #2,446,378.80:** The Bank Reconciliation Statement was not presented for Audit Scrutiny which is an indication that it might not have been prepared. Please, let the Head of Finance and Supplies forward an up to date Bank Reconciliation Statement of your LCDA to this Office without any further delay in compliance with the provision of Financial Memoranda No 22:7(5) which states that, "Following the examination of monthly reconciliation of accounts by the Executive Committee, the duplicate copy together with a copy of Bank Reconciliation Statement shall be sent to the Auditor-General for Local Governments, the original copy filled and carefully preserved in the Finance Department". The Head of Finance and Supplies must prepare and forward the Bank Reconciliation Statement to this Office without any further delay.

***Risk***

*Non-Preparation of Bank Reconciliation Statement by the Head of Finance could conceal fraud, errors perpetrated in the bank transactions through extraneous debits in the bank statements and Cashbook or collusion between the signatories.*

***Management Response***

*The Bank Reconciliation Statement were not prepared as at the time of Audit Inspection, because Bank Statements were not available due to network outage. But however, they have been prepared and submitted to the Office of Auditor-General for audit verification.*

***RECOMMENDATION:***

*The head of Finance must be alive to his responsibilities and prepare the Bank Reconciliation Statements and forward same with all details to the Auditor-General without further delay, failure of which should be sanctioned.*

6. **LATE PAYMENT:** It was revealed during the period under review that a total sum of #2,066,100.00 for the year 2020 and 2021 stood as late payment, the Director of Finance of Iwo East LCDA, Olomowewe is hereby advised to be up to his responsibilities and ensure that the revenue generated in the Local Government are paid to the coffers of the Local Government at the appropriate time.

***RISK:***

*It signifies loose monitoring of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

***Management Response:***

*The revenue collectors concerned had been issued queries and sanctioned accordingly.*

***Recommendation:***

*Both head of finance and Internal Auditor show be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt, book register and revenue cashbook on weekly basis. Sanction should be issued to any Officer that failed to remit money in their custody after seven days of receipt.*

**7. VALUATION AND REVALUATAION OF NON-CURRENT ASSETS:** It should be noted that the Office of Auditor General for Local Governments had embarked on verification/compilation of all non-current assets of the Local Government to ensure their existence, completeness of the list of the assets and the correctness of the provisional values of the assets in the Financial Statements.

The Local Government did not maintain a comprehensive and reliable inventory fixed Assets Register.

***RISK:***

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

***Management Response:***

*A Comprehensive asset register would be opened to capture all Assets of Local Governments and would be updated on monthly basis by the Internal audit unit of the Local Government.*

***Recommendation:***

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence validation and authorisation in order to give accurate reliable financial data of the assets.*

**8. FINAL ACCOUNTS:** There were casting errors in the budget approved and the final budget in the statement of comparison of budget and actual. However, they were corrected at the instance of the audit inspection officers.

**MANAGEMENT LETTER**  
**IWO WEST LCDA, AGBERIRE**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021.**

**1. UNCLAIMED ALLOWANCE/EXPENDITURE AMOUNTING TO (N190,000.00):**

It was observed that the sum of one hundred and ninety thousand naira only was not acknowledged as recorded by the beneficiary/recipient an indication which suggests that the amount involved was neither paid to the beneficiary nor remitted to the Government coffers contrary to Financial Memoranda No.14:13 which states that, "Payment shall as far as possible be made to the person to whom is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due such authority being attached to the payment voucher after payment".

**RISK:**

*The purported recipients might not have been paid which means Government fund might not have been used for Official purpose.*

**Management Response**

*The expenditure was made with respect to recipient's bank accounts who were at out-station. They had however been called upon to sign the sub-receipt which had been attached to the vouchers.*

**RECOMMENDATION:**

*The Head of Finance should ensure that all sub receipts are signed on time and attached to the payments vouchers.*

**2. STORE ITEMS NOT TAKEN ON CHARGE #150,000.00:** It was observed that store items procured for stationery materials purportedly used in printing of draft estimates were not taken on charge and could not be verified in the store contrary to the provision of Financial Memoranda No. 34:17(1-2) which states that, "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The store must be checked for quantities, weight etc. against the local purchase, order invoices and store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store ledgers had not been updated as at the time of audit inspection. However, they had been updated retrospectively and available for audit scrutiny. The lateness was highly regretted.*

**RECOMMENDATION**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

**3. NON-PRODUCTION OF OBSOLETE PARTS AMOUNTING TO (N250,000.00):**-It was observed that the repair of Boreholes claimed to have been done by the Local Council Development Area during the period under review could not be verified as obsolete parts replaced could neither be produced nor traced to any place or store contrary to Financial Memoranda No.34:14.

**RISK:**

*Non-production of obsolete parts could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

**Management Response**

*As at the time of Audit Inspection the Obsolete Parts were not on ground, it was kept at works department store. However, the Audit Inspection team had been notified to come for re-inspection.*

**RECOMMENDATION:**

*The Head of works department should ensure proper safe keeping of obsolete parts in works store with proper recording in the Store Ledger to avoid pilfering.*

**4. EXPENDITURE NOT CHECKED AND PASSED AMOUNTING TO N192,000.00:** It was observed that payment vouchers raised for the sum of one hundred and ninety-two thousand naira only (N192,00.00) to some officers of Iwo west LCDA, Agberire during the swearing in ceremony of caretaker members of Iwo West and purchase of gift items for political functionaries did not follow due process of prepayment auditing because payment voucher used to effect the payment was not processed before payment was made to the recipient contrary to Financial Memoranda 40:10 which states that, "Before any payment is made, a prepayment audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of these Financial Memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or accounts and that sufficient funds are available to meet it".

**RISK:**

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**Management Response**

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply to audit query and the submitted to the office of the Auditor General for Local Governments.*

**RECOMMENDATION:**

*The signatories to the cheque should explain the rationale behind making payments without Internal Auditor's involvement.*

**5. UNRETIRED IMPREST AMOUNTING TO ₦150,000:00:** Payment vouchers for imprest totaling one hundred and fifty thousand naira were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to the Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government fund might not have been used for Official purpose.*

**Management Response**

*It was an oversight, and the receipt invoice had been attached to the reply to audit query and submitted to the Office of the Auditor General for further audit verifications.*

**RECOMMENDATION-**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification.*

**5. BANK RECONCILIATION STATEMENT:** The Bank Reconciliation Statement was prepared up to September, 2021 and the followings were the observations;

(i) **Debit in Bank Not in Cash Book:** - It was observed that the sum of N29,601,209.04 appeared as Debit in Bank not in Cash book contrary to the existing regulation.

(ii) Non Preparation of vouchers before effecting payments are unethical and illegal and should be discontinued.

(iii) **Bank Charges:** - It was observed that a total sum of ₦413,440.60 appeared as bank charges to date which was yet to be brought into accounts contrary to Financial Memoranda 19:27 which states that, "The receipt and payment vouchers shall be made out where any credit or charges shown in the Bank Statement have not been brought to account in the Cash book and are positively identified as being items due from or the Local Government.

**Risk**

*Non-Preparation of Bank Reconciliation Statement by the Head of Finance could conceal fraud, errors perpetrated in the bank transactions through extraneous debits in the bank statements and Cashbook or collusion between the signatories.*

**Management Response**

*The Bank Reconciliation Statements were not prepared as at the time of Audit Inspection, because Bank Statements were not available due to network outage. But however, they have been prepared and submitted to the Office of Auditor-General for audit verification.*

**RECOMMENDATION:**

*The head of Finance should prepare the Bank Reconciliation Statements and forward same with all details to the Auditor-General without further delay. Failure of which should be sanctioned.*

**6. FINAL ACCOUNTS:** It was observed that notes to the accounts were not prepared and there were casting errors in the budget approved and the final budget in the statement of comparison of budget and actual. However, they had been captured and corrected.

**7. VALUATION AND REVALUATAION OF NON-CURRENT ASSETS:** It should be noted that the Office of Auditor General for Local Governments had embarked on verification/compilation of all non-current assets of the Local Government to ensure their existence, completeness of the list of the Assets and the correctness of the provisional values of the assets in the Financial Statements.

The Local Government did not maintain a comprehensive and reliable inventory fixed Assets Register.

***RISK:***

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

***Management Response:***

*A Comprehensive asset register would be opened to capture all Assets of Local Governments and would be updated on monthly basis by the Internal audit unit of the Local Government.*

***Recommendation:***

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence validation and authorisation in order to give accurate reliable financial data of the assets.*



# MANAGEMENT LETTER

## OBOKUN LOCAL GOVERNMENT, IBOKUN

Observation and internal control review for the  
financial year ended 31<sup>st</sup> December, 2021.

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TOTALLING ₦1,730, 000:00:** It was observed that payment amounting to one million, seven hundred and thirty Thousand Naira was not supported with necessary attachments such as receipts, bills, invoices to prove the authenticity of the expenditure contrary to Financial Memoranda 14:16 & 14:17 which state that "Payment Vouchers shall be receipted by the payee or authorized agent, and the receipt must state clearly in words and figure the actual amount received and not "Simply received the above amount" and paragraph 14:17 stipulate that "An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm."

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers to be presented for audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNREASONABLE EXPENDITURE TOTALLING ₦570, 000:00:** It was observed that the sum of five hundred and seventy thousand naira only was released to staffers of the council for various programmes purportedly organized. The fund was majorly expended on entertainment and transportation which was wasteful, unreasonable and unjustifiable. It is advisable that frivolous spending must be avoided at all cost.

The Local Council management is advised to judiciously expend tax payers money on a project that would add value and improve the standard of living of the community dwellers.

**RISK:** *This is an indication of financial indiscipline and lack of prudence in the management of Local Government fund.*

**MANAGEMENT RESPONSE:** *The ministry's approved and authorised the expenditure and the evidences such video clips, photograph, list of participant, sub-receipts are ready for audit verification that the programs were done and expenditure was incurred would be presented to the Auditor General office for further audit verification.*

**RECOMMENDATION:** *Expenditure incurred should be justified and reasonable as there should not be frivolous expenses so as to exhibit financial discipline.*

**3. EXPENDITURE NOT TAKEN ON CHARGE ₦45,000:00:** Audit examination of records showed that a sum of forty-five thousand naira only ₦45,000:00 was released

to the staffer of the Council vide Payment Voucher No 36/ May/2021, Pv No 38/May/2021 for the printing of Local Government Identification Certificate, printing of increment certificate and request form. The purportedly identification certificate, increment certificate and request form could not be traced or verify into store Contrary to Provision of Financial Memoranda 34:17(1-2) which state that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights etc against the Local purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger".

**RISK:** *This is an indication that purported document might not have been printed, thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *It was an oversight and document printed had been taken on charge by recording them in the appropriate store ledgers and store receipt vouchers had been issued and attached to the payment vouchers to be presented for further audit scrutiny.*

**RECOMMENDATION:** *When documents were printed and brought to the store, proper recording in the appropriate ledgers must be done by following laid down procedures*

**4. NON-PRODUCTION OF OBSOLETE PARTS AMOUNTING TO (₦100,000.00):** It was discovered during the inspection that a sum of One hundred thousand naira only was released for the repairs and procurement of spare parts of the council official vehicle, obsolete parts purportedly removed were not produced for audit scrutiny.

**RISK:** *This is an indication that purported obsolete materials/parts might not have been replaced thereby resulting to defraud or loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *Effort has been made to produce the removed obsolete spare parts and would be presented for further audit verification*

**RECOMMENDATION:** *All the spare parts/obsolete purported removed should be produce on demand and all necessary supporting document such as SRV and SIV for the purportedly bought for replacement must be attached to the payment vouchers.*

**5. FINAL ACCOUNTS:** Arithmetic errors were observed in the statement of comparism of Budget and Actual during the year ended 31<sup>st</sup> December, 2021. However, all these input errors were corrected at the instance of Audit officer. The Head of Finance and Supplies is advised to step up his supervisory role on the Financial Statement of your council. Also, there is need for improvement in weak Internal control system of the Local Government.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**6. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Audit examination of the Assets Register submitted to the office of the Auditor General for Local Government showed that your council devoid of comprehensive/detailed fixed asset register. To this end, this office is embarking on verification exercise on the non-current assets of your council to substantiate the existence, completeness of compilation and correctness of their disclosure as stated in your GPFS

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

# MANAGEMENT LETTER

## OBOKUN EAST LOCAL DEVELOPMENT AREA, ILARE IJESA

**Observation and internal control review for the financial year ended 31<sup>st</sup>  
December, 2021.**

**1. UNCLAIMED EXPENDITURE (N330,000:00):** It was observed that a sum of three hundred and thirty thousand naira only stood as unclaimed allowance because it was not acknowledged by the beneficiary as having been received, an indication which suggested that the amount involved might not have been paid to the beneficiary nor remitted into Government Coffers. Therefore, it rendered the expenditure to be doubtful in nature contrary to Financial Memoranda 14:13.

**RISK:** *This was an indication that purported recipient might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:** *Action had been taken, the sub-receipt attached to the Payment Voucher had been signed by the recipients and would be presented for further audit verification.*

**RECOMMENDATION:** *The sub-receipt must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was carried out.*

**2. EXPENDITURE NOT TAKEN ON CHARGE (N52,000.00):** It was observed that the marriage certificates and seal purportedly purchased had not been taken on charge into the store to authenticate the genuineness of the purchase made contrary to financial memoranda 34:17(1&2) which states that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights etc against the Local purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger" ...

**RISK:** *This is an indication that purported items might not have been purchased, thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *It was an oversight and items procured had been taken on charge by recording them in the appropriate store ledgers, store issued voucher and store receipt vouchers had been issued and attached to the payment vouchers to be presented for further audit scrutiny.*

**RECOMMENDATION:** *When items were bought and brought to the store, proper recording in the appropriate ledgers must be done by following laid down procedures*

**3. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TOTALING N366,750:00:** It was observed that the sum of three hundred and sixty-six

thousand, seven hundred and fifty Naira Only was not supported by proper records or account during the period under review contrary to Financial Memoranda No. 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm".

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers which would be presented for further audit scrutiny.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**4. ASSET LISTING VALUATION AND REVALUATION:** Kindly note that the office of the Auditor-General for the Local Governments is embarking on verification exercise of non-current Assets of the Local Government to substantiate the existences of assets, completeness of listing and the correctness of the provision values stated in your council GPFS.

The Internal Auditor is expected to maintain comprehensive and reliable assets Register of both serviceable and non-serviceable assets, updating when necessary and safeguarding the assets as its being used by various department of the Local Government.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**5. FINAL ACCOUNT:** Arithmetic errors were observed in the statement of comparism of Budget and Actual during the year ended 31<sup>st</sup> December, 2021. However, all this input errors were corrected at the instance of the Audit officer. The Head of Finance and Supplies is advise to step up in supervisory role in the preparation of the Financial Statement.

**RISK:** *This can affect the reliability of the statement to the end users*

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**6. UNPRODUCED REVENUE EARNING RECEIPT (#105,000.00):** The Back duty investigation/ assignment on the revenue of Obokun East LCDA, Ilare revealed that one of the Revenue Collectors failed to submit the Revenue Earning Booklet in his possession for audit checking. The Head of Finance should ensure prompt payment/remittance for all receipts issued, checked and passed by the Internal Auditor and returned to store for safe keeping before issuance of a new ones.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffers and duly accounted for them to be presented for further audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**ODO-OTIN LOCAL GOVERNMENT, OKUKU**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST TALLING (N570,000.00):** It was revealed that some payments were made as imprest without attaching necessary receipts and invoices as evidence of payment made on behalf of the Local Government contrary to Financial Memoranda No. 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**2. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N980,000.00):** It was observed that the payment voucher raised for entertainment and other logistic during the swearing-in of the new appointed caretaker members were not supported with necessary documents such as Sub- receipt contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government of another Local Government or a commercial firm, if the printed receipt covers more than one payment vouchers, reference to the number".

***Risk:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny*

***RECOMMENDATION***

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N370,000.00 FOR THE YEAR 2019:** It was observed during the Audit Inspection that

some Revenue Collectors did not produce their Revenue Earning Receipts in their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that “When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector’s summary cashbook”.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them to be presented for further Audit Verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification*

5. **LATE PAYMENT ₦268,400.00:** It was revealed during the period under review that there was a total sum of ₦268,400.00 for the year 2020 that stood as late payment. The Director of Finance of Odo-Otin Local Government, Okuku is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the coffer of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitory of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

6. **FINAL ACCOUNTS:** - The General-Purpose Financial Statement was submitted on the 27<sup>th</sup> April, 2022 contrary to the 29<sup>th</sup> April, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.



**RISK:**

*This was an indication that the delay in the preparation of financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**7. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

# MANAGEMENT LETTER

## ODO-OTIN NORTH LOCAL COUNCIL

### DEVELOPMENT AREA, OYAN

OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31ST DECEMBER, 2021

**1. FAILURE TO PRODUCE OBSOLETE SPARE PARTS AMOUNTING (N30,000.00):** Audit Inspection revealed that the repairs of vehicles claimed to have been serviced by the Local Government during the period under review could not be verified as obsolete parts replaced could neither be produced nor checked to any place or store contrary to the provision of Financial Memoranda 34:14.

**RISK:**

*Non production of Obsolete could imply non-execution of all or part of the services/purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*As at the time of Audit Inpection, the Obsolete parts were not on ground, it was kept at works department store. However, the Audit Inspection Team had been notified to come for re-inspection.*

**RECOMMENDATION:**

*The used of works department should ensure proper safe keeping of Obsolete Parts in works store with proper recording in the tore ledger to avoid pilfering.*

**2. UNRECEIPTED EXPENDITURE TALLING (N200,000.00):** Audit observation showed that payment voucher raised for the payment of Two hundred Thousand Naira for drilling of a hand Pump bore- hole at Igbotente Gaa Fulani and stipend allowance for committee for the month of April, 2020 were not supported with necessary receipts and invoices as evidence of payment contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers". The Head of Finance and Supplies and the Internal Auditor must be alive to their responsibilities in this regard.

**RISK:**

*This was an indication that the purported items/recipient might not have been purchased/paid thereby resulting to loss of loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts and sub-receipts had been obtained and attached to the payment vouchers to be submitted for further Audit Verification.*

**RECOMMENDATION:**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**3. UNRETIRED IMPREST TALLING (N330,000.00):**It was observed that the monthly imprest for the month of February, June and November, 2021 and were not supported with relevant documentary evidences to buttress the genuineness of the expenditure contrary to Financial Memoranda No. 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year '.

***RISK:***

*Government Fund might not have been used for official purpose.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and re-attached to the payment vouchers and would be presented for Audit Scrutiny.*

***RECOMMENDATION:***

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**4. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N47,000.00):-** It was observed that the payment vouchers raised for hosting of the advocacy meeting of the caretaker committees with community development council were not supported with necessary documents such as receipt, sub-receipt contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government of another Local Government or a commercial firm, if the printed receipt covers more than one payment vouchers, reference to the number".

***Risk:***

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

***MANAGEMENT RESPONSE:***

*It was an oversight, the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny.*

***RECOMMENDATION***

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**5. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO N2,315,300.00 FOR THE YEAR 2019, 2020 AND 2021:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts in their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that "When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of

cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector's summary cashbook".

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them to be presented for further Audit verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification*

**6. FINAL ACCOUNTS:** - The General-Purpose Financial Statement was submitted on the 27th April, 2022 contrary to the march, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the delay in preparation of financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**7. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement.

Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

# **MANAGEMENT LETTER**

## **ODO-OTIN SOUTH LOCAL COUNCIL**

### **DEVELOPMENT AREA, INISA**

**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31ST DECEMBER, 2021**

**1. UNRECEIPTED EXPENDITURE TALLING (N120,000.00):** It was revealed that some payments were made to purchase flash drive used by AIICO desk and stumping of 2 Acres of land in preparation for maize and cassava planting without attaching necessary receipts and invoices as evidence of payment made on behalf of the Local Government contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers". The Head of Finance and Supplies and the Internal Auditor must be alive to their responsibilities in this regard.

**RISK:**

This was an indication that the purported items might not have been purchased thereby resulting to loss of loss of Local Government fund.

**MANAGEMENT RESPONSE:**

It was an oversight, the receipts had been obtained and re-attached to the payment vouchers and would be presented for further Audit Scrutiny.

**RECOMMENDATION:**

All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.

**2. UNRETIRED IMPREST TALLING (#50,000.00):** It was observed that the sum of Fifty Thousand Naira (N50,000.00) as a monthly running cost incurred during February and March, 2021 were not retired with necessary receipt and documents which is contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government Fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:**

*It was an oversight, and the receipts had been obtained and re-attached to the payment vouchers and would be presented for Audit Scrutiny.*

**RECOMMENDATION:**

*The Head of Finance and the internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

4. **UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO ₦1,914,600.00 FOR THE YEAR 2019, 2020 AND 2021:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts in their possession for Audit Inspection and indication that shows that fraudulent act had taken place contrary to FM 6:7 which states that “When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector’s summary cashbook”.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer and duly account for them to be presented for further Audit verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification.*

5. **LATE PAYMENT ₦110,300.00:** It was revealed during the period under review that there was a total sum of ₦110,300.00 for the year 2020 and 2021 that stood as late payment. The Director of Finance of Odo-Otin South Local Council Development Area, Inisa is hereby advised to be alive to his responsibility and ensure that all Revenue generated in the Local Government are paid to the coffer of the Local Government at the appropriate time. See the list of the Officers involved attached to this report.

**RISK:**

*It signified loose monitory of Revenue collectors and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The Revenue collectors concerned had been issued queries and sanctioned accordingly.*

**RECOMMENDATION:**

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt book register and Revenue cashbook on weekly basis. Sanction should be issued to any officer that failed to remit money in the custody after seven days of receipt.*

6. **VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Kindly note that the Office of the Auditor General for Local Governments had embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their

existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement.

Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**7. FINAL ACCOUNTS: -** The General-Purpose Financial Statement was submitted on the 27<sup>th</sup> April, 2022 contrary to the march, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the specified time to avoid sanction.*



# **MANAGEMENT LETTER**

## **OLA-OLUWA LOCAL GOVERNMENT, BODE-OSI**

### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO (N1,620,000.00):** It was observed that the total sum of one million six hundred and twenty thousand naira only (N1,620,000.00) was not supported with the required official receipts and invoice to authenticate the genuineness of the expenditure. This was contrary to Financial Memoranda 14:17 which states that, "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other voucher".

**RISK:**

*Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.*

**Management Response**

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers.*

**RECOMMENDATION:**

*The recipient/authorising Officers should present Official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**2. STORE ITEMS NOT TAKEN ON CHARGE AMOUNTING TO N565,000.00:** It was observed that printing of drivers' log books for the use of the Local Government drivers and purchase of protective equipment for the use of all health facilities of the Local Government totaling N565,000.00 could not be verified in the store contrary to the provision of Financial Memoranda 34:17 (1-2) which states that, "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights etc. against the local purchase order, invoices and store issue voucher; if the store delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**Management Response**

*The Store ledgers had not been updated as at the time of audit inspection. However, they had been updated retrospectively and available for audit scrutiny.*

**RECOMMENDATION**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

3. **UNRETIRED IMPREST AMOUNTING TO (₦120,000.00):**-Payment vouchers for Imprest totaling one hundred and twenty thousand naira only (₦120,000.00) were not supported with necessary receipts to authenticate the genuineness of the expenditure contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government fund might not have been used for Official purpose.*

**Management Response**

*The head of finance and the internal auditor should ensure proper recording of petty cash book and also hold the affected officers responsible for proper accountability for all expenditure incurred. New imprest should not be released without the retirement of previous ones.*

**RECOMMENDATION**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification.*

4. **FINAL ACCOUNTS:** It was observed that vehicles given to political functionaries were not initially taken into consideration but were later captured.

5. **LATE PAYMENT:** Audit investigation revealed during the period under review that a total sum of #14,217,540.00 for the year 2020 and 2021 stood as late payment, the Director of Finance of Ola-oluwa Local Government, Bode-osi is hereby advised to be up to his responsibilities and ensure that the revenue generated in the Local Government are paid to the coffers of the Local Government at the appropriate time.

**RISK:**

*It signifies loose monitoring of revenue collection and could lead to loss in the Internally Generated Revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**Management Response:**

*The revenue collectors concerned had been issued queries and sanctioned accordingly.*

**Recommendation:**

*Both head of finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors, auditing of Receipt book register and revenue cashbook on weekly basis. Sanctions should be issued to any Officer that failed to remit money in their custody after seven days of receipt.*

**5. VALUATION AND REVALUATAION OF NON-CURRENT ASSETS:** It should be noted that the Office of Auditor General for Local Governments had embarked on verification/compilation of all Non-Current Assets of the Local Government to ensure their existence, completeness of the list of the Assets and the correctness of the provisional values of the assets in the Financial Statements. The Local Government did not maintain a comprehensive and reliable inventory fixed Assets Register.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response:**

*A Comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**Recommendation:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence, validation and authorisation in order to give accurate reliable financial data of the assets.*

**MANAGEMENT LETTER**  
**OLA-OLUWA SOUTH-EAST LCDA, ILEMOWU**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT CHECKED AND PASSED AMOUNTING TO ₦110,000.00:** It was observed that payment vouchers raised for the sum of one hundred and ten thousand naira only (₦110,000.00) to some officers of Ola-Oluwa South East LCDA, Ilemowu for payment of imprest at the LCDA did not follow the due process of prepayment auditing because payment vouchers used to effect the payments were not audited by the Internal Auditor nor controlled by the officer that has authority to incur expenditure before payments were made to various recipients contrary to Financial Memoranda 40:10 which states that, "Before any payment is made, a prepayment audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of these Financial Memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or accounts and that sufficient funds are available to meet it".

***RISK:***

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

***Management Response***

*The Internal Auditor was indisposed and was on admission in hospital when the payment was made. However, the vouchers had been audited and attached to the reply to audit query.*

***RECOMMENDATION:***

*The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement.*

**2. STORE ITEMS NOT TAKEN ON CHARGE AMOUNTING TO ₦1,250,000.00:** It was observed that store items such as chemical materials purchased to fumigate all health centres in the LCDA, Ilemowu, clearing of heaps of refuse and procurement of red force anti fungus were not taken on charge and could not be verified to the store contrary to the provision of Financial Memoranda 34:17 (2) which states that, "All stores should be examined immediately they are received by the Store Keeper or other official responsible for the stores. The stores must be checked for quantities, weights, etc. against the Local Purchase order, invoices and Store Issue Voucher; if the stores delivered are found to be corrected and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger".

***RISK:***

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government funds.*

***Management Response***

*The Store ledgers had not been updated as at the time of audit inspection. However, they had been updated retrospectively and available for audit scrutiny.*

***RECOMMENDATION***

*All necessary supporting documents such as store receipt vouchers and store issued vouchers should be attached to the payment vouchers before put into use.*

**3. NON-PRODUCTION OF OBSOLETE PARTS AMOUNTING TO (N315,000.00):** It was observed that the repair of vehicles claimed to have been done by the LCDA during the period under review could not be verified as obsolete parts replaced could neither be produced nor checked or traced to any place or store contrary to Financial Memoranda No.34:14.

***RISK:***

*Non production of obsolete parts could imply non-execution of all or parts of the services/purchases, or conceal inflation of prices.*

***Management Response***

*As at the time of Audit Inspection the Obsolete Parts were not on ground, it was kept at works department store. However, the Audit Inspection team had been notified to come for re-inspection.*

***RECOMMENDATION:***

*The Head of works department should ensure proper safe keeping of Obsolete parts in works store with proper recording in the Store Ledger to avoid pilfering.*

**4. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS AMOUNTING TO N1,125,000.00:** - The sum of one million, one hundred and twenty five thousand naira only (#1,125,000.00) representing payment made for hosting and entertainment of market women was observed to have occurred during the period of Audit Inspection.

The payments were not supported with required official receipts and invoice to authenticate the genuiness of the expenditure which is against the Provision of Financial Memoranda 14:17 which states that "An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of payment voucher to which the receipt is attached, shall be entered on the other vouchers".

**RISK:**

*Payments made without supporting documents could imply non-execution of all or parts of the services/purchases, or conceal inflation of prices.*

**Management Response**

*The said voucher was retired as at the time of payment but the receipts might have been detached during filling and sorting of the vouchers, however the receipts had been found and re attached to the payment vouchers to be submitted for further verification.*

**RECOMMENDATION:**

*The recipient/authorising Officers should present Official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.*

**5. FINAL ACCOUNTS:** It was observed that notes to the accounts were not prepared. There were casting errors in the budget approved and the final budget in the statement of comparison of budget and actual. However, corrections had been effected.

**6. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of Auditor General for Local Governments had embarked on verification/compilation of all Non-Current Assets of the Local Government to ensure their existence, completeness of the list of the Assets and the correctness of the provisional values of the assets in the Financial Statements. The Local Government did not maintain a comprehensive and reliable inventory fixed Assets Register. The Internal Auditor is therefore charged to be alive to his responsibilities.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e use of Local Government property without authorization, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**Management Response:**

*A Comprehensive asset register would be opened to capture all Assets of the Local Government and would be updated on monthly basis by the Internal audit unit of the Local Government.*

**Recommendation:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence, validation and authorisation in order to give accurate reliable financial data of the assets.*

**7. LATE PAYMENT #14,217,540.00:-** Audit Scrutiny revealed during the period under review that a total sum of #14,217,540.00 for the year 2020 and 2021 stood as

late payment, the Director of Finance of Ola-Oluwa Local Government, Bode-Osi is hereby advised to be alive to his responsibilities and ensure that the revenue generated in the Local Government are paid to the coffers of the Local Government at the appropriate time.

***RISK:***

*It signifies loose monitoring of revenue collection and could lead to loss in the Internally generated revenue of the Local Government. It provided opportunity for perpetration of fraud by the concerned Revenue Collectors.*

***Management Response:***

*The revenue collectors concerned had been issued queries and sanctioned accordingly.*

***Recommendation:***

*Both head of Finance and Internal Auditor should be alive to their responsibilities of proper monitoring of revenue collectors and auditing of Receipt Booklet register and revenue cashbook on weekly basis sanctions should be issued to any Officer that failed to remit money in their custody after seven days of receipt.*

**MANAGEMENT LETTER**  
**OLORUNDA LOCAL GOVERNMENT, IGBONA**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31ST DECEMBER, 2021**

**1. EXPENDITURE NOT TAKEN ON CHARGE (N430,400:00):** It was observed that some repairs were carried out but the obsolete parts could not be produced during the Audit inspection to prove that replacements were actually done and also the production of identity cards for the members of staff of the council (via PV 20/August/2021) in the month of August 2021 contrary to the Financial Memoranda. 34:17(1-2) which state that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights e.t.c. against the Local purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger". Further observation revealed that the said payment voucher which was used to effect payment was not supported with store received voucher to prove that the identity card was actually produced and distributed to members as claimed by the recipient contrary to the provision of Financial Memoranda No. 14:17 (2), which states that "all the items purchased by the government must be taken to the store for record purposes before putting to use.

***RISK:***

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

***MANAGEMENT RESPONSE***

*The store ledger had not been updated as at the time of Audit Inspection, however, they had been updated retrospectively and available for Audit Scrutiny. The lateness was highly regretted.*

***RECOMMENDATION:***

*All necessary supporting documents such as Store receipt vouchers and Store issued vouchers should be attached to the payment vouchers before being put into use.*

**2. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS (N141,000:00):** Audit scrutiny of records revealed that payment voucher No 10/Feb/2021 was not supported with sub-receipt and other relevant document contrary to Financial Memoranda 14:16&17 which states that 'the voucher shall be receipted by the payee or authorized agent, and the receipt must state clearly in words and figure the actual amount received and not "simply received the above amount" and paragraph 14:17 stipulates that "An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one Payment Voucher to which the receipt is attached shall be entered on the other voucher".

***Risk:***



*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, and the receipts had been obtained and attached to the payment vouchers which would be presented for further Audit Verification.*

**RECOMMENDATION**

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**3. DOUBTFUL EXPENDITURE (₦1,950,000.00):** It was observed that a total sum of One Million, Nine Hundred and Fifty Thousand Naira (₦1,950,000.00) was spent on the purchase of Beans, Milk, Bournvita for religious and community leaders; beans and beverages in favour of political functionaries & staff and hosting of Babaloja, Iyaloja market men and women of Oluode, Sabo and Anaye market and printing of budget clearance certificate, provision of food items for the less privileged throughout eight wards in Olorunda local government, provision of face masks against the spread of the 3<sup>rd</sup> wave of corona virus and a day enlightenment programme for hotels, petrol stations and others on how to boost IGR. It was observed that the payment vouchers used to effect these payments were not supported with enough or adequate supporting documents such as list of the beneficiaries to prove the genuineness of the expenditure, this made the expenditure appeared to be doubtful contrary to Financial Memoranda 14:16.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus, public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes had been obtained and would be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit Team at the instance of the exercise.*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO ₦2,080,000.00 FOR THE YEAR 2019 AND 2020:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts in their possession for Audit Inspection, an indication that showed that fraudulent act might have taken place contrary to FM 6:7 which states that "When making payment to the Treasury or presenting to the Treasury a paying-in-slip in

respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector's summary cashbook".

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffer possession and duly account for them to be presented for further Audit Verification.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification.*

**5. FINAL ACCOUNT:** The General-Purpose Financial Statement was submitted on the 27th May, 2022 contrary to the 29th April, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

# **MANAGEMENT LETTER**

## **OLORUNDA NORTH LOCAL COUNCIL**

### **DEVELOPMENT AREA, OTA-EFUN**

#### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST TALLING (₦147,500.00):** The total sum of Seventeen Thousand, Five Hundred Naira (₦17,500.00) was observed to be imprest paid to some officers of the Local Council which were not retired before subsequent one's were obtained contrary to Financial Memoranda 14:27, which states that "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically retired at the end of each financial year".

***RISK:***

*Government Fund might not have been used for official purpose*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and attached to the payment vouchers to be presented for further Audit Verification.*

***RECOMMENDATION:***

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for Audit verification.*

**2. UNRECEIPTED EXPENDITURE (₦10,000.00):** Payment voucher amounting to Ten thousand naira (₦10,000.00) was approved and paid in respect of fueling of operational vehicle **LG11GNN** attached to the department of town planning and land services of Olorunda local council development area. The payment voucher was not supported with the required official receipts, sub-receipts etc., to authenticate the genuineness of the expenditure contrary to Financial memoranda 14:17 which states that." An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm".

***RISK:***

*This was an indication that the purported items might not have been purchased thereby resulting to loss of loss of Local Government fund.*

***MANAGEMENT RESPONSE:***

*It was an oversight, and the receipts had been obtained and attached to the payment vouchers to be presented for Audit Scrutiny.*

***RECOMMENDATION:***

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**3. UNPRODUCED REVENUE EARNING RECEIPT BOOKLETS AMOUNTING TO ₦1,948,000.00 FOR THE YEAR 2019 AND 2020:** It was observed during the Audit Inspection that some Revenue Collectors did not produce their Revenue Earning Receipts in their possession for Audit Inspection and indication that showed that fraudulent act might have taken place contrary to FM 6:7 which states that “When making payment to the Treasury or presenting to the Treasury a paying-in-slip in respect of cash paid direct to a bank. The Revenue Collector shall produce all receipt books, his revenue collector cash book and revenue collector’s summary cashbook”.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue collectors.*

**MANAGEMENT RESPONSE:**

*The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their possession and duly account for them to be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*All the receipt booklets should be produced for Audit check and verification.*

**4. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**5. FINAL ACCOUNT:** The General-Purpose Financial Statement was submitted on the 27th May, 2022 contrary to the 29th April, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**6. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of 3<sup>rd</sup> and 4<sup>th</sup> quarter 2021. Despite several effort made by the Director of Revenue of Office of the Auditor-General for Local Government.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of Local Government and opportunity for preparation of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:**

*All the receipts booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER  
OLORUNDA SOUTH AREA COUNCIL, ILLIE  
OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR  
ENDED 31ST DECEMBER, 2021**

**1. DOUBTFUL EXPENDITURE TALLING (₦1,065,000:00):** Audit Observation revealed that a total sum of One Million and Sixty-five Thousand Naira (₦1,065,000:00) was spent on programmes i.e. COVID-19 protocol observation, IGR, collection and

disposal of refuse, enlightenment programmes organized for motorist and motorcycle riders and Re-conduct of a day sensitization workshop on one Nigeria as a country the payment voucher was not supported with enough documentary evidences to prove the genuineness of the expenditure. This made the expenditure appear to be doubtful.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes had been collected to be presented for further Audit scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.*

**2. UNCLAIMED ALLOWANCE (₦120,000.00):** It was observed that the total sum of One Hundred and Twenty Thousand Naira (₦120,000.00) payment made to O'clean members for the month of May, the sub-receipts attached was not acknowledged to affirm the genuineness of the disbursement of the expenditure which made it to appear unclaimed.

**RISK:**

*This was an indication that purported recipients might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*The Sub-receipt for the payment had not been signed by all recipients as at the time of Audit exercise, upon which Auditor issued a query and due process was duly followed necessary documents had been obtained and which would be presented for further Audit Verification.*

**RECOMMENDATION:**

*An official printed sub-receipt duly signed by the recipients must be obtained and attached to the payment voucher as this proved that the payment was actually made.*

**3. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS TOTALING [₦120,000.00]:** Payment voucher amounting to one hundred and twenty thousand naira [₦120,000.00] was not supported with official documents like invoices, receipts, sub-receipt etc., to authenticate that the expenditure was actually incurred by the recipient on behalf of the local government contrary to the provision of Financial Memoranda No. 14:17, which states that "An Official receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm. If the printed receipt covers more than one payment voucher reference to the number of the payment voucher to which the receipt is

attached, shall be entered on the other vouchers” The head of Finance and Supplies and the Internal Auditor must be alive to their responsibilities in this regard.

**Risk:**

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers to be presented for further Audit Scrutiny.*

**RECOMMENDATION**

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**4. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement.

Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**5. FINAL ACCOUNT:** The Head of Finance should ensure adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth, to avoid sanction.

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*



# MANAGEMENT LETTER

## ORIADE LOCAL GOVERNMENT, IJEBU JESA

Observation and internal control review for the financial year ended 31<sup>st</sup> December, 2021.

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TALLING ₦2,420,000:00:** Audit Scrutiny of records showed that some payment vouchers were not supported with relevant documents such as official receipts, invoice, store receipt voucher and store issue vouchers contrary to Financial Memoranda 14:17 which states that "An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm."

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers which was later submitted to the office of the Auditor General for further verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**2. UNRETIRED MONTHLY IMPREST TALLING ₦155, 000.00:** It was observed that some monthly holders of imprest failed to retire the imprest received before collecting the subsequent ones which was contrary to the Financial Memoranda 14:27 which states that "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprest shall be automatically retired at the end of each financial year".

The Head of Finance is therefore advised to comply with the financial Memorandum quoted above and inform the affected officers to retire the imprest before collecting the subsequent ones.

**RISK:** *Government fund might not have been use for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the effected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones.*

**3. UNCLAIMED ALLOWANCE/EXPENDITURE AMOUNTING ₦ 570,000:00:** This amount represents payments as the monthly payment of O'clean Technical committee allowance. It was observed that the sub-receipt was not signed by the recipients to prove that the fund was disbursed to the beneficiaries nor remitted into government coffers contrary to the Financial Memoranda 14:13 which states that "Payment shall be receipted by the Payee or his authorized agent and the receipt must state clearly in words and figures the actual amount received and not simply received the above amount.

**RISK:** This was an indication that purported recipients might not have been paid thereby resulting to loss of Local Government fund.

**MANAGEMENT RESPONSE:** Action had been taken, the sub-receipt attached to the Payment Voucher had been signed by the recipients and would be presented for further audit scrutiny.

**RECOMMENDATION:** The sub-receipt must be obtained and attached to the payment voucher as to prove the authenticity that the expenditure was carried out.

**4. EXPENDITURE NOT TAKEN ON CHARGE (N570,000.00):** Audit Inspection of records shows that a sum of N570,000.00 was released to the staffer of the council for the procurements of four dozen of chairs and water treatment chemical. Audit Observation showed that the purportedly purchased items could not be traced nor verified into store contrary to the financial memoranda 34:17(1-2) which state that, "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights etc against the local purchase order, invoice or government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledger".

**RISK:** This is an indication that purported items might not have been purchased, thereby resulting to loss of Local Government fund

**MANAGEMENT RESPONSE:** It was an oversight and items procured had been taken on charge by recording them in the appropriate store ledgers, store receipt voucher and store issued vouchers had been issued and attached to the payment vouchers to be presented for further audit scrutiny.

**RECOMMENDATION:** When items were bought and brought to the store, proper recording in the appropriate ledgers must be done by following laid down procedures

**5. UNPRODUCED REVENUE EARNING RECEIPT N207,600:00:** Back duty investigation on the revenue checking revealed that one of the Revenue Collector of the council failed to submit the Revenue Earning Booklet in his possession for audit checking. The Head of Finance should ensure prompt payment for all receipt issued, checked and passed by the Internal Auditor and returned to store for safe keeping before issuance of a new ones. This had been made subject of Audit Query No LQ/AUD/ORD/07/2021.

**RISK:** It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.

**MANAGEMENT RESPONSE:** The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets under their coffers and duly accounted for them to be presented for further audit verification.

**RECOMMENDATION:** All the receipt booklets should be produced for audit check and verification.

**6. FINAL ACCOUNTS:** Balancing error are observed in the statement of comparism of Budget and Actual in the period under review. However, this was being corrected in the instance of Audit officer. The Head of Finance and Supplies is admonished to ensure proper and adequate supervision of his subordinate towards ensuring error free financial statement.

**RISK:** This can affect the reliability of the statement to the end users

**MANAGEMENT RESPONSE:** *The officer in charge of the preparation of General Purpose Financial Statement will be supervised thoroughly and checked work done before the presentation of General Purpose Financial Statement for audit verification*

**RECOMMENDATION:** *The Director of Finance and Supplies should make sure the statement are well prepared in order to avoid sanction from Auditor.*

**7. ASSET LISTING VALUATION AND REVALUATION:** Kindly note that the office of the Auditor-General for the Local Governments is embarking on verification exercise of non-current Assets of the Local Government to substantiate the existences of assets, completeness of listing and the correctness of the provision values stated in your council GPFS.

The Internal Auditor is expected to maintain comprehensive and reliable assets Register of both serviceable and non-serviceable assets, updating when necessary and safeguarding the assets as its being used by various department of the Local Government.

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

# MANAGEMENT LETTER

## ORIADE SOUTH LOCAL COUNCIL DEVELOPMENT AREA, IPETU - IJESA

Observation and internal control review for the financial year ended 31<sup>st</sup> December, 2021.

**1. EXPENDITURE NOT TAKEN ON CHARGE ₦150,000:00:** Audit examination of records showed that One Hundred and Fifty Thousand Naira Only was released to a staffer of the Council vide Payment Voucher No 01/ March/2021 for the production of the year 2021 approved estimates, the purportedly year 2021 approved estimate could not be traced nor verified into store Contrary to Provision of Financial Memoranda 34:17(1-2) which states that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights etc against the Local purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger".

**RISK:** *This was an indication that purported document might not have been printed, thereby resulting to loss of Local Government fund*

**MANAGEMENT RESPONSE:** *It was an oversight and document printed had been taken to the store for record purpose and the store receipts vouchers had been issued and attached to the payment vouchers for Audit verification.*

**RECOMMENDATION:** *When items were printed and brought to the store, proper recording in the appropriate ledgers must be done by following laid down procedures*

**2. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TALLING ₦700, 000:00:** Audit Scrutiny of records showed that some of the payment vouchers were not supported with receipt and other relevant documents contrary to Financial Memoranda 14:17 which states that "An official receipt must be obtained and attached to payment voucher in respect of a payment to Government, another Local Government or a commercial firm."

**RISK:** *Payment made without supporting documents could imply non-execution of all or part of the services/purchases or conceal inflation of prices*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipts had been obtained and attached to the Payment Vouchers and would be presented for further audit verification.*

**RECOMMENDATION:** *The recipient / authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.*

**3. UNRETIRED IMPREST AMOUNTING TO ₦105,000.00:** It was observed that some monthly imprest holders failed to retire the imprest received before collecting subsequent ones which is contrary to Financial Memoranda 14:27 which states that "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are

prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year”.

**RISK:** *Government fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:** *It was an oversight, and the receipt had been obtained and attached to the Payment Vouchers and would be presented for further audit verification.*

**RECOMMENDATION:** *The head of Finance and Internal Auditor should ensure proper recording of petty cash and also hold the affected officers responsible for proper accountability for all expenditure incurred. Imprest should not be released without the retirement of previous ones*

**4. UNPRODUCED REVENUE EARNING RECEIPT BOOKLET ₦2,575,600.00:** It was observed that Revenue Collectors of the Council (See the attached list/Appendix B) failed to submit the Revenue Earning Receipt booklet in their possession for audit checking for the period under review. The Head of Finance should ensure prompt payment for all Receipts issued, checked and passed by the Internal Auditor and returned to store for safe keeping before issuance of a new one.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The concerned Revenue Collectors had been called upon to immediately produce all the receipt booklets in their possession and duly account for them by presenting them for further audit checking/verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**5. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** Audit examination of the Assets Register submitted to the office of the Auditor General for Local Government showed that your council devoid of comprehensive/detailed fixed asset register. To this end, this office is embarking on verification exercise on the non-current assets of your council to substantiate the existence, completeness of compilation and correctness of their disclosure as stated in your GPFS

**RISK:** *Non availability of comprehensive and reliable inventory/fixed asset register could made the Local Government Asset prone to theft, expropriation of assets (i.e use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of service in term of repairs and obsolete parts replacements*

**MANAGEMENT RESPONSE:** *A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government*

**RECOMMENDATION:** *The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance the ownership, existence valuation and authorisation in order to give accurate reliable financial data of the assets*

**6. SUBMISSION OF REVENUE RETURNS:** It was observed that the Finance Department (Rate officer) have failed to remit to the Auditor-General the correct Internally Generated Revenue profile for the period of 3<sup>rd</sup> and 4<sup>th</sup> quarter inspite of all the effort made by the Director on Revenue for the Auditor-General for Local Governments.

**RISK:** *It can lead to loss in the Internally Generated Revenue of the Local Government and opportunity for perpetration of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:** *The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:** *All the receipt booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**OROLU LOCAL GOVERNMENT, IFON-OSUN**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL**  
**YEAR ENDED 31ST DECEMBER, 2021**

**1. UNCLAIMED ALLOWANCE WORTH (N1,187,000:00):** It was observed that the sum of One Million, One Hundred and Eighty-seven Thousand Naira Only (N1,187,000:00), paid as monthly stipends and allowances for the corps members, were not supported with sub-receipts while others were attached with unsigned sub-receipts by the recipients which could not prove the genuineness of the disbursement of the expenditure which made it stand as unclaimed.

**RISK:**

*This was an indication that purported recipients might not have been paid thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*The Sub-receipt for the payment had not been signed by all recipients as at the time of Audit exercise, upon which Auditor issued a query and due process was duly followed and necessary documents were later attached to be presented for further Audit Verification.*

**RECOMMENDATION:**

*An official sub-receipt duly signed must be obtained and attached to the payment voucher as this proved the authenticity that the allowance was actually paid.*

**2. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNT (N55,000.00):-** It was observed that a total sum of Fifty-five Thousand Naira (N55,000.00) was spent on allowance of Community Development in the month of May, 2021. Further observation revealed that the payment voucher used to effect the payment was not supported with official document such as official receipt, invoice, sub-receipt e.t.c. as evidence that the expenditure was actually incurred contrary to Financial Memoranda 14:17, which states that "Payment voucher shall be receipted by the payee or authorized agent, and the official payment receipt must be printed and attached to the payment voucher in respect of a payment to Government, Local Government or commercial firm. If the printed receipt covers more than one payment voucher to which the receipt is attached shall be entered on the other voucher.

**Risk:**

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers to be presented for further Audit Verification.*

**RECOMMENDATION**

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**3. UNRECEIPTED EXPENDITURE [N200,000.00]:** Payment voucher No. 17/Sept/2021 amounting to Two Hundred Thousand Naira (N200,000.00) was approved and paid in respect of welfare and accommodation of federal technical team during the insecticide and Net campaign distribution. This payment voucher was not supported with required official document like receipt, invoice, sub-receipt etc., to justify the genuineness of the expenditure contrary to Financial memoranda 14:17 which states that.” An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm”.

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers to be presented for further Audit Verification.*

**RECOMMENDATION:**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**4. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government.

However, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Management is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, misappropriation of assets.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*



# **MANAGEMENT LETTER**

## **OROLU SOUTH AREA COUNCIL, DIISU-AYEKALE**

### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021**

**1. DOUBTFUL EXPENDITURE TOTALLING (N450,000:00):** The expenditure incurred by the Local Council Area Office on interactive meeting with herdsmen and farmers, Lenten talk and Easter Sunday Celebration appeared doubtful because tangible evidence that would have justified the payment i.e List of participants and Video clip could not be produced for Audit Scrutiny.

**RISK:**

*The implication of this expenditure was that the purported services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes would be presented for further Audit scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.*

**2. UNRETIRED IMPREST TOTALLING (N212,500.00):** It was observed that the monthly imprest to the tune of Two Hundred and Twelve Thousand Naira Only (N212,500.00) payments were not attached with official documents like receipt, invoice, sub-receipts etc., to authenticate that the expenditure was actually incurred by the recipient on behalf of the Local Government Contrary to Financial Memoranda N0 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each Financial year."

**RISK:**

*Government Fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:**

*It was an oversight, and the receipts had been obtained and would be attached to the payment vouchers for further Audit Verification.*

**RECOMMENDATION:**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for Audit verification.*

**3. EXPENDITURE NOT TAKEN ON CHARGE (N133,000:00):** It was observed that the stationaries and laptop computer purchased were not taken on charge and could not

be verified to authenticate the genuineness of the purchase made contrary to the Financial Memoranda. 34:17(1-2) which state that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The store must be checked for quantities, weights e.t.c. against the Local purchase order, invoice of Government, store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate store ledgers".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE**

*The store ledger had not been updated as at the time of Audit Inspection. However, they had been updated retrospectively and available for Audit Scrutiny. The lateness was highly regretted.*

**RECOMMENDATION:**

*All necessary supporting documents such as Store receipt vouchers and Store issued vouchers should be attached to the payment vouchers before put into use.*

**6. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of 3<sup>rd</sup> and 4<sup>th</sup> quarter 2021. Despite several effort made by the Director of Revenue of Office of the Auditor-General for Local Government.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of Local Government and opportunity for preparation of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:**

*All the receipts booklets should be produced for audit check and verification.*

**MANAGEMENT LETTER**  
**OSOGBO LOCAL GOVERNMENT, OSOGBO**  
**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR**  
**ENDED 31ST DECEMBER, 2021**

**1. DOUBTFUL EXPENDITURE (₦2,055,000.00):** It was observed that a total sum of Two Million and Fifty-five Thousand Naira (₦2,055,000.00) were spent on seminar symposium for the teeming youths, hosting of meeting of market women and entertainment of forum of secretary for youth, markets and secretary for women and children affairs on peace mission and 2-day enlightenment campaign on ways of controlling crime waves among youths. Audit examination showed that all the payment vouchers used to effect the payment were not supported with enough documentary evidence such as video clip, official receipts, group pictures, banner etc. to authenticate the genuineness of the expenditure contrary to Financial memorandum 14:16.

**RISK:**

*The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.*

**MANAGEMENT RESPONSE:**

*Receipts, Sub-receipts, list of beneficiaries and photographs were not readily available before the arrival of the Audit team. However, supporting evidences such as sub-receipts, photographs, video tapes had been collected and would be presented for Audit scrutiny.*

**RECOMMENDATION:**

*The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.*

**2. EXPENDITURE TAKEN ON CHARGE (₦30,000.00):** It was observed that some replaced obsolete parts and some relevant store items were not taken on charge and could not be verified to authenticate the genuineness of the purchases made contrary to the provision of Financial Memoranda 34:17(1-2) which states that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights e.t.c. against the Local purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of Local Government fund.*

**MANAGEMENT RESPONSE**

*The store ledger had not been updated as at the time of Audit Inspection, however, they had been updated retrospectively and available for Audit Scrutiny. The lateness was highly regretted.*

**RECOMMENDATION:**

*All necessary supporting documents such as Store receipt vouchers and Store issued vouchers should be attached to the payment vouchers before being put into use.*

**3. UNRECEIPTED EXPENDITURE TALLING ₦250,000.00:** Payment voucher amounting to two hundred and fifty thousand naira (#250,000.00) being payment for environmental sanitation was not attached with official document like receipt, invoice, sub-receipt etc., to authenticate that the expenditure was actually incurred by the recipient on behalf of the Local Government. Contrary to Financial memoranda 14:17 which states that.” An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm”.

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers to be presented for further Audit Scrutiny.*

**RECOMMENDATION:**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**4. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement.

Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**5. FINAL ACCOUNT:** The General-Purpose Financial Statement was submitted on the 27th May, 2022 contrary to the 29th April, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

# **MANAGEMENT LETTER**

## **OSOGBO SOUTH LOCAL COUNCIL DEVELOPMENT AREA, OJA-OBA, OSOGBO**

### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2021**

**1. UNRETIRED IMPREST TALLING (₦90,000:00):** The recent Audit Inspection revealed that imprest made to some officers were not retired before subsequent ones were paid to the affected officers contrary to the provision of Financial Memoranda 14(16).

**RISK:**

*Government Fund might not have been used for official purpose*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers to be presented for further Audit Verification.*

**RECOMMENDATION:**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for Audit verification.*

**2. EXPENDITURE NOT CHECKED AND PASSED BY THE INTERNAL AUDITOR (₦62,700.00):** It was observed that the payment vouchers amounting to Sixty-two Thousand Seven Hundred Naira (₦62,700.00) used to effect payments for light refreshments for PCRC/CDC meeting and also for the urgent repair of Rate bus between the month of May and October, 2021 were neither checked nor passed by the Internal Auditor. This contrary to the provision of F.M 40:10 which states that "Before any payment is made, a prepayment audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provisions of these Financial Memoranda have been followed in all respects, the payment is one properly authorised and correctly charged to the stated sub-head or account, and that sufficient funds are available to meet it".

**RISK:**

*Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.*

**MANAGEMENT RESPONSE:**

*The voucher was not checked and passed by the Internal Auditor due to exigence of the expenditure as at the time the Payment Voucher was raised. The approval for the expenditure had been sought in file before payment was effected. However, the Payment*

*Voucher had now been processed with necessary attachment and submitted to the Office of the Auditor General for Local Government for further scrutiny.*

**RECOMMENDATION:**

*The Internal Auditor Should ensure that prepayment and post payment audit were carried out on all transactions of the Local Government.*

**3. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS TOTALING [N10,000.00]:** Payment voucher amounting to N10,000.00 for the purchase of stationaries incurred on behalf of Oshogbo south LCDA was not supported with invoices, receipts and store receipt voucher to anticipate that the Payment was actually made contrary to the provision of Financial Memoranda 14:17 Which states that “An official printed receipt must be obtained and attached to the project voucher. In respect of a payment to Government, Local Government or Commercial Firm. If the printed receipt covers more than one payment voucher to which the receipt is attached shall be entered on the voucher”.

**Risk:**

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, and the receipts had been obtained and attached to the payment vouchers which would be presented for further Audit Verification.*

**RECOMMENDATION**

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**4. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement. Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**5. FINAL ACCOUNT:** The General-Purpose Financial Statement was submitted on the 27th May, 2022 contrary to the 29th April, 2022 deadline given for the submission, the idea which is considered not to be too good enough for timely presentation of Financial information to the appropriate user.

The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**6. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of 3<sup>rd</sup> and 4<sup>th</sup> quarter 2021. Despite several effort made by the Director of Revenue of Office of the Auditor-General for Local Government.

**RISK:**

*It can lead to loss in the Internally Generated Revenue of Local Government and opportunity for preparation of fraud by the concerned Revenue Collectors.*

**MANAGEMENT RESPONSE:**

*The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

**RECOMMENDATION:**

*All the receipts booklets should be produced for audit check and verification.*



# **MANAGEMENT LETTER**

## **OSOGBOWEST LOCAL COUNCIL DEVELOPMENT AREA, OKE-ARUNGBOW**

### **OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

**1. UNRETIRED IMPREST TALLING (N147,500:00):** It was observed that the monthly imprest paid to Comrade Bolarinwa, some Honourable members and DSS were not retired before subsequent ones were obtained contrary to Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as are prescribed when the imprest is approved. However, all imprests shall be automatically be retired at the end of each financial year".

**RISK:**

*Government Fund might not have been used for official purpose.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers which would be presented for further Audit Verification.*

**RECOMMENDATION:**

*Proper recording of petty cash should be done and all payments must be retired immediately and presented for Audit verification.*

**2. UNRECEIPTED EXPENDITURE TALLING (N116,000:00):** It was observed that a total sum of One Hundred and Sixteen Thousand Naira (#116,000.00) for the cleaning of overgrown weeds within the secretariat premises in the month of August 2021 was not supported with the required official document like receipt, invoice, sub-receipt etc., to authenticate that the expenditure was actually incurred by the recipient on behalf of the Local Council Development Area, Contrary to Financial memoranda 14:17 which states that." An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm".

**RISK:**

*This was an indication that the purported assignment might not have been done thereby resulting to loss of loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the sub-receipts signed by artisans had been obtained and attached to the payment vouchers to be presented for further Audit verification.*

**RECOMMENDATION:**

*All necessary supporting documents such as sub-receipt and store issued vouchers should be attached to the payment vouchers before filling.*

**3. STORE ITEM NOT TAKEN ON CHARGE (N85,500.00):** It was observed that amount paid in respect of purchased of reflective jacket, padlock and stamp to the store as against the Financial Memoranda. Chapter 34:17(1-2) which state that "All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights e.t.c. against the Local purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger".

**RISK:**

*This was an indication that the purported items might not have been purchased thereby resulting to loss of loss of Local Government fund.*

**MANAGEMENT RESPONSE:**

*The store ledgers used had been exhausted. However, another ledger had been procured and update. Also, store receipt and issued vouchers had been issued accordingly which would be presented for further Audit verification.*

**RECOMMENDATION:**

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before filling.*

**4. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNT (N25,000.00):** It was observed that the total sum of Twenty-five Thousand Naira only (N25,000.00) was paid for the entertainment during peace and security meeting, it was revealed that necessary documents like receipts and invoices were not attached to authenticate that the amount was actually spent on behalf of the Local Council contrary to the provision of Financial Memoranda 14:17 which states that ""An official printed receipt must be obtained and attached to the project voucher. In respect of a payment to Government, Local Government or Commercial Firm. If the printed receipt covers more than one payment voucher to which the receipt is attached shall be entered on the other voucher".

**Risk:**

*Payments made without supporting documents could imply non-execution of all or part of the services/ purchases or conceal inflation of prices.*

**MANAGEMENT RESPONSE:**

*It was an oversight, the receipts had been obtained and attached to the payment vouchers which would be presented for further Audit Verification.*

**RECOMMENDATION**

*The recipient/authorizing officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure or should make a refund.*

**5. VALUATION AND REVALUATION OF NON-CURRENT ASSETS:** It should be noted that the Office of the Auditor General for Local Governments has embarked on verification and compilation of all Non-Current Asset of the Local Government to ensure

their existence, completeness of the lists of Assets and correctness of the provisional values of the Financial Position in the General Purpose Financial Statement.

Furthermore, the Local Government did not have comprehensive and reliable inventory/fixed Asset Register. The Internal Auditor is expected to maintain a Standard Assets Register of both serviceable and non-serviceable assets, updating necessary and safeguarding the assets as its being used by various departments of the Local Government.

**RISK:**

*Non availability of comprehensive and reliable inventory/fixed asset register could make the Local Government Asset prone to theft, expropriation of assets i.e. use of Local Government property without authorisation, pilfering, falsification of asset values in GPFS, duplication of services in terms of repairs and obsolete parts replacements.*

**MANAGEMENT RESPONSE:**

*A comprehensive asset register would be opened to capture all Assets of Local Government and would be updated on monthly basis by the Internal Audit unit of the Local Government.*

**RECOMMENDATION:**

*The Internal Auditor must ensure that all assets are captured in the register by taking into cognisance of the ownership, existence valuation and authorisation order to give accurate reliable Financial data of the assets.*

**6. FINAL ACCOUNT:** The Head of Finance is admonished to be alive to his responsibility by ensuring adequate supervision of his subordinate towards ensuring timely preparation and presentation of Financial Statement henceforth.

**RISK:**

*This was an indication that the purported financial statement may likely affect the timely presentation of the statement to the end users.*

**MANAGEMENT RESPONSE:**

*The General-Purpose Financial Statement was submitted late due to delay in checking and corrections of the accounts.*

**RECOMMENDATION:**

*The Director of Finance and Supplies should make sure that the General Purpose Financial Statement are submitted before the speculated time to avoid sanction by the Auditor General.*

**7. SUBMISSION OF REVENUE RETURNS:** It was observed that your Local Government failed to remit quarterly returns on Internal Generated Revenue profile for the period of 1<sup>st</sup> and 4<sup>th</sup> quarter 2021. Despite several effort made by the Director of Revenue of Office of the Auditor-General for Local Government.

***RISK:***

*It can lead to loss in the Internally Generated Revenue of Local Government and opportunity for preparation of fraud by the concerned Revenue Collectors.*

***MANAGEMENT RESPONSE:***

*The preparation was in progress as at the time of Audit exercise and it had been prepared accordingly for further Audit verification.*

***RECOMMENDATION:***

*All the receipts booklets should be produced for audit check and verification.*

## **OSUN STATE LOCAL GOVERNMENT STAFF LOANS BOARD, OSOGBO**

1. **STORES:** It was observed that there was no place designated as store, as many obsolete items meant to have been kept in the store littered the floor of the Premises of the Board.

**RISK:** **LOSS OF STORES:** items scattered all over the Premises can be easily pilfered while office Staff themselves can hide under the pretext of not having any store to cart away these items.

**MANAGEMENT RESPONSE:** A place would be made available to serve as store for the Board.

**RECOMMENDATION:** A competent officer should be engaged to man the store and all necessary store records should be kept.

2. **OUTSTANDING HOUSING LOAN- ₦172,749,660.08:** A total sum of One hundred and Seventy-Two million, Seven Hundred and Forty-Nine Thousand, Six Hundred and Sixty Naira, Eight Kobo (₦172,749,660.08) was standing as outstanding loan as at 31<sup>st</sup> December, 2021.

**RISK:** Having huge amount as unremitted loan will hinder other intending borrowers from enjoying the loan facility Secondly, there is a higher risk of bad debts with increasing amount of outstanding loan.

**MANAGEMENT RESPONSE:** Frantic effort shall be made to facilitate remittance by the Local Governments involved in the remittance default.

**RECOMMENDATION:** The Board should put more effort in monitoring the Local Government to ensure prompt remittance of all Loan deductions domiciled in their Accounts.

### **OSUN LOCAL GOVERNMENT STAFF LOANS BOARD.**

3. **OUTSTANDING VEHICLE LOAN ₦69, 916,026.78** The Audit Inspection revealed that a total sum of Sixty Nine million, Nine hundred and Sixteen

Thousand, Twenty-Six Naira and Seventy Eight Kobo was standing as outstanding vehicle loan at 31<sup>st</sup> December, 2021.

**RISK:** Many staffers who might also want to benefit from the Loan facility are being hindered. Furthermore, the loan funds at the coffers of the various defaulting Local Governments are prone to being used illegally. There is also the risk of bad debt as the amount of outstanding loan increases.

**MANAAGEMENT RESPONSES:** Pressure shall be mounted on the various defaulting Local Governments to make necessary remittance to avoid sanction.

**RECOMMENDATION:** Prompt attempt at collection of these loan remittances should be made by the Board from the Local Governments.

**STATE UNIVERSAL BASIC  
EDUCATION BOARD (SUBEB)  
SUBEB MATCHING GRANT TALLING ₦1,118,911,240.19**

It was discovered during the Audit Inspection that the sum of One Billion, One Hundred and Eighteen Million, Nine Hundred and Eleven Thousand, Two Hundred and Forty Naira and Nineteen Kobo (₦1,118,911,240.19) was released for execution of service as competent fund for SUBEB to execute several projects embarked upon by the Board. It was observed with dismay that the projects claimed to have been executed could not be verified.

**RISK:** That the projects purportedly executed could not be verified by the audit team could mean that the projects were not fully executed, or worse still, not executed at all.

**MANAGEMENT RESPONSE:** There were internal logistic issues that prevented the Board from providing enabling environment for the Audit Team to carry out the verification of the Projects during their visit.

**RECOMMENDATION:** The Board was instructed through a letter to provide an enabling environment and cooperate with the Audit to carry out the verification.

2. **INTERNAL AUDIT REPORT:** The Internal Audit Reports of the Board for the entire Year 2021 were not submitted to the Auditor – General by the Internal Auditor.

**RISK:** There may be collaboration with the Management of the Board with the Internal Auditor not to make the Internal Audit Report available due to information they might want to conceal or a fraudulent activity they wanted to cover.

**MANAGEMENT RESPONSE:** The Management apologized and promised to make available all the outstanding Reports of the Internal Auditor till date.

**RECOMMENDATION:** The Internal Audit Reports to be forwarded to the Auditor-General should be timely and address issues of substance.

## TRADITIONAL COUNCILS SUMMARY OF WITNESSES REPORT

	<b>TRADITION COUNCIL</b>	<b>BUDGET COMMITTEE</b>	<b>BANK RECONCILIATION STATEMENT</b>	<b>TAX (PAYE)</b>	<b>REMARKS</b>
1	Ayedaade	No adverse comment	No adverse comment	Under deducted	
2	Boluwaduro	No adverse comment	No adverse comment	Payee under deducted	
3	Boripe	No adverse comment	No adverse comment	No adverse comment	
4	Ede	No adverse comment	Not prepared	No adverse comment	
5	Ejigbo	Not Constituted	Not prepared	Under deducted	
6	Ife	No adverse comment	No adverse comment	Not deducted	
7	Ifelodun	No adverse comment	Not prepared	Not deducted	
8	Ijesa Central	Not Constituted	No adverse comment	Not deducted	
9	Ijesa South	Not Constituted	Not prepared	Not deducted	
10	Ila	Not Constituted	No adverse comment	Not deducted nor remitted	
11	Irepodun Orolu	No adverse comment	Not prepared	Deducted but not remitted	
12	Irewole	Not Constituted	Not prepared	No adverse	



				comment	
13	Iwo	No adverse comment	Not prepared	Under deducted	
14	Odo Otin	No adverse comment	Not prepared	Under deducted	
15	Osogbo	No adverse comment	Not prepared	Under deducted	

- 1. NON-COMPOSITION AND OPERATION OF BUDGET COMMITTEE:** During the period under review there was no budget committee in place in some Traditional Councils contrary to the Provision of the Circular letter NO CM. 58/102 of 26<sup>th</sup> April, 2001 issued by the Ministry of Local Government and Rural Development which states that "Each Traditional Council should set up a Budget Committee that will prepare the Annual Budget of the Traditional Councils based on the 5% of the allocation control figure of the component Local Government".

**RISK:** Exposes the traditional Council to the risk of Mis-allocation and misappropriation of fund for unapproved purposes.

**MANAGEMENT RESPONSE** was that the various Traditional Council are in the process of constituting their respective budget committee

**RECOMMENDATION:** The affected Traditional Councils are hereby advised to constitute their respective Budget Committees and forward the minutes of the meeting to Auditor-General for verification. Further disbursement of fund should be disallowed until well constituted and duly representative budget committees are in place in line with the extant rules.

## **2. NON-DEDUCTION, UNDER DEDUCTION AND/ OR NON-REMITTANCE OF TAX DEDUCTED**

Some traditional councils did not allow for deduction of pay as you earn taxes on salaries and allowances of the traditional rulers and Chiefs. In some instances PAYE tax was under-deducted, while in some cases, taxes deducted were not remitted to the state internal revenue services

**RISK:** Loss of revenue accruable to the state government

**MANAGEMENT RESPONSE:** there is need to justify the basis for payment of taxes and in the magnitude stated.

**RECOMMENDATIONS:** IRS should do some intensive enlightenment on emoluments that qualify for PAYE deduction and the bases for calculation. Also,

there must be adequate training for Traditional councils accountants on Tax matters, including computations. Furthermore, management of the traditional councils are enjoined to comply with the report of Auditor-General on back duty tax audit for proper deduction and remittance of tax due

### **3. BANK RECONCILIATION STATEMENT**

It was observed that the bank reconciliation statements of some Traditional councils identified above were in arrears of several months. The non-preparation of BRS is contrary to the Financial Memoranda 19:23 which states that 'at the end of the month a detailed statement must be obtained of the months transaction on the account and; the transaction according to the Bank Statement must be checked against the entries in the Cash Book and the two records reconciled''

**RISK:** Misappropriation cash in bank account due to possibility of unchecked irregular withdrawals without corresponding Ledger entries and documentary evidences

**MANAGEMENTS' RESPONSE:** The accountant is in the process of preparing the reconciliation statement as it is not the duty of the traditional rulers to do so

**RECOMMENDATION:** Qualified accountants should be deployed by host Local Governments to handle traditional councils accounts. Failure to prepare bank reconciliation statements promptly and correctly will be met with stiff penalties according to the regulations, henceforth.