



**BORNO STATE OF NIGERIA**

**MANAGEMENT LETTER AND RESPONSES  
OF BORNO STATE  
LOCAL GOVERNMENTS COUNCILS**

**FOR THE YEAR ENDED**

**31ST DECEMBER, 2023.**





**HIS EXCELLENCY**  
**PROF. BABAGANA UMARA ZULUM mni, FNSE**  
**EXECUTIVE GOVERNOR BORNO STATE**





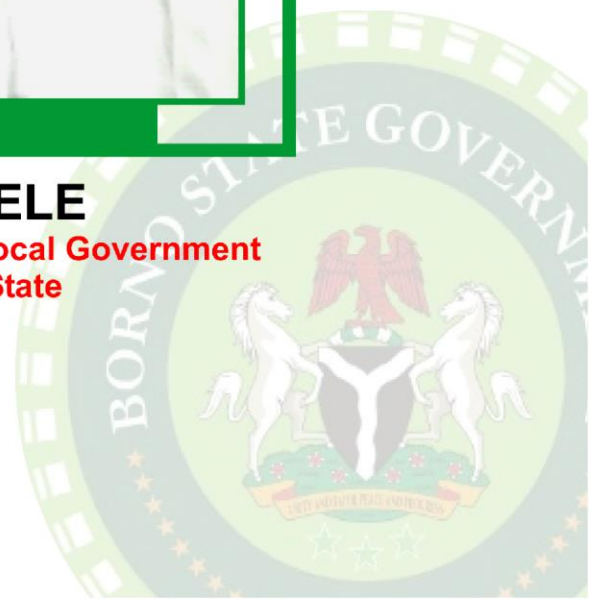
**RT. HON. ABDULKARIM LAWAN**  
**Speaker, Borno State House of Assembly**





**HON. SUGUN MAI MELE**

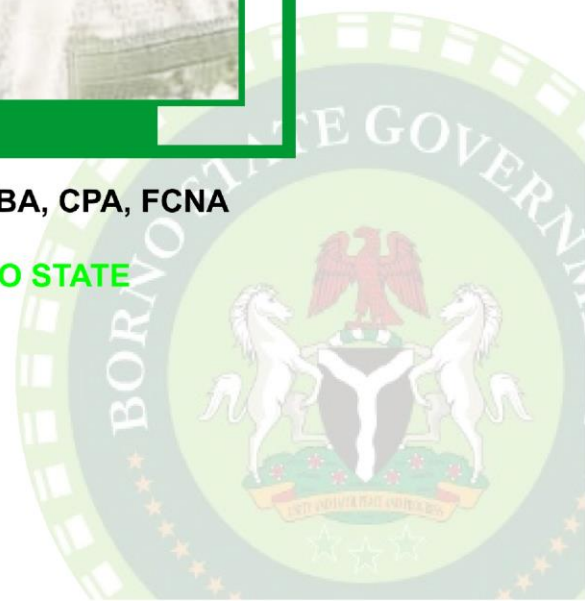
**Honourable Commissioner, Ministry for Local Government  
and Emirates Affairs, Borno State**



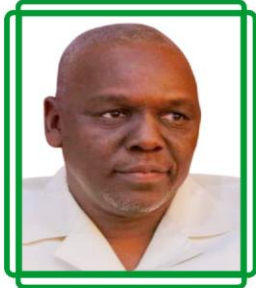




**BABAGANA LAMINU**, B.Sc., MBA, CPA, FCNA  
**AUDITOR - GENERAL**  
**FOR LOCAL GOVERNMENT, BORNO STATE**



# BORNO STATE LOCAL GOVERNMENT COUNCILS CHAIRMEN



HON. ALHAJI MUSTAPHA KAGU  
CHAIRMAN  
ABADAM LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. AHMED AHIDJO ABDULLAHI  
CHAIRMAN  
ASKIRA UBA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. GRAMA TERAB  
CHAIRMAN  
BAMA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. HARUNA ALIYU CHIBRA  
CHAIRMAN  
BAYO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. SULE ALI ABUBAKAR  
CHAIRMAN  
BIU LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. UMAR IBRAHIM  
CHAIRMAN  
CHIBOK LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. BUKAR DAJA ALIYU (HABU DAJA)  
CHAIRMAN  
DAMBOA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. ALHAJI ABBA KASHIM  
CHAIRMAN  
DIKWA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. MALI BULAMA M. GUBIO, MNSE  
CHAIRMAN  
GUBIO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. KAKA MALLAM GANA  
CHAIRMAN  
GUZAMALA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



PROF. IBRAHIM BULAMA BUKAR  
CHAIRMAN  
GWOZA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. INUWA BWALA  
CHAIRMAN  
HAWUL LOCAL GOVERNMENT COUNCIL  
BORNO STATE



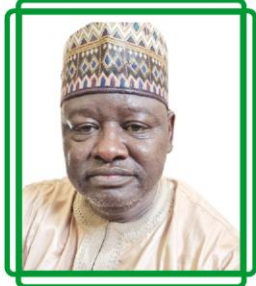
HON. DUNGUS MOHAMMED  
CHAIRMAN  
JERE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. MUSTAPHA DAIMA  
CHAIRMAN  
KAGA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. ABBA LAWAN ABUBAKAR JABU  
CHAIRMAN  
KALA BALGE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



COMRADE WAKIL KYARI  
CHAIRMAN  
KONDUGA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. USMAN ALHAJI BUKAR KEKENO  
CHAIRMAN  
KUKAWA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. SALIHU ADAMU YANGA  
CHAIRMAN  
KWAYA KUSAR LOCAL GOVERNMENT COUNCIL  
BORNO STATE



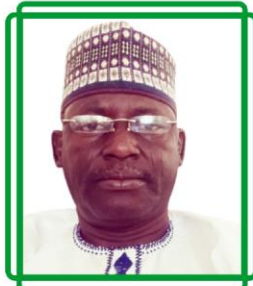
HON. GONI GONIBE  
CHAIRMAN  
MAFA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



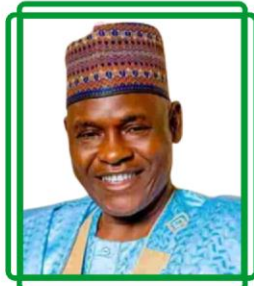
ENGR. DR. ALI LAWAN YAUMI  
CHAIRMAN  
MAGUMERI LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. ALI UMAR BOLORI  
CHAIRMAN  
MAIDUGURI METROPOLITAN COUNCIL  
BORNO STATE



HON. BUKAR WAGANI IBRAHIM  
CHAIRMAN  
MARTE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. ALI AUDU DAMASAK  
CHAIRMAN  
MOBBAR LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. ALH KYARI IBRAHIM  
CHAIRMAN  
MONGUNO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. ABDULRAHMAN ABDULKARIM  
CHAIRMAN  
NGALA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



HON. BUKAR MUDU BADU  
CHAIRMAN  
NGANZAI LOCAL GOVERNMENT COUNCIL  
BORNO STATE



ENGR. (PROF.) JIBRIN M. DIBAL  
CHAIRMAN  
SHANI LOCAL GOVERNMENT COUNCIL  
BORNO STATE





# BORNO STATE LOCAL GOVERNMENT COUNCILS SECRETARIES



**BABA GANA MUSTAPHA**  
SECRETARY  
ABADAM LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**HAJIYA HADIZA ALIYU**  
SECRETARY  
ASKIRA UBA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ALH. MATOWALLI KAUMI KURA**  
SECRETARY  
BAMA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**IBRAHIM UMAR GARKUWA**  
SECRETARY  
BAYO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**HAJJA LARAI MAI UMAR**  
SECRETARY  
BIU LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BUKAR WADAI**  
SECRETARY  
CHIBOK LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**MODU MUSTAPHA TOKKEBE**  
SECRETARY  
DAMBOA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BUKAR SHETTIMA**  
SECRETARY  
DIKWA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BABA GANA MODU**  
SECRETARY  
GUBIO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**USMAN LAWAN**  
SECRETARY  
GUZAMALA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**YUSUF I. TIMTA**  
SECRETARY  
GWOZA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ABDULKARIM LAWAN WAKAWA**  
SECRETARY  
HAWUL LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**HAJJA HAUWA MUSTAPHA**  
SECRETARY  
JERE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ABBA ALI BENISHEIKH**  
SECRETARY  
KAGA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BABAGANA ABBA KOLO**  
SECRETARY  
KALA BALGE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



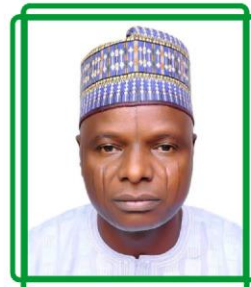
**MOHAMMED MUKTAR**  
SECRETARY  
KONDUGA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BELLO ALHAJI MUSA**  
SECRETARY  
KUKAWA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ISA DOGO GUSI**  
SECRETARY  
KWAYA KUSAR LOCAL GOVERNMENT COUNCIL  
BORNO STATE



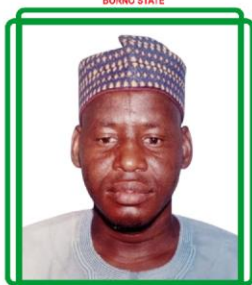
**ALHAJI SALE BUKAR**  
SECRETARY  
MAFA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ALI LAWAN KYARI**  
SECRETARY  
MAGUMERI LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**HAJJA FATI ABATCHA**  
SECRETARY  
MAIDUGURI METROPOLITAN COUNCIL  
BORNO STATE



**SHETTIMA BUKAR NJINE**  
SECRETARY  
MARTE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**MOHAMMED MALLAM AJI**  
SECRETARY  
MOBBAR LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**GONI BUKAR MUSA**  
SECRETARY  
MONGUNO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**AL-AMIN SHERIFF MOHAMMED**  
SECRETARY  
NGALA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**MOHAMMED ALH. SHERIFF**  
SECRETARY  
NGANZAI LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ADAMU ABARE**  
SECRETARY  
SHANI LOCAL GOVERNMENT COUNCIL  
BORNO STATE





# BORNO STATE LOCAL GOVERNMENT COUNCILS TREASURERS



**BUKAR GADI**  
TREASURER  
ABADAM LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**DANJUMA GARBA SHANI, fcim**  
TREASURER  
ASKIRA UBA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**SALE BUBA GALADIMA**  
TREASURER  
BAMA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ABDULLAHI JIBRIN**  
TREASURER  
BAYO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**MOHAMMED IBRAHIM**  
TREASURER  
BIU LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ZAINAB ABBA**  
TREASURER  
CHIBOK LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**DARMAN BULAMA BURUM**  
TREASURER  
DAMBOA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BABAGANA ALH. GIMBA**  
TREASURER  
DIKWA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ABUKAR BABA**  
TREASURER  
GUBIO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BUKAR MODU**  
TREASURER  
GUZAMALA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**UMAR ALI KAMBA**  
TREASURER  
GWOZA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**SALEH ZUBAIRU**  
TREASURER  
HAWUL LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BURA SAMBO**  
TREASURER  
JERE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ABBA GANA BABA (CNA)**  
TREASURER  
KAGA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**DR. ABISO KABIR**  
TREASURER  
KALA BALGE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**GONI MUSTAPHA, CNA**  
TREASURER  
KONDUGA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**SHETTIMA HARUNA**  
TREASURER  
KUKAWA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**AHMED LAWAN**  
TREASURER  
KWAYA KUSAR LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**HAUWA IBRAHIM MADUBI**  
TREASURER  
MAFA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**MAL. MUSTAPHA BULAMA**  
TREASURER  
MAGUMERI LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BA'ANA JIDDA MAHDI**  
TREASURER  
MAIDUGURI METROPOLITAN COUNCIL  
BORNO STATE



**BABAGANA BUNU MARTE**  
TREASURER  
MARTE LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**YAKUBU UMAR**  
TREASURER  
MOBBAR LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**MALLAM SALISU USMAN**  
TREASURER  
MONGUNO LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**BABA WUROMA USMAN**  
TREASURER  
NGALA LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**YAGANA FANTAMI**  
TREASURER  
NGANZAI LOCAL GOVERNMENT COUNCIL  
BORNO STATE



**ANJIKWI ISHAYA**  
TREASURER  
SHANI LOCAL GOVERNMENT COUNCIL  
BORNO STATE





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## **BORNO STATE**

# **OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

**PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.**

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Abadam Local Government,  
Malamfatori.  
Borno State

Dear Sir,

### **MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

We have completed the audit of the accounts of Abadam Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**



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- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Non-Retirement of Payment Vouchers
- 4.0 Received and Issued from Store
- 5.0 Inactiveness of units
- 6.0 Computerization of Accounting Transactions
- 7.0 Insurance
- 8.0 Financial Reporting Council of Nigeria (FRCN) Registration Number

### 1. REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Abadam Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	Tradable Investment Assets	We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of it carrying amount.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	Budget Estimates	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is the summary of 2023 financial activities presented in comparative statement with that of 2022 activities

	2023	2022	Increase/Decrease	
REVENUE	₦	₦	₦	%
<i>Revenue From Non-Exchanged Transactions</i>				
Levies, Fees and Fines	-	-	-	
Statutory Allocation	2,684,953,247	2,220,724,983	464,228,263	20.90
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	-	-	
<b>Total Revenue</b>	<b>2,684,953,247</b>	<b>2,220,724,983</b>	<b>464,228,263</b>	<b>20.90</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	408,891,220	424,518,899	(15,627,679)	(3.68)
Grants and Other Transfer (Statutory)	1,118,197,060	771,986,034	346,211,026	44.85
Other Miscellaneous Direct Deductions	798,349,010	501,857,917	296,491,094	59.08
General and Administrative Expenses	327,676,741	483,108,180	(155,431,440)	(32.17)
<b>Total Payments</b>	<b>2,653,114,031</b>	<b>2,181,471,030</b>	<b>471,643,001</b>	<b>21.62</b>
<b>Surplus/(Deficit) for the period</b>	<b>31,839,216</b>	<b>39,253,954</b>	<b>(7,414,737)</b>	<b>(18.89)</b>



## 2.1 Observation

There was an increase in the statutory grant for the year however, under the internally generated revenue it was recorded a zero collection for both 2022 and 2023, while operational cost and other expenditure has increase by 21.62% in 2023.

## 2.2 Implication

The local government is heavily dependent on grant

## 2.3 Recommendation

Management should strategies to ensure that independent revenue adequately assess and collected by the local government.

## 2.4 Management Responses

*Noted, there is an going strategies to ensure collection of revenue commences in the local government*

## 3.0 Non-Retirement of Payment Vouchers

### 3.1 Observation

Instances of Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Purpose	Amount (₦)
1	February, 2023	019	Scrub Clearance	3,500,000
2	November, 2023	003	Procurement of Relief Materials	4,170,000
3	November, 2023	006	Procurement of Vaccine	1,143,000
TOTAL				8,813,000

### 3.2 Implication

This may indicate weaknesses of internal control system and will distort the disclosure requirement in the financial statements.

### 3.3 Recommendation

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

### 3.4 Management Response

*Noted proactive measure will be taken to address the issue*

## 4.0 Received and Issued from Store

### 4.1 Observation

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of relief materials to IDPs camp without any records of received and issued from stores.

### 4.2 Implication

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum.

#### **4.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **4.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

#### **5.0 Inactiveness of units**

##### **5.1. Observation**

Based on routine inspection visit by the officials of the Auditor-General for local government, recorded a non-active (no financial activities) for four months September to December 2023 by some units that are key to local government development. These units or departments are:

- i. Works and Housing
- ii. Agric and natural resources
- iii. Education

##### **5.2 Implication**

This may not go well with Federal, State, Local Government and other stakeholder strived to see the gross root development

##### **5.3 Recommendation**

Ensure all Budgetary activities are carryout in all units and departments

##### **5.4 Management Response**

*Noted*

#### **6.0 Computerization of Accounting Transactions:**

##### **6.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

##### **6.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

##### **6.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

##### **6.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*



**7.0 Insurance:**

**7.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

**7.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

**7.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

**7.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

**8.0 Financial Reporting Council (FRC) Registration Number**

**8.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

**8.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

**8.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

**8.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

**8.5 Management Response**

Management noted the observation for timely implementation



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Askira Uba Local Government,  
Askira Uba,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Askira Uba Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

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BORNO STATE**



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### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Askira Uba Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three-level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
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The percentage expressed here is a judgement on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Tradable Investment Assets</b>	We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of it carrying amount.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below are summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase /Decrease ₦	%
<b>Revenue From Non-Exchnage Transactions</b>				
Levies, Fees and Fines	15,434,086	-	15,434,086	100
Other Taxation Income	-	-	-	-
Statutory Allocation	2,725,598,650	2,240,962,627	484,636,023	18
<b>Revenue From Exchange Transactions</b>				
Income from other Services	23,151,129	-	23,151,129	-
<b>Total Revenue</b>	<b>2,764,183,864</b>	<b>2,240,962,627</b>	<b>523,221,238</b>	<b>19</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	344,844,438	610,691,465	--265,847,027	-77
Grants and Other Transfer (Statutory)	1,885,117,785	1,276,065,586	609,052,199	32
Other Miscellaneous Direct Deductions	321,323,151	128,317,118	193,006,033	60
General and Administrative Expenses	205,067,522	211,132,504	-6,064,982	-3
<b>Total Payments</b>	<b>3,468,042,421</b>	<b>2,852,832,479</b>	<b>530,146,223</b>	<b>19</b>
<b>Surplus/(Deficit) for the period</b>	<b>9,828,815</b>	<b>242,009,331</b>	<b>-12,068,886</b>	<b>-88</b>

## 2.1 Observations

### **Total Revenue Growth:**

2023 total revenue was ₦2.76 billion, reflecting an increase of ₦523.2 million (a 19% rise) compared to 2022.

This growth is a positive indicator, suggesting improved revenue generation capacity, especially from statutory sources and non-exchange transactions like levies and fines.

- **Levies, Fees, and Fines:**

A sharp increase of **₦15.43 million** in 2023, which was entirely absent in 2022. This highlights better enforcement of fee collection or the introduction of new levies, showcasing effective revenue measures.

- **Statutory Allocation:**

A notable increase of **₦484.6 million** (up **18%**) compared to 2022. This is largely driven by higher federal or state-level allocations, which form the bulk of the local government's funding.

- **Income from Other Services:**

**₦23.15 million** was recorded in 2023, representing a new revenue stream or better monetization of local service

- **Total Payments:**

Total expenditure surged to **₦3.47 billion** in 2023, an increase of **₦530 million** (**19%** rise) compared to 2022.

The rise in payments indicates more spending on key areas such as statutory transfers and miscellaneous deductions, although some expenses, like wages and salaries, saw a significant reduction.

- **Wages, Salaries, and Employment Benefits:**

A sharp decrease of **₦265.85 million** (down **77%** from 2022). This is an extraordinary reduction, likely indicating cost-saving measures such as reducing staff, cutting overtime, or introducing more efficient workforce management.

- **Grants and Other Transfers:**

This category saw a 32% rise, with an additional **₦609 million** spent compared to 2022. It could reflect increased statutory obligations or higher social service payouts, suggesting an expansion in government programs or mandates.

- **Miscellaneous Direct Deductions**

Expenditures here surged by 60% (**₦193 million** increase), indicating possibly more direct financial obligations or unforeseen costs. This could be an area of concern for future budget.

- **Surplus/Deficit Comparison**

The surplus for 2023 is **₦9.83 million**, which represents a dramatic decline of 88% from **₦242 million** in 2022.



This shows that while revenue increased, spending outpaced income, leading to a much smaller surplus. The local government is likely operating at a tighter margin, with the risk of slipping into a deficit if expenditures continue to grow faster than revenue.

## **2.2 Implication**

- Dependence on Statutory Allocations poses risks if such allocations decrease.
- Expenditure Control: The rising costs associated with grants and transfers may strain the budget if not managed effectively.

## **2.3 Recommendations**

- Increase Revenue Generation: Develop a strategic plan to implement levies and taxes that can diversify revenue sources and reduce dependence on statutory allocations.
- Review Expenditure Policies: Conduct a comprehensive review of payment categories, particularly salaries and grants, to identify areas for cost savings and efficiency improvements.
- Financial Management Training: Invest in training for financial officers and staff to improve budgeting, forecasting, and financial reporting capabilities.

## **2.4 Management Responses**

*Noted, we will strategies to improved our independent revenue earning*

## **4.0 Computerization of Accounting Transactions:**

### **4.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer-based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

### **4.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

### **4.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

### **4.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

**5.0 Insurance:**

**5.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

**5.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

**5.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

**5.4 Management Response.**

*Management has taken the required necessary step to ensure all the council's assets with reputable insurance company soon.*

**6.0 Financial Reporting Council (FRC) Registration Number**

**6.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

**6.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

**6.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

**6.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

**7.5 Management Response**

Management noted the observation for timely implementation





**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Bama Local Government,  
Bama.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Bama Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Overview of 2023 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Stagnant Investments Property
- 4.0 Record (Monthly Return)
- 5.0 Irregular documentation of payment voucher
- 6.0 Financial Reporting Council (FRC) Registration Number
- 7.0 Appendix

### 1.0 OVERVIEW OF 2023 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2023 Bama Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
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- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	Stagnant Tradable investment	We observed that the Local Government's trade and investment activities have not operated in line with the expected growth of tradeable investments, remaining static over the years. While they may still be classified as investments, their lack of growth and stagnation raises concerns about their viability and relevance	<i>Stagnant tradeable investment refers to a financial asset or investment that has not experienced growth or change in its value over time to 31<sup>st</sup> December, 2023. This stagnation can be attributed to various factors, such as market conditions, poor investment management, or a lack of strategic adjustments</i>	3
2	Records maintenance - monthly return	The local government has failed to maintain monthly returns despite investing in training and retraining. The absence of these returns from the submitted documents suggests that they may not exist. This indicates a significant lapse in financial management and reporting practices.	<i>There was absence of these returns from the submitted documents suggests that they may not exist</i>	2
3	Irregular documentation of payment documents	<i>It was observed that the above register has not been maintain during the period under review as required by F.M 15.9.</i>	<i>Inadequacy and comprehensiveness of the documentation as at 31<sup>st</sup> December 2023</i>	1



## 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below are summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines				
Other Taxation Income				
Statutory Allocation	3,690,731,940	3,048,750,224	420,792,035	16%
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	-	-	-
<b>Total Revenue</b>	<b>3,690,731,940</b>	<b>3,048,750,224</b>	<b>420,792,035</b>	<b>16%</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	963,552,786	915,111,656	48,441,130	5%
Grants and Other Transfer (Statutory)	1,287,871,843	1,379,389,189	(91,517,346)	(7)%
Other Miscellaneous Direct Deductions	750,102,486	400,404,644	349,697,842	87%
General and Administrative Expenses	653,110,710	367,239,315	285,871,395	78%
<b>Total Payments</b>	<b>3,654,637,825</b>	<b>3,062,144,804</b>	<b>592,493,021</b>	<b>19%</b>
<b>Surplus/(Deficit) for the period</b>	<b>36,094,114</b>	<b>(13,394,580)</b>	<b>49,488,694</b>	

### Comments:

*In 2023, total revenue increased by 16% (₦3.69 billion), up from ₦3.05 billion in 2022, driven solely by statutory allocations, with no internally generated revenue recorded in both years.*

*Total payments grew by 19% (₦3.65 billion), compared to ₦3.06 billion in 2022. Miscellaneous deductions surged by 87% (₦349.7 million), while administrative expenses rose by 78% (₦285.9 million), alongside a modest 5% increase in wages.*

*The local government recorded a surplus of ₦36.1 million in 2023, an improvement of 369% over the ₦13.4 million deficit in 2022, reflecting stronger financial performance despite higher operational costs.*

### 2.1 Observation

There has been an increase in the statutory allocation, which has driven the rise in revenue. However, there continues to be no internally generated revenue in both 2023 and 2022. On the expenditure side, operating costs and other expenditures have increased by 19%. Specifically, direct deductions and administrative costs have seen sharp rises, impacting the overall financial balance.

### 2.3 Implication

The financial position of the local government remains heavily reliant on statutory allocations. The absence of internally generated revenue highlights the government's over-dependence on external grants and the lack of diversified revenue sources. The significant rise in operational costs further exacerbates the situation, potentially limiting the government's fiscal flexibility.

### 2.4 Recommendation

Management should devise strategies to boost internally generated revenue (IGR) by identifying potential revenue streams within the local government, such as fees, fines, and local taxation. Reducing reliance on statutory allocations will create a more sustainable financial framework.

## **2.5 Management Responses**

*Many citizens have yet to resettle and are still struggling with basic needs, like food, due to the persistent insurgency. As a result, revenue generation remains uncertain for now. Nevertheless, we are exploring strategies to enhance our independent revenue.*

## **3.0 STAGNANT TRADEABLE INVESTMENT**

### **3.1 Comment**

*A tradeable investment refers to any financial asset or instrument that can be bought or sold in a liquid market, such as stocks, bonds, commodities, or foreign currencies. These investments are often traded on financial exchanges, like stock markets, and can include mutual funds or exchange-traded funds (ETFs) as well. See Appendix I Schedule B.*

### **3.2 Observation**

We observed that the Local Government's trade and investment activities have not operated in line with the expected growth of tradeable investments, remaining static over the years. While they may still be classified as investments, their lack of growth and stagnation raises concerns about their viability and relevance.

### **3.3 Implication**

Stagnant trade and investment activities in the local government result in missed revenue opportunities and idle capital, which limits financial flexibility and economic growth. This can erode public confidence and hinder efforts to attract new investments. Additionally, outdated or ineffective investments may lead to asset obsolescence and operational inefficiencies.

### **3.4 Recommendation**

To determine if these investments are still active and beneficial, a thorough review of their current performance and market presence is necessary. If they are no longer yielding returns or serving their intended purpose, restructuring or divestment should be considered to redirect resources toward more productive opportunities.

### **3.5 Management Response**

*The local government council will ensure reassessment and strategic overhaul of the investment portfolio are necessary to address these issues and enhance overall financial stability and effectiveness.*

## **4.0 RECORDS MAINTENANCE - MONTHLY RETURN**

### **Comment:**

*Monthly returns are crucial for monitoring investment performance and ensuring financial health. They provide timely insights into whether investments are meeting expectations and help identify trends or issues early. Regular returns facilitate better financial planning and decision-making. They also support transparency and accountability in financial reporting.*

### **4.1 Observation**

The local government has failed to maintain monthly returns despite investing in training and retraining. The absence of these returns from the submitted documents suggests that they may not exist. This indicates a significant lapse in financial management and reporting practices.

#### **4.2 Implication**

Not maintaining monthly returns for revenue and expenditure undermines financial transparency and accountability, making it difficult to track budget adherence and manage finances effectively. This lack of regular reporting can lead to poor financial planning, increased risk of mismanagement, and potential fraud. Additionally, it erodes public trust in governance by raising concerns about the integrity and effectiveness of financial management.

#### **4.3 Recommendation**

We recommend that immediate action is needed to establish robust monitoring and reporting systems to ensure transparency and accountability in investment activities.

#### **4.4 Management Response**

*Management should ensure the regular maintenance and submission of monthly returns for revenue and expenditure. This practice will enhance financial transparency, improve budget monitoring, and support effective financial planning.*

### **5.0 IRREGULAR DOCUMENTATION OF PAYMENT DOCUMENTS**

#### **5.1 Comments**

*The provisions of Financial Memoranda (FM) No. 14.4(8/9) emphasize the importance of regularly updating and maintaining accurate accounting books and records. These provisions are designed to ensure financial accountability and transparency, minimize the risk of inaccuracies and fraud, and promote efficient management of resources. Adhering to these guidelines helps maintain public trust and ensures compliance with regulatory standards..*

#### **5.2 Observation**

The provisions of Financial Memoranda (FM) No. 14.4(8/9) for Local Government regarding the regular update and maintenance of accounting books and records have not been adhered to. This non-compliance is further evidenced by the irregularly processed payment vouchers detailed in appendix I schedule A.

#### **5.3 Implication**

This non-compliance could lead to inaccuracies in financial reporting, increased risk of fraud, and inefficient management of resources. Additionally, it can erode public trust and lead to potential audit issues or regulatory sanctions.

#### **5.4 Recommendation**

A thorough review and update of all accounting records to comply with FM guidelines. Improve documentation procedures for payment vouchers, ensuring all payments are fully supported. Provide staff training on FM compliance and accounting practices. Implement regular monitoring and auditing to ensure ongoing adherence and address deviations.

#### **5.5 Management Response**

*The Bama Local Council is intensifying efforts to address the issues and ensure compliance with all necessary requirements.*



## **6.0 FINANCIAL REPORTING COUNCIL (FRC) REGISTRATION NUMBER**

### **6.1 Comments**

*During our audit, it was observed that the signatories to the audited financial statements do not possess valid Financial Reporting Council (FRC) registration numbers, as mandated by the Financial Reporting Council of Nigeria Act, 2011.*

### **6.2 Observations**

- i. No FRC registration number was displayed on the audit report.
- ii. There was no evidence provided to show that the signatories are registered with the FRC.

### **6.3 Implication**

- i. Failure to register with the FRC could result in penalties ranging from fines of ₦100,000 to ₦500,000 (Section 59, FRC Act) or imprisonment of the officers involved (Section 60, FRC Act), along with other sanctions.
- ii. Audit reports signed by individuals without FRC registration may be rendered invalid.
- iii. Stakeholders may question the credibility and reliability of the financial statements due to non-compliance with FRC requirements.

### **6.4 Recommendation**

- i. Ensure that all signatories of financial reports are immediately registered with the FRC.
- ii. Obtain FRC registration certificates for all signatories and display their FRC registration numbers on all future financial reports.

### **6.6 Management Response**

Management acknowledges the observation and will take the necessary steps to ensure timely compliance with FRC registration requirements.

**APPENDIX I**

**SCHEDULE A:**

<b>SCHEDULE OF PAYMENT VOUCHERS WITH IRREGULAR DOCUMENTATION</b>					
PV No.	Date	Payee	Amount (₦)	Purpose	Observation
PV No. 177	Jan-23	Mohammed Bukar	5,000,000.00	Purchase of AGO for Suye Township	SRV not attached
PV No. 1	Feb-23	Wahe Production	2,000,000.00	Supply of water pump	Ministerial approval, SRV not sighted
PV No. 38	Feb-23	Mohammed Bukar	2,200,000.00	Purchase of wrappers for refugees	Sundry list of beneficiaries not sighted
PV No. 21	Mar-23	Mala Mai Bukar	1,500,000.00	Purchase of wrappers for Nguro Soye community	Sundry list of beneficiaries not sighted
PV No. 44	Mar-23	Mala Mai Bukar	500,000.00	Purchase of AGO diesel for boreholes	Evidence of payment receipt not sighted
PV No. 75	Apr-23	Bukar Adam	1,500,000.00	Procurement of detergent for Bama IDPs	Sundry list of beneficiaries not attached
PV No. 13	Sep-23	UICEST Bama	600,000.00	Assistance to UICEST Bama management & students	Acknowledgment receipt not sighted
PV No. 62	Sep-23	Sundry persons	1,300,000.00	Attendance of 3-day workshop	Certificate of attendance, supporting bills not sighted
		<b>Total</b>	<b>14,600,000.00</b>		

**SCHEDULE B**

<b>SCHEDULE OF INVESTMENT PROPERTY</b>	
First Bank of Nig. Plc	139,906
Local Govt. Loan Board	6,620,787
Afri-Bank of Nig. Plc	32,898
Ashaka Cement Plc	19,988
Premier Propt. Dev. Comp.	300,000
Urban Dev. Bank	500,000
Premier Commercial Bank	500,000
Peoples Bank Bama	15,000
Bama Community Bank	15,000
<b>Total</b>	<b>8,143,579</b>



**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Bayo Local Government,  
Briyel,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

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**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**



## Contents

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- 2.0 Highlight of 2023 Financial Activities
- 3.0 Non-Retirement of Payment Vouchers
- 4.0 Received and Issued from Store
- 5.0 Computerization of Accounting Transactions
- 6.0 Insurance
- 7.0 Financial Reporting Council of Nigeria (FRCN) Registration Number

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2	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2
3	<b>Retirement of Advances</b>	We observed the amounts of 18,799,002 was still outstanding in the advances ledger as at the end of the year 2022.	<i>There was an improvement in the maintenance of advances ledger</i>	1

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ Decrease ₦	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	1,222,050	185,000	1,037,050	560.57
Other Taxation Income	1,424,000	148,500	1,275,500	858.92
Statutory Allocation	2,275,277,039	1,863,020,090	412,256,949	22.13
<b>Revenue From Exchange Transactions</b>				
Income from other Services	50,000	-	50,000	100.00
<b>Total Revenue</b>	<b>2,277,973,089</b>	<b>1,863,353,590</b>	<b>414,619,499</b>	<b>22.25</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	315,214,133	639,770,327	(324,556,195)	(50.73)
Grants and Other Transfer (Statutory)	1,283,860,775	770,772,913	513,087,862	66.57
Other Miscellaneous Direct Deductions	387,957,429	189,446,581	198,510,848	104.78
General and Administrative Expenses	246,447,349	242,461,383	3,985,966	1.64
<b>Total Payments</b>	<b>2,233,479,685</b>	<b>1,842,451,204</b>	<b>391,028,481</b>	<b>21.22</b>
<b>Surplus/(Deficit) for the period</b>	<b>44,493,404</b>	<b>20,902,386</b>	<b>23,591,018</b>	<b>112.86</b>

#### 2.1 Observation

There was an increase in the statutory grant from the federation, and the internally generated was also impressive in 2022 as against 2021, however, the operational cost and other expenditure has increase by 21.22%

#### 2.2 Implication

The local government was still heavily dependent on federation grant

#### 2.3 Recommendation

Management should strategies to ensure that more avenue are open for internal earning in the local government.

#### 2.4 Management Responses

*Noted, we will strategies to improved our independent revenue earning*

### 3.0 NON-RETIREMENT OF PAYMENT VOUCHERS

#### 3.1 Observation

Instances of Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Purpose	Amount (₦)
1	January, 2023	046	Purchases of Essential Drugs	700,000
2	October, 2023	117	Purchases of Diesel	5,000,000
<b>TOTAL</b>				<b>5,700,000</b>

#### 3.2 Implication

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

### **3.3 Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

### **3.4 Management Response**

*Noted proactive measure will be taken to address the issue*

## **4.0 RECEIVED AND ISSUED FROM STORE**

### **4.1 Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

### **4.2 Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum.

### **4.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

### **4.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

## **5.0 COMPUTERIZATION OF ACCOUNTING TRANSACTIONS:**

### **5.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

### **5.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

### **5.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

### **5.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*



**6.0 Insurance:**

**6.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

**6.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

**6.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

**6.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

**7.0 Financial Reporting Council (FRC) Registration Number**

**7.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

**7.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

**7.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

**7.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

**7.5 Management Response**

Management noted the observation for timely implementation



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Biu Local Government,  
Biu.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Biu Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Deposit Ledger
- 4.0 Financial Reporting Council (FRC) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Biu Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	Investment	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	Inadequate Payment Voucher Documentation	Observed that, Biu local government has not maintain bank reconciliation statement of the two accounts operated by the local government during the year ended 31st December 2023.	<i>There was an improvement at least a valuation on some was made</i>	2

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	2,482,525	-	2,482,525	100
Other Taxation Income	7,860,647	886,526	6,974,121	7.87
Statutory Allocation	3,031,492,256	2,522,281,918	284,871,989	0.20
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	10,772,955	509,210,338	(100)
<b>Total Revenue</b>	<b>2,533,941,399</b>	<b>2,252,567,787</b>	<b>281,373,612</b>	<b>0.20</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	939,459,252	805,440,005	(134,019,246)	(0.17)
Grants and Other Transfer (Statutory)	1,223,514,260	1,304,021,309	80,507,048	0.06
Other Miscellaneous Direct Deductions	218,746,988	144,189,619	(74,557,369)	(0.52)
General and Administrative Expenses	574,830,324	280,995,252	(293,835,072)	(1.05)
<b>Total Payments</b>	<b>2,956,550,825</b>	<b>2,534,646,185</b>	<b>(421,904,640)</b>	<b>(0.17)</b>
<b>Surplus/(Deficit) for the period</b>	<b>85,284,604</b>	<b>(704,786)</b>	<b>85,989,390</b>	

## **2.1 Observation**

While there has been an increase in statutory grants in 2023, the internally generated revenue saw a significant drop by 100% (Levies, Fees, and Fines) and a decrease of 90% in other taxation income compared to 2022. Operational costs and other expenditures increased by 13%.

## **2.2 Implication**

The local government remains heavily dependent on statutory grants, as there was a sharp decline in internally generated revenue. The rise in operational costs adds further pressure on fiscal sustainability.

## **2.3 Recommendation**

Management should devise strategic plans to enhance internally generated revenue (IGR) within the local government. Efforts should be made to diversify revenue streams and reduce dependence on external grants

## **2.4 Management Responses**

*Management acknowledges the challenges posed by economic crises and insurgency, which have adversely affected revenue generation. However, strategies are being formulated to improve independent revenue collection*

## **3.0 Deposit Ledger**

### **3.1 Comment**

*During the audit inspection, it was discovered that the Local Government has not been maintaining a Deposit Ledger, which is a violation of the financial regulation F.M. 24.8. This is a crucial oversight in the financial management practices of the Local Government.*

### **3.2 Observation**

The absence of a Deposit Ledger contravenes the requirements of F.M. 24.8, which mandates the proper recording and tracking of deposit transactions. This lapse compromises the accuracy and transparency of funds held on behalf of third parties, creating risks of mismanagement, unrecorded liabilities, or improper utilization of deposits.

### **3.3 Implication**

Failure to maintain a Deposit Ledger can result in financial irregularities, such as untracked deposits or the potential misuse of deposited funds. It also increases the difficulty of reconciling the Local Government's liabilities and ensuring accountability. Non-compliance with F.M. 24.8 may expose the Local Government to financial risks, inefficiencies, and possible disciplinary actions for the officers involved.

### **3.4 Recommendation**

The Local Government should immediately implement the maintenance of a Deposit Ledger in accordance with F.M. 24.8. The Treasurer's Department should ensure that all deposit transactions are properly recorded and regularly reconciled to prevent any discrepancies. Additionally, management should conduct periodic reviews to guarantee ongoing compliance with the regulations. Adherence to the provisions of F.M. Chapter 22 should also be strictly enforced.



### **3.5 Management Response**

*Management recognizes the failure to maintain the Deposit Ledger as required by F.M. 24.8 and takes responsibility for rectifying the issue. The necessary steps will be taken to establish and maintain the Deposit Ledger moving forward. The Treasurer will ensure that the ledger is updated and regularly reviewed to ensure compliance with the regulations. Measures will also be put in place to prevent future lapses, with strict adherence to the provisions of F.M. Chapter 22.*

### **4.1 Financial Reporting Council (FRC) Registration Number**

#### **4.2 Comments**

*During our audit, it was observed that the signatories to the audited financial statements do not possess valid Financial Reporting Council (FRC) registration numbers, as mandated by the Financial Reporting Council of Nigeria Act, 2011.*

#### **4.3 Observations**

- i. No FRC registration number was displayed on the audit report.
- ii. There was no evidence provided to show that the signatories are registered with the FRC.

#### **4.4 Implication**

- i. Failure to register with the FRC could result in penalties ranging from fines of ₦100,000 to ₦500,000 (Section 59, FRC Act) or imprisonment of the officers involved (Section 60, FRC Act), along with other sanctions.
- ii. Audit reports signed by individuals without FRC registration may be rendered invalid.
- iii. Stakeholders may question the credibility and reliability of the financial statements due to non-compliance with FRC requirements.

#### **4.5 Recommendation**

- i. Ensure that all signatories of financial reports are immediately registered with the FRC.
- ii. Obtain FRC registration certificates for all signatories and display their FRC registration numbers on all future financial reports.

### **4.6 Management Response**

*Management acknowledges the observation and will take the necessary steps to ensure timely compliance with FRC registration requirements.*



**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Chibok Local Government,  
Chibok.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Chibok Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Stagnant Deposits
- 4.0 Non-Maintenance of Key Financial Records
- 5.0 Irregular Documentation
- 6.0 Cashbook Management
- 7.0 Financial Reporting Council (FRC) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Chibok Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

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- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Investment</b>	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determine the fair value of this investment</i>	3
2	<b>Fixed Assets Register</b>	No record was cited for Non-Current Assets in the Local Government	<i>There was an improvement at least a valuation on some was made</i>	2
3	<b>Personnel Emolument Register</b>	<i>It was observed that the above register has not been maintain during the period under review as required by F.M 15.9.</i>	<i>Yet to implement</i>	1

## 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₱	2022 ₱	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	-	472,306	(472,306)	(100)
Other Taxation Income	-	1,525,550	(1,525,550)	(100)
Statutory Allocation	2,239,444,391	1,836,426,844	403,017,547	22
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	287,617	(287,617)	(100)
<b>Total Revenue</b>	<b>2,239,444,391</b>	<b>1,838,712,317</b>	<b>400,732,074</b>	<b>(100)</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	646,016,256	494,737,177	(151,279,079)	(31)
Grants and Other Transfer (Statutory)	733,215,929	886,469,359	153,253,430	17
Other Miscellaneous Direct Deductions	405,530,079	219,506,600	(186,023,479)	(85)
General and Administrative Expenses	433,003,744	157,247,030	(275,756,713)	(175)
<b>Total Payments</b>	<b>2,217,766,007</b>	<b>1,757,960,166</b>	<b>(459,805,842)</b>	<b>(26)</b>
<b>Surplus/(Deficit) for the period</b>	<b>21,678,384</b>	<b>80,752,152</b>	<b>59,073,768</b>	<b>73</b>

### 2.1 Observation

While there is an increase in statutory allocation by 22%, internally generated revenue has significantly declined, with levies, fees, and fines falling by 100% in 2023 compared to 2022. Operational costs and other expenditures increased by 26%, indicating a rise in financial burdens.

### 2.2 Implication

The local government is heavily reliant on statutory allocations due to a drastic reduction in internally generated revenue, raising concerns about its financial sustainability

### 2.3 Recommendation

Management should develop and implement strategic initiatives to improve internally generated revenue streams. This could involve expanding local tax bases, enhancing collection efficiency, and exploring new revenue-generating services.

### 2.4 Management Responses

*The council recognizes the economic and security challenges affecting revenue. However, we are committed to enhancing internally generated revenue and reducing reliance on grants through improved collection strategies*



### **3.0 Stagnant Deposits**

#### **3.1 Comment:**

*To improve financial health, the local government should actively manage and reduce these liabilities associated with stagnant deposits. This involves regular monitoring and implementing clear policies to prevent further stagnation. Establishing a structured revaluation process and maintaining thorough documentation are essential for transparency. Effective communication with stakeholders and aligning deposit management with the organization's financial strategy will enhance overall financial stability. Additionally, regular training for finance staff is crucial for compliance and best practices.*

#### **3.2 Observation:**

Fair value disclosures are vital, particularly in accordance with IPSAS standards. Transparent reporting ensures compliance with accounting regulations and provides stakeholders with a comprehensive view of the council's financial position. This transparency is critical for informed decision-making and maintaining trust among all parties involved.

#### **3.3 Implication**

Inadequate disclosure of fair values can lead to misunderstandings regarding the council's financial health. Stakeholders, including investors and regulatory bodies, may perceive the council as less transparent or stable, which could jeopardize funding opportunities and diminish public confidence in the council's financial stewardship.

#### **3.4 Recommendation**

We recommend initiating a thorough review and revaluation process for the stagnant deposits to facilitate the reduction of these liabilities. This process should include:

- i. Engaging qualified financial assessors to determine the fair value of the deposits, in alignment with IPSAS requirements.
- ii. Collaborating with the finance department and relevant stakeholders to ensure a comprehensive evaluation.
- iii. Establishing a clear timeline and criteria for deciding whether to revalue or write off these stagnant deposits.

#### **3.5 Management Response:**

*Management is committed to addressing these issues within the next three months. We will prioritize the revaluation of stagnant deposits and take proactive steps to reduce these liabilities while ensuring compliance with IPSAS through proper disclosures.*

### **4.0 Non-Maintenance of Key Financial Records**

#### **4.1 Comment**

*The treasury department is expected to maintain key financial records such as the Deposit Ledger, Personnel Emolument Record, and Personnel Advance Ledger, as required by the Financial Memoranda. These records ensure accurate tracking of funds, employee payments, and advances, providing accountability and transparency in financial management. Proper maintenance of these books strengthens internal controls, helps avoid financial mismanagement, and supports compliance with audit requirements.*

#### **4.2 Observation**

During the audit for the year 2023, it was observed that several critical financial records were not maintained by the treasury department, contrary to the provisions of the Financial Memoranda (FM):

- i. throughout the audit period, and efforts to establish it were unsuccessful.
- ii. Personnel Emolument Record (FM 15.9) - The Personnel Emolument record was not kept, which is essential for documenting employee-related payments.
- iii. Personnel Advance Ledger -The Personnel Advance Ledger was not maintained, though no advances were issued during the period.

#### **4.3 Implication**

The absence of these key financial records weakens the internal control framework, affects the accuracy of financial reporting, and increases the risk of mismanagement in critical areas like deposits, payroll, and personnel advances.

#### **4.4 Recommendation**

We recommend immediate corrective action to ensure that all required financial records are maintained in compliance with the Financial Memoranda. This will strengthen accountability and transparency in financial management.

#### **4.5 Management Response**

*The council acknowledges the audit observation regarding the non-maintenance of key financial records by the treasury department. We are committed to immediately establishing the required ledgers, providing staff training on compliance, and implementing regular reviews to ensure accurate financial reporting and strengthen internal controls.*

### **5.0 Irregular Documentation**

#### **5.1 Comment**

*The review of the payment vouchers reveals a concerning pattern of irregular documentation across multiple transactions. A significant number of vouchers lack essential approvals, supporting documents, and necessary council minutes, which raises serious questions about compliance with established financial regulations.*

#### **5.2 Observation**

Out of 15 payment vouchers examined, several failed to meet the requirements outlined in the Financial Memoranda (F.M). Common deficiencies included:

- i. Absence of approvals from relevant authorities.
- ii. Missing council minutes for key expenditures.
- iii. Lack of supporting documents, such as cash invoices and Store Receipt Vouchers (SRVs). These issues collectively undermine the integrity of financial management within the Local Government. *See Appendix (1A for details)*

#### **5.3 Implication**

The irregularities in documentation pose substantial risks, including:

- i. Increased vulnerability to fraud and mismanagement of funds.
- ii. Diminished accountability and transparency in financial transactions.
- iii. Potential legal repercussions for non-compliance with financial regulations.

- iv. Such weaknesses in the internal control framework can lead to financial losses and erode public trust in the Local Government's financial operations.

#### **5.4 Recommendation**

To mitigate these issues, it is imperative that:

- i. The Local Government conducts immediate training for staff on compliance with financial regulations and documentation requirements.
- ii. A robust internal control system be established to ensure all payment vouchers are properly vetted and approved before disbursement.
- iii. Regular audits and reviews of financial records be implemented to identify and rectify deficiencies proactively.
- iv. Officers responsible for the irregular vouchers should be held accountable, with corrective actions taken as necessary.

#### **5.5 Management Response**

*Management acknowledges the need for improvement in cashbook practices and commits to reviewing cashbook usage to eliminate redundancy. We will establish protocols to ensure all cashbooks are actively utilized and allocate resources for staff training to enhance financial management understanding and compliance.*

### **6.0 Cashbook Management**

#### **6.1 Comment**

*The recent audit revealed that out of four cashbooks maintained, only two recorded transactions during 2023. The cashbooks for revenue and capital projects remained inactive throughout the year, which contradicts the provisions of the Financial Memoranda.*

#### **6.2 Observation**

The two active cashbooks; main account for overhead and personnel costs; indicate some level of operational activity. However, the lack of transactions in the other two cashbooks suggests significant gaps in financial reporting and revenue generation.

#### **6.3 Implication**

This inactivity reflects inefficiencies (Efficiency) in financial operations, as maintaining unused cashbooks wastes resources that could be better utilized for actual financial activities. Furthermore, without effective tracking of all financial activities, the Local Government's ability to assess its overall financial health is compromised (Effectiveness). The situation also raises concerns about the economy of resources, as funds allocated for administrative tasks are not yielding returns.

#### **6.4 Recommendation**

To enhance the three Es-Economy, Efficiency, and Effectiveness-it is recommended to streamline cashbook practices, ensuring that all cashbooks are actively used for relevant transactions. Additionally, provide staff training on proper documentation and financial management, and implement regular audits to verify compliance with financial protocols.

#### **6.5 Management Response**

*Management acknowledges these issues and commits to reviewing cashbook usage to eliminate redundancy, establishing protocols for effective transaction recording, and providing training to staff. This will improve financial management practices and ensure compliance with relevant regulations, ultimately promoting better accountability and transparency.*

### **7.0 Financial Reporting Council (FRC) Registration Number**

#### **7.1 Comments**

*During our audit, it was observed that the signatories to the audited financial statements do not possess valid Financial Reporting Council (FRC) registration numbers, as mandated by the Financial Reporting Council of Nigeria Act, 2011.*

#### **7.2 Observations**

- i. No FRC registration number was displayed on the audit report.
- ii. There was no evidence provided to show that the signatories are registered with the FRC.

#### **7.3 Implication**

- i. Failure to register with the FRC could result in penalties ranging from fines of ₦100,000 to ₦500,000 (Section 59, FRC Act) or imprisonment of the officers involved (Section 60, FRC Act), along with other sanctions.
- ii. Audit reports signed by individuals without FRC registration may be rendered invalid.
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#### **7.4 Recommendation**

- i. Ensure that all signatories of financial reports are immediately registered with the FRC.
- ii. Obtain FRC registration certificates for all signatories and display their FRC registration numbers on all future financial reports.

#### **7.6 Management Response**

*Management acknowledges the observation and will take the necessary steps to ensure timely compliance with FRC registration requirements.*



## APPENDIX I

### SCHEDULE OF PAYMENT VOUCHERS WITH IRREGULAR DOCUMENTATION

S/N	PV No.	Date	Payee	Amount (₦)	Purpose	Observation
1	99	23-Jan	Hamadiko Haman	2,000,000.00	Procurement of PMS for special guests	No approval attached
2	2	23-Feb	Alice Musa	2,000,000.00	Purchase of shadda for community	No council minute or ministry approval
3	96	23-Sep	Yahi Gapani	2,000,000.00	Procurement of grains for less privileged	No approval attached
4	92	23-Oct	Hamadiko Haman	2,000,000.00	Food items for local security	Missing supporting documents
5	93	23-Oct	Yakubu Madu	2,000,000.00	Conduct of special prayers	No supporting documents or beneficiary list
6	23	23-Feb	Babagana Yaga	2,000,000.00	Purchase of veterinary drugs	No memo, council minutes, or ministry approval
7	107	23-Jun	Babagana Yaga	2,000,000.00	Transportation of tractors from Maiduguri	No council minutes or ministry approval
8	83	23-Aug	Dzakwa Taivi	2,000,000.00	Purchase of veterinary drugs	No supporting documents (cash invoice, SRV)
9	21	23-Nov	Ibn Ali Desert Farm Global	3,500,000.00	Procurement of anti-snake venom	No approval attached
10	18	23-Feb	Wappa Mallum	2,000,000.00	Procurement of PMS and Lubricant for patrol vehicles	No SRV issued; items not traced in store ledger
11	91	23-May	Aji Yerima	2,000,000.00	Procurement of PMS for patrol vehicles	No supporting documents (cash invoice, SRV)
12	97	23-Oct	Aji Yerima	3,000,000.00	Procurement of PMS for security patrol	No approval or SRV attached
13	26	23-Nov	Pona P. Ndiryiza	500,000.00	Repairs of Local Government Generator	No receipts to support payment
14	21	23-Feb	Bamai Pogu	2,000,000.00	Purchase of anti-Malaria drugs	No supporting documents (cash invoice, SRV)
15	28	23-Feb	Haggai Mutah	2,000,000.00	Purchase of syringes and needles	No council minutes or ministry approval

### **Deposits as at 31<sup>st</sup> December 2023**

Details	Amount (N)
Borno State (BIR) – PAYE	2,130,062
Federal Inland Revenue –VAT	4,604,422
NULGE	343,919
MHWUN	765,541
Borno State (BIR) – WHT	7,352,155
Sundry Retention	2,253,595
	<b>17,449,694</b>
	=====



**BORNO STATE**  
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PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Damboa Local Government,  
Damboa,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

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Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
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- 6.0 Insurance
- 7.0 Financial Reporting Council of Nigeria (FRCN) Registration Number

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- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Tradable Investment Assets</b>	We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of its carrying amount.	<i>No any measurement taken to determine the fair value of this investment</i>	3
2	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2

### CURRENT YEAR 2023 REPORT

#### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

	2023	2022	Increase/ Decrease	%
	₦	₦	₦	
<b>REVENUE</b>				
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	4,147,044	2,473,965	1,673,079	67.63
Other Taxation Income	-	-	-	-
Statutory Allocation	3,488,496,513	2,890,578,017	597,918,497	20.69
<b>Revenue From Exchange Transactions</b>				
Income from other Services	2,824,000	2,600,598	223,402	8.59
<b>Total Revenue</b>	<b>3,495,467,557</b>	<b>2,895,652,580</b>	<b>599,814,978</b>	<b>0.71</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	498,665,147	820,567,603	(321,902,455)	39.23
Grants and Other Transfer (Statutory)	1,900,971,810	1,193,608,585	707,363,226	59.26
Other Miscellaneous Direct Deductions	884,641,499	480,474,227	404,167,272	84.12
General and Administrative Expenses	201,360,286	158,992,834	42,367,452	26.65
<b>Total Payments</b>	<b>3,485,638,743</b>	<b>2,653,643,248</b>	<b>831,995,494</b>	<b>31.35</b>
<b>Surplus/(Deficit) for the period</b>	<b>9,828,815</b>	<b>242,009,331</b>	<b>(232,180,517)</b>	<b>(95.94)</b>

## 2.1 **Observation**

There was an increase in the statutory grant from the federation, same goes to internally generated when compare between 2023 against 2022, however, the operational cost and other expenditure has increase by 31.35%

## 2.2 **Implication**

The local government is heavily dependent on grant

## 2.3 **Recommendation**

Management should strategies to ensure that more avenue open for internal earning in the local government.

## 2.4 **Management Responses**

*Noted, we will strategies to improved our independent revenue earning*

## 3.0 **Non-Retirement of Payment Vouchers**

### 3.1 **Observation**

Instances of Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Purpose	Amount (₦)
1	February, 2023	072	Purchases of Laterite Sand	1,400,000
2	March, 2023	064	Purchases of Delorex 20	1,500,000
3	August, 2023	059	Purchases of Perfect Killer Chemicals	1,650,000
<b>TOTAL</b>				<b>4,550,000</b>

### 3.2 **Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

### 3.3 **Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

### 3.4 **Management Response**

*Noted proactive measure will be taken to address the issue*

## 4.0 **Received and Issued from Store**

### 4.1 **Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

### 4.2 **Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum.



#### **4.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **4.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

#### **5.0 Computerization of Accounting Transactions:**

##### **5.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

##### **5.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

##### **5.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

##### **5.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

#### **6.0 Insurance:**

##### **6.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

##### **6.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

##### **6.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

##### **6.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

## **7.0 Financial Reporting Council (FRC) Registration Number**

### **7.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

### **7.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

### **7.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

### **7.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

### **7.5 Management Response**

Management noted the observation for timely implementation.



**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**  
PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Dikwa Local Government,  
Dikwa,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Dikwa Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Non-Retirement of Payment Vouchers
- 4.0 Received and Issued from Store
- 5.0 Computerization of Accounting Transactions
- 6.0 Insurance
- 7.0 Financial Reporting Council of Nigeria (FRCN) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Dikwa Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three-level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Tradable Investment Assets</b>	We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of it carrying amount.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below are summary of 2023 financial activities presented in comparative statement with 2022 activities

	2023	2022	Increase/ Decrease	%
REVENUE	₦	₦	₦	
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines		-	-	
Other Taxation Income	-	-	-	-
Statutory Allocation	2,477,815,647	2,032,855,794	444,959,853	21.89
<b>Revenue From Exchange Transactions</b>				
Income from other Services			-	
<b>Total Revenue</b>	2,477,815,647	2,032,855,794	444,959,853	21.89
<b>Payments</b>				
Wages, Salaries and Employment Benefit	405,772,054	599,507,751	-193,735,697	-32.32
Grants and Other Transfer (Statutory)	1,277,478,028	761,055,476	516,422,552	67.86
Other Miscellaneous Direct Deductions	589,180,825	294,010,569	295,170,256	100.39
General and Administrative Expenses	173,309,853	371,014,127	-197,704,274	-53.29
<b>Total Payments</b>	<b>3,468,042,421</b>	<b>2,852,832,479</b>	<b>615,209,942</b>	<b>21.56</b>
<b>Surplus/(Deficit) for the period</b>	<b>9,828,815</b>	<b>242,009,331</b>	<b>-170,250,089</b>	<b>20.76</b>

### 2.1 **Observations**

- The total revenue increased by 21.89% from 2022 to 2023, mainly driven by an increase in statutory allocation.
- No revenues were recorded from other sources such as non-exchange transactions (levies, fees, fines, etc.) or exchange transactions.
- Despite an increase in total revenue, Dikwa Local Government's surplus decreased dramatically in 2023, largely due to increased total payments.
- The higher expenditure, especially on grants, deductions, and statutory payments, outweighed the revenue growth, leading to a much smaller surplus.

### 2.2 **Implication**

- Dependence on Statutory Allocations poses risks if such allocations decrease.
- Absence of revenue from fees and levies indicates a missed opportunity for enhancing local revenue generation.
- Decrease in surplus reflects a challenge in managing costs effectively despite an increase in income.

### 2.3 **Recommendations**

- Increase Revenue Generation: Develop a strategic plan to implement levies and taxes that can diversify revenue sources and reduce dependence on statutory allocations.



- Review Expenditure Policies: Conduct a comprehensive review of payment categories, particularly salaries and grants, to identify areas for cost savings and efficiency improvements.
- Financial Management Training: Invest in training for financial officers and staff to improve budgeting, forecasting, and financial reporting capabilities.

## 2.4 Management Responses

*Noted, we will strategies to improved our independent revenue earning*

## 3.0 Documentation

Date	PV. NO.	PAYEE	PURPOSE	AMOUNT (₦)	Findings
July 2023	29	Modu Bukar Tela	Release of Boko Haram suspect from Hajj Camp to Dikwa	410,000	Payment not claimed, no receipt attached, no counter-signature from Local Govt Secretary, contravenes FM 14.4 (8,9).
Aug 2023	393	Alhaji Umar Antul	Repair of security operation vehicle (Toyota Tecon)	2,000,000	Payment not claimed, services not rendered as confirmed by the responsible officer
Aug 2023	23	Umar Antul	Purchase of flashlights and security logistics	2,000,000	Payment not claimed, purchases not made, contravenes FM 14.4 (8,9).

### 3.1 Implication

This action violates Financial Memorandum (FM).

### 3.2 Recommendation

The contravention of financial rules as stated in Chapter 14.4 (8 and 9) of the Financial Memorandum needs to be addressed with urgency. Immediate corrective actions, including refunding the Treasury, documentation, and inspection follow-ups, are critical to maintaining the integrity of financial processes.

### 3.3 Management Response

*Noted proactive measure will be taken to address the issue*

## 4.0 Computerization of Accounting Transactions:

### 4.1 Observation

Accounting transactions of the Local Government have not been moved from manual to computer-based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

### 4.2 Implications

- Extraction of transactions for the year under consideration were made difficult and very tedious.
- Management accounting information may not be adequately and timely provided whenever desired.

#### **4.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
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#### **4.4 Management Response.**

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##### **5.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

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The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

##### **5.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

##### **5.4 Management Response.**

*Management has taken the required necessary step to ensure all the council's assets with reputable insurance company soon.*

#### **6.0 Financial Reporting Council (FRC) Registration Number**

##### **6.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

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No evidence of FRC registration certificate was provided by the signatories.

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##### **6.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

##### **6.5 Management Response**

Management noted the observation for timely implementation



**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Gubio Local Government,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Gubio Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

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Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 8.0 Financial Reporting Council of Nigeria (FRCN) Registration Number
- 9.0 Budget (Estimates)

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Gubio Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

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The percentage expressed here is a judgement on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Investment</b>	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Fixed Assets Register</b>	No record was cited for Non-Current Assets in the Local Government	<i>There was an improvement atleast a valuation on some was made</i>	2

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023	2022	Increase/ Decrease	%
	₦	₦	₦	
<b>Revenue From Non-Exchange Transactions:</b>				
Levies, Fees and Fines	200,000	-	200,000	100
Other Taxation Income	-	-	-	
Statutory Allocation	2,859,527,578	2,354,595,800	504,931,778	18
Grants/Donation	-	-	-	
<b>Revenue From Exchange Transactions:</b>				
Income from other Services	1,270,000	230,000	1,040,000	82
Investment Income	-	-	-	
<b>Total Revenue</b>	<b>2,860,997,578</b>	<b>2,354,825,800</b>	<b>506,171,778</b>	<b>18</b>
<b>EXPENSES:</b>				
Wages, Salaries and Employment Benefit	705,548,762	679,867,092	25,681,670	4
Grants and Other Transfer (Statutory)	665,906,063	750,369,094	(84,463,031)	(13)
Other Miscellaneous Direct Deductions	1,174,435,321	482,660,960	691,774,361	59
General and Administrative Expenses	304,896,457	442,130,918	(137,234,461)	(45)
<b>Total Expenses</b>	<b>2,850,786,604</b>	<b>2,355,028,065</b>	<b>495,758,539</b>	<b>17</b>
<b>Surplus/(Deficit) for the period</b>	<b>10210974.18</b>	<b>-202265.15</b>	<b>10,413,239</b>	<b>102</b>

#### 2.1 **Observation**

There was an increase in the statutory grant by 18% but internally generated revenue recoded an increase by 100% in 2023 as against 2022, while operational cost and other expenditure has increase by 17%

#### 2.2 **Implication**

The local government is heavily dependent on grant

#### 2.3 **Recommendation**

Management should strategies to ensure that revenue are earn in the local government.

#### 2.4 **Management Responses**

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 TRADABLE INVESTMENT ASSETS

#### 3.1 **Comment**

The following are the tradable investment assets held by the local government as at 31<sup>st</sup> December, 2023.

<b>Tradable Investment Assets</b>	
Urban Development Bank	500,000
Premier Property Dev. Comp.	200,000
NAMB	328,981
First Bank of Nigeria Plc	25,000
<b>TOTAL</b>	<b>1,053,981</b>



### 3.2 Observation

We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existence and valuation of it carrying amount.

### 3.3 Implication

Fair value of some assets may not be properly disclosed in the Financial Statement.

### 3.4 Recommendation

We strongly recommend revaluation of such investment property to their recoverable value or to be written off if they do not exist.

### 3.5 Management Response

*Noted proactive measure will be taken to address the issue*

## 4.0 Non-Retirement/Irregular Payment Vouchers

### 4.1 Observation

Instances Irregular and Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Beneficiary	Purpose	Amount (₦)
1	June, 2023	31	Global Synergy	Evacuation of Drainage	2,000,000
2	January, 2023	14	Sa,abma Global	Purchases of Drugs	2,075,000
3	Sept, 2023	87	Ahmed Mohammed	Conveyance of Drugs	1,080,000
	<b>TOTAL</b>				<b>5,155,000</b>

### 4.2 Implication

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

### 4.3 Recommendation

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

### 4.4 Management Response

*Noted proactive measure will be taken to address the issue*

## 5.0 Received and Issued from Store

### 5.1 Observation

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

### 5.2 Implication

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum

### **5.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

### **5.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

## **6.0 Computerization of Accounting Transactions:**

### **6.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

### **6.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

### **6.3 Recommendations**

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- ii. Computer training programmes should be organized for the concerned accounting personnel.

### **6.4 Management Response.**

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### **7.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

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The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

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#### **8.4 Recommendations**

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- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

#### **8.5 Management Response**

Management noted the observation for timely implementation

### **9.0 Budget Estimates**

#### **9.1 Observation**

We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.

#### **9.2 Implication**

Is an indication that the local government did not fully comply with requirement of IPSASs and other regulations such as financial memorandum.

#### **9.3 Recommendation**

We recommend that budget estimation be made with attainable objective, any item with reasonable certainty is not receivable shouldn't be included and any expenditure which is not committed or intend to execute should also not to be included.

#### **9.4 Management Response**

*Proper need assessment will be conducted through the office of Budget, Planning and Research before inclusion of any in the annual budget and to ensure adherence to IPSASs and other regulatory requirement.*



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

**PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.**

---

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Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Guzamala Local Government,  
Guzamala.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

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**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 3.0 Non-compliance with VAT and WHT rates
- 4.0 Undocumented Payment Vouchers
- 5.0 Financial Reporting Council (FRC) Registration Number s

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Below are our observations on issues raised on the audit of 2022 Guzamala Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

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The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	Investment	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	Bank Reconciliation Statement	We observed that, Guzamala local government has not prepare bank reconciliation statement of the two accounts operated by the local government during the year ended 31 <sup>st</sup> December 2022	<i>No evidence of bank reconciliation were sighted during the year under review</i>	2
3	Retirement of Advances	We observed the amounts of ₦50,000 was still standing in the advance ledger as at the end of the year 2022.	<i>No evidence of the retirement sighted during the year under review</i>	2
4	Budget Estimates	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	Same as the previous year 2022	2



## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023	2022	Increase/ (Decrease)	
	₦	₦		%
<b>Revenue From Non - Exchange Transactions</b>				
Other Taxation Income	-	-	-	
Statutory Allocation	2,469,585,773	2,029,861,512	439,724,261	22%
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	-	-	
<b>Total Revenue</b>	<b>2,469,585,773</b>	<b>2,029,861,512</b>	<b>439,724,261</b>	<b>18%</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	376,069,025	332,455,326	43,613,699	13%
Grants and Other Transfer (Statutory)	687,357,819	747,079,711	(59,721,892)	-8%
Other Miscellaneous Direct Deductions	825,036,134	460,455,199	364,580,935	79%
General and Administrative Expenses	431,166,775	445,477,759	(14,310,984)	-3%
<b>Total Payments</b>	<b>2,319,629,752</b>	<b>1,985,467,995</b>	<b>334,161,757</b>	<b>17%</b>
<b>Surplus/(Deficit) for the period</b>	<b>149,956,020</b>	<b>44,393,517</b>	<b>105,562,503</b>	<b>238%</b>

#### 2.1 Observation

Thought there is increase in the statutory grant but the LGA recorded no internally generated revenue in 2023 and 2022, while operational cost and other expenditure has increase by 17%

#### 2.2 Implication

The local government is heavily dependent on grant

#### 2.3 Recommendation

Management should strategies to ensure that revenue are earn in the local government.

#### 2.4 Management Responses

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 NON-COMPLIANCE WITH VAT AND WHT RATES

#### 3.1 Comment

During our audit, we observed that the Guzamala Local Government failed to comply with the correct Value Added Tax (VAT) and Withholding Tax (WHT) rates as stipulated by the Federal Inland Revenue Service (FIRS) and the Nigerian Tax Laws. See Appendix "A"

#### 3.2 Observation

- i. VAT rate: The Guzamala Local Government applied a VAT rate of 5% instead of the statutory rate of 7.5% on certain transactions.
- ii. WHT rate: The Guzamala Local Government failed to withhold taxes at the statutory rate of 10% on payments to contractors.

### **3.3 Implication**

- i. Non-compliance may attract penalties, interest, and potential litigation costs.
- ii. Underpayment of VAT and WHT may result in revenue loss to the Government.
- iii. Non-compliance may damage the Guzamala Local Government's reputation and credibility.

### **3.4 Recommendation**

- i. Conduct a thorough review of VAT and WHT compliance.
- ii. Apply correct VAT and WHT rates on all transactions.
- iii. Pay outstanding VAT and WHT liabilities, including penalties and interest.
- iv. Implement internal controls to ensure accurate tax compliance.
- v. Provide training to staff on Nigerian tax laws and regulations.

### **3.5 Management Response**

*Noted, proactive measure will be taken to address the issue*

## **4.0 Undocumented Payment Vouchers**

### **4.1 Observation**

- i. it was observed that, payment voucher totaling ~~₦~~**29,393,000.00** were not properly documented. See Appendix "B"
- ii. No clear explanation or justification for the undocumented payments

### **4.2 Implication**

- i. Risk of fraudulent transaction or unauthorised payments.
- ii. The credibility and reliability of the financial statements may be questionable.
- iii. Difficulty in auditing and tracing transactions

### **4.3 Recommendation**

- i. Guzamala local government council should documents all payment vouchers for audit exercise without any further delay in line with the provision for Financial Regulation.
- ii. Conduct regular reviews and audits to detect and present undocumented Payments.

### **4.4 Management Response**

*Management has documented all the Payment vouchers and presented to the office of the Auditor General for proper audit.*

## **5.0 Financial Reporting Council (FRC) Registration Number**

### **5.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

## 5.2 Observations

- i. No FRC registration number is displayed on the audit report.
- ii. No evidence of FRC registration certificate was provided by the signatories.

## 5.3 Implication

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N500,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Signatories without FRC registration may render the audit report invalid.
- iii. Stakeholders may question the reliability of the financial statement.

## 5.5 Recommendation

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

## 5.6 Management Response

*Management noted the observation for timely implementation.*

## APPENDIX A

### NON-COMPLIANCE WITH VAT AND WHT RATES

S/N	NAME	PV No.	L.PO No.	VAT/TAXS	AMOUNT N
1	UU Gubio Invst. Nig	60/1/2023	2590	110,000.00	1,100,000.00
2	UU Gubio Invst. Nig	61/1/23	2593	110,000.00	1,100,000.00
3	UU Gubio Invst. Nig	62/1/23	2593	110,000.00	1,100,000.00
4	UU Gubio Invst. Nig	63/1/23	2591	110,000.00	1,100,000.00
5	Gambos Petroleum	90/1/23	2899	191,044.07	1,910,447.00
6	Balgudumbali & Son	76/2/23	2598	440,000.00	4,400,000.00
7	Chabbalma Market	80/2/23	2595	1,650,000.00	16,500,000.00
8	Gambos Petroleum	96/2/23	1704	153,048.05	1,530,485.00
9	Gambos Petroleum	75/4/23	1706	110,000.00	1,100,000.00
10	Balgudumbali & Son	78/4/23	1709	176,000.00	1,760,000.00
11	Balgudumbali & Son	79/4/23	1710	176,000.00	1,760,000.00
12	Balgudumbali & Son	80/5/23	17/21	176,000.00	1,760,000.00
13	Gambo Petroleum	79/5/23	17/22	55,000.00	550,000.00
14	Mommodun Amodu	85/5/23	17/23	165,000.00	1,650,000.00
15	Alh. Mommodun Amodu	90/8/23	16/13	174,900.00	1,749,000.00
16	Gambo Petroleum	91/12/23	1728	155,771.00	1,557,710.00
17	Gambo Petroleum	92/12/23	1729	155,771.00	1,557,710.00
	<b>Total</b>			<b>4,218,534.12</b>	<b>42,185,352.00</b>

## APPENDIX B

### Schedule of Undocumented Payment Vouchers

S/N	NAME OF PAYEE	PV NO.	DESCRIPTION	AMOUNT N
1	Baba Gana Lawan	79/12/23	Purchase of Malaria Drugs	1,493,000.00
2	Barma Shettima	91/06/23	Purchase of Malaria Drugs	1,500,000.00
3	Kaka Modu	73/01/23	Purchase of Drugs to livestock rerers to improve the farmers in the Local Government	2,000,000.00
4	Alimami Grema	74/01/23	Purchase of Diesel Oil and Lubricant to distribution across the Local Government Area	2,000,000.00.
5	Alimami Grema	75/01/23	Purchase and distribution of (Diesel) and Lubricant across the Local Government	1,000,000.00
6	Umar Usman	74/11/23	Purchase of Toyota 4WD	13,000,000.00
7	Bukar Lawan Umar	73/11/23	Purchase of Highlander Jeep	8,000,000.00
8	Mohammed Lawan	91/06/23	Purchase of Mosquito	1,500,000.00
9	Goni Gana Lawan	60/09/23	Conduct of prayers for peace across the Local Government Area	900,000.00
	<b>Total</b>			<b>29,393,000.00</b>



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Gwoza Local Government,  
Gwoza,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Gwoza Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Non-Retirement of Payment Vouchers
- 4.0 Computerization of Accounting Transactions
- 5.0 Insurance
- 6.0 Financial Reporting Council of Nigeria (FRCN) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Gwoza Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three-level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
  - ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
  - iii. High, represented by (3) that is the magnitude is 20% and above
- The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Tradable Investment Assets</b>	We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of it carrying amount.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2

### CURRENT YEAR 2023 REPORT

#### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below are summary of 2023 financial activities presented in comparative statement with 2022 activities

	2023	2022	Increase/ Decrease	%
	₦	₦	₦	
<b>REVENUE</b>				
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines		-	-	
Other Taxation Income	-	-	-	
Statutory Allocation	3,477,991,958	2,874,850,902	603,141,056	20.98
<b>Revenue From Exchange Transactions</b>				
Income from other Services			-	
<b>Total Revenue</b>	<b>3,477,991,958</b>	<b>2,874,850,902</b>	<b>603,141,056</b>	<b>20.98</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	449,410,149	729,899,961	280,489,812	-38.43
Grants and Other Transfer (Statutory)	2,386,480,203	1,462,693,654	923,786,549	63.16
Other Miscellaneous Direct Deductions	298,908,245	347,199,710	-48,291,465	-13.91
General and Administrative Expenses	333,243,824	313,039,154	20,204,670	6.45
<b>Total Payments</b>	<b>3,468,042,421</b>	<b>2,852,832,479</b>	<b>615,209,942</b>	<b>17.27</b>
<b>Surplus/(Deficit) for the period</b>	<b>9,828,815</b>	<b>242,009,331</b>	<b>-12,068,886</b>	<b>-55</b>



## 2.1 Observations

- **Statutory Allocation:** The primary source of revenue comes from statutory allocations, which showed a significant increase of 20.98% from the previous period. This suggests improved financial support from state or federal levels.
- **Lack of Revenue from other sources:** There are no revenues from levies, fees, fines, or other taxation income, indicating a potential area for revenue enhancement.
- **wages and Salaries:** There was a significant reduction of 38.43% in wages, salaries, and employment benefits, indicating potential restructuring or cost-cutting measures.
- **General Administrative Expenses:** These expenses increased slightly by 6.45%, suggesting that administrative costs are stable but could be monitored for future efficiency improvements.

## 2.2 Implication

- Dependence on Statutory Allocations poses risks if such allocations decrease.
- Absence of revenue from fees and levies indicates a missed opportunity for enhancing local revenue generation.
- Expenditure Control: The rising costs associated with grants and transfers may strain the budget if not managed effectively.

## 2.3 Recommendations

- **Increase Revenue Generation:** Develop a strategic plan to implement levies and taxes that can diversify revenue sources and reduce dependence on statutory allocations.
- **Review Expenditure Policies:** Conduct a comprehensive review of payment categories, particularly salaries and grants, to identify areas for cost savings and efficiency improvements.
- **Financial Management Training:** Invest in training for financial officers and staff to improve budgeting, forecasting, and financial reporting capabilities.

## 2.4 Management Responses

*Noted, we will strategies to improved our independent revenue earning*

### 3.0 Missing Documentation

S/N	PAYMENT VOUCHER NO.	AMOUNT (₦)	PURPOSE	Findings
1	102	12,800,000.00	Purchase of food items for communities	Missing Cash receipt, SRV, and list of beneficiaries.
2	103	15,000,000.00	Purchase of Brocade (Shadda) for men	Missing Cash receipt, SRV, and list of beneficiaries.
3	104	15,000,000.00	Purchase of wrappers (Attampa) for women	Missing Cash receipt, SRV, and list of beneficiaries.
4	2	10,000,000.00	Purchase of food items and bulls for IDPs	Missing Approval from Ministry for Local Government and SRV.
5	35	1,000,000.00	Purchase of bull and allowances for Ulamas	Missing Original sundry list of Ulamas and bull receipt.

### 3.1 Implication

- Absence of essential documents like cash receipts, SRVs (Service Receipt Vouchers), and beneficiary lists indicates a significant lack of adherence to financial protocols and can lead to mismanagement or misuse of funds.
- These missing items are crucial for verifying the legitimacy and intended purpose of the funds disbursed, suggesting a need for stricter documentation practices within the department.

### 3.2 Recommendation

We strongly recommend Implementing stricter documentation protocols to ensure all required paperwork is completed and attached to payment vouchers.

### 3.4 Management Response

*Noted proactive measure will be taken to address the issue*

### 4.0 Computerization of Accounting Transactions:

#### 4.1 Observation

Accounting transactions of the Local Government have not been moved from manual to computer-based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

#### 4.2 Implications

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

#### **4.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

#### **4.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

#### **5.0 Insurance:**

##### **5.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

##### **5.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

##### **5.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

##### **5.4 Management Response.**

*Management has taken the required necessary step to ensure all the council's assets with reputable insurance company soon.*

#### **6.0 Financial Reporting Council (FRC) Registration Number**

##### **6.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

##### **6.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

##### **6.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

##### **6.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

##### **6.5 Management Response**

Management noted the observation for timely implementation



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15<sup>th</sup> October, 2024

The Chairman,  
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Hawul,  
Borno State

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### CURRENT YEAR 2023 REPORT

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Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

	2023	2022	Increase/ Decrease	
	₦	₦	₦	%
<b>REVENUE</b>				
<b>Revenue From Non-Exchanged Transactions</b>				
Levies, Fees and Fines	3,729,560	2,409,269	1,320,291	54.80
Other Taxation Income	1,302,535	905,643	396,892	-
Statutory Allocation	2,632,203,805	2,100,520,304	531,683,501	25.31
<b>Revenue From Exchange Transactions</b>				
Investment Income	-	1,580,400	(1,580,400)	(100.00)
<b>Total Revenue</b>	<b>2,637,235,900</b>	<b>2,105,415,616</b>	<b>531,820,284</b>	<b>25.26</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	450,943,476	750,946,225	300,002,749	(39.95)
Grants and Other Transfer (Statutory)	1,820,748,401	993,739,888	827,008,513	83.22
Other Miscellaneous Direct Deductions	172,966,988	95,139,445	77,827,544	81.80
General and Administrative Expenses	184,951,140	295,404,565	110,453,425	(37.39)
<b>Total Payments</b>	<b>2,629,610,006</b>	<b>2,135,230,123</b>	<b>494,379,883</b>	<b>23.15</b>
Surplus/Deficit for the period	7,625,894	(29,814,507)	37,440,401	(125.58)

## 2.1 **Observation**

There was an increase in the statutory grant from the federation, same goes to internally generated when compare between 2023 against 2022, however, the operational cost and other expenditure has increase by 23.15%

## 2.2 **Implication**

The local government is heavily dependent on grant

## 2.3 **Recommendation**

Management should strategies to ensure that more avenue open for internal earning in the local government.

## 2.4 **Management Responses**

*Noted, we will strategies to improved our independent revenue earning*

## 3.0 **Non-Retirement of Payment Vouchers**

### 3.1 **Observation**

Instances of Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Purpose	Amount (₦)
1	March, 2023	001	Purchases of Drugs	5,000,000
2	March, 2023	003	Purchases of Pesticides Chemicals	2,000,000
3	August, 2023	001	To Restore Electrification in Azare	1,450,000
TOTAL				8,450,000

### 3.2 **Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

### 3.3 **Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

### 3.4 **Management Response**

*Noted proactive measure will be taken to address the issue*

## 4.0 **Received and Issued from Store**

### 4.1 **Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

### 4.2 **Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum.



#### **4.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **4.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

#### **5.0 Computerization of Accounting Transactions:**

##### **5.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

##### **5.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

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*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

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There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

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The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

##### **6.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

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- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

### **7.5 Management Response**

Management noted the observation for timely implementation



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15<sup>th</sup> October, 2024

The Chairman,  
Jere Local Government,  
Khaddamari,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Jere Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 5.0 Computerization of Accounting Transactions
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### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Jere Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three-level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Tradable Investment Assets</b>	We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of its carrying amount.	<i>No any measurement taken to determine the fair value of this investment</i>	3
2	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2

### CURRENT YEAR 2023 REPORT

#### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

	2023	2022	Increase/ Decrease	
	₦	₦	₦	%
<b>REVENUE</b>				
<b>Revenue From Non-Exchanged Transactions</b>				
Levies, Fees and Fines	18,166,645	-	18,166,645	100.00
Other Taxation Income	17,542,989	42,969,448	(25,426,459)	(59.17)
Statutory Allocation	3,011,126,751	2,465,416,958	545,709,793	22.13
<b>Revenue From Exchange Transactions</b>				
Income from other Services	1,946,314	-	1,946,314	100.00
<b>Total Revenue</b>	<b>3,048,782,700</b>	<b>2,508,386,406</b>	<b>540,396,293</b>	<b>21.54</b>
<b>Expenses</b>				
Wages, Salaries and Employment Benefit	353,017,793	652,679,917	(299,662,124)	(45.91)
Grants and Other Transfer (Statutory)	2,079,205,530	1,338,102,477	741,103,053	55.38
Other Miscellaneous Direct Deductions	356,179,105	146,629,666	209,549,439	142.91
General and Administrative Expenses	354,449,970	394,277,638	(39,827,668)	(10.10)
<b>Total Payments</b>	<b>3,142,852,397</b>	<b>2,531,689,698</b>	<b>611,162,699</b>	<b>24.14</b>
<b>Surplus/(Deficit) for the period</b>	<b>(94,069,698)</b>	<b>(23,303,292)</b>	<b>(70,766,405)</b>	<b>303.68</b>

Note : Total Internal Revenue drop by 14.11%

## 2.1 **Observation**

There was an increase in the statutory grant from the federation, while the internally generated when compare between 2023 against 2022 drop by 14.11%, and the operational cost and other expenditure has increase by 24.14%

## 2.2 **Implication**

The local government is heavily dependent on grant

## 2.3 **Recommendation**

Management should strategies to ensure that more avenue open for internal earning in the local government.

## 2.4 **Management Responses**

*Noted, we will strategies to improved our independent revenue earning*

## 3.0 **Non-Retirement of Payment Vouchers**

### 3.1 **Observation**

Instances of Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Purpose	Amount (₦)
1	August, 2023	081	Purchases of Veterinary Drugs	1,900,000
2	October, 2023	009	Repairs of Boreholes	2,000,000
3	October, 2023	039	Procurement of Anti-Tick Chemical	1,500,000
<b>TOTAL</b>				<b>5,400,000</b>

### 3.2 **Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

### 3.3 **Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

### 3.4 **Management Response**

*Noted proactive measure will be taken to address the issue*

## 4.0 **Received and Issued from Store**

### 4.1 **Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

### 4.2 **Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum.

#### **4.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **4.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

#### **5.0 Computerization of Accounting Transactions:**

##### **5.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

##### **5.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

##### **5.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

##### **5.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

#### **6.0 Insurance:**

##### **6.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

##### **6.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

##### **6.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

##### **6.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*



## **7.0 Financial Reporting Council (FRC) Registration Number**

### **7.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

### **7.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

### **7.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

### **7.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

### **7.5 Management Response**

Management noted the observation for timely implementation



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Kaga Local Government,  
Kaga.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Kaga Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

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**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Subsidiary Books of Account
- 4.0 Monthly Reconciliation
- 5.0 Personnel Emolument Register
- 6.0 Deposit Ledger
- 7.0 Wrong Charges Against Correct Head/Sub Heads
- 8.0 Financial Reporting Council (FRC) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Kaga Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

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The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Investment</b>	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Inadequate documentation of Payment Vouchers</b>	We observed that there was documentation lapses identified	<i>The practice is still persistent</i>	2
3	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance	<i>There was improvement, but this practice need to be eliminated totally in compliance with standard and global practice</i>	2

## 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₱	2022 ₱	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	-	69,930	69,930	100
Other Taxation Income	-	2,703,360	2,703,360	100
Statutory Allocation	2,513,628,012	2,071,687,071	(441,940,941)	(0.21)
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	1,091,391	1,091,391	100
<b>Total Revenue</b>	<b>2,513,628,012</b>	<b>2,075,551,752</b>	<b>(438,076,260)</b>	<b>(0.21)</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	748,271,119	638,785,491	(109,485,628)	(0.17)
Grants and Other Transfer (Statutory)	745,915,366	901,165,239	155,249,873	0.17
Other Miscellaneous Direct Deductions	494,966,641	268,059,778	(226,906,863)	(0.85)
General and Administrative Expenses	511,198,090	148,882,614	(362,315,476)	2.43
<b>Total Payments</b>	<b>2,500,351,216</b>	<b>1,956,893,122</b>	<b>(543,458,094)</b>	<b>(0.28)</b>
<b>Surplus/(Deficit) for the period</b>	<b>13,276,796</b>	<b>118,658,631</b>	<b>105,381,835</b>	<b>0.89</b>

### 2.1 Observation

Statutory allocations improved, but the absence of internally generated revenue and the significant rise in expenditures are key challenges. Total payments increased by 28%, driven by administrative costs, eroding much of the revenue gains and sharply reducing the surplus.

### 2.2 Implication

The local government remains highly dependent on statutory allocations, with no internal revenue generation in 2023. This dependency, coupled with rising operational costs, raises concerns about the long-term financial sustainability of the local government, reducing its ability to invest in critical development projects.

### 2.3 Recommendation

To address this, the local government should prioritize diversifying its revenue base by strengthening internally generated revenue sources. Improved enforcement of tax collection, levies, and fees is critical. Additionally, management should implement cost-control measures, particularly in administrative expenses, to reduce financial strain and improve the overall fiscal health of the local government.

### 2.4 Management Responses

*The local government acknowledges the economic challenges and insurgency that affected revenue generation in 2023. However, management is committed to enhancing independent revenue collection and controlling operational costs.*

### **3.0 Subsidiary Books of Account**

#### **3.1 Comment**

*During the audit for the year 2023, it was observed that several key subsidiary books were not maintained as required. These include the Deposit Ledger, Personnel Advance Ledger, Non-Personnel Advance Ledger, Check Book Register, Asset & Liability Register, Adjustment Voucher Register, and Store & Store Records.*

#### **3.2 Observation**

The failure to maintain essential subsidiary books of accounts violates standard accounting practices and poses significant challenges to the transparency and accuracy of financial records. The absence of these ledgers and registers makes it difficult to track important financial activities such as deposits, advances, adjustments, and asset/liability management, which are crucial for proper financial oversight.

#### **3.3 Implication**

The non-maintenance of these subsidiary books can lead to incomplete or inaccurate financial reporting, which may result in misstatements of the local government's financial position. Furthermore, the failure to maintain proper records may lead to difficulties in verifying transactions, reconciling accounts, and complying with IPSAS accrual standards. It increases the risk of financial mismanagement, fraud, or inefficiency in the utilization of public funds.

#### **3.4 Recommendation**

It is essential that the Treasurer's Department takes immediate action to ensure that all subsidiary books of accounts are maintained in compliance with IPSAS accrual standards. Specifically, the Deposit Ledger, Personnel Advance Ledger, Non-Personnel Advance Ledger, Check Book Register, Asset & Liability Register, Adjustment Voucher Register, and Store Records must be updated regularly and be readily available for the next audit period. Adequate training for accounting staff and regular internal reviews should also be implemented to prevent future lapses.

#### **3.5 Management Response**

*Management acknowledges the lapse in maintaining these subsidiary books of accounts and attributes the oversight to internal capacity constraints. However, immediate steps will be taken to rectify the situation, including setting up a dedicated team to ensure that all necessary ledgers and registers are updated and maintained according to IPSAS accrual standards. The Treasurer's Department will ensure that these records are properly kept and available before the next audit period.*

### **4.0 Monthly Reconciliation**

#### **4.1 Comment**

*The monthly reconciliations of subsidiary ledgers for the period under review, specifically from September to December 2023, have not been conducted in accordance with financial regulation F.M. 13.17. This lapse in practice may lead to serious financial discrepancies.*

#### **4.2 Observation**

The failure to properly conduct monthly reconciliations violates established financial regulations and can result in inaccurate financial records. The purpose of these reconciliations is to ensure that subsidiary ledgers are in alignment with the main ledger, helping to detect errors, discrepancies, or potential fraud early. This lack of compliance puts the financial integrity of the local government at risk.

#### **4.3 Implication**

Improper or missing reconciliations expose the local government to the risk of financial loss, undetected errors, and inconsistencies in financial reporting. In accordance with F.M. 39.3(c)2, any losses that result from this failure may be recovered from or surcharged against the responsible officers. If not addressed promptly, this issue could result in further scrutiny and disciplinary actions against the accounting officers involved.

#### **4.4 Recommendation**

The Treasurer should immediately instruct the responsible officers to complete the pending reconciliations within the next 21 days. In addition, a system of regular checks and internal reviews should be implemented to ensure timely monthly reconciliations moving forward. Clear accountability measures should be enforced to comply with F.M. 13.17 and prevent future lapses. Officers who continue to default on this responsibility should face the penalties prescribed in F.M. 39.3(c)2.

#### **4.5 Management Response**

*Management acknowledges the delay in conducting the required monthly reconciliations and commits to rectifying the situation. The Treasurer will instruct the officers responsible for the subsidiary ledgers to complete all pending reconciliations within the specified 21-day timeframe. Moving forward, strict adherence to financial regulations will be enforced, and officers will be held accountable for any future lapses, with appropriate disciplinary action taken in line with F.M. 39.3(c)2.*

### **5.0 Personnel Emolument Register**

#### **5.1 Comment**

*It was discovered during the audit that the Personnel Emolument Register for the period from September to December 2023 has not been maintained by the Local Government, as required by financial regulation F.M. 15.9. This is a critical lapse in financial record-keeping.*

#### **5.2 Observation**

The failure to maintain the Personnel Emolument Register, as stipulated by F.M. 15.9, undermines the proper documentation and accountability of salary payments, allowances, and other personnel-related expenditures. This oversight increases the risk of errors, overpayments, or fraudulent activities going unnoticed.



### **5.3 Implication**

Without proper maintenance of the Personnel Emolument Register, the Local Government may face challenges in reconciling personnel costs, ensuring the accuracy of payroll, and preventing financial mismanagement. In accordance with F.M. 39.3(c)2, any financial losses arising from this non-compliance can be recovered from or surcharged against the responsible officers. The lack of such vital records also affects the ability to produce accurate financial reports.

### **5.4 Recommendation**

The Local Government should ensure immediate compliance with F.M. 15.9 by directing the responsible officers to maintain the Personnel Emolument Register for the period in question and all future periods. This should be completed promptly, and ongoing monitoring should be put in place to ensure that this register is updated monthly. Failure to comply should result in the enforcement of F.M. 39.3(c)2, with any losses being recovered from the defaulting officers.

### **5.5 Management Response**

*Management acknowledges the omission of the Personnel Emolument Register for the period under review. The Treasurer will instruct the officers responsible to update and maintain the register immediately. Going forward, strict compliance with F.M. 15.9 will be ensured, and officers who fail to maintain proper records will be held accountable under F.M. 39.3(c)2, with surcharges applied where necessary.*

## **6.0 Deposit Ledger**

### **6.1 Comment**

*During the audit inspection, it was discovered that the Local Government has not been maintaining a Deposit Ledger, which is a violation of the financial regulation F.M. 24.8. This is a crucial oversight in the financial management practices of the Local Government.*

### **6.2 Observation**

The absence of a Deposit Ledger contravenes the requirements of F.M. 24.8, which mandates the proper recording and tracking of deposit transactions. This lapse compromises the accuracy and transparency of funds held on behalf of third parties, creating risks of mismanagement, unrecorded liabilities, or improper utilization of deposits.

### **6.3 Implication**

Failure to maintain a Deposit Ledger can result in financial irregularities, such as untracked deposits or the potential misuse of deposited funds. It also increases the difficulty of reconciling the Local Government's liabilities and ensuring accountability. Non-compliance with F.M. 24.8 may expose the Local Government to financial risks, inefficiencies, and possible disciplinary actions for the officers involved.

#### **6.4 Recommendation**

The Local Government should immediately implement the maintenance of a Deposit Ledger in accordance with F.M. 24.8. The Treasurer's Department should ensure that all deposit transactions are properly recorded and regularly reconciled to prevent any discrepancies. Additionally, management should conduct periodic reviews to guarantee ongoing compliance with the regulations. Adherence to the provisions of F.M. Chapter 22 should also be strictly enforced.

#### **6.5 Management Response**

*Management recognizes the failure to maintain the Deposit Ledger as required by F.M. 24.8 and takes responsibility for rectifying the issue. The necessary steps will be taken to establish and maintain the Deposit Ledger moving forward. The Treasurer will ensure that the ledger is updated and regularly reviewed to ensure compliance with the regulations. Measures will also be put in place to prevent future lapses, with strict adherence to the provisions of F.M. Chapter 22.*

### **7.0 Wrong Charges Against Correct Head/Sub Heads**

#### **7.1 Observation**

It was discovered during the audit that certain payments were charged to incorrect economic codes instead of the ones provided in the financial year budget. Notable instances include:

- i. PV No. 102 of December 2023 for ₦700,000 charged to Head 125/Sub Head 22020802 instead of the correct code for the purchase of PMS.
- ii. PV No. 106 of December 2023 for ₦700,000 charged to Head 125/Sub Head 22020801 for the same purpose (PMS).
- iii. PV No. 1 of November 2023 for ₦5,000,000 under Head 111/Sub Head 22020311, which was intended for foodstuff to IDPs but used for a market stall capital project at Benisheik.
- iv. PV No. 2 of November 2023 for ₦5,367,250 under Head 111/Sub Head 22040101, designated for a grant (0.5% to LG Audit), but used for the construction of a shopping complex.

#### **7.2 Implication**

Charging payments to incorrect economic codes compromises the accuracy of financial reporting, violates the principles of double-entry accounting, and results in improper record-keeping. This contravenes sections 4.3 (3) (1) and 4.4 of the Financial Manual (F.M.), making it difficult to trace transactions and reconcile accounts.

#### **7.3 Recommendation**

Management should review and correct all misclassified payments, ensuring future adherence to the proper economic codes as stipulated in the budget. Training and stricter oversight are recommended to prevent future occurrences.

#### **7.4 Management Response**

*Management acknowledges the error in charging payments to incorrect economic codes and commits to immediate correction. Steps will be taken to ensure compliance with F.M. regulations and proper classification of payments moving forward.*

## **8.0 Financial Reporting Council (FRC) Registration Number**

### **8.1 Comments**

*During our audit, it was observed that the signatories to the audited financial statements do not possess valid Financial Reporting Council (FRC) registration numbers, as mandated by the Financial Reporting Council of Nigeria Act, 2011.*

### **8.2 Observations**

- i. No FRC registration number was displayed on the audit report.
- ii. There was no evidence provided to show that the signatories are registered with the FRC.

### **8.3 Implication**

- i. Failure to register with the FRC could result in penalties ranging from fines of ₦100,000 to ₦500,000 (Section 59, FRC Act) or imprisonment of the officers involved (Section 60, FRC Act), along with other sanctions.
- ii. Audit reports signed by individuals without FRC registration may be rendered invalid.
- iii. Stakeholders may question the credibility and reliability of the financial statements due to non-compliance with FRC requirements.

### **8.4 Recommendation**

- i. Ensure that all signatories of financial reports are immediately registered with the FRC.
- ii. Obtain FRC registration certificates for all signatories and display their FRC registration numbers on all future financial reports.

### **8.5 Management Response**

*Management acknowledges the observation and will take the necessary steps to ensure timely compliance with FRC registration requirements.*



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addressed to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Kala Balge Local Government,  
Kala Balge.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Kala Balge Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
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- 4.0 Non-compliance with VAT and WHT rates
- 5.0 Inadequate Payment Voucher Documentation

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Kala Balge Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as “LOW”, “MEDIUM” and “HIGH”. Each level is being defined as follows:

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2	Budget Estimates	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	We recommend that budget estimation be made with attainable objective, any item with reasonable certainty is not receivable shouldn't be included and any expenditure which is not committed or intend to execute should also not to be included	2
3	Bank Reconciliation Statement	The Local Government did not prepare monthly bank reconciliation statement to reconcile the difference in the Cashbook and the bank statement	<i>Not fully implemented</i>	2

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2022 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Other Taxation Income	-	-	-	-
Statutory Allocation	2,322,230,915	1,912,797,313	409,433,602	21%
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	-	-	-
<b>Total Revenue</b>	<b>2,322,230,915</b>	<b>1,912,797,313</b>	<b>409,433,602</b>	<b>21%</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	294,997,179	412,970,245	(117,973,066)	(29%)
Grants and Other Transfer (Statutory)	663,862,049	724,530,158	(60,668,109)	(8%)
Other Miscellaneous Direct Deductions	671,340,733	475,869,718	195,471,015	41%
General and Administrative Expenses	566,833,973	293,344,660	273,489,313	93%
<b>Total Payments</b>	<b>2,197,033,934</b>	<b>1,985,467,995</b>	<b>334,163,480</b>	<b>11%</b>
<b>Surplus/(Deficit) for the period</b>	<b>125,196,981</b>	<b>6,082,532</b>	<b>40,457,598</b>	<b>1958%</b>

#### 2.1 **Observation**

Thought there is increase in the statutory grant but the LGA recorded no internally generated revenue in both 2023 and 2022, while operational cost and other expenditure has increase by 11%

#### 2.2 **Implication**

The local government is heavily dependent on revenue from non-exchange transaction

#### 2.3 **Recommendation**

Management should strategies to ensure that revenues are earn in the local government.

#### 2.4 **Management Responses**

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 **Financial Reporting Council (FRC) Registration Number**

#### 3.1 **Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

#### 3.2 **Observations**

- i. No FRC registration number is displayed on the audit report.
- ii. No evidence of FRC registration certificate was provided by the signatories.



### **3.3 Implication**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Signatories without FRC registration may render the audit report invalid.
- iii. Stakeholders may question the reliability of the financial statement.

### **3.4 Recommendation**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

### **3.5 Management Response**

*Management noted the observation for timely implementation*

## **4.0 NON-COMPLIANCE WITH VAT AND WHT RATES**

### **4.1 Comment**

During our audit, we observed that the Kala Balge Local Government failed to comply with the correct Value Added Tax (VAT) and Withholding Tax (WHT) rates as stipulated by the Federal Inland Revenue Service (FIRS) and the Nigerian Tax Laws. See Appendix "A"

### **4.2 Observation**

- i. **VAT rate:** The Kala Balge Local Government applied a VAT rate of 5% instead of the statutory rate of 7.5% on certain transactions.
- ii. **WHT rate:** The Kala Balge Local Government failed to withhold taxes at the statutory rate of 10% on payments to contractors.

### **4.3 Implication**

- i. Non-compliance may attract penalties, interest, and potential litigation costs.
- ii. Underpayment of VAT and WHT may result in revenue loss to the Government.
- iii. Non-compliance may damage the Kala Balge Local Government's reputation and credibility.

### **4.4 Recommendation**

- i. Conduct a thorough review of VAT and WHT compliance.
- ii. Apply correct VAT and WHT rates on all transactions.
- iii. Pay outstanding VAT and WHT liabilities, including penalties and interest.
- iv. Implement internal controls to ensure accurate tax compliance.
- v. Provide training to staff on Nigerian tax laws and regulations.

### **4.5 Management Response**

*Noted, proactive measure will be taken to address the issue*

## **5.0 Inadequate Payment Voucher Documentation**

### **5.1 Comments**

*In contravention of the guidelines stipulated in the Financial Memoranda (FM 14.4) for local government, the irregularly processed payment vouchers is furnished in the table below.*

<b>S/N</b>	<b>Name of Payee</b>	<b>PV No.</b>	<b>Description of Payment</b>	<b>Amount</b>
1	kesa construction K.T.G L.T.D	009/01/23	Supply of relief materials	8,811,100.00
2	Gara Generals Enterprises	012/02/23	Diesel Engine Oil and petrol to Boreholes	2,800,000.00.
3	Geime Abba Wakil	006/01/23	purchase of fuel and lubricant to the military personnel residing at Rann	6,000,000.00
4	Geime Abba Wakil	007/01/23	Prayers and protection of form from distraction of Elephant	1,900,000.00
5	Abba Gana Abba	008/01/23	payment for the purchase of rice for distribution to IDPs in the host community	5,200,000.00
6	Blossom G-20 L.T.D	001/03/23	supply of Jersey and facing Cap to the Local Government	3,225,000
7	Aisha Abba	016/02/23	procurement and drugs to Rann Kala-Balge IDPs camp	2,500.000.00
8	Abba wakil	007/07/23	procurement of Bull as gift to his excellency during marriage ceremony	900,000.00
9	Nuhu Alh. Audu	064/09/23	Procurement of fuel and lubricant	1,000,000.00
10	Babagana Wakil	089/09/23	procurement of additional 300 bags of rice and sugar during Ramadan	1,000,000.00
	<b>Balance</b>			<b>28,036,100</b>

### 5.3 Observation

We observed that some payments vouchers above lack basic requirement such as supporting documents, approval, under retirement, SIV etc

### 5.4 Implication

- i. The absence of documentary evidence raises concerns about accountability. It becomes challenging to trace the flow of funds and ensure that money is disbursed to the intended recipients or for legitimate purposes.
- ii. The lack of proper documentation and authorization opens the door to fraudulent practices, which can result in financial losses for the organization.

### 5.5 Recommendation

- i. Kala Balge local government council should emphasize the importance of comprehensive and compliant documentation for all financial transactions. Train and educate staff on the significance of proper record-keeping and documentation. And,
- ii. Implement and strengthen internal controls to ensure that proper procedures are followed in financial transactions. This includes requiring beneficiary signatures, specifying amounts, and obtaining the necessary approvals.

### 5.6 Management Response

*The council will intensify efforts in implementing these recommendations to address the observed issue.*



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Konduga Local Government,  
Konduga.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Konduga Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Non-compliance with VAT and WHT rates
- 4.0 Inadequate Payment Voucher Documentation
- 5.0 Financial Reporting Council (FRC) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Konduga Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgement on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	Investment	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	Budget Estimates	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance	<i>There was an improvement atleast a valuation on some was made</i>	2

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Other Taxation Income	1,773,403	2,366,683	(593,280)	(25%)
Statutory Allocation	3,197,651,602	2,655,667,039	541,984,563	20%
<b>Revenue From Exchange Transactions</b>				
Income from other Services	800,000	3,034,157	(2,234,157)	(74%)
<b>Total Revenue</b>	<b>3,200,225,006</b>	<b>1,912,797,313</b>	<b>365,271,179</b>	<b>67%</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	455,618,039	468,891,074	(13,273,035)	(3%)
Grants and Other Transfer (Statutory)	1,128,136,733	1,216,791,759	(88,655,026)	(7%)
Other Miscellaneous Direct Deductions	994,569,879	578,636,300	415,933,579	72%
General and Administrative Expenses	593,766,695	372,879,602	220,887,093	59%
<b>Total Payments</b>	<b>3,172,091,346</b>	<b>1,985,467,995</b>	<b>341,430,798</b>	<b>60%</b>
<b>Surplus/(Deficit) for the period</b>	<b>23,869,143</b>	<b>28,762</b>	<b>40,457,598</b>	

#### 2.1 Observation

Thought there is increase in the statutory grant but the LGA recorded decrease of about 25% in internally generated revenue in both 2023, while operational cost and other expenditure has increase by 60%

#### 2.2 Implication

The local government is heavily dependent on revenue from non-exchange transaction

#### 2.3 Recommendation

Management should strategies to ensure that revenues are earn in the local government.

#### 2.4 Management Responses

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 NON-COMPLIANCE WITH VAT AND WHT RATES

#### 3.1 Comment

During our audit, we observed that the Konduga Local Government failed to comply with the correct Value Added Tax (VAT) and Withholding Tax (WHT) rates as stipulated by the Federal Inland Revenue Service (FIRS) and the Nigerian Tax Laws. See Appendix "A"

#### 3.2 Observations

- i. VAT rate: The Konduga Local Government applied a VAT rate of 5% instead of the statutory rate of 7.5% on certain transactions.
- ii. WHT rate: The Konduga Local Government failed to withhold taxes at the statutory rate of 10% on payments to contractors.

### 3.3 Implications

- i. Non-compliance may attract penalties, interest, and potential litigation costs.
- ii. Underpayment of VAT and WHT may result in revenue loss to the Government.
- iii. Non-compliance may damage the Konduga Local Government's reputation and credibility.

### 3.4 Recommendations

- i. Conduct a thorough review of VAT and WHT compliance.
- ii. Apply correct VAT and WHT rates on all transactions.
- iii. Pay outstanding VAT and WHT liabilities, including penalties and interest.
- iv. Implement internal controls to ensure accurate tax compliance.
- v. Provide training to staff on Nigerian tax laws and regulations.

### 3.5 Management Response

*Noted, proactive measure will be taken to address the issue*

## 4.0 Inadequate Payment Voucher Documentation

### 4.2 Comments

*In contravention of the guidelines stipulated in the Financial Memoranda (FM 14.4) for local government, the irregularly processed payment vouchers is furnished in the table below.*

S/N	Name of Payee	PV No.	Description of Payment	Amount (₦)
1	Hassan Usman	048/04/23	Procurement of additional 100 25 kg Bags of parboiled Rice for distribution to prominent personalities, Government officials, Ulamas, and Internally Displaced persons.	700,000.00
2	Hassan Usman	050/04/23	Procurement of additional (55) 50 Kg Bags of Parboiled Rice for distribution.	1,870,000.00
3	Modu Mustapha Kawuri	032/10/23	Payment for logistic support to the conventional and the Non-conventional security across the Local Government area to give security Back-Up/coverage during Executive Governor of Borno State's official visit to the Local Government.	1,600,000.00
4	Abba Ibrahim	063/01/23	Payment of relief Assistance to enable him to renovate their family House destroyed by rain.	500,000.00
5	Ba'Abba Mala Guworam	038/01/23	Payment for procurement of Diesel (AGO) and Lubricants for the serving of Borehole Generators in Auno, Njimitilo, Pompomari and the Government Lodge.	1,997,000.00
6	Ba'Abba Mala Guwuram	059/01/23	Payment for the procurement of building materials for the fixing of plaster of Paris (P.O.P) at the Government Lodge.	496,000.00

7	Mohammed Gambo	037/02/23	Payment for the procurement of essential Drugs for Adult and children to stock all Health Facilities across the Local Government	2,000,000.00
8	Ya Manu Ibrahim	076/01/23	Payment for the procurement of Veterinary Vaccines for Annual Mass Vaccination of small and Large Animals from Auno District.	1,500,000.00
9	Abdullahi Abubakar	061/02/23	Payment for the purchase of one thousand (1,000) day old chicks and Hundred (100) 25kg Bags of Broker starter feeds for distribution to women across the length and breadth of the Local Government Area to empower them to improved their livelihood	1,900,000.00
10	Baba Gana Sabo	012/03/23	Payment for the procurement of 250 Tins of Roman Tomatoes seed for distribution to dry season farmers across the Local Government Area.	1,700,000.00
11	Abdullahi Abubakar	082/05/23	Payment for procurement of veterinary Drugs injection for the treatment of Animals.	1,500,000.00
12	Alhaji Mustapha Kawule	053/02/23	Payment for the purchase of food items, Bulls and render logistics support for the conduct of special prayers in Dalori Town.	750,000.00
	<b>Total</b>			<b>14,513,000</b>

#### 4.3 Observation

We observed that some payments vouchers above lack some basic requirement such as supporting documents, approval, under retirement, SIV etc

#### 4.4 Implication

- i. The absence of documentary evidence raises concerns about accountability. It becomes challenging to trace the flow of funds and ensure that money is disbursed to the intended recipients or for legitimate purposes.
- ii. The lack of proper documentation and authorization opens the door to fraudulent practices, which can result in financial losses for the organization.

#### 4.5 Recommendation

- i. Konduga local government council should emphasize the importance of comprehensive and compliant documentation for all financial transactions. Train and educate staff on the significance of proper record-keeping and documentation. And,
- ii. Implement and strengthen internal controls to ensure that proper procedures are followed in financial transactions. This includes requiring beneficiary signatures, specifying amounts, and obtaining the necessary approvals.



#### **4.6 Management Response**

*The council will intensify efforts in implementing these recommendations to address the observed issue.*

#### **5.0 Financial Reporting Council (FRC) Registration Number**

##### **5.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

##### **5.2 Observations**

- i. No FRC registration number is displayed on the audit report.
- ii. No evidence of FRC registration certificate was provided by the signatories.

##### **5.3 Implication**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N500,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Signatories without FRC registration may render the audit report invalid.
- iii. Stakeholders may question the reliability of the financial statement.

##### **5.4 Recommendation**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

##### **5.5 Management Response**

*Management noted the observation for timely implementation.*



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Kukawa Local Government,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Kukawa Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 2.0 Highlight of 2023 Financial Activities
- 3.0 Investments Property
- 4.0 Non-Retirement/ Irregular Payment Vouchers
- 5.0 Received and Issued from Store
- 6.0 Computerization of Accounting Transactions
- 7.0 Insurance
- 8.0 Financial Reporting Council of Nigeria (FRCN) Registration Number
- 9.0 Budget (Estimates)

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Kukawa Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- vi. Low, represented by (1) that is the magnitude is between 0 to 10%
  - vii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
  - viii. High, represented by (3) that is the magnitude is 20% and above
- The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Investment</b>	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Fixed Assets Register</b>	No record was cited for Non-Current Assets in the Local Government	<i>There was an improvement atleast a valuation on some was made</i>	2

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023	2022	Increase/ Decrease	%
	₱	₱	₱	
<b>Revenue From Non-Exchange Transactions:</b>				
Levies, Fees and Fines	-	-		
Other Taxation Income	-	-		
Statutory Allocation	3,376,994,970	2,796,063,880	80,931,090	17%
Grants/Donation	-	-	-	
Revenue From Exchange Transactions	-	-	-	
Income from other Services	-	-	-	
Investment Income	-	-	-	
<b>Total Revenue</b>	<b>3,376,994,970</b>	<b>2,796,063,880</b>	<b>580,931,090</b>	<b>17%</b>
<b>Expenses</b>				
Wages, Salaries and Employment Benefit	654,025,301	597,211,511	6,813,790	9%
Grants and Other Transfer (Statutory)	871,262,236	975,019,877	(103,757,641)	-12%
Other Miscellaneous Direct Deductions	1,174,259,885	701,683,085	472,576,800	40%
General and Administrative Expenses	669,017,548	544,394,959	124,622,589	19%
<b>Total Expenses</b>	<b>3,368,564,970</b>	<b>2,818,309,432</b>	<b>50,255,538</b>	<b>16%</b>
<b>Surplus/(Deficit) for the period</b>	<b>8,430,000</b>	<b>(22,245,552)</b>	<b>30,675,552</b>	<b>364%</b>

#### 2.1 **Observation**

There was an increase in the statutory grant by 17% but internally generated revenue recoded nill in 2023 as against 2022, while operational cost and other expenditure has increase by 16%

#### 2.2 **Implication**

The local government is heavily dependent on grant

#### 2.3 **Recommendation**

Management should strategies to ensure that revenue are earn in the local government.

#### 2.4 **Management Responses**

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 **TRADABLE INVESTMENT ASSETS**

#### 3.1 **Comment**

The following are the tradable investment assets held by the local government as at 31<sup>st</sup> December, 2023.

Local Government Loans Board	2,173,104
Premier Comm. Bank Maiduguri	560,000
Premier Property Dev. Company	200,000
First Bank of Nig. Plc	139,000
New Afri-Bank Plc.	129,981
Africa Bank of Nig. Plc.	70,000
United Bank for Africa Plc.	500,000
Borno investment Company	58,000
Borno Fertilizer Company	2,000,000
Bomo Soda Ash Company	1,000,000
<b>TOTAL</b>	<b>6,830,085</b>

#### 3.2 **Observation**

We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of it carrying amount.

#### 3.3 **Implication**

Fair value of some assets may not be properly disclosed in the Financial Statement.

#### 3.4 **Recommendation**

We strongly recommend revaluation of such investment property to their recoverable value or to be written off if they do not exist.

#### 3.5 **Management Response**

*Noted proactive measure will be taken to address the issue*

### 4.0 **Non-Retirement/Irregular Payment Vouchers**

#### 4.1 **Observation**

Instances of Irregular and Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Beneficiary	Purpose	Amount (₦)
1	June, 2023	31	Sabo Gana	Food and Entertainment	525,000
2	July, 2023	56	Ali Mangula	Purchases of Drugs	3,672,000
3	July, 2023	58	Baba Kaka Mala	Fuel to CJTF Car	1,747,200
	<b>TOTAL</b>				<b>5,944,200</b>

#### **4.2 Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

#### **4.3 Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

#### **4.4 Management Response**

*Noted proactive measure will be taken to address the issue*

### **5.0 Received and Issued from Store**

#### **5.1 Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

#### **5.2 Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum

#### **5.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **5.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

### **6.0 Computerization of Accounting Transactions:**

#### **6.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

#### **6.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

### **6.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

### **6.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

### **7.0 Insurance:**

#### **7.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

#### **7.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

#### **7.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

#### **7.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

### **8.0 Financial Reporting Council (FRC) Registration Number**

#### **8.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

#### **8.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

#### **8.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.



#### **8.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

#### **8.5 Management Response**

Management noted the observation for timely implementation

#### **9.0 Budget Estimates**

##### **9.1 Observation**

We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.

##### **9.2 Implication**

Is an indication that the local government did not fully comply with requirement of IPSASs and other regulations such as financial memorandum.

##### **9.3 Recommendation**

We recommend that budget estimation be made with attainable objective, any item with reasonable certainty is not receivable shouldn't be included and any expenditure which is not committed or intend to execute should also not to be included.

##### **9.4 Management Response**

*Proper need assessment will be conducted through the office of Budget, Planning and Research before inclusion of any in the annual budget and to ensure adherence to IPSASs and other regulatory requirement.*



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Kwaya Kusar Local Government  
Kwaya Kusar.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Kwaya Kusar Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 1.0 Overview of 2023 Management Letter
  - 2.0 Highlight of 2023 Financial Activities
  - 3.0 Irregular Payment Vouchers
  - 4.0 Monthly reconciliation of records
  - 5.0 Financial Reporting Council (FRC) Registration Number
- Appendix

### 1.0 OVERVIEW OF 2023 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2023 Bama Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as “LOW”, “MEDIUM” and “HIGH”. Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
  - ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
  - iii. High, represented by (3) that is the magnitude is 20% and above
- The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below are summary of 2023 financial activities presented in comparative statement with 2022 activities

	2023	2022	Increase/ (Decrease)	%
REVENUE	₦	₦		
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	-	2,833,786	(2,833,786)	(100)
Other Taxation Income	-	456,000	(456,000)	(100)
Statutory Allocation	2,093,773,098	1,710,115,440	383,657,658	0.22
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	1,670,050	(1,670,050)	(100)
Investment income	-	1,656,474	(1,656,474)	(100)
<b>Total Revenue</b>	<b>2,093,773,098</b>	<b>1,716,731,750</b>	<b>568,930,852</b>	<b>0.22</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	671,867,989	642,842,468	(29,025,521)	(0.05)
Grants and Other Transfer (Statutory)	638,889,485	689,720,035	50,830,550	0.07
Other Miscellaneous Direct Deductions	307,983,320	97,168,240	(210,815,080)	(2.17)
General and Administrative Expenses	463,973,387	285,362,131	(178,611,256)	(0.63)
<b>Total Payments</b>	<b>2,082,714,181</b>	<b>2,678,875,297</b>	<b>(367,621,307)</b>	<b>(0.21)</b>
<b>Surplus/(Deficit) for the period</b>	<b>23,969,319</b>	<b>(120,261,241)</b>	<b>9,420,041</b>	<b>5.75</b>

## **2.1 Comments:**

In 2023, total revenue increased by 22%, driven solely by statutory allocations, compared to a decrease in internally generated revenue. Total payments decreased by 21%, primarily due to lower grants and deductions. However, direct deductions and administrative expenses surged significantly. A surplus of ₦23.97 million was recorded, improving from a ₦120.26 million deficit in 2022.

## **2.2 Observation**

There was an increase in statutory allocations, which was the sole driver of revenue growth in 2023. Internally generated revenue (IGR) remains nonexistent. Payments, especially in administrative expenses and miscellaneous deductions, have increased substantially, reflecting higher operational costs.

## **2.3 Implication**

The financial sustainability of the local government is still heavily dependent on statutory allocations, with no diversified revenue streams. The increasing operational costs place additional pressure on fiscal flexibility, limiting the government's ability to address other developmental needs.

## **2.4 Recommendation**

Management should focus on increasing IGR by exploring local revenue opportunities such as fines, levies, and local taxes. This will reduce over-reliance on external sources and create a more resilient financial system.

## **2.5 Management Responses**

*Management acknowledges the revenue challenges exacerbated by the insurgency. While efforts to enhance IGR are underway, the current focus remains on addressing immediate needs in the community due to ongoing security concerns.*

## **3.0 IRREGULAR PAYMENT VOUCHERS**

### **Comment:**

*Several payment vouchers (P.V.s) totaling ₦9,007,000 were found to be irregular due to the absence of necessary approvals and supporting documentation, which is in violation of F.M. 14.4 (8) and related financial regulations.*

### **3.1 Observation**

These irregular payments without supporting documentation or approval raise concerns of potential misappropriation of public funds. They also violate financial regulations, increasing the risk of fraudulent payments and undermining financial accountability.

### **3.2 Implication**

These irregular payments without supporting documentation or approval raise concerns of potential misappropriation of public funds. They also violate financial regulations, increasing the risk of fraudulent payments and undermining financial accountability.

### **3.3 Recommendation**

The officers responsible for these payments must produce the required approvals and relevant supporting documents immediately. If they fail to provide adequate documentation, the full amounts involved should be recovered and deposited into the treasury account. The vetting officers should also be held responsible for refunds where necessary.

### **3.4 Management Response**

*Management will instruct the Officer in Charge of Votes (O.C.V.) to produce the required documentation for these payment vouchers. If the documents cannot be produced, the amounts involved will be recovered and appropriate treasury receipts furnished for audit verification. Measures will be put in place to ensure future compliance with financial regulations.*

## **4.0 MONTHLY RECONCILIATION OF RECORDS**

### **4.1 Comments**

*During the audit inspection, it was observed that the Local Government Council has not been conducting monthly reconciliations as required by FM (19:1). Despite instructions given to the Officer in Charge of Votes (O.C.V.), these reconciliations have not been carried out..*

### **4.2 Observation**

Key financial records such as the daily abstract, store ledger, monthly abstract, departmental vote account, and other subsidiary ledgers have not been reconciled. This lack of reconciliation may lead to inaccuracies in financial reporting and a failure to detect discrepancies in a timely manner.

### **4.3 Implication**

Failure to perform monthly reconciliations compromises the integrity of financial data and increases the risk of undetected errors or fraud. It also weakens internal controls, making it difficult to track and verify the accuracy of financial transactions.

### **4.4 Recommendation**

The O.C.V. should be instructed to immediately reconcile the outstanding records and establish a routine for timely reconciliations in the future. This should include the daily abstract, store ledger, monthly abstract, departmental vote account, and other subsidiary ledgers. Strict adherence to FM (19:1) should be enforced to ensure compliance.

### **4.5 Management Response**

*The management acknowledges the observation and assures that steps will be taken to ensure the reconciliation of the specified records. The Officer in Charge will be directed to complete these reconciliations and ensure future compliance with financial regulations.*

## **5.0 Financial Reporting Council (FRC) Registration Number**

### **5.1 Comments**

*During our audit, it was observed that the signatories to the audited financial statements do not possess valid Financial Reporting Council (FRC) registration numbers, as mandated by the Financial Reporting Council of Nigeria Act, 2011.*

### **5.2 Observations**

- i. No FRC registration number was displayed on the audit report.
- ii. There was no evidence provided to show that the signatories are registered with the FRC.

### **5.3 Implication**

- i. Failure to register with the FRC could result in penalties ranging from fines of ₦100,000 to ₦500,000 (Section 59, FRC Act) or imprisonment of the officers involved (Section 60, FRC Act), along with other sanctions.
- ii. Audit reports signed by individuals without FRC registration may be rendered invalid.
- iii. Stakeholders may question the credibility and reliability of the financial statements due to non-compliance with FRC requirements.

### **5.4 Recommendation**

- i. Ensure that all signatories of financial reports are immediately registered with the FRC.
- ii. Obtain FRC registration certificates for all signatories and display their FRC registration numbers on all future financial reports.

### **5.5 Management Response**

*Management acknowledges the observation and will take the necessary steps to ensure timely compliance with FRC registration requirements.*

**APPENDIX 'A'**  
**IRREGULAR PAYMENT VOUCHER**

<b>S/N</b>	<b>PAYEE</b>	<b>P V No.</b>	<b>PARTICULARS</b>	<b>AMOUNT</b>
				<b>N</b>
1	Umar Madu	62 (Sept 2023)	Procurement of diesel and lubricant for generators at Kwaya-Kusar government lodge	1,735,000
2	Hussaini Dantaro	63 (Oct 2023)	Filling of potholes at Peta, Kuthalang, and Bilazi roads	1,950,000
3	Umar Madu	64 (Oct 2023)	Procurement of diesel and lubricant for generator	1,700,000
4	Hussaini Dantaro	65 (Oct 2023)	Procurement of literate for pothole repairs along Wadali road	1,900,000
5	Hussaini Dantaro	71 (Oct 2023)	Supply of literate to fill potholes at Madu Junction	1,722,000
6	Adamu Abdulkarim	68 (Oct 2023)	Purchase of CBPP vaccine	1,925,000
7	Umar A. Gunda	69 (Oct 2023)	Purchase of pesticide for farmers	1,700,000
8	Hamidu Abdubakar	70 (Oct 2023)	Supply of pesticide to local farmers	1,900,000
	<b>Total</b>			<b><u>14,532,000</u></b>





**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

**PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.**

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Mafa Local Government,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Mafa Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Investments Property
- 4.0 Non-Retirement/ Irregular Payment Vouchers
- 5.0 Received and Issued from Store
- 6.0 Computerization of Accounting Transactions
- 7.0 Insurance
- 8.0 Financial Reporting Council of Nigeria (FRCN) Registration Number
- 9.0 Budget (Estimates)

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Mafa Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Investment</b>	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Fixed Assets Register</b>	No record was cited for Non-Current Assets in the Local Government	<i>There was an improvement atleast a valuation on some was made</i>	2

**2.0 CURRENT YEAR 2023 REPORT  
HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES**

Below is summary of 2023 financial activities presented in comparative statement with 2021 activities

REVENUE	2023	2022	Increase/Decrease	%
	₦	₦	₦	
Revenue From Non-Exchange Transactions				
Levies, Fees and Fines	-	-	-	
Other Taxation Income	-	-	-	
Statutory Allocation	2,610,438,057	2,152,598,082	457,839,976	18%
Grants/Donation	-	-	-	
			-	
Revenue From Exchange Transactions				
Income from other Services	-	-	-	
Investment Income	-	-	-	
	-----	-----		
Total Revenue	2,610,438,057	2,152,598,082	457,839,976	18%
	-----	-----		
Expenses			-	
Wages, Salaries and Employment Benefit	555,413,460	487,695,881	67,717,579	12%
Grants and Other Transfer (Statutory)	779,453,372	887,531,401	(108,078,029)	-14%
Other Miscellaneous Direct Deductions	655,499,715	400,460,526	255,039,189	39%
General and Administrative Expenses	610,081,193	377,739,358	232,341,835	38%
	-----	-----		
	2,600,447,740	2,153,427,165	447,020,575	17%
	-----	-----		

**2.1 Observation**

There was an increase in the statutory grant by 18% but internally generated revenue recoded none in 2023 as against 2022, while operational cost and other expenditure has increase by 17%

**2.2 Implication**

The local government is heavily dependent on grant

**2.3 Recommendation**

Management should strategies to ensure that revenue are earn in the local government.

**2.4 Management Responses**

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 **TRADABLE INVESTMENT ASSETS**

#### 3.1 **Comment**

The following are the tradable investment assets held by the local government as at 31<sup>st</sup> December, 2023.

Premier Property Development Company	200,000
Local Government Loans Board	1,225,987
Premier Comm. Bank	446,000
Fertilizer Blending Plant	1,000,000
New African Merchant Bank	328,981
Federal Housing Units	84,952
Assurance Bank Plc	1,000,000
<b>TOTAL</b>	<b>4,285,921</b>

#### 3.2 **Observation**

We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of it carrying amount.

#### 3.3 **Implication**

Fair value of some assets may not be properly disclosed in the Financial Statement.

#### 3.4 **Recommendation**

We strongly recommend revaluation of such investment property to their recoverable value or to be written off if they do not exist.

#### 3.5 **Management Response**

*Noted proactive measure will be taken to address the issue*

### 4.0 **Non-Retirement/Irregular Payment Vouchers**

#### 4.1 **Observation**

Instances of Irregular and Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Beneficiary	Purpose	Amount (₦)
1	Jan, 2023	8	Abdu Loskurima	Repairs to Tractor	756,000
2	May, 2023	17	Bulama Abatcha	Prayer for Peace	1,700,000
3	July, 2023	26	Bulama Kyari	Land Composition	1,500,000
	<b>TOTAL</b>				<b>3,956,000</b>

#### 4.2 **Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

#### **4.3 Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

#### **4.4 Management Response**

*Noted proactive measure will be taken to address the issue*

### **5.0 Received and Issued from Store**

#### **5.1 Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

#### **5.2 Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum

#### **5.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **5.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

### **6.0 Computerization of Accounting Transactions:**

#### **6.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

#### **6.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

#### **6.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

#### **6.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

#### **7.0 Insurance:**

##### **7.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

##### **7.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

##### **7.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

##### **7.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

#### **8.0 Financial Reporting Council (FRC) Registration Number**

##### **8.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

##### **8.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

##### **8.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

##### **8.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

##### **8.5 Management Response**

Management noted the observation for timely implementation

**9.1 Budget Estimates**

**9.2 Observation**

We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.

**9.3 Implication**

Is an indication that the local government did not fully comply with requirement of IPSASs and other regulations such as financial memorandum.

**9.4 Recommendation**

We recommend that budget estimation be made with attainable objective, any item with reasonable certainty is not receivable shouldn't be included and any expenditure which is not committed or intend to execute should also not to be included.

**9.5 Management Response**

*Proper need assessment will be conducted through the office of Budget, Planning and Research before inclusion of any in the annual budget and to ensure adherence to IPSASs and other regulatory requirement.*





**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Magumeri Local Government,  
Magumeri.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Magumeri Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Financial Reporting Council (FRC) Registration Number
- 4.0 Inadequate Payment Voucher Documentation

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Magumeri Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	Investment	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	Bank Reconciliation Statement	We observed that, Magumeri local government has not maintain bank reconciliation statement of the treasury Main accounts operated by the local government during the year ended 31 <sup>st</sup> December 2023.	<i>This observation is still persist</i>	2
3	Budget Estimates	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>This observation have been resolved in 2023</i>	1
4	Unaudited Payment Vouchers	It was observed that, payment voucher totaling N52,033,703.68 were un-pre-audited, this contravened the provision of F.M.13.39.	<i>This observation have been resolved in 2023</i>	1

## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ (Decrease) ₦	%
<b>Revenue From Non-Exchange Transactions</b>				
Other Taxation Income	461,527	0	461,527	100%
Statutory Allocation	2,986,217,935	2,473,352,056	12,865,879	21%
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	-	-	-
<b>Total Revenue</b>	<b>2,986,679,462</b>	<b>2,473,352,056</b>	<b>513,327,406</b>	<b>21%</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	439,858,410	458,633,231	-18,774,821	(4%)
Grants and Other Transfer (Statutory)	834,255,277	919,299,926	-85,044,649	(9%)
Other Miscellaneous Direct Deductions	939,080,266	553,957,944	385,122,322	70%
General and Administrative Expenses	649,343,786	485,496,952	163,846,834	34%
<b>Total Payments</b>	<b>2,862,537,739</b>	<b>2,417,388,053</b>	<b>445,149,686</b>	<b>18%</b>
<b>Surplus/(Deficit) for the period</b>	<b>124,141,724</b>	<b>55,964,004</b>	<b>54,764,103</b>	<b>122%</b>

#### 2.1 Observation

Thought there is increase in the statutory grant but the LGA recorded no internally generated revenue in 2023 and 2022, while operational cost and other expenditure has increased by 18% and IGR is increase by 100%.

#### 2.2 Implication

The local government is heavily dependent on grant

#### 2.3 Recommendation

Management should strategies to ensure that revenue are earn in the local government.

#### 2.4 Management Responses

*The insurgency was our major challenges, however we will strategies to improved our independent revenue.*

### 3.0 Financial Reporting Council (FRC) Registration Number

#### 3.1 Comments

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

#### 3.2 Observations

- i. No FRC registration number is displayed on the audit report.
- ii. No evidence of FRC registration certificate was provided by the signatories.

#### 3.3 Implication

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Signatories without FRC registration may render the audit report invalid.
- iii. Stakeholders may question the reliability of the financial statement.

### **3.4 Recommendation**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

### **3.5 Management Response**

*Management noted the observation for timely implementation*

## **4.0 Inadequate Payment Voucher Documentation**

### **4.1 Comments**

*In contravention of the guidelines stipulated in the Financial Memoranda (FM 14.4) for local*

### **4.2 Observation**

Payments made through various vouchers amounting to ₦14,099,000.00 for different purposes were not properly documented, as they appear to be fictitious. Emphasize that the absence of beneficiary signatures against their names, unspecified amounts allocated to individuals, and missing approval documentation raise doubts about the legitimacy of these payments. as per attached to Appendix 'A'

### **4.3 Implication**

- i. The absence of beneficiary signatures, unspecified amounts, and missing approval documentation raises concerns about accountability. It becomes challenging to trace the flow of funds and ensure that money is disbursed to the intended recipients or for legitimate purposes.
- ii. The lack of proper documentation and authorization opens the door to fraudulent practices, which can result in financial losses for the organization.
- iii. The irregularities in financial transactions can undermine trust within the local government and with stakeholders. It may lead to a loss of confidence in the schedule officer's ability to handle finances competently and transparently.

### **4.4 Recommendation**

- i. Magumeri local government council should emphasize the importance of comprehensive and compliant documentation for all financial transactions. Train and educate staff on the significance of proper record-keeping and documentation. And,
- ii. Implement and strengthen internal controls to ensure that proper procedures are followed in financial transactions. This includes requiring beneficiary signatures, specifying amounts, and obtaining the necessary approvals.

### **4.5 Management Response**

*The council will intensify efforts in implementing these recommendations to address the observed issue.*

## APPENDIX A

S/N	NAME OF PAYEE	PV NO.	DATE	DESCRIPTION	AMOUNT ₦
10.	Al-Amin M. Gumsuri	06	Feb./2023	Payment for procurement of Fish finger links, Fish feed and meshes to domestics famers	2,970,000.00
11.	Bukar Alhaji Lawan	36	Apr/2023	Payment for purchase of a new tyres for security vehicle in the Local Government amounting to the sum of N650,000.00.	650,000.00
12.	Mohammed Umara	41	Apr/2023	Payment for relief of materials to the victims of fire disaster in Gajiganna amounting to sum of N600,000.00	600,000.00
13.	Al-Amin M. Gumsuri	101	Aug/2023	Payment for servicing of farm Tractors No. 2 for this year raining season, amounting to the sum of	649,000.00
14.	Bukar Alhaji Lawan	91	Sept./2023	Payment for the procurement of material for various condolence across the Local Government	800,000.00
15.	Ali Zarami	98	Sept./2023	Payment for procurement of AGO for running of Magumeri township borehole for the month of September, 2023.	2,000,000.00
16.	Yagana Mohammed	98	Sept./2023	Payment for the purchase of bedding materials (Bed sheet) medical equipment (BP apparatus) for the Health facilities	345,000.00
17.	Sundry persons	88	Oct./2023	Payment for newly established Magumeri Agro Guard standing imprest.	800,000.00
18.	Bulama Fugura Gana	105	Nov./2023	Payment for logistics support for OBR campaign on polio vaccination slated for 11 to 14 November 2023.	250,000.00
19.	Ali Zarami	108	Nov./2023	Payment for the connection of Electricity cable for the four township borehole, secretariat and Government lodge.	1,900,000.00
20.	Ali Zarami	91	Dec/2023	Payment for the repairs of Chingowa Lawanti, Gajiranna, and Monoram boreholes.	1,135,000.00
21.	Mohammed Umara	96	Dec./2023	Payment for the procurements of PMS for the official use	2,000,000.00
	<b>Total</b>				<b>14,099,000.00</b>



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Maiduguri Metropolitan Council,  
Maiduguri  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of MMC Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Records updates
- 4.0 Computerisation of Accounting Transactions
- 5.0 Insurance
- 6.0 Internally Generated Revenue
- 7.0 Financial Reporting Council (FRC) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 MMC Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as “LOW”, “MEDIUM” and “HIGH”. Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	OBSERVATIONS	COMMENTS	RISK FACTOR
1	Investment	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	Bank Reconciliation Statement	Observed that, MMC local government has not maintain bank reconciliation statement of the treasury Main accounts operated by the local government during the year ended 31 <sup>st</sup> December 2023.	Audit inspection was conducted and it was revealed that, the Monthly Bank reconciliation statement was not prepared for the year under review, which is contrary to F.M chapter 19.23, 19.24 and 19.25 refers.	2
3	Budget Estimates	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	During the audit inspection of Maiduguri Metropolitan Council approved budget of 2023 fiscal year, audit investigation discovered that, the details of economic code and Administration subtotal code did not agree with the total summary code figure, which is contrary to F.M 3.7	2
4	Payments Without Adequate Documentations	<i>It was observed that the above register has not been maintain during the period under review as required by F.M 15.9.</i>	<i>Majority of the payments are documented</i>	2



## CURRENT YEAR 2023 REPORT

### 2.0 HIGHLIGHT OF 2022 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	50,152,327	35,864,447	14,287,880	40%
Other Taxation Income	41,503,130	33,991,801	7,511,329	22%
Statutory Allocation	4,774,033,434	2,473,352,056	2,300,681,378	93%
<b>Revenue From Exchange Transactions</b>				
Income from other Services	499,274	3,672,315	(3,173,041)	(86%)
Investment Income	606783	0	606,783	100%
<b>Total Revenue</b>	<b>4,866,794,949</b>	<b>2,546,880,619</b>	<b>2,319,914,330</b>	<b>91%</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	573,567,413	675,734,035	4,372,861	(15%)
Grants and Other Transfer (Statutory)	2,156,206,453	2,274,920,873	115,777,473	(5%)
Other Miscellaneous Direct Deductions	819,818,122	331,743,135	144,031,178	147%
General and Administrative Expenses	1,020,130,951	697,643,023	440,308,657	46%
<b>Total Payments</b>	<b>4,569,722,938</b>	<b>3,980,041,066</b>	<b>704,490,169</b>	<b>15%</b>
<b>Surplus/(Deficit) for the period</b>	<b>297,072,010</b>	<b>1,433,160,447</b>	<b>1,615,424,161</b>	<b>(121%)</b>

### 2.3 Observation

Thought there is increase in the statutory grant, Other taxation income, impressively, the LGA recorded an increase in internally generated revenue in 2023 and 2022, but, operational cost and other expenditure has increased by 15% consequential to the improvement in revenue.

### 2.4 Implication

The local government is supported to a large extent by the grant as major source of revenue, and yet recorded favourable revenue variance, but still not sustainable.

### 2.3 Recommendation

Management should strategies to ensure that revenue sources and improved and collected in the local government.

### 2.4 Management Responses

*The council will do the needful to proactively implement these recommendations.*

## 3.0 Records updates:

### 3.1 Observation:

We observed that accounting books and records such as Daily and Monthly Abstract, Departmental Vote Expenditure Account are not properly updated in order to give true position and balances as at when needed.

### 3.2 Implications:

- i Stakeholder may not get the required information in some situations particularly under urgent needs
- ii The local government may loss some benefits attached to such practice and/or suffer unnecessarily where negative consequence is the price.

### **3.3 Recommendation:**

The Local Government council is advised to ensure that all schedule officer carryout their responsibilities accordingly and timely, this will close such gaps.

### **3.4 Management Response.**

This is a welcome recommendation and will ensure that every office carryout his/her responsibilities dutifully.

## **4.0 Computerisation of Accounting Transactions:**

### **4.1 Observations**

- i. Accounting transactions of the Local Government have not been moved from manual to computer based system.
- ii. Cash and Bank transactions and other relevant transactions were still manually prepared.

### **4.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. The accuracy of accounting and other financial information could be diminished thereby undermining the reliability of the financial statements.
- iii. Management accounting information may not be adequately and timely provided whenever desired.

### **4.3 Recommendations**

- i. Management should ensure computerisation of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

### **4.4 Management Response.**

The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.

## **5.0 insurance:**

### **5.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

### **5.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

### **5.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

### **5.4 Management Response.**

Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.

## **6.0 Internally Generated Revenue:**

### **6.1 Comment**

Internally Generated Revenue (IGR) is the revenue the Local Government generates within the area of its jurisdiction. The extent to which a local government can go in accomplishing its goals will largely depend on its internal revenue generation strength.

### **6.2 Observation**

- i. Our review reveals that Internally Generated Revenue (IGR) of the council is less than 1% of what was received from federation account.
- ii. Audit inspection was conducted on maternity Health Clinic (Yerwa Clinic) ultra-modern sound scan machine revenue which revealed that, IGR of N120,000.00 collected is not remitted to the Local Government Revenue Account which is contrary to Financial Memorandum chapter 6.

### **6.3 Implication**

- i. The low internally generated revenue will negatively affect the accomplishment of council's targeted goals.
- ii. Non remittance of internally regenerated may affect the credibility and efficiency of the local government negatively.

### **6.4 Recommendation**

The Council is advice to create avenue of generating more revenue through various legal means of taxation, commercialization, mass transit operation etc.

### **6.5 Management Response.**

The Council Management noted the observations for timely implementation.

## **7.0 Financial Reporting Council (FRC) Registration Number**

### **7.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

### **7.2 Observations**

- i. No FRC registration number is displayed on the audit report.
- ii. No evidence of FRC registration certificate was provided by the signatories.

### **7.3 Implication**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Signatories without FRC registration may render the audit report invalid.
- iii. Stakeholders may question the reliability of the financial statement.

### **7.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

### **7.5 Management Response**

*Management noted the observation for timely implementation*

**APPENDIX A**

<b>S/N</b>	<b>NAME</b>	<b>PAYMENT VOUCHER MOUNTH/ YEAR</b>	<b>AMOUNT  N</b>	<b>DETAILS</b>
1.	Bukar Alh. Isa	15/4/22	466,000.00	Purchase of Wall Fan and sport light to Lawan Bukar Masjid
2.	INEC Office	128/5/22	300,000.00	To Facilitate continue Voters registration
3.	Bukar Alh. Isa	128/5/22	6,000,000.00	Procurement of Diesel & Lubricant B/Hole
4.	Waziri Tijjani	157/6/22	210,000.00	Fueling Logistics Accounting to Chairman to attend workshop at Abuja
5.	Mohammed Tijjani	164/6/22	2,000,000.00	Women & youth poverty alleviation in various Ward
6.	Baba Musatpha	168/6/22	232,450.00	Renovation and filling of re services of Yerimari
7.	Algoni	33/5/22	2,000,000.00	Attend Workshop on Job creation
8.	Ya Rukaiya Umar	145/5/22	250,000.00	Coverage of Wja Maiduguri
9.	Bukar Alh. Isa	147/5/22	10,000,000.00	Conduct of special prayers across the Local Government
10.	Bukar Alh. Isa	111/6/22	1,300,000.00	Need assessment to some Ward
11.	Bilkisu Tijjani	137/4/22	500,000.00	Procurement of information equipment
12.	Sundry Person	157/4/22	530,000.00	Monthly allowance to Chairman
13.	Bukar Alh. Isa	158/4/22	500,000.00	Procurement of Ram & food items for Edul Fitr celebration
14.	Bukar Alh. Isa	101/2/22	500,000.00	Contribution to Fizzan Community
15.	Bukar Alh. Isa	158/4/22	500,000.00	
16.	Bukar A. Isa	1/1/22	5,000,000.00	Conduct of special prayers
17.	Moh'd Tijjani Bukar	164/6/22	2,000,000.00	Poverty Alleviation program
18.	Sundry Person	2/10/22	525,000.00	Allowance to Legislative
19.	Umar Adam	9/12/22	750,000.00	Maintenance of M/V
20.	Alh. Usman Kolo	10/10/22	3,000,000.00	Procurement of 800 pics of chairs to council chamber

21.	Moh'd Tijjani	11/10/22	1,000,000.00	Procurement of 4 units of projectors to ICT
22.				
23.	Bukar Alh. Isa	10/5/22	350,000.00	Procurement of poverty material for less privilege youth
24.				
25.	Bukar Alh. Isa	10/5/22	350,000.00	Procurement of poverty material for less privilege youth
26.	Grema Zanna	9/5/22	460,000.00	Procurement of poverty material for less privilege youth
27.	Ahmad Audu	11/5/22	355,000.00	Procurement of poverty material for less privilege youth
28.	Shettima Ahmad M. Kaka	24/5/22	150,000.00	Production of video performance on the achievement of .....
29.	Bukar Alh. Isa	128/5/22	6,000,000.00	Procurement of Diesel & lubricant to borehole
30.	Mohammed Alh. Bukar	162/6/22	2,000,000.00	Conduct of special prayers for peace to nejuin state
31.	Bukar Alh. Isa	116/8/22	1,300,000.00	Need assessment to ward executive
32.	Bukar Alh. Isa	147/5/22	10,000,000.00	Conduct of special prayers
33.	Ahmad Audu	5/4/22	438,000.00	Procurement of Diesel and reviving of Council Generator
34.	Bukar Alh. Isa	153/11/22	10,000,000.00	Special prayer
35.	Gambo Lawan	112/10/22	600,000.00	Procurement of A.G.O
36.	Bukar Kala	113/10/22	2,000,000.00	Procurement of A.G.O (Diesel)
37.	Bulama Ali Malah	116/10/22	1,600,000.00	Procurement of A.G.O
38.	Fanna Mai Umar	136/10/22	1,500,000.00	Procurement of Diesel
39.	Gambo Lawan	141/10/22	1,950,000.00	Procurement of A.G.O/P.M.S
40.	Bulama Alh. Malah	142/10/22	2,000,000.00	Procurement of P.M.S
41.	Bukar Alh. Isa	143/10/22	3,000,000.00	Procurement of Diesel
42.	Baba Kura Lawan	192/10/22	4,000,000.00	Procurement of A.G.O
43.	Bulama Ali Malah	193/10/22	3,000,000.00	Procurement of A.G.O

44.	Sundry Person	121/4/22	460,000.00	Monthly allowance to Chairman
45.	Waziri A. Waziri	154/4/22	500,000.00	Purchase of food items for distribution
46.	Bukar A. Isa	145/2/22	745,000.00	Procurement of Diesel to Generator (MMC)
47.	Grema Zanna	3/4/22	3,000,000.00	Construction of new office
48.	Moh'd Tijjani Bukar	2/4/22	3,000,000.00	Contribution of Block of Office
49.	Fanna Umar	145/10/22	5,500,000.00	Procurement of Fuel
50.	Gambo Lawan	148/10/22	1,500,000.00	Purchase of P.M.S D.P.K/A.G.O
51.	Galtima Gana	149/10/22	2,000,000.00	Procurements Fuels
52.	Alkali B. Iman	173/10/22	3,000,000.00	Purchase of Rice
53.	Moh'd Gajibe	174/10/22	1,100,000.00	Purchase shelter and landscaping
54.	Bukar Alh. Isa	181/10/22	3,750,000.00	Purchase of Rice
55.	Moh'd Gajibe	182/10/22	1,000,000.00	Purchase of Rice
56.	Moh'd Gaiibe	185/10/22	2,450,000.00	Purchase of A.G.O
57.	Moh'd Tijjani Bukar	4/10/22	2,000,000.00	Transportation of contingency
58.	Gambo Lawan	155/10/22	200,000.00	Retirement of special imp rest prayers for peace
59.	Gambo Lawan	154/10/22	1,710,000.00	Retirement of special imp rest prayers for peace
60.	Gambo Lawan	152/10/22	980,000.00	Retirement of special imp rest prayers for peace
61.	Gambo Lawan	1511/10/22	1,020,000.00	Retirement of special imp rest prayers for peace
62.	Gambo Lawan	162/10/22	1,000,000.00	Supply of Sand to Baga Motor Park
63.	Gambo Lawan	160/10/22	950,000.00	Procurement of Diesel
64.	Gambo Lawan	165/10/22	300,000.00	Purchase of Sand of Evacuation of refuse at Abattoir
	<b>Total</b>		<b>122,483,750</b>	



**BORNO STATE**

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Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Marte Local Government,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Marte Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**



## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Investments Property
- 4.0 Non-Retirement/ Irregular Payment Vouchers
- 5.0 Received and Issued from Store
- 6.0 Computerization of Accounting Transactions
- 7.0 Insurance
- 8.0 Financial Reporting Council of Nigeria (FRCN) Registration Number
- 9.0 Budget (Estimates)

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Marte Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

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- xi. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Investment</b>	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Fixed Assets Register</b>	No record was cited for Non-Current Assets in the Local Government	<i>There was an improvement atleast a valuation on some was made</i>	2

**2.0 CURRENT YEAR 2023 REPORT  
HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES**

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023	2022	crease/Decrease	%
	₦	₦	₦	
Revenue From Non-Exchange Transactions				
Levies, Fees and Fines	-	-		
Other Taxation Income	-	-		
Statutory Allocation	2,792,907,664	2,304,929,924	487,977,741	17%
Grants/Donation	-	-	-	
			-	
Revenue From Exchange Transactions			-	
Income from other Services	-	-	-	
Investment Income	-	-	-	
	-----	-----	-----	
Total Revenue	2,792,907,664	2,304,929,924	487,977,741	17%
	-----	-----	-----	
Expenses			-	
Wages, Salaries and Employment Benefit	590,464,491	439,835,696	150,628,795	26%
Grants and Other Transfer (Statutory)	834,804,058	926,768,918	(91,964,860)	-11%
Other Miscellaneous Direct Deductions	749,849,829	544,636,887	205,212,941	27%
General and Administrative Expenses	607,758,663	424,630,396	183,128,268	30%
	-----	-----	-----	
	2,782,877,041	2,335,871,897	447,005,144	16%
	-----	-----	-----	
			-	
			-	
Surplus/(Deficit) for the period	10,030,623	(30,941,973)	40,972,597	408%
	=====	=====	=====	

**2.1 Observation:**

There was an increase in the statutory grant by 17% but internally generated revenue recoded nill in 2023 as against 2022, while operational cost and other expenditure has increase by 16%

**2.2 Implication**

The local government is heavily dependent on grant

**2.3 Recommendation**

Management should strategies to ensure that revenue are earn in the local government.

**2.4 Management Responses**

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 **TRADABLE INVESTMENT ASSETS**

#### 3.1 **Comment**

The following are the tradable investment assets held by the local government as at 31<sup>st</sup> December, 2023

Local Govt. Loan Board	6,780,737
Premier Commercial Bank	1,400,000
Premier Propt. Dev. Coy	300,000
Urban Development Bank	500,000
First Bank of Nigeria Ltd	136,946
African Bank of Nigeria	139,906
<b>TOTAL</b>	<b>9,257,589</b>

#### 3.2 **Observation**

We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertained its existences and valuation of it carrying amount.

#### 3.3 **Implication**

Fair value of some assets may not be properly disclosed in the Financial Statement.

#### 3.4 **Recommendation**

We strongly recommend revaluation of such investment property to their recoverable value or to be written off if they do not exist.

#### 3.5 **Management Response**

*Noted proactive measure will be taken to address the issue*

### 4.0 **Non-Retirement/Irregular Payment Vouchers**

#### 4.1 **Observation**

Instances of Irregular and Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Beneficiary	Purpose	Amount (₦)
1	April, 2023	110	Alhaji Ali	Purchase of AGO	3,000,000
2	April, 2023	17	Baba Mai Masta	Purchases of Food	3,000,000
3	Aug, 2023	89	Zanna Abiso	Fuel for CJTF Car	3,000,000
	<b>TOTAL</b>				<b>9,000,000</b>

#### **4.2 Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

#### **4.3 Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

#### **4.4 Management Response**

*Noted proactive measure will be taken to address the issue*

### **5.0 Received and Issued from Store**

#### **5.1 Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

#### **5.2 Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum

#### **5.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **5.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

### **6.0 Computerization of Accounting Transactions:**

#### **6.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

#### **6.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

### **6.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

### **6.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

### **7.0 Insurance:**

#### **7.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

#### **7.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

#### **7.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

#### **7.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

### **8.0 Financial Reporting Council (FRC) Registration Number**

#### **8.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

#### **8.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

#### **8.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

#### **8.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

#### **8.5 Management Response**

Management noted the observation for timely implementation

#### **9.0 Budget Estimates**

##### **9.1 Observation**

We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.

##### **9.2 Implication**

Is an indication that the local government did not fully comply with requirement of IPSASs and other regulations such as financial memorandum.

##### **9.3 Recommendation**

We recommend that budget estimation be made with attainable objective, any item with reasonable certainty is not receivable shouldn't be included and any expenditure which is not committed or intend to execute should also not to be included.

##### **9.4 Management Response**

*Proper need assessment will be conducted through the office of Budget, Planning and Research before inclusion of any in the annual budget and to ensure adherence to IPSASs and other regulatory requirement.*



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Mobbar Local Government,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Mobbar Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**



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- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Investments Property
- 4.0 Non-Retirement/ Irregular Payment Vouchers
- 5.0 Received and Issued from Store
- 6.0 Computerization of Accounting Transactions
- 7.0 Insurance
- 8.0 Financial Reporting Council of Nigeria (FRCN) Registration Number
- 9.0 Budget (Estimates)

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Mobbar Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- xii. Low, represented by (1) that is the magnitude is between 0 to 10%
  - xiii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
  - xiv. High, represented by (3) that is the magnitude is 20% and above
- The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Investment</b>	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determent the fair value of this investment</i>	3
2	<b>Fixed Assets Register</b>	No record was cited for Non-Current Assets in the Local Government	<i>There was an improvement atleast a valuation on some was made</i>	2

**2.0 CURRENT YEAR 2023 REPORT  
HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES**

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023	2022	Increase/Decrease	%
	₦	₦	₦	
Revenue From Non-Exchange Transactions				
Levies, Fees and Fines	300,000	300,000	-	
Other Taxation Income	500,000	500,000	-	
Statutory Allocation	2,646,484,993	2,181,220,876	465,264,116	18%
Grants/Donation	-	-	-	
			-	
Revenue From Exchange Transactions				
Income from other Services	100,000	100,000	-	
Investment Income	-	-	-	
	-----	-----	-----	
Total Revenue	2,647,384,993	2,182,120,876	465,264,116	18%
	-----	-----	-----	
Expenses			-	
Wages, Salaries and Employment Benefit	670,102,586	619,663,283	50,439,302	8%
Grants and Other Transfer (Statutory)	627,403,844	743,010,267	(115,606,423)	-18%
Other Miscellaneous Direct Deductions	837,906,631	379,873,371	458,033,260	55%
General and Administrative Expenses	501,983,914	440,367,304	61,616,611	12%
	-----	-----	-----	
	2,637,396,976	2,182,914,225	454,482,751	17%
	-----	-----	-----	
			-	
			-	
Surplus/(Deficit) for the period	9,988,017	(793,348)	10,781,365	108%
	=====	=====	=====	

**2.1 Observation**

There was an increase in the statutory grant and internally generated revenue by 18% in and Nill respectively in 2023 as against 2022, while operational cost and other expenditure has increase by 17%

**2.2 Implication**

The local government is heavily dependent on grant

**2.3 Recommendation**

Management should strategies to ensure that revenue are earn in the local government.

**2.4 Management Responses**

*The insurgency was our major challenges, however we will strategies to improved our independent revenue*

### 3.0 **TRADABLE INVESTMENT ASSETS**

#### 3.1 **Comment**

The following are the tradable investment assets held by the local government as at 31<sup>st</sup> December, 2023.

Borno Soda & Ash Company	555,555
Local Government Loans Board	1,262,667
First Bank Nigeria Plc	111,418
Fertilizer Blending Plant	2,000,000
Merchant Bank Ltd	127,621
<b>TOTAL</b>	<b>4,057,261</b>

#### 3.2 **Observation**

We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existences and valuation of it carrying amount.

#### 3.3 **Implication**

Fair value of some assets may not be properly disclosed in the Financial Statement.

#### 3.4 **Recommendation**

We strongly recommend revaluation of such investment property to their recoverable value or to be written off if they do not exist.

#### 3.5 **Management Response**

Noted proactive measure will be taken to address the issue

### 4.0 **Non-Retirement/Irregular Payment Vouchers**

#### 4.1 **Observation**

Instances of Irregular and Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Beneficiary	Purpose	Amount (₦)
1	Feb, 2023	8	Mustapha Gana	Purchase of Chemical	2,000,000
2	June, 2023	101	Alhaji Kyari Kaka	Purchases of Chemical	1,905,000
3	July, 2023	3	Sarki Alhaji	Hosting of Meeting	500,000
TOTAL					4,405,000

#### 4.2 **Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

#### **4.3 Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

#### **4.4 Management Response**

*Noted proactive measure will be taken to address the issue*

### **5.0 Received and Issued from Store**

#### **5.1 Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

#### **5.2 Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum

#### **5.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

#### **5.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

### **6.0 Computerization of Accounting Transactions:**

#### **6.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

#### **6.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

#### **6.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

#### **6.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

#### **7.0 Insurance:**

##### **7.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

##### **7.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

##### **7.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

##### **7.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

#### **8.0 Financial Reporting Council (FRC) Registration Number**

##### **8.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

##### **8.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

##### **8.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

##### **8.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

##### **8.5 Management Response**

Management noted the observation for timely implementation

## **9.0 Budget Estimates**

### **9.1 Observation**

We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.

### **9.2 Implication**

Is an indication that the local government did not fully comply with requirement of IPSASs and other regulations such as financial memorandum.

### **9.3 Recommendation**

We recommend that budget estimation be made with attainable objective, any item with reasonable certainty is not receivable shouldn't be included and any expenditure which is not committed or intend to execute should also not to be included.

### **9.4 Management Response**

*Proper need assessment will be conducted through the office of Budget, Planning and Research before inclusion of any in the annual budget and to ensure adherence to IPSASs and other regulatory requirement.*



**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

---

*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Monguno Local Government,  
Monguno.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Monguno Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**



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- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Computerisation of Accounting Transactions
- 4.0 Insurance
- 5.0 Inadequate Payment Voucher Documentation
- 6.0 Internally Generated Revenue

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Monguno Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

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- The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	Investment	We observed all the three company existence are in doubt. No investment income accrued to the Local Government. No valuation was taken to determine their current market value.	<i>No any measurement taken to determine the fair value of this investment</i>	3
2	Budget Estimates	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>No improvement observed during the period under review</i>	2
3	Payments Without Adequate Documentations	<i>It was observed that the above register has not been maintain during the period under review as required by F.M 15.9.</i>	<i>Majority of the payments are documented</i>	2

## 2.0 CURRENT YEAR 2023 REPORT HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities

REVENUE	2023 ₦	2022 ₦	Increase/ (Decrease)	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	800,000		800,000	100%
Other Taxation Income	49,393		49,393	100%
Statutory Allocation	2,592,390,567	2,133,744,479	458,646,088	21%
<b>Revenue From Exchange Transactions</b>				
Income from other Services			-	
Investment Income	0	383,464	(383,464)	(100%)
<b>Total Revenue</b>	<b>2,593,239,960</b>	<b>2,134,127,943</b>	<b>459,112,017</b>	<b>-22%</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	343,874,670	408,353,595	(64,478,925)	(16%)
Grants and Other Transfer (Statutory)	903,965,029	939,672,524	(35,707,495)	(4%)
Other Miscellaneous Direct Deductions	623,883,945	317,517,301	306,366,644	96%
General and Administrative Expenses	567,868,810	464,437,351	103,431,459	22%
<b>Total Payments</b>	<b>2,439,592,455</b>	<b>2,129,980,771</b>	<b>309,611,684</b>	<b>15%</b>
<b>Surplus/(Deficit) for the period</b>	<b>153,647,505</b>	<b>4,147,172</b>	<b>149,500,333</b>	<b>3605%</b>

### 2.5 Observation

Thought there is increase in the statutory grant, while impressively, income from levies, fees and fines improved, the LGA recorded an increase in internally generated revenue in 2023 and 2022, but, operational cost and other expenditure has increased by 15% consequential to the improvement in revenue.

### 2.6 Implication

The local government is supported to a large extent by the grant as major source of revenue, and yet recorded favourable revenue variance, but still not sustainable.

### 2.3 Recommendation

Management should strategies to ensure that revenue sources and improved and collected in the local government.

### 2.4 Management Responses

*The council will do the needful to proactively implement these recommendations.*

## 3.0 Computerisation of Accounting Transactions:

### 3.1 Observations

- i Accounting transactions of the Local Government have not been moved from manual to computer based system.
- ii Cash and Bank transactions and other relevant transactions were still manually prepared.

### 3.2 Implications

- i Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii The accuracy of accounting and other financial information could be diminished thereby undermining the reliability of the financial statements.
- iii Management accounting information may not be adequately and timely provided whenever desired.

### 3.3 Recommendations

- i Management should ensure computerisation of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii Computer training programmes should be organized for the concerned accounting personnel.

### 3.4 Management Response.

The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.

### 4.0 Insurance:

#### 4.1 Observation.

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

#### 4.2 Implication.

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

#### 4.3 Recommendation

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

#### 4.4 Management Response.

Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.

### 5.0 Inadequate Payment Voucher Documentation

#### 5.1 Comments

*In contravention of the guidelines stipulated in the Financial Memoranda (FM 14.4) for local government, the irregularly processed payment vouchers is furnished in the table below.*

<b>S/N</b>	<b>Name of Payee</b>	<b>PV No.</b>	<b>Description of Payment</b>	<b>Amount (₦)</b>
1	Umoru Bukar	065/02/23	Payment for the purchase of treasury records	800,000.00
2	Baba Kura Kosollo	072/02/23	Payment for the purchase of food stuffs	2,000,000.00.
3	ROEY FIELD	011/06/23	Payment for the purchase of Rams,	1,000,000.00
4	Baba Kura Kosollo	058/02/23	Payment for the purchase of AGO, PMS and Lubricants and food items to security	2,500,000.00
5	Baba Kura Kosollo	059/02/23	Payment for conduct prayers for peace	2,000,000.00

6	Baba Kura Kosollo	061/02/23	Payment for General repairs of Local Government vehicles	3,000,000.00
7	Baba Gana M. Ali	060/02/23	Payment for the purchase of veterinary drugs	2,000,000.00
8	Baba Gana M. Ali	063/02/23	Payment for the purchase of chemicals to fumigate IDP camps	2,000,000.00
9	Baba Kura Kosollo	053/04/23	Payment for the purchase of PMS and other logistics	2,000,000.00
10	Baba Gana M. Aji	057/04/23	Payment for the purchase of liquid fertilizer	1,920,000.00
11	Babagana Bulama	067/05/23	Payment for the purchase of and control of whopping cough in Goni Ali IDP camp	2,000,000.00
12	Kori Fannami	068/05/23	Payment for the purchase of drugs	2,000,000.00
13	Kori Fannami	069/05/23	Payment for the purchase of drugs	2,000,000.00
14	Abba Sidi	001/06/23	Payment for the purchase of diesel and Lubricants	2,000,000.00
	<b>Balance</b>			<b>19,220,000.00</b>

## 5.2 Observation

We observed that some payments vouchers above lack basic requirement such as supporting documents, approvals, SRV and SIV etc

## 5.3 Implication

- i. The absence of documentary evidence raises concerns about accountability. It becomes challenging to trace the flow of funds and ensure that money is disbursed to the intended recipients or for legitimate purposes.
- ii. The lack of proper documentation and authorization opens the door to fraudulent practices, which can result in financial losses for the organization.

## 5.4 Recommendation

- i. Monguno local government council should emphasize the importance of comprehensive and compliant documentation for all financial transactions. Train and educate staff on the significance of proper record-keeping and documentation. And,
- ii. Implement and strengthen internal controls to ensure that proper procedures are followed in financial transactions. This includes requiring beneficiary signatures, specifying amounts, and obtaining the necessary approvals.

## 5.5 Management Response

*The council have addressed all the observations raised orts in implementing these recommendations to address the observed issue.*

**6.0 Internally Generated Revenue:**

**6.1 Comment**

Internally Generated Revenue (IGR) is the revenue the Local Government generates within the area of its jurisdiction. The extent to which a local government can go in accomplishing its goals will largely depend on its internal revenue generation strength.

**6.2 Observation**

Our review reveals that Internally Generated Revenue (IGR) of the council is less than 1% of what was received from federation account.

**6.3 Implication**

- i. The low internally generated revenue will negatively affect the accomplishment of council's targeted goals.
- ii. Non remittance of internally regenerated may affect the credibility and efficiency of the local government negatively.

**6.4 Recommendation**

The Council is advice to create avenue of generating more revenue through various legal means of taxation, commercialization, mass transit operation etc.

**6.5 Management Response.**

The Council Management noted the observations for timely implementation.



**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**  
PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Ngala Local Government  
Ngala.  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Ngala Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

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- 1.0 Overview of 2023 Management Letter
  - 2.0 Highlight of 2023 Financial Activities
  - 3.0 Irregular Payment Vouchers
  - 4.0 Undocumented Payment Documents
  - 5.0 Financial Reporting Council (FRC) Registration Number
- Appendix

### 1.0 OVERVIEW OF 2023 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2023 Bama Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three level magnitude was made to assess the risk element of the observed items as “LOW”, “MEDIUM” and “HIGH”. Each level is being defined as follows:

- xviii. Low, represented by (1) that is the magnitude is between 0 to 10%
- xix. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- xx. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and it erroneous treatment in the Financial Statements.

### 2.0 HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES

Below are summary of 2023 financial activities presented in comparative statement with 2022 activities

	2023	2022	Increase/ (Decrease)	%
REVENUE	₦	₦		
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines				
Other Taxation Income				
Statutory Allocation	3,127,544,908	2,558,614,056	568,930,852	0.22
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	-	-	
<b>Total Revenue</b>	<b>3,127,544,908</b>	<b>2,558,614,056</b>	<b>568,930,852</b>	<b>0.22</b>
<b>PAYMENTS</b>				
Wages, Salaries and Employment Benefit	882,332,598	856,161,151	(26,171,447)	(0.03)
Grants and Other Transfer (Statutory)	810,263,042	884,441,561	74,178,518	0.08
Other Miscellaneous Direct Deductions	663,281,594	353,862,572	(309,419,021)	(0.87)
General and Administrative Expenses	747,698,355	584,410,013	(163,288,342)	(0.28)
<b>Total Payments</b>	<b>3,103,575,589</b>	<b>2,678,875,297</b>	<b>(424,700,292)</b>	<b>(0.16)</b>
<b>Surplus/(Deficit) for the period</b>	<b>23,969,319</b>	<b>(120,261,241)</b>	<b>(144,230,560)</b>	

## **2.1 Comments:**

In 2023, total revenue increased by 16% (₦3.69 billion), up from ₦3.05 billion in 2022, driven solely by statutory allocations, with no internally generated revenue recorded in either year. Total payments grew by 19% (₦3.65 billion), compared to ₦3.06 billion in 2022. Miscellaneous deductions surged by 87% (₦349.7 million), while administrative expenses rose by 78% (₦285.9 million), alongside a modest 5% increase in wages. The local government recorded a surplus of ₦36.1 million in 2023, an improvement of 369% over the ₦13.4 million deficit in 2022, reflecting stronger financial performance despite higher operational costs.

## **2.2 Observation**

There has been an increase in statutory allocation, driving the rise in revenue. However, there continues to be no internally generated revenue in both 2023 and 2022. Operating costs and other expenditures have increased by 19%, particularly in direct deductions and administrative costs, impacting the overall financial balance.

## **2.3 Implication**

The financial position of the local government remains heavily reliant on statutory allocations. The absence of internally generated revenue highlights over-dependence on external grants and a lack of diversified revenue sources. The significant rise in operational costs further exacerbates the situation, potentially limiting fiscal flexibility.

## **2.4 Recommendation**

Management should devise strategies to boost internally generated revenue (IGR) by identifying potential revenue streams within the local government, such as fees, fines, and local taxation. Reducing reliance on statutory allocations will create a more sustainable financial framework.

## **2.5 Management Responses**

*Management acknowledges the challenges faced due to the ongoing insurgency, which has hindered revenue generation as many citizens are still struggling with basic needs. Nevertheless, strategies are being explored to enhance independent revenue.*

## **3.0 IRREGULAR PAYMENT VOUCHERS**

### **Comment:**

*Payment Voucher No. 48, dated November 2023, for ₦3,157,000.00, was issued to Kalli Musti for the replacement of the engine and repairs of a Toyota Hilux attached to the Civilian JTF. However, this transaction appears fraudulent due to the absence of any documentation confirming the vehicle's existence or the repairs performed.*

## **3.1 Observation**

The vehicle claimed to have been repaired does not have any records to support its existence, including details such as the vehicle's plate number, engine number, and chassis number. Additionally, there is no documentation validating the purchase of the new engine, and the parts that were purportedly replaced were not returned to the store by the time this report was compiled.



### **3.2 Implication**

This lack of documentation raises serious concerns about potential misuse of public funds and suggests illegal activities related to public financial management. The absence of verified records undermines accountability and could expose the local government to financial loss and reputational damage.

### **3.3 Recommendation**

The officer responsible for this payment should be urged to refund the entire amount of ₦3,157,000.00 immediately, in accordance with Financial Manual (F.M.) 39.6. Furthermore, a thorough investigation should be conducted to prevent future occurrences of similar fraudulent activities.

### **3.4 Management Response**

*Management acknowledges the issues highlighted regarding Payment Voucher No. 48 and commits to taking immediate action. Efforts will be made to recover the funds and implement stricter controls to ensure proper documentation and oversight of all financial transactions.*

## **4.0 UNDOCUMENTED PAYMENT DOCUMENTS**

### **4.1 Comments**

*As outlined in Appendix 1 'A' to this report, a total of ₦9,665,000.00 in undocumented payment vouchers were identified, lacking any supporting documentary evidence for the expenditures. This situation contravenes the provisions set forth in Financial Manual (F.M.) 14.4 (8-9), raising serious concerns about the legitimacy of these transactions.*

### **4.2 Observation**

The absence of documentation for these payments indicates a significant lapse in financial controls and record-keeping practices. This raises questions about the validity of the expenditures and suggests that these transactions may not have been properly authorized or executed.

### **4.3 Implication**

Without proper documentation, the local government is exposed to the risk of fraud and financial mismanagement. This could lead to potential financial losses and legal repercussions. Moreover, the lack of transparency undermines accountability and public trust in the financial practices of the local government.

### **4.4 Recommendation**

Officers concerned must be urged to update the undocumented payment vouchers with the necessary supporting documents or, alternatively, recover the entire amount involved from the responsible officers. It is essential to furnish details of the recovery process for subsequent audit verification.

### **4.5 Management Response**

*Management acknowledges the issues surrounding the undocumented payment vouchers and is committed to addressing them. Steps will be taken to ensure that all payment vouchers are properly documented, and recovery actions will be initiated for amounts lacking proper support. The management will implement measures to strengthen financial controls and enhance compliance with financial regulations.*

## **5.0 Financial Reporting Council (FRC) Registration Number**

### **5.1 Comments**

*During our audit, it was observed that the signatories to the audited financial statements do not possess valid Financial Reporting Council (FRC) registration numbers, as mandated by the Financial Reporting Council of Nigeria Act, 2011.*

### **5.2 Observations**

- i. No FRC registration number was displayed on the audit report.
- ii. There was no evidence provided to show that the signatories are registered with the FRC.

### **5.4 Implication**

- i. Failure to register with the FRC could result in penalties ranging from fines of ₦100,000 to ₦500,000 (Section 59, FRC Act) or imprisonment of the officers involved (Section 60, FRC Act), along with other sanctions.
- ii. Audit reports signed by individuals without FRC registration may be rendered invalid.
- iii. Stakeholders may question the credibility and reliability of the financial statements due to non-compliance with FRC requirements.

### **5.5 Recommendation**

- i. Ensure that all signatories of financial reports are immediately registered with the FRC.
- ii. Obtain FRC registration certificates for all signatories and display their FRC registration numbers on all future financial reports.

### **5.6 Management Response**

*Management acknowledges the observation and will take the necessary steps to ensure timely compliance with FRC registration requirements.*

## APPENDIX 'A'

### UN-DOCUMENTED PAYMENT VOUCHER

S/ N	PAYEE	P V No.	PARTICULARS	AMOUNT
				N
1	Killi Musti	23/10/2023	Supply of fuel and Lubricant	960,000.00
2	Tujjanni Mala Zanna	54/10/2023	Supply of Gravel Chipping	782,000.00
3	Killi Musti	74/10/2023	Procurement of Solar substile Pump for IDP Camp	1,520,000.00
4	Tujjanni Mala Zanna	75/10/2023	Procurement of 250 wax of solar panel and which	1,520,000.00
5	Killi Musti	50/11/2023	Replacement of Engine and repairs of Toyota Tacuma Vehicle	1,333,000.00
6	Killi Musti	51/11/2023	Procurement and replacement of tyres for 4 no Vehicles	1,322,000.00
7	Tujjanni Mala Zanna	53/11/2023	Supply of Solar Panel and control switch	1,510,000.00
8	Killi Musti	49/11/2023	Repair of a Toyota Hilux VAN No.3 attached to Ngala Civilian JTF	718,000.00
	<b>Total</b>			<b><u>9,665,000.00</u></b>



**BORNO STATE**

**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Nganzai Local Government,  
Gajiram,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Nganzai Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

**AUDITOR GENERAL FOR LOCAL GOVERNMENT  
BORNO STATE**

## Contents

- 1.0 Review of 2022 Management Letter
- 2.0 Highlight of 2023 Financial Activities
- 3.0 Non-Retirement of Payment Vouchers
- 4.0 Received and Issued from Store
- 5.0 Computerization of Accounting Transactions
- 6.0 Insurance
- 7.0 Financial Reporting Council of Nigeria (FRCN) Registration Number

### 1.0 REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Nganzai Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three-level magnitude was made to assess the risk element of the observed items as "LOW", "MEDIUM" and "HIGH". Each level is being defined as follows:

- i. Low, represented by (1) that is the magnitude is between 0 to 10%
- ii. Medium, represented by (2) that is the magnitude is above 10 but not more than 20%
- iii. High, represented by (3) that is the magnitude is 20% and above

The percentage expressed here is a judgment on the relevancy of an item and its erroneous treatment in the Financial Statements.

ITEM	DESCRIPTION	Observations	COMMENTS	RISK FACTOR
1	<b>Tradable Investment Assets</b>	We observed that the Local Government has adopted IPSASs accrual basis for its financial reporting, however, no attempt was made for on tradable investment assets to ascertain its existence and valuation of its carrying amount.	<i>No any measurement taken to determine the fair value of this investment</i>	3
2	<b>Budget Estimates</b>	We observed that the budget estimates were made as a routine policy rather than a realistic judgment and commitment. We also observed that IPSASs requires budget to be a yardstick in which government revenue and expenditure can be reliably measure and evaluate performance.	<i>There was an improvement</i>	2

**2.0 CURRENT YEAR 2023 REPORT  
HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES**

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities.

REVENUE	2023 ₱	2022 ₱	Increase/ Decrease ₱	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	-	-	-	100.00
Other Taxation Income	-	475,000	(475,000)	(100.00)
Statutory Allocation	2,558,420,138	2,107,616,574	450,803,564	21.39
Grants by BOSG-STF	41,000,000	-	41,000,000	100.00
<b>Revenue From Exchange Transactions</b>				
Income from other Services	-	-	-	-
<b>Total Revenue</b>	<b>2,599,420,138</b>	<b>2,108,091,574</b>	<b>491,328,564</b>	<b>23.31</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	349,399,955	479,193,745	(129,793,790)	(27.09)
Grants and Other Transfer (Statutory)	1,134,071,011	710,186,928	423,884,083	59.69
Other Miscellaneous Direct Deductions	826,519,032	467,314,331	359,204,700	76.87
General and Administrative Expenses	218,900,957	448,137,039	(229,236,083)	(51.15)
<b>Total Payments</b>	<b>2,528,890,955</b>	<b>2,104,832,044</b>	<b>424,058,910</b>	<b>20.15</b>
<b>Surplus/(Deficit) for the period</b>	<b>70,529,184</b>	<b>3,259,530</b>	<b>67,269,653</b>	<b>2,063.78</b>

**2.1 Observation**

There was an increase in the statutory grant from the federation, while the internally generated revenue recorded a zero collection for 2023 and the operational cost and other expenditure has increase by 20.15%

**2.3 Implication**

The local government is heavily dependent on grant

**2.3 Recommendation**

Management should strategies to ensure that more avenue open for internal earning in the local government.

**2.4 Management Responses**

*Noted, we will strategies to improved our independent revenue earning*

**3.0 Non-Retirement of Payment Vouchers**

**3.1 Observation**

Instances of Non-Retirement of Payment Vouchers were recorded during the year under review by the officials of the Auditor-General for local Government office on their routine inspection tour. Cited among numerous for example are as follows:

S/No	Date	PV No.	Purpose	Amount (₱)
1	March, 2023	009	Purchases of Diesel	1,000,000
2	October, 2023	007	Purchases of Food Items to IDPs	3,000,000
3	December, 2023	095	Purchases of Oil & Lubricants	2,000,000
<b>TOTAL</b>				<b>6,000,000</b>

**3.2 Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

### **3.3 Recommendation**

We strongly recommend for proper retirement of all Payment Vouchers including Imprest Vouchers

### **3.4 Management Response**

*Noted proactive measure will be taken to address the issue*

## **4.0 Received and Issued from Store**

### **4.1 Observation**

It was observed that procurements are made without following the guides of Financial Memoranda, instances include procurement of essential drugs without any records of received and issued from store.

### **4.2 Implication**

The negligent in preparing Store Receipts Vouchers (SRV) and Store Issued Voucher (SIV) may amount to deviation of statutory requirement for record keeping. Is an indication that the local government did not fully comply with requirement of financial memorandum.

### **4.3 Recommendation**

We recommend that officer controlling vote, internal auditors and any other responsible officers should ensure compliance to requirement of financial memoranda.

### **4.4 Management Response**

*Taken, we will ensure to comply with this recommendation*

## **5.0 Computerization of Accounting Transactions:**

### **5.1 Observation**

Accounting transactions of the Local Government have not been moved from manual to computer based system, for instance, Cash and Bank transactions and other relevant transactions were still manually prepared.

### **5.2 Implications**

- i. Extraction of transactions for the year under consideration were made difficult and very tedious.
- ii. Management accounting information may not be adequately and timely provided whenever desired.

### **5.3 Recommendations**

- i. Management should ensure computerization of its accounting transactions for more effectiveness and efficiency of accounting information.
- ii. Computer training programmes should be organized for the concerned accounting personnel.

### **5.4 Management Response.**

*The Council Management is currently working hard to convert its accounting operations from manual to computer base accounting but our major constrain is funding.*

**6.0 Insurance:**

**6.1 Observation.**

There was no evidence that the Council has insurance policy for its motor vehicles and other insurable assets.

**6.2 Implication.**

The Council stands at the risk of bearing the cost of replacing the various categories of assets in the case of loss through fire, insurgency or other causes.

**6.3 Recommendation**

The Council Management should insure its assets without further delay to avoid unforeseen circumstances.

**6.4 Management Response.**

*Management has taken the required necessary step to insure all the council's assets with reputable insurance company soon.*

**7.0 Financial Reporting Council (FRC) Registration Number**

**7.1 Comments**

During our audit, we observed that the signatories to the audited financial statements do not have valid Financial Reporting Council (FRC) registration numbers, as required by the Financial Reporting Council of Nigeria Act, 2011.

**7.2 Observation**

No evidence of FRC registration certificate was provided by the signatories.

**7.3 Implications**

- i. Failure to register with FRC may attract penalties of Fine of N100,000 to N300,000 (Section 59, FRC Act) or Imprisonment of officers (Section 60, FRC Act) and sanctions.
- ii. Stakeholders may question the reliability of the financial statement.

**7.4 Recommendations**

- i. Ensure all financial report signatories register with FRC immediately.
- ii. Obtain FRC registration certificates and display registration numbers on financial reports.

**7.5 Management Response**

Management noted the observation for timely implementation





**BORNO STATE**  
**OFFICE OF THE STATE AUDITOR - GENERAL FOR LOCAL GOVERNMENTS**

PLOT 2301A DAMBOA ROAD P.M.B. 1004, MAIDUGURI.

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*All correspondence should be addresses to the  
Auditor-General for Local Governments  
Telephone: 076-233536*

15<sup>th</sup> October, 2024

The Chairman,  
Shani Local Government,  
Shani,  
Borno State

Dear Sir,

**MANAGEMENT LETTER ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2023**

We have completed the audit of the accounts of Shani Local Government for the year ended 31<sup>st</sup> December 2023. We set out in the accompanying notes, those matters that came to our notice, which we feel should be brought to your attention for possible corrections.

It must be appreciated that matters dealt with in this letter came to light during the conduct of our normal audit procedures which are designed primarily to enable us express our opinion on the accounts of the Local Government and therefore, cannot be expected to include all possible items in the system of accounting and internal controls which a more extensive examination might reveal.

Finally, we shall be willing to provide any additional information and explanations that may be required in respect of the points raised herein or in the audited financial statements.

Yours faithfully,

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### 1. REVIEW OF 2022 MANAGEMENT LETTER

Below are our observations on issues raised on the audit of 2022 Shani Local Government Financial Statements. This review was based on INTOSAI/ISA requirement for assessment of material misstatement due to fraud or error on financial statements. Based on our opinion a three-level magnitude was made to assess the risk element of the observed items as “LOW”, “MEDIUM” and “HIGH”. Each level is being defined as follows:

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**2.0 CURRENT YEAR 2023 REPORT  
HIGHLIGHT OF 2023 FINANCIAL ACTIVITIES**

Below is summary of 2023 financial activities presented in comparative statement with 2022 activities.

REVENUE	2023 ₦	2022 ₦	Increase/ Decrease ₦	%
<b>Revenue From Non-Exchange Transactions</b>				
Levies, Fees and Fines	25,000	709,296	(684,296)	(96.48)
Other Taxation Income	1,889,020	-	1,889,020	100.00
Statutory Allocation	2,519,292,916	2,071,517,802	447,775,114	21.62
<b>Revenue From Exchange Transactions</b>				
Income from other Services	6,000	-	6,000	100.00
<b>Total Revenue</b>	<b>2,521,212,936</b>	<b>2,072,227,098</b>	<b>448,985,838</b>	<b>21.67</b>
<b>Payments</b>				
Wages, Salaries and Employment Benefit	416,370,645	808,123,311	391,752,666	(48.48)
Grants and Other Transfer (Statutory)	1,606,313,127	811,017,172	795,295,955	98.06
Other Miscellaneous Direct Deductions	394,719,812	221,243,709	173,476,103	78.41
General and Administrative Expenses	94,449,060	232,329,816	137,880,757	(59.35)
<b>Total Payments</b>	<b>2,511,852,644</b>	<b>2,072,714,008</b>	<b>439,138,636</b>	<b>21.19</b>
<b>Surplus/(Deficit) for the period</b>	<b>9,360,292</b>	<b>(486,909)</b>	<b>9,847,202</b>	<b>(2,022.39)</b>

**2.1 Observation**

There was an increase in the statutory grant from the federation, while the internally generated revenue recorded an improved collection for 2023, but the operational cost and other expenditure has increase by 21.19%

**2.2 Implication**

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S/No	Date	PV No.	Purpose	Amount (₦)
1	February, 2023	069	Purchases of Drugs to Clinic	5,000,000
2	September, 2023	002	Hiring of Motor Vehicle	1,540,000
3	October, 2023	062	To Attend 3 days Workshop at Abuja	750,000
<b>TOTAL</b>				<b>7,290,000</b>

**3.2 Implication**

This may indicate weaknesses of internal control system and in fair the disclosure requirement in the financial statements.

### **3.3 Recommendation**

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### **3.4 Management Response**

*Noted proactive measure will be taken to address the issue*

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