

**8<sup>th</sup> September, 2022.**

**MANAGEMENT REPORT ON THE 17 LOCAL GOVERNMENT FOR THE  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**MAINTENANCE OF PRIMARY BOOKS OF ACCOUNTS**

It was generally observed that primary books of accounts such as cashbooks, Revenue and Expenditure Abstract, etc are not diligently maintained by Cashiers. There is need for regular and proper postings, updating and balancing of these books of account.

Audit also observed that due process is not followed in the disbursement of cash in so many Local Government. The office of the internal auditor has been relegated to the background. Proper attention should be given to all these for effective interval control.

**NON- SUBMISSION OF DOCUMENTS RELATED TO CONTRACT  
AWARD**

It is required by the provision FM 17.20 (4) that the quadruplicate copy of the document for contract award be submitted to the office of Auditor General for Local Governments to enable the Auditor-General monitor the project in the course of execution but none of the 17 Local Governments complies to this regulatory requirement within this Financial year 2021.

## **AWARD OF CONTRACT WITHOUT COMPLIANCE TO DUE PROCESS**

Consistently, most of the 17 Local Governments do not adhere to the regulatory provisions for award of contracts as stipulated in the Financial Memoranda (FM), inter alia.

- a. No evidence of Tender adverts
- b. No evidence of Tender Quotation
- c. No evidence of technical report to guide decision contract price and choice of contractor best suited for the project execution.
- d. No evidence of agreement to spell out execution of the project and payment schedule.
- e. No evidence of job execution certificate before payment.
- f. No evidence of deduction of taxes, VAT and WHT before release of fund.

## **NON-COMPLIANCE TO REGULATION ON EXECUTION OF PROJECT BY DIRECT LABOUR**

Most of the 17 Local Governments embark on execution of projects by direct labour even in the absence of requisite requirements like Machinery material and manpower (skilled labour); this is in total contravention of provision of FM: which stipulates that projects could be executed by direct labour only if the relevant machines, men and material are available to the Local Governments.

## **VIOLATION OF PROCEDURE FOR ENGAGEMENT OF CONTRACTOR FOR REVENUE COLLECTION**

It is observed, that there is wide spread current practice of engaging contractors for revenue collection. While the practice is not qualified as normal is that the benefit is eroded by arbitrary selection of contractors usually friends of the council all picked and as cronies, arbitrary fixing of percentage (amount) of revenue to be returned to Local Government, so because there is usually no evidence the basis for determination of total collectable revenue.

## **FAILURE TO ACCOUNT FOR FUND RELEASED**

It is observed that there is this Local Governments-wide subsisting practice of reluctance/ delay even out right failure to account for fund advanced for purpose of carrying out governmental programmes. This failure contravenes FM 14. 19.

## **NON DEDUCTION OF TAXES BEFORE RELEASE OF PAYMENTS TO CONTRACTORS**

It was observed from the expenditure documentation of a number of Local Governments that the regulatory requirements on the statutory deduction of relevant taxes before payments are released to contractors is not strictly adhered to this is utter disregard to provisions in Financial Management (FM).

## **POOR MAINTENANCE/ TOTAL NEGLECT OF STORE SECTION**

The establishment of well managed store section and apartment is an important part of the Local Government administration system which in intent is expected to keep the records of all supplies to the Local Government and distribution of such supplies to point of utilization/ installation to serve as evidence to the claim of expenditure on such supplies by a given regime in the Local Government. But it has been observed that there is evidence of deliberate act by the council to make the store section of the Local Government administration redundant through poor maintenance and poor staffing.

## **NON-AVAILABILITY/POOR MAINTENANCE OF STOCK REGISTER**

One of the important indicators of the functionality of the store section of a Local Government is the proper maintenance of stock register(s) which is the record that tells the story of all the suppliers including of stock or complete absence of such

register. The poor maintenance or non maintenance of this all important register often directly distort/blur or remove any evidence on the stock of revenue carrying books supplied and available to Local Governments. The issue here is that in many Local Governments the determination of revenue books used and therefore the actual revenue generated internally is made difficult.

### **AREAS OF EXCELLENT PERFORMANCE**

While most of the 17 Local Governments in Enugu State have not measured up to expectation in the areas highlighted above they have performed creditable well in the following areas.

1. Prompt payment of workers salaries
2. Prompt/Regular preparation of Annual Financial Statements

### **FAILURE TO RESPOND TO AUDIT QUERIES**

In an act of deliberate decision to contravene the provisions of Financial Memoranda (fm) 1.5 (ii) 1.8 (9) and 1.10 (7), above 95% of the 17 Local Government in Enugu state failed to respond to audit queries contained in Audit reports for various years up to the financial year ending 31<sup>st</sup> December 2021.

Audit observed that some items of expenditures in which Audit queries were raised in previous Audit reports of 2020 were yet to be responded by some Local Governments. Audit therefore, is of the opinion that accounting officers should henceforth take Audit queries with utmost seriousness it deserves.

**Dr (Mrs.) Joy Chika Eze**  
Auditor General for Local Governments.