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**UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT (USAID)**

**REPORT ON THE REVIEW OF FMOH, SMOH AND
LGA ACCOUNTING & PROCUREMENT SYSTEMS**

AUGUST 1991

Price Waterhouse



12 August 1991

Mr Alan Gordon
Financial Controller
United States Agency for International
Development
1601 Adeola Hopewell
Victoria Island
Lagos

Dear Sir

**REPORT ON THE REVIEW OF THE IMPLEMENTATION & MAINTENANCE
OF ACCOUNTING AND PROCUREMENT PROCEDURES OF THE FEDERAL
MINISTRY OF HEALTH, SELECTED STATE MINISTRIES OF HEALTH AND
LOCAL GOVERNMENT AUTHORITIES**

We have completed our review of the accounting and procurement procedures in the Federal Ministry of Health ("FMOH"), selected State Ministries of Health ("SMOH") and Local Government Authorities ("LGA") as set out in the terms of reference. We have pleasure in submitting our report of our findings and conclusions.

The report is set out as follows:

Section Contents

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|-----|---|
| I | Executive summary |
| II | Evaluation and comments on the issues required to be addressed in the terms of reference |
| III | Overall summary of the main features of the accounting and internal controls systems at: <ul style="list-style-type: none">. Federal Ministry of Health. State Ministries of Health. Local Government Authorities |

Appendices

- | | |
|-----|---|
| I | Evaluation and comments on the overview description of the accounting systems at the Federal Ministry of Health, Lagos. |
| II | Evaluation and comments on the overview description of the accounting systems at the selected State Ministries of Health. |
| III | Evaluation and comments on the overview description of the accounting systems at the selected Local Government Authorities. |

Mr Alan Gordon
Financial Controller (USAID)

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Should you require any additional information or explanations, please do not hesitate to contact us.

Yours faithfully

Rizi Watukone

ASO/KUI

SECTION I

EXECUTIVE SUMMARY

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY THE FMOH, SELECTED SMOH'S AND LGA'S

SECTION I: EXECUTIVE SUMMARY

1 All the ministries of state governments and local government authorities operate a standardised accounting and internal control system as set out in the Federal Government approved Financial Memorandum.

2 The major features of the systems include the following:

- . receipts and payments system, hence no accruals accounting
- . adequate segregation of duties
- . limits of authority and proper approval procedures for all expenditure
- . expenditure incurred on the basis of annual budgets
- . pre-disbursement audits
- . monthly financial reporting for budgetary control purposes
- . a procurement system based on predetermined requirements and on a competitive tendering.
- . inventory system that is supported by approvals for requisitions/issues and user generated requests for purchases.
- . Systematic archiving, unaffected by changes in personnel or administration.

3. Areas of weakness noted include:

3.1 Personnel

There are very few accounting personnel with professional accounting qualifications in the FMOH, selected SMOH and LGA's. Some of the personnel have Diplomas in Local Govt. Studies. This course has a government accounting module. The implied risk that personnel do not have the skills appropriate for their assigned tasks is mitigated by the fact that the majority of them take part in the in-house and in-service training usually provided and have been carrying out these tasks for years.

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY THE FMOH, SELECTED SMOH's AND LGA's

SECTION I: EXECUTIVE SUMMARY

3.2 Project grants

Some SMOH's and LGA's do not operate separate bank accounts for donor project grants. The funds are pooled with the general funds and disbursed therefrom. There is a risk that project funds may not be readily available for project tasks as and when required because they have been applied to other "needy" areas. We suggest a stipulation that separate bank accounts be operated for all USAID projects and that project funds should only be used for the specified project.

3.3 Project expenditure accounting

The accounting function only takes part in the disbursement of project funds and does not retain the original invoices or similar third party evidence of services provided. This evidence usually resides with the grant receiving department (eg. the Primary Health Care (PHC) dept.). Such invoices are usually sent to donors upon request. When cash is advanced against project expenditure, follow up action is not always taken to ensure that the accounting function receives the supplier invoices to relate back to the related cash advance. There is the risk that actual spending does not match the cash advanced and this fact will not be observed by the donors who do not request that expense invoices be sent to them as part of the grant accountability and financial reporting. We suggest that USAID should request that disbursement records be submitted together with expense invoice listings and the invoices themselves. Also that such records be reconciled routinely by the accounting functions of the recipient entities to facilitate making returns to donors.

4. Conclusion

It is concluded that despite the lapses noted, the systems in operation have adequate controls and are able to handle, record and maintain rollover type advances of funds.

SECTION II

**EVALUATION AND COMMENTS ON THE ISSUES REQUIRED
TO BE ADDRESSED IN THE TERMS OF REFERENCE**

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY THE FMOH, SELECTED SMOH's AND LGA's

SECTION II: EVALUATION AND COMMENTS ON ISSUES REQUIRED TO BE ADDRESSED IN THE TERMS OF REFERENCE

1. ISSUE: Overview of the accounting and procurement systems in place and used by the FMOH, SMOH and LGA's specified.

COMMENTS: These overviews are scheduled in the appendices as follows:

- . FMOH (appendix I)
- . SMOH (appendix II)
- . LGA (appendix III)

2. ISSUE: Degree of standardisation of accounting and procurement systems at the Federal, State and Local Government Authority levels.

COMMENTS: All the systems are derived from the standard accounting system prescribed in the Federal Government approved Financial Memorandum. There are minor variations within the in-built flexibility.

3. ISSUE: Appraisal of the appropriateness, coverage and usage of the procurement systems in place.

COMMENTS: The procurement systems in place accord with the provisions of the Financial Memorandum. They are adequate for a Civil Service environment. They cover all purchases and address issues like : authorizations, requisitions, evidencing of receipt of goods and services, matching of vendor invoices with order/goods received documentation etc. One common weakness observed is the absence of an approved list of suppliers from whom tenders can be invited on a systematic basis. An approved list could make the system visibly free of any suspicion of patronage.

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY THE FMOH, SELECTED SMOH'S AND LGA'S

SECTION II: EVALUATION AND COMMENTS ON ISSUES REQUIRED TO BE ADDRESSED IN THE TERMS OF REFERENCE

4. ISSUE: System maintenance with reference to recordation and files; facilities for file and record maintenance and the degree to which changes in administration affect the continuity of such maintenance.

COMMENTS: None of the systems encountered is computerised. It is evident that changes have occurred in these systems to the extent of enhancing accountability, record keeping and archiving. There was no evidence that changes in administration have affected continuity of record keeping and system maintenance.

5. ISSUE: Are internal controls in place?. Do Procedures Manuals exist and their provisions followed internally and for procurement.

COMMENTS: Internal controls abound in all subsystems of the accounting procedures including the procurement subsystem. These controls are complied with and compliance is monitored by the internal audit function and the external audit function of the Auditor-General's Office. The systems in place are those set out in the Federal Government approved Financial Memorandum which details accounting procedures to be followed in government accounting.

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY THE FMOH, SELECTED SMOH'S AND LGA'S

SECTION II: EVALUATION AND COMMENTS ON ISSUES REQUIRED TO BE ADDRESSED IN THE TERMS OF REFERENCE

6. ISSUE: Do accounting personnel have appropriate training and experience?.

COMMENTS: There are in-house and in-service training for personnel from time to time. Some of the courses are external and run for a significant period of time. Some of the officers in the higher echelons of the accounting function have professional accounting qualifications. It would appear that these people had acquired these qualifications before joining the Service as there are very few of the middle and lower cadres sitting examinations of the professional accountancy bodies. Nonetheless, certain of the accounting personnel have Diploma qualifications in Local Government Studies. This course has a government accounting module. Many of the officers encountered have worked in the accounts departments of other ministries and or local government and have attended a large number of accounting courses to complement their long cognate experience in government accounting. On the whole they appeared capable of carrying out their assigned tasks despite the absence of formal professional accounting training or qualifications.

7. ISSUE: Assessment of the ability of the bodies under review to handle, record and maintain rollover type advances of funds.

COMMENTS: All of the bodies under review can handle, record and maintain rollover type advances of funds. We suggest however, that USAID stipulates the following:

- i that a separate bank account be operated for each project;
- ii that original vendor invoices and similar related supporting documents be sent to USAID at the end of the project together with statements of invoice listings reconciled to disbursements records.

SECTION III

**OVERALL SUMMARY OF THE MAIN
FEATURES OF THE ACCOUNTING
AND INTERNAL CONTROL SYSTEMS**

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY THE FMOH, SELECTED SMOH'S AND LGA'S

SECTION III: OVERALL SUMMARY OF MAIN FEATURES OF THE ACCOUNTING AND INTERNAL CONTROL SYSTEMS

Since the accounting and procurement systems derive from the same source - the Financial Memorandum - , they have common features. There are minor variations in some states. These variations often have to do with the Finance Ministry's preferences in the affected states.

Generally, the systems are adequate and internal controls are in place and complied with. The main features of the systems and the performance of each of the LGA's, SMOH's and FMOH are set out in the following matrices. The key controls within each major subsystem are identified and the existence/compliance of each entity indicated.

Only the following subsystems were considered for coverage in the matrices:

- . General scheme of management control.
- . Project grants.
- . Cash and banking.
- . Procurement
- . Files and records.

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY FMOH, SELECTED SMOH's & LGAs

SECTION III

MAIN FEATURES OF ACCOUNTING AND INTERNAL CONTROL SYSTEMS

LEGEND:-	1 FMOH	8 LGA - Ojo (Lagos)
y = yes (satisfactory at location)	2 SMOH - LAGOS	9 - Nsukka (Anambra)
n = no (not satisfactory at location)	3 - ANAMBRA	10 - Lapei (Niger)
na= not applicable (at location)	4 - NIGER	11 - Suleja (Niger)
	5 - OYO	12 - Ife Central (Oyo)
	6 - PLATEAU	13 - Pankshin (Plateau)
	7 - SOKOTO	14 - Barkin Ladi (Plateau)
		15 - Kaura Namoda (Sokoto)

	FMOH							SMOH							LGA										
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
General scheme of management control																									
1. Organisation chart that clearly identifies responsibilities of functions.	y	y	y	y	y	y	y	y	y	y	y	y	n	y	y	y	y	y	y	y	y	y	y	y	y
2. Annual budget prepared in sufficient detail to facilitate budgetary control.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
3. Budget used for effective budgetary control.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
4. Effective internal audit function.	y	y	n	n	y	y	n	y	y	y	y	n	y	y	y	y	y	y	y	y	y	y	y	y	y
5. Limits of authority compatible with functions and hierachical positions.	y	y	y	y	y	y	y	y	y	y	y	n	y	y	y	y	y	y	y	y	y	y	y	y	y
6. Adequate segregation of duties.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
7. Management reports regularly produced.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT
SYSTEMS IN PLACE AND USED BY FMOH, SELECTED SMOH'S & LGAs

SECTION III

MAIN FEATURES OF ACCOUNTING AND INTERNAL CONTROL SYSTEMS

LEGEND:-

y = yes (satisfactory at location)
n = no (not satisfactory at location)
na= not applicable (at location)

1 FMOH	8 LGA - Ojo (Lagos)
2 SMOH - LAGOS	9 - Nsukka (Anambra)
3 - ANAMBRA	10 - Lapaí (Niger)
4 - NIGER	11 - Suleja (Niger)
5 - OYO	12 - Ife Central (Oyo)
6 - PLATEAU	13 - Pankshin (Plateau)
7 - SOKOTO	14 - Barkin Ladi (Plateau)
	15 - Kaure Namoda (Sokoto)

	FMOH							SMOH								LGA										
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
Project grants																										
1. Have experience of receiving and accounting for project grants.	y	y	y	y	y	y	y	y	y	n	y	y	n	y	y											
2. Separate bank account operated for each project.	y	y	y	y	y	y	y	n	y	na	y	y	na	y	n											
3. Separate project transactions file maintained for project.	y	y	y	y	y	y	y	y	y	na	y	y	na	y	y											
4. Project expenditure undergoes same approvals process as normal transactions.	y	y	y	y	y	y	y	y	y	na	y	y	na	y	y											
5. Project spend closely monitored with workplan (budget) provisions.	y	y	y	y	y	y	y	y	y	na	y	y	na	y	y											
6. Project returns made to donor in line with requests.	y	y	y	y	y	y	y	y	y	na	y	y	na	n	y											

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY FMOH, SELECTED SMOH's & LGAs

SECTION III

MAIN FEATURES OF ACCOUNTING AND INTERNAL CONTROL SYSTEMS

LEGEND:-

	1 FMOH	8 LGA - Ojo (Lagos)
		9 - Nsukka (Anambra)
y = yes (satisfactory at location)	2 SMOH - LAGOS	10 - Lapai (Niger)
n = no (not satisfactory at location)	3 - ANAMBRA	11 - Suleja (Niger)
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	6 - PLATEAU	14 - Barkin Ladi (Plateau)
	7 - SOKOTO	15 - Kaura Namoda (Sokoto)

	FMOH							SMOH							LGA									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	8	9	10	11	12	13	14	15	
Cash and bank (1 of 2)																								
1. Receipts issued promptly for funds received.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
2. Pre-numbered receipts used and properly controlled (including unused or un-issued receipts).	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
3. Cash transactions recorded promptly as they occur.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
4. Receipts banked promptly and intact.	n	y	y	y	y	y	na	y	n	y	y	n	n	n	y	y	n	y	y	n	n	n	y	y
5. Bank paying-in-slips regularly compared with entries in the bank statement/cashbook.	y	y	n	y	y	y	na	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
6. Cheque signatories presented with properly completed payment vouchers and supporting documentation at the signing of cheques.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
7. Internal auditor approves transactions before disbursement.	y	y	n	n	y	y	y	y	y	n	y	y	y	y	y	y	y	n	y	y	y	y	y	y
8. Payment vouchers raised on the basis of original supplier invoices backed by purchase/service orders and evidence of goods/services received.	y	y	n	n	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
9. Payment vouchers and Invoices cancelled "PAID" to avoid double payment.	y	y	n	n	n	n	n	y	n	n	n	y	y	y	y	y	n	n	n	y	y	y	y	y

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY FMOH, SELECTED SMOH'S & LGAs

SECTION III

MAIN FEATURES OF ACCOUNTING AND INTERNAL CONTROL SYSTEMS

=====																					
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	7 - SOKOTO							14 - Barkin Ladi (Plateau)													
								15 - Kaura Namoda (Sokoto)													

	FMOH							SMOH							LGA						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	:	:				

Cash and bank (2 of 2)																					
10. Bank reconciliations prepared monthly and promptly. Reconciling items followed up promptly.	y	y	n	y	y	n	na	y	y	y	y	y	y	y	y	:	:				
11. Disbursement limits strictly applied.	y	y	y	y	y	y	y	y	n	y	y	y	y	na	y	:	:				
12. Petty cash float maintained on an imprest system.	y	na	y	y	na	y	n	y	n	y	y	y	y	y	y	:	:				
13. Petty cash vouchers and supporting documentation presented to cheque signatory when float is being reimbursed.	y	na	y	y	na	y	y	y	n	y	y	y	y	y	y	:	:				
14. Separate cash book maintained for each bank account.	y	y	y	y	y	y	na	y	y	y	y	y	na	y	y	:	:				
=====																					

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REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY FMOH, SELECTED SMOH'S & LGAs

SECTION III

MAIN FEATURES OF ACCOUNTING AND INTERNAL CONTROL SYSTEMS

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Procurement	FMOH							SMOH								LGA									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1. Purchase based on properly authorised requisitions originating from user departments.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
2. Purchase/service order is raised for all purchases.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
3. Orders duly signed by approving officers acting within their limits of authority.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
4. Competitive tendering applied in line with system requirements.	y	y	y	n	n	y	n	y	y	n	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
5. Approved list of suppliers maintained.	y	y	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
6. Purchasing and stores records promptly and properly updated upon receipt of goods and services.	y	y	n	y	y	y	y	y	y	n	y	y	n	y	y	y	y	y	y	y	y	y	y	y	y
7. Goods and services received evidenced in writing and matched with order specifications.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
8. Supplier invoices matched with purchase orders and goods/services received documentation.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
9. Supplier invoices approved for payment by appropriate official not involved in the processing but who is presented with all supporting documentation.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y

REPORT ON THE REVIEW OF THE ACCOUNTING AND PROCUREMENT SYSTEMS IN PLACE AND USED BY FMOH, SELECTED SMOH's & LGAs

SECTION III

MAIN FEATURES OF ACCOUNTING AND INTERNAL CONTROL SYSTEMS

LEGEND:-

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	7	- SOKOTO	15	- Kaura Namoda	(Sokoto)

	FMOH	SMOH-----							LGA-----							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	::
Files and records.																::
1. Documents serially numbered to facilitate control and filing.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	::
2. Transaction records properly cross-referenced to source documents.	y	n	y	y	y	y	y	y	y	y	y	y	y	y	y	::
3. Source documents and records properly filed to facilitate retrieval.	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	::
4. Files indexed and properly arranged in current and deep filing/archives.	y	y	y	y	n	y	n	y	y	y	y	y	y	y	y	::
5. Registers maintained to control file movement.	y	y	y	y	y	y	y	y	y	n	y	y	y	y	y	::
6. Past transactions can be traced at any time.	y	y	y	y	y	y	y	y	y	n	y	y	n	y	y	::
7. Storage of documents in fire-proof strong room/cabinets.	y	n	y	y	n	y	n	y	n	n	y	y	n	y	n	::

APPENDIX I

FEDERAL MINISTRY OF HEALTH

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The organisation chart of the Federal Ministry of Health ("FMOH") indicates that its nine Directorates have clearly defined reporting lines and functional responsibilities. The Finance function is one of these directorates and is headed by a Director of Finance and Supplies (DFS). The review indicated that there is adequate segregation of duties and the internal controls in place are observed.

Annual budgets are prepared and form the basis of control of expenditure and income. The budgets are phased on a monthly basis.

Project grants are received mainly from international funding agencies mainly the World Health Organisation ("WHO") and UNICEF. Project funds are received by the Federal Ministry of Finance and disbursed to the FMOH as required. Separate accounts are maintained with the FMOF in respect of each project. Project receipts and expenditure are recorded and accounted for in separate project books and records. The approval procedures for project expenditure is the same for other expenditure.

A receipts and payments system is operated. All cash receipts and payments are properly approved and documented. All approvals are evidenced in writing by approving officers and supporting documentation are presented to cheque signatories. All payments undergo a pre-disbursement audit by the internal auditor.

A standard procurement system is applied for all purchases including project purchases. Procurement of services and supplies are subject to competitive tendering. All requests for expenditure (including purchases for stores) are approved by the head of the originating department before incurring a liability. Expenditure is based on the budget vote and is monitored by the budget holder and the budget unit.

Record-keeping is done systematically and does not change with administrations. Non-current documentation is filed chronologically in boxes in a strong room.

Conclusion

It is concluded that the FMOH accounting and procurement system can handle, record and maintain rollover type advances of funds. It can also facilitate the generation of regular and appropriate liquidation documentation and subsequent advances requests where necessary.

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems (overview) description

The accounting and internal controls system overview is set out under the following headings:

Budgets and Financial reports
Project grants
Cash and banking
Purchases and procurement
 . Stores
 . Fixed assets
Payroll
Record-keeping system & archiving

BUDGETS AND FINANCIAL REPORTS

The FMOH prepares annual budgets for its own recurrent and capital expenditure. These form part of the national budget. The approved budget (in the national context) is subsequently published and approved expenditure properly outlined and phased on a monthly basis for the year.

Operating budget estimates for the year are made by each unit, collated by each directorate and forwarded to the Budget Department in the Directorate of Finance and Supplies ("DFS") where all the estimates are aggregated. The estimates for recurrent expenditure are usually 250% of the current year's half-year actual. Capital expenditure estimates are based on specific projects approved by the ministry.

Each directorate and teaching hospital is called to defend and justify the estimate before the Deputy Director of Budget and ultimately before the Senior Management Council - a body headed by the Health Minister. The approved estimate is then sent to the Ministry of Budget and Planning (MBP).

After defending the estimate at the MBP, the Department of Budget is advised of the expected allocation to the Ministry by the MBP. This is then pro-rated to the various Heads and sub-heads of the estimate. Final approval is given by the AFRC after the Ministry of Finance and then the Federal Executive Council have reviewed the estimates. The approved allocation is also pro-rated to the various Heads and sub-heads.

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Votes for each head are entered in the Vote Book as controlling balances which must not be exceeded. Quarterly, allocations are released to the Ministry with a detailed classification to Heads and sub-head by the MBP. These are then credited in the Vote Book and gradually reduced as the expenses are incurred. Funds utilised may fall below but must not exceed budget (vote).

Budgets may be exceeded where an authority to incur supplementary expenditure is granted by the Finance and General Purpose Committee of the Federal Executive Council. This rarely happens however. A mid-year review of the budget is usually undertaken. Also the budget review may be in the form of applications for virement of votes from one head to another. The MBP gives final approval for such virement.

Monthly returns on revenue and expenditure variances are made to the Accountant-General of the Federation. Explanations for the variances are made on those returns.

FINANCIAL REPORTS

Monthly Revenue and Expenditure Reports and Payroll summaries are forwarded to the Accountant General's Office.

Internal Audit reports are forwarded to the Auditor-General.

Monthly bank reconciliation statements and bank balance positions are also forwarded to the Accountant General.

All these reports are also copied to the DFS, the Director-General ("DG") and the Minister of Health. All reports are based on reliable underlying records and are reviewed by the DFS who also follows up on any noted exception.

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROJECT GRANTS

Sources

Grants are received only from international funding agencies - principally the World Health Organisation (WHO) and United Nations International Children's Education Fund (UNICEF). All grants are received by direct transfers to FMOH accounts with Central Bank of Nigeria ("CBN") by the Federal Ministry of Finance and Economic Development which receives the money on Nigeria's behalf. Currently, four separate non-interest bearing grant accounts exist with the CBN viz:

1. WORLD BANK PHC PROJECT GRANT
2. WHO short-term plan for AIDS in Nigeria
3. International Development Resource Centre (Yellow Fever Vaccination Programme)
4. National Health Assistance Programme

Each of these grants is separately accounted for by the appropriate directorate handling the programme. Signatories to each account are:

1. Director of the Implementation Directorate or his designate
2. Senior Accountant (Project Grants) or his designate.

Project budgets

WORKPLANS - are jointly prepared by the sponsors and the Implementation Directorate in the FMOH. They are usually for periods less than one year with total budgeted amount being equal to the lump sum granted by the donor.

Project record -keeping & archiving

Transaction documents for each project/grant are retained in indexed and properly referenced files kept in fire proof steel cabinets in the implementing Directorate. Access to the serially-numbered and sequentially-filed documents is controlled and monitored with a register. All current and past transactions relating to the projects can be traced at all times.

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROJECT GRANTS

Project cash and banking control

Credit advice received from CBN is sent to the sub-treasury where a receipt is issued to the donor for grant received. The implementation directorate draws up, when due, expense estimates which are agreed to the workplan and subsequently approved by the Director at the Directorate. It is then sent to the DG for approval. Once approved, the prepayment voucher is raised by the Expenditure Section of the accounts department, approved by the DFS or his designate and a cheque raised and cashed.

Returns of the actual expenditure with supporting documents are made to the Director of the Implementation Directorate. The returns are then agreed to the approved workplan and the prepayment. This is carried out by a Senior Accountant in charge of project grants who also prepares the reconciliation statement for the grant accounts.

Project procurement

This follows the same procedure as the normal FMOH procurement.

Project stores

The Central Medical Store at Oshodi warehouses both grant and non-grant items. Grant stores are stacked separately.

Project reports

Reports with attached supporting documents are made to the donors in line with the workplan - usually quarterly. They are prepared by the Implementing Directorate and include a financial summary.

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

CASH AND BANKING

Receipts

In addition to FG allocations and grants, revenue sources include:

- * Proceeds from Drug Sales
- * Sundry Fees - Tenders and Contract Registration Fees etc.

The revenue collector collects the cash and issues serially, pre-numbered receipts in triplicate viz:

- * Original Copy - Payer
- * Duplicate Copy - Forwarded with Pay-in slip to the Treasury
- * Triplicate Copy - Retained in the Booklet.

All receipts are entered in the collectors cashbook. Banking is done usually weekly or when the collection is huge. The Internal Auditor checks the CBN pay-in slips to the supporting duplicates of the receipts and the cashbook before they are forwarded to the Treasury. A treasury receipt is issued after agreeing the pay-in slip to the supporting documents. The receipt cashbook is then credited and the original Treasury receipts attached to it as evidence of transfer of funds.

Payments

All non-petty cash payments are made through the Central Pay Office ("CPO") of the FMOH. Payment vouchers with attached supporting documents are raised by the staff of the Expenditure Department and entered in the Vote Book. This is reviewed and initialled by the Accounts Officer controlling the vote. Both the Vote Book and the voucher are then sent to the department's internal auditor who agrees the voucher detail to the Vote Book and initials both. The voucher and the supporting documents are then forwarded to the checking department where approvals and propriety are checked. The DFS or his designate then approves the voucher for payment. The Internal Auditor thereafter reviews the voucher, approves it for payment and forwards it to the CPO for payment.

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

CASH AND BANKING

Cheque payments are made on the basis of approved vouchers. Cheques are signed by the signatories after reviewing the vouchers and supporting documentation. The paying cashier maintains a cashbook and a cheque register which is initialled by the payee as evidence of collection.

Banking control

Monthly reconciliation statements are prepared for each of the ministry's main accounts. Reconciling items are followed up jointly by the reconciling officer and the Principal Accountant (CPO). The statements are currently in arrears.

Petty cash

Each of the nine directorates maintains an imprest cash float of varying amounts. The approval and disbursement procedures are the same as the ones described above. The imprest is run on both cash advance and repayment bases. Reimbursement is done after the Director of Finance and Supplies has approved the retirement of the previous allocation.

All cash collections and cash held for imprest are kept in steel petty cash boxes which are kept in safes.

PURCHASES AND PROCUREMENT

Procurements are based on requisition orders initiated by the user department. These are first approved by the departmental director and finally by the Director-General for purchases over N5,000. Tenders are invited from the FMOH approved suppliers from which the Ministerial Tenders Committee (or Unit Tenders Committee for procurement under N5,000) makes its choice. The contract is then drawn up which serves as the LPO.

Supply is made to the store on the basis of the contract agreement or the LPO. The store issues an SRV which is attached to the supplier's invoice and the LPO and forwarded to the accounts department. The DFS approval is required before the suppliers invoice is processed for payment. For job/service contracts, a certificate of completion is issued by the user department, coupled with the supplier's invoice and job/service order or agreement and sent to the accounts department.

**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

For supplies, the stores and the user department confirm the appropriateness of the quantity and quality of the supplies. The supplier invoice is checked for accuracy by both the user department and the checking department.

The Expenditure Department raises the payment voucher supported by the above documents.

Store - Receipts

Supplies are receipted with triplicate SRV's issued to:

- * Accounts attached with LPO and supplier invoice
- * Stores - used in updating the Stock Ledger
- * Book Copy

Store - Issues

Requisitions authorised by the head of the user department are reviewed for propriety by the Stores Officer. Requisition orders are adjusted as required by available stock. SIV's are issued in triplicate, to user department, stores and book copy.

Stores - Records

Stock ledgers and bin cards are maintained in the 2 stores of the ministry: Stationery Stores at FMOH and the Central Drug Store at Oshodi. Records at the Stationery Stores are properly maintained except that bin cards do not contain evidence of physical stock takes. Internal and external auditors (Auditor - General's team) however conduct periodic checks.

Fixed assets

Assets procurement follow the normal procurement system. Asset acquisitions are however approved at the Budgeting stage. Disposals are carried out by the Federal Ministry of Works and Housing on the recommendation of FMOH's verification committee. The disposal value is fixed by the FMWH and is carried out by auction. An inventory card listing all assets in a particular location or office exists. Stores department officials and FMWH officials occasionally conduct a physical check of the assets listed on the card.

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**FEDERAL MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PAYROLL

Monthly payrolls are prepared by the staff at the salary and wages department. This is reviewed by the Senior Accountant. A reconciliation is prepared by number of employees and money, between the previous and the current payroll. The Principal Accountant of Salary and Wages Department reviews the payroll and reconciliation statement for reasonableness and initials them as evidence.

Each cheque signatory sees the authorised payroll summary at the time he signs the cheque but not necessarily the monthly reconciliations except where the variation is significant. Officers above a certain grade (GL06) are paid by direct bank transfers while the central pay office effects cash payments to junior staff. Receipt is evidenced by the payee's signature on the payroll voucher.

RECORD-KEEPING SYSTEM & ARCHIVING

All transaction documents are serially numbered and sequentially filed in indexed files. Separate files are maintained for different accounts/issues and are monitored with file movement registers maintained at the registry.

Files are arranged to aid retrieval and are kept in indexed cabinets - both fire proof steel cabinets and wooden ones. Access to files is controlled by the registry officials. Files are archived either when they overflow or after being out of use for several years.

All books of accounting entries are properly indexed and referenced to source documents. All current and past transactions can be fully traced at all times. Although the Financial Regulations allows documents over seven years to be destroyed, this is rarely done. Changes in administration do not occasion loss of records.

REPORT ON THE REVIEW OF THE ACCOUNTING & PROCUREMENT
SYSTEMS OF THE FMOH, AND SELECTED SMOH's AND LGA's

APPENDIX II

OVERVIEW DESCRIPTION OF THE ACCOUNTING AND PROCUREMENT
SYSTEMS AT SELECTED STATE MINISTRIES OF HEALTH

<u>APPENDIX</u>	<u>STATE</u>
II.1	LAGOS STATE
II.2	ANAMBRA STATE
II.3	NIGER STATE
II.4	OYO STATE
II.5	PLATEAU STATE
II.6	SOKOTO STATE

APPENDIX II.1

LAGOS STATE MINISTRY OF HEALTH

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**LAGOS STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and overview

The finance function is headed by a Director of Finance and Supplies (DFS). There is adequate segregation of duties and the internal controls in place are observed.

Annual budgets are prepared and form the basis for the control of expenditure. The budgets are phased on a monthly basis and variance analyses are performed and reported to the Budget Department on a quarterly basis.

Project grants are received in the form of lump sum grants or revolving fund grants. Separate accounts are maintained of each project. Project receipts and expenditure are recorded and accounted for in separate project books and records. The approval procedures for project expenditure are based on agreed project procedures. They often include approval by the DG and Military Governor of the state.

A receipts and payments system is operated. All cash receipts and payments are properly approved and documented. All approvals are evidenced in writing by approving officers and supporting documentation are presented to cheque signatories. All payments undergo a pre-disbursement audit by the internal auditor.

The procurement system only covers recurrent expenditure. Procurements for capital items are handled by the Governor's Office. Procurements are subject to competitive tendering. Expenditure is based on the budget vote and is monitored by the budget holder and the Budget Department.

Record-keeping is done systematically and does not change with administrations. Non-current documentation is filed chronologically in boxes in a strong room.

Conclusion

It is concluded that the Lagos State Ministry of Health can handle, record and maintain rollover type advances of funds.

**LAGOS STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The Chief Financial Officer of the Lagos State Ministry of Health is the Director of Finance & Supplies. He reports to the Director General of his Ministry. He has dotted line responsibilities to the state's Accountant General and Minister of Finance.

The accounting and procurement systems overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Budget proposals, based on prior year actual plus agreed percentages, are prepared by the MOH planning department and sent to the Budget department of the Military Governor's Office. The proposal is reviewed and approved by the Governor and sent back to the MOH.

Budgets are broken into units under the MOH (e.g. School of Nursing, School of Healthcare, etc) and further into expense types.

Annual budgets are recorded as opening balances in vote books (which serve as General Ledgers) and expenses are set off against the balances so that the available amount outstanding for any expense at any time can be obtained from the book. Each voucher also bears the available amount outstanding before that expense so that the signatory knows whether or not the budget can still accommodate the expense. Budgets are never exceeded without prior approval from the Governor, with a cheque for the amount approved.

Approved annual budget amounts are received on monthly instalments from the Governor's Office. Monthly returns on expenses are made before subsequent instalments are received. The different units render returns to the MOH with all vouchers paid in the month attached, their vote books are also reviewed monthly.

Quarterly reports on expenses are remitted to the Budget department for comparison with the budget. Favourable variance, which usually occur in salaries, are however, not investigated.

**LAGOS STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS

The main reports generated by the MOH are:

- * Monthly report on payments.
- * Monthly report of expenditure and income.
- * Weekly report on receipts.
- * Quarterly financial report.

PROJECT GRANTS

Projects sponsored by Non Governmental Organisations (NGO's) fall into two broad categories:

- * lump sum grants
- * revolving grants (funds released in phases)

Receipt of funds

Separate bank accounts are operated for individual projects. Cheques received from sponsors are lodged into the account. Where the project so stipulates funds are lodged into a non interest yielding account.

Project expenses

Requisitions for expenses are raised by the project co-ordinator and sent to the Director General (DG), the commissioner and finally to the Military Governor for their approval in that order.

Approval is based on compliance of the requisition with the project document which serves as terms of reference from the sponsors.

The approved requisition then goes to the accounts department where a cheque is drawn on the project account, the approved requisition is attached, and signed by the DG and the Director in charge of the project. The project co-ordinator signs for the cheque. Copies of supporting documents are numbered and filed in chronological order. Originals are attached to returns to the accounts department. Returns are checked to source documents and initialled by the accounts officer.

**LAGOS STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Returns to donors are prepared on the basis of project agreements or donor request. These returns are prepared by the accounts department based on reimbursement returns received from the project co-ordinator.

For revolving grants, a work plan split into phases is drawn up and approved by the DG and Governor and sent to the donor for approval. After approval the MOH requests for the amount required for the first phase.

The implementing department, in liaison with the accounts department, renders returns after each phase before funds are received for subsequent phases.

CASH AND BANKING

Receipts

Apart from project grants, other sources of funds include the renewal of patents, registration of hospitals and registration of contractors.

Pre-numbered receipts are serially issued in triplicate to payers (payer - 1 copy, booklet - 2 copies). Receipts are lodged intact into a Ministry of Finance account and CBN receipts obtained. Weekly returns are made to the MOF with the CBN receipts attached. External auditors check these returns to supporting documents fortnightly.

Unused receipt booklets are kept in a safe by the cash officer, issued serially and signed for by the recipient. Booklets are in turn issued to the MOH by the MOF and returns are made to MOF for all booklets received.

Payments

Payment vouchers are raised, numbered and entered in a PV register. The vouchers, with attached supporting documents, are approved by the departmental director, DG, Commissioner, or the Military Governor as the case may require. After approval, the PV's are vetted by the Internal audit department, evidenced by their initials and stamp. The PV's and supporting documents are sent to the relevant signatories. When a cheque is paid, the payee signs for it, the PV is stamped "paid" and payment is indicated in the PV register.

**LAGOS STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Banks

Bank statements are received and bank reconciliation statements are prepared monthly. The reconciliation is reviewed by the ADF and along with the monthly report sent to the MOF. Reconciling items are followed up by the ADF.

Cash

There is no petty cash/imprest system. Minor expenses (< N100) are approved by the departmental head. Returns with attached supporting documents are made monthly when such payments are refunded.

PURCHASES AND PROCUREMENT

Only procurement of recurrent expenditure can be effected in the MOH, capital expenditure can only be effected by the Governor's office. Requisitions for procurement are raised by the user department and approved by the departmental Director, DG, Commissioner, Governor (as necessary).

The approved requisition is sent to the purchasing department. Two methods of supplier selection are operated:

- * Open tender - adverts are placed for tenders from the public
- * Selective tender - only suppliers registered with the MOH and whose past performances have been impressive are invited to tender.

Recommendations are made by the Ministry Tender Board which includes the MOH DG (as Chairman), the Director of Pharm. Services, the Director of Hospital Services and a representative of the Budget Department.

Recommendations are passed on to the State Tender Board and to the Military Governor who finally approves a selected supplier. Letters of award (which serve as LPO's) are issued and distributed appropriately.

On receipt of the service, the departmental Director signs a completion certificate which is attached to the letter of award and supplier's invoice and sent to accounts department where a voucher is raised.

**LAGOS STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

STORES

Receipts

When a letter of award is issued to a supplier, a copy is sent to the receiving store. When supplies arrive, the store officer inspects them, agrees quantity to the invoice and letter of award and certifies by signing and stamping the documents.

He issues a stores receipt voucher (SRV) which he attaches to the invoice and letter of award and sends these to the accounts department.

Issues

Departmental requisitions are approved by departmental Directors. Stores Issues Vouchers are raised for all issues out of stores. The security guards inspect the supplies, agrees them to the SIV and records them.

Records

Bin cards are kept for all items and updated for all stock movements. A stock ledger is also maintained. Monthly and quarterly stock counts are performed by the store officer and internal auditors respectively. Differences are reported and investigated.

RECORD KEEPING SYSTEMS AND ARCHIVING

Documents are numbered and filed chronologically in relevant subject files. Movement schedules are attached to each file which is updated and signed by every user of the file.

All current files are kept by the registry in steel cabinets. The registry has no special security doors and no fire-proof devices. Files are indexed and arranged in alphabetical order to aid retrieval. A master list of files is maintained and updated regularly. A register is also maintained for file movements.

Files are sent to the archives when no longer current (policy files - after 5 years; personnel files - 2 years after leaving).

Files are also arranged alphabetically in the archives. A register of files in the archives is also maintained by the registry.

APPENDIX II.2

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and overview

The major functions in the Anambra State Ministry of Health are properly segregated and the chain of command and responsibilities is clearly set out. Annual budgets form the basis of expenditure and revenue control. Regular financial reports are generated for review in the ministry and by the Accountant General and Auditor General. There is an internal audit function which does not always leave written evidence of the results of its audits.

Grant disbursements are always in line with the workplans and are properly approved. A separate bank account is opened for each project and regular returns are made to the donors. The same accounting procedures are applied to funds from all sources. All source documents are generated by the implementing unit while the Accounts Department records disbursements. The Accounts Department makes no input into the returns to donors.

The statutory allocations from the state Finance Ministry are complemented by grants from other sources. The majority of payments are made through the Treasury Department of the Ministry of Finance. Receipts are banked intact but not promptly. The bank account is however controlled by the Treasury Department. No bank reconciliation statement is prepared at the Ministry level. Petty cash is a fixed monthly disbursement. Supporting documents are provided along with vouchers for petty cash reimbursements.

Controls over purchases are satisfactory. However, neither an approved suppliers' list nor competitive tendering is used.

Records and files are properly referenced and controlled. Files are properly indexed and stored. Changes in administration do not affect the record-keeping system and archiving procedures.

Conclusion

Despite the weaknesses noted, it is concluded that the Anambra State Ministry of Health can handle, record and maintain rollover type advances of funds.

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The Chief Financial Officer of the Anambra State Ministry of Health is the Deputy Director of Finance & Supplies. He reports to the Director General of his Ministry. He has dotted line responsibilities to the state's Accountant General and Minister of Finance.

The accounting and procurement systems overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Operating budgets are prepared annually. Estimates for the year are made by each unit, aggregated by each department and forwarded to the Accounts Department which coordinates all the estimates. The estimates (usually a 30-50% mark-up on prior year's actual) are later sent back to the departments for verification and internal defence at a meeting of the DG and all the H.O.Ds. The agreed proposal is sent for review at the Budget Department at the Military Governor's office and also to the Ministry of Finance. Final approval is granted by the State Executive Council, after which it is sent back to M.O.H for implementation.

The budget is prepared in expense heads and sub-heads. The vote for each head is entered in the Departmental Vote Book as a reference point for all expenditure. Warrants usually are 60-80% of the approved budgeted instalment; while expenses must not exceed the warrant granted at any point.

Budgets may be exceeded where authority to incur supplementary expenditure is granted by the State's Executive Committee("Exco"). Practically however, budgets are not exceeded and are rarely reviewed. Twice a year, each ministry makes an application for virement of votes to the Ministry of Finance ("MOF"). Virement applications in excess of N20k require Exco approval.

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Monthly returns on revenue and expenses are made to the Accountant General and only unfavourable variances are explained on his request. the Auditor-General also reviews the returns.

FINANCIAL REPORTS

Monthly Revenue and Expenditure reports and payroll summaries are forwarded to the Accountant General's office. Periodically, the report of the reconciliation of payments on behalf of MOH and the payment vouchers authorised by the MOH are prepared and forwarded to the treasury department of the MOF. Reports of internal audits carried out are forwarded by the Internal Auditor to the State Auditor General. All these reports are also copied to the DG and the State Commissioner of Health.

All reports are based on underlying books and records and are reviewed by the Deputy Director (Finance & Supply) who also follows up any exceptions found.

PROJECT GRANTS

Grants are received mainly from NGO's (PATHFINDER, UNICEF, USAID) and also from the FMOH (Tuberculosis and Guinea-Worm Control). All grants are received by cheque. Where specifically required a separate non-interest bearing bank account is maintained at the CBN for the grant. Signatories to the project accounts are:

- . Director General
- . Deputy Director (Finance & Supplies)
- . PHC Project Co-ordinator

All grants are separately accounted for. No rollover type grants have so far been received by the Anambra State Ministry of Health.

Project budget

Project workplans are jointly prepared by the sponsor's coordinator and the MOH. The plans usually cover periods of less than one year with the amount budgeted being equal to the lump sum to be granted by the donor.

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Project record-keeping system and archiving

All transaction documents for each project grant are retained in single, indexed and properly referenced files kept in fire-proof steel cabinets in the PHC coordinator's office. Access to the serially numbered and sequentially filed documents are controlled. A control list of these single files is thought unnecessary but all the current and past transactions relating to each project can be traced at all times.

Project cash and banking

Grant cheques received are acknowledged with letters rather than receipts. The cheque is promptly lodged in the CBN account maintained for the project.

The implementing unit draws up periodic expense estimates which are agreed to the workplan and subsequently approved by the PHC Director. It is then sent to the DG for approval. Once approved, the prepayment voucher for the amount is raised by the accounts department, approved by the Deputy Director (F&S) and a cheque raised and cashed.

Returns of the actual expenditure with attached supporting documents are made to the Director of the project rather than the accounts department.

The returns are supposed to be agreed to the approved prepayment which should be fully accounted for before subsequent disbursement. No evidence of this review was seen. Also, returns are usually made quarterly when reports to sponsors are being prepared.

No formal reconciliation statement is prepared for the bank account as the balance per the vote book ("DVA") normally agrees with the bank statement.

Project procurement and stores

Procurement for projects follow the same procedure as the mainstream MOH purchases. However, adequate records are generally not maintained for stores movements. Recording in ledgers and bin cards (where available) is not done promptly , if at all.

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Project payroll

Per diem and other allowances are paid to M.O.H. staff and other people that participate in the training programmes.

Project financial reporting

Quarterly reports, with attached supporting documents and bank statements, are made to the donors in line with the workplans. The reports are prepared by the head of the implementing unit in duplicate, one of which is signed and returned to the M.O.H by the sponsor. The reports contain the following financial information:

- . Bank balance supported by bank statement
- . Expenses to date analysed and supported by the approved workplans.

Documents supporting actual expenditure are kept in the project file to facilitate review by the donors. The accounts department makes no input into the quarterly reports to donors.

CASH AND BANKING

RECEIPTS

Apart from government allocations and grants, the main revenue sources are:

- Licence fees . Patent Medicine Stores, Hospitals and Maternity homes
- Exam fees . School of Nursing etc exams
- School fees . Tuition, Boarding etc. in respect of the state Medical Schools

The revenue officer who collects cash from the payers, issues serially prenumbered receipts. Receipts are recorded in the receipts cash book, agreed by the revenue officer to the receipt booklet and banked intact the following morning into the CBN account. The pay-in-slip attached with the supporting duplicates of the receipts are forwarded to the treasury where a treasury receipt for the amount is issued after agreeing the slip to the supporting documents. The receipts cash book have the original treasury receipts attached to it as evidence of the transfer of funds. Monthly returns are made to the Accountant General. Occasionally, the internal & external auditors agree these daily receipts to the receipt books.

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Payments

All non-petty cash payments are made through the treasury. Payment vouchers with attached supporting documents are raised by the Principal Financial Assistant ("PFA") and entered in the Vote Book. The Principal Financial Officer ("PFO") or the Deputy Director reviews the voucher and documents and ensures that the balance in the Vote-Book is adequate. He also obtains the DG's approval for payment and then signs the voucher as approved. The voucher is then sent to the treasury for payment. Lists of paid vouchers are sent to the Ministry and the Accountant General annually in arrears for review and reconciliation.

Banking control

No bank reconciliation statement is prepared. All bank statements are sent to the Accountant General. Only the above payment voucher confirmation exercise is carried out.

Imprest accounts

An imprest account is maintained with the CBN. A float of N10,000 is maintained by the DG with the Deputy Director and the PFO as signatories. The maximum petty cash expense is N1,000. All expenses are approved by the DG before the accounts department issues the corresponding cheque. Payees sign the cheque register to evidence collection.

Imprest is reimbursed by the treasury after supporting documents retiring the previous allocation and the cheque register are vetted.

Cash control

All cash collections and cash held for imprest are lodged in steel tills which are kept in safes by the PFA.

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROCUREMENT

Procurements are based on requisition orders initiated by the user department, approved first by the HOD and finally the DG. Tenders are invited from the MOH accredited suppliers from which the tenders committee picks the most favourable tender. This is communicated to the Accounts Department which raises a Job order or an LPO stating nature of job and the quantity and price of goods to be supplied. No list of approved suppliers is kept.

Supply is made to the store on the basis of the LPO and forwarded to the Accounts Department for payment. For job orders, a certificate of completion is issued by the user department, coupled with SRV (issued for the return to store of replaced parts), the supplier's invoice and job order and sent to the accounts department.

For goods, the stores and the user department ensures the appropriateness of the quantity and quality of the supplies. The supplier invoice is checked by the user department for clerical accuracy (also later checked at the Accounts Department) and approved for payment by the HOD.

The Accounts Department raises the payment voucher supported by the above documents. This is reviewed by the Deputy Director (F&S) or the PFO and then approved, entered in the PV Register and sent to the Treasury for payment.

FIXED ASSETS

Fixed assets procurement follow the normal procurement system. Acquisitions are properly approved by the Budget Department. Disposals are carried out by the Works & Housing Ministry based on the assessment of a body appointed by the State Exco. No asset register is maintained although an inventory card listing all assets in a particular location, office etc exists. Stores Department officials move around occasionally to conduct a physical check of the assets listed on the card.

**ANAMBRA STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

STORES

Supplies are receipted with Stores Received Vouchers ("SRV"). Requisitions are made on requisition forms authorised by the HOD of the user department and reviewed by the Stores officer. The requisition forms are adjusted if necessary by reference to available stocks. Stores Issue Vouchers ("SIV") are raised for issues.

Stores records

In the stores, bin cards are maintained but not located in the bin of the relevant stock items. Stock ledgers are maintained but they are in all cases neither promptly updated nor correctly recorded.

Internal auditors conduct random physical counts and review entries in the stock records. No evidence of the counts conducted twice yearly is noted on the bin cards. There is also no evidence of the quarterly physical counts that the Stores Officer undertakes.

PAYROLL

Monthly payrolls are prepared by the Financial Assistant at the payroll section, checked by the Senior Financial Assistant and approved by the PFO. A Senior Executive Officer prepares a reconciliation of each payroll with the previous months by number of employees and money value. He investigates and obtains satisfactory explanation for any variation. The payroll totals are posted to the vote book after the PFA's review and approval for posting.

After the PFO and PFA reviews and approvals, the payrolls are sent to the treasury department of the MOF for final review, approval and payment. Senior staff salaries are paid into their bank accounts while junior staff are paid cash by the cashier.

RECORD-KEEPING SYSTEM & ARCHIVING

All transaction documents are retained serially numbered and sequentially filed in properly indexed files. Separate files are maintained for different accounts/issues and are monitored by each officer and at each departmental registry.

Files are properly indexed and arranged in steel cabinets with access controlled by the registry officials. An index register of all files maintained is kept. All books of accounting entries are properly indexed and referenced to source documents. All current and past transactions can be fully traced at all times. Changes in administration do not affect the record keeping and archiving routines and procedures.

APPENDIX II.3

NIGER STATE MINISTRY OF HEALTH

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**NIGER STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and overview

The Niger State Ministry of Health accounting and procurement systems were set up in line with the provisions of the Financial Memorandum for government accounting. Its major source of funds is the annual budgetary allocation from the state government. Some project grants are received.

Responsibility for the accounting and procurement systems lies with the Director, Finance and Supplies (DF&S). He reports to the Director General (DG) and is assisted by the Chief Accountant of the MOH. There is adequate segregation of duties and a properly defined organisation structure. There is also an internal audit unit. Budgets which are prepared annually, are used for expenditure control.

This Ministry has experience of receiving and accounting for project grants. However, no rollover type grants have been handled thus far. Payments and procurement procedures are the same for project and non-project transactions. Separate files and bank accounts are operated for each project. Project expenditure is closely monitored with the workplan. Returns are rendered in the manner and frequency agreed with the donors.

Cash receipts are banked promptly and adequate controls are maintained over receipts. The internal auditor does not vet and approve expenditure transactions before disbursements. Vouchers are not cancelled "PAID". All payments are duly authorised and matched with supporting invoices. Bank reconciliations are prepared monthly and regularly.

Purchases are initiated by user departments and are based on properly approved purchase orders. Competitive tendering is not in use. Documentation and evidence of receipt of the goods are obtained, properly processed and recorded. Stores records are promptly updated.

Documents are serially numbered and filed while accounting records are properly referenced to source documents. Files and cabinets are properly indexed and arranged although the files are not placed in a strong room or protected environment. File movements are adequately controlled by way of registers.

Conclusion

Despite the weaknesses noted in the foregoing, it is concluded that the Niger State Ministry of Health can handle, record and maintain rollover type advances of funds.

**NIGER STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The Chief Financial Officer of the Niger State Ministry of Health is the Director of Finance & Supplies. He reports to the Director General of his Ministry and is assisted by a Chief Accountant. He has dotted line responsibilities to the state's Accountant General and Minister of Finance.

The accounting and procurement systems overview is set out under the following headings:

- Budgets
- Financial reports
- Project grants
- Cash receipts and payments
- Procurement
- Stores
- Fixed assets
- Payroll
- Record-keeping and archiving

BUDGETS

Budgets are prepared annually. Budgets for the next year are prepared in the second half of the current year based on actual figures for the first half of the current year multiplied by two. This proposal is prepared by the accounts department, MOH and sent to the Budget department, Military Governor's Office for review. It then goes on to the State Executive Council for final review and approval after which it is sent back to the MOH.

The budget is split into different revenue and expense classes. Budget figures for different expense classes are entered in vote books (which serve as general ledgers) as opening balances against which expenses are set off; it is therefore simple to establish, at any point, how much of the budgeted amount, is still unutilized.

Monthly returns on revenue and expenses are made to the State Accountant General, External auditors also review the returns and unfavourable variances between actual and budgeted figures are investigated. However, all budget excesses have to be approved by the Military Governor on application by the commissioner. Budgets are reviewed quarterly by the budget department.

**NIGER STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS

Financial reports generated are :-

- * Quarterly report of all expenses showing unutilized budget amount. This is prepared by the Chief Accountant and agreed to underlying records by the Director, F&S. It is then approved by the commissioner and sent to the MOF.
- * Monthly returns of expenses are remitted to the Accountant General.
- * Monthly returns of revenue remitted to internal Revenue Department, Accountant General and Secretary to the State Governor.

These reports are agreed to Treasury returns.

PROJECT GRANTS

For all project grants received, separate non interest bearing bank accounts are maintained. Signatories to the account are:

- Director General
- Chief Accountant
- Project Consultant

The ministry has not been involved in any rollover-type project, as all its projects have been lump sum projects. Project workplans are jointly prepared by the sponsor and MOH. The implementing department draws up monthly work plans and expense estimates, this is sent through the DG to the commissioner for approval on the basis of which a cheque is raised and cashed. Per diem and other allowances to participants are receipted and signed for by the payees. Returns, with attached supporting documents, are made to the commissioner before subsequent reimbursements are made. For other expenses not included in the monthly estimate, the head of the implementing department raises requisitions, sends them to the Director, Primary Health Services, to the DG, and the commissioner for approval before a cheque is issued.

Quarterly reports, with attached supporting documents and bank statements, are remitted to the sponsor in line with the project agreements. The reports are prepared by the head of the implementing department, two copies are sent to the sponsors who sign both and return a copy to MOH.

**NIGER STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

CASH AND BANKING

Receipts

Main revenue sources are:

- * Boarding fees (medical schools)
- * Chemical/pathological investigation fees
- * Inoculation fees
- * Application fees (medical schools)
- * Tuition fees
- * Registration of private hospitals and pharmacies
- * Renewal of patents, licences.

Pre-numbered receipts are issued serially in duplicate (the original to the payer, the copy is retained in the booklet.)

Cash is received by the Accountant who also issues receipts, prepares bank pay-in-slips and lodges the receipts intact in the bank (into Treasury accounts). A register of all receipts is maintained. At the end of each month, duplicates of all receipts issued, pay-in-slips and the receipts register are sent to the Treasury where details are agreed to the Treasury bank statements.

Monthly returns are also made to the internal revenue, Accountant General and the secretary to the State Governor. The returns are agreed to the corresponding sections in returns rendered by the Treasury department.

Payments

All payments (except those made through petty cash) are made by the Treasury department, M.O. Finance. PV's approved by the Chief Accountant, M.O.H., up to N2,000, are sent to Treasury where payment is made. Where the amount is higher than N2,000, authorization to pay must be obtained from the Accountant General. Monthly returns of expenses are remitted to the Accountant General.

Petty cash

The only bank account operated by the MOH is the petty cash account. A float of N10,000 is maintained by the MOH. Signatories to the bank account are any two of:

- DG
- Director, Finance & Supplies
- Chief Accountant

**NIGER STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Petty cash expenses are restricted to N1,000 and all expenses must be approved by the DG. After approval, a cheque is issued by the Accounts department. A cheque register is maintained which is signed by payees.

The imprest is run on a cash advance basis, receipts are later submitted to retire the advances within 24 hours. For imprest reimbursement, all supporting documents and the cheque register are sent to the Treasury department before another cheque is received.

Bank statements are obtained and agreed to the register balance monthly. All cash held in the MOH is kept in a safe by the Accountant.

PROCUREMENT

The head of department raises a requisition, sends it through the DG to the Commissioner for approval. After approval, the H.O.D. obtains quotations from three suppliers, which are sent to the Director, F&S and the DG for selection. After selection, a letter of intent is sent to the supplier giving details of order. Based on this, the supplier delivers the goods/services on receipt of which the recipient (storekeeper or HOD) raises an LPO, attaches the supplier's invoice and sends them to the Director, F&S who authorises a PV to be raised. The PV is approved, entered in the PV's register and sent to Treasury. This procurement system applies to all procurement (fixed assets, stores & services) initialled by the MOH except that for fixed assets, the expense has to be authorised by the Budget department. No fixed assets register is maintained.

STORES

Stores - Receipts

On receipt of supplies, an SRV is issued in triplicate

- Accounts
- Store
- Booklets

The SRV is attached to an LPO and suppliers invoice and sent to Accounts department.

**NIGER STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Stores - Issues

Departmental heads sign requisitions which serve as authorization for store issues (the stores officer has specimen signatures of all HOD). An SIV is then issued and signed by the recipient. At the gate, security men check the stock issued to the SIV.

Stores - Records

Bin cards are maintained for all stock items. A stock ledger is also maintained and regularly updated. Verifiers from the MOF come in twice a year to take physical stock and compare with bin cards and the stock ledger. Auditors also perform spot checks. The stores officer performs quarterly physical counts.

FIXED ASSETS

A State Board of Surveys (MOF) monitors the condition of assets in all ministries and determine when and for what amount an asset should be sold. The asset is then sold by auction.

PAYROLL

The monthly payroll is prepared by the accounts clerks, checked by the Accountant and the Chief Accountant who agree the payroll to the comprehensive staff list (supplied by personal department and updated quarterly). The payroll and PV are signed by the Chief Accountant (explanations for variation from the previous month are attached) and sent to the MOF where auditors check the payroll and send it to Treasury. Cheques are issued at the Treasury, senior staff cheques are paid into bank accounts while junior staff are paid in cash on presentation of their identity cards.

RECORD KEEPING SYSTEM & ARCHIVING

All documents are numbered and filed serially in relevant subject files. Files are kept in 3 main offices:

- * Secret registry - capital expenditure files
- * Open registry - Recurrent expenditure files
- * Personnel office - personnel files

No files have been sent to archives as there is no policy on this yet. Files are kept in steel cabinets with locks. These cabinets are indexed and files are alphabetically arranged to aid retrieval. A master list of all files is kept by the registry. Movement registers are also kept for control over file movements. All books and records are fully referenced to aid retrieval of source documents. Changes in administration do not affect the system.

APPENDIX II.4

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and overview

The accounting systems at the Oyo State Ministry of Health are modelled on the provisions of the Financial Memorandum for government accounting. Its main source of funds is the annual budgetary allocation from the state government. Some project grants are also received.

Responsibility for the accounting and procurement systems lies with the Assistant Director, Finance and Supplies, who reports to the Auditor General. There is adequate segregation of duties and a clearly defined organisation structure. There is also an effective internal audit unit. Budgets are prepared annually and form the basis of expenditure control.

Payments and procurement procedures are the same for project and non-project transactions. Separate files and bank accounts are operated for each project. Project expenditure is closely monitored with the workplan. Returns are rendered in the manner and frequency agreed with the donors.

All grants are received by cheque and other revenue by bank draft. All payments are duly authorised and matched with supporting invoices. There is an audit trail and bank reconciliations are prepared monthly.

Purchases are initiated by user departments and tenders are invited from three suppliers. Documentation and evidence of receipt of the goods are obtained, properly processed and recorded.

Documents are serially numbered and properly cross-referenced to source documents which are filed to facilitate retrieval. File movements are adequately controlled and past transactions can be traced at any time. Files are generally kept in wooden cabinets with no locks and therefore are at risk.

Conclusion

The Oyo State Ministry of Health can handle, record and maintain rollover type advances of funds. Its accounting and procurement systems can also facilitate expenditure returns to donors on request.

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The Chief Financial Officer of the Oyo State Ministry of Health is the Assistant Director of Finance & Supplies. He reports to the States Auditor General.

The accounting and procurement systems overview is set out under the following headings:

- Budgets
- Financial reports
- Project grants
- Cash receipts and payments
- Purchases and procurement
- Stores
- Fixed assets
- Payroll
- Record-keeping and archiving

BUDGETS

Budgets are prepared annually by the MOH budget officer and sent to the MOF and the Treasury Board, headed by the military governor, for approval. The budget is based on prior year actual plus an inflation margin, capital budgets are guided by government directives or policies. On approval of the budget, amounts for different expense/revenue heads are entered in the vote book which serves as the general ledger. The opening balance is adjusted by actual expenses/revenue to show, at any time, the unutilized/unrealised balance. At the beginning of every month an estimate of expense for the month is submitted to the MOF on the basis of which funds are released to the MOH.

Before any budget can be exceeded, authorization has to be obtained from budget & planning department, MGO, funds are then released by the MOF.

The internal planning section checks monthly revenue & expenses statements to ensure they are in line with the budget. At the end of each year, an appropriation account is prepared by the AD(F & S) which indicates actual results, budgeted figures and variance analyses (favourable & unfavourable), this is sent to the Auditor General.

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The Chief Financial Officer of the Oyo State Health is the Assistant Director of Finance and reports to the States Auditor General.

The accounting and procurement systems overviewed under the following headings:

- Budgets
- Financial reports
- Project grants
- Cash receipts and payments
- Purchases and procurement
- Stores
- Fixed assets
- Payroll
- Record-keeping and archiving

BUDGETS

Budgets are prepared annually by the MOH budget sent to the MOF and the Treasury Board, the military governor, for approval. The budget prior year actual plus an inflation margin, capital are guided by government directives or policy approval of the budget, amounts for expense/revenue heads are entered in the vote serves as the general ledger. The opening balance by actual expenses/revenue to show, at any unutilized/unrealised balance. At the beginning month an estimate of expense for the month is sent to the MOF on the basis of which funds are released.

Before any budget can be exceeded, authorization obtained from budget & planning department, MOG then released by the MOF.

The internal planning section checks monthly expenses statements to ensure they are in line with budget. At the end of each year, an appropriate report is prepared by the AD(F & S) which indicates actual budgeted figures and variance analyses (favourable/unfavourable), this is sent to the Auditor General.

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS

The main financial reports are:

- * Appropriation accounts - prepared at the end of each year, shows actual and budgeted revenue and expenses and variance analyses. The report is submitted to the Auditor General.
- * Monthly revenue and expenses statements are submitted to the MOF and the Budget & Planning Department, MGO, monthly bank reconciliation statements are attached to these reports.

The ADF&S is responsible for preparation of the reports.

PROJECT GRANTS

Project grants are received by cheque and separate bank accounts are operated for separate grants. Signatories to the accounts are:

- Assistant Director, Finance & Supplies
- Principal Budget Officer

Project documents are drawn up in conjunction with the sponsors. These documents serve as the terms of reference for the implementation of the project. Project expense schedules are drawn up regularly, as required by the project agreement and expenses are approved based on the plans. The schedules are prepared by the implementing department and approved by the DG and Commissioner.

Payments and procurement systems for projects are the same as the MOH's general systems (see payments & procurement). Separate cash books are however maintained for different bank accounts.

Returns are rendered in the format specified, and as frequently as required by the sponsors but basically show grants received, expenses to date, balance per books and bank reconciliation statement. These reports are prepared by Finance & Supplies department and checked to source documents by internal audit before being remitted to the sponsors.

Technical reports on implementation status are prepared by the project co-ordinator.

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

CASH AND BANKING

Receipts

The main revenue sources are:

- * Sale of drugs
- * Licences
- * Registrations
- * School fees

All receipts are strictly by bank draft which are received by departmental cashiers who issue receipts in triplicate thus:

- Drawer (payer)
- Store (sale of drugs)/director of pharmacy (licences)
- Book copy

The drafts are paid into the state government bank account, pay-in-slips are submitted to Treasury department and treasury receipts are obtained. Monthly returns on revenue are submitted to the MOF and the Budget & Planning department of the Military Governor's Office ("MGO").

Receipts books are issued by the MOF, used and unused booklets are checked monthly by the MOF, used receipts are agreed to revenue returns.

Payments

After an expense has been authorised by the F&S department it is sent to internal audit where it is checked and stamped "approved for payment". A cheque is then raised, attached to the PV and supporting documents and sent to the cheque signatories for authorization of funds withdrawal. This procedure applies to all payments. Cheque books are kept in a safe by the AD, F&S.

Bank reconciliation statements are prepared monthly by an accounts officer and checked by the ADF&S and the internal audit unit. The statements are initialled to evidence review and approval.

There is no imprest system for petty cash. All expenses are paid by cheque.

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROCUREMENT

The head of the user dept. (HOD) raises a requisition which is approved by the DG and Commissioner. The HOD and budget officer then obtain bids from three suppliers and recommend one of them to the DG and commissioner who then perform the final selection. A letter of award is issued stating terms of the agreement. On receipt of the goods/services, the same HOD initials the supplier's invoice to indicate receipt of supplies and approval for payment. The approved requisition, letter of award and supplier's invoice are then sent to F&S where a PV is raised and payment effected.

This procedure applies to all procurement including project purchases.

Stores - Receipts

All store receipts are agreed to the letter of award and suppliers invoice. The supplier's invoice is then attached to the letter of award, initialled by the store officer and sent to F&S for payment. Photocopies of invoices are made, numbered and filed serially, these serve as Stores Received Vouchers - SRVs.

Stores - Issues

The HOD approves a requisition which is sent to the storekeeper. The storekeeper then issues the items requested. The requisitions are numbered and serially filed, they serve as Stores Issue Vouchers - SIVs. All goods leaving the store are signed by the storekeeper and checked to requisitions by the gatemen at the central store.

On a regular basis, at least quarterly, all SIVs issued to other stores from the central store are checked to corresponding SRVs in the other stores by the internal & external auditors.

Stores - records

- SRV's
- SIV's
- tally cards
- Stock ledger

At least quarterly, physical stock counts are performed by auditors who check physical quantities to tally cards and ledger and initial them where both agree, and investigate differences where they arise.

There are no established re-order levels.

**OYO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FIXED ASSETS

Fixed assets acquisition for all ministries is handled by the MOF in conjunction with the Ministry of Works and Housing. The assets are then sent to the MOH store and therefrom to the relevant departments.

For disposals, applications are sent by the HOD through the DG and Commissioner to the MOF. The Auditor General's department inspects and values the assets. The assets are then publicly auctioned by an independent professional auctioneer.

There is no register of fixed assets.

PAYROLL

The payroll is prepared monthly by the MOH F&S department which has an updated list of all employees. The payroll is sent to Internal Audit with variation analyses, checked and submitted to the MGO for approval. A cheque is then released through the Accountant General to the MOH and paid into the bank account. MOH cheques are then issued to effect salary payments. Senior employees are paid through bank accounts while junior employees are paid in cash. Cash salary payments are supervised by non departmental staff.

RECORD KEEPING AND ARCHIVING

All documents are numbered and filed serially in different subject files. Files are labelled and arranged alphabetically in the registry in wooden cabinets with no locks and no fire proof devices.

A master list of all files is maintained and regularly updated, file movement registers are also kept in the registry and in each department to monitor file movements.

"Dead" files are sent to the archives and a master list of all such files is maintained. Files in the archives are however not arranged in any order which can aid retrieval. All accounting records are properly referenced to source documents. Changes in administration do not affect record keeping systems.

APPENDIX II.5

**PLATEAU STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

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**PLATEAU STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and overview

The Plateau State Ministry of Health accounting and procurement systems accord with the provisions of the Financial Memorandum for government accounting. Its funds comprise mainly of its annual budgetary allocation from the state government. Some project grants are received although these have been insignificant compared with the budgetary subventions from the Federal and State Governments.

The Director, Finance and Supplies (DFS) is the Chief Finance Officer of the Ministry. The DFS function reports to the Director General (DG). There is adequate segregation of duties and a properly defined organisation structure. There is also an internal audit unit. Budgets which are prepared annually, are phased on a monthly basis and are used for expenditure control. Supplementary allocations are requested from the state's Ministry of Finance if required.

Payments and procurement procedures are the same for project and non-project transactions. Separate files are operated for each project. Separate bank accounts are also operated. Project disbursements closely follow the workplan and are monitored by the recipient departments and the DG.

Receipts are issued promptly for all monies received. Collections are banked promptly and adequate controls are maintained over receipt books. Receipts and payments are recorded promptly in a voucher register, the cash books and the vote books. On a monthly basis the auditor checks the registers against the vouchers. All payments are duly authorised and matched with supporting invoices. Bank reconciliations are prepared monthly.

Purchases are initiated by user departments and are based on properly approved purchase orders. Competitive tendering is not in use. Documentation and evidence of receipt of the goods are obtained, properly processed and recorded. Stores records are promptly updated.

The procedures for recording and accumulating transaction data and balances leaves a clear audit trail for reporting purposes. Documents are serially numbered and filed while accounting records are properly referenced to source documents. Files and cabinets are properly indexed and arranged. The files are placed in a strong room which is not fire-proof. File movements are adequately controlled by way of registers. Changes in administration do not affect the record-keeping and archiving procedures.

Conclusion

The Plateau State Ministry of Health can handle, record and maintain rollover type advances of funds.

**PLATEAU STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The Chief Financial Officer of the Plateau State Ministry of Health is the Director of Finance & Supplies.

The accounting and procurement systems overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Budgets are prepared annually. They are prepared by the Accounts department in conjunction with the other 7 departments in the second half of the year. It is reviewed by the DG and Commissioner in the Ministry of Health before it is sent to the Budget department of the Governor's Office. It is reviewed with the budget proposals of other Ministries for aggregation into the State's Budget. Approval for all Ministries budgets is given by the State's Executive Council.

The detailed budget is set out on the basis of budget heads and subheads. They are also phased on a monthly basis. The budget heads/subheads roughly equate to the distinct expenditure centres within the different departments. At the beginning of the year the allocation for each budget head is entered into the appropriate account in the vote book for expenditure control purposes.

Any proposed overspend of a vote must be approved formally through the process of a supplementary budget allocation. Such an allocation is possible only through a proposal document prepared by the MOH, approved by the DG and Commissioner and then the State Executive Council. No vote must be exceeded.

FINANCIAL REPORTS

The financial reports generated include - a monthly statement of assets and liabilities, a monthly and year-to-date report of income and expenditure and a monthly report of internal revenue generated. Copies of these reports are sent to the Treasury department of the MOF.

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**PLATEAU STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROJECT GRANTS

Separate bank accounts and files are operated for each project. Project disbursements closely follow the workplan and are monitored by the recipient departments and the DG. The project funding requirements are set out monthly in advance and in accordance with workplans. This advance planning facilitates cash control and expenditure control. This is also the procedure for non-grant expenditure funding control.

Project reports are prepared in accordance with agreement with the donors. Internal reports are however produced on projects for the DG and Commissioner.

CASH AND BANKING

Receipts

Main revenue sources are government subventions, project grants and internally generated revenue. Pre-numbered receipts are issued serially for all monies received. Cash is received by the accounts department who issues receipts, prepares bank pay-in-slips and lodges the receipts intact in the bank (into Treasury accounts). A Treasury receipt is obtained and recorded in the receipts register maintained.

There is a monthly audit check of all the receipts and payments registered and executed per the supporting vouchers.

Monthly bank reconciliation statements are prepared. They are reviewed by the Senior Executive Officer (SEO) before the final review and approval by the DFS. Reconciling items are followed up promptly.

Payments

Payment requirements are prepared a month in advance. This document is reviewed and approved by the DFS, DG and Commissioner before it is sent to the MOF. Upon the MOF approval, the MOH receives a cheque from the Treasury department of the MOF for payment into its own bank account. All payments are made from its own bank account.

Petty cash

There is a petty cash float which is run on an imprest basis. Vouchers are presented on the retirement of expense advances.

**PLATEAU STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PURCHASES AND PROCUREMENT

Requisition forms are raised by user departments. The Director of the user department signs the requisition forms. If the expenditure was covered in the month's approved expenditure listing as previously submitted to the MOF, then the requisition form is sent to the DG and from then to the DFS for preparation of a LPO. Competitive tendering is used but not all the time. Any expenditure not on the approved list for the month has to go to the MOF through the DG and Commissioner.

The DFS obtains quotations from at least three suppliers and chooses the best offer before raising the LPO. The receipt of goods/services is evidenced in writing by the recipient before payment is approved and made.

On receipt of the supplier's invoice, the invoice is registered before being sent to the user department. The head of the user department then confirms the receipt of the goods/services and approves the invoice for payment. A PV is raised in the user department. The PV is serially numbered and has attached to it a copy of the LPO, a stores received voucher (SRV) and the HOD's approval and confirmation of services received.

On receipt of these, the internal audit unit at the finance and supplies unit vet these documents and append a treasury PV number to the departmental PV before passing all the related documents to the DFS for review and approval. Upon the DFS's approval, a number of these PV's are batched and sent to the DG and Commissioner for approval. Once these are returned approved, cheques are raised and all the supporting documentation are attached to the cheque and sent to the cheque signatories for signature.

The expenditure is then recorded in the cash book and PV register with the appropriate cross-references to the departmental PV.

STORES

Receipts into stores are effected with the raising of SRV's and recording the details of the receipt into the tally cards and store ledger. Copies of the SRV's matched with related LPO's before being sent to the user departments for evidencing the receipt of goods by the HOD.

Stores issues are effected with the completion of stores issue vouchers (SIV) from properly approved requisition forms. Copies of SIV's are sent to the head of the user department and to the accounts department.

There is a monthly internal audit review of the stores ledger kept by the store-keeper against the SRV's, SIV's and requisition forms.

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**PLATEAU STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FIXED ASSETS

Fixed assets purchases and disposals are effected only by the State's Ministry of Works. Special purchase requests outside the budget capital expenditure vote for the year will have to be sent to the MOF through the DG and the Commissioner. This is very rare as there is tighter control over capital expenditure than on recurrent expenditure.

PAYROLL

The monthly payroll is prepared by the accounts clerks, checked by the Accountant and sent to the DFS for review. From the DFS it is sent to the MOF through the DG and Commissioner.

The treasury department in the MOF reviews and approves the payroll. Once approved, the MOF pays the employees with bank accounts directly from its accounts. A cheque is drawn to the MOH for encashment and payment to the employees paid by cash.

A monthly reconciliation of the payrolls is performed before the payrolls are sent to the DFS, DG and Commissioner.

RECORD KEEPING SYSTEM AND ARCHIVING

All transactions and documents are properly referenced and serially numbered. The Vouchers and supporting documentation are batched and filed in number order and boxes. File movement registers are used to control files.

Non-current files (older than two years) are sent to the MOF archives for deep filing. A list is kept of such files. The MOF archives are computerised. A proper list of files and location index is kept.

Changes in administration do not affect the record-keeping and archiving procedures.

APPENDIX II.6

SOKOTO STATE MINISTRY OF HEALTH

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**SOKOTO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and overview

The statutory allocations from the state Finance Ministry is complemented by NGO grants. The same accounting procedures are applied to funds from all sources. All source documents are generated by the implementing unit while the accounts department records and accumulates the transactions and documents.

Functions are properly segregated and the chain of command is adequately structured. Annual budgets are prepared and form the basis for expenditure and revenue control. Regular and reliable financial reports are generated by the ministry. The internal audit function is not effective. However, all payments in excess of N30,000 are made by the Treasury Department where internal audit function is effective.

Grant disbursements are always in line with the workplans and properly approved. A separate bank account is opened for each project and timely returns are made to the donor.

Payments are made by the Treasury Department while receipts collected are banked intact but not promptly. The bank account is however controlled by the Treasury Department which prepares reconciliations and maintains the cashbook. Petty cash is a fixed monthly disbursement. Payment records are filed at the Ministry. Weaknesses in cash control are compensated by Treasury control over payments and receipts.

Controls over purchases are satisfactory. However, neither an approved supplier's list nor competitive tendering is used.

Archiving of files is not properly done. Documents are not stored in fire-proof storage devices/ locations. Otherwise, controls over files and records are considered adequate. Current transactions are properly controlled and filed.

Conclusion

Despite the lapses in the systems of control, it is concluded that Sokoto State Ministry of Health can handle, record and maintain rollover type advances of funds.

**SOKOTO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The Chief Financial Officer of the Sokoto State Ministry of Health is the Director of Finance & Supplies. He reports to the Director General of his Ministry. He has dotted line responsibilities to the state's Accountant General and Minister of Finance.

The accounting and procurement systems overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Budgets are prepared annually by the budget department, Military Governor's Office (MGO). Proposals are made by heads of departments and are co-ordinated by the Finance Director (FD). Estimates are based on prior year actuals adjusted for expected operating level. The proposals are sent to the MGO where the budget is then prepared on departmental bases and by expenditure type.

A master votebook is maintained in which budgeted amount for each expenditure head is entered. Actual expenses are recorded against these balances thereby indicating the unutilized balances for control purposes.

Budget grants are received from the Sub-Treasury, Ministry of Finance (MOF) in monthly instalments. Budget figures are not to be exceeded, but favourable variance are not investigated.

FINANCIAL REPORTS

Monthly financial returns are made to the Ministry of Finance. Returns contain the following information:

- monthly capital expenditure returns
- monthly personnel emolument returns
- monthly "other charges" returns.

Monthly returns are prepared by the cashier reviewed by the Deputy Director for expenditure and approved by the Finance Director.

**SOKOTO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROJECT GRANTS

Project grants are accounted for in accordance with donor requirements. Workplans, which include expense estimates, are prepared by the implementing department in conjunction with donors.

Separate bank accounts are maintained with the following signatories:

- Commissioner for Health
- Director of Finance and Supplies

Both signatories must sign the cheques. Separate project votebooks are also maintained for all transactions.

All project expenditure is originated by the Project Coordinator, based on the approved workplan, through a requisition which the Director of Medical Services and the Commissioner must approve. A payment voucher and a cheque are then raised, approved and signed respectively by the signatories, before payment is effected. All payments are recorded in a register. The vote-book balance is regularly agreed to the bank balance and cash at hand.

Reports are sent to donors as requested by them and they include:

- Statement of expenditure
- Bank statements and bank reconciliations
- Copies of payment vouchers and supporting documentation.

CASH AND BANKING

RECEIPTS

Cash receipts are mainly from the sale of entrance forms for the School of Nursing . Prenumbered receipts are serially issued by the cashier who keeps custody of booklets received from the Revenue Department MOF. Lodgements are made to the CBN account by the cashier, who then makes a return to the Treasury using the pay-in-slip supported by a receipt listing voucher.

Payments for registration of private hospitals and patent medicine stores are made direct to Treasury department after obtaining a clearance letter from Director of Medical services.

**SOKOTO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PAYMENTS

Payments are only made for authorised expenditure. The Director of the user department reviews and approves the requisition. The Director of Finance reviews for consistency with budget/vote and approves. The Commissioner authorises the expenditure after ensuring that the departmental and finance directors have evidenced their reviews and approvals.

Minor office expenses are paid through the office petty cash. Other payments from the vote are made by sub-treasury, Ministry of Finance. After authorization for expenditure by the commissioner, the expenditure files are sent to accounts where the authority to incur expenditure is raised.

Postings are made to the departmental vote book and master vote book (accounts) from the same source documents - the payment vouchers (PV's).

All supporting documents are attached to the payment vouchers by the vote clerk, reviewed by the Deputy Director Expenditure and authorised by the Finance Director. Payment vouchers are numbered as issued and recorded in a payment voucher register maintained serially. Authorised payment vouchers are sent to internal audit for vetting and approval before payment.

Cash book entries are made for all payments out of the ministry vote book by the sub-treasury.

PETTY CASH

A monthly petty cash float of N30,000 is received from the Treasury department of the Ministry of Finance for office running costs. These funds are disbursed by the Finance Director. No formal petty cash vouchers or petty cash book are maintained. However each staff making claims raises a memo, signed by his head of department and sent to the Finance Director for payment. The Finance Director keeps a file of these memos together with supporting invoices/receipts. At the end of every month, returns are made to the Finance Ministry before a new float can be collected.

**SOKOTO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROCUREMENT

All procurements are initiated by user departments using a standard requisition form, not pre-numbered, but numbered when raised and referenced to the user department. Only one copy is raised. The requisition is approved by the Director of the user department and sent to the Director of Finance who ensures consistency with budget provisions. The final approval is given by the Commissioner who advises the Finance Director to execute the transaction.

The purchasing manager (on advice from the Finance Director) obtains quotations from contractors. There are no registered contractors or an approved list of suppliers. The invitation to contractors is based on internal advert and sometimes on personal calls on the contractors.

Quotations are normally obtained from at least three contractors. A market survey is usually carried out by the stores officer. Selection of contractors is based on lowest bid and reputation. Any of the departmental Directors can choose the contractor with the Director General giving the final approval.

LPO's are issued by the stores officer and reviewed by the Deputy Director (stores). LPO's are countersigned by the Finance Director and Commissioner. LPO's are raised in four copies and distributed as follows:

- Original to contractor
- Second copy to expenditure file
- Third copy for stores
- Fourth copy for LPO Booklet.

Supplies from contractors are received at the store. Store Received Vouchers ("SRV") are raised if the store keeper is satisfied with supplies. The contractor also submits his LPO to the stores officer who initials it to certify receipt. Both the LPO and the SRV are reviewed by the Deputy Director (stores) who certifies the LPO and sends it to the accounts department for payment.

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**SOKOTO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

STORES

A store is maintained centrally for all departments. Supplies and equipment belonging to various departments and projects are properly segregated.

Two stores records are maintained:

- . a stores ledger which is maintained by a ledger clerk
- . tally cards which are maintained by the storekeeper.

Store issues are based on requisition forms from various departments and approved by departmental directors. If the item is in stock, a Stores Issue Voucher (SIV) is raised by the ledger clerk in four copies distributed as follows:

- Original and copy to stores
- 3rd copy to person collecting the supplies
- 4th copy for booklet.

After raising the voucher, the ledger clerk posts to the stores ledger and sends the store copy to the store-keeper who issues the stock items and posts to the tally cards.

Physical stock counts are carried out every two months and reconciled to the stores ledger and tally card records. Any differences are immediately investigated. Security locks are used on the stores to avoid theft.

FIXED ASSETS

Fixed assets procurement and payment follow the same procedures as other expenditure already described.

Fixed assets are identified with serial numbers and a fixed asset register is kept by the store department. There are however no periodic checks of fixed assets. Various sections are directly responsible for custody of their fixed assets.

Disposals of fixed assets are carried out by the Board of Survey of the Ministry of Finance.

**SOKOTO STATE MINISTRY OF HEALTH
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PAYROLL

Payrolls are centralised for all departments. Payrolls with attached staff lists are sent to departments for review and certification by department heads. The Director of Personnel reviews, signs and sends the payrolls to the Director General for final approval. The payrolls are returned to accounts department for review.

The accounts department sends the payrolls to the internal audit section of the Ministry of Health for certification and transmission to the Ministry of Finance. At both audit sections, payrolls are stamped and signed. After audit checks, payrolls are sent to sub-treasury for payment.

Senior staff are paid by the Ministry of Finance through their bank accounts while junior staff are paid cash.

RECORD KEEPING SYSTEM & ARCHIVING

Files are opened for each expenditure item. Opening and custody of files are centralised between two registries.

- Secret file registry: opens, keeps and controls movement of files with restricted access.
- Open file registry: opens, keeps and controls movement of files with unrestricted access.

All documents relating to each expenditure item are retained on file. Documents are numbered and filed serially. There are no file indexes. Registers of all files opened with detailed description and file numbers are maintained by the two registries. Also file movement registers are maintained by the registries and every other department in the ministry.

Files are maintained for several years. Files are kept in cabinets according to their numbers and each cabinet is indexed. The procedures for record keeping and filing facilitates the retrieval of files and documents.

REPORT ON THE REVIEW OF THE ACCOUNTING & PROCUREMENT
SYSTEMS OF THE FMOH, AND SELECTED SMOH's AND LGA's

APPENDIX III

OVERVIEW DESCRIPTION OF THE ACCOUNTING AND PROCUREMENT
SYSTEMS AT SELECTED LOCAL GOVERNMENT AUTHORITIES (LGA)

<u>APPENDIX</u>	<u>LGA</u>	<u>STATE</u>
III.1	OJO LGA	LAGOS STATE
III.2	NSUKKA LGA	ANAMBRA STATE
III.3	LAPAI LGA	NIGER STATE
III.4	SULEJA LGA	NIGER STATE
III.5	IFE CENTRAL LGA	OYO STATE
III.6	PANKSHIN LGA	PLATEAU STATE
III.7	BARKIN LADI LGA	PLATEAU STATE
III.8	KAURA NAMODA LGA	SOKOTO STATE

APPENDIX III.1

OJO LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The health function of the Ojo Local Government Authority is funded from two sources: LG Budgetary Allocation and Direct Projects Funds from NGO's and sometimes the Federal Ministry of Health. The only project funded through the latter is the UNICEF EPI/ORT Project. All source documents are generated by the Department of Health which implements the projects, while the Treasury Department makes all accounting entries, recording and accumulation.

Segregation of functions and the chain of command are proper and adequate. Budgets, which are prepared annually, form the basis of expenditure and revenue control. The internal audit function is effective and regular, reliable financial reports are generated.

Grants disbursements are properly approved in line with workplan provisions. A weakness is that separate bank accounts are not maintained for each project. This is mitigated by proper payment procedures and regular returns made to donors in respect of projects.

Receipts and payments are adequately controlled. Receipts are promptly and fully banked and properly recorded. Payments are duly approved for genuine goods and services received. The petty cash is maintained on an imprest basis and is appropriately controlled.

Procurement is based on authorised requisitions, awarded by competitive tendering and properly received and recorded. Control over purchases and stores is considered satisfactory.

All transaction documents are properly kept, fully retrievable at any time and safely kept in fire-proof cabinets.

Conclusion

It is concluded that the accounting and procurement systems of the Ojo Local Government Authority can adequately handle, record and maintain rollover type advances of funds.

**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The accounting system overview is set out under the following headings:

Budgets
Financial reports and organisation
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Budgets are prepared annually for each department or section of the LGA. Each department sends estimates of needs usually based on prior year figures with a projected but varied increase to the Treasury Department. The Treasury co-ordinates all the estimates and makes a budget submission to the LG council. The council reviews the estimates and finally approves the annual budget for implementation. Each budgetary vote is usually departmentalised and categorised into capital and recurrent expenditures. Also each expense vote is entered in the DVEA (Departmental Vote Expense Account) book and written down gradually as the vote is expensed. This is to ensure that no deficit occurs in respect of any approved vote.

Only unforeseen circumstances (shortfall in revenue, mid-stream national policy formulation, mid-year fresh grants etc) can cause a review of the budget. Such reviews take the form of a virement from one programme to another. All reviews must be approved by the council.

All expenses are checked to the budget estimate before approval by the chairman. Before the cheque is raised, the treasurer also checks and confirms this. Budgets can only be exceeded by the council's budgetary review. Budgeted funds are not released to the Health Department but funds are provided for all approved expenses of the Department.

Monthly variance analyses are carried out by the Treasury as a part of the monthly accounting returns to the council.

The project workplan, prepared by the council and approved by the donor, serves as the budget for all Direct Fund Projects.

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**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS AND ORGANISATION

FINANCIAL REPORTS

Three basic reports are prepared viz:

- (i) A bi-monthly statement of accounts which is sent to the FUNDS MANAGEMENT COMMITTEE. This report details on funds movement in all the LGA accounts and guides the release of payment cheques to creditors.
- (ii) Monthly returns which is sent to the FMC and the FINANCE AND GENERAL PURPOSE COMMITTEE. It details all revenues collected by source and all expenses by expense headings. It also distinguishes between capital and overhead expenditure. The State Department of Local Government also receives a copy of this report.
- (iii) An annual budget which is prepared for the Council. An approved copy is also sent to the State Government.

The reports are based on reliable underlying records and are reviewed by the Treasurer before they are sent out. He also follows up on the exceptions noted in the reports.

ORGANISATIONAL CHART

No chart was immediately available at the time of the visit. Segregation of functions is however adequate and the chain of command properly structured and followed.

Only two members of staff are Chartered Accountants. No other staff is known to be sitting for professional accountancy examinations. Staff competence is ensured by their long experience at their routine schedules.

**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROJECT GRANTS

Project funds are received mainly from NGO's. The UNICEF's EPI/ORT grant remains the only one received by the LGA to date. The UNICEF grant is received mainly in materials but also by cheque for direct cash-related transactions (e.g paying of volunteer staff allowances). Consequently, no separate bank account is maintained for the project.

The accounting procedure is basically the same for both methods of funding except that a separate project deposit account is internally set-up by the Treasury Department in order to monitor the funds received for Direct Projects. Also the Direct Project funds sometimes require that accounting returns be made to the donor in the course of the project.

Actual project implementation and expenditure is carried out by the Department of Health which also generates the primary documents from which accounting entries are made. The Treasury Department however makes all accounting entries, recording and accumulation.

The project accounts and records are however separately maintained. All expenses relating to the project are first approved by the medical officers of health upon request made by the Divisional Heads within the Health Department. The request is then forwarded for the Chairman's approval. The Chairman ensures that the expenditure conforms with the project workplan. He then approves the expenditure.

The expenditure request voucher is prepared in triplicate. After the Chairman's authorization, it is forwarded to the Treasurer. The Treasurer checks the request to the project work plan, ensures propriety and proper approval and causes a cheque to be raised for the expenditure. The vouchers are coded by the Assistant Treasurer or other appropriate schedule officer. The voucher coding and its supporting documents are then checked by the internal auditor who initials them as evidence of review and appropriateness. The cheque is then signed by both the Treasurer and the LGA Secretary and the expenditure recorded in the appropriate project account.

Returns are made to the donor on request or at the end of each phase of the project. No reconciliation is made to the bank account since none exists specifically for the project. No rollover type of grants have yet been received by the LGA.

**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

CASH AND BANKING

RECEIPTS

Three principal sources of funds exist for the LGA:

- . Federal Government allocation
- . State Government allocation and
- . Internally generated revenue.

Now and then, Government parastatals and NGOs provide grants for specified purposes.

Only internally-generated revenues and the NGOs specific grants are promptly receipted when paid to the LGA. The cashier maintains only a listing of receipts. All payments are by cheques and are not made through the cashiers. All the receipts are pre-numbered and serially issued. Unused receipts are kept in the safe custody of the treasurer while all copies of cancelled receipts are retained on the booklet.

All receipts are banked intact the following morning. The cashier's listing of receipts and the total cash collected are checked to the book-copy of the receipts by the internal auditor first thing the following morning. Where no exception is noted the Auditor initials the receipt listing the lodgement. The auditor later checks the pay-in-slip to ensure that the receipts are completely and correctly banked. He initials as evidence of check. The treasurer also routinely ensures that initial receipt records agree with the pay-in-slip and the bank statements. Bank reconciliation statements are prepared monthly for each of the LGA's 3 bank accounts by the Assistant Treasurer or other schedule officers other than the cashiers. They also investigate any long-standing reconciling item.

PAYMENTS

All disbursements are made with the use of either prepayment vouchers (for intended expenses) or payment vouchers (for payment for services already received or for reimbursement). All vouchers are sequentially numbered after coding to the appropriate expense headings upon approval by the LGA Chairman and Treasurer. All paid vouchers are stamped PAID as evidence of payment.

**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Except for petty cash, all cash disbursements are made by cheques raised upon Chairman's approval of the expense and signed jointly by the LGA Secretary and Treasurer. All payment vouchers are prepared only on the basis of approved supplier invoices, GRNs and the Internal Auditor's confirmation of the transaction as authentic. Separate bank accounts are not maintained for special grants although a vote heading is created for them in the DVEA. A separate account is however intended to be created for the USAID grant when released.

Petty cash is maintained on an imprest system with a current limit of N1,000 for the Health Department. Vouchers are presented to the Treasurer to support the expenditure when seeking reimbursement of the imprest.

PURCHASES AND PROCUREMENT

Procurement starts with a requisition order from the user division. This is approved by the Head of Department after ensuring that the order is within the approved budget. The chairman's approval is then obtained. Consequently, tenders are called for, collated by the user department and forwarded to the Council Tenders Committee with a special mention of the best three tenders.

The user department raises the Local Purchaser Order (LPO) which is signed by the departmental H.O.D and the chairman of the council based on the terms approved by the Tenders Committee. A copy of this is forwarded to the Treasury Department to update the contracts register.

When goods are supplied the store keeper issues a Stores Received Voucher (SRV) accepts the supplier invoice and signs the supplier's delivery note. The internal auditor sometimes supervises stores receipts. The payment voucher is then raised with the invoice, SRV, LPO and the approved requisition order attached to it. The departmental clerk that raises this voucher also codes it to the appropriate DVEA Head or sub-Head. The voucher is then approved by the H.O.D and the chairman after checking the supporting documents for authenticity, accuracy and appropriateness. It is posted to the DVEA at this stage.

The approved voucher is sent to the Treasurer where the Assistant Council Treasurer ensures proper coding, accuracy and authenticity by checking the supporting documents. The supplier's invoice is agreed to the LPO and the contract register. The amount is also compared with the DVEA book balance in order to ensure that payment is within budget.

**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

After double-checking the voucher for approval, authenticity and proper treatment, the treasurer causes the cheque to be raised. The cheque is signed by the Treasurer and the Secretary to the LGA. The funds management committee, comprising the chairman and departmental heads, reviews the cash position before the payment cheques are released. The cashbook is credited when the cheque is released to correspond to the debit entered in the DVEA book when the voucher was raised.

STORES

Stores procurement follows the above general procedure. When goods are received into store, the respective stock cards are updated. Store Issues Vouchers are raised in triplicate for all issues which are based on requisitions approved by the Medical Officer of Health (H.O.D). Stock cards are also updated for issues. Stores Ledgers which contain individual stock item accounts are also updated on any movement of stock.

Physical inventory is carried out often but count results are not recorded on the stock cards. The internal audit performs random stock counts and signs the stores ledger balance when both count and balance agree. Stocks are stored in an orderly and readily identifiable manner but the stores are not quite spacious enough. General stock orders are made at intervals. Re-order levels are not specifically set.

FIXED ASSETS

Assets procurement follow the basic procurement system stated above. The register of all vehicles is kept by the Transport Officer. The central asset register of other assets is kept by the LG Engineer. A list of assets in each office is maintained. There is no means of physically identifying items referred to in the register. Assets are supposed to be physically counted quarterly but no evidence exists that this is carried out.

Sales and disposals are authorised only by the council (Chairman, Vice and the Supervisory Councils). Sales are carried out by public auction.

**OJO LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PAYROLL

Payrolls of each department are compiled at the Treasury by a schedule officer each month. The departmental schedules are checked against the Personnel Emoluments Register for accurate calculation for each staff member. The Treasurer does a reconciliation of each payroll with the previous month's by number of employees and amount and investigates any significant variance on a departmental basis. No reconciliation schedule is however prepared.

Payrolls are signed by the appropriate H.O.D and reviewed and initialled by the Internal Auditor. The Assistant Treasurer ensures proper coding and posting is finally approved by the Treasurer.

The Treasurer and Secretary sign the cheques after reviewing the authorised payroll summary. All individuals are paid by individual cheques.

RECORD KEEPING SYSTEM & ARCHIVING

All transaction documents are retained, serially and periodically filed and kept in fire-proof cabinets in the treasurer's office.

Vouchers (prepayment and payment) are numbered before filing. Separate files are maintained for different accounts (or issues) and the files are indexed and monitored with a file movement register. The files are arranged periodically (monthly and yearly) to aid retrieval and access to them is only through the Treasurer who keeps the keys to the indexed file cabinets.

The basic book of accounting entries is the DVEA book. This is properly indexed and contains reference to relevant source documents.

Both past and current transactions are properly archived easily traceable and retrievable. A register of all files in the archives is maintained.

APPENDIX III.2

NSUKKA LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**NSUKKA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The accounting function is handled by the Treasury Department which is headed by the Treasurer.

Sources of funds include grants from the Federal and State Governments, locally generated revenue and grants from non-government organisations for specific projects.

There exists a defined organisational structure with adequate segregation of duties. Budgets are prepared and these facilitate budgetary control over expenditures.

Monthly, quarterly and annually financial reports are prepared and sent to various controlling departments and organisations. There exists an effective internal audit function.

Project grants are well managed with separate bank accounts and project transactions files maintained for each project. Expenditure on projects are closely monitored with work plans and returns are made to donors in line with requests.

There is adequate control over bank and cash. However, a few weaknesses exist. These include the fact that receipts are not banked promptly and intact and no petty cash float is maintained. To mitigate these, there is a regular comparison of bank pay-in-slips with receipt records. All cash payments are approved through the use of duly authorised payment vouchers.

Procurement procedures are adequate. This is facilitated through the use of duly approved purchase/service orders. There is no list of approved suppliers but tenders from a list of invited contractors are properly reviewed by a six man tenders committee. Goods and services received are matched with order specifications.

There is a proper filing system which facilitates control over documents. However, there is need for storage of certain vital documents in fireproof cabinets.

Conclusion

It is concluded that Nsukka Local Government Authority can handle, record and maintain rollover advances of funds.

**NSUKKA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The accounting system overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Budgets are prepared on an annual basis. Budget estimates are prepared by heads of departments and sent to the treasurer. The treasurer collects all estimates and sends to the local government council for deliberation. Estimates are based on prior year actual results plus some mark up. The council deliberates on the budget and gives the final approval.

All budget figures are entered into the local government master vote book. All expenditure is charged to the vote book and outstanding vote balances are always noted. There is no formal variation analyses on budget performance. The outstanding vote balances in the vote book serves as a guide for budgetary control.

Any review of budgets is based on need and the budget performance of various subheads. If the need arises, a budget review is done in two ways:

- Budget virement by council
- Upward review of budget by council.

FINANCIAL REPORTS

Three types of reports are prepared viz: monthly, quarterly and annually.

Monthly reports contain comparative statements of revenue and expenditure. These are sent to the local government planning department and to the Inspectorate and Monitoring division for LGAs, Military Governor's Office.

**NSUKKA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Disbursements of project funds

A copy of the approved workplan is sent to the treasurer. Expenditure on the project is normally reviewed by the Council Committee on Health and approved by the Chairman. After approval, payment vouchers are raised in duplicate following which cheques are raised and signed by the three signatories.

The PV's and supporting documents are filed in the treasury department. The Treasurer is responsible for the raising of cheques and takes the custody of unused cheque booklets. PVs are numbered as raised and filed serially on a monthly basis.

A cash book is maintained for each project account. A ledger is also maintained for each project. After payment has been effected, the PVs are posted to the cash book by the cashier while another clerk posts to the ledger book. At the end of every month, the cash book is reconciled to the ledger.

Bank reconciliation statements on project accounts are not prepared on a monthly basis unless requested by the donors. However, monthly bank statements are received and any differences noted are immediately followed up.

Returns are made to donors as required by the project workplan.

CASH AND BANKING

CASH RECEIPTS

Pre-numbered general receipts are issued in duplicate, and returns made to the cashier for the recording.

PAYMENTS

Payment Vouchers are raised in duplicate (not pre-numbered but numbered as raised) and after approval, cheques are raised by the treasurer and signed by the signatories.

Payee signs payment vouchers to evidence receipt of payment. Most payments are made by cheque. However, minor employee reimbursements are made by cash.

Monthly reconciliations are prepared for the local government main bank account and reviewed by the treasurer. All reconciling items are promptly followed up with the bank when necessary.

**NSUKKA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

No petty cash float is maintained by the local government. However, cash receipts from revenue collectors are sometimes retained by the cashier for payment of some local government area running costs.

PROCUREMENT

All procurements are initiated by user departments and approved by appropriate council committees. After council approval, tenders are requested which are reviewed and contractors selected by the tenders board.

After selection, LPOs are issued to contractors. LPOs are raised in duplicate (original to contractors and duplicate to expenditure file).

On supply, the store keeper checks the supplies to details on contractors LPO and if satisfied signs the LPO.

The contractor presents an application for payment and attaches the certified LPO and his invoice and sends them to the Chairman for approval. The Chairman reviews and agrees the details to the LPO copy on file and finally approves for payment.

Documents are then sent to the treasury department for payment.

STORES:

There are two stores maintained by the local government:

1. General store for all stationeries and related supplies.
2. Store for project drugs and related supplies.

Each store is manned by a store keeper. There are no stores receipt or issues vouchers, although receipts are acknowledged by certification of contractor's LPO, details of which are recorded into a stores ledger book. For issues, memos signed by heads of departments are used. All recipients sign a column in the stores ledger.

There are frequent physical stock counts and differences are immediately investigated.

**NSUKKA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FIXED ASSETS

Purchase of fixed assets follow the same approval and tender procedures used for other expenditure. There is a fixed assets inventory register maintained by the Admin department. Periodic checks on fixed assets are also carried out.

Disposal of local government fixed assets are rare. However, when necessary, approval must be obtained from the State Accountant-General and Commissioner for Local Governments.

PAYROLL

Payroll for the local government is centralised under the treasury department. Payrolls are prepared by accounts clerks and reviewed and signed by both internal audit and treasurer. Payrolls are also sent to the secretary and the chairman for signing. Payment is by bank or cash at the option of the employee. Unclaimed wages are paid back into LG main account and supported with treasury receipts.

RECORD KEEPING SYSTEM AND ARCHIVING

All transaction documents are serially numbered and periodically filed. A file register and a movement register are maintained by Registry for all files opened.

There are file cabinets properly indexed in the Registry and files are arranged in cabinets in alphabetical order. Open files are contained in wooden cabinets while secret files are kept in metal cabinets.

Changes in administration do not affect the procedures for record-keeping and archiving.

APPENDIX III.3

LAPAI LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**LAPAI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The Lapai LGA has not received any grants from NGOs. All projects have been government sponsored and were effectively administered and properly accounted for. Accounting procedures are guided by the Financial Memorandum issued by the Federal Government.

Budgets are prepared annually and are effectively monitored. They form the basis for expenditure approval and control.

Receipts are properly accounted for through pre-numbered and serially issued receipt booklets and intact banking. Payments follow adequate approval procedures and proper documentation requirements. Bank reconciliation statements are prepared monthly and reviewed by the Treasurer.

Procurements are effected through properly authorised requisitions and competitive tendering. Purchase and stores records are promptly and properly updated upon receipt of goods/services.

Documents are properly referenced, serially filed and safely stored to aid retrieval. All transactions can be fully traced at all times.

Conclusion

It is concluded that the accounting and procurement systems at Lapai LGA can handle, record and maintain rollover advances of funds.

**LAPAI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The accounting system overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

All departments send in their estimates which are based on prior year actual plus a certain percentage uplift. These estimates are approved by Treasury department and sent to the LG Budget & Planning for co-ordination. They are then sent to the Military Governor's office for final approval.

The budget is analysed into revenue and expenditure heads. Each department maintains a vote book in which the annual budget figures for different revenue and expenditure heads are recorded.

Before any budget figure can be exceeded, the HOD has to notify the local government Council through an application for Authority to Incur Supplementary Expenditure (AISE). This can be authorised by the Council to a limit of N5,000 above which it has to be authorised by the Military Governor.

Monthly reports of revenue and expenses are sent to the MGO and the State Audit department where the reports are reviewed against the budget.

The LG budget & planning department constantly monitor actual figures to ensure they are in line with the budget. Favourable variances are not investigated.

FINANCIAL REPORTS

Monthly reports showing revenue, expenditure, bank and cash balances are prepared by the accountant and agreed to underlying records by the Treasurer.

Monthly bank reconciliation statements are also attached to the report which is then forwarded to the MGO and State Audit Department.

Annual accounts are also prepared.

**LAPAI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROJECT GRANTS

To date, the LGA has received no grants from any NGO, all projects have been LG projects. For all LG projects, a work plan for the year, broken into quarterly phases, is drawn up by the project co-ordinator and heads of the implementing sections. The plan is reviewed by the head of Medical & Health department and sent to the Local Government Council for final approval.

Funds are released to the co-ordinator on an imprest basis whereby he has to retire the float by making returns (with attached supporting documents) to the implementing departmental head before he is reimbursed.

For project expenses, the co-ordinator raises a requisition through the HOD, Medical & Health to the Local Government Secretary who can authorise expenses up to a N3,000 limit above which the local government council has to authorise.

Monthly reports are prepared by the co-ordinator showing total funds received, total expenses and balance in hand. Supporting documents are attached to the report. The report is reviewed by the internal auditor and sent to the LG Treasury department for a final review.

CASH & BANKING

RECEIPTS

Revenue sources are:

- * Taxes
- * Rates
- * Licences, Fines, Fees
- * Commercial undertakings
- * Rents on LG property
- * Statutory government allocations
- * Miscellaneous

For all receipts, the departmental revenue collector issues receipts in duplicate (pre numbered & serially issued). He pays in the receipts to the bank and submits the pay in slips and duplicate receipts to the Treasury department where the cashier issues a treasury receipt to the Revenue Collector. The cashier posts the receipts into the cash book, external auditors regularly check the records to receipts issued.

Bank reconciliation statements are prepared monthly by the cashier, reviewed by the Accountant and the Treasurer and sent to the MGO and Audit department (state).

**LAPAI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Payments

On receipt of goods/services, the head of the receiving department sends a completion certificate and LPO to Treasury where a PV is raised, approved by the Accountant & the Treasurer and a cheque issued by the cashier. The cheque, with relevant documents attached, is sent to the bank account signatories - the Treasurer and the LG Secretary.

Petty cash

The different departments have different imprest floats. Petty cash books are maintained by the departments and reimbursements are made by Treasury on receipt of returns with attached supporting documents from the departmental cashier, initialled by the HOD.

Cash is kept in a steel safe by the cashier.

PURCHASES AND PROCUREMENT

The HOD raises a requisition which is approved by the LG Chairman to a N20,000 limit above which the LG Council has to approve.

Two types of tender are operated for supplier selection.

- negotiated (in-house selection)
- open (public advertisement)

Tenders for expenses of not more than N20,000 are handled, and suppliers selected, solely by the LG chairman. For expenses above N20,000, the Finance and General Purpose Committee select a supplier.

An agreement is drawn up on the basis of which the supplier delivers. A completion certificate (by works department) or an SRV (by stores) is then issued, as appropriate, and sent with the supplier's invoice to Treasury for settlement.

This procurement procedure applies to fixed assets, stores and services.

STORES

RECEIPTS

Supplies are checked upon receipt by the store keeper and agreed to the agreement and supplier's invoice. He then issues an SRV and an LPO for the quantity received, the LPO, SRV and supplier's invoice are sent to Treasury where payment is made.

**LAPAI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

ISSUES

Each department has its own store and there are no inter departmental transfers.

Only the HOD can authorise a store issue by signing a requisition. The store keeper issues an SIV which is signed by the receiver.

RECORDS

Bin cards are not used but stock ledgers are maintained and regularly updated.

LG auditors (internal) carry out quarterly physical counts and agree to records or investigate differences.

There are no established re-order levels, purchases are made when stock is depleted.

FIXED ASSETS

A Board of Survey inspects all Ministries' fixed assets regularly to determine what assets should be disposed of and at what value. The LG then sells these assets by auction, sales proceeds are processed like other LG receipts.

No fixed assets register is maintained.

PAYROLL

Each department prepares its own payroll and PV which is sent to Treasury. The treasurer checks the payroll to a master list of staff remuneration.

The Accountant and Treasurer sign the payroll and PV and cheques are raised. Senior staff cheques are sent to banks directly while cheques for junior staff are sent to the various departments where the cheques are cashed and paid. Cash payments are always witnessed by personnel from other departments. All unpaid wages are returned to the cashier and kept in a safe. The cashier issues receipts for such wages.

**LAPAI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

RECORD KEEPING SYSTEM & ARCHIVING

All documents are numbered and filed chronologically in relevant subject files. PV files are kept on a monthly basis. Files are kept in indexed steel cabinets with locks. Files are alphabetically arranged. No master list or movement register of files are kept but all file users indicate date of use and document used on the file cover. All files are kept in the registry.

All accounting records are referenced for easy document retrieval and changes in administration do not affect the system.

APPENDIX III.4

SULEJA LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

SULEJA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS

Evaluation and Overview

The Suleja LGA follows the provisions of the Financial Memorandum approved by the Federal Government in 1989 with respect to the accounting and internal control systems.

The organisation structure clearly identifies reporting lines and functional responsibilities. There is adequate segregation of duties and the controls in place are strictly observed.

Annual budgets are prepared and form the basis of control over expenditure. The budgets are not phased and therefore are not as effective as they could be.

Special project (grants) receipts and expenditure are recorded and accounted for in separate books and bank accounts. The approval procedures for ordinary LGA expenditure also apply to project expenditure except that the project director is more involved in the approvals and decisions.

The Treasurer is the Chief Financial Officer of the LGA. A receipts and payments system is operated. All cash receipts and payments are properly approved and documented. All approvals are evidenced in writing by approving officers and all previous documentation and approvals are seen by the officers further down the line of the transaction processing. All payments undergo a pre-disbursement audit by the internal auditor.

A standard procurement system is applied for all purchases including project purchases. Depending on local availability and type of service or supplies required, some purchases are subjected to competitive tendering. All requests for expenditure (including purchases for stores) are approved by the head of the originating department before incurring a liability. Expenditure is based strictly on the approved annual budget (Vote) for each expenditure head and is monitored by the budget holder and the Finance department.

Record-keeping is done systematically and does not change with administrations. Non-current documentation is filed chronologically in boxes in a strong room.

Conclusion

It is concluded that the system of authorization, approvals and documentation applied to project grants can be relied upon to handle, record and maintain rollover type advances of funds. This system can also facilitate the generation of regular and appropriate liquidation documentation and subsequent advances requests where necessary.

**SULEJA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

Suleja LGA follows the provisions of the Financial Memorandum approved by the Federal Government in 1989. The Treasurer is the Chief Financial Officer. He reports to the LGA Chairman through the secretary to the LGA Council. He is responsible for the accounting and procurement systems in operation and cheques are raised only upon his signature.

The accounting system overview is set out under the following headings:

- Budgets
- Financial reports
- Project grants
- Cash receipts and payments
- Purchases and procurement
- Stores
- Fixed assets
- Payroll
- Record-keeping and archiving

BUDGETS

Budgets are prepared annually. The budget is prepared for all expense and income heads (recurrent and capital) and by department. They are normally based on previous years numbers as adjusted for any special circumstances, proposed projects and expected changes in price levels.

Budgets are monitored on a daily basis by budget holders through each department's Departmental Vote Analysis Book (DVA) and on a monthly basis through the financial reports prepared by the finance department. No formal variance analysis is carried out; expenditure is strictly controlled as cash vote is normally tight and there is little flexibility for overspending.

Any serious requirement for overspending must be supported by papers presented by the appropriate department head in a Supplemental Budget allocation request. This request must be presented to the LG Council and Chairman upon whose approval it is forwarded to the Ministry of Finance (MOF) and the Department of Local Government Affairs. No spending is allowed until approval is received from the MOF.

The monthly financial reports are essentially a report of actual cash receipts and cash expenditure against budget for the month and year to date. No accruals accounting is undertaken. This report is sent to the LG Council via the Secretary and Chairman and up to the state MLGA and MOF.

**SULEJA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS

Two basic reports are prepared for the LGA Council and the Department of Local Government Affairs. These reports are:

- i) The monthly statement of expenditure and revenue (capital and recurrent - Form LT 78).
- ii) The monthly statement of assets and liabilities.

These reports essentially identify year to date performance against budget by budget head/sub-head and department.

PROJECT GRANTS

Project funds are received mainly from NGO's. A separate bank account is maintained for each project and project expenditure and related documentation are kept in a separate file. A separate cash book is also kept for each project.

All expenditure relating to a project is initiated by the project unit/department in line with the project workplan requirements and in accordance with the LGA's standard procurement procedures. The LGA Chairman and Council approve most project expenditure. The Chairman ensures conformity with the project requirements.

Returns are made to the donor as part of the initial agreement or upon request at the end of each phase of a multi-phase project. Formal reconciliation of expenditure cash advances with invoices is not routinely carried out.

CASH RECEIPTS AND PAYMENTS

Receipts

There are four main sources of funds:

- . Locally generated revenue collection (local taxes etc.)
- . Federal Government subventions (annual/supplemental)
- . State government subventions
- . Grants from Non-Government organisations (NGO's including international funding agencies).

Receipts are issued for all funds received. All funds received are banked promptly and intact. Cash receipts from revenue collectors are checked against receipts booklets before acceptance for Treasury receipt and banking. Paying-in-slips are checked against bank statements and cash books.

SULEJA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS

Payments

A payment voucher is raised prior to all expenditure. The payment voucher is supported by all the supporting documentation relating to the transaction and approved by all relevant authorities. This PV and supporting documentation must be presented to the internal auditor for audit and approval. The internal auditor passes the audited and approved PV (plus supporting documentation) to the accounting officer in the cashier's office for registration and numbering (cashier's PV numbering).

This documentation together with a cheque request form are presented to the Treasurer for review and approval. The Treasurer indicates his approval by signing the cheque request and PV. On the basis of the Treasurer's approval, the cashier prepares a cheque and any two authorised cheque signatories can sign. The cheque signatories are presented with all of the preceding documentation (including the cheque request duly approved by the Treasurer) prior to signing any cheques. Vouchers are stamped "paid" upon payment. Payees collecting cheques sign a register indicating collector's name and date of collection.

All payments are recorded in the cashbook on the preparation of the cheque. They are recorded in the Expenditure Daily Abstract (DA) by expenditure head/sub-head and department on the basis of paid PV's before filing. This forms the basis of cash control of budget spend in the Treasurer's department. All paid PV's are filed sequentially in a box on a monthly basis. The boxes are stored in a strong room.

Bank reconciliations

Bank statements are received monthly by the Treasurer on all accounts. Bank reconciliations are prepared for all accounts, monthly, by accounting officers other than the cashier. The reconciliations are reviewed and approved by the Treasurer and internal auditor. All undue delays in the clearing of reconciling items are followed up promptly.

Petty cash

A petty cash float is operated on an imprest basis. Only items of expenditure not exceeding two hundred Naira can be purchased through petty cash. All petty cash expenditure is analyzed and form part of the budget vote for the year for the different budget categories and departments.

When the imprest float is reimbursed, all vouchers are presented to the internal auditor, cashier and treasurer to support the retirement. These officers review and approve the PV raised for the reimbursement cheque.

**SULEJA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PURCHASES AND PROCUREMENT

Procurement starts with a purchase requisition raised by the user department. This is approved by the Head of Department after ensuring that the order is within the approved budget. The Chairman's approval is then obtained. Tenders are invited from at least three suppliers and collated by the user department. The Council deliberates on the tenders submitted before picking the supplier. Selection of suppliers to be invited to tender is often done by the user department head, stores and accounting officers. The council chairman, secretary and members of council get involved if the amount is N5000 or more.

Local Purchase Orders (LPO's) and service orders (SO's) are then prepared and sent to the supplier specifying the details of the goods and or services required. The LPO/SO's are raised in 4 parts; one of which is retained as the book copy. Where necessary a contract is drawn up between the LGA and the supplier. Such contracts are signed by the Chairman on behalf of the council. Such contracts are also discussed at the council meetings before approval and Chairman's signature.

Goods delivery documentation and Stores Received Vouchers (SRV) are received/raised and maintained for all receipts of goods. Different departments maintain their own stores. Recipients of services indicate such receipts on a copy of the SO's and supplier invoices. When supplier invoices are received, they are matched with LPO/SO and SRV's and attached to a departmental payment voucher (dPV) which is now raised. The details of the purchase are entered into the departments Vote Book (DVA). The DVA records all expenditure for the department by expense heads and subheads. The DPV is reviewed and signed by the dept. head indicating final approval of expenditure. DPV's are serially numbered.

The DPV is sent to the accounting officer in the Treasurer's department who issue a cashier's Payment Voucher (PV) number and record the details of the expenditure in the Daily Expenditure Abstract. The PV numbers are generated serially. A payment request form is also raised and together with all supporting documents is sent to the internal auditor.

The internal auditor checks all the documents, ensuring the matching of items ordered with those received etc. He also ensures that all the approving signatories have acted within the limits of their authority. On being satisfied, he signs the appropriate sections of the DPV/PV and payment request form and returns them to the treasurer's department.

GA

**SULEJA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

STORES

Stores procurement follows the above general procedure. When goods are received into store, the respective stock cards are updated. Store Issues Vouchers are raised in triplicate for all issues which are based on requisitions approved by the user dept. head. Stock cards are also updated for issues. Physical count of inventory is carried out quarterly. The internal auditor performs random stock counts and signs the stores ledger balance where both count and balance agree. No exceptions have been noted so far. Re-order levels are not set.

FIXED ASSETS

Fixed asset purchase undergo the same procedures as set out above. However, the Works department often has the responsibility of overseeing the purchases, maintenance and overall responsibility for fixed assets. No formal register is kept although the assets are included on a fixed assets list at the time of purchase. Movements are not often documented. The council decides on all fixed assets disposals.

PAYROLL

Payroll is prepared on a departmental basis by the internal auditor supported by an accounting officer. The heads of departments approve their respective department's payroll and return to the internal auditor. The payrolls are then sent to the Director of Personnel and Admin and Secretary to the Council. On their approval, the payrolls are sent to the accounts department for raising the necessary cheques and effecting payment. The Treasurer reviews the employee numbers and payroll totals before approving the payroll cheques.

RECORD KEEPING & ARCHIVING

All transaction are serially numbered and cross-referenced to source documents. Batches of the PV's and Revenue Vouchers (RV) with attached supporting documentation (invoices, receipts, SRV's etc) are filed in chronological order and a list of the files kept.

The files are stored in boxes in a strong room after about two years. Related documents are often kept together in an 'open' file. A file movement register is kept to control files. Past transactions can be traced at any time through the register of files and the basic books of account kept. The cashbooks, Daily Revenue and Expenditure Abstracts and Vote Books are also archived when they are full. They form the basis for tracing any transaction.

APPENDIX III.5

IFE CENTRAL LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**IFE CENTRAL LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The Ife LGA receives funds from the Federal Government, the Oyo State Government and Non-Government organisations. The major grants currently being administered relate to the Bamako Initiative and EPI programmes.

The accounting and procurements systems are based on the provisions of the Financial Memoranda approved by the Federal Government for government accounting nationwide.

Budgets are prepared annually and are used for expenditure control. There is an internal audit function and segregation of duties in the LGA is deemed adequate.

Only two project grants have been received so far. The funds were received en-bloc and returns are made in accordance with agreed donor requirements. Under one of the current projects - the Bamako Initiative, drugs are supplied to the local government on a quarterly basis. Voluntary health workers sell these drugs and retire the proceeds in line with agreed project procedures. Workplan provisions are strictly adhered to.

Other than funds from government sources, monies are received from internal revenue. Receipts from internally generated revenue are sometimes not banked intact. They are used to meet internal LGA cash requirements. All such receipts are properly recorded and accounted for. Other cash transactions are properly recorded and supported with the relevant documentation.

Procurement is done for supplies, fixed assets and contracts against duly authorised requisitions. Competitive tendering is operated. Although procurements are centrally executed, the user departments do not record all their receipts on stores received vouchers.

Each department maintains its own records. Documents are serially numbered and filed. Documents are filed sequentially, and files are indexed. There is a movement register to monitor file movements. Files and records are kept in a fireproof cabinet.

Conclusion

It is concluded that the accounting and procurement systems at Ife Central LGA can handle, record and maintain rollover advances of funds.

**IFE CENTRAL LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The accounting system overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Budgets are prepared on an annual basis. The heads of the various department prepare the recurrent expenditure budgets for their departments, these are sent to the treasurer who collates these budgets. He also prepares the capital expenditure budget after due consultation with the heads of departments. All these budgets are combined to form the LGA's budget. The budget is presented to the Finance and General Purposes Committee (FGPC) for review and recommendation to the Council. After the Council's approval is obtained, it is sent to the Department of Local Government Affairs for the final review and approval.

Once the budget is approved, it is recorded in the departmental vote book and used for expenditure control. Where a vote is to be exceeded, a supplementary budget paper is prepared for review and approval by the LGA Council. The final approval for the supplementary expenditure normally comes from the Governor's Office.

Variance analysis is prepared on an annual basis and the differences have to be explained with adequate reasons.

Procedures Manual

The accounting systems at this LGA have been set up in line with the Financial Memoranda approved by the Federal Government for use in government accounting nationwide. An evaluation of this memoranda indicated that the systems were adequate.

**IFE CENTRAL LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS

The following financial reports are prepared.

- i) Monthly and year-to-date reports showing income and revenue.
- ii) Budget - Annually
- iii) Internally generated revenue returns - monthly.

These reports are prepared in the treasury department from the financial records maintained there. They are reviewed by the LGA Treasurer and Chairman before transmission to the appropriate authorities.

PROJECT GRANTS

Other than the statutory allocations provided by the Federal and State Governments, these two bodies also provide grants for specific projects/programmes. Non-government organisations form the other major source of funds for the Ife Central LGA. These funds are also provided as grants for specific projects.

Project grants received so far have been for the PHC - Bamako Initiative and the EPI programmes.

1) Federal Government

- a) N500,000 in 1986 for the take off of the PHC project. The funds were received by cheques at various stages of the project. Returns were made at the end of each stage of the project.
- b) N100,000 in 1989 for a drug revolving grant. The funds were used to purchase drugs for resale on a continuous basis.
- c) N100,000 in 1990 for the continuation of the PHC project.

2) Bamako Initiative

Under this programme, drugs are supplied to the LGA's for sale to the public. Once the drugs are received, they are kept in a store which is equipped with adequate facilities for proper storage of the drugs. Proper stores records are maintained. The local government sells the drugs through its health clinics and voluntary health workers in the rural areas. The health workers and the clinics maintain cash books to record the sales made and receipts are issued for these sales. These receipts are retired to the LGA treasurer's office for replenishment of their stocks.

**IFE CENTRAL LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

A separate bank account and ledger are maintained to facilitate the accounting for the drugs sales programme. The bank balance is reconciled to the ledger and returns are made to the donor as required. The donor also sends inspection teams on a regular basis. The workplans are strictly adhered to.

CASH AND BANKING

RECEIPTS

Funds are generally received from the Federal Government, State Government, Non-government organisations (NGOs) and internally-generated revenue sources

Monies received from the Federal, state governments and NGO are normally in cheque form and are receipted. The revenue collectors also issues receipts for monies collected by them. These receipts are checked against actual cash handed over to the cashier before banking takes place.

The revenue collectors maintain cash books for cash collected by them. The cashier maintains the cash book and the till book for the LGA. The internal auditor checks all these cash books regularly.

The receipt booklets are kept in the central store and any used ones are returned to the store before new ones are issued.

Cash receipts are banked daily in the morning after they are collected. The receipts are banked intact except where situations arise where there is an urgent need for cash. Where this is the case, proper approvals are obtained and the cash withheld is properly accounted for.

Bank reconciliation statements are prepared on a monthly basis by the deputy treasurer. Reconciling items are followed up promptly. The reconciliation statements are reviewed and approved by the treasurer.

PAYMENTS

Cash payment vouchers (PV's) are raised for all cash disbursements. The head of a department normally indicates his approval for payment by signing the PV. Thereafter the voucher is passed to the accountant, internal auditor, chairman and treasurer with all the supporting documents for review and approval for payment.

**IFE CENTRAL LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

After all these are done, the voucher is passed to the cashier for payment who raises a cheque and passes this along with the PV and supporting documents to the cheque signatories for signing. On payment the cashier numbers the vouchers, records it in the cash book and passes it to the DVEA clerk in the treasury department who files the voucher. The cashier stamps the voucher as "PAID".

PETTY CASH

Each department has a petty cash float of N300 - N500 maintained on an imprest basis. The departments also maintain petty cash ledgers for this purpose. When the imprest is to be refunded, the department will attach receipts for all the expenses.

PURCHASES AND PROCUREMENT

Procurement can be for either of the following;

- i) Supplies - (Central Admin department for all departments).
- ii) Fixed Assets
- iii) Services

The procedures are the same for any of the above. The user department or Central Admin. department makes a written request to the Chairman for approval to procure. The Chairman's approval is given upon confirmation from the Treasurer that the expenditure is within budget. The request is then passed on to the Secretary who prepares a proposal for the Finance & General Purposes Committee (FGPC). The FGPC approve after reviewing the proposal.

Once the FGPC approval is obtained, tenders are invited from the public. A subcommittee -the Finance & Economic Committee is formed to review the tenders and make recommendations to the Council. The Council's choice of supplier is often guided by the JEC's recommendations.

Once a tender has been selected, a contract is drawn up or an LPO issued. At times, an ordinary letter is written inviting the supplier to supply whatever has been agreed.

When the goods are delivered, they are received by the storekeeper (admin dept.) who will check them to the suppliers invoice, LPO (where one was raised), and the letter given to the supplier. The internal auditor will also check the goods. Where the procurement is for services, the head of works department will issue a certificate of completion.

**IFE CENTRAL LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

The storekeeper will raise the payment voucher to which would be attached the LPO, letter to supplier, certificate of completion, suppliers invoice. The payment voucher would then pass through the normal PV processing procedures.

STORES

All the departments maintain their own stores. Procurement of general items is done centrally by the central admin. store which then distributes the items to the various departmental stores.

The Health, Works and Treasury departments maintain stores ledgers and raise stores received vouchers (SRV) and stores issues vouchers (SIV) for receipts and issues. All other departments only maintain stores ledgers.

The stores records are updated to reflect movement in the stores. Physical counts are carried out at the health store and this is done on a monthly basis. No re-order levels are fixed.

FIXED ASSETS

Proposals for disposal of fixed assets are made to the Chairman who forwards it to the Council for review and approval. The chief engineer together with any other persons appointed by the Council are required to inspect the asset and make a recommendation to the Council. Council decides on the disposal or otherwise of any fixed assets.

Once a sale decision has been made, a tenders board is appointed to invite and evaluate tenders and to make appropriate recommendations to the Council. The Council then meets and decides on its choice.

No fixed assets register is maintained but a listing of all the assets at the various departments is maintained.

PAYROLL

The payrolls are prepared by clerks in each of the departments. They are sent to the treasury department and internal auditor for checking and approval. Upon the Treasurer's approval, the cashier prepares the cheques for payment.

The cheques are passed along with the payrolls to the cheque signatories for signing.

**IFE CENTRAL LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

RECORD KEEPING SYSTEMS & ARCHIVING

Each department maintains its own records. Documents are numbered/referenced and filed away in appropriate files. The documents are filed sequentially while the files and the file cabinets are indexed. File movement registers are maintained to record file movements.

Some of the records maintained are just kept on shelves and not in fire-proof storage.

Control lists of files maintained are kept by the treasury department. It also files and stores vouchers which are batched in hundreds and filed serially and on a monthly basis.

An archive is maintained at its former premises. A store keeper is assigned to this job and the records are maintained in a strong room which is fire-proof. The records are arranged on a yearly basis and a register is maintained of records in the archives.

Changes in administration do not affect these procedures for record-keeping and archiving.

APPENDIX III.6

PANKSHIN LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The Finance Department is headed by the Treasurer. It comprises of the Finance and Revenue divisions which are headed by competent personnel.

There is a well defined organisational structure with adequate segregation of duties. Annual budgets, analyzed on departmental basis are prepared and controls are in place to ensure budgets are not exceeded. There exists well defined limits of authority and the internal audit function is effective.

Project grants are yet to be received. However, adequate measures have been taken to ensure that there is effective control over grants that will be received. A grant of N500,000 has been made by the Federal Government in 1991.

Receipts are well controlled through the use of pre-numbered receipts. There is the weakness of non banking of the receipts, promptly and intact. However, before receipts are banked, the Treasurer reviews the cash book and ensures that the amount being banked is properly recorded in the cash book. Payments are properly supported by duly authorised payment vouchers and supporting documentation. Payment vouchers are cancelled "PAID" after payment. Monthly bank reconciliation statements are prepared and reconciling items are promptly followed up.

Procurement procedures include duly authorised requisition and competitive tendering. Procedures are in place to ensure that goods/services are matched with order specifications.

Serial filing procedures are adopted and access is denied to unauthorised personnel. There is need to make use of fire proof cabinets for storage of essential documents.

Conclusion

It is concluded that the accounting and procurement systems at Pankshin LGA can handle, record and maintain rollover advances of funds.

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The accounting system overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

The LGA's budget is prepared annually by the treasurer. He coordinates the budgeting effort and ensures everyone is involved in its preparation. Departmental heads prepare their own budgets and the following factors are taken into consideration when preparing the budget.

- (i) Budgeted revenue for the year (this is a major limiting factor);
- (ii) The level of costs in prior year;
- (iii) Any anticipated changes in level of operations and staff strength;

The treasurer prepares the capital expenditure budget after due consultation with the various heads of department and he also prepares the revenue budget. All these budgets are summarised into a budget for the local government and this is sent to the Finance & General Purposes Committee who review and amend the budget and make recommendations on the budget to the supervisory council.

The treasurer prepares a draft budget and this is presented to the council for approval.

Once the budget is approved, the departmental votes are entered in the departmental vote books and expenditure is only approved after consideration of the amount voted for it and the unutilized balance left on the vote.

The budget is prepared for the whole year and is not phased on a monthly basis. It is also analyzed on a departmental basis and thus heads of departments are held responsible for the expenditure in their departments. The budget is also analyzed into expense heads.

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

If budgets are going to be exceeded, a supplementary budget is prepared and presented to the Finance & General Purposes Committee for review and recommendation to the full Council.

Monthly returns are made to the Finance & General Purposes Committee. No negative variances are allowed as strict budgetary control is carried out, and positive variances are explained in the monthly returns made to the Finance & General Purposes Committee.

Budget funds are released to the local government on a monthly basis through the Federal Pay Office. A treasury receipt is issued to the Federal Pay Office for such funds.

Finance department structure

The finance department is headed by the treasurer. It comprises of two divisions;

- (1) Finance - Headed by the accountant
- (2) Revenue - Headed by the revenue office..

The segregation of duties is considered adequate. The heads of these divisions have university degrees in accounting. However, no member of the department has a professional accountancy qualification.

The LGA uses the procedures manual known as the Financial Memorandum which is prescribed by the Federal Government. It governs financial accounting in government entities.

FINANCIAL REPORTS

The following financial reports are produced;

- (1) Budget - On an annual basis;
- (2) Financial report of income and expenditure - monthly & annually;
- (3) Bank reconciliation statement - monthly;
- (4) Internally generated revenue returns - monthly.

These reports are prepared by the staff of the treasury department.

The various reports are reviewed by the treasurer, secretary and chairman before they are despatched to recipients.

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROJECT GRANTS

The only project grant received was the sum of N50,000 from the Federal Government in 1991 in respect of the Primary Health Care Project. The actual funds for the project are yet to be received, however, when the funds are received it is intended that it be accounted for as follows;

- (1) A work plan for the project has already been prepared by the donor and the recipient.
- (2) A separate bank account is to be opened for the project.
- (3) Separate ledger accounts are to be maintained for the project activities.
- (4) Approval for expenditure is to be obtained by the project coordinator from the chairman. The chairman will only give an approval after consulting with the treasurer to ensure that the expenditure was provided for in the work plan and the amount required is within the budget.
- (5) The necessary vouchers will be raised and subjected to the local government's procedures for payment.
- (6) Returns on the project are to be made as stated in the work plan or as requested by the donor.
- (7) Reconciliation statements reconciling the bank balance to the records are to be made on a regular basis.

CASH AND BANKING

RECEIPTS

The various sources of receipts are;

- (1) Statutory Allocation from the Federal Government;
- (2) Internally generated revenue e.g community tax, education levy, market fees etc;
- (3) Bank loans and overdrafts.

Monies are received directly either by the cashier or by the revenue collectors. Where the revenue collectors collect monies they issue receipts and record the amounts collected in their cash books. Revenue collectors pay over funds collected by them and are issued with receipts by the cashier. They also hand over their cash books, receipt booklets and cash to the revenue officer who checks the receipt numbers and the amounts in the cash book to the book copies of the receipts issued. He also agrees the cash to the cash book.

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

The receipts used by both the cashier and the revenue collectors are serially numbered and when purchased by the local government are recorded in a register based on their seriality. They are issued serially and the cashier and the revenue collectors have to sign the registers after collection. The revenue officer also maintains his own separate record of daily revenue reviewed which he submits to the treasurer.

Unused receipt booklets are kept in the store while used ones are also returned to the store.

Cash receipts are not banked daily as banking is dependent on the amount of cash received, also receipts are not banked intact. However, prior to any banking of receipts, the treasurer reviews the cash book and ensures that the amount to be banked has been properly recorded in the cash book. When the cashier returns from the bank, the pay-in-slip is matched to the amount in the cash book by the treasurer.

Bank reconciliation statements are prepared on a monthly basis by the accountant who is independent of the cashier. These reconciliation statements are reviewed by the treasurer who signs them to evidence his review and approval.

PAYMENTS

Cash payment vouchers are raised for all disbursements. The procedures for cash disbursements are as follows;

- (1) The head of the department requiring the cash makes an application in writing to the chairman for approval.
- (2) The chairman obtains confirmation from the treasurer that proposed expenditure would not exceed the vote.
- (3) After an approval has been obtained, a payment voucher is raised by the department requiring the funds and the head of that department signs the payment voucher.
- (4) The payment voucher is sent to the accountant for checking i.e to supporting documents and for accuracy.
- (5) The payment voucher is then passed to the treasurer who checks it before signing.
- (6) The PV is passed to the secretary of the local government who counter-signs it.
- (7) The PV is passed on to the internal auditor who checks and also signs it and returns it to the treasurer. He then checks the PV and approves it for payment.

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
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- (8) The cashier then raises a cheque which he passes along with the PV to the signatories, the Treasurer and the Secretary. He also numbers the PV and records it. Upon payment the P.V is stamped "PAID". Cash disbursements are always within approved limits.

Petty cash

A petty cash float is only maintained in the works department for minor expenses such as fuel, oil, minor repairs to vehicles etc. The float is on an imprest basis. On reimbursement, supporting documentation is provided to retire the spent float.

PURCHASES AND PROCUREMENT

The accounting systems for procurement of stores, services and fixed assets are the same. The user department or stores make a request to the chairman for approval to procure. The approval is only given after the chairman ascertains from the treasurer that the items/service to be procured were voted for and the amount required does not exceed the vote.

Tenders are invited from suppliers/contractors who are given a stipulated time period within which to submit their tenders. The tenders are presented before the Finance and General Purpose Committee who then select the supplier/contractor based on the lowest cost and the reliability of the supplier. Where the procurement is of an engineering nature, the works department is also required to make a professional quotation of what the contract is supposed to cost. The quotation made by the works department is used as a minimum level below which no tender should fall as tenders below this are suspected to result in the supply of inferior goods/services.

LPO's are raised by the user departments and the LPO identifies the supplier, the quantities ordered, prices and any other terms agreed upon. The storekeeper matches the LPO with the actual goods received. The head of the user department also checks the goods/services received. The storekeeper raises a Stores Received Voucher (SRV) for all goods received.

The SRV, LPO, requisition are matched with the supplier invoice and a departmental payment voucher (PV) raised. This PV is attached to these supporting documentation, approved by head of user department and sent to accounts for payment via the internal auditor.

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

The internal auditor authenticates the transactions and arithmetic accuracy of the supplier invoices and gives his approval for payment.

STORES

SRV's are raised for all receipts into the stores and the stores registers and the tally cards are updated to reflect these.

Any issues out of stores are required to be supported by stores requisition forms. The stores requisition forms are raised by the departments making the request and these are to be signed by the heads of these departments.

SIVs are raised for all issues out of the stores and the stores registers and tally cards are updated to reflect these.

No physical inventory of the treasury store is done. However the zonal inspectors and the external auditors carry out monthly stock checks and discrepancies are reported.

FIXED ASSETS

Purchases of fixed asset are covered by the same procurement procedures for stores, supplies and services. The Chairman and Council must, however, approve all disposals after referring the matter to a board of survey who determine the minimum acceptable disposal value. Disposals are by auction.

PAYROLL

Payrolls are prepared on a departmental basis by the finance clerks in each department. The payrolls are checked and signed by the head of the departments before they are passed to the treasury department.

The payrolls are sent to the Treasurer, Secretary and the internal auditor for checking and approval for payment. Each of them signs the payroll to evidence his review and approval.

The cheques raised are passed along with the payrolls to the various signatories to sign.

Each payroll is reconciled with previous months by number of employees and amount.

**PANKSHIN LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

RECORD KEEPING SYSTEM & ARCHIVING

All documents relating to transactions are retained in separate files which are maintained for each revenue and expenditure item. The Central Administration department maintains these files in its two registries:

- (1) Secret Registry - files contain classified information to which access is restricted.
- (2) Open Registry - Contains files to which access is not restricted.

All documents are numbered before they are filed in a sequential order. The files are indexed and a file movement register is maintained in which information as to the location of files is maintained. The files are arranged in a sequential order and the filing cabinets are indexed. A listing of files maintained is kept. Access to files are restricted and only a head of department can request for a file and this request has to be made in writing.

Two archives are used;

- (1) At the old secretariat in Pankshin
- (2) The archives in Kaduna

Only old records are kept at these archives. No register is maintained of the records kept at Pankshin registry. Listings are maintained for the Kaduna Archives.

APPENDIX III.7

BARKIN LADI LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**BARKIN LADI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The finance department which has five units is headed by the treasurer. The grants so far received are from UNICEF for the primary health care projects.

There is a well defined organisation structure with adequate segregation of duties. Budgets are prepared on an annual basis. Various financial reports are prepared on monthly and annual bases by staff of the treasury department and these are reviewed by the chairman, secretary and treasurer.

Project grants are well controlled with separate bank accounts and separate project transaction files maintained for each project. All project transactions are closely monitored by UNICEF inspection teams who ensure that transactions are properly accounted for.

Receipts are well controlled through the use of pre-numbered receipts but these are not banked intact as part of the receipts are used to meet office expenses. However, before banking the receipts, the treasurer reviews the cash book to ensure that amounts banked have been properly recorded in the cash book. Monthly bank reconciliation statements are prepared and outstanding items are followed up promptly. Payments are controlled through use of duly authorised payment vouchers.

There is a proper filing system which facilitates control over documents. However, there is need for storage of certain vital documents in fireproof cabinets.

Conclusion

It is concluded that the Barkin Ladi Local Government Authority can handle, record and maintain rollover advances of funds.

**BARKIN LADI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The accounting system overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Payroll
Record-keeping and archiving

BUDGETS

Budgets are prepared on an annual basis. The recurrent expenditure budgets are prepared on a departmental basis by the head of each department. The departmental budgets are then submitted to the treasurer who consolidates them into a budget for the LGA.

The treasurer prepares the capital expenditure budget after due consultation with the various heads of department.

In preparing the budget various factors are considered which include, estimated revenue, costs of the previous year, inflation, anticipated changes in level of operations etc.

The summarised budget is presented to the Finance and General Purposes Committee for review. All heads of departments are required to defend their budget before the F&GP committee.

After reviewing and amending the budget, the F&GP committee makes recommendations on the budget to the council. The council also reviews the budget before giving their approval. Once the budget is approved it is used as the reference point for any expenditure. The departmental heads are responsible for expenditure in their department.

A budget revision and modification is done when:

- a) Revenue is insufficient to meet expenditure.
- b) There is a need to exceed the budgeted level of expenditure.

To apply for a revision, a supplementary budget is prepared by the treasurer, reviewed by the chairman and presented to the Finance & General Purposes Committee for review and recommendation to the council for approval. Variance analysis is only carried out on an annual basis.

**BARKIN LADI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS

The financial reports prepared are:

- 1) Annual budget by budget heads and subheads.
- 2) Monthly income and expenditure report:
- 3) Internally generated revenue returns - prepared on a monthly basis.

The reports are reviewed by the Treasurer, Secretary and Chairman.

PROJECT GRANTS

Grants so far received are only from Non-government organisations (NGO). The accounting procedures for project grants are as follows:

- * A separate bank account is opened for projects.
- * Separate accounting records are maintained by the treasury department.
- * The bank statements are reconciled to the project cash records on a monthly basis.

Purchases and procurement procedures for projects are the same for non-project purchases.

CASH AND BANKING

RECEIPTS.

The sources of receipts are:

- 1) Allocations from the Federal Government which is received on a monthly basis.
- 2) Externally generated revenue.
- 3) Grants.

Monies are received either directly by the local government or by collections made by revenue collectors. The cashier issues receipts for all monies received.

**BARKIN LADI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

The cashier maintains the cash book and the till book.

All receipts used by the cashier and the revenue collectors are pre-numbered and issued serially. Unused receipt booklets are kept in the store and access to these are restricted.

Cash receipts are banked daily but are not banked intact as some amounts are used to meet minor expenses. Monthly bank reconciliation statements are prepared by the accountant and are reviewed by the treasurer. Outstanding items are followed up with the bank promptly.

PAYMENTS

Payment vouchers are raised for all cash disbursements. Cash payments can either be to pay for goods or services already received or to purchase goods or services. The procedures for cash payments are as follows:

The head of the department making the request applies in writing to the chairman for approval. Once the approval is received a payment voucher is raised and any supporting documents required are attached to it. The head of the requesting department signs the PV.

The PV is sent to the accountant who checks it for the supporting documents and also checks the accuracy and corrections of the supporting documents. After this the PV is passed to the treasurer, Secretary, internal auditor in succession who will check and sign the PV. After this has been done, the PV is sent back to the treasurer who checks that the PV has been through the process and then he endorses the PV to the cashier for payment.

The cashier raises a cheque which is attached to the PV and sends them to the cheque signatories. After signing, payment is made and the PV filed away in a sequential order.

After payment, the voucher is stamped "PAID" by the cashier. Cash disbursements limits are strictly adhered to.

PETTY CASH

The petty cash is maintained on an imprest system. Supporting documents are provided upon reimbursement of the float.

**BARKIN LADI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PURCHASES AND PROCUREMENT

The user department makes a request to the chairman in writing for approval to make the procurement. A check is carried out that the expenditure was included in the budgeted amount. Where the expenditure required is within the chairman's authorization limits he approves it, if it is in excess, it is referred to the Council.

Tenders are invited and when received are presented before the Finance and General Purposes Committee who make the selection based on the lowest tender and the reliability of the supplier.

The user department then issues an LPO to the supplier stating the quantities ordered, price, delivery dates and any other terms. The LPO is raised in quadruplet, two copies are given to the supplier while two are retained. One to treasury and the other by the user department.

When the goods are delivered, the storekeeper checks the condition of the goods and matches them to the LPO before issuing a Stores Received Note (SRN). Where the goods are of a special type e.g. drugs, the pharmacist also checks the goods.

The duplicate copy of the LPO is returned to the supplier while the original copy is attached to a copy of the SRV, and the suppliers invoice.

The above procedures apply to the procurement of stores, services and fixed assets. They also apply for project supplies.

STORES

Two stores are maintained viz:

- i) Medical Store
- ii) General store

The following stores records are maintained;

- 1) Stores register
- 2) Tally cards
- 3) Stores Receipt Vouchers (SRV)
- 4) Stores Issue Vouchers (SIV)

SRV are raised for all receipts into stores. All issues out of stores have to be supported with stores requisition forms raised by the user departments and signed by the heads of these departments. The register and tally cards are updated to reflect receipts in and issues out of stores.

**BARKIN LADI LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

There is adequate security over stores and access to them is restricted. The stores are arranged in an orderly manner and like items kept together.

Stores are counted at least once in every two months and the storekeepers are held accountable for any differences for which they cannot provide satisfactory explanations.

Determination of stock and re-order levels are determined by heads of departments.

PAYROLL

Payrolls are prepared by finance clerks in each department. The departmental payrolls are reviewed by the heads of each department and approved before they are sent to treasury department.

The accountant receives and checks the payrolls for corrections after which he prepares a summary of all payrolls and also analyses them into the mode of payment. Those to be paid through direct transfers are further categorised according to their banks. The payrolls and summaries are sent to the treasurer, secretary and internal auditor for checking and authorization.

The payrolls are compared to previous month payrolls and differences investigated but this is not documented. A reconciliation of employee staff listings and the payroll is only carried out upon management request.

RECORD KEEPING SYSTEMS AND ARCHIVING

All vouchers raised are numbered and filed serially on a monthly basis. They are properly referenced. All the files are indexed and a file movement register is maintained for control of file movements.

Filing cabinets are indexed indicating the files contained in them and the files are arranged in a sequential order.

Two archives are used:

- 1) The archives at Kaduna
- 2) Store at Barkin Ladi

Changes in administration do not affect the records and filing procedures.

APPENDIX III.8

KAURA NAMODA LOCAL GOVERNMENT AUTHORITY

**OVERVIEW OF ACCOUNTING
AND PROCUREMENT SYSTEMS**

**KAURA NAMODA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Evaluation and Overview

The LGA follows the provisions of the Financial Memorandum approved by the Federal Government in 1989. The finance department is headed by the Treasurer.

There is adequate segregation of duties and the organisation structure clearly defines reporting lines and functional responsibilities. Controls in place are adequate and are strictly observed.

Budgets, prepared annually, form the basis of expenditure control. The budgets are not phased and therefore are not as effective as they could be.

Project grants are well controlled with separate bank accounts and separate project transaction files maintained for each grant. All project transactions are closely monitored by the Sokoto State PHC Implementation Committee (SPIC) which ensures that grants are properly accounted for.

A receipts and payments system is operated. Cash transactions are properly controlled and documented. Receipts are banked intact and the pay-in-slips regularly checked against the cashbook listing of pre-numbered receipts issued to payers. Payments are controlled through the use of duly authorised payment vouchers.

Purchases are based on approved requisitions. Suppliers are selected by competitive tendering. Purchases and stores records are properly and promptly updated for receipts and issues.

There is a proper filing and archiving system which facilitates control over documents. Record-keeping does not change with administrations. However, there is the need for storage of vital documents in fire-proof cabinets.

Conclusion

It is concluded that KAURA NAMODA Local Government Authority can handle, record and maintain rollover advances of funds.

**KAURA NAMODA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Systems description

The accounting system overview is set out under the following headings:

Budgets
Financial reports
Project grants
Cash receipts and payments
Purchases and procurement
Stores
Fixed assets
Payroll
Record-keeping and archiving

BUDGETS

Operating budgets of the LGA are prepared annually. The State Government gives broad guidelines of budgetary allocation to certain areas of LGA operation. Based on the guidelines, each department prepares estimates which are usually prior year figures plus percentage increases. The Treasury coordinates all the estimates and makes a budget estimate submission to the LG council.

The council reviews, amends and finally approves the annual budget. Approval is also obtained from the State Department of Local Government. Each budgetary vote is usually departmentalised and categorised into capital and recurrent expenditure. Also each expense vote is entered in the Departmental Vote Account book and gradually written down as the vote is expended. This is to guard against any deficit spending on any expense heading.

Any budget reviews take the form of virement from one programme to another. Such virement are approved by the council and the State Department of LGA. The benefitting expense head is credited with the extra in the A.I.S.E (Authority to Incur Supplementary Expenditure) column of the vote book.

All expenses are checked to the budget estimate before approval by the chairman. The Treasurer also checks this before a cheque is raised. Budgeted funds are not directly released to the Health Department but funds are provided for all approved expenses of the Department.

Monthly analysis of variances of the actual and budget balances is carried out by the Treasury and submitted to the Council and the State Department of LGA and the Zonal Inspector of the LGA.

**KAURA NAMODA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

FINANCIAL REPORTS

Reports are prepared as follows:

- * A daily abstract of the cashbook revenue and expenditure called the Vote Service Ledger.
- * Monthly abstract of the cashbook (VSL) accounts which combines the Balance Sheet (Assets and Liabilities) and the Expenditure and Revenue Summary (Profit and Loss Account).
- * Annual Financial Report
- * Annual Budget
- * A monthly actual expenditure analysis report.

All the reports except the daily VSL are sent to the LGA Council. All reports are based on reliable records generated in other sections of the accounting system. All the reports are reviewed by the Treasurer who also follows up on any noted exceptions.

Summary reports of activities and expenditure are submitted at the monthly meetings of the SPIC.

PROJECT GRANTS

Since its creation in 1976, KNLGA has received three Direct Project Grants - one from the FG and two others from NGO's (UNICEF and CCCD). The accounting for the grants is carried out by the Health Department which implements the activities for which they are granted.

All expenditure relating to a project is initiated by the project unit/department in line with the project workplan requirements and in accordance with the LGA'S standard procurement procedures.

The project account is separately maintained. All expenses relating to the project are first approved by the Medical Officer of Health. The request is then forwarded for the Chairman's approval. The Chairman ensures that expenditure conforms with workplan before authorising the expenditure. Final approval is however granted by the State PHC Implementation Committee.

Purchases are based on tenders. The LGA PHC Implementation Committee (LPIC) serves as the tenders committee which selects the supplier. Purchases and stores records are promptly and properly maintained. Payments for project purchases follow the same procedures as other LGA purchases.

**KAURA NAMODA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

Returns are made to the donor on request or at the end of each phase of the project. No reconciliation is made to the bank account but cash disbursements are strictly monitored and controlled.

CASH AND BANKING

RECEIPTS

The three principal sources of receipts are:

- * the LGA's share of the 15% LG allocation from the Federation Account
- * internally generated revenue from cattle tax, community (Jangali) tax etc.
- * project grants from the Federal Ministry of Health and international NGO's (UNICEF, CCCD, USAID).

Treasury receipts are issued for the monthly FG allocations. Internally - generated revenue are promptly receipted with serially issued, pre-numbered receipts - normally in triplicate.

Cash receipts from revenue collectors are checked against receipts booklets before acceptance for Treasury receipts and banking.

Monthly bank reconciliations are prepared by the Senior Accountant who also follows up on exceptions. The Treasurer reviews the reconciliation statements as well as the cashbook.

PAYMENTS

Payment vouchers are raised by the departmental Finance Clerk and then entered in the departmental DVA book. The H.O.D approves the voucher after ensuring authenticity of supporting documents (approval of expenditure proposal, supplier invoice, GRN approved LPO etc) and the availability of fund per the DVA Expense Head balance. Proper approval limit is enforced for all payments.

The Internal Auditor checks the vouchers and ensures proper authorization and coding. It is then passed to the Treasury when after approval the cashier is instructed to raise a cheque for signatures by both the Secretary and the Treasurer - the only 2 signatories to the bank accounts.

The chairman is notified for his authorization before cheques are released to creditors.

**KAURA NAMODA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PROCUREMENT

This starts with a requisition proposal raised by the user department and approved by the H.O.D after ensuring that it is within the budget and unexpended vote of the heading.

Once approved, the user department calls for tenders which are also forwarded to the committee for selection. Once a tender is selected the user department raises an LPO, which is signed by the H.O.D, Secretary and Internal Auditor. A copy is sent to the Treasury for recording in the Contract Register. The signatories ensure that the LPO bears the name of the selected contractor and the approved amount and terms of the contract.

On supply (or fulfilment of the contract) the store keeper issues a SRV after comparing the supplies to the LPO and the supplier's invoice. The supplier's invoice, with the LPO, SRV attached, are sent to the H.O.D of the user department.

STORES

Adequate records are maintained for stores movement. SRV's are raised for stores receipts and the stock cards promptly updated. Stores issues are also based on approved requisition orders. Stock ledgers are also updated upon any stock movement. A physical count is carried out by the Zonal Local Government Inspection once annually. Sometimes, the Internal Auditor counts selected items. Neither records the counts on the stock cards although the stock ledgers are signed off on count dates where agreement of count and records figure occurs.

Stocks are stored in an orderly and readily identifiable manner but the store is not spacious. Stock orders are made at intervals subject to funds availability; reorder levels are not specifically set.

FIXED ASSETS

Assets acquisition falls within the normal procurement system. The works department keeps a comprehensive assets register. Each office has a list of assets located within it, but the assets are not physically identifiable from the register. All disposals are usually approved by the Chairman and the Department of LGA of the Sokoto State Government.

**KAURA NAMODA LOCAL GOVERNMENT AUTHORITY
OVERVIEW OF ACCOUNTING AND PROCUREMENT SYSTEMS**

PAYROLL

The Departmental Finance Clerk prepares the monthly payroll which the H.O.D approves and sends to the Treasury Department, there a schedule officer checks each individuals emolument to the Personnel Emolument Register and ensures accuracy. It is then coded by the Senior Accountant and checked for reasonableness by the Auditor. After the Auditors signature, the Secretary of the LGA also reviews for reasonableness and signs.

The Treasurer then carries out a reconciliation of the payroll to the previous months in number and amount for each department. No reconciliation schedule is, however, formally prepared. The Treasurer and the Secretary signs the payroll cheques after reviewing the payroll summary.

Senior officers are paid by direct transfers; while junior staff are paid in cash. All the employees initial the payroll summary as evidence of receipt.

RECORD KEEPING SYSTEM & ARCHIVING

All transaction documents are retained, serially and periodically filed and kept in built-in closets in the Treasurer's office. The documents are not protected from fire.

Vouchers are numbered before filing. Separate files are maintained for different accounts or issues and the files are indexed and monitored with a File Movement Register. The files are arranged periodically (monthly and yearly) to aid retrieval and access to them is only through the Treasurer who keeps the keys to the closets. The closets are not indexed.

The Departmental Vote Account book is the basic book of accounting entries. This is properly indexed and contains references to relevant source documents. Past and current transactions are safely stored, easily retrievable and traceable. A register of all files in the archives is maintained.