

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

ABEOKUTA NORTH LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2021

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ACKNOWLEDGEMENT

I wish to express my gratitude and appreciation to Almighty God for giving us the privilege to produce this Report. We are grateful to God for making our proposal a success.

I also wish to acknowledge the support of His Excellency, the Governor of Ogun State, Prince Dapo Abiodun MFR to this Office. The provision of enabling environment and the needed resources by His Excellency has shown that he is an advocate of probity and accountability in governance. I also acknowledge and appreciate the contributions of the members of the 9th Legislative Assembly of Ogun State House of Assembly particularly the Chairman and members of the Public Accounts Committee.

I cannot but appreciate the favourable disposition of the immediate past Head of Service Alhaja Selimot Olapeju Ottun and the current Head of Service Dr Nafiu Aigoro for their regular support towards keeping this Office afloat.

Finally, my gratitude goes to the management and staff of this Office for their uncommon commitment to duty and loyalty to the discharge of their duties without which this Report would not have been possible.

Thank you and God bless you all.



L.A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
17th June, 2022.



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

**Parastatals Building Block "B" Oke-Mosan. P.M.B. 2047, Abeokuta,
OGUN STATE, NIGERIA**

AUDIT CERTIFICATE

I have examined the accounts of Abeokuta North Local Government for the year ended 31st December, 2021 in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

In my opinion, the Financial Statements give a true and fair view of the state of affairs of the Local Government as at 31st December, 2021 subject to the observations in the inspection reports.

L.A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
17th June, 2022.

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
ABEOKUTA NORTH LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2021**

The accounts of Abeokuta North Local Government for the year ended 31st December, 2021 have been examined in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

RESPONSIBILITY STATEMENT

The Local Government is responsible for the preparation of the Financial Statements under IPSAS Accrual Basis of accounting as applicable in the public sector. It is our responsibility to form an independent opinion based on our Audit on the Financial Statements therein.

THE SCOPE OF THE AUDIT

We conducted our Audit in accordance with Generally Accepted Auditing Standards and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit. An audit includes examination on test basis of evidence relevant to the accounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgement made by the Council in the preparation of the financial statements, and whether the accounting policies were appropriate in the Council circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations we considered necessary to provide sufficient evidence to give reasonable assurances that the financial statements are free from material misstatement, whether by fraud, other irregularities or errors.

In forming our opinion, we evaluated the overall adequacy of the presentation of the information in the financial statements and assessed whether the Council's books and Accounts had been properly kept.

OPINION

In our opinion, the financial statements give a true and fair view of the financial activities of the Local Government for the period under review.



L. A. Mulero (CNA)

Auditor-General for Local Governments

Ogun State.

17th June, 2022.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF ABEOKUTA NORTH LOCAL GOVERNMENT, AKOMOJE FOR THE YEAR ENDED 31ST DECEMBER, 2021

In compliance with the provisions of Section 123 of Decree Number 12 of 1989, Section 315(1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Abeokuta North Local Government, Akomoje for the year ended 31st December, 2021 have been audited. The General Purpose Financial Statement was prepared by the management of the Local Government and is therefore responsible for the contents and information contained therein. The Financial Statement was prepared under the International Public Sector Accounting Standards (IPSAS) Accrual Basis as applicable to the Public Sector. The audit was conducted in accordance with Generally Accepted Auditing Standards.

In our opinion, subject to our observations, the General Purpose Financial Statement presented to Audit reflects a true and fair view of the financial activities of the Local Government for the year under review.

(2) STATE OF THE BOOKS OF ACCOUNTS AND RECORDS

There was some improvements in record keeping however, the asset register was not updated.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNTS (₦)
Internally Generated Revenue	57,235,066.12
Statutory Allocation	2,902,809,641.20
Aids and Grants	<u>14,981,081.00</u>
Total	<u>2,975,025,788.32</u>
EXPENDITURE	
Overhead Expenses	116,428,463.91
Salaries and Allowances	2,126,531,887.64
Pension	788,705,724.55
Long Term Assets	<u>18,768,381.09</u>
Total	<u>3,050,434,457.19</u>

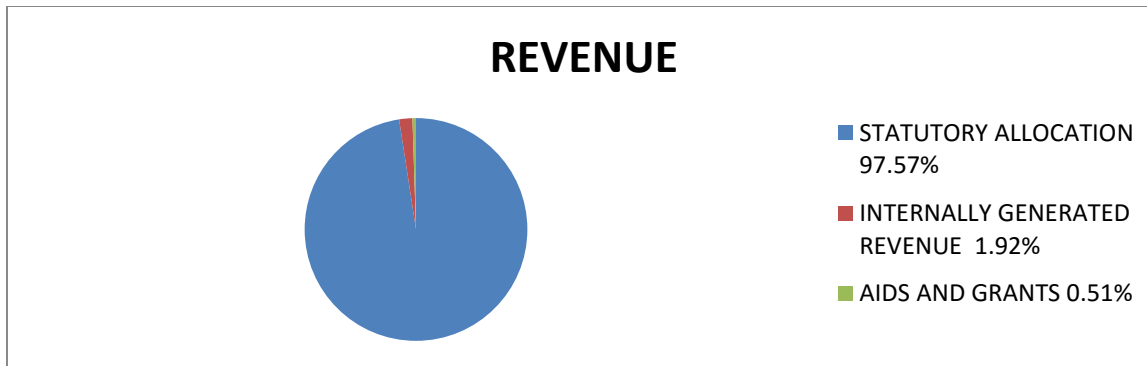
(4) REVENUE PERFORMANCE

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦74,115,000.00, a sum of ₦57,235,066.12 only was actually generated internally representing 77.22% of the budget. This revenue performance represents an increase of 21.96% when compared with the sum of ₦46,929,102.63 generated internally in year 2020. This revenue performance is not a true reflection of the revenue potentials of the Local Government and this indicates that the Local Government did not harness its Internally Generated Revenue (IGR) potentials maximally or there were leakages which has not been identified and blocked.

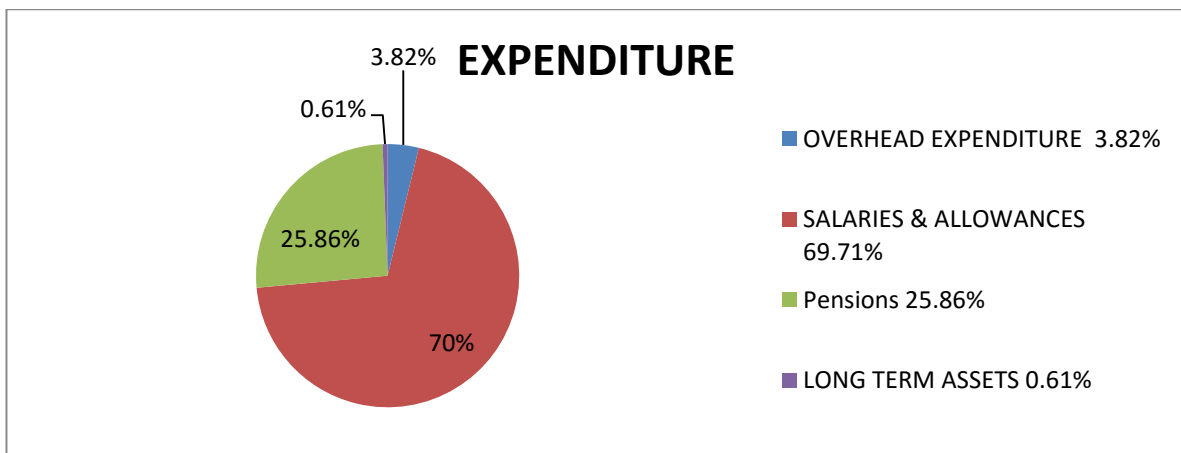
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦2,975,025,788.32 realized by the Local Government during the year under review, the sum of ₦57,235,066.12 only was generated internally. This represented 1.92% of the total revenue while the total sum of ₦2,902,809,641.20 statutory allocation and ₦14,981,081.00 aids and grant received from the State Joint Account Allocation Committee represented 97.57% and 0.51% respectively. The implication of this is that without Revenue Allocation from the Federation Accounts, the Local Government might not be able to meet her obligations.



(5) **EXPENDITURE PATTERN**

During the period under review, examination of the expenditure profile of the Local Government revealed a total expenditure of ₦3,050,434,457.19. Out of this, a sum of ₦116,428,463.91 was expended on overhead which represented 3.82% of the total expenditure for the year. Also, a sum of ₦2,126,531,887.64 was expended on salaries and allowances which represented 69.71% of the expenditure for the year while ₦788,705,724.55 was expended on pensions and this represented 25.86% while the sum of ₦18,768,381.09 was expended on long term assets which represented 0.61% of the expenditure for the year. This pattern of expenditure does not augur well for meaningful development in the Local Government.



(6) DEBT PROFILE/ INDEBTEDNESS

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2021 was ₦241,941,782.99. The liabilities are highlighted below:

S/NO	ITEMS	AMOUNTS(₦)
1	Pension Fund	113,935,623.08
2	PAYE	65,204,817.30
3	7.5% VAT	3,549,728.12
4	5% Development Levy	4,282,703.53
5	5k Tax	3,680,466.12
6	COOPERATIVE	26,127,430.60
7	Term Loan	6,576,936.58
8	Payables	8,151,681.47
9	NHF	5,317,652.95
10	Others	5,114,743.24
	Total	241,941,782.99

It was observed that the amounts highlighted above had been deducted from various contracts, salaries and allowances of workers but not remitted to appropriate agencies. This is contrary to regulations. The Local Government should always remit deductions to relevant agencies as required by regulations.

7. REVIEW OF STATEMENT OF FINANCIAL POSITION

(i) ADVANCES

The sum of ₦4,214,759.48 highlighted in the statement of Financial Position as the Advances was stagnant throughout the year. Efforts should be intensified to recover the advances.

(ii) INVESTMENT ACCOUNT BALANCE


The sum of ₦550,000.00 stated as investment balance in the statement of financial position could not be substantiated because the investment certificate was not produced for Audit scrutiny and no evidence of the beneficial ownership such as dividend was presented on demand.

ABEOKUTA NORTH LOCAL GOVERNMENT

RESPONSIBILITY FOR FINANCIAL STATEMENT

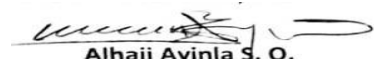
These financial statements have been prepared by me in accordance with the provisions of Finance (Control and Management) Act Cap 144 LFN 1990 as amended. The financial statements comply with Generally Accepted Accounting Practice.


The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge, this system of internal control has operated adequately through the reporting period.


Alhaji Ayinla S. O.
Treasurer
Date: 31ST JAN - 2022

We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Finance (Control and Management) Act Cap 144 LFN 1990 as amended.

In our opinion, these financial statements fairly reflect the financial position of Abeokuta North Local Government as at 31st December, 2021 and its operations for the year ended on the date.


Alhaji Ayinla S. O.
Treasurer
Date: 31ST JAN - 2022


Prince Adedayo A. Ayorinde
Chairman
Date: 31 - 01 - 2022

ABEOKUTA NORTH LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	NOTES	2021	2020
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	4,634,662.09	16,354,434.57
INVENTORIES		6,725,961.60	5,463,223.78
RECEIVABLES		600,000.00	2,576,000.00
PREPAYMENT			
ADVANCE		4,214,759.48	4,214,759.48
TOTAL CURRENT ASSET (A)		16,175,383.17	28,608,417.83
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	10	527,091,031.31	533,155,288.28
INVESTMENT PROPERTY	11	328,354,673.40	334,574,985.60
BIOLOGICAL ASSET			
INVESTMENT		550,000.00	550,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		855,995,704.71	868,280,273.88
TOTAL ASSET (C=A+B)		872,171,087.88	896,888,691.71
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT		6,576,936.58	6,576,936.58
UNREMITTED DEDUCTIONS	9	227,213,164.94	197,548,695.03
ACCRUED EXPENSES, PAYABLES		8,151,681.47	5,214,992.42
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		241,941,782.99	209,340,624.03
NON CURRENT LIABILITY			
PUBLIC FUND			
BURROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		241,941,782.99	209,340,624.03
NET ASSETS (G= C-F)		630,229,304.89	687,548,067.68
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		630,229,304.89	687,548,067.68
TOTAL NET ASSET/EQUITY		630,229,304.89	687,548,067.68

ABEOKUTA NORTH LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2021

	NOTE	2021	2020
REVENUE		₦	₦
STATUTORY ALLOCATION	1	₦ 2,902,809,641.20	2,601,314,659.76
NON TAX REVENUE:	2	56,987,066.12	41,254,563.36
INVESTMENT INCOME			
INTEREST EARNED			166,609.08
AIDS & GRANTS	3	14,981,081.00	10,000,000.00
OTHER REVENUE		248,000.00	5,507,930.19
TOTAL REVENUE (A)		2,975,025,788.32	2,658,243,762.39
EXPENDITURE			
SALARIES & WAGES	4	2,126,531,887.64	2,024,317,753.00
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	788,705,724.55	595,962,094.90
OVERHEAD COST	7	84,665,988.66	71,328,476.18
SUBVENTION TO PARASTALS		3,950,000.00	2,050,000.00
DEPRECIATION	10 & 11	27,812,475.25	28,252,362.14
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		3,031,666,076.10	2,721,910,686.22
SURPLUS / DEFICIT (C=A-B)		-56,640,287.78	-63,666,923.83

ABEOKUTA NORTH LOCAL GOVERNMENT
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER,
2021

		₦
Balance 1/1/2020		753,332,140.24
Prior Year Adjustment		-2,117,148.73
Adjusted Balance		751,214,991.51
Surplus/ (deficit) for the year		-63,666,923.83
Balance 31/12/2020		687,548,067.68
Prior Year Adjustment		-678,475.01
Adjusted Balance		686,869,592.67
Surplus/ (deficit) for the year		-56,640,287.78
Balance at 31 December 2021		630,229,304.89

ABEOKUTA NORTH LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	2021	2020
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	2,904,809,641.20	2,599,314,659.76
LICENCES, FINES, ROYALTIES, FEES ETC	39,994,301.12	28,009,050.00
EARNINGS & SALES	13,957,065.00	12,861,513.36
RENT OF GOVERNMENT PROPERTIES	3,011,700.00	690,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		166,609.08
DOMESTIC AIDS & GRANTS	14,981,081.00	10,000,000.00
OTHER REVENUE	200,000.00	5,507,930.19
TOTAL INFLOW FROM OPERATING ACTIVITIES A	2,976,953,788.32	2,656,549,762.39
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	2,126,531,887.64	2,024,317,753.00
SOCIAL BENEFIT	788,705,724.55	595,962,094.90
OVERHEADS	84,842,037.43	72,591,054.52
SUBVENTION TO PARASTATALS	2,100,000.00	2,050,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	3,002,179,649.62	2,694,920,902.42
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	-25,225,861.30	-38,371,140.03
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	-18,768,381.09	-13,941,716.22
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS	2,610,000.00	
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-16,158,381.09	-13,941,716.22
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	29,664,469.91	45,427,493.51
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	29,664,469.91	45,427,493.51
NET CASH FLOW FROM ALL ACTIVITIES	-11,719,772.48	-6,885,362.74
CASH & ITS EQUIVALENT AS AT 1/1/2021	16,354,434.57	23,239,797.31
CASH & ITS EQUIVALENT AS AT 31/12/2021	4,634,662.09	16,354,434.57

ACCOUNTING POLICY

S/N	
1	<p>Basis of Preparation The General Purpose Financial Statements are prepared under the historical cost convention and in accordance with IPSAS and other applicable standards and laws.</p>
2	<p>Accounting period Reporting period runs from 1st January to 31st December.</p>
3	<p>Reporting Currency The reporting currency is Naira (₦).</p>
4	<p>Revenue</p> <ul style="list-style-type: none"> a) Revenues from non-exchange transactions such as fees, and fines are recognised when the event occurs and the asset recognition criteria are met. b) Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Local Government and the fair value of the assets can be measured reliably.
5	<p>Other revenue</p> <ul style="list-style-type: none"> a) Other revenue consists of gains on disposal of property, plant and equipment. b) Any gain on disposal is recognized at the date control of the assets is passed to the buyer and is determined after deducting from the proceeds the carrying value of the assets at that time.
6	<p>Aids and Grants Aid and grants to a Local Government is recognised as income on entitlement, while aid and grants to other governments/agencies are recognised as expenditure on commitment.</p>
7	<p>Expenses All expenses are recognised in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.</p>
8	<p>Property, Plant & Equipment (PPE)</p> <ul style="list-style-type: none"> a) All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. b) Where an asset (Other than land) is acquired in a non-exchange transaction for nil or normal consideration the asset is initially recognised at fair value, where fair value can be reliably determined and as income in the statement of financial performance.
9	<p>Depreciation The cost of PPE are written off, from the time they are brought into use on a straight line basis over their expected useful lives less any estimated residual value as follows:</p> <ul style="list-style-type: none"> a) Lease properties over the term of the lease b) Buildings 2% c) Plant and Machinery 10% d) Motor vehicles 20% e) Office Equipment 25% f) Furniture and Fittings 20%

	<ul style="list-style-type: none"> i. The full depreciation charge is applied to PPE in the year of acquisition and non in the year of disposal, regardless of the day of the month the transactions were carried out ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00 iii. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.
10	<p>Disposal Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p>Impairment Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p>Investment Property These are cash-generating property owned by the Local Government. The cost, depreciation and impairment of Investment Property are same with PPE.</p>
12	<p>Unremitted Deductions</p> <ul style="list-style-type: none"> a) Unremitted deductions are monies owed to third parties such as tax authorities, schemes and associations and other government agencies. These include tax deductions and other deductions at source. b) These amounts are stated as Current Liabilities in the Statement of Financial Position.
13	<p>Payable/Accrued Expenses</p> <ul style="list-style-type: none"> a) These are monies payable to third parties in respect of goods and services received b) Accrued Expenses for which payment is due in the next 12 months are classified as Current Liabilities. Where the payments are due beyond the next 12 months, they are accounted for as Non-Current Liabilities.
14	<p>Current Portion of Borrowings This is the portion of the long-term loan/borrowing that is due for repayment within the next 12 months. This portion of the borrowings is classified under Current Liabilities in the Statement of Financial Position.</p>

**NOTES TO THE GPFS FOR THE YEAR ENDED 31ST
DECEMBER, 2021**

NOTE	DETAILS	2021
1	SHARE OF STATUTORY ALLOCATION FROM JAAC	₦
	JANUARY	220,126,972.53
	FEBUARY	227,809,926.24
	MARCH	166,671,799.88
	APRIL	281,632,388.71
	MAY	165,235,949.07
	JUNE	172,637,383.73
	JULY	338,767,245.42
	AUGUST	287,509,235.62
	SEPTEMBER	234,070,043.80
	OCTOBER	75,449,107.12
	NOVEMBER	251,637,030.21
	DECEMBER	481,262,558.87
	TOTAL	2,902,809,641.20

2 NON-TAX REVENUE

	LICENCES	10,062,900.00
	FEES	28,837,901.12
	FINES	1,117,500.00
	EARNINGS	8,541,450.00
	RENT OF GOVERNMENT PROPERTIES	3,011,700.00
	SALES	5,415,615.00
	TOTAL	56,987,066.12

3 AIDS & GRANTS

	OGUN STATE GOVERNMENT	14,981,081.00
	NON GOVERNMENT ORGANISATION	0.00
	TOTAL	14,981,081.00

4 SALARIES & WAGES

	LOCAL GOVERNMENT STAFF	622,030,263.69
	PRIMARY SCHOOL TEACHERS	1,370,993,757.10
	TRADITIONAL COUNCIL	100,504,026.72
	POLITICAL FUNCTION	33,003,840.13
	TOTAL	2,126,531,887.64

5 NON- REGULAR ALLOWANCE

	LEAVE BONUS	
	TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	788,705,724.55
	TOTAL	788,705,724.55

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	29,659,400.00
	HOLGA	585,000.00
	INTERNAL AUDIT	778,500.00
	ADMINSTRATIVE	18,588,991.42
	FINANCE	10,745,847.80
	INFORMATION	4,654,000.00
	P H C	7,887,543.69
	AGRIC	465,250.00
	WORKS	4,165,955.75
	PLANNING	2,348,000.00
	WES	2,536,500.00
	COMMUNITY	2,251,000.00
	TOTAL	84,665,988.66

8 CASH & CASH EQUIVALENTS

	CASH AT HAND	32,825.82
	CASH IN BANKS	4,601,836.27
	TOTAL	4,634,662.09

9 UNREMITTED DEDUCTIONS

1	PAYE	65,204,817.30
2	PENSION	113,935,623.08
3	NULGE	1,226,856.19
4	5% TAX	3,680,466.12
5	7.5% TAX	3,549,728.12
6	NHF	5,317,652.95
7	COOP	26,127,430.60
8	5% DEVELOPMENT LEVY	4,282,703.53
9	OTHERS	3,887,887.05
	Total	227,213,164.94

ABEOKUTA NORTH LOCAL GOVERNMENT									
SCHEDULE OF	PROPERTY, PLANT & EQUIPMENT	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL
BAL AS AT 01/01/2021	490,056,560.00	25,004,500.00		17,984,500.00	4,110,700.00	8,451,266.22	34,156,405.00	579,763,931.22	
ADDITIONAL DURING THE YEAR	2,000,000.00	267,300.00				470,000.00	16,031,081.09	18,768,381.09	
ADJUSTMENT					-897,700.00			(897,700.00)	
DISPOSAL DURING THE YEAR				(4,250,000.00)			20,000.00	(4,270,000.00)	
BAL C/F	492,056,560.00	25,271,800.00	-	13,734,500.00	3,213,000.00	8,901,266.22	50,187,486.09	593,364,612.31	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2021	19,623,506.40	4,441,900.00		10,064,500.00	2,403,675.00	4,446,463.24	5,628,598.30	46,608,642.94	
ADDITIONAL DURING THE YEAR	9,841,131.20	2,527,180.00	-	1,789,900.00	635,150.00	1,780,053.24	5,018,748.61	21,592,163.05	
ADJUSTMENT	11,000.00					224,425.00	5,799.99	219,224.99	
DISPOSAL DURING THE YEAR				- 1,700,000.00			8,000.00	1,708,000.00	
BAL C/F	29,475,637.60	6,969,080.00	-	10,154,400.00	2,814,400.00	6,212,716.49	10,647,346.91	66,273,581.00	
AS AT 31/12/2021	462,580,922.40	18,302,720.00	-	3,580,100.00	398,600.00	2,688,549.73	39,540,139.18	527,091,031.31	
AS AT 31/12/2020	470,433,053.60	20,562,600.00	-	7,920,000.00	1,707,025.00	4,004,802.98	28,527,806.70	533,155,288.28	

ABEOKUTA NORTH LOCAL GOVERNMENT			
INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2021	311,015,610.00	36,000,000.00	347,015,610.00
ADDITIONAL DURING THE YEAR			0.00
LEGACY			0.00
DISPOSAL DURING THE YEAR			-
BAL C/F	311,015,610.00	36,000,000.00	347,015,610.00
ACCUMULATED DEPRECIATION			
BAL AS AT 01/01/2021	12,440,624.40		12,440,624.40
ADDITIONAL DURING THE YEAR	6,220,312.20	-	6,220,312.20
DISPOSAL DURING THE YEAR			
BAL C/F	18,660,936.60	-	18,660,936.60
AS AT 31/12/2021	292,354,673.40	36,000,000.00	328,354,673.40
AS AT 31/12/2020	298,574,985.60	36,000,000.00	334,574,985.60

The Executive Chairman,
Abeokuta North Local Government,
Akomoje.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ABEOKUTA NORTH
LOCAL GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER,**

2021

The following comments in addition to those contained in the Statutory Audit Report which will be issued from this Office are referred for your attention and comments in connection with the above Audit Inspection.

2. AUDIT QUERIES

The underlisted audit queries had earlier been forwarded to you for your necessary action as required by law. Please ensure quick response to the queries.

S/N	QUERY NUMBER	SUBJECT	AMOUNT ₦
1	OGLG/AQ/ ABN /236/2020	Irregular Payments and Non- deduction of Taxes	2,300,000.00
2	OGLG/AQ/ABN/237/2021	Doubtful Expenditure	150,000.00
3	OGLG/AQ/ABN/238/2021	Infraction of Regulation on the use of Revenue Contractors in the Local Government	

3 REVENUE PERFORMANCE

Observation: During the period covered by this report, a sum of Seventy-Four Million, One Hundred and Fifteen Thousand Naira (₦74,115,000.00) only was the total revenue budgeted to generate in the year, but a sum of Fifty-Seven Million, One Hundred and Eighty-Seven Thousand and Sixty-Six Naira, Twelve Kobo (₦57,187,066.12) only was actually generated. The amount generated was 77% of the total budget. The sum of ₦57,187,066.12 generated in year 2021 was higher than the sum of ₦46,929,102.63 generated in year 2020 by ₦10,257,963.49 and which represents an increase of 22% when compared with year 2020 revenue. While the 22% increase in revenue generated is commendable, it however fell short of the budget for the year

and indeed is not reflective of the revenue potential of the Local Government. A review of the revenue generated item-by-item revealed that revenue recordings were not sometimes properly classified. For instance, it was observed that a sum of ₦2,040,000.00 was generated from radio and television license in year 2020 while nothing was recorded to have been generated in year 2021. Investigations however revealed that there were actually collections on radio and television license but these were recorded under identification and oath fees.

Recommendation: The Local Government is hereby advised to explore the abundant revenue sources within the Local Government in order to boost its revenue generation. In addition, it should ensure that revenue collected are properly classified in line with the budgetary provision.

4. **DOUBTFUL EXPENDITURE**

Observation: During the examination of vouchers, it was observed that a sum of One Hundred and Fifty Thousand Naira (₦150,000.00) only was released to Mr. Oguntoyinbo Tunde, Director, Planning Research and Statistics for production of 1st and 2nd Draft Estimates for year 2022. It was observed that the payment voucher was not supported with official printed receipts. Also, the draft estimates were not presented to audit on demand.

Recommendation: It is hereby advised that henceforth official printed receipts must be attached to payment vouchers.

5. **IRREGULAR PAYMENTS AND NON-TAX DEDUCTION**

Observation: During the examination of vouchers, it was observed that a sum of Two Million, Three Hundred Thousand Naira (₦2,300,000.00) only was released to Miss Adeleke Adeola (Information Officer) for the production and printing of 1000 pieces of school bags for Primary School Pupils in commemoration of the Executive Chairman's (Prince Adebayo Ayorinde) 100 days in office. It was observed that the payment voucher was not written in the contractors (Real-Diskount Nation International) name to give an impression that it was a direct labour work and the statutory 7.5% Value Added Tax (VAT) and 5% Development Level amounting to ₦287,500.00 were not deducted. In addition, the evidence of distribution attached indicated that only 800 pieces of bags were distributed to Primary School pupils. It was gathered that the remaining 200 bags were given to politicians and staff of the Local Government contrary to the purpose for which the bags were produced.

Recommendation: You are advised to always effect deduction of statutory tax on transactions. You are also advised to always execute projects/programmes as approved by the relevant authorities.

8. **REVENUE CONTRACTORS**

Observation: During the audit exercise, it was observed that Revenue Contractors were engaged to assess and collect revenue on behalf of the Local Government which is contrary to circular No SART/72/003 dated 25th October, 2013 issued by the Special Adviser to the Governor on Taxes and Revenue. The circular letter forbids the use of contractors to assess and collect revenue on behalf of Government. We observed further that not all the Revenue Contractors have enforceable contract agreement with the Local Government.

Recommendation: You are advised to terminate all revenue contracts forthwith and recover any amount that may be due from them.

9. **DORMANT ADVANCES**

Observation: An examination of the General Purpose Financial Statement prepared as at 31st December, 2021 revealed that a sum of Four Million, Two Hundred and Fourteen Thousand, Seven Hundred and Fifty-Nine Naira, Forty Eight Kobo (₦4,214,759.48) only was the balance on advances granted to various staff of the Local Government but which had remained stagnant for years contrary to Chapter 16:12 of the Model Financial Memoranda for Local Governments. The Chapter requires that personal advance must be paid on regular monthly instalments deducted at source from monthly salary of the beneficiaries.

Recommendation: You are advised to take advantage of the Central Salary Payment platform for Local Government Staff to effect deduction of these advances. In addition, you should liaise with the Bureau of Local Government Pensions for recovery of outstanding advances from the retired staff.

10. **REVENUE DATABASE**

Observation: In paragraph 5 of last Audit Inspection report No. OGLG/ABN/1/Vol.IV/285 dated 23rd December, 2021 it was reported that your Local Government did not have revenue data base which can serve as a weapon to track all revenue collectable. It was stated in the report that revenue database serves as a weapon to track all revenue accruing to the Local Government

and will help in revenue planning and budget. Though, it may require some fund to collate but it will surely block most if not all revenue loopholes.

It is disheartening to know that the Local Government has not done anything concerning this as at the time of this audit. It appears that the Local Government is not bordered by the pittance that is paid to the Treasury by revenue collectors when much more may or would have been collected. It should be emphasized that generating a revenue data base does not require rocket science to accomplish. It is a deliberate formal collation of revenue sources which may not require huge financial resources but planning and utilization of staff.

Recommendation: I hereby advise again, that the Local Government take urgent steps to generate and document all sources of revenue within the Local Government for more effective revenue collection and blockage of most if not all revenue loopholes. Should you require help in working this out, you may request for guide from this office.

11. **VIP TOILET AT ELEGA**

Observation: Reference to paragraph 8 of audit inspection report No. OGLG/ABN/1/Vol.IV/285 of 23rd December, 2021 where the issue of VIP toilet constructed at Elega but yet to be put to use by the Local Government was raised. It is disheartening to report that the toilet is yet to be put into use even after years of completion while the market suffer from want of a toilet when there is one.

Recommendation: I hereby advise again that the Local Government should commence the use of the public toilet to avert the health consequences of open defecation while also generating revenue for the Local Government.

12. **IMPREST RETIREMENT**

Observation: During the examination of vouchers, it was observed that most imprest paid during the period covered by this report to staff and politicians of the Council were not retired before collecting another. This is contrary to the provisions of Chapter 14:24 of Model Financial Memoranda for Local Governments which requires that no imprest shall be approved until the previous one have been retired. This irregularity indicates that the internal auditor has not been carrying out post payment audit check as required by the provisions of Model Financial

Memoranda Chapter 40:1 which required that the internal auditors should provide a complete and continuous audit of accounts and records. The vouchers were retired at the instance of the external Auditors.

Recommendation: It is my advice that the Treasurer and Internal Auditor should make sure regulations on retirement of imprest were strictly followed before further imprests are released.

ABEOKUTA NORTH LOCAL GOVERNMENT

ANLG.28T/73

May, 2022

The Auditor General,
Office of the Auditor General for Local Governments,
Oke-Mosan,
Abeokuta.

MANAGEMENT RESPONSE ON YEAR 2021 STATUTORY AUDIT REPORT

YEAR 2021 ACCOUNT

DESTRUCTION OF EXHAUSTED RECEIPT.

Instruction is well noted. Action is ongoing on it while your office will be informed appropriately.

AUDIT QUERIES

All audit queries have been dispatched to the affected Officers appropriately as directed.

REVENUE PERFORMANCE

The advice of Auditor General for Local Government as regards extension of Local Government strength to explore abundant revenue sources as well as proper classification of revenue items via budgetary provision is well taken and we thus promise appreciable increase in our revenue subsequently.

DOUBTFUL EXPENDITURE

The query has been dispatched and your advice to inculcate the habit of pasting relevant printed official receipt to payment vouchers is well disseminated to the affected Officers and the likes.

IRREGULAR PAYMENT AND NON TAX DEDUCTION

Your observation on the shortage of 200 School bags in question is an omission as the 200 bags were collected and acknowledged in writing by the Executive Chairman. The Written evidence will be pasted to the voucher appropriately. On the issue of Tax, we want to state that school bags which are educational materials are not VAT able.

REVENUE CONTRACTORS

Above caption refers, the act of engaging external body to harness revenue on behalf of the Local Government is purely management decision, there was no time the Local Government engaged Revenue Contractors but rather it was Revenue Consultant engaged on items of revenue that are difficult to be collected by the Local Government staff due to their nature and time of collection.

VIP TOILET AT ELEGA

It is a fact that the toilet was locked as a result of factions within the market executives and lack of water supply to the toilet facility. At present the rift between the two factions has been resolved at the Local Government level while the provision of water to facilitate the use of the toilet is ongoing. In fact, the Local government is contemplating providing either deep well or connection to public water mains but financial situation is preventing such move.

DORMANT ADVANCES

Advice is well taken as regards to the above.

REVENUE DATA BASE

The issue of revenue data base is considered to be money consuming, each time the management deliberated on it but despite this, the advice is well taken and the Local Government is planning to get it started.

IMPREST RETIREMENT

Advice on imprest retirement is well taken and noted for action subsequently.



Mr. Owolabi B. A.,
*Head of Local Government Administration,
Abeokuta North Local Government*