

**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 31<sup>ST</sup> DECEMBER, 2020**

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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 Head of Service Alhaja Selimot Olapeju Ottun for her 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.  
14<sup>th</sup> July, 2021.



## **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 31<sup>st</sup> December, 2020 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 31<sup>st</sup> December, 2020 subject to the observations in the inspection reports.

L.A. Mulero (CNA)  
Auditor-General for Local Governments,  
Ogun State.  
14<sup>th</sup> July, 2021

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
ABEOKUTA NORTH LOCAL GOVERNMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER,  
2020**

The accounts of Abeokuta North Local Government for the year ended 31<sup>st</sup> December, 2020 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. The federal allocation received by the State Local Government Joint Account Allocation Committee (JAAC) was completely distributed to the Local Government.



**L. A. Mulero (CNA)**

Auditor-General for Local Governments

Ogun State.

14<sup>th</sup> July, 2021.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL  
GOVERNMENTS ON THE ACCOUNTS OF ABEOKUTA NORTH LOCAL  
GOVERNMENT, AKOMOJE FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

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 31<sup>st</sup> December, 2020 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**

Some required accounting records like Asset Register and Revenue Registers were not kept or updated. Bank reconciliation statements were not properly prepared.

**(3) FINANCIAL REVIEW:**

<b>REVENUE</b>	<b>AMOUNTS (₦)</b>
Internally Generated Revenue	46,929,102.63
Statutory Allocation	2,601,314,659.76
Aids and Grants	<b><u>10,000,000.00</u></b>
<b>Total</b>	<b><u>2,658,243,762.39</u></b>
<b>EXPENDITURE</b>	
Overhead Expenses	101,630,838.32
Salaries and Allowances	2,024,317,753.00
Pension	595,962,094.90
Long Term Assets	<u>13,941,716.22</u>
<b>Total</b>	<b><u>2,735,852,402.44</u></b>

**(4) REVENUE PERFORMANCE**

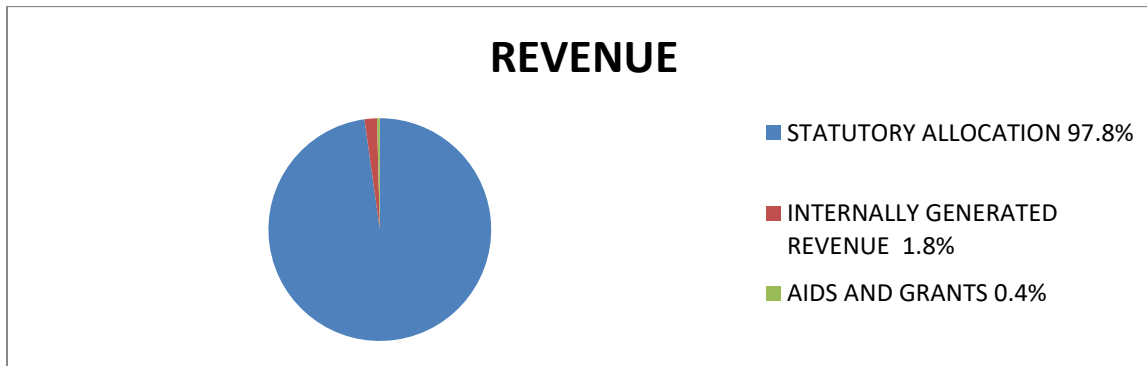
**(i) STATEMENT OF ACTUAL REVENUE**

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦49,675,000.00, a sum of ₦46,929,102.63 only was actually generated internally representing 94.5% of the budget. While the 94.5% of the budget may appear encouraging, this however represented a reduction of 3.6% when compared with the sum of ₦48,668,677.40 generated internally in year 2019. This revenue performance is not an indication 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.

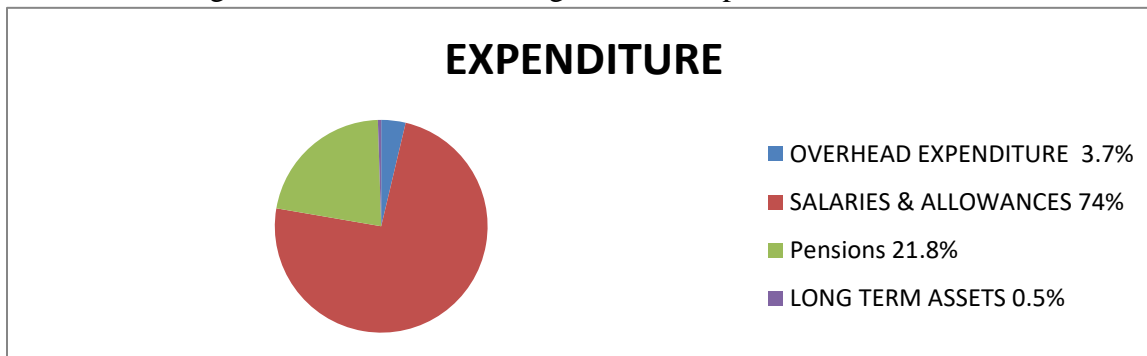
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦2,658,243,762.39 realized by the Local Government during the year under review, the sum of ₦46,929,102.63 only was generated internally. This represented 1.8% of the total revenue while the total sum of ₦2,601,314,659.76 statutory allocation and ₦10,000,000.00 aids and grant received from the State Joint Account Allocation Committee represented 97.8% and 0.4% 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 ₦2,735,852,402.44. Out of this, a sum of ₦101,630,838.32 was expended on overhead which represented 3.7% of the total expenditure for the year. Also, a sum of ₦2,024,317,753.00 was expended on salaries and allowances which represented 74% of the expenditure for the year while ₦595,962,094.90 was expended on pensions and this represented 21.8% while the sum of ₦13,941,716.22 was expended on long term assets which represented 0.5% 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 31<sup>st</sup> December, 2020 was ₦209,340,624.03. The liabilities are highlighted below:

S/NO	ITEMS	AMOUNTS(₦)
1	Pension Fund	88,364,845.80
2	PAYE	57,863,206.69
3	5% VAT	3,549,728.08
4	5% Development Levy	4,282,703.53
5	5k Tax	3,680,466.12
6	COOPERATIVE	17,075,424.64
7	Term Loan	6,576,936.58
8	Payables	5,214,992.42
9	Others	<u>22,732,320.17</u>
	<b>Total</b>	<b><u>209,340,624.03</u></b>

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**

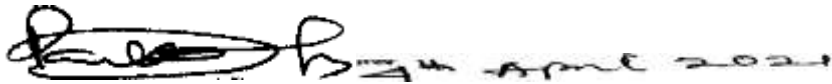
The sum of ₦550,000.00 stated as investment balance in the statement of financial position could not be substantiated because the investment certificate was not produced for Audit scrutiny and no evidence of the beneficial ownership such as dividend was presented on demand.

**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.



Mrs. Bankole G. O. B.  
Treasurer

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 31<sup>st</sup> December, 2020 and its operations for the year ended on the date.



Mrs. Bankole G. O. B.  
Treasurer

Date: 24 April 2021



Prince Babatunde Tella  
Chairman

27  
4/14 April 2021

**ABEOKUTA NORTH LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020**

	NOTES	2020	2019
<b>CURRENT ASSET</b>		₦	₦
CASH & CASH EQUIVALENTS	8	16,354,434.57	23,239,797.31
INVENTORIES		5,463,223.78	5,381,053.02
RECEIVABLES		2,576,000.00	882,000.00
PREPAYMENT			
ADVANCE		4,214,759.48	4,214,759.48
<b>TOTAL CURRENT ASSET (A)</b>		<b><u>28,608,417.83</u></b>	<b><u>33,717,609.81</u></b>
<b>NON-CURRENT ASSET</b>	-		
PROPERTY PLANT & EQUIPMENT	10	533,155,288.28	541,245,622.00
INVESTMENT PROPERTY	11	334,574,985.60	340,795,297.8
BIOLOGICAL ASSET	12		
INVESTMENT		550,000.00	550,000.00
LOAN GRANTED			
<b>TOTAL NON CURRENT ASSET (B)</b>		<b><u>868,280,273.88</u></b>	<b><u>882,590,919.80</u></b>
<b>TOTAL ASSET (C=A+B)</b>		<b><u>896,888,691.71</u></b>	<b><u>916,308,529.61</u></b>
<b>CURRENT LIABILITY</b>	-		
DEPOSIT			
LOAN & DEBT		6,576,936.58	6,576,933.58
UNREMITTED DEDUCTIONS	9	197,548,695.03	150,004,052.79
ACCURED EXPENSES, PAYABLES		5,214,992.42	6,395,400.00
DEFERED INCOME			
CURRENT PORTION OF BORROWING			
<b>TOTAL CURRENT LIABILITY (D)</b>		<b><u>209,340,624.03</u></b>	<b><u>162,976,386.37</u></b>
<b>NON-CURRENT LIABILITY</b>	-		
PUBLIC FUND			
BOROWING			
<b>TOTAL NON CURRENT LIABILITY (E)</b>		-	-
<b>TOTAL LIABILITY (F=D+E)</b>		<b><u>209,340,624.03</u></b>	<b><u>162,976,386.37</u></b>
<b>NET ASSETS (G= C-F)</b>		<b><u>687,548,067.68</u></b>	<b><u>753,332,143.24</u></b>
<b>NET ASSET/EQUITY</b>			
RESERVE			
<b>ACCUMULATED SURPLUS/ DEFICIT</b>		<b><u>687,548,067.68</u></b>	<b><u>753,332,140.24</u></b>
<b>TOTAL NET ASSET/EQUITY</b>		<b><u>687,548,067.68</u></b>	<b><u>753,332,140.24</u></b>

**ABEOKUTA NORTH LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2020**

	NOTES	2020	2019
<b>REVENUE</b>		₦	₦
STATUTORY ALLOCATION	1	2,601,314,659.76	1,541,298,694.79
NON-TAX REVENUE:	2	41,254,563.36	48,623,677.40
INVESTMENT INCOME			
INTEREST EARNED		166,609.08	
AIS & GRANTS	3	10,000,000.00	0.00
OTHER REVENUE		5,507,930.19	45,000.00
<b>TOTAL REVENUE (A)</b>		<b><u>2,658,243,762.39</u></b>	<b><u>1,589,967,372.19</u></b>
<b>EXPENDITURE</b>			
SALARIES & WAGES	4	2,024,317,753.00	1,258,171,926.39
NON- REGULAR ALLOWANCE	5		14,586,342.12
SOCIAL BENEFIT	6	595,962,094.90	292,369,256.10
OVERHEAD COST	7	71,328,476.18	32,412,851.12
SUBVENTION TO PARASTALS		2,050,000.00	450,000.00
DEPRECIATION	10 & 11	28,252,362.14	25,410,938.70
GAIN/LOSS ON DISPOSAL ON ASSET			
<b>TOTAL EXPENDITURE (B)</b>		<b><u>2,721,910,686.22</u></b>	<b><u>1,623,401,314.43</u></b>
<b>SURPLUS / DEFICIT (C=A-B)</b>		<b><u>-63,666,923.83</u></b>	<b><u>-33,433,942.24</u></b>

**ABEOKUTA NORTH LOCAL GOVERNMENT**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	₦
<b>Balance 1/1/2019</b>	<b>-101,725,077.52</b>
Prior Year Adjustment	888,491,160.00
Adjusted Balance	786,766,082.48
<b>Surplus/ (deficit) for the year</b>	<b>-33,433,942.24</b>
<b>Balance 31/12/2019</b>	<b><u>753,332,140.24</u></b>
Prior Year Adjustment	-2,117,148.73
<b>Adjusted Balance</b>	<b>751,214,991.51</b>
Surplus/ (deficit) for the year	-63,666,923.83
<b>Balance at 31 December 2020</b>	<b><u>687,548,067.68</u></b>

**ABEOKUTA NORTH LOCAL GOVERNMENT**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2020</b>	<b>2019</b>
<b><u>INFLOWS</u></b>	₦	₦
STATUTORY ALLOCATION	2,599,314,659.76	1,541,298,694.79
LICENCES, FINES, ROYALTIES, FEES ETC	28,009,050.00	34,975,262.40
EARNINGS & SALES	12,861,513.36	12,255,915.00
RENT OF GOVERNMENT PROPERTIES	690,000.00	899,600.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL	166,609.08	
DOMESTIC AIDS & GRANTS	10,000,000.00	
OTHER REVENUE	5,507,930.19	45,000.00
<b>TOTAL INFLOW FROM OPERATING ACTIVITIES A</b>	<b><u>2,656,549,762.39</u></b>	<b><u>1,589,474,472.19</u></b>
<b><u>OUTFLOW</u></b>		
PERSONNEL EMOLUMENTS	2,024,317,753.00	1,272,758,268.51
SOCIAL BENEFIT	595,962,094.90	292,369,256.10
OVERHEADS	72,591,054.52	32,967,597.46
SUBVENTION TO PARASTATALS	2,050,000.00	450,000.00
INTEREST PAYMENT		
<b>TOTAL OUTFLOW FROM OPERATING ACTIVITIES B</b>	<b><u>2,694,920,902.42</u></b>	<b><u>1,598,545,122.07</u></b>
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B</b>	<b><u>-38,371,140.03</u></b>	<b><u>-9,070,649.88</u></b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
PURCHASE/ CONSTRUCTION OF ASSETS	13,941,716.22	-1,970,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b><u>-13,941,716.22</u></b>	<b><u>-1,970,000.00</u></b>
<b><u>CASH FLOW FROM FINANCIAL ACTIVITIES</u></b>		
DEPOSIT/ UNREMITTED DEDUCTIONS	45,427,493.51	29,198,104.73
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b><u>45,427,493.51</u></b>	<b><u>29,198,104.73</u></b>
<b>NET CASH FLOW FROM ALL ACTIVITIES</b>	<b><u>-6,885,362.74</u></b>	<b><u>18,157,454.85</u></b>
<b>CASH &amp; ITS EQUIVALENT AS AT 1/1/2020</b>	<b><u>23,239,797.31</u></b>	<b><u>5,082,342.46</u></b>
<b>CASH &amp; ITS EQUIVALENT AS AT 31/12/2020</b>	<b><u>16,354,434.57</u></b>	<b><u>23,239,797.31</u></b>

## ACCOUNTING POLICY

S/N	
1	<p><b>Basis of Preparation</b> 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><b>Accounting period</b> Reporting period runs from 1<sup>st</sup> January to 31<sup>st</sup> December.</p>
3	<p><b>Reporting Currency</b> The reporting currency is Naira (₦).</p>
4	<p><b>Revenue</b></p> <ul style="list-style-type: none"> <li>a) Revenues from non-exchange transactions such as fees, and fines are recognised when the event occurs and the asset recognition criteria are met.</li> <li>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.</li> </ul>
5	<p><b>Other revenue</b></p> <ul style="list-style-type: none"> <li>a) Other revenue consists of gains on disposal of property, plant and equipment.</li> <li>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.</li> </ul>
6	<p><b>Aids and Grants</b> 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><b>Expenses</b> 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><b>Property, Plant &amp; Equipment (PPE)</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
9	<p><b>Depreciation</b> 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"> <li>a) Lease properties over the term of the lease</li> <li>b) Buildings 2%</li> <li>c) Plant and Machinery 10%</li> <li>d) Motor vehicles 20%</li> <li>e) Office Equipment 25%</li> <li>f) Furniture and Fittings 20%</li> </ul>

	<ul style="list-style-type: none"> <li>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</li> <li>ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00</li> <li>ii. 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.</li> </ul>
10	<p><b>Disposal</b> Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p><b>Impairment</b> Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p><b>Investment Property</b> 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><b>Unremitted Deductions</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) These amounts are stated as Current Liabilities in the Statement of Financial Position.</li> </ul>
13	<p><b>Payable/Accrued Expenses</b></p> <ul style="list-style-type: none"> <li>a) These are monies payable to third parties in respect of goods and services received</li> <li>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.</li> </ul>
14	<p><b>Current Portion of Borrowings</b> 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, 2020**

<b>1. SHARE OF STATUTORY ALLOCATION FROM JAAC</b>	<b>₦</b>
JANUARY	197,527,998.46
FEBRUARY	312,541,216.44
MARCH	205,806,439.20
APRIL	192,047,431.98
MAY	196,084,039.12
JUNE	195,233,862.19
JULY	211,546,025.27
AUGUST	217,559,852.13
SEPTEMBER	205,709,850.97
OCTOBER	2,123,486.75
NOVEMBER	441,314,419.29
DECEMBER	223,820,037.96
<b>TOTAL</b>	<b><u>2,601,314,659.76</u></b>

**2. NON-TAX REVENUE**

LICENCES	9,007,400.00
FEES	17,242,850.00
FINES	1,452,800.00
EARNINGS	7,653,150.00
RENT OF GOVERNMENT PROPERTIES	690,000.00
SALES	5,208,363.36
<b>TOTAL</b>	<b><u>41,254,563.36</u></b>

**3. AIDS & GRANTS**

OGUN STATE GOVERNMENT	10,000,000.00
NON-GOVERNMENT ORGANISATION	0.00
<b>TOTAL</b>	<b><u>10,000,000.00</u></b>

**4. SALARIES & WAGES**

LOCAL GOVERNMENT STAFF	611,145,236.14
PRIMARY SCHOOL TEACHERS	1,327,527,391.88
TRADITIONAL COUNCIL	78,583,328.16
POLITICAL FUNCTIONARIES	7,061,796.82
<b>TOTAL</b>	<b><u>2,024,317,753.00</u></b>



#### 5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
<b>TOTAL</b>	

#### 6. SOCIAL BENEFIT

GRATUITY	-
PENSION	595,962,094.90
<b>TOTAL</b>	<b><u>595,962,094.90</u></b>

#### 7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	16,836,000.00
HOLGA	-
INTERNAL AUDIT	517,500.00
ADMINISTRATIVE	11,653,777.44
FINANCE	8,985,571.28
INFORMATION	1,596,106.90
P H C	14,199,469.92
AGRIC	488,109.08
WORKS	7,850,603.72
PLANNING	1,872,000.00
WES	5,096,837.84
COMMUNITY	2,232,500.00
<b>TOTAL</b>	<b><u>71,328,476.18</u></b>

#### 8. CASH & CASH EQUIVALENTS

CASH AT HAND	9,834.40
CASH IN BANKS	16,344,600.17
<b>TOTAL</b>	<b><u>16,354,434.57</u></b>

#### 9. UNREMITTED DEDUCTIONS

Pension Fund	88,364,845.80
PAYE	57,863,206.69
5% VAT	3,549,728.08
5% Development Levy	4,282,703.53
5k Tax	3,680,466.12
COOPERATIVE	17,075,424.64
Others	22,732,320.17
<b>Total</b>	<b><u>197,548,695.03</u></b>

NOTE 10 ABEOKUTA NORTH LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT									
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATIO N EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUSUR E 10%	TOTAL	
BAL AS AT 01/01/2020	487,678,760.00		18,804,500.00	17,984,500.00	3,163,000.00	7,985,050.00	30,206,405.00	565,822,215.00	
ADDITION DURING THE YEAR	2,377,800.00		6,200,000.00		947,700.00	466,216.22	3,950,000.00	13,941,716.22	
LEGACY								0.00	
DISPOSAL DURING THE YEAR								-	
<b>BAL C/F</b>	<b>490,056,560.00</b>	<b>-</b>	<b>25,004,500.00</b>	<b>17,984,500.00</b>	<b>4,110,700.00</b>	<b>8,451,266.22</b>	<b>34,156,405.00</b>	<b>579,763,931.22</b>	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	9,822,375.20		1,941,450.00	6,467,600.00	1,376,000.00	2,756,210.00	2,212,957.80	24,576,593.00	
ADDITION DURING THE YEAR	9,801,131.20	-	2,500,450.00	3,596,900.00	1,027,675.00	1,690,253.24	3,415,640.50	22,032,049.94	
DISPOSAL DURING THE YEAR									
<b>BAL C/F</b>	<b>19,623,506.40</b>	<b>-</b>	<b>4,441,900.00</b>	<b>10,064,500.00</b>	<b>2,403,675.00</b>	<b>4,446,463.24</b>	<b>5,628,598.30</b>	<b>46,608,642.94</b>	
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	
AS AT 31/12/2019	477,856,384.80	-	16,863,050.00	11,516,900.00	1,787,000.00	5,228,840.00	27,993,447.20	541,245,622.00	
NOTE 11 ABEOKUTA NORTH LOCAL GOVERNMENT INVESTMENT PROPERTY									
	LAND & BUILDING 2%	LAND	TOTAL						
BAL AS AT 01/01/2020	311,015,610.00	36,000,000.00	347,015,610.00						
ADDITION DURING THE YEAR			0.00						
LEGACY			0.00						
DISPOSAL DURING THE YEAR			-						
<b>NOTE 10</b>	<b>311,015,610.00</b>	<b>36,000,000.00</b>	<b>347,015,610.00</b>						
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	6,220,312.20		6,220,312.20						
ADDITION DURING THE YEAR	6,220,312.20	-	6,220,312.20						
DISPOSAL DURING THE YEAR									
<b>BAL C/F</b>	<b>12,440,624.40</b>	<b>-</b>	<b>12,440,624.40</b>						
AS AT 31/12/2020	298,574,985.60	36,000,000.00	334,574,985.60						
AS AT 31/12/2019	304,795,297.80	36,000,000.00	340,795,297.80						

**The Chairman,**  
Transition Committee,  
Abeokuta North Local Government,  
Akomoje.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ABEOKUTA NORTH  
LOCAL GOVERNMENT FOR THE PERIOD 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup> DECEMBER,  
2020**

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/233/2020	Unreasonable Expenditure	580,000.00
2	OGLG/AQ/ ABN /234/2020	Tax Evasion	170,000.00
3	OGLG/AQ/ABN/235/2020	Tax Evasion	200,000.00

3. **UNREASONABLE EXPENDITURE**

**Observation:** During the period under reference, a sum of Five Hundred and Eighty Thousand naira (₦580,000.00) was released vide PV 36/March 2020 to Mr. Elegbede O.O Principal Planning Officer. The money was the allowance given to some political and career staff during a budget deliberation retreat held at the Local Government Secretariat. Defending the budget of one's department is one of the responsibilities of the Local Government Staff. The proposal that was approved requested for the payment as an allowance but did not state the type of allowance requested and the regulations that authorised the collection of such allowance. It would appear that consideration of annual budget by the Executive Council is part of her core duties as provided by Chapter 1:4(2) & (3) and should not attract any allowance moroso when it was held in the Local Government Secretariat. Therefore, the sum of ₦580,000.00 paid as allowances for deliberation on budget would appear unreasonable.

**Recommendation:** You are advised to ensure that payments of allowances are backed by regulation.

#### **4. TAX EVASION**

**Observation:** It was highlighted in year 2019 Audit Inspection report that some Local Government Officials aided Contractors to evade tax. It was disheartening to observe that despite the advice given in the last audit report that officials should desist from evading tax, officers still indulged in this habit. During the examination of payment vouchers, it was observed that projects that were executed by contractors were presented as if they were executed by direct labour to evade tax. Instances are the payment of a sum of ₦2,000,000.00 to Alhaja Akinsola B. B (Principal Technical Officer) for the drilling of borehole at Abule Olomore and a sum of ₦1,700,000.00 to Mr. Adesina L.O (Principal Technical Officer) vide PV 14/June 2020 for the drilling of borehole at Ibara Orile. The two projects were executed by Tomjim Projects of 6, Elegbede Street by NULGE Crescent, Karaole Estate Agbeloba Abeokuta. In an attempt to evade statutory payments of VAT and 5% tax, the payment vouchers that were supposed to be raised in the contractor's name were raised in the name of staff of the Local Government.

**Recommendation:** The Local Government is once again advised to ensure that necessary tax deductions are effected on transactions. Though the transactions have been made subject of Query Nos OGLG/AQ/ABN/234 & 235/2020 but the officers involved should know that aiding and abetting tax evasion is a criminal offence.

#### **5. WEAKNESSES IN INTERNAL CONTROL ON STREET NAMING**

**Observation:** It was reported in the last Audit Inspection Report No OGLG/ABN/1/VOL.IV/269 dated 30<sup>th</sup> September, 2020 that relevant accounting records were not kept as required by regulations. Despite the advice given by this Office that revenue register should be kept for approved street names, it is sad to note that nothing appears to have been done in this regard as no register was presented for audit scrutiny when requested. This is a contravention of the provisions of Chapter 6:23 of Model Financial Memoranda for Local Governments. Without this record, it would be difficult to monitor payment of annual renewal fee for approved street names.

A closer look at the internal control procedure on street naming revealed that the system was porous. For example, it was discovered that application fee of Ten Thousand Naira

(₦10,000.00) collected from applicants for street name were not receipted by the Administrative department as required by Chapter 6:12 (2) of Model Financial Memoranda which provides that receipt will be issued by a Revenue Collector for all payments made to him by members of the public. Chapter 6:3 of MFM requires that a Revenue Collector shall pay all Local Government monies he has collected to the Treasury. However, at the instance of the Audit, a sum of ₦80,000.00 street naming application fees which had been collected long ago were paid to the Treasury.

Also, the forms given to the applicants were printed by the Administrative department but the number of copies printed by the Administrative department was not known because it was not pre-numbered and not taken on ledger charge.

Furthermore, a list of approved streets provided showed that eighty (80) street names had been approved. If the annual renewal fees are paid, the sum of ₦800,000.00 would be generated from this source outside the sum of ₦105,000.00 paid on approval of street name per applicant. Also, it was observed that five (5) streets were approved in 2019 while only ₦410,000.00 was paid to the Treasury as total amount generated on street naming. At the least, the sum of ₦525,000.00 should have been generated from the five approved street names outside any renewal fee that may have been collected. This may be a pointer to leakages in the revenue generated on street naming related fee.

It was also observed that there was no adequate supervision on collections of street naming fees. For example, the responsibility of the Treasurer as spelt out in Chapter 1:14 of MFM to ensure strict compliance with the provisions of MFM among others were not complied with. If the provisions of MFM had been adhered to, this would have blocked most of the loopholes exploited by the Administrative Department.

While there were approved street names according to the list provided by the Local Government, the approvals could not be found in the Finance and General Purpose Committee (F&GPC) minutes neither were there evidence of approval in the file. For instance, there were five (5) approved street names in year 2019 in the list provided but there was nowhere in the F&GPC minutes or street naming file where any of the streets were approved. As a matter of fact, only three streets were approved in the F&GPC minutes from July 2017 to February 2021. The implication of this is that street name approvals could be concluded without the F&GPC

consideration or formal approval by the chairman in the files and the required fees diverted by those in-charge.

**Recommendation:** The Local Government is advised to ensure that receipts are issued for all revenue collected on behalf of the Local Government. Officials should carry out oversight function thoroughly and the management should take appropriate disciplinary measures against erring officers. All loopholes should be blocked.

## **6. REVENUE PERFORMANCE**

**Observation:** Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue (IGR) of ₦49,675,000.00, a sum of ₦46,929,102.63 only was actually generated internally representing 94.5% of the budget. Though, the 94.5% budget performance may appear encouraging, this however represented a reduction of 3.6% when compared with the sum of ₦48,668,677.40 generated internally in year 2019. This revenue performance is not a reflection of the revenue potentials of the Local Government and this indicates that the Local Government did not harness its IGR potentials maximally or there were leakages which has not been identified and blocked. A close look at the items of revenue generated revealed that some items of revenue were either not collected at all or that the amount generated fall short of those of year 2019. Examples of these are:

<b>S/N</b>	<b>PARTICULARS</b>	<b>REVENUE 2019</b>	<b>REVENUE 2020</b>	<b>DIFFERENCE</b>
1	Abattoir/Slaughter Fee	2,515,000.00	1,547,800.00	967,200.00
2	Trade Permit	4,634,200.00	2,018,700.00	2,615,500.00
3	Birth & Death Registration	1,395,000.00	647,000.00	748,000.00
4	Indigeneship/Identification Fee	11,355,100.00	7,574,200.00	3,780,900.00
5	Parks & Garages	2,023,000.00	NIL	2,023,000.00

**Recommendation:** You are advised to block loopholes in the revenue generation machinery.

## 7. LOCAL GOVERNMENT SHOPS AT ITA OSHIN AND OLOMORE

**Observation:** An audit inspection to Local Government shops at Ita Oshin Garage and Olomore Shopping Complex revealed that there are twenty-three shops, eighty-eight container shops and eighty-six lock-up stores at the two locations. It is believed that the containers on these Local Government properties would have been formally allocated to those that erected them and annual grand rent is expected to be paid to the Local Government as it is also expected that the tenants in the Local Government shops pay rent. Audit investigation revealed that market ledgers were not maintained to record the number of shops in each location and the fee paid by each occupant as required by Chapter 6:23 of MFM. As a result of the absence of a well-maintained market register, it was difficult to ascertain the indebtedness of the occupiers to the local Government properties.

It would appear that refusal to maintain required accounting records is a deliberate ploy to hinder the tracking of revenue collected which may have been converted to personal use. There is the absence of adequate supervision over revenue from Local Government properties by those saddled with this responsibility. The Executive Council had failed to ensure that all revenues are promptly collected and brought to account as required by Chapter 1:4 (12)(a). It had also failed to take disciplinary action against officers who have been indicted in the Auditor-Generals Reports to be negligent in the performance of their duties as provided in Chapter 1:7 of MFM. The Treasurer and Internal Auditor had not lived up to expectation on oversight of revenue generation and the checking of records of revenue collectors to ensure that required accounting records are kept. Chapter 1:14 & 40 of MFM spells out the responsibilities of the Treasurer and Internal Auditor on supervision of revenue collection and accountability which they appear not to have taken seriously.

**Recommendation:** The Local Government is advised to always maintain market ledgers and other accounting records. This is necessary for better accountability. Officers responsible for supervision should rise up to their responsibilities. The Executive Council should take appropriate disciplinary action against recalcitrant officers so as to discourage defiant behaviour.

## **8. FIXED ASSET REGISTER AND CAPITAL EXPENDITURE REGISTER**

**Observation:** The last audited report with No OGLG.ABN/1/VOL.IV/269 dated 3<sup>rd</sup> October, 2020 noted that the Local Government could not present a capital expenditure register and fixed asset register when requested. During the audit just concluded, fixed asset register was presented to audit but it was observed that it was not well maintained as required by Chapter 26:4 of the Model Financial Memoranda for Local Governments. Some of the features of the register such as date of purchase of an asset, cost, method of depreciation etc. were not stated in the register presented.

**Recommendation:** The Local Government is enjoined to always maintain fixed asset register that will contain all its assets and expected details in line with the provisions of Chapter 26 of the Model Financial Memoranda for Local Governments.

## **9. LAND LEASED WITHOUT DUE PROCESS**

**Observation:** A parcel of land at Olumo Estate, Ita Oshin belonging to Abeokuta North Local Government used as refuse dump was leased out on 10<sup>th</sup> December, 2020 to Honourable Ayoola Ayodeji Ebenezer of No.1, Ayoola Street, Ita oshin Abeokuta for a period of fifteen (15) years. The assignee applied to clear the refuse on the land at a cost of ₦648,648.00 to be converted to a premium payment for lease on the said land. The lease agreement was not discussed at the Finance and General Purpose Committee meeting. As required by the Guideline on Administrative Procedure for Local Governments, the lease contract that is above ₦500,000.00 should be presented to the F&GPC for consideration. In the same vein, the expenditure of the sum of ₦648,648.00 on the clearing of refuse which is above the spending limit of the Executive Chairman was not also presented to the F&GPC as required. The usual appraisal of issues by respective officers and departments was not done. For instance, the Water and Environmental Sanitation Department was not carried along in the clearing of the refuse on the land though the Works Department made recommendations. It would appear that the Works Department is not in position to act on refuse evacuation where a department was specifically saddled with this responsibility, notwithstanding its technical competence.

The lease agreement on the land in question appears to be shrouded in mystery. The breach of procedure that led to its approval, raises suspicion that the agreement may not have



been done in the best interest of the Local Government. The conclusion that the cost of clearing the refuse on the land is worth 15 years premium was not supported by professional advice. Inspection visit to the leased land revealed that it had been fenced half way, against the initial arrangement for it to be used as a car park.

**Recommendation:** You are advised to always ensure that due process is followed in the award of contracts. You should review the lease agreement with a view to protecting the property from being converted to private property. You may introduce the payment of annual grand rent during the period of the lease, to point to the fact that the property belongs to the Local Government. Please inform this Office of action taken within 2 weeks from the date on this report.

#### **10. NON-RETIREMENT OF IMPREST**

**Observation:** Available records presented for audit scrutiny revealed that office imprest were being paid to both political office holders and career officers but were not retired before collecting another one. This act is contrary to the provisions of chapter 14:24 of the Model Financial Memoranda for Local Governments which states that no imprest shall be approved until the previous ones have been retired. Non-retirement of imprest is tantamount to spending Government fund without accounting for it. Also, it shows that the Internal Auditor has not been carrying out post payment audit checks as required by the provisions of chapter 40:1 of the Model Financial Memoranda for Local Governments.

**Recommendation:** The treasurer and the internal auditor should be alive to their responsibilities by ensuring that all interests paid are retired and relevant accounting records are kept. They should also ensure that complete and continuous check is carried out.

#### **11. WATER AND ENVIRONMENTAL SERVICES**

**Observation:** During the checking of revenue collectors, it was observed that the Water and Environmental Sanitation Department collects some items of revenue. There was no data base for all revenue items collected by the department. Information on the number or list of all pepper grinders, food vendors, bakers etc. and the address where revenue is expected to be collected was not provided. Revenue monitoring will be difficult where information on revenue points is not known. Ordinarily, revenue budget should be based on revenue points and amount expected from such revenue points.

The management of the Local Government should insist that all revenue generating departments generates and update revenue data base for independent revenue monitoring as required by Chapter 1: 12(a) of MFM and the Treasurer should exercise overall oversight on departmental revenue.

**Recommendation:** The Local Government is advised to prepare a data base of revenue points to aid revenue monitoring. This will make it possible to identify revenue points yet to be covered, independent of the revenue collector that covers that area or type of revenue. By this, loopholes or leakages within the system can be blocked.

## **12. VIP TOILET AT ELEGA MARKET**

**Observation:** A sum of ₦2,900,000.00 was released vide PV 29 May 2020 to Engr. B. Alalade Director of Works to construct VIP Toilet at Elega market. Audit verification visit to the VIP Toilet revealed that it had been completed and commissioned since 9th September, 2020 but not put to use. The toilet was constructed to serve two important purposes. One of the reason for constructing this toilet was to avail the public the use of a toilet for their convenience and secondly to generate revenue to increase the internally generated revenue of the Council. It appears that the purposes for which the toilets were constructed are not being achieved after six months of its completion and commissioning since it has not been put to use.

As expected, the surrounding of the toilet has been messed up by the public that wanted to answer the call of nature. This possesses health challenge to the traders in the market and the patronising public if nothing drastic is done to stop open defecation as a result of the toilet provided that is under lock and key.

**Recommendation:** The Local Government is hereby advised to open the toilet for the use of the public to prevent open defecation while also generating revenue to the purse of the Local Government.

## **13. INSCRIPTION OF NAME ON LOCAL GOVERNMENT PROPERTIES**

**Observation:** On an inspection visit to Agbo Afoju, Olomore and Ibara Orile communities to verify borehole constructed at these locations, it was observed that generators purchased to

power the pumping of water for the communities did not have the name of the Local Government inscribed on them.

**Recommendation:** You are advised to always ensure that you inscribe Local Government name on all her properties to guide against their being converted to personal use.

ABEOKUTA NORTH LOCAL GOVERNMENT

ANLG.28T/73

12<sup>th</sup> August, 2021

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

**RE-MANAGEMENT LETTER**

In compliance with your letter OGLG/AUD/94/Vol.III/76 dated 2<sup>nd</sup> August, 2021. We hereby respond to the issues raised in the Audit Inspection Report of year 2020 as below:

(1) **Destruction of Exhausted Receipt Books**

The finance department has been directed to list all the exhausted receipt books and this will be forwarded to your office for clearance before destruction.

(2) **Audit Queries**

All audit queries received have been forwarded to the affected officers for necessary replies to the auditor General's office.

(3) **Weakness in Internal Control On Street Naming**

The management of Local Government has noted this weakness and new procedures have been put in place. Now all application fees are to be paid directly to the treasury before the commencement of any processing. All processed application must be routed through the Head of Local Government Administration (HOLGA) to the Secretary to Local Government (SLG) and to Chairman for first approval and final approval of the Finance and General Purposes Committee.

Finally, the management has also constituted a Task Force Committee to properly establish the register of all approved streets and ensure the renewals are equally collected.

(4) **Revenue Performance**

The reduction noted due to the problem of Covid-19 which affected April to July, 2020 revenue.

(5) **Local Government Shops at Ita Oshin and Olomore**

The shops and containers in Ita-Oshin parks and Olomore Market could not be controlled since the state announcement of committee on Parks and Garages. The transport Union

(NURTW & RTEAN) forcefully took over the collections and rents in these areas. Various meetings and invitations extended to them but did not yield any fruitful results. Similarly, at Olomore, shops were actually allocated to the Hausas and other individuals who are now responding by paying to the covers of the Local Government in year 2021.

(6) **Fixed Asset Register**

This observation has been noted and the Internal Audit in collaboration with the Finance Department has selected officers to carry out proper maintenance of these registers.

(7) **Land Leased Without Due Process**

This failure of due process is noted and the matter will be referred to Finance and General Purpose Committee (F&GPC) for proper deliberation and approval. Meanwhile Hon. Ayoola Ayodeji Ebenezer had been informed of the development.

(8) **Non-Retirement of Imprest**

The Internal Auditor has taken further actions on this and officers affected have taken corrective steps on it by attacking the necessary receipts.

(9) **Water and Environmental Service**

The director of Water and Environmental Sanitation department has started the opening of registers for data on collection of year 2020 and 2021 revenue collected by the department.

(10) **VIP Toilet At Elegu Market**

In actual sense, the construction on the toilet has been completed since last year 2020 but has not been put to use.

There was some traditional crisis on the Appointment of Iyalaja in the market which took the Local Government to the palace of Osile of Oke-Ona. The matter is yet to be resolved among the marketers, the youths in the market and the palace of Osile of Oke-Ona, based on this, the management had to stay action in releasing the keys to either of the groups.

(11) **Inscription of Name on Local Government Property**

Action has commenced on this. The Works and Housing department and the Internal Auditor have been directed to take charge and ensure all inventory and assets are fully labelled.

(12) **Tax Evasion**

After careful examination, it was discovered that VAT on the payment of Two Million Naira (₦2,000,000.00) to Alhaja Akinsola has been charged vide PV 25 of June, 2020.

(13) **Unreasonable Expenditure**

This observation was confirmed to be payment made to carry expenditure for 2020 Budget retreat but the voucher was worded as allowances in Error. The copy of the sub-receipts for the payment is also attached to the voucher.

We thank your office for the effort to maintain the internal control system and provide standard Accounting practices to Local Government.

Thank you.

  
Alh. Olusesi Tajudeen  
Head of Local Government Administration.