

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

ADO-ODO/OTA LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST 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.
14th 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 Ado-Odo/Ota Local Government for the year ended 31st 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 31st December, 2020 subject to the observations in the inspection reports.

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

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
ADO-ODO/OTA LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2020**

The accounts of Ado-Odo/Ota Local Government for the year ended 31st 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.

14th July, 2021.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL
GOVERNMENTS ON THE ACCOUNTS OF ADO ODO/OTA LOCAL GOVERNMENT,
OTA FOR THE YEAR ENDED 31ST 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 Ado Odo/Ota Local Government, Ota for the year ended 31st 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

Asset Register was not kept while Revenue Registers were not well maintained. Monthly bank reconciliation statements were not well prepared. There were lots of unpardonable errors omissions, alteration of figures mutilation and recording of figures with pencil.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNTS(₦)
Internally Generated Revenue	115,118,489.63
Statutory Allocation	2,720,406,031.67
Aids and Grants	<u>10,400,000.00</u>
Total	<u>2,845,924,521.30</u>
EXPENDITURE	
Overhead Expenses	176,103,426.15
Salaries and Allowances	1,945,357,888.16
Pension	806,613,452.14
Long Term Assets	<u>54,618,226.95</u>
Total	<u>2,982,692,993.40</u>

(4) REVENUE PERFORMANCE:

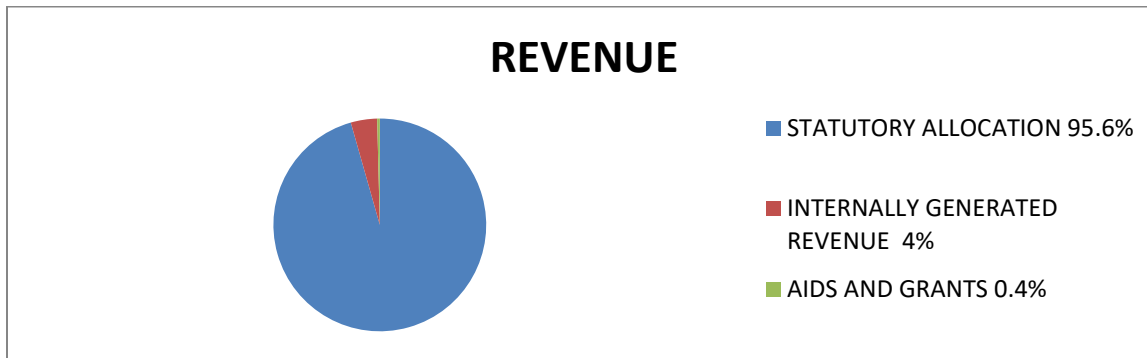
(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦155,630,000.00, a sum of ₦115,118,489.63 only was actually generated internally representing 74% of the budget. This revenue performance represents a drop of 11.8% when compared with the sum of ₦130,482,939.96 generated internally in year 2019. 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.

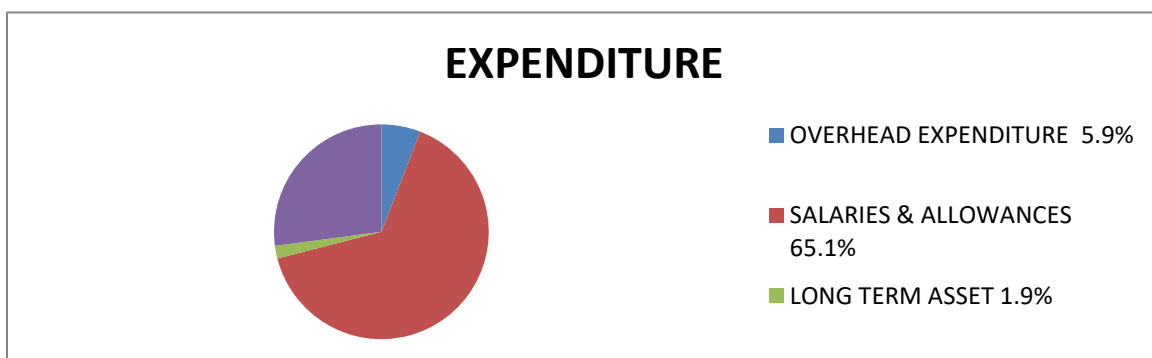
(ii) PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE

The Audit exercise revealed that out of the revenue of ₦2,845,924,521.30 realized by the Local Government during the year under review, a sum of ₦115,118,489.63 only was generated internally. This represented 4% of the total revenue while the total sum of ₦2,720,406,031.67 statutory allocation and ₦10,400,000.00 aids and grant received from the State Joint Account Allocation Committee represented 95.6% 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 expenditure profile of the Local Government revealed a total expenditure of ₦2,982,692,993.40. Out of this, a sum of ₦176,103,426.15 was expended on overhead which represented 5.9% of the total expenditure for the year. Also, a sum of ₦1,945,357,888.16 was expended on salaries and allowances which represented 65.1% of the expenditure for the year while ₦806,613,452.14 was expended on pensions which represented 27.1%. The sum of ₦54,618,226.95 was expended on long term assets and this represented 1.9% of the expenditure for the year. The pattern of expenditure does not augur well for meaningful development in the Local Government.



(6) DEBT PROFILE

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2020 was ₦191,267,367.88. The liabilities are highlighted below:

S/NO	ITEMS	AMOUNT(₦)
1	Pension Fund	52,317,142.41
2	5% Development Levy	16,043,573.60
3	5% VAT	16,088,436.38
4	PAYE	56,538,912.71
5	5% WHT	4,248,567.94
6	Payables	14,032,281.40
7	Others	<u>31,998,453.44</u>
	Total	<u>191,267,367.88</u>

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 against the extant rules and financial regulations. The Local Government should always remit deductions and other third-party funds as required by regulations.

(7) REVIEW OF STATEMENT OF FINANCIAL POSITION:

(i) ADVANCES

The sum of ₦11,267,757.29 highlighted in the Statement of Financial Position as at 31st December, 2020 as Advances was dormant during the year contrary to regulations. Efforts should be intensified to recover the advances.

(ii) INVESTMENT ACCOUNT BALANCE

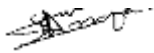
The sum of ₦1,941,214.23 stated as investment balance in the Statement of Financial Position as at 31st December, 2020 could not be substantiated because the shares certificate and other documents were not produced for Audit scrutiny and no evidence of the beneficial ownership such as dividend was presented on demand.

ADO-ODO/OTA 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.



Mr. Asipa B. A. (FCA)
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 Ado-Odo/Ota Local Government as at 31st December, 2020 and its operations for the year ended on the date.



Mr. Asipa B. A. (FCA)
Treasurer

Date: 12-03-2021



Alh. Adewale Wasiu Lawal
Chairman

Date: 12/03/2021

ADO ODO/ OTA LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	9,023,861.73	55,436,881.72
INVENTORIES		5,700,728.11	12,486,135.40
RECEIVABLES		8,740,000.0 0	6,667,400.00
PREPAYMENT			
ADVANCE		11,267,757.29	9,356,523.60
TOTAL CURRENT ASSET (A)		<u>34,732,347.13</u>	<u>83,946,940.72</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	1,494,006,957.58	1,486,834,986.60
INVESTMENT PROPERTY	11	746,380,795.28	756,235,279.64
BIOLOGICAL ASSET	12	3,318,500.0 0	
INVESTMENT		1,941,214.23	1,941,214.23
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>2,245,647,467.09</u>	<u>2,245,011,480.47</u>
TOTAL ASSET (C=A+B)		<u>2,280,379,814.22</u>	<u>2,328,958,421.19</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	177,235,086.48	137,757,781.54
ACCRUED EXPENSES, PAYABLES		14,032,281.40	17,810,781.40
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>191,267,367.88</u>	<u>155,568,562.94</u>
NON-CURRENT LIABILITY	-		
PUBLIC FUND			
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		<u>191,267,367.88</u>	<u>155,568,562.94</u>
NET ASSETS (G= C-F)		<u>2,089,112,446.34</u>	<u>2,173,389,858.25</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		2,089,112,446.34	2,173,389,858.25
TOTAL NET ASSET/EQUITY		<u>2,089,112,446.34</u>	<u>2,173,389,858.25</u>

ADO ODO/ OTA LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2020

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	2,720,406,031.67	1,900,832,958.15
NON-TAX REVENUE:	2	109,567,428.43	126,028,830.00
INVESTMENT INCOME			
INTEREST EARNED		435,500.00	904804.41
AIDS & GRANTS	3	10,400,000.00	0.00
OTHER REVENUE		5,115,561.20	3,549,305.55
TOTAL REVENUE (A)		<u>2,845,924,521.30</u>	<u>2,031,315,898.11</u>
EXPENDITURE			
SALARIES & WAGES	4	1,945,357,888.16	1,504,693,512.92
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	806,613,452.14	424,334,241.35
OVERHEAD COST	7	119,121,185.81	93,152,272.50
SUBVENTION TO PARASTALS		3,000,000.00	1,200,000.00
DEPRECIATION	10 & 11	53,982,240.34	49,411,619.96
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		<u>2,928,074,766.45</u>	<u>2,072,791,646.73</u>
SURPLUS / DEFICIT (C=A-B)		<u>-82,150,245.15</u>	<u>-41,475,748.62</u>

ADO ODO/ OTA LOCAL GOVERNMENT
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2020

	₦
Balance 1/1/2019	-61,279,173.88
Prior Year Adjustment	2,276,144,780.75
Adjusted Balance	2,214,865,606.87
Surplus/ (deficit) for the year	-41,475,748.62
Balance 31/12/2019	<u>2,173,389,858.25</u>
Prior Year Adjustment	-2,127,166.77
Adjusted Balance	2,171,262,691.48
Surplus/ (deficit) for the year	<u>-82,150,245.15</u>
Balance at 31 December 2020	<u>2,089,112,446.34</u>

ADO ODO/ OTA LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	2,718,406,031.67	1,900,832,958.15
LICENCES, FINES, ROYALTIES, FEES ETC	66,338,753.43	87,520,465.00
EARNINGS & SALES	36,975,525.00	31,983,865.00
RENT OF GOVERNMENT PROPERTIES	6,180,550.00	9,351,500.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL	107,500.00	792,804.41
DOMESTIC AIDS & GRANTS	10,400,000.00	
OTHER REVENUE	5,115,561.20	3,549,305.55
TOTAL INFLOW FROM OPERATING ACTIVITIES A	2,843,523,921.30	2,034,030,898.11
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	1,945,357,888.16	1,504,693,512.92
SOCIAL BENEFIT	806,613,452.14	424,334,241.35
OVERHEADS	116,114,278.52	89,373,678.21
SUBVENTION TO PARASTATALS	3,000,000.00	1,200,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	2,871,085,618.82	2,019,601,432.48
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	-27,561,697.52	14,429,465.63
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	- 54,618,226.95	-4,775,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	- 1,583,233.69	2,520,181.40
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-56,201,460.64	-2,254,818.60
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	37,350,138.17	35,586,172.16
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	37,350,138.17	35,586,172.16
NET CASH FLOW FROM ALL ACTIVITIES	-46,413,019.99	47,760,819.19
CASH & ITS EQUIVALENT AS AT 1/1/2020	55,436,881.72	7,676,062.53
CASH & ITS EQUIVALENT AS AT 31/12/2020	9,023,861.73	55,436,881.72

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

	<p>value of ₦100.00</p> <p>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.</p>
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> <p>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.</p> <p>b) These amounts are stated as Current Liabilities in the Statement of Financial Position.</p>
13	<p>Payable/Accrued Expenses</p> <p>a) These are monies payable to third parties in respect of goods and services received</p> <p>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.</p>
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,
2020**

**1. SHARE OF STATUTORY ALLOCATION
FROM JAAC**

	₦
JANUARY	223,015,273.06
FEBRUARY	294,266,786.87
MARCH	212,437,103.45
APRIL	205,000,058.68
MAY	200,920,234.40
JUNE	209,020,795.48
JULY	231,900,956.25
AUGUST	253,273,339.73
SEPTEMBER	208,256,638.32
OCTOBER	2,326,095.66
NOVEMBER	449,739,683.19
DECEMBER	230,249,066.58
TOTAL	<u>2,720,406,031.67</u>

2. NON-TAX REVENUE

LICENCES	23,478,200.00
FEES	36,748,753.43
FINES	6,184,400.00
EARNINGS	23,775,730.00
RENT OF GOVERNMENT PROPERTIES	6,180,550.00
SALES	13,199,795.00
TOTAL	<u>109,567,428.43</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	10,400,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>10,400,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	659,365,199.92
PRIMARY SCHOOL TEACHERS	1,187,401,519.62
TRADITIONAL COUNCIL	84,801,528.16
POLITICAL FUNCTIONARIES	13,789,640.46
TOTAL	<u>1,945,357,888.16</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	-
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	806,613,452.14
TOTAL	<u>806,613,452.14</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	16,996,500.00
HOLGA	1,120,000.00
INTERNAL AUDIT	1,295,000.00
ADMINISTRATIVE	34,469,370.68
FINANCE	15,802,537.89
INFORMATION	2,714,500.00
P H C	16,625,321.29
AGRIC	1,162,200.00
WORKS	13,480,255.95
PLANNING	3,476,500.00
WES	9,027,000.00
COMMUNITY	2,952,000.00
TOTAL	<u>119,121,185.81</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	138,015.11
CASH IN BANKS	8,885,846.62
TOTAL	<u>9,023,861.73</u>

9. UNREMITTED DEDUCTIONS

Pension Fund	52,317,142.41
5% Development Levy	16,043,573.60
5% VAT	16,088,436.38
PAYE	56,538,912.71
5% WHT	4,248,567.94
Others	<u>31,998,453.44</u>
Total	<u>177,235,086.48</u>

NOTE 10 ADO ODO/OTA 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	1,470,232,150.00		18,070,000.00	30,209,000.00	3,760,000.00	5,108,179.00	3,590,000.00	1,530,969,329.00	
ADDITION DURING THE YEAR	30,373,694.00			9,775,000.00	3,511,000.00	3,494,500.00	4,145,532.95	51,299,726.95	
LEGACY								0.00	
DISPOSAL DURING THE YEAR								-	
BAL. C/F	1,500,605,844.00	-	18,070,000.00	39,984,000.00	7,271,000.00	8,602,679.00	7,735,532.95	1,582,269,055.95	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	29,473,407.80		1,905,500.00	8,081,000.00	2,402,500.00	1,802,934.60	469,000.00	44,134,342.40	
ADDITION DURING THE YEAR	30,012,116.88	-	1,807,000.00	7,996,800.00	1,817,750.00	1,720,535.80	773,553.30	44,127,755.98	
DISPOSAL DURING THE YEAR									
BAL. C/F	59,485,524.68	-	3,712,500.00	16,077,800.00	4,220,250.00	3,523,470.40	1,242,553.30	88,262,098.38	
AS AT 31/12/2020	1,441,120,319.32	-	14,357,500.00	23,906,200.00	3,050,750.00	5,079,208.60	6,492,979.65	1,494,006,957.58	
AS AT 31/12/2019	1,440,758,742.20	-	16,164,500.00	22,128,000.00	1,357,500.00	3,305,244.40	3,121,000.00	1,486,834,986.60	
NOTE 11 ADO ODO/OTA LOCAL GOVERNMENT INVESTMENT PROPERTY							NOTE 12	BIOLOGICAL ASSET	
	LAND & BUILDING 2%	LAND	TOTAL	BIOLOGICAL 4%	TOTAL				
BAL AS AT 01/01/2020	492,724,218.00	273,365,546.00	766,089,764.00						
ADDITION DURING THE YEAR			0.00	3,318,500.00				3,318,500.00	
LEGACY			0.00						
DISPOSAL DURING THE YEAR			-						
BAL. C/F	492,724,218.00	273,365,546.00	766,089,764.00	3,318,500.00				3,318,500.00	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	9,854,484.36		9,854,484.36						
ADDITION DURING THE YEAR	9,854,484.36	-	9,854,484.36						
DISPOSAL DURING THE YEAR									
BAL. C/F	19,708,968.72	-	19,708,968.72						
AS AT 31/12/2020	473,015,249.28	273,365,546.00	746,380,795.28					3,318,500.00	
AS AT 31/12/2019	482,869,733.64	273,365,546.00	756,235,279.64						

The Chairman,
Transition Committee,
Ado-Odo/Ota Local Government,
Ota.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ADO-ODO/OTA
LOCAL GOVERNMENT, OTA FOR THE PERIOD 1ST JANUARY TO 31ST
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 Report.

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 Numbers	Subject	Amount (₦)
1.	OGLG/AQ/TTD/254/2020	Unreceipted Payment	232,800.00
2.	OGLG/AQ/TTD/255/2020	Doubtful Expenditure	1,650,000.00

3. UNRECEIPTED EXPENDITURE

Observation: It was disheartening to observe that your Local Government has continue to ignore the provisions of Chapter 14: 17 of the Model Financial Memoranda for Local Governments which require that official receipt must be obtained and attached to the payment vouchers by the officers that incurred expenditure on behalf of the Local Government.

Example of such instance was the sum of ₦232,800.00 released to Mr. M. O. Ibraheem (Asst. Technical Officer) vide PV No. 36/March, 2020 to purchase motor spare parts for the repair of the vehicle attached to the Director, General Services and Administration. Official printed receipt and other relevant documents to account for funds expended as required by the extant laws and regulations were not attached to the payment voucher.

Recommendation: I wish to reiterate it once again that your officers should always account for funds released by attaching relevant document like official receipts to payment vouchers.

4. **DOUBTFUL EXPENDITURE:**

Observation: A total sum of One Million, Six Hundred and Fifty Thousand Naira (₦1,650,000.00) only was released vide PV No. 41/June, 2020 to Mrs. Enilolobo Olusola (Chief Nursing Officer) to purchase eye glasses and to do eye examination for visually impaired people within the Local Government Area. It was observed that the payment was not supported with official printed receipts of the expenditure in line with the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments. Moreso, the list of beneficiaries of the eye-glass, and their contact address which will serve as evidence to confirm the genuineness of the project or programme was not attached to the payment voucher, thereby making the expenditure doubtful.

Recommendation: Officials are enjoined to always attach relevant documents to payment vouchers when projects are carried out on behalf of the Local Government.

5. **BANK RECONCILIATION STATEMENT**

The bank reconciliation statements for the period 1st January to 31st December, 2020 were examined where the followings were observed:

i) **UNCREDITED LODGEMENT**

Observation: The bank reconciliation statements revealed that a total sum of One Million, Two Hundred and Five Thousand, Seven Hundred and Forty Naira (#1,205,740.00) only was the accumulated sums of money paid into the bank accounts of the Local Government and bank accounts of its four (4) Local Council Development Areas between year 2017 and 2019 which are yet to be credited into the bank account of your Local Government and that of the defunct Local Council Development Area before they were scrapped.

Recommendation: The Treasurer and the Internal Auditor are advised to investigate and recover the money in line with the provisions of Chapter 1.14(7) and 40:3 of the Model Financial Memoranda for Local Governments which place the responsibility of ensuring that revenue to the Local Governments are promptly collected and paid to the Treasury on the Director, Finance and Supply as well as on the Internal Auditor. This Office must be informed of the action taken within two (2) weeks of the date on this report.

ii) **DIRECT CREDIT**

Observation: It was observed that a total sum of Thirty-One Million, Seven Hundred and Sixty-Eight Thousand, Nine Hundred and Twenty-Nine Naira, Sixteen Kobo (₦31,768,929.16) only which dates back to year 2017 were credited into bank account of your Local Government and its four (4) defunct LCDA but had not been entered into the cashbook. Audit investigation revealed that this money was paid by individual organization, revenue collectors and revenue contractors who were in the habit of holding on to bank tellers for so long before presenting the tellers to the Cashier for issuance of Treasury Receipts.

Recommendation: The Treasurer should investigate all the direct credit and ensure that it is posted into the cashbook. The Treasurer is also advised to invite the attention of the revenue collectors/contractors to the importance of prompt presentation of tellers to the Cashier to obtain Treasury Receipts for money paid to the banks.

6. **INTERNALLY GENERATED REVENUE**

Observation: A review of the internally generated revenue of your Local Government revealed that a sum of One Hundred and Fourteen Million, Seven Hundred and Seventeen Thousand, Eight Hundred and Eighty-Nine Naira, Sixty-Three Kobo (₦114,717,889.63) only was generated during the period under review as against the total sum of One Hundred and Fifty-Five Million, Four Hundred and Thirty Thousand Naira (₦155,430,000.00) budgeted as revenue for the year. A cursory look at the General Purpose Financial Statement revealed that only a paltry sum of ₦61,500.00 was actually generated from Radio & Television License fee as against ₦2,000,000.00 budgeted for the year. It was also surprising to note that a meagre sum of ₦260,000.00 was generated from Business/Trade operating fee as against ₦1,000,000.00 proposed for the year, whereas driving through the locality especially within Sango/Ota and its environs, one will notice a sizeable number of small business owners which abound within the Local Government.

Recommendation: I therefore wish to advise your Local Government to intensify her efforts towards harnessing all its revenue sources and any leakages observed or detected should be blocked.

7. **REVENUE CONTRACTORS AND THE LEVEL OF THEIR INDEBTEDNESS**

Observation: I wish to refer to paragraph 7 of the last Audit Inspection Report Ref No: OGLG/TTD/1/V/397 of 10th November, 2020 and to observe with dismay that no positive action

seems to have been taken to recover the sum of ₦43,033,000.00 owed by Revenue contractors engaged by the Ado-Odo/Ota Local Government and its defunct LCDA uptill 31st December, 2018. It is even worrisome to note that in spite of the level of indebtedness of the revenue contractors highlighted above, the management of your Local Government has flagrantly continued to ignore and disobey the content of circular letter Ref. No: SART/72/003 of 30th October, 2013 issued by the Special Adviser to the Governor on Revenue and Taxation and other circulars from this office which prohibits the engagement of revenue contractors to collect revenue on behalf of any Local Government. It is pertinent to mention that out of 120 revenue contractors engaged by your Local government during the period under review, a total of 69 of the contractors are indebted to your Local Government to the tune of ₦19,582,000.00. This deliberate action or inaction on the part of your Local Government has resulted in loss of huge sums of money and you have violated the provisions of Chapter 1:14(6) and 39:3(a) and 12 of the Model Financial Memoranda for Local Governments.

Recommendation: I wish to reiterate once again that your Local Government should implement the contents of the circulars and terminate all its revenue contractors and also take appropriate legal action against these revenue contractors to recover the debts trapped in their hands without any further delay.

8. **DORMANT ADVANCES**

Observation: Audit examination of the General Purpose Financial Statement (GPFS) revealed that a sum of Five Million, One Hundred and Sixty-Two Thousand, Four Hundred and Forty-Nine Naira, Eighty-Nine Kobo (₦5,162,449.89) was the cumulative figures of personal advances granted to various staff of your Local Government which had remained stagnant for several years. This inaction contravened Chapter 16:12 of Model Financial Memoranda for Local Governments which requires that personal advances must be paid on regular monthly instalments deductible at source from monthly salaries of staff. Investigation into the reasons for the dormancy revealed that most of the beneficiaries have been posted to other Local Governments while some have retired or deceased.

Recommendation: I wish to advice that your Local Government should take advantage of the Central Salary Payment Platform domiciled at the Local Government Service

Commission to effect deduction of these advances and also liaise with the Bureau of Local Government Staff Pension Board to recover outstanding advances from retired staff.

9. **NAMING OF STREET:**

Observation: It was observed that your Local Government has no comprehensive data of all the streets that existed within the locality and could therefore not determine the individuals or corporate bodies that have defaulted in the renewal of such street for several years except for those who come willingly to renew their application and those that come forward with fresh application for street to be named after them within the locality. Even though, your Local Government was found to have surpass the budgeted revenue of ₦2,000,000.00 by realizing ₦2,557,000.00 for the year under review, it would appear that the proposed revenue from street naming was under budgeted considering the urban nature of your Local Government and its cosmopolitan nature.

Recommendation: I wish to advice your Local Government to harness the revenue potentials which is derivable from street naming within the locality and ensure that any leakage(s) are identified and blocked.

10. **INVESTMENT**

Observation: It was observed that your Local Government has continue to reflect the sum of ₦1,941,214.23 as investment in the Statement of Assets and Liabilities but there was no evidence to substantiate this claim, because none of the officers in the Treasury department could produce on demand to Audit Team for sighting either the share certificate or any other document to confirm the existence of such investment.

Recommendation: You are therefore requested to initiate steps that would help to establish the true status of the investment, in the absence of this, they should be written off so that the true financial position of your Local Government could be determined.

11. INVENTORY

Observation: It was observed that there was no inventory card or inventory file in your Local Government that could reveal the actual items in each of the offices within the Local Government. Some of the items bought and those brought from the defunct LCDA's could not be ascertained because they were not recorded in the inventory card or file.

Recommendation: The Internal Auditor had been directed as a matter of urgency to take inventory of all the Local Government moveable and immovable items in accordance with the provisions of chapter 38 of Model Financial Memoranda for Local Government so as to prevent theft or pilferage.

12. CAPITAL EXPENDITURE REGISTER/ FIXED ASSET REGISTER

Observation: Chapter 26:4 of the Model Financial Memoranda for Local Government provides that the Treasury should maintain a capital expenditure register for recording expenditure on capital items for which its benefits and usage for the Local Government will last beyond five years. Though, this document was available in the Local government during the year under review but was not updated. This register is supposed to be a permanent record of expenditure on projects or assets. The register should contain information such as details of each project on separate page and folios, type of asset, time acquired or constructed, location, cost of contract or project, amount paid to date, stages of completion etc.

This chapter further state that the capital expenditure register or assets register shall be regarded as one of the most important accounting records kept by the Local Governments. The keeping of this record is one of the requirements of the International Public Sector Accounting Standard (IPSAS) now in use.

Recommendation: The Director of Finance and Supplies is advised to ensure that the records are kept and updated regularly.

13. AGRICULTURE AND NATURAL RESOURCES DEPARTMENT

Observation: Sometimes in July, 2020 the Local Government stocked its poultry cages with 1000 day-old-pullets. A sum of ₦2,083,000.00 was released to the department to purchase the birds, do the vaccination and for the feeding of the birds for twenty-seven (27) weeks. The bird commences egg production in December 2020.

Audit scrutiny of poultry records revealed a mortality of 63 birds which was explained by the Director of Agricultural (Mr Kayode Kikisagbe) as being normal, having falls within the allowable 10% recommended by Food & Agricultural Organization International Standard on Mortality (FAO).

Recommendation: I therefore wish to advise that the Officer- in- charge must take all the necessary precautions to avoid further death of the birds and not to run the project at a loss. In addition, the newly purchased ten (10) units of 3-Tier Nevada Jacco Battery poultry cages should be well maintained in order to prolong its life span.

14. **MARRIAGE CERTIFICATE/CERTIFICATE OF ORIGIN**

Observation: It was discovered that the Local Government contracted the collections of fees on marriage certificate and certificate of origin to SAANA Corporate Investments Management Limited. The contract agreement specified that 0.05% should be the commission of the contractor on each transaction. The Local Government currently charge ₦8,000.00 fees for Marriage Certificate, ₦5,000.00 as fees for Church Marriages and ₦4,500.00 as fees for Certificate of Origin.

However, audit observed that the method of collection was so seamless and harmless that it does not require the services of a contractor because the contractor only make use of an internet service such as POS for its collections at the Local Government Secretariat and a receipt will be generated for the issuance of General Revenue Receipt (GRR) before certificates are collected.

It is worthy to note that the Local Government Management can put the system in place for its staff to easily carry out the activities involved and therefore saved the unnecessary and unwarranted commission being paid to the contractor.

Recommendation: Your Local Government is enjoined to terminate the activities of the contractor, and acquire a POS machine that will be tied to their account and endeavour to carry out a bank reconciliation of the transaction on regular basis.

15. **CONDITIONAL ALLOCATION OF 6,000 SQUARE METER OF LAND AT OPIC ESTATE, AGBARA**

Observation: It was reported in paragraph 10 of the previous Audit Inspection Report Ref No OGLG/AILCDA/1/VOL.I/23 dated 30th October, 2020 earlier forwarded to the defunct Agbara Igbesa LCDA that Ogun State Property and Investment Corporation made a conditional allocation of 6,000 square meter land to Agbara/Igbesa LCDA within the Opic Estate. The allocation was observed to have contingent upon the payment of ₦5,000,000.00 infrastructural development levy to OPIC. However, the available record revealed that only a sum of ₦2,000,000.00 was released to OPIC in January 2019 by the defunct Agbara Igbesa/Igbesa LCDA leaving the balance of ₦3,000,000 yet to be paid.

Recommendation: I wish to advise once again that urgent steps should be taken by Ado-Odo/Ota Local Government being the Mother Local Government to ensure that the balance of the sum of Three Million Naira (₦3,000,000.00) is paid to OPIC without any further delay, because future development of the area may lead to an increase in the infrastructural development levy which may not be in the best interest of your Local Government and also to

prevent unnecessary encroachment on the land. This Office should be informed of any further development on the issue.

16. **CONSTRUCTION OF SHOPPING COMPLEX ALONG IJOKO/OTA ROAD OFF SECOND POWERLINE ROAD SANGO**

Observation: It was reported in the last Audit Inspection Report ref. No OGLG/SILCDA/1/2019 of 9th October, 2020 that in a bid to increase the revenue generation of the Sango/Ijoko LCDA and its environs, a contract agreement for the construction of a modern twenty -four (24) lock-up shops at a cost of ₦50,000,000 on Build, Operate and Transfer (BOT) agreement basis for a period of 25 years was entered into between the Local Council and Engr. Owolabi Abdul Ganiu, Chairman/Chief Executive Officer for and on behalf of Debay Golden Resources Nigeria Limited of 55 Arije Road, Arijeloro, Abule Iroko, Ogun State. The parcel of land on which the shops were to be constructed is situated along Ijoko Ota road, off second power line, Sango/Ijoko-Ota. Even though the project has been completed, it was observed that the developer flagrantly failed to abide with some fundamental issues as contained in the deeds of agreement he signed with the defunct Sango/Ijoko LCDA.

Instances of such flagrant violation on the part of the developer are contained in paragraphs 7, 8 and 12 of the deed of agreement.

In paragraph 7 of the deed of agreement, it was stated that the LCDA will be entitled to ten percent (10%) of money realized from the sale of application forms by the developer to interested members of the public, but the developer refused to pay such money into the coffers of the Local Council Development Area.

Similarly, clause 8 states that the Developer shall upon completion of the project, leased out the property (24 lock-up shops) for a period of twenty-five (25) years at the price mutually agreed by both parties (Employer and Developer) after which the property shall be reverted to the Employer in 1st March 2043. However, the Developer went ahead to construct thirty (30) lock-up shops instead of twenty-four (24) thereby distorting the approved plan of the building and violating the agreement without notifying and seeking the approval of the Management of the LCDA as contained in paragraph 11 of the agreement.

In addition to the above, the Developer failed to remit 10% of the total profit on the lease of the property to the LCDA as contained in paragraph 12 of the deed of agreement. Most importantly, this office was shocked to discover that most of the important documents relating to

contract such as original copies of the deed of agreement, architectural drawings, bill of engineering measurement and evaluation, approved plan of the project, the letter of approval granted by the Ministry of Local Governments and Chieftaincy Affairs etc were missing from the file.

On interrogation, the Chairman of Debay Golden Resources Nigeria Limited (Alhaji Yusuf Adegbenro) explained that the delay experienced towards the fulfilment of the content of the deed of agreement was as a result of failure to secure an early outright lease of the shops which will enhance the recouping of the initial capital outlay upon which the BOT agreement was based. He explained further that the lack of enthusiasm and fear of the intending lessee about the location of the shops which is very close to the Electric Power lines had been a setback. As at the time of writing this report, one of the shops appeared to have been leased out for Two Million Naira (₦2,000,000) only as explained by the developer.

Recommendation: The Company Chairman, Alhaji Yusuf Adegbenro was advised by the Audit Team that as a matter of urgency he should meet the Management of Ado-Odo/Ota Local Government being the Mother Local Government that absorbed the LCDA for necessary adjustments to the deed of agreement which will accommodate thirty (30) shops constructed as against twenty –four (24). In addition, the missing architectural drawings and the bill of engineering measurement and evaluation must be re-prepared and submitted to the Local Government for the Local government Engineer to carry out critical evaluations and appraisal of the cost implication of the building, the original copies of the deed of agreement and the approval granted by the Ministry of Local Governments and Chieftaincy Affairs must be located and put in the appropriate files of the Local Government, failure upon which legal action should be initiated against the developer for breach of contract and the agreement be terminated forthwith. Please inform this Office of the action taken within two (2) weeks of the receipt of this report.

**MANAGEMENT REPORT ON AUDIT INSPECTION
REPORT ON ACCOUNTS OF ADO-ODO /OTA LOCAL GOVERNMENT OTA FOR THE
PERIOD 1ST JANUARY TO 31ST DECEMBER 2020.**

In reference to your letter Ref OGLG/AUD/94/VOL.III/76 OF 2ND August 2021 and OGLG/TTD/I/V/412 of 20th June 2021 on the new policy which makes it mandatory for LGs to respond to observations made on the Audited Accounts of the Local Government.

We wish to inform you of the necessary steps taken on your observations.

1. DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

The Local Government has taken note of this. We will notify your office when destruction exercise for used receipts and obsolete store items is about to commence in our Local Government.

2. AUDIT QUERIES

The Audit Queries issued by your office have been given to the officers involved and their responses have been sent to your office for necessary action.

3. BANK RECONCILIATION STATEMENT

We are informing you that all observations and recommendations made on the Bank Reconciliation Statement have been adhered to and amended on the bank reconciliation statement for January 2021.

The un-credited lodgments (#1,205,740) One million, two hundred and five thousand, seven hundred and forty naira has been investigated and has all been cleared.

While the Direct Credit of (#31,768,929.16) thirty-one million, seven hundred and sixty-eight thousand, nine hundred and twenty-nine naira, sixteen kobo has been posted back into the cash book leaving a balance of (#5,248,070.72) five million, two hundred and forty-eight thousand seventy naira, seventy two kobo.

Also, all revenue collectors, consultants have been informed to bring their tellers to the Finance department promptly for issuance of treasury receipts to avoid more direct credit Copies of Jan 2021 Bank Reconciliation Statement have been forwarded to your office.

4. INTERNALLY GENERATED REVENUE

The Local Government is intensifying its efforts in improving the IGR of the Local Government and we wish to inform you that the Radio and TV license have been included in the cost of Certificate of Origin and Marriage fees as observed. We will endeavour to separate it so it can be posted to its organizational code.

5. REVENUE CONTRACTORS AND THE LEVEL OF THEIR INDEBTEDNESS

The observation is noted and will be conveyed to the new Management. Also, measures are in place for collection from consultants indebted to the Local Government. Some were mandated to pay their outstanding debts before having transactions with the Local Government.

6. DORMANT ADVANCES

The Finance department has started compiling the list of officers outside the Local Government who are indebted to the Local Government and letters will be forwarded to them at the appropriate time. Also, where necessary the assistance of the Integrated Payroll and personnel Management System office at the Commission will be sought for easy collection.

7. NAMING OF STREET

The observation of the Auditor-General's office is noted. The Local Government is already working to ensuring that there is adequate records of all the registered streets in the Local Government.

8. INVESTMENT

The investment of #1,941,214.23 mentioned in your report has been in the accounts of the Local Government for a long time and all effort to trace its existence has proved abortive. We are working on writing it off but with the involvement of your office.

9. INVENTORY (INTERNAL AUIDT)

As observed by your office, inventory cards and file have been opened and items have been posted into them and copies in each office.

10. CAPITAL EXPENDITURE REGISTER/FIXED ASSET REGISTER

The Finance Department have the capital expenditure register and this has been updated to include the necessary items that is expected to be posted in it.

11. AGRICULTURE AND NATURAL RESOURCES DEPARTMENT

The Measures are being put in place to avoid the mortality of birds beyond the allowable 10% Food and Agricultural Organization International Standard on Mortality (FAO). Also, efforts are put in place for increase maintenance on the newly purchased cages.

12. MARRIAGE CERTIFICATE/CERTIFICATE OF ORIGIN

The observation has been noted and the new management will be briefed about it for its decision.

13. UNRECEIPTED EXPENDITURE AND DOUBTFUL EXPENDITURE

The Management has implored Head of Department to ensure expenditure items are well receipted and attachment of all necessary documents to payment vouchers is emphasized. All other observations are noted for compliance.

14. CONDITIONAL ALLOCATION OF 6000 SQUARE METER LAND OPIC ESTATE AGBARA

The advice of the office of the Auditor-General on the above is well noted. The Local Government is not resting on its oars in looking for fund to actualize the payment of the balance of OPIC

15. CONSTRUCTION OF SHOPPING COMPLEX ALONG IJAKO/OTA RD OFF SECOND POWERLINE ROAD SANGO

The advice of the office of the Auditor-General on the above is well noted for necessary action.


DR. ADESANYA DANIEL ADEWALE
Head of Local Govt. Administration.