

OGUN STATE GOVERNMENT

DOMESTIC REPORTS

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF THE

**TWENTY (20) LOCAL GOVERNMENTS AND THIRTY-SEVEN
(37) LOCAL COUNCIL DEVELOPMENT AREAS OF OGUN
STATE OF NIGERIA**

FOR THE YEAR ENDED

31ST DECEMBER, 2019

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

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ABEOKUTA NORTH
LOCAL GOVERNMENT, FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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 Number	Subject	AMOUNT ₦
1	OGLG/AQ/ABN/228/2019	Non-Deduction of Statutory Payments	200,000.00
2	OGLG/AQ/ABN/229/2019	Non-Deduction of Statutory Payments	250,000.00
3	OGLG/AQ/ABN/230/2019	Unreceipted Expenditure	157,000.00
4	OGLG/AQ/ABN/231/2019	Failure to Maintain Capital Expenditure and Fixed Assets Registers	
5	OGLG/AQ/ABN/232/2019	Failure to Maintain Market Register	

3. TAX EVASION

Observation: During the examination of payment vouchers, it was observed that some Local Government officials aided contractors to evade the statutory payments of VAT and 5% Tax. These officials allowed payment vouchers meant for contract jobs to be raised in their official names in order to give the impression that such jobs were executed directly by them. Examples of such practices included the sum of ₦450,000.00 paid to print 50 booklets of certificate of origin and to print letter head paper and office file jacket. The payment voucher were raised in the name of Local Government officials whereas, the jobs were awarded to Abols Art & Print of No 1, Ligegere Street, beside Baba Solo, Ake, Abeokuta.

Recommendation: The Local Government is advised to always effect necessary tax deductions on transactions as appropriate.

4. UNRECEIPTED EXPENDITURE

Observation: During the period under reference, it was observed that some payment vouchers were not supported with official printed receipts and other evidences of execution of projects. Example of this practice was the sum of ₦157,000.00 released to construct plinth and to supply cable materials for the installation of pre-paid meter. This payment was not supported by relevant documents to account for the expenditure contrary to the provisions of Chapter 14:17 of Model Financial Memorandum for Local Governments.

Recommendation: You are advised to always account for funds released by attaching relevant documents like official receipts.

5. SHORTFALL IN REVENUE:

Observation: During the period covered by this report, a sum of Thirty Four Million, Six Hundred and Forty Five Thousand Naira (₦34,645,000.00) was the total independent revenue budgeted, but only a sum of Twenty One Million, Five Hundred and Forty-Four Thousand, Five Hundred and Sixty Naira (₦21,544,560.00) was generated representing 62% of the total budget. Though, there was a slight increase of about 1.07% when compared with the sum of Twenty-One Million, Three Hundred and Seventeen Thousand, One Hundred and Ninety Naira Thirty Kobo (₦21,317,190.30) generated internally in year 2018 but it still did not reflect the internal revenue potentials.

Investigation into the reasons for the not too impressive internally generated revenue revealed that there was no sound revenue monitoring mechanism in the Local Government. For instance, there was no revenue data base identifying revenue collection areas which can be used to monitor revenue generation performance from the headquarters. In the absence of this, the Local Government has no other choice than to place blind trust in the efficiency and sincerity of revenue collectors.

Recommendation: The Local Government is hereby advised to oil the internal revenue generation machinery for more efficient revenue collection. Revenue data base should be urgently generated to aid revenue planning and monitoring.

6. NAMING OF STREET:

Observation: It was observed that the Local Government approved a sum of One Hundred and Five Thousand Naira (₦105,000.00) as street naming fee. The sum is meant for paper documentation, construction of sign-post as well as three years renewal advance payment. All approved street names are to be renewed annually by the payment of the sum of ₦10,000.00. It

was disheartening to note that the Local Government did not have information of approved street names so as to ascertain the amount expected each year and renewal fees due from each person. This is contrary to the provision of Chapter 6:23 of Model Financial Memoranda for Local Governments which requires that where revenue becomes due on a recurring fixed interval, a register of recurring revenue must be kept.

The failure to keep a register of approved street name by the Council had made it difficult to initiate effort to ensure prompt recovery of the outstanding debt from the defaulters. Although the sum of ₦410,000.00 collected on street naming exceeded the sum of ₦250,000.00 budgeted, never-the-less, there was no evidence that the renewal fees due had been efficiently collected. The Treasurer and Director, General Services and Administration appear not to be alive to their responsibility of ensuring that the Local Government revenue are promptly collected and paid to the Treasury as required by regulations.

Recommendation: You are advised to compile information on approved street names in the Local Government for renewal fee purposes and ensure prompt recovery of outstanding debt for better revenue generation. Required accounting records should be maintained.

7. OVERDRAFT FACILITIES OF FIVE MILLION NAIRA

Observation: During the period under review, it was observed that the Local Government obtained a standing overdraft facility of Five Million Naira (₦5,000,000.00) from Wema bank Plc. on Account Number 0120003167 in year 2015. The Local Government failed to fulfill the repayment obligation. Available record revealed that on 15th February, 2016 the overdraft facility was restructured to term loan payable within 24 months period but the Local Government further reneged on this agreement and the loan had risen to ₦8,310,832.98 as at 14th July, 2020 when a certificate on the loan was obtained from the bank. The attitude of the Local Government is invitation to litigation that may attract additional costs.

Recommendation: The Local Government is therefore advised to liaise with the Management of Wema bank to possibly reschedule the loan repayment. You should endeavor to honour whatever agreement reached.

8. DORMANT ADVANCES

Observation: An examination of financial statement revealed that as at 31st December, 2019 a sum of Four Million, Two Hundred and Fourteen Thousand, Seven Hundred and Fifty-Nine Naira, Forty-Eight kobo (₦4,214,759.48) was the balance on advances granted to various staff of the Local Government but which had remained stagnant for years contrary to Chapter 16:12 of

the Model Financial Memoranda for Local Governments. The chapter requires that personal advances must be paid on regular monthly installments deducted at source from monthly salary of the beneficiaries.

RECOMMENDATION: You are advised to take advantage of the central salary payment platform for Local Government Staff to effect deduction of these advances. In addition, you should liaise with the Bureau of Local Government Pension for recovery of outstanding advances from retired staff.

9. LOCAL GOVERNMENT SHOPS AT IBEREKODO

Observation: It was highlighted in the previous Audit Inspection Report Ref No OGLG/ABN/1/VOL.1V/251 dated 13th May, 2020 that the Local Government has nineteen (19) blocks of one hundred and eighty-two (182) open stalls, ten (10) blocks of eighty-eight (88) lock-up shops and two (2) halls at Iberekodo but which were all grossly under-utilized. Audit observed with dismay that a paltry sum of ₦48,000.00 only was realized as annual rent on all the lock-up shops and open stalls as against the sum of ₦2,000,000.00 expected to be generated in the year.

It appears that there has not been any improvement in the utilization of the market. Traders continue to trade along the roads while shops are wasting away and revenue that could have been generated from the shops is lost. The environment on the market days are very rowdy and expose traders and their customers to vehicular risk as they trade along the road. The shops are not well maintained.

Recommendation: The Local Government is therefore advised to carry out maintenance work such as re-roofing and other works on existing lock-up shops for better operating atmosphere. In addition, the Local Government should discourage trading on the road within the market.

10. INVENTORY

Observation: It was observed that there were neither inventory cards nor inventory file in the Local Government that could reveal the actual items in an office as required by Chapter 38:2 of MFM. Some of the items bought as well as those received from the defunct Local Council Development Areas were not recorded in inventory card or file.

Recommendation: The Internal Auditor had been directed as a matter of urgency to take inventory of the Local Government properties in each office in accordance with the provision of chapter 38 of Model Financial Memoranda for Local Governments so as to prevent unauthorized access to them.

11. WEAKNESSES IN SALARY PAYMENT PROCEDURE

Observation: It was observed during the examination of payment vouchers that salary vouchers were not often authorised by officers controlling votes as required by Chapter 13:12 (2) MFM which states that payment vouchers must be authorized by Officer controlling vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by Chapter 40:10 of MFM which stipulates that prepayment audit should be carried out on all vouchers before payment. This implies that the Local Government had abandoned the prescribed control over payment of salaries and allowances. The excuse of officials is that salary payment is now done centrally but it is to be emphasised that, the fact that salary is paid centrally does not mean that the internal control procedure designed to ensure that salary is paid to only qualified staff should be suspended.

The Integrated Payroll and Personnel Management System's (IPPMS) central salary payment platform of the Local Government in the State is to be fed by each Local Government monthly on staff eligible for salary and the amount due to each. This is not to be left to the IPPMS Officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS Officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salary determined as required by regulations.

It should be reiterated that the Treasurer is responsible for ensuring the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the salary. Each head of department is to ensure that only bona fide staffs are on the salaries and allowances voucher controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation: You are advised to always follow due process in the preparation of salaries and allowances.

12. CAPITAL EXPENDITURE REGISTER/ FIXED ASSET REGISTER

Observation: Mention was made in the last Audit Inspection Report Ref. No. OGLG/ABN/1/VOL.IV/241 dated 14th March, 2019 that the Local Government did not maintain Capital Expenditure Register/Fixed Asset Register. During the Statutory audit just concluded, your Local Government failed to produce on demand to Audit, these registers which Chapter 26:4 of Model Financial Memoranda (MFM) regarded as one of the most important accounting

records kept by the Local Governments. This register is supposed to be a permanent record of expenditure on projects or assets containing details of each project and information like type, location and cost of contract, assets payment progress, stages of completion etc.

It is very disheartening to note that despite the importance of this document and in spite of the persistent emphases by this Office on its maintenance, your Local Government had refused to maintain it. This clearly is a violation of regulations and a disregard for the opinion of the Auditor-General which would not be allowed to continue. The Treasurer would henceforth be held personally responsible for losses that may arise from this dereliction of duty as provided by Chapter 1:17 of MFM.

In addition, you are to note that physical inspection of the assets in either the Capital Expenditure Register or the Fixed Assets Register is to be done every six months as required by Chapter 26:6 of MFM. The flippant excuses of officials that they are not aware of the existence or location of Local Government assets will no longer be tolerated.

RECOMMENDATION: The Director of Finance and Supplies is advised to always maintain all accounting records required by regulations.

13. REVENUE CONTRACTORS AND THE LEVEL OF THEIR INDEBTEDNESS

Observation: The engagement of revenue contractors by the Local Government is an infraction to the Circular Letter No. SART/72/003 of 25th October, 2013 issued from the Office of the Special Adviser to the Ogun State Government on Revenue and Taxation, which banned the use of Revenue Contractors by any Ministries and Agencies of Government. Your Local Government had contravened the provisions of this circular as mentioned in the previous Audit Inspection Reports No. OGLG/ABN/1/VOL.IV/220 of 22nd March, 2017, OGLG/ABN/1/VOL.IV/231 of 9th October, 2017, OGLG/ABN/1/VOL.IV/241 of 14th March, 2019 and OGLG/ABN/1/VOL.IV/251 of 13th May, 2020 all on the need to recover the sum of ₦61,279,500.00 highlighted as debt owed by various Revenue contractors as at December, 2015 (Appendix B)

It appears that no positive action have been taken on the issue because the money has not been recovered contrary to the provisions of chapter 1:4(9), 1:14(6) of MFM. The sum of ₦61,279,500.00 in question is about 284% of the sum of ₦21,544,560.00 total revenue generated by the Local Government in the financial year under review.

You will recall that you have been severally warned against the use of revenue contractor to assess and collect revenue because it was against regulations, yet, you did not exercise

restraint in the engagement of revenue contractors in violation of regulations. This action had resulted in this imminent but avoidable loss of revenue.

However, all officers of the Local Government that contributed to this loss will be made to refund the amount involved if eventually the contractors failed in their payment obligations as provided in Chapter 1:17. In addition, Chapter 8:6 of Model Financial Memoranda for Local Governments requires that a Board of Enquiry should be set up to investigate failure to promptly remit revenue due to the Treasury to determine the immediate and remote cause of default by a revenue collector. Your Local Government failed to set up a Board of Enquiry as required by regulations despite the fact that the Auditor-General notified you of the imminent loss and instructed that you comply with regulations above.

Recommendation: The Local Government is yet again advised to set up a Board of Enquiry to investigate this imminent loss. In addition, take all necessary steps including legal action to recover the sum of ₦61,279,500.00 owed by the Revenue contractors and inform this Office of the action taken.

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

**AUDIT INSPECTION REPORT ON THE ACCOUNT OF ABEOKUTA NORTH-EAST
LOCAL COUNCIL DEVELOPMENT AREA, FOR THE PERIOD 1ST JANUARY TO
31ST DECEMBER, 2019.**

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. CHECKING OF REVENUE COLLECTORS

Observation: It was observed during the review of Revenue Earning Register that Mr. C.A Bamgbose was not listed as Revenue Collector to be checked but he has GRR No 0001851 – 0001950 yet to be cleared in the Register. Mr. C.A. Bamgbose could not present the receipts for audit scrutiny as a result of health challenge.

Recommendation: You are required to take measures necessary to recover the receipt for audit check.

3. OLOMORE PRIMARY HEALTH CARE

Observation: It was observed that Olomore Primary Health Care was captured as one of the Legacy Asset of the LCDA but no value was attached to the assets. Interrogation revealed that the project was a senatorial project of Senator Iyabo Obasanjo Bello and had not been properly handed over to the Local Government but the Local Government had expended a sum of Five Hundred Thousand Naira (₦500,000.00) to renovate the abandoned property to be used to deliver health services to the people. The renovation was partially done and the building at the moment is not in a state to serve as a health facility because of its condition.

Recommendation: You are advised to liaise with relevant authorities to secure formal release of the property to the Local Government. The proposed renovation of the property should be concluded early so that the property can be used to service the health needs of the people of that environment.

The Chairman,
Transition Committee
Abeokuta North Local Government,
Akomoje

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ABEOKUTA NORTH WEST
LOCAL COUNCIL DEVELOPMENT AREA FOR THE YEAR ENDED 31ST
DECEMBER, 2019**

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 comment 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 Number	Subject	Amount ₦
1	OGLG/AQ/ANWLCDA/7/2019	Expenditure Not supported With proper records of Accounts	95,000.00
2	OGLG/AQ/ANWLCDA/8/2019	Doubtful Expenditure	43,000.00
3	OGLG/AQ/ANWLCDA/9/2019	Failure to Maintain Market Register	

3. FAILURE TO MAINTAIN MARKET REGISTER

Observation: It was observed during audit compliance test that the Council has revenue sources due at recurring intervals but noted that there was no register containing these sources as required by Chapter 6.23 of Model Financial Memoranda for Local Governments (MFM). Examples are Open Shops and Lock up shops at Lafenwa Market, bake houses fee, street name annual renewal fee etc. where no register was kept, whereas, Chapter 6.23 of MFM requires that this register must be kept. The Council did not maintain a register for any of these revenue sources which are due on recurring fixed interval. Without this Register, it would be difficult to determine the amount outstanding from each revenue payer. Revenue supervision would also be difficult without this register.

Recommendation: You are advised to maintain Market Register and any other accounting records required by regulations. The Treasurer should ensure that the register is opened and well maintained as required of him by Chapter 1.8(5) of MFM.

4. WEAKNESSES IN SALARY PAYMENT PROCEDURE

Observation: It was observed during the examination of payment vouchers that salary vouchers were not often authorized by officers controlling votes as required by Chapter 13:12 (2) MFM which states that payment vouchers must be authorized by Officer controlling vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by chapter 40:10 of MFM which stipulates that prepayment audit should be carried out on all vouchers before payment. It appears that the LCDA has abandoned those prescribed control over payment of salaries and allowances. The excuse of officials is that salary payment is now done centrally. It is to be emphasised that, the fact that salary is paid centrally does not mean that the internal control procedure designed to ensure that salary is paid to only qualified staff should be suspended.

The Integrated Payroll and Personnel Management System's (IPPMS) central salary payment platform of the Local Government in the State is to be fed by each Council monthly on staff eligible for salary and the amount due to each. This is not to be left to the IPPMS Officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS Officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salary determined as required by regulations.

It should be reiterated that the Treasurer is responsible for ensuring the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the salary. Each head of department is to ensure that only bona fide staffs are on the salaries and allowances voucher controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation: You are advised to always follow due process in the preparation and payment of salaries and allowances.

5. PURCHASE OF OFFICIAL VEHICLE FOR OFFICE OF THE CHAIRMAN

Observation: Examination of payment vouchers revealed that the Local Council Development Area at its Finance and General Purpose Committee Meeting held on 22nd January 2019 unanimously considered and approved a sum of One Million, Seven Hundred and Fifty Thousand Naira (₦1,750,000.00) for the purchase of a Toyota Highlander Jeep for the Office of the Executive Chairman Abeokuta North West Local Council Development Area.

Audit verification and investigation revealed that the Toyota Highlander with registration number LG 01 AKM (LCDA) was still with the chairman (Hon. Monsuru Sorunke) after the

expiration of his tenure in Office. This act contravened the circular letter No DG/152/T/176 of 16th February, 2017, DG/152/T/186 of 20th April, 2017 and OGLG/AUD/94/VOL.III/34 of June, 2019 all of which requires that no political Office holder should be allowed to take away official vehicle without following due process.

Recommendation: The Local Government is advised to recover the vehicle from the Executive Chairman, Hon. Monsuru Soronke immediately on receipt of this report.

6. **INVENTORY AND INSCRIPTION OF NAME ON LOCAL COUNCIL**

PROPERTIES

Observation: It was observed in the last Audit Inspection Report No OGLG/ABN/1/VOL.IV/251 of 13th may, 2020 that the Local Council Development Area had not inscribed its name on its newly purchased moveable items. During the just concluded audit exercise the situation has not changed. This made it difficult to identify moveable assets of the LCDA that were brought to Abeokuta North Local Government after the merger of LCDA's with Local Governments. Had the LCDA inscribed her name on moveable assets, it would have been easy to verify assets collected by Abeokuta North Local Government. The purpose of the inventory and inscription of name on assets is to protect the property from theft, abuse or conversion to private property.

Some moveable assets were still in the store of the LCDA as at the time of the Audit inspection.

Recommendation: Abeokuta North Local Government is advised to take over the items in the LCDA store and inscribe her name on the assets.

7. **CONSTRUCTION OF LOCK-UP SHOPS AND OPEN STALLS**

Observation: It was highlighted in the last Audit Inspection Report No OGLG/ABN/1/VOL.IV/251 of 13th may, 2020 in which it was reported that there was an ongoing construction of 136 lock-up shops, 88 open stalls, 8 public toilets with 2 bathrooms and borehole facility handled by a developer named Total Value Integrated Services Ltd (Estate Developer, Property Consultant and General Merchant) RC No 1196625 of 13 Alli Street Lagos Island, Lagos.

The properties are to be constructed on a Build Operate and Transfer (BOT) arrangement where the contractor will self-finance the project and manage it for fifteen years after which it would revert to the Council. The project that commenced in May 2019 was to be completed within six (6) months.

The details of the proposed structure are as follow:

- A. A block of 48 lock-up shops
- B. A block of 48 lock-up shops
- C. A block of 40 lock-up shops
- D. Four blocks of twenty-two open stalls each
- E. A block of 8 public toilets with 2 bathrooms and borehole facility.

Audit verification visit to the project site revealed that the open stalls had been partly completed, because the first building consisting of 48 lock-up shops was still at roofing level. The roof carcass had been put in place, awaiting the fixing of galvanized aluminum roofing sheets, while the logging, screeding of floors, doors, plastering, electrical works and painting were yet to be done. Roofing of the second building had been done except some part of the aluminum roofing yet to be fixed but ongoing as at the time of Audit visit. Works are yet to commence on plastering of the external and internal walls, screeding of the floor, doors, electrical works and painting. The casting of the first floor top slab of the 3rd building was ongoing as at the time of the visitation, while work was yet to commence on other parts of that building.

In addition, it was observed that work was yet to commence on the construction of 8 Toilet facility, 2 bathroom, borehole, fencing with iron gate and paving of the floor and drainage works.

Recommendation: The Local Government is advised to ensure that the developer complied with all the terms of the agreement and that the project which ought to have been delivered by November, 2019 is completed in earnest and this Office should be informed accordingly.

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

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OKE-OGUN LOCAL
COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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 Number	Subject	Amount ₦
1	OGLG/AQ/OOLCDA/10/2019	Unreceipted Expenditure	50,000.00
2	OGLG/AQ/OOLCDA/11/2019	Unreceipted Expenditure	100,000.00

3. BUDGET PERFORMANCE:

Observation: During the period covered by this report, a sum of Thirteen Million, Nine Hundred and Ninety One Thousand, Two Hundred and Three Naira (₦13,991,203.00) only was the total independent revenue budgeted, but only a sum of Six Million, Four Hundred and Twenty-Seven Thousand, Three Hundred and Twelve Naira (₦6,427,312.00) was generated representing 46% of the budgeted amount during the period. When compared the amount generate with the sum of Seven Million, Seven Hundred and Seventeen Thousand, One Hundred and Five Naira (₦7,717,105.00) generated in immediate past year (2018), one would notice that there was a drop in performance in the current year by ₦1,289,793.00 representing 16.71% reduction in revenue generated.

Recommendation: You are advised to step up your revenue drive so as to improve the inflow of revenue to the coffers of the Council and you should block all identified areas of revenue leakages.

5. UNRECEIPTED EXPENDITURE

Observation: During the period under reference, it was observed that the sum of ₦150,000.00 released through some payment vouchers were not supported with official printed receipts and other evidences of execution of those projects and programmes. This is contrary to the provisions of Chapter 14:17 of Model Financial Memorandum for Local Governments.

Recommendation: You are advised to always account for funds released by attaching relevant documents like official receipts.

6. BONDING OF LOCAL GOVERNMENT STAFF

Observation: It was observed that none of the Revenue Collectors in the Local Council Development Area was bonded contrary to the Provisions of Chapter 42:3 of Model Financial Memoranda for Local Governments which requires that all staff whose duties involve the handling of Local Council Development Area's funds is adequately bonded. The bond is a guarantee that revenue loss can be recovered from the guarantors.

Recommendation: You are required to bond all Revenue Collectors and other staff that are handling cash as required by regulations.

7. LOCAL COUNCIL 40 OPEN STALLS AT IBARA ORILE

Observation: It was highlighted in the previous Audit Inspection Reports Ref No OGLG/OOLCDA/1/1 dated 8th January, 2019 and OGLG/OOLCDA/1/VOL.IV/14 of 18th May, 2020 that the Local Council's forty (40) Open stalls were in a state of dis-repair.

The audit exercise revealed that there has not been any improvement in the physical state of the buildings and utilization of the shops as all the open stalls are still in dilapidated condition which are not conducive for trading activities.

Recommendation: The Local Council is therefore advised to carry out maintenance work such as re-roofing and other works on the existing open stalls for better trading activities that will enhance her revenue generation.

8. LAND AT ROUNDNER, AYETORO

Observation: During the period under review, it was observed that the Local Council Development Area took possession of landed properties situated along roundner, Ayetoro Road where close to 135 lock-up shops had been erected by different individuals over the years. The Local Council had started the collections of annual ground rent of ₦24,000.00 on each shop owners. Later on, a family by the name OMO BABA OWO instituted a case against the Council and occupants on the ownership of the land. Mr. Oniyide F.O (H.E.O), the Officer in charge of

litigation informed the Auditors that the Local Council had recently won one of the two court cases but the court judgment was yet to be provided to support his assertion.

It was observed from the review of General Purpose Financial Statements that the LCDA started collecting ground rent since year 2018 and a sum of ₦537,000.00 was generated that year. In year 2019, the LCDA generated ₦167,000.00. However, there was no record of those that paid the ground rent because a register of recurring revenue was not kept as required by Chapter 6:23 of Model Financial Memoranda for Local Governments. We also gathered that not all occupants of those shops on the land is paying the ground rent because of the on-going ownership tussle. It was observed that the Government can generate millions of naira every year from this source alone if honestly harnessed.

Recommendation: You are advised to consolidate on the efforts so far made on collection of ground rent at the Rounder Market. In addition, all required accounting records should be maintained as required by regulations.

The Chairman,
Transition Committee,
Abeokuta South Local Government,
Ake.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ABEOKUTA SOUTH
LOCAL GOVERNMENT, AKE FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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. **BANK RECONCILIATION STATEMENTS:**

DORMANT BANK BALANCES:

Observation: It was observed that little or no action seems to have been taken on the advice given in the last audit report that the Local Government should either reactive or close the bank accounts that have remained dormant for several years.

During the recently concluded audit exercise, the issue was also raised with the Director of finance and supplies Alh. Ayinla Sulaiman and he promised to discuss the issue with the management.

Details of the dormant bank accounts are highlighted below:

NO	NAME OF BANKS	ACCOUNT NOS	AMOUNT (₦)	PERIOD OF DORMANCY
1	Access Bank PLC, Oke Ilewo Abeokuta	131001000036050	128,314.60	Since 2013
2	Access Bank PLC, Oke Ilewo Abeokuta	13100001000026001	10,559.89	Since 2013
3	Stanbic PLC Oke Ilewo Abeokuta	9201593428	45,105.21	Since 2016
	TOTAL		183,979.70	

Recommendation: The Local Government is advised once again to expedite action on the issue without any further delay and inform this Office of the action taken within two (2) weeks from the date on this report.

3. **RECORD KEEPING**

Observation: It was observed that the department of finance and suppliers did not keep ledgers of its payables and receivables items for the year under review. I wish to emphasize that the keeping and maintaining of the ledgers are some of the requirements of International Public Sector Accounting Standard (IPSAS). The attention of the Director of Finance and Supplies was drawn to the irregularity of not keeping the ledgers and he has given assurances that appropriate ledgers would be opened and maintained in line with the requirements of IPSAS.

Recommendation: Please ensure that payables and receivables ledgers are kept and maintained without any further delay.

4. **NON INSCRIPTION OF LOCAL GOVERNMENT NAMES ON ITS PROPERTY**

Observation: It was observed that the name of the Local Government was not inscribed on the desktop computers, laptop and printer purchased etc during the period under review. Failure to inscribe name on the asset may lead to theft or pilferage by unscrupulous individuals within the Local Government.

Recommendation: I therefore wish to advise that the Local Government name should be inscribed on all moveable items immediately.

5. **INTERNALLY GENERATED REVENUE (IGR)**

Observation: A review of the internally generated revenue of the Local Government revealed that a sum of Thirty-One Million, One Hundred and Seventy-Seven Thousand, Three Hundred and Sixty-Five Naira (₦31,177,365.00) only was generated during the year (2019) under review as against the sum of Two Hundred and Thirty-Four Million, Eight Hundred Thousand Naira (₦234,800,000.00) only proposed to generate in the year. Audit examination of the general purpose financial statement for the year 2019 revealed that a paltry sum of Fifty Six Thousand Naira (₦56,000.00) only was generated as revenue from bake house licenses out of the One Million Naira (₦1,000,000.00) proposed revenue for the year. Similarly, it was surprising to note that only a meager sum of Two Hundred and Eighty Thousand Naira (₦280,000.00) only was generated as revenue out of the sum of Fifty Six Million, Eight Hundred Thousand (₦56,800,000.00) proposed to generate from rent and premium on allocation of land. It would therefore appear that either your Local Government was not realistic in her budgeting or there were leakages in the revenue generation which you have not blocked.

Recommendation: I wish to advise once again that your Local Government should compile a comprehensive data of all her revenue sources and harness them for the benefit of your Council.

6. **ACQUISITION OF AGRICULTURAL LAND AND ESTABLISHMENT OF OIL PALM PLANTATION FOR THE LOCAL GOVERNMENT AT AKINGBASA VILLAGE ALONG ODEDA-ALABATA ROAD AREA OF ODEDA LOCAL GOVERNMENT**

Observation: It was observed that a sum of Ninety Thousand Naira (₦90,000.00) only was realized from the sale of maize that was cultivated on part of the twenty (20) acres of land acquired by the Local Government sometimes in year 2019 at Akingbasa village, Odeda for the establishment of oil plantation farm. Audit verification visit made to the farm in year 2020 revealed that only fifteen (15) acres of the land was cleared and cultivated last year leaving a balance of five (5) acres of the land yet to be bulldozed and cleared for cultivation. It was also disheartening to note that the oil plantation farm site has become weedy and needs urgent attention. The Director of Agriculture (Mr Fatai Akorede) upon interrogation informed the Auditors that he has written a letter to that effect to the management but money was yet to be released to do the clearing.

Recommendation: I wish to advise that you provide necessary fund without any further delay for the clearing of all the twenty (20) acres of the land in order to prevent unauthorized person(s) or corporate bodies from encroaching into the land. Please inform this Office of the action taken within two (2) weeks from the date of this report.

7. **OFFICIAL VEHICLES TAKEN AWAY BY THE EXECUTIVE CHAIRMAN, THE VICE CHAIRMAN AND SECRETARY TO THE LOCAL GOVERNMENT**

Observation: I wish to draw your attention to paragraph 9 and 13 of the last audit inspection report Reference NO OGLG/ABS/VOL.II/329 of 28th February, 2019 and to observed with dismay that no positive action seems to have been taken by your Local Government to retrieve the official cars (Toyota Camry Tiny Light year 2000 Model) taken away by Hon. Mukaila Awakan (Former vice Chairman) without following the due process. Also, the issue of the three (3) vehicles valued at Five Million, Five Thousand Naira (₦5,005,000.00) only being the assets of the Local Government that were taken away by former political functionaries former (Executive Chairman Com. Olusola Ekundayo, Vice Chairman Hon. Suraju Adiodun and the secretary Mrs Ranti Ogundokun) who serve in the Local Government between May, 2012 – May, 2015 appeared not to have been attended to. They took the vehicles without regard for the circular letter NO DG/152/T/176 of 16th February and DG/152/T/186 of 20th April, 2017 respectively issued by the Ministry of Local Government and Chieftaincy Affairs.

The letters under reference instructed that Local Government could only release official vehicles to political office holders after payment of 25% residual value of the vehicle. Audit further investigation also revealed that the erstwhile political functionaries who served between year 2012- 2015 have received their severance allowances which was paid to them at the tail end of the last Administration of Senator Ibikunle Amosun and yet, they did not pay for the Local Government vehicles taken away.

Recommendation: I wish to reiterate once again that if the vehicles are not recovered and the money not paid, this Office shall report the issue to the Public Accounts Committee of the House of Assembly and other relevant agencies in due course.

8. **INDEBTEDNESS ON SHUTTLE BUSES**

Observation: I wish to draw your attention to paragraph 10 of the last audit inspection report OGLG/ABS/I/VOL.II/329 of 28th February, 2019 in which the Local Government was instructed to recover the outstanding debt of Three Million, Eight Hundred and Ninety-Five Thousand Naira (₦3,895,000.00) from Hon Olukayode Olumide (Revenue Contractor) Managing Director of AKOLPOYALD LTD for using the Local Government's four (4) shuttle buses to generate revenue for the Local Government between December, 2017 and 30th June, 2019. It was observed that no positive action appeared to have been taken to recover the debt from the revenue contractor, Hon. Olukayode Olumide. According to the last year report, Hon. Olukayode Olumide was owing an accumulated sum of Three Million, Eight hundred and Ninety-Five Thousand Naira (₦3,895,000.00) as at 28th February, 2020 when the report was issued.

Recommendation: Please, take appropriate legal action against Hon. Olukayode Olumide to recover this debt without any further delay.

iii) **INDEBTEDNESS ON MASS TRANSIT BUSES**

Observation: It was observed that despite repeated demand and the advice given in previous inspection reports from this office on the need to recover the three (3) Mass transit bus and Three Million Naira (₦3,000,000.00) only owed by the trio of Mathew Alawaye, Abiodun Baruwa and Akeem Bodunrin who were the operators of the Local Government Mass Transit Buses between 2012 and 2014, it appears that the management of your Local Government has remain nonchalant and has refused to take any action to recover the buses and the sum of Three Million Naira (₦3,000,000.00) involved from the individual concerned.

Recommendation: I wish to advise once again that the three (3) buses should be recovered and the Three Million Naira (₦3,000,000.00) only owed by the operators be recovered forthwith. This Office should be informed accordingly.

The Chairman,
Transition Committee,
Abeokuta South Local Government,
Ake.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ABEOKUTA SOUTH
EASTLOCAL COUNCIL DEVELOPMENT AREA, IDI-ABA FOR THE PERIOD
1STJANUARY, TO 31ST DECEMBER, 2019.**

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. **STATE OF ACCOUNTS**

Observation: It was observed that some payment vouchers were totally omitted from the Departmental Vote Expenditure Accounts (DVEA) ledger. Examples were PV No 12 of February, 2019 amounting to Sixteen Thousand Naira (₦16,000.00) and PV No 5 of April 2019 amounting to Ninety Five Thousand Naira (₦95,000.00) only etc. The omitted payment vouchers had now been posted by the Auditors.

In the same vein, some revenue vouchers were totally omitted and were not posted to the Departmental Vote Revenue Accounts. Few of them were revenue vouchers No 7 of February, 2019 amounting to Twenty Four Thousand Naira (₦24,000.00) only and revenue voucher No 3 of March, 2019 amounting to Forty Thousand Naira (₦40,000.00) only. All the omitted revenue vouchers had now been posted into the appropriate ledgers at the instance of the audit team.

Further audit scrutiny revealed that the officer saddled with the responsibility of preparing the final accounts appeared to lack the knowledge and expertise required for the treatment of payables, receivable and inventories. The officer did not ensure that the amount or figures generated from the individual ledgers of these accounts were the actual figures to be incorporated into the General Purposes Financial statement for the year under review.

All the lapses highlighted above did not only wasted the precious time of the Auditors but it also indicated that the schedule officer(s) were not painstaking in the discharge of their duties.

Recommendation: I wish to advise that the officers concerned should be alive to their responsibilities. Their work should also be monitored and supervised by a responsible senior officer.

3. **RECOGNITION OF LEGACY ASSETS**

Observation: I wish to draw your attention to circular letter Ref. No. OGLG/AUD/94/Vol.III/20 of 9th January, 2019 issued by this Office requesting all the Local Governments and the Local Council Development Areas in the State to identify and measure all its legacy assets in line with requirements of International Public Sector Accounting Standard (IPSAS). It appears that your LCDA has failed to comply fully with the content of the above quoted circular because it was the Auditors that incorporated the value of your health centres to the tune of Eight Million, Five Hundred Thousand Naira, (₦8,500,000.00) only as contained in the Assets Sharing Committees report into the LCDA's General Purposes Financial Statement (GPFS) for the year 2019.

However, the audit team could not incorporate the value of your LCDA's lock-up shops into the year 2019 accounts because the Asset Sharing Committee did not capture it in its report and the Management of your LCDA has also failed to do the valuation of the lock up shops.

Recommendation: I wish to advise the management and most especially the Director of Finance and Supplies of the Abeokuta South Local Government, being the mother Local Government to take cognizance of this in the preparation of the General Purpose Financial Statement (GPFS) for the next accounting year.

4. **ISSUES ARISING FROM PREVIOUS REPORTS**

(i) **SHOPPING COMPLEXES:**

Observation: I wish to refer to paragraph 6 of the last audit inspection report and to state that the eleven (11) lock up shops at the Ijaye Motor Garrage has remained under lock and key and the occupiers has continue to deny the LCDA of the revenue accruable to the LCDA.

On interrogation, the rate officer, Mr. Aderoju Adebessin, explained that most of the occupiers of the locked shops are influential men and women within the town which appeared untouchable. The names and other details of their indebtedness for the year 2019 had been detailed in the report forwarded to the Council.

Recommendation: I wish to advise you once again that the management should take appropriate legal action to retrieve theses shops from the defaulters and re-allocate the shops to interested members of the public.

(ii) **ABANDONED LCDA PLANTS AND VEHICLES**

Observation: It is disheartening to note that no positive action seemed to have been taken by the Management of your LCDA to compel SAMAD (Revenue Contactor) of No 25 Awolowo Avenue, Imo Abeokuta to bring back the Thomas Build Long Bus with Registration No (AAB

4AB) contracted out to him to manage but which was reported to have developed fault and abandoned at Ilogbo Area in Sango-Ota for over (3) three years now.

Recommendation: I wish to reiterate once again that since the LCDA has been merged with the mother Local Government, the management of Abeokuta South Local Government should initiate necessary legal action against SAMAD Nig. and compel him to bring back the bus into the Local Government Secretariat.

(iii) **INDEBTEDNESS OF THE REVENUE CONTRACTORS AS AT 31ST DECEMBER, 2018**

Observation: The previous Audit Report No OGLG/ASELCDA/14/ of 9th June, 2020 revealed that, the indebtedness of the revenue contractors engaged by the LCDA, as at December, 2018 amounted to One Million, Eight Hundred and Seventy Five Thousand Naira (₦1,875,000.00) only which has still not been recovered.

On interrogation, the treasurer of the LCDA, Mrs. Siwoku R. O. explained that the revenue contractors have been disengaged since December, 2018 but all effort made to recover the debt to the LCDA has proved abortive.

Recommendation: Abeokuta South Local Government is advised to take all legal actions to recover this amount back to the purse of the Local Government and inform this Office accordingly.

(iv) **OFFICIAL VEHICLES TAKEN AWAY BY POLITICAL FUNCTIONARIES**

Observation: It was observed that, the two official vehicles reported in the last audit report to have been taken away by the former Chairman, Mrs. Simisola H. Onaji and her Vice chairman Hon. Taofeek Alani Soremekun were yet to be retrieved from them inspite of the advice of this Office in paragraph 10 of the last audit inspection report.

Recommendation: I wish to advise once again that appropriate action should be taken to retrieve these vehicles from those concerned back to the premises of the Local Government.

**The Chairman,
Transition Committee,
Abeokuta South Local Government,
Ake.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ABEOKUTA SOUTH
WEST LOCAL COUNCIL DEVELOPMENT AREA, IJEJA FOR THE PERIOD 1ST
JANUARY TO 31ST DECEMBER, 2019**

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. BANK RECONCILIATION STATEMENTS
DIRECT CREDIT**

Observation: It was observed that the LCDA Career Revenue Collectors were still holding unto the bank pay-in-slips for long period of time before bringing such pay-in-slips to the Cashier for the issuance of Treasury Receipts. This was responsible for the long list of direct credit amounting to One Million, Two Hundred and Nine Thousand, Five Hundred Naira (₦1,209,500.00) only as contained in the bank reconciliation statement of the Local Council Development Area as at 31st December, 2019.

Recommendation: The Council should educate the people concern on the need to always present the bank pay-in-slips to the Treasurer's office for issuance of treasury receipt.

3. SHUTTLE BUS

Observation: It was observed that the management of the LCDA is yet to retrieve one (1) of the shuttle buses leased to the Managing Director, Hon. Olumide Kayode of Akolroyard Nigeria Limited Abeokuta which was reported to have developed fault during its trips to Abuja and has since been abandoned there.

On investigation, it was revealed that the management of the LCDA held a meeting with the contractor, Hon. Olumide Kayode on 3rd June, 2019 on the need to tow the vehicle back to the LCDA, and at the meeting, it was resolved that the shuttle bus should be brought to the Council before 30th June, 2019, but up till the time of writing this report in June, 2020 no positive action seemed to have been taken on the issue.

Recommendation: The Local Government is advised to take appropriate legal action to force the contractor to return the vehicle back immediately and inform this Office of the action taken within two (2) weeks from the date on this report.

4. INTERNALLY GENERATED REVENUE SOURCE

Observation: It was observed that despite my comments in paragraph 4 of the last Audit Inspection Report No. OGLG/AQ/ASWLCDA/1/2018 of 26th November, 2019 on the need for the Local Council Development Area to fully harness its revenue potential. It appeared that no positive action has been taken on the issue because the audit exercise still revealed that no dime was generated from June 12, Panseke market during the period under reference. On interrogation, the Treasurer informed the Audit team that the Babaloja of June 12 market Panseke said that the LCDA would not be allowed to collect revenue in Panseke except the State Government officials.

Further, audit scrutiny of the General Purpose Financial Statement (GPFS) for the year 2019 also revealed that a paltry sum of ₦58,000.00 only was generated from the liquor fee as against the sum of ₦500,000.00 proposed as revenue for the year. Similarly, it is surprising to note that a meagre sum of ₦198,000.00 was generated as revenue from fresh applications for naming of street and its renewal as against the sum of ₦750,000.00 expected to be generated as revenue for the year, whereas driving through the major parts of the LCDA, one will notice sizeable numbers of street within the locality of the LCDA. Audit investigation also revealed that the LCDA has no register for all the streets that existed within the locality and could therefore not determine the individuals or corporate bodies that has 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.

Recommendation: The management of the LCDA is advised once again to do everything within her power to liase with the relevant agency of the State Government to allow your LCDA commence the collection of revenue at the June 12 Panseke market without any further delay. Please ensure that other revenue sources are fully harnessed in order to boost your internally generated revenue.

5. INDEBTEDNESS OF THE REVENUE CONTRACTORS

Observation: I wish to refer to paragraph 5 of the last Audit Inspection Report No. OGLG/AQ/ASWLCDA/1/2018 of 26th November, 2019, and to observe with dismay that your LCDA has not yielded to the advice of this Office as contained in our various circular letters and other various Government Agencies placing ban on the use of revenue contractors for the assessment and collection of taxes and levies. The recent audit exercise revealed that as at 30th

June, 2019 the total amount owed by the revenue contractors engaged by the LCDA was One Million, Three Hundred and Ninety Four Thousand Naira (₦1,394,000.00).

The defense given by the Director of Finance and Supplies for engaging revenue contractors was that the Council was short staffed, that was why they engaged revenue contractors.

Recommendation: I wish to reiterate once again that the Local Council should implement the contents of the circular and terminate all its revenue contractors. Also, necessary legal steps should be taken to recover the outstanding debts in the hand of these contractors.

This Office should be informed of the actions taken within two (2) weeks from the date on this report.

6. **MATTER ARISING FROM PREVIOUS REPORTS**

Development of The Land Adjoining The Entrance of The LCDA At Ibara Into The Office Space and Commercial Shops

Observation: On 1st June, 2018 the LCDA entered into a contractual agreement with a developer named Panseke Property Development Ltd. of No. 44a Awolowo Avenue, Grammar School, Abeokuta Ogun State for the development of the land adjoining the entrance of the LCDA Secretariat at Ibara. The developer is expected to finance the construction of a block of office and conference room for the use of the LCDA and twenty-eight (28) units of locked-up shops for commercial activities. A cursory look at the deed of agreement signed by both parties revealed that the developer is expected to complete the project by 31st December 2018. However, verification visit made to the project site in June, 2020 revealed that the project has been abandoned at about 50% stage of completion.

Recommendation: In the light of the above, since the LCDA has been merged to the parent Local Government, the Local Government is advised to invite the developer into a round table discussion on the need to complete the project because he has violated the content of the agreement relating to the period of completion of the project.

7. **AGREEMENT BETWEEN THE LCDA AND BIMAL INTEGRATED VENTURES FOR THE REDEVELOPMENT OF PART OF KUTO MARKET, KUTO**

Observation: It was observed in the last audit inspection report that on 14th March, 2019 the management of the LCDA entered into a contractual agreement with Bimal Integrated Ventures of No. 63 Olumegbon Road, off western avenue Surulere, Lagos to redevelop part of the Kuto

Market into modern market consisting of 200 units of lock-up shops. The project commenced on 15th March, 2019 and expected to be completed on or before 15th March, 2021, a period of twenty-four (24) months. Audit scrutiny of the agreement documents revealed that the title and ownership of the property has been transferred to the company (Bimal Integrated Ventures) for a period of forty-nine (49) years [lease period] subject to payment of ₦5,000.00 per unit of the lock-up shops as ground rent to the LCDA per annual and which will be renewable every 5 years. The company by the agreement is also granted a waiver or exempted from paying the ground rent for the first ten (10) years after the commissioning of the project.

Audit verification made to the site revealed that the work has commenced on the second phase of the project and is still on-going.

Recommendation: In the light of the above, the management of the Local Council should ensure that this Office is updated on the project progress and also ensure that the terms of the agreement are strictly followed.

8. JOINT AGREEMENT BETWEEN THE LCDA AND SIKTOBS NIGERIA LIMITED FOR THE DEVELOPMENT OF THE LAND LOCATED AT ISO ADIE SAPON, ABEOKUTA

Observation: It was reported in the last audit inspection report that on 19th December, 2018 the LCDA entered into a contractual agreement with SIKTOBS Nigeria Limited of No. 3 Olorunbe close GRA, Ibara, Abeokuta. In the agreement, SIKTOBS was to finance the construction of eighty (80) lock-up shops, office space and ten (10) pieces of one bedroom flat apartment for the families affected by acquisition of the portion of their land. It was also in the agreement that the developer will not pay a ground rent to the LCDA for the first ten (10) years on the eighty (80) commercial shops after completion. He (Developer) is expected to begin the payment of Five Thousand Naira (₦5,000.00) annually as ground rents for all the lock-up shops and Sixty Thousand (₦60,000.00) would be paid annually as ground rent for the commercial offices.

Audit scrutiny of the agreement documents, however revealed that there was no specific date in the agreement that the developer is expected to transfer the ownership of the property back to the LCDA after he must have recouped his cost of investment.

Audit verification visit made to the project site revealed that no work seems to have been done on the site since the last audit exercise. The Director of Works and Housing (Engineer Oseni Yusuf) upon interrogation explained that several letters were written to the developers to come forward to agree on the terms and specific date to be included in the agreement when the

developer is expected to transfer the ownership of the property back to the LCDA but he refused to honour the invitation.

It was also revealed that the current Transition Committee of the Abeokuta South Local Government being the mother Local Government has written a letter to the developer and has granted him the approval to continue with the project subject to signing a fresh agreement with Abeokuta South Local Government, since he has violated the content of the agreement relating to the period of completion of the project. After series of letters written to him without response, Abeokuta South Local Government has therefore written a letter of revocation to him and has been informed to cease further work on the site with immediate effect.

Recommendation: In the light of above, I wish to request Abeokuta South Local Government being the parent Local Government to update this Office about further action on this project to ensure that the project does not become moribund.

9. PROVISION OF PUBLIC WATER STAND PIPES WITHIN THE SECRETARIAT AND AT OTHER TEN (10) LOCATIONS WITHIN THE LOCAL COUNCIL DEVELOPMENT AREA

Observation: I wish to refer to paragraph 6 of the last Audit Inspection report No. OGLG/ASWLCDA/1/13 of 26th November, 2019 in which it was reported that nine (9) out of the ten (10) water taps provided to some areas within the LCDA were not running.

Audit investigation has however revealed that most of the water taps are now running three times in a week.

On interrogation, the project officer (Engineer Oseni Yusuf) explained that the Ogun State Water Corporation still has problems with their main pipes across the city because of the road construction and that was responsible for the failure of the tap to run as expected.

Recommendation: I wish to advise again that the Local Government Management should ensure that efforts are intensified towards ensuring that all the taps run as expected.

10. OFFICIAL VEHICLES TAKEN AWAY BY POLITICAL FUNCTIONARIES

Observation: It was report in the last Audit Inspection Report that three (3) official vehicles belonging to the LCDA were taken away by the former Executive Chairman, Vice Chairman and Secretary to the Local Government (SLG), without following the due process. Up till the time of writing this report, the vehicles have not been returned by the past political functionaries.

Particulars of the vehicles are detailed below:

S/N	TYPE OF VEHICLE	REGISTRATION NUMBER	TO WHOM ALLOCATED TO
1.	Toyota Camry Car Executive model	AAB 01 LGC	Hon. Tajudeen Adebayo Jimoh (Executive Chairman)
2.	Toyota Avalon	AAB 02 LGC	Hon. Afeez Sopeni (Vice Chairman)
3.	Mercedes Benz	AAB 03 LGC	Mr. Oluwanbe Oyedele (Secretary to the Local Government)

Recommendation: I wish to reiterate that these vehicles should be retrieved from all these political functionaries without any further delay and inform this Office accordingly.

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, 2019.

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/253/2019	Nugatory Payment	160,000.00
2.	OGLG/AQ/TTD/254/2019	Doubtful Expenditure	500,000.00

3. NUGATORY PAYMENT

PAINTING OF TUBERCULOSIS OFFICE AT PHC DEPARTMENT, OTA

Observation: A sum of ₦160,000.00 was approved and released vide P. V. Nos. 14/February and 41/May, 2019 to Engineer Majekodunmi A. O. (Director, Works and Housing) to renovate the roofing part and to do the painting of tuberculosis office in the Primary Health Department, Ota.

Audit verification visit to the Tuberculosis office revealed that the painting was not carried out and neither was the payment vouchers supported with any official printed receipt in accordance with the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: The Local Government is hereby advised to ensure that public fund approved and released are committed to the purpose for which they were released.

4. **BANK RECONCILIATION STATEMENTS**

(i) **DIRECT CREDIT WRITTEN INTO THE CASHBOOK.**

Observation: During the period, a sum of One Million, Nine Hundred and Thirty Eight Thousand, Four Hundred and Fifty Naira (₦1,938,450.00) was the amount written-off into the cashbook vide R.V. No. 108/December, 2019 which was part of the payments made directly into the Local Government Accounts but the payers did not obtain relevant treasury receipts from the treasury. Details of the amount written into the cashbook such as name of payer, date and bank account in which the money was paid could not be ascertain by the Audit. This made it difficult for the audit team to confirm the actual amount posted into the cashbook from the long list of direct credits because the direct credit had risen to a whopping sum of 4,501,853.43 by 31st December, 2019.

Recommendation: The Local Government is advised to always ensure that necessary details are attached to either revenue or expenditure vouchers posted into the cashbook.

(ii) **IRREGULAR BANK BALANCE IN ACCESS BANK ACCOUNT NO 0815151094**

Observation: Examination of the Bank Reconciliation Statements revealed that the closing balance on the Access bank account No. 0815151094 as at 30th August, 2019 was Seven Million, Six Hundred and Sixty-One Thousand, Eight Hundred and Seventeen Naira, Forty-Two Kobo (₦7,661,817.42) but it was alarming to observed that the opening balance as at 1st September, 2019 was Nil, an indication that the sum of Seven Million, Six Hundred and Sixty-One Thousand, Eight Hundred and Seventeen Naira, Forty-Two Kobo (₦7,661,817.42) referred to as closing balance in the previous month have either been moved or withdrawn without instruction.

Recommendation: The Local Government is advised to liase with the bank with a view to investigating this anomaly. Effort on this should be communicated to this Office not later than two (2) weeks from the date on this report.

(iii) **UNCREDITED LODGEMENT**

Observation: The review of the prepared bank reconciliation statements revealed that a total sum of Two Million, Three Hundred and Forty-Five Thousand Naira (₦2,345,000.00) was the amounts paid into the bank accounts of the Local Government but yet to reflect in the bank statements as money paid into the banks. The payments were made between year 2016 and 2017.

Recommendation: The Local Government is advised to investigate these transactions and ensure that the uncredited sum of ₦2,345,000.00 credited into its bank account. Also, un-credited

lodgments should be investigated as soon as they are noticed as delay in investigating them may lead to loss of fund to the Local Government.

iv) **UNPRESENTED CHEQUES**

Observation: A total sum of Five Hundred and Thirty Thousand Naira (₦530,000.00) was stated as unpresented cheques in the bank reconciliation statements as at December, 2019. Audit scrutiny of related records revealed that the cheques were issued in May, 2019 when the accounts of the Local Governments were frozen by the State Government, hence, the cheques could not be presented. The continuous retention of these cheques in the bank reconciliation statements would not give the true financial position of your Local Government.

Recommendation: The Local Government is advised to write-off these unrepresented cheques by debiting the cashbook with the amount involved since they have become stale and no bank would honour them any longer.

5. **IRREGULAR NUMBERING IN THE ORIGINAL AND DUPLICATE COPY OF CERTIFICATE OF ORIGIN**

Observation: I wish to refer to paragraph 7 of year 2018 audit inspection report of 29th May, 2020, where it was reported that the numbering on the original copies of the printed certificates of origin were different from the numbering in the duplicate copies. It was observed that this anomaly still occurred during the period under reference, an indication that the quantities produced in year 2018 has not been completely exhausted.

In the same vein, the maternity receipts presented for audit scrutiny were also observed to have contained the same errors. Numbers on the receipts were duplicated while some receipts were printed without numbering. The implication of this is that the receipts could be susceptible to loss of fund. It was difficult to examine the receipts as the errors also wasted the precious time of the audit team. The Local Government is advised to ensure that printed materials especially revenue earning receipts are thoroughly verified before being issued to revenue collectors, due process must also be followed in the award of contracts on printing of revenue earning receipts to prevent the ugly incident of irregular numbering on security documents.

Recommendation: Irregular numbering on security document is becoming too rampant, you are advised not to patronized the unprofessional printer again and ensure that the numberings are crossed check wherever the jobs are delivered.

6. **REVENUE CONTRACTORS WITHOUT ENFORCEABLE AGREEMENT AND THEIR INDEBTEDNESS**

Observation: I wish to refer to paragraph 9 of the last audit inspection report for year 2018 dated 29th May, 2020 in which it was highlighted that you engaged revenue contractors without contractual agreement and to observed that your Local Government has now entered into contractual agreement with some of the contractors but the agreement lacked some vital terms and conditions that could make the contractors fulfilled their commitments to your Local Government.

In the agreement that you entered into, there was no provision for guarantors or referees, the profile of the revenue contractors were not provided to determine their work experiences on such contracts and also to determine their job performances in previous contract agreement. The Local Government is advised to ensure that agreements are backed up with guarantors or referees.

Meanwhile, the revenue contractors were still owing the Local Government a sum of ₦43,033,000.00 as at 31st December, 2018 as detailed in the previous report. Effort should be made to collect the amount trapped in the hand of these revenue contractors.

Recommendation: The Local Government should desist from the award of contract on revenue generation to revenue contractors in line with circular letter No. SART/72/003 dated 25th October, 2013 issued by the Office of the Special Adviser to the Governor on revenue and taxation.

7. **OBSOLETE EQUIPMENT IN THE TREASURY STORE**

Observation: Audit verification exercise conducted on the Treasury store of the Local Government revealed that the store has almost been taken over by used documents, waste and junks. The store appears to have no more space to occupy the revenue earning receipts books for which the store is created.

These junks ranges from audited financial documents such as payment vouchers, revenue earning receipts and other unused revenue receipts which do not have any economic value. Continuous retention of these documents in the store had not only hindered proper documentation and arrangement of revenue receipts in the treasury store, but had also hindered easy location and accessibility to the store items.

Recommendation: The Local Government is advised once again to liase with this Office on the need to destroy the obsolete items in the store. A representative of this Office should be invited to witness the destruction of the obsoletes items.

8. AGRICULTURAL AND NATURAL RESOURCES DEPARTMENT

Observation: In March, 2020 the Local Government stocked its poultry pen located at Ado-Odo town with five hundred (500) broilers. The total cost incurred on the purchase, vaccination and feeding of the birds was ₦1,047,000.00. The broilers were sold in May, 2020 at the expiration of ten (10) weeks as programmed. The total sum of ₦1,371,200.00 was realized on the sales of the birds resulting into a profit of ₦324,200.00.

Also in July, 2020 the Local Government stocked its poultry cages with another 1000 day old pullets. A sum of ₦2,083,000.00 was released to the department to purchase vaccination and feeding of the birds for twenty (20) weeks, when the birds were expected to start laying eggs.

Audit verification visit to the poultry site revealed that the birds were doing fine as they were full of life but the poultry cages were in a state of disrepair and appeared obsolete and needs replacement.

Recommendation: I wish to advise your Local Government to procure new cages for the department so that the activities of the department could further be enhanced and increase the internally generated revenue base of your Local Government.

9. LOCAL GOVERNMENT CAR WASH

Observation: It was observed that the car-wash owned by your Local Government, located directly in front of the Secretariat was contracted out to Etiquette De Corporate Company to manage without entering into any enforceable agreement with him. The contractor is expected to pay a sum of Forty Thousand Naira (₦40,000.00) monthly for the use of the car-wash. Audit investigation revealed that though he was not owing to date but the amount currently being paid as fee for using the car-wash appears too ridiculously low. This implies that the contractor is paying less than ₦1,500.00 per day for a car-wash that is located in a very conspicuous place in the heart of Ota township.

Recommendation: I therefore wish to advise that the amount currently being paid by the contractor should be reviewed upward in line with the present economic realities and that your Local Government should entered into an enforceable contract agreement with the revenue contractor without any further delay.

Please, inform this Office of the action taken within two (2) weeks from the date on this report.

10. **REVIEW OF FINANCE AND GENERAL PURPOSE COMMITTEE (F&GPC) MINUTES OF THE LOCAL GOVERNMENT**

Observation: The minutes book of the Finance General Purpose Committee meeting of your Local Government for the period under reference was reviewed and it was observed that some issues raised and discussed at the meetings were never concluded. Examples of such are highlighted below:

S/N	Matters	Remarks
1	Award of contract on Ilo Awela Housing scheme	Not concluded during the period under review.
2	Recovery of excess bank charges	Not yet concluded
3.	Reconstruction of Local Government shops at the staff quarters	Conclusion not yet known
4	Collection of revenue at Kudirat Abiola shopping complex	Conclusion not yet know

Recommendation: Please, ensure that appropriate action is taken on the issue raised above and inform this office of the action taken within two (2) weeks from the date on this report.

11. **OFFICIAL VEHICLES TAKEN AWAY BY POLITICAL OFFICE HOLDERS**

Observation: The assets verification exercise carried out on the movable assets of your Local Government with the objective of determining their existence and condition, revealed that some of the else while political office holders had taken away their official vehicles after completing their tenure without following the due process. This attitude negates the provision of Model Financial Memoranda for Local Governments on protection of assets.

The details of the vehicles taken away are showed below:

S/N	Vehicle Type	Name of Political Office Holder
1	Toyota Corolla, 2000 Model	Hon. Jamiu Yakubu Ajani
2	Toyota Corolla, 2000 Model	Hon. Rotimi Ojugbele
3	Toyota Camry, 2005 Model	Hon. Fatai Lawal
4	Toyota Camry, 1999 Model	Hon. Oniyide Ebenezer
5	Toyota Avalon, 2008 Model	Hon. Dele Adeniji
6	Toyota Camry, 1999 Model	Late Hon. Bello Rasaq

Recommendation: The Local Government is advised to ensure that all its assets, particularly movable assets are protected from unauthorized persons and appropriate action should be taken

to retrieve all the vehicles from these political functionaries without any further delay. Please, inform this office accordingly of the action taken.

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

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ADO/ODO LOCAL
COUNCIL DEVELOPMENT AREA, ADO-ODO FOR THE PERIOD 1ST JANUARY TO
31ST DECEMBER, 2019**

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.

3. **BANK RECONCILIATION STATEMENTS**

The bank reconciliation statements for the period 1st January to 31st December, 2019 were examined and the followings were observed:

(i) **UNCREDITED LODGEMENTS**

Observation: The bank reconciliation statements revealed that a total sum of One Hundred and Sixty-Three Thousand, Four Hundred and Fifty Naira (₦163,450.00) was the payments made into various bank accounts of the LCDA were not credited into LCDA bank accounts. These payments were made by private individuals and members of staff particularly from primary health care department.

Recommendation: The Local Government is hereby advised to investigate why the money was not credited into the Council's account. Inform this Office of your findings.

(ii) **DIRECT CREDIT**

Observation: It was observed that a sum of Sixty-One Thousand Naira (₦61,000.00) was reflected in the bank reconciliation statement as payments made directly into the bank accounts of the LCDA without presenting deposit slip to the Cashier for the issuance of treasury receipt. The payments were made in December 2019 and the depositors have not presented their bank pay-in-slip up till the time of this report.

Recommendation: The Council is advised to ensure that the revenue collectors are educated on the need to always present their pay-in-slips wherever payments are made into the bank accounts of the Council.

(iii) **UNPRESENTED CHEQUES**

Observation: The bank reconciliation statement revealed that a sum of One Hundred and Seventy Thousand Naira (₦170,000.00) was the value of cheques issued for a period of over six (6) months and yet to be presented at the bank. As a result of the delay in presentation to the banks the cheques had therefore become stale and can no longer be honoured by the banks.

Recommendation: I wish to advise that the cheques be written back into the account by debiting the cashbook because they would not be honoured after six (6) months of its issuance.

(4) **REVENUE CONTRACTORS**

Observation: I wish to refer to paragraph 7 of the last Audit Inspection report Ref. No. OGLG/AOLCDA/I/VOL.I/10 of 15th June, 2020 and to observe with dismay that no positive steps had been taken to recover the sum of One Million, Nine Hundred and Ninety-Eight Thousand, Seven Hundred and Twenty-Five Naira (₦1,998,725.00) being the outstanding debt in the hand of revenue contractors as at 31st December, 2018.

Recommendation: The LCDA is advised once again to recover the revenue sum of ₦1,998,725.00 trapped in the hands of these contractors without any further delay.

(5) **MATTERS OUTSTANDING FROM PREVIOUS REPORTS**

OLD GARAGE MARKET, ADO-ODO TOWN

Observation: I wish to report that the situation at the market is still the same. It appears that no positive action seems to have been taken to renovate the ten (10) lock-up shops located at the old garage which was reported to be in a state of disrepair in the last audit inspection report.

Recommendation: I wish to reiterate once again that concerted efforts be taken by your Local Government to renovate the lock-up shops in order to prevent your Council from further loss of revenue from these shops.

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

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF AGBARA/IGBESA LOCAL
COUNCIL DEVELOPMENT AREA, IGBESA FOR THE PERIOD 1ST JANUARY TO
31ST DECEMBER, 2019**

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 above Audit Inspection Report. Audit queries had been issued in respect of the points raised.

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/AILCDA/7/2019	Doubtful Expenditure	600,000.00
2	OGLG/AQ/AILCDA/8/2019	Doubtful Expenditure	2,000,000.00
3	OGLG/AQ/AILCDA/9/2019	Doubtful Expenditure	370,000.00
4	OGLG/AQ/AILCDA/10/2019	Doubtful Expenditure	165,000.00
5	OGLG/AQ/AILCDA/11/2019	Failure to Maintain Capital Expenditure and Fixed Assets Register	Mr. Olaley S. A. (Treasurer)

3. DOUBTFUL EXPENDITURE

Observation: It is disheartening to note that despite my comment in paragraph 5 of the last Audit Inspection report, that your project officers should always attach relevant official printed receipt to Payment Vouchers in compliance with the provision of Chapter 14:17 of the MFM, the advice has not been complied with. Instances of such violations which still persist was the sum of One Hundred and Sixty Five Thousand Naira (₦165,000.00) and Three Hundred and Seventy Thousand Naira (₦370, 000.00) released to Mr Omoroga Godwin (Head ,Water Supply and Environment and Sanitation) vide PV No 05/July ,2019 and 01/Sept 2019 respectively for the clearing of refuse at Jiddah Agbara and Oba Adesola Market Lusada for which the project officer refused to attached relevant official receipt to account for the expenditure in line with the provision of Chapter 14:17 of the Model Financial Memoranda for Local Government. It's also

an indication that both the Treasurer and the Internal Auditor are not alive to their responsibilities by ensuring that the provisions of chapter 14:33 which required that post and pre-payment audit should be carried out on payment vouchers posted into the cashbook.

Recommendation: I wish to reiterate it once again that your officers should always ensure that expenditure undertaken by your Local Council are duly accounted for.

4. BANK RECONCILIATION STATEMENT

Direct Credit

Observation: A total sum of Two million, Two Hundred and Seventy Seven Thousand, Three Hundred and Thirty Five Naira, Forty Seven Kobo (₦2, 277,335.47) was the amount credited directly into the LCDA's account during the period under review. The payment was made directly into bank accounts of the Local Council Development Area by different revenue collectors who did not present their bank teller to the cashier for issuance of treasury receipt.

Recommendation: I wish to advise the Treasurer to investigate all direct credit items and ensure that the amount involved is posted into the cashbook. The Treasurer is also advised to enlighten the revenue collectors of the importance of prompt presentation of tellers to the Cashier to obtain treasury receipt for monies paid to the bank.

5. STATE OF RECORDS OF ACCOUNT

(i) Cashbook and Subsidiary ledgers:

Observation: It would appear that the clerk handling the cashbook was not properly supervised by the appropriate senior officers. During the exercise, it was observed that the cashier has not been keeping accurate records because the manner in which posting were made into the cashbook needs much to be desired but the attention of the treasurer has been drawn to the lapses. Errors such as wrong posting, omissions of figures e.t.c were noticed in the cashbook.

Recommendation: Though the corrections had been effected by the Audit team, efforts should be made to train the cashier and other staff of finance department on the need to keep accurate accounting records and superior officer should monitor the officers at their duty desk.

(ii) WEAKNESSES IN SALARY PAYMENT PROCEDURE

Observation: It was observed during the examination of payment vouchers that salary vouchers were not often authorised by officers controlling votes as required by Chapter 13:12 (2) of the Model Financial Memoranda for Local Government. which states that payment vouchers must be authorised by Officer controlling vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by chapter 40:10 of the MFM which stipulates that prepayment

audit should be carried out on all vouchers before payment. In this regards it appears that your LCDA has abandoned the prescribed control over payment of salaries and allowances. The excuse of officials is that salary payment is now done centrally. It is to be emphasized that, the fact that salary is paid centrally does not mean that the internal control procedure designed to ensure that salary is paid to only qualified staff should be suspended.

The Integrated Payroll and Personnel Management System's (IPPMS) central salary payment platform domiciled at the Local Government Service Commission is to be fed by each Local Government monthly on staff eligible for salary and the amount due to each. This schedule is not to be left to the IPPMS officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salary determined as required by regulations.

According to the MFM, the Treasurer is responsible for ensuring the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the salary. Each head of department is to ensure that only names and amount due to each bona fide staffs are on the salaries and allowances voucher controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation: I wish to advise that necessary control measures should be exercised by all heads of department on the salary vouchers forwarded to them. The Treasurer and Internal Auditor should also be alive to their responsibilities in this regards.

6. **REVENUE REGISTER:**

Observation: It was observed that your LCDA did not pay the desired attention to the importance of revenue register in its revenue drive as there was no register in place to provide the detailed information about the business premises and other private concerns within the LCDA that should pay revenue.

The open and lock-up shops at the Oba Adesola market in Lusada did not have a market register in place which could help in verifying the total number of people that are indebted on rent to date. This is a clear violation of chapter6:23 of the Model Financial Memoranda for Local Governments

Recommendation: You are hereby advised to keep and maintain revenue register in order to follow up on your revenue point which will eventually boost your internally generated revenue.

7. **CAPITAL EXPENDITURE/FIXED ASSETS REGISTER**

Observation: It was observed that your Local Council Development Area did not maintain a Capital Expenditure Register as required by chapter 26:4 of Model Financial Memoranda for Local Governments (MFM). The chapter says that the Treasury Department should maintain Capital Expenditure/Assets register for all the Local Council physical assets estimated to have life span of ten (10) years or more. According to the chapter, the register is supposed to be a permanent record containing detail information such as type of the assets, cost of the Assets, time acquired, location etc.

Recommendation: I wish to advice once again that your LCDA should ensure that the records are kept and maintain without any further delay.

8. **INDEBTEDNESS OF THE REVENUE CONTRACTORS AS AT 31ST DECEMBER, 2019**

Observation: I wish to refer to paragraph 7 of the last audit inspection report No. OGLG/AILCDA/1/vol .1 of 17th February, 2020 on the above subject and to observe with dismay that your LCDA has not yielded to the advice of this Office as contained in our various circular letters and from other various Government Agencies that the use of revenue contractors for the assessment and collection of taxes and levies should be banned. The recent audit exercise revealed that as at 31st December, 2019, the total amount owed by the revenue contractors engaged by the LCDA was Nine Hundred and Eighty-Five Thousand Naira (₦985,000.00).

The defense gave by the Director of Finance and Supplies for engaging revenue contractors against the regulations was that the Council was short staffed, that was why they engaged revenue contractors.

Recommendation: I wish to reiterate once again that your Local Council should implement the contents of the circulars and terminate all its revenue contractors.

Also, necessary legal steps should be taken to recover the outstanding debts in the hand of these contractors. This Office should be informed of the actions taken within two (2) weeks from the date on report.

9. **OFFICIAL VEHICLES TAKEN AWAY BY THE FORMER EXECUTIVE CHAIRMAN AND SECRETARY TO THE LCDA**

Observation: It was observed that two (2) official vehicles (Toyota Camry black colour with Reg No. LG 01TTD and Toyota Camry ash colour with Reg No. LG 22 TTD) attached to the former Executive Chairman Hon. Oniyide Ebenezer and Secretary to the LCDA Late Mr. Bello Razak were taken away after their tenure of office without following due process.

Further investigation revealed that the Toyota Camry(ash colour) with reg. no LG 22 TTD attached to the late Secretary to the LCDA is grounded and is currently parked in his premises.

Recommendation: Please ensure that these vehicles are retrieved from these political functionaries without any further delay and inform this Office accordingly.

10. **CONDITIONAL ALLOCATION OF 6,000 SQUARE METRE LAND AT OPIC ESTATE, AGBARA TO THE LCDA**

Observation: During the period , a sum of Two Million Naira (₦2,000,000.00) only was approved and released vide PV No 40/January,2019 to Ogun State Property and Investment Corporation as part payment out of the total sum of Five Million Naira (₦5,000,000.00) meant for the conditional allocation of 6,000 Sqm land to the LCDA inside the Opic Estate, The confirmation of this allocation is however subject to the payment of the remaining sum of Three Million Naira (₦3,000,000.00) only being the balance payment on infrastructural development levy by your LCDA.

Recommendation: I wish to advise that concerted effort should be taken by Ado-Odo/Ota Local Government being the mother Local Government to ensure that the balance payment of the sum of Three Million Naira (₦3,000,000.00) is paid without any further delay bearing in mind that, land is a long time investment which will definitely be in the best interest of the Local Government. This Office should be informed of any further development on the issue.

11. **MATTER ARISING FROM PREVIOUS REPORT**

Revenue Collector who Defaulted

Observation: I wish to refer to paragraph 8 (iii) of the last audit inspection report No. OGLG/AILCDA/VOL.I/1 of 17th February, 2020 in which it was reported that a Revenue Collector Mr Idowu Jonathan (Assistant Chief Clerical Officer Account , Happs 06) did not remit the amount collected on 54 leaflets of the certificate of origin in year 2017 to the Local Government. The total amount owed by the officer was of ₦223,000.00 but as at August 2020,

he has paid a sum of ₦153,000.00 leaving a sum of ₦70,000.00 to pay into the coffers of the LCDA.

Recommendation: I wish to reiterate that as a matter of urgency the outstanding sum of ₦70,000.00 should be recovered from the officer Mr. Idowu Jonathan and evidence of recovery be forwarded to this Office.

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

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJU/ATAN/ILOGBO LOCAL
COUNCIL DEVELOPMENT AREA, ATAN FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019.**

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. Audit queries have been issued in respect of the points raised.

2. **AUDIT QUERY**

The underlisted audit queries had 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/IAILCDA/9/2019	Doubtful Expenditure	197,000.00
2	OGLG/AQ/IAILCDA/10/2019	Doubtful Expenditure	150,000.00

3. **DOUBTFUL EXPENDITURE**

Observation: During the period under review, a sum of One Hundred and Fifty Thousand Naira (₦150,000.00) only was released to Mr Olajide Amos (Senior Executive Officer) vide P.V. 14/May, 2019 for the security interaction and monitoring of the activities of Hausa/Fulani cattle herdsman in the Local Government. Audit Examination of the payment voucher revealed that neither the official printed receipts nor minutes of the purported meeting, photographs of cross section pictures of those that attended the meeting was attached to the payment voucher. In addition, the payment voucher was not signed by the recipient, which further cast doubt on the genuineness of the expenditure.

Another expenditure that appeared doubtful was the sum of One Hundred and Ninety Seven Thousand (₦197,000.00) only approved and released to Mr. Obayomi Abayomi (Driver). The money was paid vide PV 12/May, 2019 for repair, servicing and replacement of some parts in the official vehicle attached to the office of the Executive Chairman. It was observed that the items purportedly replaced could not be trace to Admin Store, and no official printed receipts

was attached to the payment voucher in line with the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: Officials are advised to ensure that public funds are expended strictly on its official purpose and all necessary documents that should support such expenditure are attached.

4. **INTERNALLY GENERATED REVENUE**

Observation: A review of the Internally Generated Revenue (IGR) of the Local Council Development Area for the year revealed that a total sum of Nineteen Million, Forty Eight Thousand, Four Hundred and Eighty-One Naira, Thirteen Kobo (₦19,048,481.13) only was the internally generated revenue generated for the year 2019 as against the sum of Twenty Million, Six Hundred and Thirty-Three Thousand, Seven Hundred and Three Naira (₦20,633,703.00) only generated in the year 2018 a decrease of about 0.92%. The decrease is an indication that the Local Council Development Area has been failing to meet her expenditure from IGR.

Audit examination of the General Purpose Financial Statement (GPFS) for the year 2019 also revealed that out of ₦2,100,000.00 budgeted revenue from street naming fees, a sum of ₦580,000.00 only was actually generated, thus resulted into a shortfall of ₦1,520,000.00. It is surprising to note that a sum of ₦286,200.00 was generated as revenue from Abattoirs/Slaughter license fee as against ₦787,500.00 expected to be generated as revenue for the year, whereas driving through the major parts of the LCDA, especially Atan township, one will notice sizeable numbers of streets within the locality of the LCDA.

Recommendation: The Local Council Development Area is advised once again to do everything within its power to harness all her revenue sources and where there are revenue leakages, they should be blocked.

5. **BANK RECONCILIATION**

The bank reconciliation statement of the Local Council Area for the period of 1st January to 31st December, 2019 were examined and the followings were observed:

i. **DIRECT CREDIT**

Observation: During the period under review, it was observed that a total sum of Eight Hundred and Fifty-Five Thousand, Two Hundred and Fifty-Five Naira, Ninety Kobo (₦855,255.90) only was paid directly into the bank accounts of the LCDA by revenue collectors and other individuals but the depositors did not come forward to present the tellers/pay-in-slips in their possession to the cashier for issuance of the treasury receipts. The continuous appearance of the direct credit item in the bank reconciliation statement did not make it tidy.

Recommendation: The treasurer is advised to educate the revenue collectors on the need to always promptly present bank pay-in-slips to the treasury immediately a payment is made to the banks, in order to eliminate/reduce incidences of long list of direct credits in the bank reconciliation statement.

ii. **UNPRESENTED CHEQUES**

Observation: Attached to the bank reconciliation statements for the year under review was a long list of unpresented cheques which dates back to May, 2019 amounting to Four Hundred and Forty-One Thousand, Six Hundred Naira (441,600.00) only.

The cheques had been issued for over six months and will no longer be honoured by the bank because it had become stale. The effect of retaining stale cheques is that the actual bank balances would not be reflected in the financial statements.

Recommendation: The Local Government should ensure that unpresented cheques which had become stale are written back into the account immediately it becomes stale.

iii. **UNCREDITED LODGEMENT**

Observation: The accumulated uncredited lodgement as revealed by the bank reconciliation statement during the period under review was a sum of One Hundred and Twenty-One Thousand, Seven Hundred Naira (₦121,700.00) only and it appeared that no action had been taken by your LCDA to investigate the genuineness of these lodgements and ensure that the monies were credited into the accounts of the LCDA.

Observation: The Treasurer is hereby advised to investigate these uncredited lodgements and ensure that the monies involved are credited into the bank accounts of the LCDA.

6. **CAPITAL EXPENDITURE REGISTER/ASSET REGISTER**

Observation: It is disheartening to note that your LCDA is yet to comply with the provisions of Chapter 26 of the Model Financial Memoranda for Local Governments which provides that the treasury should maintain a capital expenditure register for recording expenditure on capital items which its benefits and usage for the LCDA will last beyond five years. This register is supposed to be a permanent record of expenditure on projects or assets and it shall contain details of each project such as the type, location and cost of contract or the assets, progress on the payments made and stage of completion etc.

The chapter further states that the capital expenditure register or asset register shall be regarded as one of the most important accounting records to be kept by the Local Government. I

also wish to state that the keeping and management of the Capital Expenditure/Asset Register is one of the key requirements of the International Public Sector Accounting Standard (IPSAS).

Recommendation: I wish to advised that your LCDA should ensure that the registers are kept and maintain without any further delay.

7. **LEGACY ASSETS OF THE LCDA**

Observation: Available information on the value of legacy assets (moveable assets) of the LCDA as contained in the Asset Sharing Committee's Report was Eight Million, Four Hundred Thousand Naira (₦8,400,000.00) only.

Audit physical verification of these assets revealed that a Toyota Camry Salon Car with registration Number TTD 12 LG attached to the Office of the former Head of Local Government Administration (HOLGA) Mr Ero-Philips F.O. valued at ₦600,000.00 in the legacy assets committee report had been taken away by the HOLGA at a residual value of ₦135,000.00 based on the valuation report of the State Ministry of Works and Infrastructure. The taking away of the vehicle was in line with the Local Government Service Commissions Circular No. OGLG/708/40 of 20th January, 2010 which gives privilege to retiring Heads of Local Government Administration to purchase the official vehicle attached to them at the point of their exit from the service.

However, it is pertinent to inform you that this Office as a custodian of Local Governments assets was not notified about the disposal of the vehicle.

Recommendation: The Council should desist from disposing its assets with impunity because this Office will not handle future occurrence of this nature with levity.

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

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF SANGO/IJOKO LOCAL
COUNCIL DEVELOPMENT AREA, IJOKO FOR THE PERIOD 1STJANUARY, TO 31ST
DECEMBER, 2019.**

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. Audit query have been issued in respect of the points raised.

2. **AUDIT QUERY**

The audit query stated below had earlier been forwarded to you for your necessary action as required by Law. Please ensure quick response to the query.

S/N	QUERY NUMBER	SUBJECT	AMOUNT (₦)
1	OGLG/AQ/SILCDA/5/2019	Doubtful Expenditure	440,000.00

3. **DOUBTFUL EXPENDITURE**

Observation: During the period covered by this report, it was observed that a total sum of Four Hundred and Forty Thousand Naira (₦440,000.00) only was approved and paid to Mr. Enitan A. Jonathan (Director, Water Supply and Environmental Sanitation) vide PV Nos. 17/January, PV 01/February and PV 9/February, 2019 respectively to carry out environmental sanitation exercise.

However, audit examination of the payment vouchers revealed that no official printed receipts was obtained for hiring tipper lorries, buses and sub receipts containing the names and signatures of the labourers hired to do the job was attached to the voucher. This is contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments thereby making the expenditure doubtful.

Recommendation: In future the LCDA should ensure that official printed receipts are attached to payment vouchers.

4. **UNTAPPED INDEPENDENT REVENUE SOURCES**

Observation: It was observed that the Local Council Development Area is yet to fully tap its Internally Generated Revenue (IGR) sources which abound within the Local Council Development Area. The treasury department could not produce on demand, the revenue database which will highlight details of all the revenue points/categories that existed within the Local Council Development Area. Audit examination of the General Purpose Financial Statement revealed that only a paltry sum of ₦650,000.00 was generated from Trade permit License as against the estimated revenue of the sum of ₦2,100,000.00 for the year. It was also surprising to note that a meager sum of ₦15,000.00 was generated as revenue from Abattoir/Slaughter Licenses as against the sum of ₦525,000.00 proposed for the year, whereas driving through some parts of the Local Council Development Area, one will notice sizeable numbers of Traders and butchers around the locality. The Local Council Development Area is yet to have any revenue bus and this could have contributed to their inability to function optimally because the LCDA was able to generate a sum of ₦26,140,615.00 which represents 20.07% of the sum of ₦130,280,000.00 proposed revenue for the year 2019.

Recommendation: The Local Council Development Area is advised to intensify her efforts towards harnessing all its revenue sources and any leakages observed or detected should be blocked.

5. **INDEBTEDNESS OF REVENUE CONTRACTORS AS AT 31ST DECEMBER, 2019**

Observation: In spite of my circular letter reference no. OGLG/AUD/94/VOL.III/4 of 18th October, 2017 which banned the use of Revenue Contractors for the assessment and collection of taxes and levies, it is disheartening to observe that the Local Council Development Area has not complied with the content of the circular. The recent audit exercise revealed that as at 31st December, 2019 the total amount owed by the Revenue Contractors engaged by the LCDA was Four Million, Four Hundred and Fifteen Thousand Naira (₦4,415,000.00) only. The defense given by the Director of Finance and Supplies for engaging revenue contractors was that they were short staffed which necessitated their engaging revenue consultant but the decision appears to be counterproductive and has therefore resulted into huge debt by revenue contractors and loss of revenue accruable to the LCDA.

Recommendation: In view of the merging of this LCDA with the Ado-Odo/Ota Local Government being the mother Local Government, I wish to advise that necessary legal steps

should be taken by Ado-Odo/Ota Local Government to recover the outstanding debt of ₦4,415,000.00 in the hand of these contractors. This Office should be informed of the action taken within two (2) weeks from the date on this report.

6. **LEGACY ASSETS**

Observation: I wish to draw your attention to circular letter Ref. No. OGLG/AUD/94/Vol.III/20 of 9th January, 2019 issued by this office requesting all the Local Governments and the Local Council Development Areas in the State to identify and measure all its legacy assets in line with requirements of International Public Sector Accounting Standard (IPSAS) and observed that your LCDA has not complied fully with the content of the above quoted circular. This was so because, it was at the instance of the Audit Team that the value of your health centres valued at Two Hundred and Fifty Million, Two Hundred and Ninety-One Thousand, Six Hundred Naira, only (₦250,291,600.00) as contained in the Assets Sharing Committees report were incorporated into the LCDA's General Purpose Financial Statement (GPFS) for the year under review.

Audit investigation also revealed that the landed property valued for ₦12,000,000.00 purportedly owned by your LCDA as contained in the Asset Sharing Committee report was discovered to be fictitious as there was no documentary evidence to prove that any community donated such land to the Local Council Development Area as claimed.

Recommendation: In the light of the above, and at the instance of audit team, the value of the purported land valued for ₦12,000,000.00 has been expunged from the Legacy Assets of the Local Council Development Area, pending the time the prove and existence of such property is produced.

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

Observation: On 16th January, 2018 the LCDA entered into a contractual agreement with 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. In the agreement, the contractor was to finance the construction of twenty-four (24) lock-up shops to the tune of Fifty Million Naira (₦50,000,000.00) only on the LCDA land situated along Ijoko Ota road, off second power line, Sango/Ijoko-Ota. The lease period as agreed by both parties is expected to cover a period of twenty-five (25) years commencing from the date of completion and allocation of lock-up shops.

A cursory look at the deed of agreement signed by both parties dated 1st January, 2018 states that the project should be completed within Eighteen (18) Months commencing 1st January, 2018 to 30th June, 2019 but work did not start until January, 2019 due to the delay in granting approval to execute the project by the State Ministry of Local Government and Chieftaincy Affairs.

Audit verification visit made to the site in August, 2020 revealed that the project had been completed but it was disturbing to note that the developer flagrantly failed to abide with some fundamental issues as contained in the deeds of agreement he signed with the LCDA. Instances of such flagrant violation on the part of the developer are contained in paragraph 7, 8, 10 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 sold 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, where it could be monitored to know the actual money realized from the sales of the forms.

Similarly, it was agreed by both parties as contained in paragraphs 8 & 11 of the deed of agreement that twenty-four (24) lock-up shops should be constructed but the developer went ahead to construct thirty (30) lock-up shops thereby distorting the approve plan of the building and violating the agreement without notifying and seeking the approval of the management of the LCDA. The developer also failed to reserve or allocate one (1) of the shops to serve as administrative office for the LCDA officials as agreed upon in paragraph 10 of the deed of agreement.

In addition to the above, the developer failed to remit 10% of the total profit on the lease of the property as contained in paragraph 12 of the deed of agreement into the coffers of the LCDA. The developer, Engr. Owolabi Abdul Ganiu was invited by the Auditors but he could not give any satisfactory answer for his failure to abide with the terms and conditions in the deed of agreement he signed with the LCDA. The Audit team was also taken aback when it discovered that most of the important document such as original copies of the deed of agreement, architectural drawings, bill of engineering measurement and elevation, approve plan of the project, the letter of approval granted by the Ministry of Local Governments and Chieftaincy Affairs etc were missing from the file kept by the LCDA.

Recommendation: I wish to advise the management of Ado-Odo/Ota Local Government being the Mother Local Government that absorbed the LCDA to invite the developer to resolve the issues raised in this report, failure upon which legal action should be initiated against the developer for breach of contract and this agreement be terminated forthwith. I also want to advise that the Transition Committee Chairman of Ado-Odo/Ota Local Government should quickly ensure that the missing documents are replaced without delay. Please inform this Office of the action taken within two (2) weeks from the date on this report.

8. **OFFICIAL VEHICLE TAKEN AWAY BY THE CHAIRMAN**

Observation: It was observed that a Toyota Camry 2007 (Muscle) Silver colour, a sport edition (S.E.) with registration number TTD 05 LG allocated to the former Executive Chairman of the Local Council Development Area (Alh. Alao Fatai Lawal) has been taken away by the Chairman without following the due process.

Recommendation: I wish to advise that appropriate action should be taken to retrieve the vehicle back to the premises of the Ado-Odo/Ota Local Government from Alh. Alao Fatai Lawal without any further delay.

The Chairman,
Transition Committee,
Ewekoro Local Government,
Itori.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF EWOKORO LOCAL
GOVERNMENT, ITORI FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2019**

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/EWK/193/2019	Doubtful Expenditure	100,000.00
2.	OGLG/AQ/EWK/194/2019	Doubtful Expenditure	110,000.00
3.	OGLG/AQ/EWK/195/2019	Doubtful Expenditure	300,000.00
4.	OGLG/AQ/EWK/196/2019	Doubtful Expenditure	300,000.00

3. DOUBTFUL EXPENDITURE

Observation: During the examination of payment vouchers, it was observed that official receipts, sub-receipts and other relevant accounting documents were not often attached to the payment vouchers as evidence that the monies released were actually spent for the purpose for which they were released. This is contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments (MFM). Examples of such transactions are as stated below:-

(i) The sum of One Hundred Thousand Naira (₦100,000.00) only released to Mr. Adebule Adekoyejo (Senior Administrative Officer) to printten (10) booklets of the Local Government certificate of origin. The payment was made vide PV. 2/January, 2019.

(ii) Another was the sum of One Hundred and Ten Thousand Naira (₦110,000.00) only paid to Mr. Yisau Morufu (Principal Works Superintendent) to do replacement and general servicing

of vehicle no LGC 06 TRE attached to the Finance Department. The payment was made vide PV.4/March, 2019.

It was observed that none of the payment voucher was supported with relevant document such as official printed receipt of the items purchased or replaced, Store Receipt Voucher (SRV), Store Issue Voucher (SIV), distribution list etc. the irregularities contravened the provision of chapter 14:17 of Model Financial Memoranda for Local Governments.

(iii) Similarly, a total sum of Six Hundred Thousand Naira (₦600,000.00) was released to Mrs. Sofela Bukola also known as Miss Sowunmi Olubukola (Medical Laboratory Scientist) to procure laboratory reagents for use in the Laboratory Units of health facilities in the Local Government. The payments were made vide PVs 19/April and 1/August, 2019.

The absence of documentary evidence on those transactions cast doubt on the genuineness of the expenditure.

Recommendation: The officials are enjoined to always attach documentary evidence of transactions engaged on behalf of the Local Government.

4. BANK RECONCILIATION STATEMENT

Reference to paragraph five (5) of the last Audit Inspection Reports Number OGLG/EWK/I/Vol.II/347 of 24th January, 2020 on the above subject and to observe that the advice given by this Office was not heeded to. During the recent audit exercise, the bank reconciliation statement of the Local Government for the period 1st January to 31st December, 2019 was examined similar irregularities highlighted below were also observed:

(i) BANK BALANCES

Observation: Some bank balances had been dormant in the accounts of the Local Government which were recurring over the years.

The analysis of the dormant bank accounts extracted from the bank reconciliation statements are stated below:

<u>BANK</u>	<u>ACCOUNTS</u>	<u>AMOUNTS (₦)</u>
Wema	0120159322	207.50
Wema	0120159325	118,817.33
Wema	0120159318	3,052.70
Wema	0120171835	37,074.19
Wema	0120171772	8,019.12
FCMB	33207035058	77,959.18
Access	0103494104	78,653.09
Zenith	1011112530668	<u>13,292.16</u>
TOTAL		<u>337,075.84</u>

As at the period of writing this report, no action would appear to have been taken as directed in the last audited report because the dormant bank account were neither reactivated nor closed.

Recommendation: The Local Government should pursue the activation of the bank balances or close them and transfer those balances to the bank account that is functioning.

(ii) **DIRECT CREDIT**

Observation: During the period under reference, a total sum of Three Hundred and Sixty Four Thousand, Eight Hundred and Thirty Naira (₦364,830.00) was the amount credited directly into the account of the Local Government but yet to be debited in the cashbook. The amount has not been debited because those who paid the money (revenue collectors) were still holding on to pay-in-slips, they did not present the slips to the Cashier to obtain treasury receipts. The anomaly had resulted into a long list of direct credit in the bank reconciliation statement.

Recommendation: The Local Government is advised to educate their revenue collectors and other depositors on the need to always obtain treasury receipts for money deposited to the bank accounts of the Local Government.

5. REVENUE COLLECTION

As it was highlighted on paragraph 6 and 8 of the last Audit Inspection Report Ref. No. OGLG/EWK/I/Vol.II/347 of 24th January, 2020 that the performance of revenue generation of the Local Government was not impressive and the huge indebtedness of the revenue contractors, no significant change was observed to have occurred since the report was issued, hence the followings were further observed during the course of recent audit exercise:

(i) Outstanding from Revenue Contractors:

Observation: Contrary to the circular letter No. SART/72/003 of 25th October, 2013 issued from the Office of the Special Adviser to the Ogun State Government on Revenue and Taxation, which banned the use of Revenue Contractors by Government Ministries and Agencies of Government, your Local Government was observed to have continued to contract its revenue generation to revenue contractors. During the period under reference, audit investigation revealed that those revenue contractors were not remitting the revenue generated by them to the coffers of the Local Government as agreed to the extent that they were indebted to the tune of Six Million, Nine Hundred and Forty Seven Thousand Naira (₦6,947,000.00).

Further investigation revealed that there was no contractual agreement between the revenue contractors and Local Government as at the time of engaging those contractors. This action is however contrary to the provisions of chapter 1:4(9&12) of Model Financial Memoranda for Local Governments (MFM), which requires that “it is the duties of the Local Government Chairman to carry out such test checks and other checks as are necessary to satisfy itself that the Local Government revenue are being promptly collected and accounted for and its funds properly disbursed” and provisions of chapter 1:12(1) of Model Financial Memoranda for Local Governments (MFM), which requires that “ the Director of Administration and General Services is responsible for ensuring that all contractual agreements, local purchase order, job order forms or such other documents relating to contracts, supplies e.t.c are signed by him only after the appropriate approving authority has been given the necessary approval.

From the above, it would appear that all effort to prosecute the revenue contractors might be difficult if not impossible, since there was no genuine contractual agreement between your Local Government and the revenue contractors.

Recommendation: The Local Government is advised to take necessary legal action to collect the outstanding revenue from the revenue contractors and get the contract terminated henceforth. However, the outstanding revenue has been recognized as part of receivables in the 2019 General Purpose Financial Statements.

(ii) Naming of Street

Observation: During the audit exercise, it was observed that a total sum of Five Hundred and Fifty Thousand Naira (₦550,000.00) street naming renewal fees has been overdue for more than

three years from the occupants of the streets. All these while, the outstanding had not been captured as part of receivables for the Local Government but has been added to the receivables during the recently concluded audit assignment.

Recommendation: The Local Government is advised to ensure that they update themselves with the new accounting system in the public. The outstandings should be collected from the beneficiaries.

6. YEYE OLUFUNKE SHOPPING COMPLEX, ARIGBAJO SHOPING COMPLEX AND OBA AKAMO SHOPING COMPLEX

Observation: In paragraph 7 of the last Audit Inspection Report with Ref. No. OGLG/EWK/I/Vol. II/347 of 24th January, 2020, it was reported that occupants of Yeye Olufunke shopping complex situated along Abeokuta-Lagos expressway at Itori, were indebted to the tune of Three Hundred and Seventy Eight Thousand Naira (₦378,000.00). During the recently concluded audit exercise, it was observed that the complex still has fifty-two (52) lock-up shops which is expected to generate the total sum of One Million, Two Hundred and Forty Eight Thousand Naira (₦1,248,000.00) per annum at the rate of Twenty Four Thousand Naira (₦24,000.00) per annum per shop, but One Million, One Hundred and Fifty-Two Thousand Naira (₦1,152,000.00) only was realized from forty-eight (48) occupants leaving an outstanding of Ninety Six Thousand Naira (₦96,000.00) by four (4) occupants that have not paid to the Local Government.

Also, there is a shopping complex at Itori, Oba Akamo Shopping Complex situated within Itori Township which has twenty-three (23) lock up shops. The lock-up shops is expected to generate a total sum of Five Hundred and Fifty-Two thousand Naira (₦552,000.00) per annum at the rate of Twenty-Four Thousand Naira (₦24,000.00) per annum per shop, but Four Hundred and Twenty-Three Thousand Naira (₦423,000.00) only was realized from the eighteen (18) occupants leaving an outstanding of One Hundred and Twenty-Nine Thousand Naira (₦129,000.00) from five (5) occupants that have not paid to the Local Government.

In addition, Arigbajo shopping complex at Arigbajo which has forty-eight (48) lock-up shops is expected to generate a total sum of One Million, Four Hundred and Forty Thousand Naira (₦1,440,000.00) per annum, but One Million, Two Hundred and Sixty Thousand Naira (₦1,260,000.00) only was realized from the Forty-Three (43) occupants leaving an outstanding

of One Hundred and Eighty Thousand Naira (₦180,000.00) from five (5) occupants that have not paid into Local Government.

The total outstanding payments by the occupants of these complex amounted to Four Hundred and Five Thousand Naira (₦405,000.00).

Recommendation: The Local Government is advised to eject the occupants that were not paying and possibly increase the rent. This Office should be informed of the action taken.

7. TREASURY STORES

Observation: During the inspection of treasury stores, it was observed that there was no significant change in the position of the store as reported in the last Audit Inspection Report with reference no. OGLG/EWK/I/Vol.II/347 of 24th January, 2020. The space allocated to store remained extremely small to accommodate store items. Apart from the small size of the store, it was also congested with old, un-used receipt and new items. The store was also arranged in such a way that it is very difficult to separate between the newly printed and outdated receipts as well as other new items not yet in use. Example of new un-used items is an HP projector donated to the Local Government by the World Bank but was not registered into stores ledger. This is an evidence of the weakness in Internal Control System in stores administration in the Local Government. This is contrary to the provision of Chapter 34:16(1-4) of the Model Financial Memoranda for Local Governments (MFM) regarding proper documentation and recording in the stores.

In the Finance and Supply Department store, there was an old photocopier item classified as inventory which appear to have been over stated. Audit verification visit to the store where the item was kept revealed that the photocopier has become old and can regarded as scrap item that are not functioning or better say cannot be useful again.

Recommendation: The Local Government authority is advised to seek permission from this Office for the disposal of outdated receipts and scrap items littered in the store to de-congest it and also educate the officers at various stores on the need to be aware of the significant and risks involved in handling stores and valuation of scrap store items.

8. UNRECOVERED ADVANCES

Observation: In paragraph 13 of the last Audit Inspection Report Ref. No. OGLG/EWK/I/Vol.II/347 of 24th January, 2020, it was highlighted that there was an unrecovered

dormant advances of Twenty Four Million, Nine Hundred and Thirteen Thousand, Three Hundred and Seventy One Naira and Fifty Four Kobo (₦24,913,371.54). During the recently concluded audit assignment, it was observed that no significant effort was made to recover these advances except for a sum of Eight Thousand and Forty Naira, Forty Kobo (₦8,040.40) only repaid in 2019 by a retired officer Mr. Yisau Moruf, leaving the balance of the advance to Twenty Four Million, Nine Hundred and Five Thousand, Three Hundred Thirty One Naira and Fourteen Kobo (₦24,905,331.14) which had been dormant for several years for which no positive action would appear to have been taken to recover such advances in accordance with the provisions of chapter 16:18-19 of the Model Financial Memoranda for Local Governments (MFM).

All efforts made by the audit team to know the history of these advances proved abortive, since nobody in the Treasury Department could give cogent information as regards the dormant advances.

Meanwhile, all negative advance balances of One Hundred and Thirty Seven Thousand, Four Hundred and Seventy-Seven Naira, Twenty-Two Kobo (₦137,477.22) in the advance ledger had been written off into the revenue ledger vide RV No 120/June, 2020 at the instance of the Audit Team.

Recommendation: In view of this, the Local Government is advised to take a bold step to use the newly created central payment system domiciled at the Local Government Service Commission to recover the dormant advance balances of Twenty-Five Million and Forty-Two Thousand, Eight Hundred and Eight Naira ,Thirty-Six Kobo (₦25,042,808.36), most especially a huge amount of Twenty-Three Million, Seven Hundred and Eighty-Two Thousand One Hundred and Twenty-Nine Naira, Nine kobo ₦23,782,129.09 standing against Mr. Solaja a dismissed staff and others.

9. LOCAL GOVERNMENT ASSET NOT IN THE SECRETARIAT

Observation: As reported on paragraph 12 of the last Audit Inspection Report OGLG/EWK/I/Vol. II/347 of 24th January, 2020, it was observed that contrary to advice of this Office, the Asset Register expected to have been created by the Local Government to show the list of assets and their locations had not been opened. Also, at the time of audit verification, a Toyota (Hiace) bus attached to the Office of the Executive Chairman, (Alhaji Hon. Gafar Balogun) had not been returned to the Local Government Secretariat.

Recommendation: The Local Government is advised once again to retrieve the vehicle from the Executive Chairman Alh. Hon. Gafar Balogun to the secretariat in line with our circular letter No. OGLG/AUD94/VOL.III/36 of 14th June, 2019 and inform this Office of the retrieval.

10. LEGACY ASSET OF THE LOCAL GOVERNMENT

Observation: During the inspection of legacy assets of the Local Government, it was observed that a building donated to the Local Government by Lafarge Cement Plc in 2017 was not captured in the list of legacy asset owned by the Local Government. The building was valued at a cost of Seven Million, Five Hundred Thousand Naira (₦7,500,000.00) by the Local Government Engineer, (Eng. M.O Adeyemo, Director Works and Housing). The asset had been added to the Asset Schedule of the Local Government at the instance of the Audit Team.

Also, during the inspection, a Toyota Hiace bus attached to National Union of Local Government Employee (NULGE) Ewekoro Unit was observed not to have been parked in the secretariat. Mr. Stephen Ogunyinka (NULGE Chairman) told the audit team that the bus broke down at Igbore Abeokuta in a mechanic workshop but all effort to take the audit team to the mechanic site where it broke down proved abortive.

Also, another legacy asset classified as the proposed town hall valued at One Million. Three Hundred and Fifty Thousand Naira (₦1,350,000.00) under construction could not be sighted as at the time of the audit verification of legacy assets. On enquiry by the Audit Team, nobody was available to take audit team to the location of the uncompleted town hall.

Recommendation: The Local Government should ensure that the Toyota Hiace Bus is relocated to the secretariat and also do everything necessary to identify the uncompleted town hall and inform this Office.

**The Chairman,
Transition Committee,
Ewekoro Local Government,
Itori.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF EWEKORO NORTH
LOCAL COUNCIL DEVELOPMENT AREA, WASIMI FOR THE YEAR ENDED 31ST
DECEMBER, 2019**

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. BANK RECONCILIATION STATEMENT

The bank reconciliation statements for the period 1st January to 31st December, 2019 were examined from where we observed the followings:

(i) DIRECT CREDIT

Observation: A total sum of One Hundred and Forty Two Thousand, Four Hundred and Sixty Naira (₦142,460.00) only was the amount highlighted as direct lodgement to the bank in the bank reconciliation statement as at December, 2019.

Recommendation: All revenue collectors should be educated on the need to promptly present pay-in-slips to Treasury Office immediately payments are made into the Local Council Development Areas accounts to avoid long list of direct payment.

(ii) BANK CHARGES

Observation: It was observed that a sum of Three Thousand, Eight Hundred and Ninety Four Naira (₦3,894.00) only was the amount charged by the banks maintained by the LCDA during the year under review, but had not been posted into the cashbook for written off.

Recommendation: The Treasurer is hereby advised to always ensure that bank charges are posted into the cashbook as and when due in order to show the true and fair view of the actual financial position of the Council during the year.

3. STATE OF RECORDS

Observation: During the period under review, there was improvement in the manner in which the accounting records were kept except for the few errors discovered by the Audit Team. Some of the errors were that the salaries and allowances posted into Treasurer's cashbook and Departmental Vote Expenditure Accounts (DVEA) were one sided, the corresponding debit entry was not recorded into the cashbook and in the Departmental Vote Expenditure Accounts (DVEA). Sequel to the omission, the Audit Team instructed the cashier to raise revenue vouchers

to correct the errors and the following RV's were raised: RV.40/January, 2019, RV.44 Feb/2019, RV.38 Mar/2019, RV.32/April, 2019, RV.52/May, 2019 and RV.23/June, 2019.

Another error was the misclassification of Revenue Head. A total sum of Sixty Four Thousand Naira (₦64,000.00) on RV 36/Dec, RV 4/Dec, and RV 11/Oct, 2019 made on stallage fees ought to be recorded on Head/Sub head 120204/12020495 but was misclassified and recorded on squatter/other market fees Head/Sub head 120204/12020492 which made it difficult to determine total collected on stallages and the receivables to be recognised for the period under review. This has been corrected by the Audit Team.

In addition, it was observed that the Cashier used pencil to write the amount of figures in the cashbook which is not acceptable to this Office. The Treasurer and Internal Auditor should have corrected the Cashier if they had worked on the cashbook as expected.

Recommendation: The Treasurer and the Auditor should put more efforts in supervising officers in charge of various accounting records kept by the finance department and revenue collected should be classified to appropriate heads and sub heads. Also, figures recorded in the cashbook should not be written in pencil but in indelible ink.

4. REVENUE GENERATED PERFORMANCE

Observation: It was observed that out of the Thirteen Million, Three Hundred and Fifteen Thousand Naira (₦13,315,000.00) budgeted as independent revenue for the year 2019, a sum of Five Million, Two Hundred and Fifty-Five Thousand, One Hundred and Fifty Naira (₦5,255,150.00) only was actually generated as revenue during the period under review. The amount generated represented 39.47% of the budgeted amount which was too low.

Recommendation: The Management of the Local Council Development Area is hereby advised to think outside the box towards improving its internally generated revenue. The untapped revenue heads and sub heads such as Sawmill, Brick making, Stallages (Kiosk), should be tapped. Also, the Council should invest in Agric Department in the area of arable farming, poultry, piggery, etc. to enhance revenue generation in the next financial year. All revenue leakages if any should be blocked.

5. UNRECOGNISED RECEIVABLES FROM REVENUE CONTRACTORS DURING 2018 ACCOUNTING YEAR

Observation: It was observed during the scrutiny of the financial records of the Local Council Development Area that a total sum of One Million, Four Hundred and Ten Thousand Naira (₦1,410,000.00) was completely omitted from the General Purpose Financial Statement (GPFS) and other records. This amount represented outstanding of the revenue contractors as at 31st December, 2018 which ought to have been recognised as receivable for the period but was not.

However, the amount has been recognised in the General Purpose Financial Statement (GPFS) for the year 2019 which forms part of prior year adjustment in the statement of Change in Net Asset/Equity.

Recommendation: The Treasurer is advised to be painstaking in the discharge of her responsibilities.

6. ISSUES EMANATED FROM VERIFICATION OF LEGACY ASSETS

During the inspection exercise, there were various observations which are highlighted below:

(i) REVALUED ASSETS/NEWLY DONATED ASSET

Observation: During the inspection exercise, a visit to Obada-Oko Health Centre revealed that the health centre was renovated recently and it appeared that the present value placed on the assets could not match the initial value placed on the health centre. Therefore, the attention of Engr. Adeyemo M. O. (Director, Works and Housing) has been drawn to notice and re-value the assets (Obada-Oko Health Centre). The initial value was ₦1,250,000.00 which was revalued to ₦12,500,000.00 in 2019 exclusive of Generator House and NSCDC office.

Also, visitation to Owowo Health Centre revealed that a Solar House was newly donated to the health centre which the Engineer had valued for ₦750,000.00. This has been duly recognised as part of Legacy Assets.

Recommendation: The Local Government is advised to revalue their assets where necessary, in line with the current economic reality.

(ii) ABANDONED LEGACY ASSETS

Observation: During the inspection exercise, it was discovered that some assets were not under use due to one reason or the other. A visit to Aga Olowo Health Centre revealed that the health centre was part of Millennium Development Goal (MDG) project donated to the Local Government since year 2016. Presently, the health facility is not under use as bats have taken

over the roof of the building. Also, health centre at Pakudi and Sigo Baido had been abandoned because bats had taken over the entire roof.

Recommendation: The Management of Council is advised to do the needful by putting the abandoned health centres to use so as to boost the internally generated revenue.

(iii) UNVERIFIED LEGACY ASSETS

Observation: During the verification of legacy assets, all attempts made by the Auditors to visit the location of the Local Council Development Area land at Wasimi valued at ₦4,200,000.00 proved abortive. There was no officer that could lead the Audit Team the area where the land is located. Further enquiry revealed that former Transition Chairman of the Local Government Mr. Olomide Saburi did the survey for the land and it appears that he would be in possession of some of the documents that relate to the land. The land has been listed among the legacy assets not yet recognized.

Recommendation: The present administration should urgently retrieve the documents relating to the land from the officials that served in the previous administration. The Director of General Services and Administration and Internal Auditor should ensure that all assets are monitored, recorded in fixed asset register and documents relating to assets of the Local Government are properly kept.

7. UPDATE ON ISSUES EMANATED FROM LAST AUDIT INSPECTION REPORTS

(i) FIXED ASSETS REGISTER

Observation: Reference to the last Audit Inspection Report No. OGLG/ENLCDA/1/8 of 16th January, 2020 in which the LCDA was instructed to maintain fixed assets register where all its tangible assets both moveable and immovable would be recorded in line with the provisions of chapter 26:1 & 2 of the Model Financial Memoranda for Local Governments. At the time of the audit exercise recently concluded, it was observed that the Council did not comply with the provision of the Model Financial Memoranda as advised by this Office because the Local Council Development Area failed to maintain the register.

Recommendation: The Management is advised to ensure that fixed assets register of all its tangible assets, moveable and immovable are maintained in line with the provisions of Chapter 26 of the Model Financial Memoranda for Local Governments and as required by International Public Sector Accounting Standard (IPSAS) accrual requirements.

(ii) REVENUE CONTRACTORS

Observation: I wish to refer to the last Audit Inspection Report No. OGLG/ENLCDA/1/8 of 16th January, 2020 where this Office advised the Council to desist from engaging the services of revenue contractors in line with circular letter No. SART/72/003 of 25th October, 2013 emanated from the Office of the Special Adviser to the Ogun State Government on Revenue and Taxation and circular letter No. OGLG/AUD/VOL.III/4/ of 18th October, 2017 from this Office.

Worst still, enquiry by the Audit Team revealed that there was no enforceable contractual agreement signed by the revenue contractors during the period they were engaged and their appointments had been terminated as at December, 2018 leaving the accumulated outstanding of ₦1,410,000.00 unpaid till date.

Recommendation: The Management is advised to recover the sum of ₦1,410,000.00 owed by them and desist from violating the existing circular letters in the state on revenue collection.

(iii) AGRICULTURAL DEPARTMENT

Observation: I wish to refer to the last audit inspection report No. OGLG/ENLCDA/1/8 of 16th January, 2020 where it was reported that the Department of Agriculture and Natural Resources had been neglected overtime. That if the department is adequately funded, it could be a veritable source through which the Council could boost its Internally Generated Revenue (IGR) especially now that the statutory allocation from the Federation Account is not forthcoming. The report advised you further to invest in arable farming, poultry, piggery and so on to boost the IGR. However, the situation as noticed by the Audit Team during the recently concluded audit assignment revealed that the Department remained inactive towards revenue generation throughout the period covered by this report.

Recommendation: The Council is advised to invest in agricultural business in order to boost the Internally Generated Revenue (IGR).

(iv) RETIREMENT OF IMPREST

Observation: Reference to the last audit inspection report No. OGLG/ENLCDA/1/8 of 16th January, 2020 on the above subject the attention of the Treasurer and the Internal Auditor were called to the non-retirement of imprest exhibited during the period covered by this report. That available records revealed that office imprest were paid to both political office holders and career officers but were not retired accordingly contrary to the provisions of Chapter 14:21 of the Model Financial Memoranda for Local Governments which requires that no imprest shall be approved until previous ones had been retired. Failure to retire imprest as required is an indication that the Treasurer has not ensure that a register on un-receipted vouchers is maintained

to allow him make prompt steps to obtain all outstanding receipts as required by Chapter 23:30 of the Model Financial Memoranda for Local Governments. It also indicates 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 which requires the Internal Auditor to provide a complete and continuous audit of the accounts and records.

However, despite the fact that the duo were reminded of their duties to ensure that all imprests paid are always retired in line with regulations, the situation still remained the same during the period covered by this report.

Recommendation: The Internal Auditor is advised again to ensure that complete and continuous check is carried out to avoid sanction from this office on the same issue.

The Chairman,
Transition Committee,
Ifo Local Government,
Ifo.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IFO LOCAL
GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2019**

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 QUERY

The audit queries detailed below had earlier been forwarded to you for your necessary action. Please ensure quick response to the queries.

S/N	Query Number	Subject	Amount (₦)
1	OGLG/AQ/IFO/221/2019	Failure To Maintain Capital Expenditure/Fixed Assets Registers By Mrs. Eniola Hassan (Treasurer)	
2	OGLG/AQ/IFO/222/2019	Unretired Imprest	40,000.00

3. FIXED ASSET REGISTER

Observation: During the period under review, it was observed that the Local Government did not maintain any asset register of all its assets despite circular letters from this Office on the importance of maintaining fixed asset register and also in compliance with chapter 26 of the Model Financial Memoranda for Local Governments. The keeping of fixed assets register particularly during this International Public Sector Accounting Standard (IPSAS) accrual basis cannot be over-emphasized in preparation of correct General Purpose Financial Statement.

Recommendation: The Local Government should ensure that henceforth assets registers are maintained in line with the provisions of chapter 26 of the Model Financial Memoranda for Local Governments as well as in compliance with the requirement of IPSAS, accrual basis. The treasurer will be sanctioned if he refuses to maintain this fixed asset register.

4. NON RETIREMENT OF IMPREST BY POLITICAL OFFICE HOLDERS AND CAREER OFFICERS

Observation: During the checking of records, it was observed that office imprest were paid to both political office holders and career officers but were not retired before collecting another one. This practice is contrary to the provisions of Chapter 14:24 of the Model Financial

Memoranda for Local Governments which requires that no imprest shall be approved until previous ones have been retired. Failure to retire imprest as required is an indication that the Treasurer has not ensured that a Register of Un-Receipted Voucher is maintained to allow her take prompt steps to obtain all outstanding receipts as required by Chapter 23:20 of Model Financial Memoranda for Local Government. It also 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 which requires the Internal Auditor to provide a complete and continuous audit of accounts and records.

Recommendation: The Treasurer and Internal Auditor should ensure that all imprests are retired in line with regulations. The Treasurer should ensure that relevant accounting records are maintained while the Internal Auditor should ensure that complete and continuous check is carried out.

5. DORMANT BANK ACCOUNTS

Observation: I wish to refer to the last audit inspection report No. OGLG/IFO/Vol.III/216 of 18th November, 2019 in which the Local Government was advised to reactivate its dormant bank accounts in order to avert unnecessary bank charges on them. It was observed during the audit exercise recently concluded that the Local Government has not yielded to the advice of this Office because those dormant bank accounts are still featuring in the statement thereby incurring bank charges on them during the period under review. The non-adherence to the advice appears to be an affront to this Office and unnecessary depletion on the Local Government revenue.

Details of the dormant bank accounts are stated below:

S/No	NAME OF BANK	ACCOUNT NO.	AMOUNT (₦)
1.	Access Bank Plc, Ifo	0034613768	161,821.09
2.	First Bank Plc, Ota	2014024128	125,748.47
3.	FCMB Plc, Ifo	1458961018	43,674.22
4.	Zenith Bank	1012794970	16,925.59
		TOTAL	348,169.37

Recommendation: The Treasurer should intensify his efforts to either reactivate the dormant bank accounts because the banks where these accounts were maintained are still in existence and operational or if the Local Government is no more interested in maintaining those accounts, the accounts should be closed down immediately and transfer their balances into another bank accounts that are still being operated by the Local Government. This is to avoid unnecessary bank charges on those accounts and as well be able to use the money from the accounts for other purpose.

6. TREASURY CASHBOOK

Observation: During the audit exercise, it was observed that the cashier was fond of making mistakes on the sensitive document (cashbook) like entering cash transactions on bank column of the cashbook. Also, the serial entry of treasury receipts into cashbook was full of errors, daily and monthly balancing was written in pencils, etc instead of being written in ink an indication that the cashier was not sure of the figures or an intention to change the figures at will which clearly shows that the officer was not competent to be a cashier.

Recommendation: The cashier is advised to brace up and also, the treasurer should step up his supervisory role on the activities of the cashier in order to guide against subsequent errors in the cashbook.

7. REVENUE GENERATION PERFORMANCE

Observation: During the period under review, it was observed that the Local Government budgeted a sum of One Hundred and Six Million, Three Hundred and Ten Thousand Naira (₦106,310,000.00) only to be generated internally but a sum of Thirty Million, Eight Hundred and Twenty Five Thousand, Six Hundred and Eighty Five Naira (₦30,825,685.00) only was actually generated. The amount generated represented 29% of the budget and below the sum of ₦38,732,641.99 generated in 2018 financial year. This is not encouraging considering the abundant revenue potentials within the Local Government area. It was observed that there are numerous revenue items contained in the General Purpose Financial Statement which were neither fully tapped nor tapped at all during the year. Such untapped revenue sources include: cattle dealer license, hawker permits, business/trade operating fees, motor park fees, motorcycle/tricycle fees etc, while partially tapped revenue includes: street naming fees, parking fees, contractor registration fees, registration of voluntary organization etc. All these revenue points were budgeted for but they were either not fully harnessed or not harnessed during the year.

Recommendation: The management is advised to be more proactive towards improved revenue generation performance during the next financial year. Ensure that all untapped revenue heads/subheads in its approved budget are harness optimally in order to be able to embark on more developmental projects as achievement in the next financial year 2020.

8. REVENUE CONTRACTORS

Observation: During the period under review, it was disheartening to note that the management of the Local Government has not recovered from the revenue contractors, the amount owed by

them despite the directive of this Office through audit inspection report OGLG/IFO/T/Vol.III/216 of 18th November, 2019. The revenue contractors that were engaged by the Local Government in year 2017 were owing a total sum of ₦6,088,500.00 as at 31st December, 2017 and those engaged in May, 2019 were owing a total sum of ₦1,594,000.00 as at 31st December, 2019 all totaling N7,682,500.00 as at 31st December, 2019.

Similarly, the management of the Local Government still engaged the services of several revenue contractors in year 2020 inspite of circular letters No. SART/72/003 of 25th October, 2013 and OGLG/AUD/94/Vol.III/4 of 18th October, 2017 which prohibits the use of revenue contractors. Funny enough, these revenue points contracted out could be generated by staff of the Local Governments and perform better.

Recommendation: The management should desist from using revenue contractors in compliance with circular letters under revenue. Terminate the appointment of those revenue contractors and ensure that the amounts owed by them are recovered.

9. LOCAL GOVERNMENT VEHICLE WITH THE FORMER EXECUTIVE CHAIRMAN

Observation: It was observed that the former Executive Chairman, Honourable Hakeem Bello went away with the official vehicle (Toyota Camry) registration number (FFF 01 LG) attached to his Office after his tenure of office contrary to circular letter No. OGLG/AUD/94/Vol.III/34 of 14th June, 2019 from this Office. The circular letter states that no political office holder should be allowed to take away his official car after his tenure of office.

The management should have written a strong worded letter to him instructing him to return the vehicle and even threaten him with police arrest.

Recommendation: The management of the Local Government should retrieve the vehicle from the former Executive Chairman in line with circular letter from this Office. This Office will report to the Public Accounts Committee of the House of Assembly if the former Chairman did not return the vehicle to the Council.

10. AGRICULTURE AND NATURAL RESOURCES

(i) Poultry Pen, Feed-mill and Fish Pond

Observation: In the last audit inspection report, the management of the Local Government was advised to resuscitate the poultry pen, feedmill and fish pond in the agriculture department. The conditions of the facilities in the place were deteriorating and prone to vandalization. During audit visit to the place, it appears that the Local Government was satisfied with the conditions of

the pen, mill and pond as it remains idle. This is because the condition of the place was worst than it was reported in the last audit inspection report.

The Local Government should know that embarking on poultry business such as, poultry, feedmill, fish pond etc would gear up its internally revenue generation instead of allowing these facilities to rotten away and as well render the officers in the department redundant.

Recommendation: The management is advised to set aside some amount of money from its internally generated revenue on monthly basis in order to resuscitate and invest in the department, or alternatively source for loan in order to make the fish pond and poultry pen functional. The project will pay itself back with profit margin if properly managed. This Office should be abreast of latest development at the department.

11a PRIMARY HEALTH CENTRE (PHC)

Observation: It was observed at the PHC store that there were some drugs that were yet to be distributed to various health centres within the Local Government. Also found were some equipment such as beds, stretcher etc. These equipment are part of the equipment donated to Ifo Local Government through the State Government by international donor (Opa International Mega Venture Ltd).

The Auditors were informed that the remaining medical equipment in the store would be transferred to other health centres when they are completed.

11b. COMMUNITY DEPARTMENT

Observation: In the department, there was visible existence of vocational centers which appear to have been abandoned because it has long not been used. It was observed that all the equipment meant for youth empowerment programme therein appeared obsolete and deteriorated. Such equipment include sewing machine, grinding mill, gas cooker, freezer, generator etc which are allowed to rotten away instead of giving them out for youth empowerment.

Recommendation: The management is advised to complete the remaining health centres on time in order to transport the donated medical equipment there for use and for the benefit of the community, and to the delight of the donor company. Furthermore, the vocational centres should be resuscitated for use and the equipment therein be accounted for.

**The Chairman,
Transition Committee,
Ifo Local Government,
Ifo.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF AGBADO/OKE-ARO
LOCAL COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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 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 number	Subject	Amount (₦)
1.	OGLG/AQ/AOALCDA/2/2019	UNRETIRED EXPENDITURE	200,000.00`
2	OGLG/AQ/AOALCDA/3/2019	UNRETIRED EXPENDITURE	150,000.00
3	OGLG/AQ/AOALCDA/4/2019	DOUBTFUL EXPENDITURE	205,000.00

3. UNRETIRED IMPREST

Observation: During the period under review, it was observed that monthly imprest granted to some career officers and political office holders were not always retired. Examples of such unretired imprest were the sum of ₦200,000.00 paid to Mr. Salau M. O. (Executive Officer, Admin) as running cost for the month of January, 2019. vide payment vouchers 15/January, 2019, 38/January, 2019 and 05/February, 2019. Another was a sum of ₦150,000.00 released to Honourable Adebayo Ekun (Executive Chairman) for his official vehicle and office imprest for the month of January, 2019 vide payment vouchers 02/January, 2019 and 23/March, 2019 etc. These imprests were not retired before granting another month's imprest to the same persons contrary to chapter 14:24 and 27 of the Model Financial Memoranda for Local Governments which states that no imprest shall be approved unless all previous imprest issued for the same purpose have been retired when the purpose for which the imprest was granted is completed.

Recommendation: The Treasurer and the Internal Auditor should be alive to their responsibilities and ensure that they do not release any imprest without retiring the previous ones in line with chapter 14:24 and 27 of the Model Financial Memoranda for Local Governments.

4. DOUBTFUL EXPENDITURE

Observation: A sum of Two Hundred and five Thousand Naira (₦205,000.00) only was paid to Mr. Salau M. O. (Executive Officer, Admin) for hosting stakeholders forum meeting in January, 2019. The payment was made vide PV 14/February, 2019. It was observed that the payment voucher was not supported with official printed receipt of items purchased to host the meeting as required by the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments.

Also, the minutes of the purported meeting was not produced on Audit demand which cast doubt on the genuineness of the meeting and made it doubtful.

Recommendation: Evidence of execution should always be attached to payment voucher.

5. REVENUE GENERATION PERFORMANCE

Observation: The Council budgeted to generate a sum of ₦28,800,000.00 whereas a sum of ₦11,594,680.00 was actually generated internally during the period under review. This represented 40.3% budget performance which was not impressive enough considering its closeness to Lagos State. The Council could have generated more revenue if all hands were on deck to harness all sources of revenues in its jurisdiction maximally. It was observed that some revenue points were neither tapped nor tapped fully during the year. Examples of such revenue heads not tapped are: bake house license, brick making license, cattle dealer license, hawkers permits license, borehole drilling license, parking fees, motor cycle/tricycle fees etc while the ones that were partially tapped include: radio/television license, registration of voluntary organization, liquor license stallage/market fess etc.

Recommendation: The Council is advised to be more proactive and pragmatic towards enhanced revenue generation for developmental projects in the next financial year.

6. IDLENESS OF THE AGRICULTURE AND NATURAL RESOURCES DEPARTMENT

Observation: During the period under review, the department appears not active because there was no single agric project embarked upon despite the amount earmarked in the approved budget expected to be generated during the year. This is an indication of unrealistic budget for the department and budget failure.

The staff in the department was just drawing their monthly salaries and allowances without doing anything throughout the period under review.

Recommendation: The management is advised to make use of its Agriculture department in whatever little project in order to engage the officials of the department and as well contribute to the internally generated revenue. All departments should be able to generate revenue through their paces when empowered by the management.

7. **CONSTRUCTION/REHABILITATION OF AGBADO MAIN MARKET**

OBSERVATION

(a) I wish to refer to the last audit inspection report No OGLG/AOALCDA/1/12 of 21st November, 2019 in which the management of the Council was instructed to forward some information on construction/rehabilitation of shops at Agbado main market handled by a developer, Beulah Topline Limited. The information requested for were the date in which the project was completed, the date in which the shops were allocated and the date in which the ownership will revert to the Council.

Also, in the audit report, the Council was advised to recover the outstanding premium sum of ₦1,000,000.00 on the shops from the developer. At the time of this audit exercise, it appeared that efforts were not made by the Council to either recover the outstanding premium nor to forward the additional information requested for on the project to this Office. This is because there was no evidence of such forwarded to this Office.

(b). **CONSTRUCTION OF AGBADO MAIN MARKET**

OBSERVATION

In the last audit inspection report No. OGLG/AOALCDA/1/12 of 21st November, 2019 relating to the project, the followings were highlighted

- (i) That the construction of ninety (90) lock-up shops, eighty (80) open stalls, public toilet and waste disposal at Agbado main market was contracted to a developer, Muraine Project Nigeria Limited on self-Finance basis.
- (ii) That the project was expected to be completed within six (6) months from the date of mobilization to site.
- (iii) That the ownership of the shops will revert to the Council after twenty (20) years of operation by the developer.
- (iv) That a premium sum of ₦1,500,000.00 shall be paid to the coffers of the Local Government.
- (v) That the numbers of shops built was increased by seventy-four (74) shops and that adequate toilet facilities were not provided in the market

(vi) That the agreed premium of ₦1,500,000.00 on the shops was not yet paid to the coffer of either Ifo Local Government or LCDA.

During this audit exercise, the situation remained as it was reported in the last audit inspection report. Though the Council had earlier written to the developer via letter dated 15th August, 2017 pointed out these irregularities and for payment of agreed premium sum of ₦1,500,000.00, the Council was expected to have written a reminder letter(s) to the developer and forward such evidence to Audit. This indicates that the Council did not pay any attention to the observations raised in the last audit inspection report from this Office on the project.

Recommendation: The management is hereby advised to always pay attention to the observations and recommendations in the audit inspection report emanating from this Office.

(c) CONSTRUCTION OF IJOKO/LEMODE MAIN MARKET

OBSERVATION

During the period under review, it was observed that the construction of 216 lock up shops, 112 open stalls, 6 public toilets facility with waste disposal, concrete flooring, car park and drainage at Ijoko/Lemode market which was awarded to a developer Jutifat Nigria Limited on 27th August, 2018 was on-going. The project was reported in the last audit inspection report No. OGLG/AOA/LCDA/1/12 of 21st November 2019 that a sum of ₦500,000.00 out of ₦1,000,000.00 agreed premium has been paid via RV No. 16/August, 2018 by the developer. At the time of this audit exercise, audit physical verification visit to the project site revealed that 213 out of 216 lock-up shops and 55 out of 112 open stalls had been completed but there was no evidence where an outstanding balance of ₦500,000.00 premium was paid to the Council by the developer.

Recommendation: The certificate of completion at every stage of the project should be issued by the Local Government Engineer to ascertain standard job.

Also, the developer, should be made to pay the outstanding premium sum of ₦500,000.00 because the part-payment was paid since August, 2018. The project should be completed as scheduled and inform this Office when completed for further necessary action.

8. MEDICAL LABORATORY AT AGBADO

Observation: Available records revealed that the Council has a laboratory at Agbado. During the visitation made to the place, it was observed that the laboratory was not operating at full capacity because the Council budgeted a sum of ₦500,000.00 to be generated from Malaria test, Tuberculosis test, HID test etc whereas a sum of ₦221,000.00 was actually generated during the

year. The reason for the sharp shortfall could be attributed to non-availability of enough drugs as at when requested or there were revenue leakages in the laboratory. The Council should have seized the opportunity of its proximity to Lagos State to perform maximally in the area of revenue

generation from the laboratory.

Recommendation: The management is advised to make use of its Medical and Health department by providing adequate drugs, reagent etc as at when required in order to boost its IGR in the next financial year.

The Chairman,
Transition Committee,
 Ifo Local Government,
 Ifo.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ISHERI/AKUTE/AJUWON
 LOCAL COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
 DECEMBER, 2019**

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 above Audit Inspection.

2. AUDIT QUERIES

The under listed Audit Queries below 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/IAALCDA/7/2019	DOUBTFUL EXPENDITURE	160,000.00`
2	OGLG/AQ/IAALCDA/8/2019	DOUBTFUL EXPENDITURE	90,500.00
3	OGLG/AQ/IAALCDA/9/2019	DOUBTFUL EXPENDITURE	145,000.00
4	OGLG/AQ/IAALCDA/10/2019	FAILURE TO MAINTAIN MARKET REGISTER	BY MR. A. K. OLAYIWOLA (TREASURER)
5	OGLG/AQ/IAALCDA/11/2019	FAILURE TO MAINTAIN ASSET REGISTER	

3. DOUBTFUL EXPENDITURE

Observation: A sum of ₦160,000.00 vide PV. 58/January, 2019 was released to Mrs. Kuku Sakirat (Senior Administrative Officer) to entertain members of the NURTW drawn from the seven (7) wards within the LCDA during the NURTW sensitization programme on how to ensure road free accident. Also, a sum of ₦90,500.00 paid vide PV. 23/February, 2019 was released to Mrs. Adelani Abon (Asst. Chief Community Development Inspector, ACCDI) for entertainment and sitting arrangement during the meeting of Ifo Zonal Community Development Committee.

Another was a sum of ₦145,000.00 vide PV. 42/April, 2019 released to Mrs. Kuku Sakirat (Asst. Chief Executive Officer) to purchase stationeries for the smooth running of the Council.

It was observed that the minutes of the purported meeting, official printed receipts for the items purchased, Store Receipt Voucher (SRV) and Store Issue Voucher (SIV) of stationeries

purchased, pictures of cross section of the attendants at the workshop etc were not attached to the payment vouchers as required by the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: The relevant documentary evidence of execution should always be provided for audit scrutiny or recover the amount involved from the recipient.

4. FAILURE TO MAINTAIN MARKET REGISTER

Observation: It was observed during the audit compliance test that the Council has revenue sources due at intervals but there was no market register maintained for these revenue particularly stallages Examples of such revenue items are patent medicine license, cosmetic, barbing/hairdressing, stacking permit, liquor licenses, gas deport, lock-up shops at Beger area Akute etc. This lackadaisical attitude exhibited by the treasurer in not maintaining market register was a disobedient to the advice contained in paragraph 8 of the last audit inspection report No. OGLG/AQ/IAALCDA/1/15 of 10th January, 2020 that the Treasurer should maintain a revenue register for LCDA revenue sources. This action also contradicts chapter 6:23 of the Model Financial Memoranda for Local Governments which stipulated that when revenue (rent, plot fee etc) becomes due to the Council at recurring fixed intervals, a register must be kept by the appropriate department on form LGT 21 or LGT 22, without this register, it would be difficult to determine the amount outstanding from each revenue payer and revenue supervision would be near impossible.

Recommendation: The treasurer is advised to maintain market register and any other revenue documents required by chapter 1:8(8) of the Model Financial Memoranda for Local Governments and this Office.

5. CAPITAL EXPENDITURE REGISTER

Observation: It was highlighted in paragraph 7 of last audit inspection report No. OGLG/IAALCDA/1/15 of 10th January, 2020 that the Council did not maintain a fixed assets register as required by 26:4 of the Model Financial Memoranda for Local Governments (MFM). The situation remained the same as it was report in the last audit report because the register could not be produced despite repeated Audit demand.

This is inspite of the fact that the Model Financial Memoranda required that the capital expenditure/fixed assets register should be regarded as the most important accounting records to be kept by the Local Government/Council in perpetuity as a permanent record of the asset. If this register is properly maintained, it would provide information on all the assets of the Government

at any point in time such as their locations, custodian, description, cost etc. In the absence of a capital expenditure register, it would be difficult to trace the movement of assets or guide against their theft etc. Also, keeping asset register is in compliance with the requirements of the International Public Sector Accounting Standard (IPSAS) Accrual basis which requires the reporting of long term assets expected to be captured in the General Purpose Financial Statement during the financial year.

Recommendation: You are advised to always maintain relevant accounting records required by regulations.

6. DRILLING OF 150MM DIAMETER BOREHOLE

Observation: During the examination of payment vouchers, it was revealed that the Council at its Finance and General Purpose Committee (F&GPC) meeting held on Tuesday 22nd January, 2019 approved a sum of Eight Hundred and Seventy Thousand Naira (₦870,000.00) only for drilling of 150MM diameter boreholes with, 1HP pump station, concrete base, generator etc at Olori town Baale Olori Otun ward Isheri/Akute/Ajuwon LCDA. Also another sum of Eight Hundred and Fifty Thousand Naira (₦850,000.00) only was approved for drilling 150MM diameter borehole and for provision of 1HP pump with two (2) tank at Ajuwon Alagbole ward, Iju Aga. The money was released to Mr. Ajolabi Taiwo (Principal Executive Higher Officer) vide PV. 60/January, PV.61/January, PV.21/February and PV.24/February, 2019 respectively.

Audit verification visit made to the project sites revealed that the two (2) boreholes had been completed and are in use by the communities.

Recommendation: The continuous functioning and security of the two (2) boreholes should be guaranteed.

7. REVENUE CONTRACTOR

Observation: I wish to refer to paragraph 6 of the last audit inspection report of 10th January, 2020 in which it was highlighted that the revenue contractors were owing a sum of ₦2,860,200.00 as at 31st August, 2019 and to observed that efforts were not made to recover the debt. During the auditing of year 2019 accounts, the former treasurer, Mr. Kamarudeen Olayiwola informed the Audit team that the former Executive Chairman, Hon. Bode Fakunle had given a debt forgiveness to the revenue contractors not to pay the money owed. However, the letter of approval to that effect as evidence could not be produced on Audit demand. The Executive Chairman, Hon. Bode Fakunle appear not to have moral right to single handedly grant a debt forgiveness of such magnitude sum of ₦2,860,200.00, public fund to individuals.

Recommendation: The management should ensure that the colossal sum of ₦2,860,200.00 owed by the revenue contractors is recovered from them or both the Chairman Hon. Bode Fakunle that granted the debt forgiveness and the debtors be taken to the Public Accounts Committee of the State House of Assembly because it is a public fund.

8. SHOPPING COMPLEX CONSTRUCTED BY DEVELOPER ON BUILD OPERATE AND TRANSFER (BOT) ARRANGEMENT

Observation: I wish to refer to paragraph 9 of last audit inspection report OGLG/IAALCDA/1/15 of 10th January, 2020 relating to the new agreement/understanding entered into by the management of the Council and T. Ola Nigeria Enterprises on the projects at Akute where 15 units of the lock-up shops were conceded to the Council out of 72 lock-up shops in the shopping complex while the remaining 57 units belongs to the developer T. Ola Nigeria Enterprises.

During the just concluded audit exercise, audit investigation revealed that the 15 units lock-up shops at Akute which was conceded to the Council as reported in the last audit inspection report No. OGLG/IAALCDA/1/15 of 10th January, 2020 was in the process of taking over before the merging of the Council to Ifo Local Government.

Recommendation: The Council should take full possession of its 15 units shops at Akute shopping complex, A market register should be maintained for those shops in order to ascertain revenue to be generated, actually generated and outstanding during the year.

The Chairman,
Transition Committee,
Ifo Local Government,
Ifo.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF COKER-IBOGUN LOCAL COUNCIL DEVELOPMENT AREA, IBOGUN, OLAOGUN FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2019

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 above Audit Inspection Report.

2. **AUDIT QUERIES**

The Audit Query below had earlier been forwarded to you for your necessary action as required by law. Please ensure quick response to the query.

S/N	Query number	Subject
1.	OGLG/AQ/CILCDA/3/2019	REFUSAL TO MAINTAIN CAPITAL EXPENDITURE /FIXED ASSET REGISTER BY MR. M. O. SODEINDE (TREASURER)

3. **CAPITAL EXPENDITURE/FIXED ASSETS REGISTER**

Observation: It was highlighted in the last audit inspection report that the Council did not maintain a Capital Expenditure Register as required by chapter 26:4 of the Model Financial Memoranda for Local Governments. In the current year, the situation remains the same because the capital expenditure register could not be produced despite repeated demand. This is in spite of the fact that the Model Financial Memoranda required that the Capital Expenditure Register should be regarded as the most important accounting record to be kept in perpetuity by the Local Government and that it should be a permanent record of the assets of a Local Government. If this register is properly maintained, it would provide information on all the assets of the Government at any point in time, their description, location, cost, custodian etc. In the absence of a Capital Expenditure Register, it would be difficult to trace the movement of any assets. Keeping of this record gained more relevance after the adoption of the International Public Sector Accounting Standard (IPSAS) Accrual Basis which requires the reporting of long term assets expected to be recorded in this register in the General Purpose Financial Statement.

Recommendation: The Council is hereby advised to maintain assets register in order to monitor its moveable assets and guide against unlawful removal or theft.

4. **STATE OF RECORDS OF ACCOUNTS**

Observation: During the period under review, it was observed that there were some unpardonable errors in the treasurer's cashbook which took much time to correct by the Auditors. For instance, statutory allocations were posted to the cash column of the cashbook instead of being posted under the bank column, salary vouchers between January and June, 2019 were not prepared and posted into the cashbook as well as captured in the General Purpose Financial Statement (GPFS) for the financial year, 2019.

In addition, it was disheartening to observe that for the whole year 2019, pencil was used to post transactions into the Departmental Vote Revenue Accounts (DVRA). This is a pointer that the treasurer has not adequately supervised his subordinate staffs in the treasury and monthly checks of accounting transactions were not carried out by him during the period under review contrary to chapter 31.10(1) of the Model Financial Memoranda for Local Governments which requires that monthly checks of treasury cashbook, receipts and payment vouchers/books should be carried out regularly.

Recommendation: The treasurer is advised to be more alive to his responsibilities in the area of supervision and in compliance with the financial regulations.

5. **REVIEW OF INTERNAL CONTROL OVER SALARY PAYMENT**

Observation: The examination of payment vouchers revealed that salary vouchers were not often authorized by officers controlling votes as required by Chapter 13:12 (2) of the Model Financial Memoranda for Local Governments which states that payment vouchers must be authorized by officer controlling a vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by chapter 40:10 of the Model Financial Memoranda for Local Governments which stipulates that prepayment audit should be carried out on all vouchers before payment. The recent audit exercise revealed that the Council appears to have abandoned the prescribed control over payment of salaries and allowances. The excuse of officials is that salary payment is now done centrally. This excuse appear not tenable because the fact that salary is paid centrally does not mean that the internal control procedure designed to ensure salary is paid to only qualify staff should be suspended.

The Integrated Payroll and Personnel Management System's (IPPMS) central salary payment platform domiciled at the Local Government Service Commission is to be fed by each Local Government monthly on staff eligible for salary and the amount due to each. This schedule is not to be left to the IPPMS officer of the Local Government to determine; rather the internal

control procedure established by regulations should be followed. As important as the IPPMS officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salary determined as required by regulations.

The Treasurer is responsible for ensuring the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the salary. Each head of department is to ensure that only bona fide staffs are on the salaries and allowances voucher controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation: You are advised to always follow the due process in the preparation of salaries allowances. The duo of Treasurer (Mr. M. O. Sodeinde) and Internal Auditor (Mr. F.A. Ojo) cannot exonerate themselves from any irregularities that might arise from salary payments.

6. **REVENUE CONTRACTORS**

Observation: In the last audit inspection report No. OGLG/CILCDA/1/8 of 30th December, 2019 the Council was advised to recover the sum of ₦666,330.00 owed by the revenue contractors as at 31st December, 2018. At the time of this audit exercise, it appears that the Council has not recovered the money from them (revenue contractors) because there was no evidence of such recovery in the treasury.

Recommendation: The debt should be recovered from the revenue contractors or they would be reported to the Public Accounts Committee of the House of Assembly.

7. **MEDICAL AND HEALTH DEPARTMENT**

Observation: The deplorable conditions of some of the health centres in the Council's area and lack of necessary medical equipment/drugs which was highlighted in the last audit inspection report No. OGLG/CILCDA/1/18 of 30th December, 2019 appeared not to have been attended to. This is because during this audit exercise, the conditions of the health centres remained as being reported in the last audit inspection report. Some of these health centres that were in a state of disrepairs, lack medical equipment and drugs are: Coker Ibogun health centre, Ogungbade health centre etc.

Recommendation: You are to rehabilitate the Council's health centres, provide medical equipment and drugs which will eventually boost the internally generated revenue and alleviate the health challenges of the people of those communities.

The Chairman,
Transition Committee,
Ijebu East Local Government
Ogbere.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU EAST LOCAL GOVERNMENT, FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2019

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 Number	Subject	Amount ₦
1	OGLG/AQ/GBE/247/2019	Doubtful Expenditure	120,000.00
2	OGLG/AQ/GBE/248/2019	Doubtful Expenditure	50,000.00
3	OGLG/AQ/GBE/249/2019	Failure to Properly Prepare and Review Bank Reconciliation Statement	
4	OGLG/AQ/GBE/250/2019	Failure to Collect and Remmit Rent on Government Properties to Treasury	
5	OGLG/AQ/GBE/251/2019	Failure to Maintain Capital Expenditure and Fixed Assets Registers	
6	OGLG/AQ/GBE/252/2019	Engagement of Revenue Contractors in violation of Regulations	

3. DOUBTFUL EXPENDITURE:

Observation: A total sum of ₦170,000.00 was released to officials for various purposes. It was observed that the payment vouchers were not supported with official printed receipts, sub-receipt and other evidences that the money was actually expended on its official purpose contrary to the provisions of Chapter 14:17 of Model Financial Memoranda for Local Governments. Furthermore, the expenditure appeared doubtful because the recipient upon interrogation claimed that they were not aware of the expenditure and that the signature on the vouchers were not theirs, though their names were written on the voucher. This is contrary to the provisions of

Chapter 14:4(i) of Model Financial Memoranda for Local Governments which requires that vouchers must be made out in favour of the person to whom the money is actually due.

Recommendation: Officials of Councils are enjoined to always attach relevant documents to payment vouchers when transactions are executed on behalf of the Local Government and payment should be made only to the person that the money is due as required by regulations.

4. CAPITAL EXPENDITURE REGISTER/ FIXED ASSET REGISTER

Observation: Chapter 26:4 of the Model Financial Memoranda for Local Governments (MFM) provides that the Treasury should maintain a Capital Expenditure Register/Fixed asset Register to record expenditure on capital items which benefit and usage lasting beyond five years. However, your Local Government failed to produce on demand to Audit, these registers which Chapter 26:4 of (MFM) regarded as one of the most important accounting records to be kept by Local Governments. This register is supposed to be a permanent record of expenditure on projects or assets containing details of each project and information like type, location and cost of contract, the assets payment progress, stages of completion etc.

It is very disheartening to note that despite the importance of this document and in spite of the persistent emphases by this Office on its maintenance, your Local Government had refused to maintain it. This clearly is a violation of regulations and a disregard for the opinion of the Auditor-General which would not be allowed to continue. The Treasurer would henceforth be held personally responsible for losses resulting from this dereliction of duty as provided by Chapter 1:17 of MFM.

In addition, you are to note that physical inspection of the assets in either the Capital Expenditure Register or the Fixed Assets Register is to be done every six months as required by Chapter 26:6 of MFM. The flippant excuses of officials that they were not aware of the existence or location of Local Government assets will no longer be tolerated.

Recommendation: The Director of Finance and Supplies is advised to always maintain all accounting records required by regulations.

5. NAMING OF STREET

Observation: During the period under review, the Local Government approved a sum of Forty-Five Thousand Naira (₦45,000.00) to be collected for each street naming approval. The money was meant for paper documentation, construction of sign-post as well as two years renewal advance payment of Five Thousand Naira (₦5,000.00) per annum.

However, it was disheartening to observe that the Local Government did not have information on street names so far approved, so as to ascertain the defaulters for street name renewal fee and the total indebtedness of renewal amount involved. Your Local Government ought to maintain a register containing the names and other details of approved streets, including amounts received from each of them. Your failure to maintain this register is a contravention of Chapter 6:23 of Model Financial Memoranda for Local Governments which requires that where revenue is recurring or become due each month or year, a register must be kept. Street name renewal fee is revenue that is due annually and covered by the provisions of Chapter 6:23 above.

The failure of the Local Government to maintain a register had made it difficult to initiate effort to ensure prompt recovery of the outstanding renewal fee from the defaulters. This, no doubt had resulted in loss of revenue to the Local Government contrary to the provisions of Chapter 1.14(6) and 39.3(a) 12 of Model Financial Memorandum for Local Governments. During the year under reference, a sum of ₦250,000.00 was the estimated street naming revenue to be collected but nothing was collected according to the General Purpose Financial Statement.

The Treasurer and Director, General Services and Administration appear not to be alive to their responsibility of ensuring that the Local Government revenue are promptly collected and paid to the Treasury as required by regulations. While the Administrative Department is responsible for managing the approval of street names and/or collection of required fee, the Finance Department is responsible for oversight and monitoring of collections and maintenance of register of renewal fees.

Recommendation: You are advised to ensure that all required documents are maintained. Also, information on all streets approved should be generated for renewal fee purposes and ensure prompt recovery of outstanding debt for better revenue generation.

6. OVERDRAFT FACILITIES OF TWELVE MILLION (₦12,000,000.00)

Observation: Available record revealed that in year 2016 the Local Government obtained an overdraft facility of Twelve Million Naira (₦12,000,000.00) from First bank Plc on Account Number 2003512221 which was later converted to term loan in the same year. The Local Government had failed to fulfill the repayment obligation and loan interest which eventually accumulated to Eighteen Million, Eighteen Thousand, Five Hundred and Fifty-Seven Naira, Eighty-Two Kobo (₦18,018,557.82). The failure of the Local Government to repay the loan is an invitation to litigation that may eventually attract additional costs.

Recommendation: The Local Government is therefore advised to liaise with the first bank Management to reschedule the loan repayment.

7. BANK RECONCILIATION STATEMENT

Observation: It was reported in the last Audit Inspection Report No. OGLG/IJX/VOL.IV/251 of 22nd May, 2020 that the bank reconciliation statements prepared by the Local Government appeared to have been prepared to fulfill all righteousness order than to serve as a tool to protect the Local Government's resources kept with banks. The audit exercise just concluded revealed that there has not been any improvement in the way the reconciliations were prepared because there were no evidences that the bank reconciliation statements were usually reviewed as required by Chapter 19:29 of Model Financial Memoranda for Local Governments (MFM). The statements were laden with long list of transactions that ought to have been investigated and treated appropriately. Lodgements to banks for which tellers were not presented were not attended to as required by the provisions of Chapter 19:27&28 of MFM. Direct credit of year 2016, 2017 and 2018 were still reflected in the bank reconciliation statement, bank charges were allowed to accumulate in the bank reconciliation statements contrary to Chapter 19:24(2)(b).

The reconciliation statement contains questionable figures which suggest that the skills required to prepare it is missing. For instance, the sum of ₦521,709,059.09 was carried as direct debit while ₦681,292,870.83 was reflected as underpayment. These assertions are far from true. The only logical conclusion to reach is that there is the absence of proper supervision of the preparation of bank reconciliation statement by superior officers. There is also the failure to review the statement by the Treasurer as required by regulations.

Recommendation: You are required to always supervise the work of the accounting clerks and also to review the statement as required by regulations.

8. FOUR MILLION NAIRA FIXED DEPOSIT WITH ITELE MICRO FINANCE BANK

Observation: Available records revealed that the Local Government had a fixed deposit of ₦4,000,000.00 with Itele Micro finance bank in the year 2010. The bank has been liquidated. Going through the file of the investment, it was observed that the Local Government has not done much in the recent time to recover the money from Nigeria Deposit Insurance Corporation as it did previously.

Recommendation: You are advised to intensify efforts to recover the fixed deposit and inform this Office accordingly.

9. WEAKNESSES IN SALARY PAYMENT PROCEDURE

Observation: It was observed during the examination of payment vouchers that salary vouchers were not often authorised by officers controlling votes as required by Chapter 13:12 (2) of the MFM which states that payment vouchers must be authorised by officer controlling vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by Chapter 40:10 of MFM which stipulates that prepayment audit should be carried out on all vouchers before payment. During the recent audit exercise, it appears that the Local Government had abandoned the prescribed control over payment of salaries and allowances. The excuse of officials is that salary payment is now done centrally. It is to be emphasised that, the fact that salary is paid centrally does not mean that the internal control procedure designed to ensure that salary is paid to only qualified staff should be suspended.

The Integrated Payroll and Personnel Management System's (IPPMS) central salary payment platform domiciled at the Local Government Service Commission is to be fed by each Local Government monthly on staff eligible for salary and the amount due to each. This duty is not to be left to the IPPMS Officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS Officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salary determined as required by regulations.

It should be reiterated that the Treasurer is responsible for ensuring the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the salary. Each head of department is to ensure that only bona fide staffs are on the salaries and allowances voucher controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation: You are advised to always follow due process in the preparation of salaries and allowances.

10. OVERPAYMENT IN THE PAYMENT OF SALARIES AND ALLOWANCES

Observation: It was observed during the examination of payment vouchers and review of bank reconciliation statement that a sum of ₦6,346,974.04 had been overpaid on salaries. From records available, the amount released for payment of net salaries and allowances were more than the amount on payment vouchers. The Local Government could not give satisfactory answer for the overpayments.

Recommendation: Though, an indebt investigation would be carried out on the overpayment but you are required to desist from payment in excess of payment voucher.

11. AGRICULTURAL AND NATURAL RESOURCES DEPARTMENT

Observation: It was reported in the last audit Inspection Report no OGLG/IJX/VOL.IV/251 dated 22nd May, 2020 that a sum of Six Hundred and Fifty Thousand Naira (₦650,000.00) only was approved for the cultivation of two (2) hectares of cassava farm at R.TEP Odomefi via Ijebu-Ife. The cassava planted was due for harvest at the conclusion of the previous audit exercise and the report advised that the Director of Agriculture should ensure that proceeds of the sale of the cassava be paid to the Treasury. However, during the just concluded audit exercise, it was observe that a paltry sum of ₦30,000.00 only was paid to the Treasury in respect of sale of the cassava harvested, whereas, a sum of ₦650,000.00 was expended on the cultivation.

Further investigation into the reasons for the low revenue revealed that the farm was invaded by Fulani Herdsmen which destroyed the farm.

Recommendation: In future, the Local Government is enjoined to carry out comprehensive feasibility study and surveillance of area to be used for such projects.

12. DORMANT ADVANCES

Observation: An examination of the financial statements revealed 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 balances on advances granted to various staff of the Local Government and this amount had remained stagnant for years. Failure to effect deduction of advances is a contravention of Chapter 16:12 of Model Financial Memoranda for Local Governments which requires that personal advances must be paid on regular monthly installments deducted at source from monthly salary payments. The excuse that most of the beneficiaries have been posted to other Local Governments or the fact that some had retired is not tenable.

Recommendation: The Local Government should take advantage of the central salary payment platform for Local Government Staff to effect deduction of these advances. In addition, they should liaise with the Bureau of Local Government Pension for recovery of outstanding advances from pensions of retired staff.

13. LOCAL GOVERNMENT SHOPS

Observation: It was observed during the year under review that the Local Government had 97 lock-up shops and 112 open stalls with annual rent of ₦12,000.00 and ₦1,200.00 respectively.

Available records revealed that out of the 97 lock-up shops and 112 open stalls only 82 lock-up shops and 28 open stalls were occupied during the year.

In the year, the Local Government ought to have generated a sum of ₦984,000.00 from the 82 shops while the 28 open stalls would have brought in ₦33,600.00 both amounting to ₦1,017,600.00 but only a paltry sum of ₦384,000.00 was paid to the treasury leaving a shortfall of ₦633,600.00. This implied that there are leakages in the collections and remittance of rent on these properties to the treasury and this no doubt had resulted in the loss of the sum of ₦633,600.00 to the Local Government.

This is an indication that the internal control procedure over revenue generation from the Local Government shops is weak. This is contrary to the provisions of Chapter 1.4(12)(a) and 1:14(6) of the Model Financial Memorandum for Local Governments. It appears from the points raised above that the Executive Committee (Finance and General Purpose Committee) and the Treasurer have not lived up to their responsibility of ensuring that the Local Government revenues are promptly collected and paid to the Treasury as required by regulations.

Recommendation: The Local Government is advised to strengthen the revenue generation machinery and to block all loopholes. In addition, you are to investigate the cause(s) of the abysmal revenue generation from lock-up shops and open stalls as well as other revenue items.

14. INVENTORY

Observation: It was observed that there were neither inventory cards nor inventory file in the Local Government that could reveal the actual items in an office as required by Chapter 38:2 of MFM. Some of the items bought as well as those received from the defunct Local Council Development Areas were not recorded in inventory card or file.

Recommendation: The Internal Auditor had been directed as a matter of urgency to take inventory of the Local Government properties in offices in accordance with the provision of Chapter 38 of Model Financial Memoranda for Local Governments so as to prevent unauthorized access to them. Make sure that the directive is complied with.

15. REVENUE CONTRACTORS AND THE LEVEL OF THEIR INDEBTEDNESS

Observation: The engagement of Revenue Contractors by the Local Government is an infraction of circular letter No. SART/72/003 of 25th October, 2013 issued from the Office of the Special Adviser to the Ogun State Government on Revenue and Taxation, which banned the use of Revenue Contractors by any Government Ministries and Agencies of Government. Your Local Government had contravened the provisions of this circular as mentioned in the last Audit

Inspection Report No. OGLG/IJX/VOL.IV/251 of 22nd May, 2020. The Revenue Contractors engaged by the Local Government were without legally enforceable agreement. As at the time of writing this report, it appears that no positive action seemed to have been taken on the issue because the Local Government still engaged fresh revenue Contractors. Contract agreements for the engagement of the Revenue Contractors could not be provided.

It was gathered that the Local Government disengaged the previous Revenue Contractors but failed to ensure that the amount owed by them were fully recovered. The circumstances of the engagement of revenue contractors raise doubt as to the sincerity of the intentions of the management. Contractors were engaged under questionable circumstances which weaken the ability of the Local Government to formalize the contract or enforce the terms of engagement in the event of default.

You will recall that you have been severally warned against the use of revenue contractor to assess and collect revenue because it was against regulations, yet, you did not exercise restraint in the engagement of revenue contractors in violation of regulations. We also berated you for failing to enter into enforceable contract agreement while not conceding to your violation of regulation in engaging them in the first place. It is sad to note that you failed to enter into contract agreement with the newly engaged Revenue Contractors. This action had resulted in this imminent but avoidable loss of revenue.

Recommendation: The Local Government is enjoined to disengage all revenue contracts forthwith and to recover amounts due from all Revenue Contractors.

16. STATE OF RECORDS

Observation: It was observed that there was little or no positive improvements in the manner the accounting records were kept. The ledger clerks in the Treasury Department during the year under review lacked the required knowledge for proper book-keeping. The clerks were not properly supervised by Senior Officer in the Treasury.

Most of the entries they posted into ledgers were inconsistent with original records. There were unpardonable omissions, alteration of figures, misclassifications, cashbook mutilation, transactions written in pencil, incorrect postings, outright omission of some figures in the cashbook, revenue ledger, advance ledger as well as expenditure ledger. These lapses turned the audit assignment into accounting duties in which the Audit Team had to repost virtually all the vouchers relating to the period.

Recommendation: In view of the above observed irregularities, the Treasury Department staff is advised be alive to their responsibilities and endeavor to properly supervise the work of their subordinates. Training and retraining from time to time for the Treasury staff to enhance their performances is recommended.

The Chairman,
Transition Committee,
 Ijebu East Local Government,
 Ogbere.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU EAST CENTRAL
 LOCAL COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
 DECEMBER, 2019**

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 Number	Subject	Amount ₦
1	OGLG/AQ/IJECLCDA/13/2019	Assets Paid for but not Delivered	105,000.00
2	OGLG/AQ/IJECLCDA/14/2019	Doubtful Expenditure	70,000.00
3	OGLG/AQ/IJECLCDA/15/2019	Doubtful Expenditure	50,000.00
4	OGLG/AQ/IJECLCDA/16/2019	Payment not made to Done	10,000.00
5	OGLG/AQ/IJECLCDA/17/2019	Expenditure not Controlled by Officer Controlling Vote	35,000.00
6	OGLG/AQ/IJECLCDA/18/2019	Doubtful Expenditure	62,000.00
7	OGLG/AQ/IJECLCDA/19/2019	Unauthorised/Unapproved Expenditure	360,000.00
8	OGLG/AQ/IJECLCDA/20/2019	Failure to Maintain Revenue Register	
9	OGLG/AQ/IJECLCDA/21/2019	Failure to Maintain Capital Expenditure and Fixed Assets Registers	

3. CONTROL OVER CASH

(i) Cash Handling

Observation: It was reported in the previous Audit Inspection Report No. OGLG/IJECLCDA/1/9 of 29th May, 2020 that the review of the financial statement for the year ended 31st December, 2018 revealed that there was a negative cash balance at the end of the year and you were required to investigate this anomaly. It is sad to note during the audit of year 2019 account just concluded that nothing appeared to have been done by your Local Council Development Area on this. However, the 2019 audit revealed that the cashbook balance brought

forward to the year was a positive sum of ₦2,120.00 and not the negative sum of ₦27,880.09 reported at the end of year 2018. In addition, the cash survey conducted on the Cashier on the 21st October, 2019 revealed a cash balance of ₦24,139.91 which was based on the positive opening cash balance. The sum of ₦24,139.91.00 on this date was found in the cash vault. This is a pointer to the fact that the negative balance reported in the statement of financial position at the end of year 2018 was an error. According to the cashbook, the cash in hand on 31st December, 2019 should be ₦29,240.00 going by the opening cash balance on 1st January, 2019 as analyzed below;

	₦
Opening balance as at 1/1/2019	2,120.00
Total cash received for the year	9,481,525.75
Total cash paid for the year	<u>(9,454,405.75)</u>
Balance as at 31/12/2019	<u>29,240.00</u>

However, a negative balance of ₦3,798.90 was reported in the cashbook as balance as at 31/12/2019.

The scenario above indicates that the LCDA's Treasurer himself either did not understand the work or did not properly supervise the work of the Cashier as required by Chapter 31:10(1) and 19:34 of Model Financial Memoranda for Local Governments (MFM) which requires that the Treasurer shall be responsible for monthly checks of the Treasury Cashbook as well as receipt and payment vouchers. It also point to the fact that the Internal Auditor did not carry out the required checks specified in Chapter 40:1 of MFM which requires that he should carryout complete and continuous audit of the account and records of the Council. Had the Treasurer and Internal Auditor done their duties of checking the Treasurer's Cashbook as required of them, they would have been alerted by the negative cash balance reported by the Cashier in the cashbook.

Recommendation: You are required to recover the sum of ₦30,000.00 cash that was manipulated in the cashbook from the Cashier Miss Odunayo Kehinde (Market/Motor Park Master II) and inform this Office accordingly. The Treasurer and Internal Auditor are advised to be alive to their responsibility of properly supervising the Cashier's work.

(ii) Cashless Policy

Observation: It was observed during the examination of cashbook that during the period, the LCDA receives and pays cash at the treasury contrary to the cashless policy of the LCDA and as

operated generally in Ogun State. The cashless policy of the LCDA was alluded to by the Head of Local Government Administration (HOLGA) in a request for the approval of a standing imprest to meet sundry expenses since the Council operates a cashless policy. Audit scrutiny of the cashbook revealed a total cash received of ₦9,481,525.75 and ₦9,454,405.75 cash paid. However, the sum of ₦4,330,655.75 represents deductions from salaries that were not receipt of actual cash. If the amount of deduction is adjusted from the total cash received and paid it would give actual cash received of ₦5,150,870.00 and ₦5,123,750.00 paid.

	₦
Total cash received	9,481,525.75
Deductions	<u>4,330,655.75</u>
Actual cash received	<u>5,150,870.00</u>
Total cash paid	9,454,405.75
Deductions	<u>4,330,655.75</u>
Actual cash paid	<u>5,123,750.00</u>

This implies that the Local Council Development Area did not comply with the Government’s cashless policy. It appears that the violation of the cashless policy was deliberately orchestrated by the Finance and Supplies department to accumulate cash to be expended without approval. For instance, it was observed that the Treasurer (Mr. Taiwo Alimi) collected multiple imprests and made other payments which were not authorized by the management from the pool of cash collected at the Treasury.

The Internal Auditor did not report this violation of regulation by the Treasury neither did he raise alarm on the multiple imprest and other unauthorized cash payments. This is a serious lapse on the part of the Internal Auditor that had resulted into a rip-off from the LCDA’s funds.

Recommendation: You are advised to always comply with regulations and extant laws. The Finance and Supplies Department should desist from receiving or paying cash as required by regulation. The Internal Auditor should be alive to his duty as it relates to compliance to regulations.

(ii) **Cash paid but not acknowledged**

It was observed that some of the payments made by the Cashier were not acknowledged by the supposed recipients as provided by the provisions of Chapter 14:16 of MFM. Some of these

payments were made by cash. Examples of these were the payment of a sum of ₦20,000.00 vide PV 19/March 2019 to Serg. Olusola Samuel (Chairman's Police Orderly) as monthly allowance for the month of March, 2019 and the sum of ₦10,000.00 paid to Mr Ogundipe Olajide vide PV 16/April 2019 for purchase of ceiling fan to the Office of the Executive Chairman. The payments made by cash were not acknowledged by the recipients which cast doubt as to whether the money was actually paid to the recipient.

Recommendation: You are required to always ensure that all monies paid are acknowledged by the payee as required by regulations.

5. INCOMPLETE BANK STATEMENT

Observation: During the examination of the bank reconciliation statements, it was observed that some bank statements were not produced for scrutiny while some of those produced were not complete. Examples of bank statements not produced for audit scrutiny were Ijebu Ife Micro Finance Bank Account Number 1088 and Diamond Bank account number 0514. Those that were partly produced were Union Bank Account Number 0079093999 which only January to May statements were produced. The bank statement at the end of May, 2019 showed a balance of ₦12,058.00 while the bank Certificate issued by Union Bank as at 31st December, 2019 gave a bank balance of ₦65,985.50. The failure of the Treasurer to produce bank statements for audit scrutiny when demanded is unhealthy and a violation of the provisions of Chapter 1:14 (19) of MFM.

Recommendation: The Treasurer should always ensure that all accounting records are properly preserved and made available to authorized persons when required.

6. INVENTORY

Observation: During the examination of the Council's end of year 2019 stock sheet, it was observed that items such as furniture and fittings which are items of Property, Plant and Equipment (PPE) and not inventory were captured as inventory on the stock sheet. It took valuable time of the audit to sieve the items that are not stock items from the stock list to determine the correct stock items to be accounted for in the financial statement. It was observed further that the committee saddled with the stock taking at the end of the year has little or no knowledge of inventory as laid down in IPSAS 12 which deal with Inventory.

Recommendation: The Council officials should update their knowledge of relevant accounting principles.

7. RECEIVABLES

Observation: There was no record from which the Audit could determine the amount of rent due from government properties and other revenue sources of the Council because required accounting records such as Market Registers were not kept as required by Chapter 6:23 of MFM. Failure to maintain a market register for all recurring items of revenue as required by regulations made revenue policing difficult and made revenue racketeering easy. It appears that the Treasurer was not alive to his duty as prescribed by Chapter 1:14 (5) of MFM which requires that the Treasurer should ensure that all accounts and other records prescribed by MFM to be kept are properly maintained and kept up-to-date. This register is a vital tool of control of revenue points available and veritable tool to monitor the performance of the revenue generation machinery.

The attitude of Local Council officials to revenue collection and accounting for collections was far from desirable, to say the least. It seems also that officials deliberately refused to keep this very important record to hinder proper scrutiny of their untowards behaviour on revenue generation. There appear to be inadequate supervision by those saddled with this responsibility. Meanwhile, millions of naira is being lost year after year as a result of inaptitude and lackadaisical attitude of officials as it relates to revenue collection.

Recommendation: You are advised to always maintain all accounting records specified by regulations. There should be adequate supervision of revenue collections by all concerned.

8. DEFERED INCOME

Observation: During the examination of the revenue vouchers, it was observed that the Local Council Development Area collected a sum of One Hundred and Fifty Thousand Naira (₦150,000.00) as five years rent at the rate of Two Thousand Naira only per month and additional Thirty Thousand Naira (₦30,000.00) as agreements fee on the newly constructed lock up shop at Ijebu Imushin Market from ten shops totaling One Million, Five Hundred Thousand Naira (₦1,500,000.00). The tenancy began from March, 2019.

It was further observed that the whole of the ₦1,500,000.00 was recognized in the statement of financial performance as revenue. Under accrual basis of International Public Sector Accounting Standard (IPSAS), revenue are to be recognized when earned and not when received. In this case, only the sum of ₦200,000.00 rent for the ten months that the shops were occupied by tenants in year 2019 should be recognized as revenue in the year along with the agreement of ₦300,000.00 amounting to ₦500,000.00. The remaining ₦1,000,000.00 is to be recognized in

the statement of financial position as deferred income. The deferred income would be recognized as income over the remaining years of the rent.

Recommendation: You are advised to update yourself on the provisions of accrual basis IPSAS so as to give the correct treatment for accounting issues.

9. REVENUE GENERATION PERFORMANCE

Observation: During the period under review, it was observed that the Local Council Development Area (LCDA) budgeted a sum of ₦35,920,000.00 to be generated internally, but a sum of ₦10,504,372.91 only was actually generated. The amount generated represented 29.24% of the budgeted revenue. Available records revealed that there were some other sources of revenue in the Local Council Development Area that were not tapped during the period under review. The revenue sources include Tent Permit, Liquor licenses, cold room licenses fees, Private School licenses, Earning from hire of plant and equipment, earning from use of Government hall etc. These are revenue sources which can be harnessed but from which no money was reported in the financial statement.

Recommendation: The Management is advised to put necessary machineries in place for more efficient revenue generation to enhance its independent revenue performance in the future.

10. CAPITAL EXPENDITURE REGISTER/ FIXED ASSET REGISTER

Observation: It was highlighted in my Report NO. OGLG/IJECLCDA/1/9 of 29th May, 2020, that the Local Council Development Area did not maintain a Fixed Assets Register as required by Chapter 26:4 of Model Financial Memoranda for Local Governments. During the audit assignment recently concluded, it was observed that your LCDA failed to produce on demand to Audit, these registers which Chapter 26:4 of Model Financial Memoranda (MFM) regarded as one of the most important accounting records that should be kept by the Local Governments. This register is supposed to be a permanent record of expenditure on projects or assets containing details of each project and information like type, location, cost of contract or the assets, progress, stages of completion etc.

It is very disheartening to note that despite the importance of this document and in spite of the persistent emphases by this Office on its maintenance, your Local Government had refused to maintain it. This clearly is a violation of regulations and a disregard for the opinion of the Auditor-General which would not be allowed to continue. Effort of the Audit Team to ensure that the fixed assets register was opened was met with a brick wall. The Treasurer would

henceforth be held personally responsible for losses resulting from this dereliction of duty as provided by Chapter 1:17 of MFM.

In addition, you are to note that physical inspection of the assets contained in either the Capital Expenditure Register or the Fixed Assets Register is to be done every six months as required by Chapter 26:6 of MFM. The flippant excuses of officials that they are not aware of the existence or location of the Council's assets will no longer be tolerated.

Recommendation: The Director of Finance and Supplies is advised to always maintain all accounting records required by regulations.

11. LEGACY ASSETS

Observation: The Movable Legacy Assets of Defunct Ijebu East Central Local Council Development Area which were handed over to Ijebu East Local Government were physically verified. However, the under listed assets could not be sighted

- (i). Toyota camry
- (ii). Mazda 626 and
- (iii). Tractor

The Director of Works Department of Ijebu East Local Government, Engr. Majekodunmi A.O said he knew nothing about the three missing assets. Ijebu East Local Government could not produce the handing over file on demand to know if the three missing assets were listed in the handing over note prepared by the LCDA because the finance department of the LCDA listed the three vehicles in the list of her legacy assets.

Recommendation: You are required to investigate the whereabouts of the three assets and inform this Office appropriately. In addition, Ijebu East Local Government should always produce documents and records requested to the Audit.

12. NON RETIREMENT OF IMPREST

Observation: Available records revealed that office imprests paid to staff were not retired before collecting another one. This practice is contrary to the provisions of Chapter 14:24 of the Model Financial Memoranda for Local Governments which requires that no imprest shall be approved until the previous ones have been retired. Failure to retire imprest as required is an indication that the treasurer has not ensured that a Register of un-receipted voucher is maintained to allow him take prompt steps to obtain all outstanding receipts as required by Chapter 14:19 of the Model

Financial Memoranda for Local Governments. It also indicates that the Internal Auditor has not been carrying out post payment audit checks as required by the provision of Chapter 40:1 of Model Financial Memoranda for Local Governments which required the Internal Auditor to provide a complete and continuous audit of accounts and records.

Recommendation: The Treasurer and Internal Auditor should ensure that all imprest paid are retired in line with regulations. The Treasurer should ensure that relevant accounting records are maintained while the Internal Auditor should ensure that complete and continuous check is carried out.

13. DOUBTFUL EXPENDITURE

Observation: A sum of ₦182,000.00 was released for various purposes. It was observed that these transactions were not accounted for by attaching official receipts and other evidences of execution of projects or programmes contrary to the provisions of Chapter 14:17 of Model Financial Memoranda for Local Governments. This is in spite of several caution and admonition to them on this.

Recommendation: You are advised to always account for funds released by providing evidences of performance like official receipts and other relevant documents.

14. EXPENDITURE NOT CONTROLLED BY AN OFFICER CONTROLLING VOTE

Observation: It was observed during the examination of payment vouchers that a sum of Thirty Five Thousand Naira (₦35,000.00) only was paid for entertainment and transportation during Ijebu Mushin crises resolution. The payment was not controlled by the Authorizing Officer as required by Chapter 14:8 of Model Financial Memoranda for Local Government which requires that payment vouchers must be controlled by an Officer Controlling Vote.

It was surprising that, this type of voucher could pass through Internal Audit and Finance Department without anybody raising an eye brow on it. It appears that the internal control procedure to ensure that payments comply with due process is weak. Both Finance and Supplies Department and the Internal Audit have failed in this regard.

Recommendation: You are advised to always ensure that payment follow due process.

15 UN APPROVED EXPENDITURE

Observation: It was observed that a sum of Three Hundred and Sixty Thousand Naira (₦360,000.00) was paid vide PV 27/January, 30/February, 08/March, 18/April, 14/, 15, 24/May, 10/June, 18/July, 21/August, 15/October, and 12/November of year 2019 to Mr Alimi Taiwo

(Director, Finance & Supplies) as standing imprest. The followings were observed during the examination of payment vouchers:

- (i) That multiple imprests were collected for the some months and for the same purpose with different approval.
- (ii) That payments were often made in excess of the amount approved. An instance was the sum of ₦75,000.00 collected for April imprest vides PV 13/April and 10/June, 2019 whereas the approved imprest entitled to was ₦50,000.00.
- (iii) That all the imprests were paid in cash whereas Council's officials had been instructed to maintain cashless policy.
- (iv) That the payment vouchers were not supported with relevant official receipts contrary to the provision of Chapter 14:17 of the Model Financial Memoranda for Local Governments
- (v) That the two HOLGAs (Engr. Alli-Oke and P, O Ogunpitan) that worked during year 2019 informed Audit that they were not aware of the payments and they did not authorize the payment of these imprest.

It appears that Mr Alimi Taiwo used his position as Treasurer in paying imprest that were not authorised to himself. He was able to achieve this by deliberately allowing cash to be collected and accumulated by the Cashier in violation of the cashless policy of the management. All the payments were made by cash.

Recommendation: You are advised to always follow due process before funds are released.

16. PURCHASE OF OFFICIAL VEHICLE FOR THE OFFICE OF THE EXECUTIVE CHAIRMAN

Observation: It was highlighted in my Report NO. OGLG/IJECLCDA/1/9 of 29th May, 2020, that during the usual physical verification of LCDA's assets, it was observed that the official vehicle of the Executive Chairman (Honda Accord 2018 Model) was not in the custody of the LCDA. Further investigation revealed that the Executive Chairman Barr Adebayo Osikomaya had taken the vehicle with him after expiration of his tenure in office. Approval of the sum of Two Million, Seven Hundred Thousand Naira (₦2,7000,000.00) for the purchase of the Honda Accord as official car for the Executive Chairman was granted at the F&GPC meeting of 12th November, 2018. Thereafter a sum of One Million Naira (₦1,000,000.00) only was released to Mr. Folarin Samuel B. (Head of Department Works and Housing) vide PV 29/February 2019 for

the purchase of the vehicle. Evidence of the sum of One Million Naira (₦1,000,000.00) part-payment for the vehicle could not be provided.

Investigation revealed that the Chairman claimed that he had personally paid the balance of One Million, Seven Hundred Thousand Naira (₦1,700,000.00) to the car dealer. He insisted that he would not release the car until the balance of ₦1,700,000.00 is refunded to him. Meanwhile, Barr Adebayo Osikomaya was never authorised to make any payment on behalf of the LCDA on the vehicle. As at the time of the conclusion of the current audit exercise, the vehicle was yet to be recovered from the Chairman.

Recommendation: You are required to recover the vehicle from Barr Adebayo Osikomaya, the former Chairman of Ijebu East Local Council Development Area and inform this Office of the action taken.

The Chairman,
Transition Committee,
Ijebu North Local Government,
Ijebu-Igbo.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH LOCAL
GOVERNMENT, IJEBU -IGBO FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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/JGB/232/2019	Doubtful Expenditure	250,000.00
2.	OGLG/AQ/JGB/233/2019	Unauthorised Expenditure	250,000.00
3.	OGLG/AQ/JGB/234/2019	Unauthorised Expenditure	356,500.00
4.	OGLG/AQ/JGB/235/2019	Tax Evasion	20,000.00

3. DOUBTFUL EXPENDITURE

Observation: A total sum of ₦250,000.00 was paid to Mr. Odulaja Ayodeji (Planning Officer) for the production of draft and approved budget for year 2019. The payment was made vide PVs. 02/February and PV 06/March, 2019. It was observed that the payment vouchers were not supported with official printed receipts contrary to the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments. Also, the distribution list of those budgets were not presented to the audit team. These cast doubts on the genuineness of the transaction and made it doubtful.

Recommendation: Officials are enjoined to always attach necessary documents to cover expenditure committed on behalf of Local Government.

4. UNAUTHORISED EXPENDITURE

Observation: During the period covered by this report, a total sum of ₦606,500.00 was paid to Mr. Bello, K. A, Assistant Chief Executive Officer, to repair the revenue bus attached to Finance and Supply Department and to do the first stage re-roofing of abattoir at station market within the

Local Government. The payments were made vide PVs 15 May, 2019 and 30/May, 16/September, 2019 respectively. It was observed that the amounts purportedly expended on the projects were higher than the amount approved by the Local Government Service Committee in its letter No. LGC.905^{T2}/134 of 16th September, 2019 forwarded to the Local Government. While it was stated in the letter of request for approval that a sum of ₦55,000.00 only be expended on repair of revenue bus and the sum of ₦132,500.00 only be spent on minor repair of slaughter slab, the Local Government against the approval spent ₦250,000.00 and ₦356,500.00 respectively.

Recommendation: The Local Government officials are advised to always abide with rules and regulation in the service.

5. TAX EVASION

Observation: A sum of ₦200,000.00 was paid to Mrs. A. O. Aruna, (Chief Clerical Officer) to print year 2020 hackney permit stickers for motor vehicles, tricycles and motor-cycles. The payment was effected through PV. 24/November, 2019. It was observed that the printing job was awarded to PALDORC NIG COMPANY of No. 70, Banojo street, Ijebu-Ode Ogun State but Mrs A. O. Aruna, the official of the Local Government used her name to prepare the payment voucher, so that the printer, PALDORC NIG. COMPANY would evade the payment of 5% Value Added Tax (VAT) and 5% development levy, all amounting to ₦20,000.00 to the appropriate government agencies.

Recommendation: The officials are enjoined to always deduct statutory payments on contract jobs.

6. BANK RECONCILIATION STATEMENTS

The bank reconciliation statements of the Local Government for the period of 1st January, 2019 to 31st December, 2019 were examined and the followings were observed.

(i) Direct Credit

Observation: During the period under reference, a total sum of ₦270,967.50 was the amount credited directly into the Local Government accounts by banks but was yet to be debited in the cashbook. However, the direct credit relating to year 2019 had not been adjusted into the cashbook.

Recommendation: The Treasurer should make sure that revenue voucher is raised for this adjustment.

(ii) **DORMANT BANK BALANCES**

Observation: In the last audit inspection report with reference No. OGLG/IJN/VOL.V/289 dated 15th May, 2020 eight (8) banks accounts were reported to have remained stagnant for over eight years and it appeared that the Local Government no longer interested in operating those bank accounts again. However, during the recently concluded audit exercise, it was observed that six (6) out of eight (8) banks accounts stated below still remained stagnant.

S/N	Name of Banks	Account No.	Amount (₦)
1	Skye Bank Plc, Ijebu –Igbo	1750037563	54,070.84
2	Skye Bank Plc, Ijebu – Igbo	1770841494	21,874.30
3	First City Monumental bank	0289151012	20,137.29
4	Zenith bank Plc, Ijebu-Ode	1012870452	29,822.30
5	Zenith bank Plc, Ijebu –Ode	1013638949	60,056.00
6	Diamond bank Plc, Ijebu- Ode	0029492751	66,759.76
	TOTAL		252,720.49

Recommendation: The Local Government should ensure that the accounts are reactivated for proper utilization or closed them if they are no longer necessary.

7. **OVER DRAFT FACILITIES: ₦10,000,000.00**

Observation: Reference to paragraph 6 of my last Audit Inspection Report No. OGLG/IJN/1/VOL.V/289 dated 15th May, 2020 where an agreement was reached between the Local Government and Skye Bank Plc, Ijebu-Igbo that the Council should show commitment by paying ₦200,000.00 monthly to the bank until the ₦24,646,389.14 owed the bank is finally liquidated. During the recently concluded audit exercise, it was observed that the debt had been reduced to ₦15,839,922.41 but the Local Government could not proceed on the payments due to insufficient fund in the Council.

Investigation revealed that at the instance of the Treasurer, Mr. Adesanya S. O. the bank manager had a meeting with the Executive Chairman Mr. Bayo Adekoya and Head of Local Government Administration (HOLGA) Engr. T. T. Ashiru where it was resolved that the Local Government would be paying ₦100,000.00 monthly based on the ₦2,000,000.00 monthly grant from Governor Ibikunle Amosun. However, the Local Government reneged on this promise

when the anticipated ₦2,000,000.00 was not forthcoming, hence the outstanding of ₦15,839,922.41 against the Local Government.

Recommendation: The Local Government is once again advised to take proactive steps toward repayment of this long time loan from the Internally Generated Revenue (IGR) so that the bank would not take the issue as subject of litigation.

8. NON-RETIREMENT OF IMPREST

Observation: Available records revealed that office imprest paid to both political office holders and career officers were often not retired, in contravention to the provisions of Chapter 14:27 of Model Financial Memoranda for Local Governments that states that current imprest shall not be paid until the previous ones have been retired. This provision was not complied with during the period under review.

Recommendation: The Local Government should ensure that all imprests paid are retired in compliance with the provision of chapter 14:27 of the Model Financial Memoranda for Local Governments. The Internal Auditor should enforce the compliance.

9. AGRICULTURE AND NATURAL RESOURCES DEPARTMENT

Observation: It was reported in the last audit inspection report that the department of Agriculture and Natural Resource had not been functioning optimally due to non-release of fund by the Local Government.

The audit team visited the poultry farm but the situation is still the same, then the Audit team together with the H.O.D. Agric, Mr. Adedeji O. Sobukunla came up on the ways to boost the internally generated revenue through Agriculture department as highlighted below:

a) SHORT TERM

1. Broiler production targeting towards festive periods or brood and sales for table meat production.
2. Establishment of seedling nursery for crops like oil palm, cashew etc.

b) LONG TERM

1. Resuscitation of poultry production with laying birds for egg production.
2. Cassava farm production.
3. Piggery production.
4. Plantation suckers production
5. Establishment of economic tree farm like oil palm, cashew.
6. Tractorisation

Recommendation: The Local Government is hereby advised again to embark on massive agricultural activities considering the proposal of the Agric Officer, most especially priority should be given to poultry farm, oil palm seedling, snail rearing and fishery to boost its internally generated revenue.

10. NAMING OF STREET

Observation: It was highlighted in my last Audit Inspection Report No. OGLG/IJN/1/VOL.V/289 of 15th May, 2020 that a total sum of ₦4,475,000.00 was the outstanding renewable amount that was in arrears and yet to be collected from 54 beneficiaries on naming of street. It was expected that the Local Government official would work round the clock to collect those outstanding, but unfortunately, during the recently concluded audit assignment in the Local Government, it was observed that the outstanding on the street naming had increased to ₦4,710,000.00.

On investigation on why this was so, the Director, General Services and Administration, Mr. Gboyega Akioye, told the audit team that in as much as the Administration staffs are willing to generate revenue from this source, but they were hindered by the absence of revenue bus with which to raid the Local Government area or any form of mobilization was not forthcoming from the management.

Recommendation: The Local Government is advised to put necessary machinery in place and mobilize the staff so that outstanding from renewal on naming of street would be generated to the Local Government coffers.

11. OPEN STALL AT OBADA MARKET

Observation: During the just concluded audit exercise, verification visit made to the market, revealed that most of the stalls were not utilised. The occupants abandoned their shops and displayed their goods beside the roads in the market depriving others that are in the market from selling.

Recommendation: The attention of the Local Government is hereby drawn to this anomaly. Necessary steps should be taken to ensure that the traders utilize their shops.

**The Chairman,
Transition Committee,
Ijebu-North Local Government,
Ijebu-Igbo.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF AGO-IWOYE LOCAL
COUNCIL DEVELOPMENT AREA, AGO -IWOYE, FOR THE PERIOD 1ST JANUARY
TO 31ST DECEMBER, 2019**

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/AILCDA/11/2019	Doubtful Expenditure	598,850.00

3. DOUBTFUL EXPENDITURE:

Observation: A total sum of Five Hundred and Ninety-Eight Thousand, Eight Hundred and Fifty Naira (₦598,850.00) was paid to Mrs. Adekoya Rosemary T (Higher Pharmacy Technician) to purchase drugs to all the health facilities within the Local Council Development Area (LCDA). The payment was made vide PV. 07/July, 2019.

Audit scrutiny of the payment voucher revealed that the expenditure was not supported with official printed receipt contrary to the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments. It was also observed that there was absence of Stores Receipt Voucher (SRV) for the receipt of those items into the main stores and Stores Issue Voucher (SIV) for distribution of the drug items to all the health facilities as evidence that those items were actually purchased. These cast doubts on the genuineness of the expenditure.

Recommendation: The officials are enjoined to always attach/produce relevant documents for expenditure incurred on behalf of the Council.

4. STATE OF RECORDS AND ACCOUNT

Observation: During the period under review, it was observed that the Local Council Development Area has no fixed asset register for recording its movable and unmovable properties. The purpose of this document is to show at a glance the total number, types, location

and the cost of assets of the LCDA. If there is a pilferage, it might be easily noticed especially during this period of IPSAS accrual.

Recommendation: The Council is therefore advised to maintain assets register for both its legacy asset from the LCDA and the newly purchased ones (if any).

5. LEGACY ASSETS

Observation: In the financial records (GPFS) a total sum of Sixty-Seven Million, Six Hundred and Fifty-Seven Thousand, Six Hundred Naira (~~₦~~67,657,600.00) only was highlighted as the total monetary value of the Local Government investment properties, a total sum of Twenty-Five Million, Three Hundred and Fourteen Thousand, Four Hundred Naira (~~₦~~25,314,400.00) was highlighted as value of land and building while plant and machinery was valued for Sixty Million, Five Hundred and Three Thousand, Three Hundred and Sixteen Naira, Forty-Eight Kobo (~~₦~~60,503,316.48).

In addition, the audit team came across a land and building opposite the mini campus of Olabisi Onabanjo University, Ago-Iwoye which was not captured in the Assets Sharing Committee's report but now included in the legacy assets unit. This property is being used by Federal Road Safety Corps (FRSC) Ijebu-Igbo and valued for Nine Million, Six Hundred and Ten Thousand Naira (~~₦~~9,610,000.00) only.

These made the total aggregate of monetary value of legacy assets to be One Hundred and Sixty-Three Million, Eighty-Five Thousand, Three Hundred and Sixteen Naira and Forty-Eight Kobo (~~₦~~163,085,316.48k) only.

Recommendation: The Council should be more painstaking and ensure that all assets are noted, valued and taken into consideration in their financial reporting.

The Chairman,
Transition Committee,
Ijebu North Local Government,
Ijebu-Igbo.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH CENTRAL
LOCAL COUNCIL DEVELOPMENT AREA, ORU/AWA/ILAPORU FOR THE YEAR
ENDED 31ST DECEMBER, 2019**

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/INCLCDA/6/2019	Doubtful Expenditure	180,000.00
2.	OGLG/AQ/INCLCDA/7/2019	Failure to update Market/Stallage Register	

3. DOUBTFUL EXPENDITURE

Observation: A total sum of One Hundred and Eighty Thousand Naira (₦180,000.00) was paid to Mrs Rauf Temitope (Principal Executive Officer II Accounts) to produce a total of sixty (60) copies of General Purpose Financial Statement (GPFS) for the financial years 2017 and 2018. The payment was made vide PVs 20/March, 12/May and 13/September, 2019. It was observed that the payment vouchers were not supported with distribution list of the sixty (60) copies of GPFS purportedly produced and dispatched to various Government agencies as required.

Recommendation: The officials are advised to always attach documentary evidence for transactions committed on behalf of their Councils.

4. FAILURE TO UPDATE MARKET/STALLAGE REGISTER

Observation: It was observed during the scrutiny of the financial records of the Local Council Development Area that the stallage register kept in year 2018 was not updated to give total receivables for 2019 accounting year. This is in contravention of the provisions of chapter 6:23 of the Model Financial Memoranda for Local Governments.

The Treasurer (Mr. Odeyemi Idowu Tunji) was called upon to present the current list of receivables which ought to have been captured by the General Purpose Financial Statement (GPFS) but failed to do so. Also, the Rate officer (Mrs Bada E.O) in charge of collection of revenue on stallages failed to present the list and how stallage fees was collected from the occupants of both lock up shops and open stalls at Mamu Market.

However, it appeared that the revenue made from stallages at Mamu Market on 150 open stalls 12 lockup shops, 22 lockup shops at OGD Complex, Oru/Awa and 16 open stalls/4 lockup shops at Imope shopping complex during the accounting period of year 2019 was not totally remitted into the coffers of the LCDA. All these made it difficult for the Audit Team to determine the actual receivables for the period under review.

Recommendation: The Treasurer and the Rate Officer should provide all the related documents for the determination of receivables for the accounting year under review.

5. BANK RECONCILIATION STATEMENT

The bank reconciliation statements for the period 1st January to 31st December, 2019 were examined and the followings were observed:

i. DIRECT LODGEMENT

Observation: A total sum of Eight Thousand, Three Hundred Naira (₦8,300.00) only was the amount highlighted in the bank reconciliation Statement as at December, 2019 as direct credit. This was the resultant effect of some revenue collectors who paid into the bank accounts but failed to present the pay-in-slips to the cashier for issuance of Treasury Receipts and onward posting to the cashbook.

Recommendation: All revenue collectors should be monitored to promptly bring their bank tellers to Treasury office immediately payments are made into the Council's bank accounts to avoid long list of direct payments.

ii. BANKCHARGES

Observation: It was observed that a sum of Seven Thousand, Eight Hundred and Thirty Three Naira, Forty Kobo (₦7,833.40) only was the charges from various banks during the year under review.

Recommendation: The Treasurer is hereby advised to always ensure that bank charges are posted into the cashbook as and when due in order to show the true and fair view of the actual financial position of the Council during the financial year.

iii. **UNCREDITED LODGEMENT**

Observation: A total sum of Four Thousand, Three Hundred Naira (N4,300.00) only was claimed to have been paid into the LCDA's bank account through RV 27/July and RV 47/August, 2019 by a revenue collector (Mrs Okuneye .O) which has been debited into the Treasurer's cashbook but it was not credited into the bank account of the Local Council Development Area. However, after investigation and confirmation by the Audit Team that the money was not credited by the bank, the payer was instructed to pay another money immediately to the bank account of LCDA. It was paid on 5th of August, 2020 with Teller ID- T12324 by Mrs Okuneye O. into Ijebu North Local Government's Internally Generated Revenue (IGR) WEMA bank account 0120288542.

Recommendation: The Treasurer is hereby advised to always supervise and ensure that all treasury receipts raised on bank transactions are attached with bank tellers and if any uncredited lodgement appears in the reconciliation statement, it should be investigated immediately.

6. **STATE OF RECORDS**

Observation: During the period under review, there was improvement in the accounting records except for the few errors discovered by the Audit Team. It was discovered that out of N166,800.00 Receivable brought forward from year 2018, a sum of N3000.00 only was collected during year 2019 and it was recorded as revenue in the cashbook which ought to be recorded as receivable in the cashbook and credited to receivable ledger. However, this has been corrected by the Audit Team.

Also, it was discovered that there was misclassification of revenue. All amount collected on Stallage Fees ought to be recorded on Head/Sub head (120204/12020495) but was misclassified and recorded on Squarter/Other Market Fees Head/Sub head (120204/12020492) which made it difficult to determine total amount made on stallages and the receivables to be recognised for the period under review. All efforts by the Audit Team to separate the transactions proved abortive as there was no records to work on.

In addition, it was observed that the Cashier made use of pencil to write the amount of figures in the cashbook which is not acceptable to this Office. The Treasurer and Internal Auditor should have corrected the cashier if they had worked on the cashbook as expected.

Recommendation: The Treasurer and the Auditor should put more efforts in supervising officers in charge of various accounting records kept by the finance department and revenue

collected should be rightly classified to appropriate head and sub head. Also, figures in the cashbook should not be written in pencil but indelible ink.

7. REVENUE GENERATION PERFORMANCE

Observation: It was observed that out of the Twelve Million, One Hundred and Thirty Thousand Naira ₦12,130,000.00 budgeted independent revenue for year 2019, a sum of Two Million, Two Hundred and Forty Five Thousand, One Hundred and Fifty Naira (₦2,245,150.00) only was actually generated as revenue during the period under review. The amount generated represents 18.51 % of the budgeted amount which was too low.

Recommendation: The Management of the Local Council Development Area is hereby advised to think outside the box towards improving its internally generated revenue. Audit investigation into why the revenue generated was low revealed that there were some untapped revenue heads and sub heads such as sawmill, brick making, stallages (Kiosk) etc. should be tapped. Also, the Council should invest in Agric department in the area of arable farming, poultry etc. for enhanced revenue generation in the next financial year. All revenue leakages if any should be blocked.

8. OUTSTANDING OF REVENUE COLLECTOR

Observation: During the checking of revenue collectors, it was observed that Mrs Bada, E. O (Rate Officer) collected revenue on stallages long ago and failed to pay the money into the coffers of the Local Council Development Area. After checking her records, a total sum of Thirty Four Thousand, Eight Hundred Naira (₦34,800.00) on General Revenue Receipt (GRR) 025319 – 025350 had been collected by her but not paid to the LCDA's coffer. The Audit team instructed her to pay the money before the Team left the Council but she has not paid it.

Recommendation: The Treasurer should ensure that the outstanding of ₦34,800.00 is paid by Mrs Bada, E.O and evidence of such payment should be presented to this Office not later than two weeks of receipt of this report. Henceforth, she should be stopped from collecting revenue.

9. UNCAPTURED LEGACY ASSET

Observation: During the inspection exercise, a visit to OGD Shopping Complex (lock up shop) at Awa/Oru revealed that office building beside the OGD Shopping Complex which was rehabilitated by Hon. Adefisan Adesola (Formal Executive Chairman) and used as office by him

was omitted from the Council's list of Legacy Asset. All effort by the Audit Team to get the building valued proved abortive.

Recommendation: The Director for General Service and Administration, the Director for Works & Housing and the Director for Finance and Supplies should do the needful to value the office building and add it to the list of legacy assets in the asset register.

10. UPDATE ON ISSUES EMANATED FROM LAST AUDIT INSPECTION REPORTS

General Revenue Receipts (GRR) not presented for Audit check

Observation: Reference to the last Audit Inspection Reports No OGLG/INCLCDA/1/12 of 21st January, 2020 in which it was highlighted that two (2) booklets of General Revenue Receipt numbers 615451 - 615500 and 615501 - 615550 were not presented for audit checking. Investigation revealed that the receipts were issued to the Secretary to the Local Council Development Area, Hon. Banjo Saheed on the directive of the Executive chairman, Mr. Adesola Adefisan. The purpose of issuance of those receipts was to enable him use them to generate revenue from the newly established quarry within the Local Council Development Area but those receipts had not been accounted for as at now. The idea of giving receipts to political office holders is an aberration and it is against the provisions of chapter 6:2 of the Model Financial Memoranda for Local Governments.

Despite the advice of this Office that the Treasurer (Mr. Odeyemi Idowu Tunji) should ensure that the receipts were retrieved or recover, the revenue generated on them and inform this Office of the action taken, it is disheartening to observe that the receipts were not retrieved and no money was paid to the coffers of the LCDA in respect of such.

Recommendation: The Treasurer is again advised to retrieve these revenue receipts and inform this Office accordingly.

The Chairman,
Transition Committee,
Ijebu North Local Government,
Ijebu Igbo.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH WEST
LOCAL COUNCIL DEVELOPMENT AREA, OJOWO FOR THE PERIOD 1ST
JANUARY TO 31ST DECEMBER, 2019.

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. **BANK RECONCILIATION STATEMENT**

The bank reconciliation statement of the Local Council Area for the period of 1st January to 31st December, 2019 were examined and the followings were observed:

i. **Uncredited lodgement**

Observation: A sum of Sixty One Thousand Naira (~~₦~~61,000.00) only was highlighted as uncredited lodgement in the bank reconciliation statement of the LCDA. This amount had been reoccurring in the bank reconciliation statement since year 2017 and the Treasurer (Mr. Sobowale) did not deem it fit to investigate the transaction to put the records straight.

Recommendation: The Treasurer of Ijebu North Local Government should take up the issue to investigate the uncredited lodgements and this Office be informed accordingly.

ii. **Direct Credit**

Observation: A total sum of Thirty Two Thousand, Eight Hundred and Twenty Naira (~~₦~~32,820.00) only represented various amounts credited to the bank accounts of the Local Council Development Area but not debited in the cashbook. The direct credit items in the bank was caused by some revenue collectors who are in the habit of holding on to bank deposit slip and not presenting them for treasury receipt after payment into the Local Council Development Area bank accounts.

Recommendation: Therefore, since the LCDA had been merged with the Local Government, the Ijebu North Local Government Treasurer is thereby advised to enlighten the revenue collectors on the need to always present bank deposit slips to the treasury immediately payments are made.

3. **STATEMENT OF ACTUAL REVENUE**

Observation: Audit examination of the revenue performance revealed that out of the estimated ₦6,400,000.00 budgeted for the year ₦2,534,935.00 only was realized during the year under review. The shortfall is contrary to Model Financial Memoranda 1.8(2) and it implied that the LCDA did not harness its IGR potentials maximally. Internal revenue sources, such as trade permit, registration of voluntary organization, dried fish & meat licenses, hackney permit, tenement rates, boreholes, street naming fees etc. within the jurisdiction were not fully harnessed to the advantage of the LCDA.

Recommendation: The Council is advised to harness its IGR potentials in order to increase its revenue.

4. **STATE OF RECORDS**

Keeping of the Abstract Books

Observation: During the period under review, necessary ledgers appeared not to have been kept by the Local Council Development Area (LCDA). The importance of keeping abstract and summary ledgers of all accounts cannot be over emphasized. It helps to determine the balances on each account at a glance, assist in correcting errors & irregularities as well as enhancing the preparation of General Purpose Financial Statement (GPFS) for the year.

Recommendation: The Director of Finance & Supplies should ensure that abstract of all ledgers are opened and maintained without further delay.

5. **ASSET REGISTER**

Observation: During the recently concluded audit exercise, it was observed that the Local Council Development Area (LCDA) did not maintain assets register for its movable and immovable properties.

The purpose of keeping this important document is to show at a glance, the total number, types, locations, the cost of the assets to the LCDA etc. so that if there are pilferages, it might be easily noticed especially during this period of IPSAS accrual.

Recommendation: The Local Government is therefore advised to maintain register of its assets both legacy asset from LCDA and the newly purchased assets.

The Chairman,
Transition Committee
Ijebu North East Local Government
Atan.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH EAST
LOCAL GOVERNMENT, ATAN FOR THE PERIOD 1ST JANUARY 2019 TO 31ST
DECEMBER 2019**

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 QUERY**

The underlisted audit query has earlier been forwarded to you for your reaction as required by law. Please ensure quick response to the query.

S/N	Query Number	Subject	Amount (₦)
1	OGLG/AQ/INE/143/2019	Doubtful Expenditure	450,000.00

3. **DOUBTFUL EXPENDITURE**

Observation: It was observed that a sum of ₦450,000.00 used to purchase drugs to the Medical Centre Store of the Local Government was not retired because the required official printed receipts were not attached to the payment voucher as evidence contrary to Chapter 14:17 of the Model Financial Memoranda for Local Governments. Also, the purportedly purchased drugs were not taken on charge contrary to Chapter 34:17(2) of the Model Financial Memoranda for Local Governments. In the light of the above, the expenditure appears doubtful.

Recommendation: The officials of the Local Governments should always ensure that documentary evidence of purchase are obtained and attached to the payment voucher in line with the regulation.

4. **BANK RECONCILIATION STATEMENT**

a. **Dormant Accounts balances**

Observation: In the last Audit Inspection Report No. OGLG/INE/1/VOL.II/208 of 9th June, 2020, the Local Government was advised to either reactive or closed down its bank accounts that

were dormant but it appeared that no positive actions had been taken. At the time of this audit exercise, the dormant accounts amounting to ₦18,120,329.00 continue to feature in the accounts.

Recommendation: Again, the Local Government is hereby advised to either reactivate or closed down those bank accounts and transfer the amount to the active bank account where the money can be made use. You should heed to this advice so that the bank can stop deducting charges on the dormant accounts.

b. Uncredited Lodgement

Observation: With reference to the last audit inspection report No. OGLG/INE/I/Vol.II/208 of 9th June, 2020, the Local Government was directed to investigate the uncredited lodgements in its various bank accounts which had accumulated to ₦2,928,883.38 as at 31st December, 2018. This Office even gave the tip as to how the Local Government can go about it by making use of the revenue vouchers and bank tellers numbers highlighted in the bank reconciliation statement.

At the time of this audit exercise, the Local Government has not investigated the uncredited lodgements of ₦2,928,883.38 as at 31st December, 2019. The non-challant attitude of the management of the Local Government to the directive of this Office to investigate the uncredited lodgements of a colossal sum of ₦2,928,883.32 since December, 2014 to date may lead to loss of fund. All efforts made by the Audit team to obtain the relevant documents involving this transaction proved abortive.

Recommendation: The management of the Local Government is once again advised to put necessary machinery in place to investigate a sum of ₦2,928,883.38 being uncredited lodgement as at 31st December, 2019. The revenue vouchers and bank teller numbers highlighted in the bank reconciliation statement should be used to trace the individual person or companies that lodged the money into the banks and reconciliation statement should be used to trace the where about of the money. This Office should be informed accordingly.

c. Direct Debit

Observation: I wish to refer to the last audit inspection report No. OGLG/INE/1/Vol.II/208 of 9th June, 2020 where the Local Government was advised to investigate the huge sum of ₦5,174,904.79 being direct debit on the Local Government's accounts as at 31st December, 2018.

At the time of this audit exercise, the direct debit of ₦5,174,904.79 as at 31st December, 2019 has not been investigated. In December, 2015 alone, the Local Government lodged a

cheque No. 10613463-1061 of ₦4,775,166.76 into First Bank of Nigeria without raising vouchers for the payment.

The direct debits which are payments without voucher is contrary to the provisions of chapter 14:29 of the Model Financial Memoranda for Local Government and the amount would not be regarded as charge against the Local Government funds.

Recommendation: The management of the Local Government is once again advised to investigate the direct debit and raise vouchers for the figures in order to keep accounting record straight. This Office should be informed for further necessary action.

5. **PURCHASE OF TOYOTA CAMRY (MUSCLE)**

Observation: It was reported in the last audit inspection report No. OGLG/INE/1/VOL.II/208 of 9th June, 2020 that the Local Government vehicle Toyota Camry (Muscle) attached to the Executive Chairman, Mr. Sunday Onafuye has been taken away by him despite my circular letter No. OGLG/AUD/94/VOL.III/34 of 14th June, 2019 again it.

At the time of this audit inspection exercise in June, 2020, the Local Government has not recovered the vehicle from the Executive Chairman; Mr. Sunday Onafuye. The outstanding balance of ₦2,000,000 on the vehicle has been treated as payable in the financial position by this Office.

Recommendation: The Local Government should ensure that the vehicle Toyota Camry (Muscle) is recovered from the Executive Chairman, Mr. Sunday Onafuye in compliance with the circular letter No. OGLG/AUD/94/VOL.III/34 of 14th June, 2019 from this Office.

This Office should be informed when the vehicle is recovered from him.

6. **ESTABLISHMENT OF 3RD RICE MILL FACTORY IN IJEBU-EAST LOCAL GOVERNMENT, ATAN**

Observation: In the last audit inspection report No. OGLG/INE/1/VOL.II/208 of 9^h June, 2019 the Local Government was advised to liaise with the Ministry of Agriculture and infrastructure or Officer in-charge of the rice mill factory project for the full operations of the 3rd rice-mill factory established in Ijebu-North East Local Government, Atan by the Federal Government. At the time of the audit exercise in June, 2020, it was revealed that the Ministry of Agriculture recently visited the factory located along Muroko road behind the General Hospital, Odosimadegun, Atan.

Audit verification visit to the project site to ascertain the level of development revealed that the equipment therein were still intact and the watchmen provided by the Local Government

to secure the project were in place. The Rice-Mill factory project was yet to be operational as at June, 2020 when the Auditors left the Local Government.

Recommendation: The management of the Local Government is advised to keep on mounting pressure on the State Government through the Ministry of Agriculture and infrastructure, Abeokuta for the full operations of rice-mill project for the benefit of the entire population of the area.

7. **REVENUE COLLECTION**

Observation: I wish to refer to the last audit inspection report No. OGLG/INE/1/Vol.II/208 of 9th June, 2020, in which the Local Government was advised to recover the seventy-seven (77) revenue receipts and the amount generated therein from Hon. Banjo Deola, former Transition chairman of the Local Government. The situation still remained the same because those revenue receipts and amount generated on them have not been recovered from the chairman as at the time of this audit exercise. All efforts to get in touch with the Chairman (Hon. Banjo Deola) proved abortive.

Recommendation: This issue has been forwarded to the Public Accounts Committee of the State House of Assembly because it appears that the Local Government cannot handle it.

8. **REVENUE GENERATION PERFORMANCE**

Observation: It was observed that the Local Government budgeted a sum of ₦9,340,000.00 as its independent revenue on various revenue heads/subheads during the period under review. A sum of ₦4,811,590.00 was actually generated as independent revenue which is 51.52% revenue generated performance for the year, 2019. The revenue performance was a little above average. The Local Government can still perform better.

Recommendation: The Local Government is advised to think wide, deep and outside the box. Also, it could invest on the agriculture project in order to enhance its revenue generation performance in the next financial year, 2020.

9. **AGRICULTURE AND NATURAL RESOURCES DEPARTMENT**

Poultry Project

Observation: In some years past, it was observed that the Local Government has poultry pen at Atan. At the time of this audit inspection exercise, the Head of Agriculture Department, Mr. Adedosu O. O. was encouraged to initiate action towards resuscitating the poultry project. However, the officer, Mr. Adedosu, O. O. (Head, Agric department) informed the Audit team of a proposal he made for the establishment or resuscitation of the project put forward to the

Chairman but was turned down. The audit team engaged the Chairman and he (Chairman) explained that the Local Government cannot venture into non-profitable project judging from the past experience in the Local Government.

Recommendation: The Local Government is advised to venture into poultry and other agric businesses in order to boost its internally generated revenue. The present Head of Agriculture Department Mr. Adedosu, O. O. should be put to task to justify his certification by releasing money for him for agric project. He cannot just be receiving salary without doing anything in the department.

An advance account can be opened for him in order to recoup any amount that might be expended on the birds or other agric projects.

The Chairman,
Transition Committee,
Ijebu North East Local Government,
Atan.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF YEMOJI LOCAL COUNCIL
DEVELOPMENT AREA, ISONYIN FOR THE PERIOD OF 1ST JANUARY TO 31ST
DECEMBER, 2019

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. **BANK RECONCILIATION STATEMENT**

The prepared bank reconciliation statements for the period 1st January to 31st December 2019 of the LCDA were examined and the followings were observed:

(i) **BANK CHARGES:**

Observation: It was observed that a sum of Thirty Six Thousand, Five Hundred and Forty Five Naira, Ninety Five Kobo (₦36,545.95) only was the bank charges on various bank accounts maintained by the Council from January to December, 2019.

Recommendation: The Treasurer is advised to write – off these figure (₦36,545.95) into the cashbook and to always ensure that bank charges are written off immediately bank reconciliations are prepared.

(ii) **DIRECT CREDIT:**

Observation: As at December 31st 2019 a total sum of Five Hundred and Thirty Two Thousand, Two Hundred and Fifty Naira (₦532,250.00) only was the various amount paid directly into the LCDA's bank accounts by revenue collectors but the payer did not bring their tellers to the LCDA to collect treasury receipt for onward posting into the cashbook.

It is disheartening to note that all necessary measures put in place to improve the control system of operation are been overlooked. The revenue collectors were not enlightened on the need to present their tellers at the treasury so that they could obtain treasury receipt.

Recommendation: All revenue collectors should be monitored to always present their pay-in-slip to collect treasury receipt on payments to the Council's bank account. Also the Treasurer should write back the direct credits into the cashier's cashbook. The cashier should keep list of the direct credits already written back into the cashbook in case any revenue collector who

might later present his/her teller(s) in order to avoid insurance of treasury receipt on the same transaction twice

3. **INDEBTEDNESS OF REVENUE CONTRACTORS**

Observation: In the last audit inspection report NO. OGLG/YLCDA/1/15/of 15th May, 2020 the Council was advised to recover the sum of ₦1,072,000.00 only owed by its revenue contractors since 2017, to terminate their appointment and not to engage revenue contractors again in line with circulars letter from the State which bans revenue contractors engagement.

At the time of this audit inspection exercise, the Council appeared not to have recovered the debt owed by the revenue contractors. Also, it was observed that the Council engaged another set of revenue contractors in 2019 and they owed the sum of ₦510,000.00 as at 30th December, 2019 as details below:

S/N	NAME OF CONTRACTOR	TYPE OF REVENUE	AMOUNT OWING
1.	YUSUF VENTURES.	TOLL GATE	₦150,000.00
2.	HABITTOR.	IMOWO RAM MARKET	₦340,000.00
3.	MR. ADESINA	MOBILE ADVERT	₦20,000.00

Recommendation: Again, the Council is hereby advised to recover the sum of ₦1,072,000.00 only owed in 2017 and the sum of ₦510,000.00 only owed in 2019 amounting to a total of ₦1,582,000.00 owed by these revenue contractors. This Office should be informed with the treasury receipts of recovery.

4. **ABANDONED LCDA'S VEHICLES AT MECHANIC SITE.**

Observation: In the last audit inspection report No. YLCDA/1/15/of 15th May, 2020, the Council was advised to repair the Hiace Bus NO. LG.13 TTN and Mazda 626 No. TTN 12 AA abandoned at Mukaila Mechanical Engineering Workshop, Olorunsogo, Erunwon. At the time of this audit inspection exercise, the two vehicles were still at the mechanic workshop unrepaired.

The effects of these actions are that the vital parts of the vehicles could be removed and the vehicles will continue to deteriorate under the harsh conditions of sun and rain.

Recommendation: The Council is once again advised to ensure that the vehicles are repaired to prevent further deterioration and vandalization. The vehicles would be used by the officials of the Council when repaired.

5. **FIXED ASSET REGISTER AND MOVEABLE ASSETS**

Observation: In spite of the advice given to the Council to maintain a comprehensive fixed Asset Register of all its moveable and immovable assets vide the last audit inspection report No. OGLG/YCLDA/1/15 of 15 May, 2020 the Council appeared not to have yielded to the advice given by this Office. The fixed asset register have not been maintained at the time of this audit inspection exercise.

Also, during the audit inspection, a Toyota Camry, a Hiace Bus for legislators, Tacoma pick-up and two (2) Foton tractors were found in the Council's premises, Isonyin but were not safe because the same premises is being used by a production company – Palm Kernel Cake (PKC) company.

It should be noted for record purpose that a revenue Bus shared from Ijebu-Ode Local Government to Yemoji LCDA, has been taken over by Ijebu-Ode Local Government, immediately after the pronouncement of defunct of LCDAs by the State Government and should no longer be regarded as part of the LCDA's asset shared to her.

Recommendation: The Council is advised to keep proper record of all its assets by maintaining a fixed asset register where details of all its moveable and immovable assets will be captured. This is in compliance with the provisions of chapter 26 of the Model Financial Memoranda for Local Governments. Also, the security of those assets should be guaranteed.

6. **UNCOMPELETED BOREHOLE PROJECT**

Observation: It was observed that a sum of ₦850,000.00 only was released to Mrs. K. O. Akinsola (Director, Water & Environmental Sanitation) vide PV No. 13 and 14/January, 2019 and another sum of ₦710,000.00 only was released to Mr. OnasanyaOladapo (Environmental Health Technologist) vide PV. No. 22/May, 2019. The money were part payments for the construction of boreholes at Isiwo and Isonyin communities within the Council.

During the audit inspection exercise, a visit to the site of the project at Isiwo and Isonyin revealed that though the boreholes were running but have not been completed. The scaffolding aspects were yet to be installed.

Recommendation: The Council is implored to put the scaffolding stand and other necessary things in place for the full benefits of the communities where the boreholes are sited.

7. **LEGACY ASSET**

Observation: In spite of the series of circular letters ref. OGLG/AUD/94/VOL.III/20 of 9th January 2019, OGLG/AUD/94/VOL.III/32 of 11th June 2019, OGLG/AUD/94/VOL.III/42 of 24th October 2019 and OGLG/AUD/94/VOL.III/50 of 2nd January 2020, instructing the Council to forward details of its legacy assets to this Office, the Council did not comply with my instructions contained in the circular letters. This is not in the best interest of the Council.

Recommendation: This Office is still expecting the Council to forward details of its legacy assets as specified in the format attached to the circular letter under reference.

8. **COUNCIL'S HEALTH CENTRES**

Observation: In the last Audit Inspection Report No OGLG/YLCDA/1/15 of 15th May, 2020 the Council was advised to rehabilitate its health and maternity centre that were in state of disrepair, provide necessary basic facilities as well as beddings in the centres so as to boost its Internally Generated Revenue (IGR) and as well provide health service to the people. At the time of this audit inspection exercise, it was observed that necessary repair works were not carried out except on the health centre at Ijari which the State Government was rehabilitating at the time of the audit exercise.

Recommendation: The Council is advised again to rehabilitate its health centres and provide them with necessary facilities including drugs in order to function maximally. These will increase patronage and also boost its IGR as well as improve the health status of the people.

The Chairman,
Transition Committee,
Ijebu-Ode Local Government,
Ijebu-Ode.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU-ODE LOCAL
GOVERNMENT, IJEBU-ODE FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019.**

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 audit query below had earlier been forwarded to you for your necessary action as a required by law. Please ensure quick response to the query.

S/N	QUERY NUMBER	SUBJECT	AMOUNT
1.	OGLG/AQ/JBD/241	Doubtful Expenditure	145,000.00

3. **DOUBTFUL EXPENDITURE**

Observation:-A sum of One Hundred and Forty-Five Thousand Naira (₦145,000.00) used to purchase new complete engine into a Mazda 626 millennium series attached to the Office of the HOLGA of the Local Government was not retired because the required official printed receipts were not attached to the payment voucher as evidence contrary to chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation:- The officials of the Local Government should ensure that documentary evidences of purchases are attained and attached to the payment vouchers in line with regulation.

4. **MUTILATED NAIRA NOTES:**

Observation:- During the cash survey, it was observed that a total sum of Twenty-Two Thousand, Seven Hundred and Thirty-Eight Naira, Forty-Five Kobo (₦22,738.45) was the fake and mutilated naira notes found with the Cashier. On enquiry, the current Cashier Mrs. Boyejo Kadijat K. said the fake and mutilated naira notes were handed over to her by her predecessors.

At the instance of the Audit team the Treasurer instructed the cashier to raise a payment voucher to write off the fake and mutilated notes from their cash balance.

Recommendation:- The cashier should always examine carefully, any money paid into the Council through the treasury.

5. **BANK RECONCILIATION STATEMENTS**

The bank reconciliation statements of the Local Government for the period of 1st January to 31st December, 2019 were examined and the following observations were made.

(i) **DIRECT DEBIT**

Observation:- During the period under review, it was observed that a sum of Two Hundred and Fourteen Thousand Naira (₦214,000.00) has been appearing in the account as direct debit since year 2016-2017. On the direct debit, the cashier (Mrs. Boyejo Khadijat) explained that the direct debit was handed over to her by the former absconded cashier (Mr. Sunkanmi Wahab) that was later dismissed from the service. The existence of the direct debit is an indication that they did not follow the due process when payments are made.

Recommendation: Henceforth payment vouchers should always be raised for all payments made after due processes had been followed. This is in line with financial regulation.

(ii) **UNCREDITED LODGMENT**

Observation:- During the reconciliation exercise, it was observed that some money were paid into the Local Government account but the banks were yet to acknowledge the receipts in the bank account of the Local Government.

In the previous audit inspection report, a sum of ₦328,000.00 was the amount highlighted as uncredited but during the recent audit exercise, the amount not credited by the bank has increased by ₦10,000.00 to ₦338,000.00 which had not been recognized by the bank as at the time of writing this report.

Recommendation: The Treasurer and the Internal Auditor should investigate why money paid into the Local Government bank accounts have not been credited by the banks years after the payments were made. This Office should be informed of the action taken.

(iii) **DIRECT CREDIT**

Observation:- During the examination of the reconciliation statement prepared by the Local Government, it was observed that a total sum of One Million, Four Hundred and Seven Thousand, Ninety-Four Naira, Twenty-Two Kobo (₦1,407,094.22) was the various deposits made to the Local Government account but the payers had not presented the deposit slips to the cashier for the issuance of treasury receipts. Out of this amount, a sum of Four Hundred and

Sixty Thousand, Six Hundred and Forty-Eight Naira, Six Kobo (₦460,648.06) only which was meant for years 2017 and 2018 had been written into the cashbook.

Recommendation: The payers of those money should be enlightened on the need to always bring their bank tellers to the Local Government for issuance of treasury receipts. Necessary steps should be taken to write the remaining direct credit into the cashbook.

(iv) **UNPRESENTED CHEQUES:**

Observation:- The reconciliation statement also revealed that there was an unrepresented cheques of Sixty Thousand Naira (₦60,000.00) only which has been appearing in the account since 2017. The Auditors had advised the Cashier to write the amount involved back to the cashbook.

(v) **DORMANT BANK ACCOUNTS**

Observation:- I wish to refer to the previous audit inspection report of year 2018 on the dormant bank accounts and to observe that no action appeared to have been taken on the advice given by this Office.

Details of the dormant bank accounts are stated below:

S/N	NAME OF BANK	ACCOUNT NO.	PERIOD OF DORMANCY	AMOUNT (₦)
1	Wema Bank Plc, Ijebu-Ode	107000112	Since 2008	1,029.32
2	Wema Bank Plc, Ijebu-Ode	1070096020	Since 2008	9,513.76
3	FCMB Plc, Ijebu-Ode	001	Since 2008	86,259.93
4	FCMB Plc, Ijebu-Ode	002	Since 2008	(58,949.16)
5	Skye Bank Plc, Ijebu-Ode	1770805061	Since 2012	277,501.00
6	UBN Ijebu-Ode	3010400020	Since 2012	14,621.27
7	UBA Plc, Ijebu-Ode	103753373	Since 2016	11,642.36
8	FBN Ijebu-Ode	3054261470	Since 2016	8,715.17
9	Diamond Bank Plc, Ijebu-Ode	0031719448	Since 2016	43,289.13
10	Skye Bank, Ijebu-Ode (Salary Account)	1750035648	Since 2017	11,888.50

Recommendation:- The Local Government is advised again to activate the dormant accounts or close them if they are no longer necessary because the continuous appearance of the balances may not present a true and fair view of the accounts of the Local Government. Its retention also attracts bank charges.

6. REVENUE GENERATION PERFORMANCE

Observation:- During the period under review, it was observed that the Local Government budgeted a sum of One Billion, Six Hundred and Forty-One Million, Four Hundred Thousand Naira (₦1,641,400,000.00) to be generated internally, but a sum of One Billion, Two Hundred and Twenty-One Million, Seven Hundred and Twenty-Five Thousand, Three Hundred and Twenty-One Naira, Twenty-Three Kobo (₦1,221,725,321.23) was actually generated. The amount generated represented 74% of the budget size. This is an indication that the Local Government has not fully harnessed its revenue sources.

Recommendation:- It is advised that the management should put in more efforts to generate higher revenue in the next financial year to meet up with the expected internally generated revenue.

7. CHECKING OF TREASURY STORES

Observation:- Despite the recommendation in the previous audit inspection report No OGLG\JBD\1\Vol. IV\337 of 8th April, 2018 that the store of the Local Government should be decongested and made tidy, this advice appeared not to have been yielded to as there were some receipts on the shelves in the store that are no more in use e.g. environmental receipts.

Recommendation: It is recommended that the store should be decongested of obsolete receipts to make the store tidy.

8. VISITATION TO MARKETS

(i) AIYESAN MARKET

Observation:- Audit visitation to Aiyesan market revealed that some of the Local Government lock-up shops in the market were rented to or occupied by Iron Scrap Merchants. The Chairman of the Iron Scrap Association (Mr. Kolawole Oloyinmi) on interrogation on how much the association was paying for the rent to the Local Government, explained that the association was paying One Hundred Thousand Naira (₦100,000.00) only annually for the 30 shops acquired.

Further investigation also revealed that some parts of the shops had been dilapidated while some of the open stalls at this markets had been converted to lock-up shops by the occupants without taken approval from the Local Government. The Local Government officials that accompanied the Auditors to the market informed the traders to report at the Local Government Secretariat to review the conditions of agreement in terms of payment since the shops are no longer open stalls but lock –up shops. The occupants however responded that they

use their personal money to do the conversion and would not show up for any review in the Local Government.

Recommendation: The Local Government is advised to formally invite all the occupants of the shops to a meeting with the management for a review. Also, the rent being paid by the Iron Scrap Association needs to be reviewed upward vis-a-vis the magnitude of their operations and in line with the current economic situation of the Country.

(ii) **IBADAN GARAGE**

Observation:- At Ibadan garage in Ijebu-Ode, some occupants of the shops were claiming that they built the shops by themselves and all attempts made by the Local Government to review the rent upward were not successful. They said they cannot pay higher than the ₦6,000.00 being paid per shop annually. The officials of the Local Government accompanied the Audit Team during the inspection informed the occupants to come to Local Government secretariat for necessary review of the agreement. They were asked to come along with the initial agreement documents but they said they could no longer locate it because the agreement was made long ago.

Recommendation: The occupants of the shops should be invited formally for a dialogue on the upward review. The Local Government should be able to produce the agreement document if they are sincere with themselves.

9. **REVENUE CONTRACTOR**

Observation:- Despite the ban on the use of revenue contractors by any agency of the Government via circular No SART/72/003 dated 25th October, 2013 emanated from Ministry of Local Government and Chieftaincy Affairs, the Local Government still engaged a revenue contractor Nafaal Consult to collect revenue on Tenement rate on behalf of the Local Government. The Auditors requested for the letter of engagement/agreement and approval which was presented for audit scrutiny.

Audit scrutiny of the records of account however revealed that out of the ₦550,000.00 generated by the revenue contractor, a sum of One Hundred and Sixty -Five (₦165,000.00) only was paid to him as 30% commission whereas a lot of Local Government staff that are professional revenue collectors were idle.

Recommendation: The Local Government is advised to desist from engaging revenue contractors in line with the circulars letter No SART/72/003 dated 25th October and other circulars relating to ban on appointment of revenue contractors.

10. **UNREMITTED REVENUE**

Observation:- During the checking of revenue collectors within the Local Government, it was observed that one Mr. Olalekan Majapa was owing a sum of ₦75,400.00 and Mrs. T. Keshinro was indebted to the tune of ₦26,000.00 respectively.

See the analysis below.

S/N	NAME	RECEIPT NO.	TYPE	COLLECTION NOT REMITTED	AMOUNT (₦)
1.	Mr. Olalekan Majapa GL 07	2801-2900 3001-3100 4301-440	Slaughter Permit	2/4/2019 18/4/2019 3/07/2019	21,000.00 37,000.00 17,400.00
					75,400.00
2.	Mrs.T. Keshinro (Store Keeper GL04 Works	79301-79400,77801-77900,77901-78000,77701-77800,77501-77600,77401-77500,76601-76700	Market Receipt	4/10/18 and 9/8/18	26,000.00

Recommendation:- The Local Government is advised to recover the money from the duo and inform this Office of the evidences of payments or their Salaries and allowances be stopped.

11. **ULTRA MODERN MILLENNIUM HALL**

Observation:- There is an ultra-modern millennium hall constructed at the main Secretariat of the Local Government by Hon. Wale Alausa (former member of Ogun State House of Assembly) The commencement of the hall construction started in year 2015 but commissioned in February 2019 by the then Chairman, Architect Gbolade Ola Oduwole. The hall was donated to Ijebu-Ode Zonal Community Development Committee but along the line, Ijebu-Ode Local Government commercialized it for rent to boost its internally generated revenue.

However, investigations conducted by the Auditors revealed that the community uses the hall free of charge.

The Director of General Services and Administration, Mr. Dapo Banjo explained that the community believed that the hall was meant for the community in case they want to hold meetings and as such, not expected to pay for usage.

Recommendation: It is hereby recommended that even if the hall was donated for community use, a certain percentage of money should be paid remitted to the Local Government by the community anytime they use it.

12. **LOCAL GOVERNMENT VEHICLE WITH THE PAST CHAIRMAN**

Observation:- I wish to refer to the circular letter No OGLG/AUD/94/VOL.III/34 dated 14th June,2019 which emanated from this Office that no political functionaries should go away with official vehicle of the Local Government at the completion of their tenure. During the recently concluded audit inspection exercise, it was observed that the past Chairman Arch. Gbolade Ola Oduwole went away with the Official vehicle (ACURA JEEP) registration number LG 01 JBD attached to him.

Recommendation: The Audit instructed the Director, General Services and Administration to write an official and strongly worded letter to him instructing him to return the vehicle because he has not made any intention to purchase the vehicle nor follow any due process before taking the vehicle away.

13. **FIXED ASSET REGISTER**

Observation:- During the period under review, it was observed that the Local Government did not maintain any register containing its fixed assets despite my circular letters on the importance of maintaining fixed asset register and also in compliance with Chapter 26 of the Model Financial Memoranda for Local Governments. The importance of keeping fixed assets register particularly during the International Public Sector Accounting Standard (IPSAS Accrual Basis) of accounting period cannot be over emphasized.

Recommendation: The Local Government should ensure that henceforth fixed assets registers are maintained in line with the provisions of Chapter 26 of the Model Financial Memoranda for Local Governments and because it is a requirement of IPSAS.

14. **INVESTMENT**

Observation:- As highlighted in the last audit inspection report no OGLG/JBD/1/Vol. IV/337 of 18th May 2020 that investment worth ₦580,000.00 was stated in the statement of financial position of the Local Government as at December, 2018. During the period under review, the Local Government could still not produce evidences of beneficial ownership or any document to substantiate the ownership of the investment.

Recommendation: Since it appear that the Local Government does not have any evidence of the existing investment, it is advisable for the Local Government to take necessary steps to write it off from their accounting records or to approach the Registrar of the Company to find out if the investment still exist.

**The Chairman,
Transition Committee,
Ijebu-Ode Local Government,
Ijebu-Ode.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU-ODE SOUTH
LOCAL GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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. **BANK RECONCILIATION STATEMENT**

The prepared bank reconciliation statements for the period of 1st January to 31st December, 2019 were examined and the following were observed.

(i) **DIRECT CREDIT**

Observation:- During the examination of bank reconciliation statements for the period under review, it was observed that a total sum of Fifty-Two Thousand, Four Hundred Naira (₦52,400.00) only was the amounts credited directly into the Local Council Development Area's bank accounts but which had not been debited into cashbook. Audit investigation revealed that the money was paid into the Local Council Development Area bank accounts by some revenue collectors but they have not presented their bank tellers to the Treasurer for issuance of treasury receipts. The irregularity had responsible for the long list of direct credit items highlighted in the reconciliation statement.

Recommendation:- The Local Council Development Area is advised to educate the revenue collectors on the need to always promptly present their pay-in-slip to the treasury immediately payments are made to the banks for immediate of treasury receipts.

(ii) **STALE CHEQUES**

Audit scrutiny of the bank reconciliation statement revealed that there were cheques issued over six months ago which had not been presented and as such the cheques could no longer be cashed by the recipient nor honoured by the banks again. As a result of the above, the sum of ₦75,000.00 which represented stale cheques had been written off by debiting the cashbook with the amount involved.

3. **REVENUE GENERATION PERFORMANCE**

Observation:- During the period under review, the Local Council Development Area (LCDA) budgeted a sum of ₦444,129,340.00 to be generated internally as revenue during the financial year, but a sum of ₦86,091,051.11 only was actually generated. The amount generated represented 19.38% of the budget size which was not good enough. Investigation into the reasons for the low revenue revealed that there were some sources of revenue within the Local Council Development Area that were neglected and not tapped during the period. Such revenue sources include borehole drilling licenses, sawmill licenses, registration of health centres and traditional medical centres, parking fees, sales of store/scraps/unserviceable items, contractor registration fees etc. All these businesses are revenue sources which can be harnessed and they are feasible within the Local Council Development Area.

Recommendation:- The management is advised to put necessary machineries in place to tap these sources of revenue that can boost the internally generated revenue of the Council in the next financial year.

The Chairman,
Transition Committee,
Ikenne Local Government,
Ikenne.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IKENNE LOCAL
GOVERNMENT, IKENNE FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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. Audit queries have been issued in respect of the points raised.

2. **AUDIT QUERY**

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/KNN/225/2019	Unreceipted Expenditure	120,000.00
2	OGLG/AQ/KNN/226/2019	Doubtful Expenditure	268,368.52
3	OGLG/AQ/KNN/227/2019	Doubtful Expenditure	70,000.00

3. **DOUBTFUL EXPENDITURE**

Observation: It was observed that some of the expenditure incurred by officials of your Local Government during the period covered by this report was not supported with official printed receipts or sub-receipts in line with the provisions of Chapter 14:17 of Model Financial Memorandum for Local Governments. An instance was the sum of ₦268,368.52 released to Mr. Adegbesan A. (Senior Technical Officer) vides P.V No 5/April, 2019 to purchase Tyres and Tubes for DFA Truck LG 46 KNN attached to the WES Department of your Local Government. Another expenditure that appears doubtful was the sum of #70,000.00 released to Mr Friday Emmanuel (Chief Clerical Officer) vide P.V No 27/ January,2019 to provide security arrangement for Prof. Yemi Osibajo, Vice President, Federal Republic of Nigeria during his visit to Ikenne town sometimes in January 2019. The Audit cannot but wonder the kind of security arrangement that your Local Government under whatever guise will provide for a sitting Vice President of this Country which would not have been taken care of by the Federal Government.

Recommendation: The officials are enjoined to always attach relevant documents to payment vouchers whenever funds are expended on behalf of the Council.

4. **REVENUE GENERATION PERFORMANCE**

Observation: During the period covered by this report, it was observed that your Local Government proposed to generate a sum of Forty Four Million, Three Hundred and Forty Thousand Naira (N44,340,000.00) as internally generated revenue but a sum of Thirty Three Million, Eighty- Nine Thousand, One Hundred and Ninety Nine Naira, Ninety – Five Kobo (#33,089,199.95) was actually generated. The amount generated represented 74.6% of the amount budgeted which is not healthy enough. Audit examination of the General Purpose Financial Statement (GPFS) for the year 2019 revealed that a paltry sum of #15,000.00 only was generated as revenue from Radio/Television License out of the ₦1,500,000.00 proposed revenue for the year. Similarly, it was surprising to note that nothing was generated from sales of farm produce as against #600,000.00 proposed for the year whereas one will notice an oil plantation farm directly behind the Local Government secretariat thereby making it difficult to believe that nothing was collected as revenue for the year 2019.

Further Audit investigation also revealed that only a sum of #346,500.00 was generated as revenue from street naming and renewal of street for the period under review as against the sum of ₦1,000,000.00 proposed for the year. The reason for your inability to achieve the set target is because your Local Government has no updated register for all the streets that existed within the locality and could therefore not determine the individuals or corporate bodies that has defaulted in the renewal of such streets 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.

Recommendation: I wish to advice your Local Government to embark on aggressive revenue drive and ensure that officers saddled with such responsibilities are adequately mobilized for optimal performances. In addition, the management should compile adequate data base for all street owners within the Local Government Area and ensure prompt recovery of outstanding debt for better revenue generation.

5. **DORMANT BANK BALANCES**

Observation: I wish to refer to paragraph 5(c) of the last Audit Inspection report reference No OGLG/IKNN/I/VOL.111/418 of 29th May, 2020 on the above subject and to observe with

dismay that your Local Government is yet to heed to my advice to either reactivate your dormant bank accounts or merged them with existing functioning ones. The recent audit exercise also revealed that the sum of ₦389,327.98k which represented the total sum in five (5) bank accounts of the Local Government has remained dormant for several years.

Please see below, the particulars of the dormant bank account balances

DORMANT BANK ACCOUNT

NAME OF BANK	ACCOUNT NUMBER	AMOUNT ₦
Gateway savings and loan bank	00112006850	5,000.00
Union bank Plc	0007119706	19,500.41
Eco Bank Plc	4762015693	1,613.25
Diamond bank Plc	0041294283	1,980.77
Access bank Plc	0055118879	361,233.55
TOTAL		389,327.98

Recommendation: I wish to reiterate once again that your Local Government should either re-activate or close these dormant bank accounts, because its continuous retention in the bank would not give a true and fair view of the actual financial position of the Local Government.

6. **DORMANT PERSONAL ADVANCES**

Observation: Audit examination of General Purpose Financial Statement (GPFS) for the year under review revealed that a sum of Three Million, and Sixty Thousand, Two Hundred and Ninety Eight Naira, Twenty Nine Kobo (₦3,060,298,29) was the cumulative personal advances granted to Local Government Officials and Ex-Political functionaries several years ago and had remained stagnant for several years. This is a clear violation of the provision of Chapter 16:12 of Model Financial Memoranda for Local Governments which requires that personal advances must be paid regularly on monthly installments deductible at source from monthly salary payments. Audit investigation further revealed that most of the beneficiaries have been posted to other Local Governments, while some have retired from service.

Recommendation: I wish to advise the Management of your Local Government to compile the list of affected serving officers and forward it to the central salary payment platform at the Local Government Service Commission to effect such deduction on your behalf and remit it back to your Local Government. The assistance of the Bureau of Local Government Staff Pension should

also be sought to recover the personal advances yet to be recovered from the monthly pensions of the retired officers. Please inform this Office of the action taken.

7. **RENAULT COMPACTOR**

Observation: It is disheartening to note that despite my comment and advices in the previous audit inspection report since year 2012 on the need to recover the sum of #2,325,000.00 from Olat Global Auto Company for his failure to supply a Renault Compactor or refund the money in the like sum. This issue has been dragging since year 2012 and it would appear that the Management of your Local Government is non-challant and not desirous of recovering this money trapped in the hands of the Contractor (Olat Global Auto Company).

Recommendation: I wish to urge the Management of your Local Government to initiate a legal action to recover the money from the Contractor, failure upon which the matter will be forwarded to the Public Account Committee of the State House of Assembly for appropriate sanction.

8. **LOCK-UP SHOPS AT ILISAN AND IROLU MARKETS**

Observation: I wish to refer to paragraph 10 of the last audit inspection report Ref No OGLG/IKNN/1/Vol.111/418 of 29th May, 2020 on the above subject and to observe with dismay that your Local Government has not attended to the complain of the occupant of the shops at Ilisan and Irolu markets that their shops need repair otherwise they will not pay rent on the shops allocated to them. I want to place it on record that if your Local Government refuse to rehabilitate the shops in such a way that it will attract patronage, the occupants will continue not to pay rent and as such, you shall continue to lose the yearly expected revenue of ₦568,800.00 all the times.

Recommendation: I therefore wish to reiterate once again that your Local Government should attend to the complaint of the occupants by doing the rehabilitation so that you can have the gut to enforce payment of the rent.

9. **AWARD OF IKENNE MOTOR PARK TO DKB- Tronet Technology Ltd (Hon Olusola Sonuga)**

Observation: I wish to refer to paragraph 6 of the last audit inspection report No. OGLG/IKNN/1/Vol.III/418 of 29th May, 2020 in which it was highlighted that the Local Government leased its motor park at Delabo Junction, Ikenne to DLK Tronet Technology Ltd (Hon. Olusola Sonuga) and to observe that no positive action had been taken by the Local

Government to recover the debt of ₦1,600,000.00. In the report, it was stated that the motor park was leased for ₦1,500,000.00. The ₦1,500,000.00 was inclusive of ₦50,000.00 as applicable Fee, ₦250,000.00 registration fee, the contractor was also expected to pay ₦50,000.00 per plot on twelve plots making ₦1,200,000.00. All together will amount to ₦1,500,000.00 but Hon. Olusola Sonuga paid ₦1,100,000.00 leaving ₦400,000.00 for the first two (2) years (2016,2017). He also enjoy the facility for another two years on annual payment of ₦600,000.00 per year. As at now, the contractor is owing ₦1,600,000.00.

It is disheartening to note that despite repeated advise of this Office in past inspection reports which dated back to year 2016, your Local Government has refused to entered into any enforceable agreement with Hon Olusola Sonuga or withdraw the letter of award given to him, but has continue to allow him make use of the Landed property of the Local Government as Motor park without paying a kobo.

Recommendation: I wish to reiterate once again that your Local Government should withdraw the letter of award issued to Hon Olusola Sonuga or perhaps enter into an enforceable agreement with him and ensure that the sum of ₦1.6Million is recovered from him. Please inform this Office of the action taken within two(2) weeks of the receipt of this report.

10. **INVENTORY**

Observation: It was observed that your Local Government is yet to comply with the provisions of chapter 38: 1 of the Model Financial Memoranda for Local Governments which stipulates that “a Local Government shall keep permanent inventories showing all its physical assets which although normally purchased recurrent expenditure votes, nevertheless are intended or likely to be employed on the business of the Local Government over a period of several years.....”

Recommendation: To avoid theft and unauthorized movement of the assests, your Local Government should do the inventory and also engrave or inscribe its name on the physical property.

11. **AGRICULTURE AND NATURAL RESOURCES DEPARTMENT:**

Observation: During the period under reference, the department of Agriculture and Natural Resources appeared not to functionoptimally due to non-release of fund by the Management of your Local Government. It was observed that the poultry pen were not stocked with poultry birds and this has continue to worsen the condition of the cages because of its neglect and is also depriving your Local Government of the needed revenue. In the same vein, it appears that the Oil Palm Plantation farm is due for harvest.

Recommendation: Please ensure that appropriate action is taken to harvest the oil palm and pay proceeds of the sales to the Treasury. Also attention should be given to the poultry farm so as not to allow the substantial amount spent to acquire the cages go down the drain.

12. DISPARITIES IN PAYMENT OF SALARIES & ALLOWANCES

Observation: It was observed that between July and December, 2019 audit examination revealed a total sum of Four Million, Eight Hundred and Twenty Eight Thousand, Eight Hundred and Fifty Eight Naira, Fifty-Six kobo (₦4,828,858.56) was the difference between the Local Government monthly salaries as contained in the salary vouchers and the amount credited to the bank accounts of individual staff as their salaries. A sum of ₦141,811,385.26 was the amount contained in the bank statements obtained from Access bank Plc whereas a sum of ₦136,982,526.70 was the amount contained in the salary payment vouchers for the period revealing an excess difference of the sum of ₦4,828,858.56k in the salaries and allowances released to the staff as salaries. In view of the above, the overpayment sum of ₦4,828,858.56 was not authorized thereby contravening the provision of chapter 13:9 of the Model Financial Memoranda for Local Governments.

Recommendation: The Treasurer (Mr Junaid W.B) should therefore explain the reason(s) for the discrepancies noticed in the salary figures for the period under review within two (2) weeks from the date on this report.

13. CAPITAL EXPENDITURE REGISTER/ FIXED ASSET REGISTER

Observation: I wish to draw your attention to Chapter 26:4 of the Model Financial Memoranda for Local Governments which 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 and to observe that your Local Government has failed to maintain the register during the year under review. This register is supposed to be a permanent record of expenditure on projects or assets containing details of each project on separate payers and folios and containing information like type, location and cost of contract or the assets progress payment, stages of completion etc.

Recommendation: It is also one of the requirements of the International Public Sector Accounting Standard (IPSAS) currently in use in the public service. The Director of Finance and Supplies is advised to ensure that the records are kept and maintained.

The Chairman,
Transition Committee,
Ikenne Local Government,
Ikenne.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF REMO CENTRAL LOCAL COUNCIL DEVELOPMENT AREA, IPERU REMO, FOR THE PERIOD 1ST JANUARY, TO 31ST DECEMBER, 2019.

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. Audit queries have been issued in respect of the points raised.

2. **AUDIT QUERY**

The underlisted audit queries had 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/RCLCDA/10/2019	Doubtful Expenditure	175,000.00
2	OGLG/AQ/RCLCDA/11/2019	Doubtful Expenditure	100,000.00

3. **STATE OF RECORDS AND ACCOUNTS**

Observation: During the year under review, it was observed that there were so many unpardonable errors in the posting to the ledgers which wasted a lot of audit time to correct. For instance R.V. No. 7/January and R. V. No. 16/May, 2019 for the sum of ₦150,000.00 and ₦20,000.00 respectively which are expenditure recoveries were wrongly posted and treated as Revenue in the Departmental Vote Revenue Account (DVRA).

Similarly, PV No. 11/October, 2019 for the sum of ₦125,000.00 was also posted twice in the DVEA (Capital) and the bank column of the debit side of the cashbook was under casted by ₦3,000.00. All these and many more have been rectified by the audit team but the mistakes would have been detected and appropriate correction effected if a Senior Officer in the Treasury Department had supervised the work of these Junior officers.

Recommendation: Henceforth, these junior officers should not be independent of the supervision from a reliable senior officer in the Treasury Department.

4. **BANK RECONCILIATION STATEMENTS**

Observation: It was observed during the examination of bank reconciliation statement that a total sum of Thirty-Six Thousand, Two Hundred Naira (₦36,200.00) only was highlighted as the total amount paid directly into the bank account of the LCDA but were not posted into the cashbook because such revenue collectors did not bring the deposit slip to the cashier for the issuance of Treasury Receipts.

Recommendation: The LCDA is advised to educate its revenue collectors to always ensure that they present deposit slip to the treasury immediately money is deposited into the LCDA's bank accounts. This will reduce the long list of direct payment in the reconciliation statement.

5. **DOUBTFUL EXPENDITURE**

Observation: It was observed that a total sum of One Hundred and Seventy-Five Thousand Naira (₦175,000.00) only was approved and paid to Mrs. Akinbamisile A. O. (Head, Budget, Planning, Research and Statistics) vide PV Nos. 18/April, 02/August, 02/September and 06/September, 2019 respectively for the production of 2019 budget.

Similarly, a sum of ₦100,000.00 was paid to Mrs. Olaibi A. A. (Principal Executive Officer) vide P.V. No. 3/September, 2019 for the payment of Ibadan Electricity Distribution Company (IBEDC) bills for the month of March and April, 2019.

Audit examination of the payment vouchers however revealed that no official printed receipts were attached to the payment vouchers in line with the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments thereby making such expenditure doubtful.

Recommendation: In future the LCDA should ensure that official printed receipts are attached to payment vouchers.

6. **LEGACY ASSETS**

Observation: I wish to draw your attention to circular letter ref. No. OGLG/AUD/94/VOL.III/20 of 9th January, 2019 issued by this Office requesting all Local Governments and Local Council Development Areas in the State to identify and measure all its legacy assets in line with requirement of International Public Sector Accounting Standard (IPSAS). It appears that your LCDA has failed to comply fully with the content of the above quoted circular because it was at the instance of the Auditors that some of the assets of the LCDA valued for ₦72,629,000.00 was incorporated into the General Purpose Financial

Statement (GPFS) for the year under review. However, the open stall in your LCDA is yet to be valued and incorporated into the General Purpose Financial Statement (GPFS).

Recommendation: I wish to urge the Director of Finance and Supplies of Ikenne Local Government being the mother Local Government to take cognizance of this and include the value of the open stalls in the General Purpose Financial Statement (GPFS) for subsequent years.

7. **ISSUES ARISING FROM LAST REPORT**

During the audit exercise, the audit team visited the underlisted markets within the LCDA and the observation(s) made thereon are summarized below:

i. **SABO MARKET**

Observation: During the recent audit exercise, it was observed that out of the twenty (20) lock-up shops at the Sabo Market, Seven (7) had been demolished by the LCDA and reconstructed to thirteen (13) lock-up shops. The project is still on going and work is yet to be completed on the fixing of doors and plastering of both the internal and external walls.

Recommendation: Please ensure that this project is completed soonest in order to boost the internally generated revenue of your Local Council Development Area.

ii. **AKESAN MARKET**

Observation: It is disheartening to note that your LCDA is yet to heed to my advice as contained in paragraph 8(iii) of the last audit inspection report that you should do necessary follow up to ensure that the occupants of the shops make regular payment as earlier promised by them and to open a comprehensive ledger for the shops. Most of the occupants of either the lock-up shops or the open stalls were still not paying or paying very little as rent for the shops/stalls currently being occupied. Its pertinent to however mentioned that the shops needed an urgent rehabilitation because of its deplorable condition and this may be responsible for the uncooperative attitude of the occupants of these shops and for their refusal to pay rent.

Recommendation: Please ensure that urgent action is taken to rehabilitate the shops in order to encourage the occupants to pay.

iii. **OGERE MARKET AND TOLL GATE MARKET**

Observation: I wish to refer to paragraph 8 (iii) of the last Audit Inspection report in which I reported that you are not generating any revenue from Ogere Market and to observe that my advice that you should make the environment and the shops viable for revenue generation was not adhere to. Up till now nothing is being generated from the twenty five (25) open stalls and ten (10) lock-up shops situated in Ogere market. The issue was discussed with the Treasurer of

Ikenne Local Government being the mother Local Government of your LCDA and he has given assurance that concerted effort is being taken to ensure the needed revenue is generated from the market.

Recommendation: Please expedite action on this issue and inform this Office of the action taken.

The Chairman,
Transition Committee,
Imeko Afon Local Government,
Imeko.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IMEKO AFON LOCAL GOVERNMENT, IMEKO FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2019

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/IMK/151/2019	Refusal to Maintain Revenue Register	Nil
2.	OGLG/IMK/152/2019	Failure to Maintain Capital Expenditure and Fixed Assets Registers	Nil

3. **STATE OF RECORDS**

Observation:- During the audit exercise, it was observed that the salary vouchers for the entire staff of the Local Government and LCDA for June, 2019 salary was not prepared and posted into the cashbook and to various head and sub-heads in the ledgers let alone use the figure for preparation of General Purpose Financial Statement (GPFS). This is contrary to Chapter 15:11 of Model Financial Memoranda for Local Governments which state that ‘ ‘ vouchers for the payment of salaries and allowances of officers will be prepared on form LGT 46. The chapter further states that where deductions are made for personal advances, P.A.Y.E. etc, the gross amount of salaries shall be entered in the cashbook and a Treasury Receipt Voucher prepared crediting the appropriate advance account, revenue sub-receipt or deposit account, with the amount of such deductions. The original copy of the receipt voucher must be attached to the payment voucher. Salary vouchers shall be prepared in the Finance Department’ ’.

Also the Access Bank account facilitated by the State Government to pay the staff salaries was not properly managed by the Treasury Department which made the examination of bank reconciliation cumbersome.

It took the Auditors from this Office extra time to merge the salary of Local Government together with that of the LCDA to ascertain the true state of records for the year under review. The officers responsible for keeping the cashbook, bank reconciliation and preparation of Integrated Payroll and Personnel Management Service's (IPPMS) officer appeared not to know their schedule of duties because there could be no reason for not merging the salary of the mother Local Government and the LCDA for a whole seven month salary whereas all the staff collected their salaries and allowances during the period.

Recommendation:- The Treasurer (Mr. A.J.O Adewole) should be up and doing in the preparation of necessary financial records in generating the General Purpose Financial Statements.

4. **DORMANT BANK BALANCES**

Observation:- In the previous Audit Inspection Reports reference No OGLG/IAF/1/VOL.111/192 of 26th March, 2018, OGLG/IAF/1/VOL.111/202 of 18th April, 2019 and OGLG/IAF/1/VOL.111/208 28th February 2020 respectively in which you were advised to either re-activate or close down the dormant bank accounts of your Local Government and to observed that no action had been taken on the advice.

Recommendation:- You are advised again to either close the accounts or reactivate them.

5. **SHORTFALL IN REVENUE:**

Observation:- During the period covered by this report, a sum of Twenty-Nine Million, Two Hundred and Thirty Thousand Naira (₦29,230,000.00) was the total revenue budgeted, but a sum of Five Million, Six Hundred and Fifty-Eight Thousand, Six Hundred and Ninety Naira, Eleven Kobo (₦5,658,690.11) only was generated representing 19% of the total budgeted for the period. From the above, it would appear that the Local Government did not put necessary machinery in motion for revenue generation. A review of the revenue generation head-by-head revealed that there were unimpressive revenue generations on some items of revenue when compared with the immediate past years. Revenue from tenement, earning from agricultural produce, cattle fee were some of the other areas of revenue where there was material decrease in revenue generated in 2019 when compared with year 2018.

Recommendation:- The Local Government is hereby advised to work harder in its revenue generation to achieve its budgeted amount during the following year to enable the Local Government perform better for its citizen.

6. **LOCAL GOVERNMENT SHOPS**

(i) **Observation:-** Audit verification visit to the Local Government shops revealed that not all the lock up shops and the open stalls at the Local Government were allocated and the few allocated were not paying rent as and when due. As a result, many of the revenue sources were not generating money. An example of shops where revenues were not forthcoming was the abandoned open stalls newly constructed by Hon. (Prince) Tosin Adeluyi regime in Ajegunle market. Between year 2018 and 31st December, 2019 a sum of ₦575,550.00 was the total receivables due for collection by the Local Government. The Local Government itself appears not to do anything positive to ensure that the receivable is collected as required by Chapter 8:6 Model Financial Memoranda for Local Government.

The attitude of Local Government officials to revenue collection and accountability is far from desirable. It would therefore appear that there is inadequate supervision by those saddled with the responsibility of collecting it. As a result of inaptitude and lackadaisical attitude of the officials, the Council would be losing thousands of Naira year by year especially on the shops.

(ii) In July, 2020 the Local Government engaged two contractors to collect cattle fees at the rate of ₦70,000.00 and ₦60,000.00 per week respectively. The contractors were adequately remitting their collections for the first three weeks but suddenly changed in the fourth week to remitting ₦40,000.00 each per week to the treasury instead of ₦70,000.00 and ₦60,000.00 per week respectively.

Details of the remittance are stated below;

DATE	WEEK	AMOUNT AGREED PER WEEK @ ₦70,000.00 BY KOLEOLA INVESTMET ₦	AMOUNT AGREED PER WEEK @ ₦60,000.00 BY OJUMOLA ABIODUN ₦	TOTAL AMOUNT PAID ₦	AMOUNT SHORTPAID ₦
3/7/2020	2 WEEKS	140,000.00	120,000.00	260,000.00	NILL
22/7/2020	1 WEEK	70,000.00	60,000.00	130,000.00	NILL
27/7/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00
2/8/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00
12/8/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00
19/8/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00

26/8/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00
1/9/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00
2/9/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00
8/9/2020	1 WEEK	40,000.00	40,000.00	80,000.00	50,000.00
TOTAL		490,000.00	460,000.00	1,030,000.00	400,000.00

As at the end of audit exercise, the total sum of ₦400,000.00 was the amount short-paid by the two contractors and all effort to interrogate the contractors proved abortive.

Recommendation:- The Local Government is advised to set up a board of enquiry to look into the reasons for not remitting regularly and adequately as expected. The debts should be recovered and the agreement be terminated.

7. **WEAKNESSES IN SALARY PAYMENT PROCEDURE**

Observation:- It was observed during the examination of payment vouchers that salary vouchers were not often authorised by officers controlling votes as required by Chapter 13:12 (2) Model Financial Memoranda which states that payment vouchers must be authorised by Officer controlling vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by chapter 40:10 of MFM which stipulates that prepayment audit should be carried out on all vouchers before payments are made. From the above, it would appear that the Local Government has abandoned the prescribed control over payment of salaries and allowances as stipulated by MFM. The excuse of officials is that salary payment is now being done centrally via Intergrated Payroll and Personnel Management System (IPPM). However, it is to be emphasised that, the fact that salary is paid centrally does not mean that the internal control procedure designed to ensure that salary is paid to only qualify staff should be stopped.

The IPPMS central salary payment platform domiciled at the Local Government Service Commission is to be fed by each Local Government monthly on staff eligible for salary and the amount due to each staff. This schedule is not to be left to the IPPMS officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS officer is in the central salary payment, he is no more than a conveyor of already determined salary and not for the preparation. He is not in any position to alter whatever salary determined as required by regulations.

According to the MFM, the Treasurer is responsible for ensuring the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the figure. Each head of department is to ensure that only bona fide staffs are on the payroll and controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation:- You are advised to always follow due process in the preparation of salaries and allowances.

8. **FAILURE TO MAINTAIN MARKET REGISTER**

Observation:- It was observed during audit compliance test that the Council has revenue sources due at recurring intervals but noted that there was no register containing these sources as required by Chapter 6.23 of Model Financial Memoranda for Local Governments. Examples are bake houses, regulated premises fee, street name annual renewal fee etc. whereas, Chapter 6.23 of MFM stipulated that when revenue becomes due to the Council at recurring fixed intervals, for rent or plot fees, a register must be kept on form LGT 21 or LGT 22. The Council did not maintain a register for each of these revenue sources which are due on recurring fixed interval. Without this register, it would be difficult to determine the amount outstanding from each revenue payer. Revenue supervision would also be difficult without this register.

Recommendation:- You are advised to maintain Revenue Register, other necessary accounting registers and documents required by regulations. The Treasurer should ensure that the register is well maintained as required by Chapter 1.8(5) of MFM.

9. **CAPITAL EXPENDITURE REGISTER**

Observation:- During the audit verification of legacy asset of the Local Government, it was observed that, the Local Government did not maintain a Capital Expenditure Register as required by chapter 26:4 of Model Financial Memoranda for Local Governments (MFM).

The MFM requires that the Capital Expenditure Register should be regarded as one of the most important accounting record to be kept by the Local Government and that it should be a permanent record of the assets of a Local Government and that it should be kept in perpetuity. If this register is properly maintained, it would provide information on all the assets of the Government at any point in time such as their location, custodian etc. In the absence of a Capital Expenditure Register, it would be difficult to trace the movement of any asset. Keeping of this record gained more relevance after the adoption of the International Public Sector Accounting

Standard (IPSAS) Accrual Basis by Nigeria IPSAS requires the reporting of long term assets recorded in the register in the General Purpose Financial Statement.

Recommendation:- You are advised to always maintain relevant accounting records required by regulations.

10.OFFICIAL VEHICLES TAKEN AWAY WITHOUT PROPER DOCUMENTATION

Observation:- As reported in the last Audit Inspection Report Ref. No OGLG/IAF/1/VOL.III/208 of 28th February, 2020 that out of the ten(10) serviceable and unserviceable vehicles shared to the Local Government by the Asset Sharing Committee, four(4) had been taking away by the Ex. Chairman Hon. (Prince) Tosin Adeluyi and other political functionaries.

Further investigation revealed that up till the end of this audit exercise, neither was those official vehicles retrieved from the political functionaries nor a dime was paid into the coffers of the Local Government as an evidence of purchase. The list of the vehicles and the custodians are as follow;

S/N	TYPE	MODEL	COST OF PURCHASE ₦	CUSTODIANS
1	TOYOTA CAMRY	2004 MODEL	1,250,000	Hon.(Prince) Tosin Adeluyi (Chairman)
2	TOYOTA CAMRY	2004 MODEL	1,350,000	Hon. Olusoji Taiwo (vice Chairman)
3	HONDA ACCORD	2004 MODEL	2,200,000	Mr. Dopamu Felix (Secretary)
4	TOYOTA CAMRY		1,500,000	Hon. Ogundeji Opeyemi (Leader of the Legislative Council)

Recommendation:- The Local Government is advised again to do all that is necessary to recover the four (4) vehicles taken away by the political functionaries or made the political functionaries pay for the vehicles so as not to lose its sight. Also the Toyota Corolla located at the unknown mechanic village in Abeokuta should be investigated and be brought back to the Secretariat. The report of the Toyota Corolla was highlighted in year 2018 audit inspection report.

11. INTERNAL AUDIT IRREGULARITIES

Observation:- As reported in the last Audit Inspection Report Ref. No OGLG/IAF/1/VOL.III/208 of 28th February, 2020 that the Internal Audit Unit appear not to be performing its statutory duties as provided in the Chapter 40:3 and 40:10 of the Model Financial

Memorandum of the Local Governments, the irregularities observed in the previous reports still remain unattended to.

The irregularities were:-

- i. That the expected sporadic check on the revenue collectors, cashbook postings, pre and post auditing of payments vouchers etc were not carried out at all.
- ii. That the necessary Store Receipt Vouchers (SRV) and Store Issue Voucher (SIV) were often not raised whenever stock items were purchased into the store. The irregularity could be a deliberate attempt of purchasing lesser items than the quantities approved or not purchase at all. Again no evidence that the Internal Audit has ever done anything about this.
- iii. That Internal Auditor should ensure that capital expenditure ledger (Asset Register) as important records are kept by the Local Government. The purpose is to show at a glance, the total number, type, location and value of the asset. The Internal Audit did not make any effort to ensure that the assets of the Local Government are safeguarded by keeping this important register.

Recommendation:- In view of the above, the Internal Audit Unit should ensure that sporadic checks are carried out on the revenue collectors and the accounting documents. It should ensure that the Store Receive Voucher (SRV) and Store Issue Voucher (SIV) are issued whenever items are purchased into the store and ensure that asset registers are kept where necessary information relating to the asset could be found.

The Chairman,
Transition Committee,
Imeko/Afon Local Government,
Imeko.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF AFON LOCAL
COUNCIL DEVELOPMENT AREA, OLOKA FOR THE YEAR ENDED 31ST
DECEMBER, 2019**

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. BANK RECONCILIATION STATEMENT

DIRECT LODGEMENT

Observation:- A total sum of One Hundred and Thirty-Three Thousand, Four Hundred and Fifty Naira (₦133,450.00) only was the amount highlighted in the bank reconciliation statement as at December, 2019 as direct lodgement.

Recommendation:- The Treasurer is advised to enter the direct credit items into the cashbook to avoid long list of direct items in the bank reconciliation statements.

3. STATE OF RECORDS

Observation:- During the period under review, it appeared that there was no improvement in the manner in which the accounting records of the LCDA were kept because the audit exercise revealed that there were avoidable errors contained in the cashbook and the ledgers.

For instance, it was observed that all December 2019 revenue vouchers were not posted into the Departmental Vote Revenue Account (DVRA) ledger.

Also, a sum of ₦99,000.00 paid into the LCDA vide RV 21/May, 2019 as revenue received on hiring of grader but later refunded vide PV 01/Oct, 2019 due to the fault developed by the grader was recorded in the expenditure column of the cashbook instead of being recorded in the revenue refunded column.

In addition, there were series of misclassifications of funds, such as the sum of ₦10,000.00 paid via PV 10/Oct, 2019 and posted to Head/Sub head (012500100100/22020401) instead of being posted into Head/Sub Head (011100100100/22021029).

There were also some transactions such as un-presented cheques written off, bank charges, subvention to Parastatals etc that appeared in the Treasurer's cashbook that were not recorded in the Departmental Vote Expenditure Account (DVEA).

The Cashier (Miss Sanni Oluwakemi) used pencil to write the amount of figures in the cashbook instead of using indelible ink.

Recommendation:- Though, these errors had been corrected by the Audit Team but if the Treasurer and the Internal Auditor had been doing their jobs as expected, the error would have been identified and corrected before the arrival of the Auditor. The Treasurer and the Internal Auditor should be alive to their responsibilities.

4. **REVENUE GENERATION PERFORMANCE**

Observation:- It was observed that out of the Twenty Nine Million, Seventy Six Thousand, Five Hundred Naira ₦29,076,500.00 budgeted as independent revenue for year 2019, a sum of Three Million, Five Hundred and Twenty Nine Thousand, Five Hundred and Seventy Five Naira (₦3,529,575.00) only was actually generated during the period under review. The amount generated represented 12.14 % of the budgeted amount which was too low.

Recommendation:- The Management of the Local Council Development Area is hereby advised to think outside the box towards improving its internally generated revenue. The untapped revenue heads and sub/heads such as sawmill, brick making, stallages (Kiosk) etc should be tapped. Also, the Council should invest in agric projects in the area of arable farming, poultry pen e.t.c to improve revenue generation in the next financial year. All revenue leakages if any should be blocked.

5. **WEAKNESSES IN SALARY PAYMENT PROCEDURE**

Observation:- It was observed during the examination of payment vouchers that salary vouchers were not prepared and authorised by the officers controlling votes as required by Chapter 13:12 (2) MFM which states that payment vouchers must be authorised by officer controlling vote. The salary vouchers must also be checked and passed by the Internal Auditor as required by chapter 40:10 of MFM which stipulates that prepayment audit should be carried out on all vouchers before payments are made. This implies that the LCDA has abandoned the prescribed control over payment of salaries and allowances. The excuse of officials is that payment of salaries are now made centrally by the Intergrated payroll and Personnel Management System (IPPMS). It is to be emphasised that, the fact that salaries are paid centrally does not mean that the internal

control procedure designed to ensure that salaries are paid to only qualified staff should be suspended.

The IPPMS central salary payment platform of the Local Government in the state is to be fed by each Local Government monthly on staff eligible for salaries and allowances and the amount due to each staff. This is not to be left to the IPPMS officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salaries determined as required by regulations.

The Treasurer is responsible for ensuring the accuracy of salaries and allowances figures while the Internal Auditor is to certify their correctness. Each head of department is to ensure that only bona fide staffs are on the salaries and allowances voucher controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation:- You are advised to always follow due process in the preparation of salaries and allowances.

6. **FAILURE TO MAINTAIN MARKET REGISTER**

Observation: It was observed during audit compliance test that the Council has revenue sources due at recurring intervals but noted that there was no register containing these sources as required by Chapter 6:23 of Model Financial Memoranda for LCDA. Examples are Open shops and Lock up shops at Owode Market where it collects rent, street naming annual renewal fees etc. whereas , Chapter 6:23 of MFM stipulated that when revenue becomes due to the Council at recurring fixed intervals, a register must be kept on form LGT 21 or LGT 22. The Council did not maintain a register for each of these revenue sources which are due on recurring fixed interval. Without this register, it would be difficult to determine the amount outstanding from each revenue payer. Revenue supervision would also be difficult without Register.

Recommendation:- You are advised to maintain market register and any other accounting registers and documents required by regulations. The Treasurer should see to it that the registers are well maintained as required by Chapter 1.8(5) of MFM.

7. CHECKING OF REVENUE COLLECTORS

Observation:- During the checking of revenue collectors, it was revealed that Mrs Ogunrinola Olabisi (Chief Clerical Officer, GL.07) in charge of certificate of origin did not remit a total sum of Twenty Seven Thousand Naira (₦27,000.00) collected as revenue into the coffers of the LCDA. She presented a note written by Mr. Sannu Michael O. (Director General Services and Administration) that ₦12,000.00 was collected from her for repair of computer system while the balance of ₦15,000.00 could not be accounted for.

Recommendation:- The Director, General Services and Administration (DGSA) should refund the ₦12,000.00 since there is a written evidence that he collected it from the revenue collector while the remaining 15,000.00 should be refunded by the revenue collector herself Mrs Ogunrinola Olabisi (Chief Clerical Officer). This Office should be informed of the recovery.

8. VERIFICATION OF LEGACY ASSET

Observation:- During the audit inspection exercise, it was observed that some of the items contained in the list of the legacy assets presented to the Audit Team were not valued and not captured in the General Purpose Financial Statements (GPFS) because they were donated by the World Health Organization (WHO).

Further investigation also revealed that some of the health facilities shared to the LCDA by the Asset Sharing Committee were not controlled by the LCDA but still being controlled by the parent Local Government (Imeko/Afon Local Government).

Recommendation:- The Treasurer and the Director of health should ensure that the assets are valued and captured in the GPFS of the Council.

9. PROJECTS NOT COMPLETED/FAILED PROJECTS

Observation: It was reported in the last Audit Inspection Reports No OGLG/ALCDA/1/11 of 18th May, 2020 that'' the LCDA at her F&GPC meeting held on Wednesday 28th March, 2018 approved a sum of Three Million Naira (#3,000,000.00) only to construct boreholes at Atando, Kondu and Owuwu villages within the Local Council Development Area.

Probably because the remaining ₦1,000,000.00 was not released.

Eventually, two (2) boreholes were dug, one (1) at kondu and the other at Owuwu while the one at Atando was not dug.

Physical inspection on the projects a year after the construction revealed that none of the two boreholes was functioning.

When the purported recipient (Alhaji Ogunsolu S.A) was interrogated on phone he explained that he did not collect the money, that he was only invited to sign the payment vouchers. He explained further that the Acting Chairman, Hon. Akinwunmi Abdul Lateef collected the money and also brought a contractor to execute the projects.

During the audit exercise recently concluded, the Audit Team revisited the site of the projects (Kondu and Owuwu) and observed that the boreholes dug were still not functioning.

Recommendation:- Though the issue had been subjected to audit query in the previous year's report, still waiting for response but official should always ensure that public fund are judiciously expended.

**The Chairman,
Transition Committee,
Ipokia Local Government,
Ipokia.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IPOKIA LOCAL
GOVERNMENT, IPOKIA FOR THE PERIOD 1ST JANUARY 2019 TO 31ST
DECEMBER 2019**

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. NON REMMITANCE OF REVENUE COLLECTED

i. **Observation:-** I wish to refer to paragraph four (4) of the year 2018 audit report No. OGLG/IPK/I/VOLIII/288 of 6th May, 2020 in which it was reported that the duo of Mr Obasa Oluwole (Accountant) and Idris Lawal (Chief Clerical Officer) did not remit the revenue collected on behalf of the Local Government to the Local Government coffers.

According to the report, Mr Obasa has not paid a kobo out of the Three Hundred and Thirty Nine Thousand, Three Hundred Naira (₦339,300.00) he owed the Local Government since year 2015. Out of the ₦339,300.00, a sum of ₦270,000.00 was meant for 135pieces of Okada jackets which he collected but not accounted for while the remaining ₦69,300.00 was the Local Government revenue, cash, which he collected directly from some revenue collectors before they remitted it into the treasury.

Details of the names, receipt nos and amount collected from those officers are as highlighted below:

S/N	NAMES	RECEIPT NO	AMOUNT ₦
1.	Kayode Oseunmi	GRR No 0009854 – 0009866	22,000.00
2.	Kayode Oseunmi	GRR No 0009649 – 0009650	1,000.00
3.	Mrs Lawal Muhammed	Market Receipt 369001 – 369500	800.00
4.	Mr Otubo	On Wine Licence 033951 – 033973	16,500.00
5.	Mr Otubo	Off Wine Licence 017801 – 017819	29,000.00
	Total		69,300.00

ii. On the other hand, according to Audit Report No OGLG/IPK/1/VOL.II/265 of 15th November, 2017 Mr Idris Lawal (Chief Clerical Officer) was sur-charged to pay a sum of ₦756,000.00 on some leaflets of certificate of origin and the amount on the certificate of origin he could not accounted for was ₦756,000.00.

Details are stated below:-

S/N	NO	AMOUNT ₦
1	3601 – 3650 – 50 leaflets at ₦3,000.00	150,000.00
2.	126 leaflets at ₦3,000.00	378,000.00
3.	38 leaflets at ₦3,000.00 Original & ₦3,000.00 duplicate	228,000.00
	Total	756,000.00

However, Mr Idris Lawal has refunded a sum of ₦220,000.00 leaving a sum of ₦536,000.00 to refund (See Paragraph 4 of OGLG/IPK/1/VOL.III/278 of 6th May, 2020 report).

Since October, 2018 no evidence has been forwarded to this Office that additional payment has been made by Mr Idris Lawal.

From the above, it would appear that the Local Government officers saddled with the responsibility of ensuring that the money is recovered has failed in their responsibility.

Recommendation: In view of this, the Local Government should ensure that the debt owed by the duo of Mr. Obasa Oluwole and Mr Idris Lawal is recovered from them and the evidence of recovery be forwarded to this Office.

iii. MR KAYODE OSEBUNMI (Chief Revenue Officer GL.07/4)

Observation:- During the checking of the revenue collectors, it was revealed that a revenue collector, Mr Kayode Oseunmi (Chief Revenue Officer, GL.07⁴) did not remit a sum of Forty Nine Thousand and Eighty Naira (49,080.00) being revenue collected by him into the coffers of the council.

The details of the money collected is as stated below:

<u>S/N</u>	<u>TYPES OF RECEIPTS</u>	<u>RECEIPT NO</u>	<u>AMOUNT NOT REMITTED</u>
			₦
(i)	General Revenue Receipt	(GRR) 009851-009872	24,000.00
(ii)	General Revenue Receipt	(GRR) 002851-002867	16,000.00
(iii)	Market receipts	0014301-0014400	3,000.00
(iv)	Motorcycle Hackney Permit	0008534-0008550	4,500.00
(v)	Motorcycle Park Permit	0568001-0568059	1,230.00
(vi)	Motor vehicle Hackney Permit	0001424	<u>350.00</u>
			<u>49,080.00</u>

Recommendation:- In the presence of the Audit Team, the Revenue Earning receipt books in the custody of the officer Mr Kayode Oseunmi had been withdrawn by the Internal Auditor

(Yussuf Rasaq Ayinla) and the Treasurer (Mr Adebayo Jacob Oluwale). Also, a monthly deduction of Ten Thousand Naira (₦10,000.00) only has been effected on his salaries with effect from August, 2020.

You should inform this Office of its full recovery.

3. **MOVABLE ASSET NOT IN THE SECRETARIAT**

Observation:- It was reported on paragraph 5 of the last Audit Report No. OGLG/IPK/I/VOLIII/288 of 6th May, 2020 that a newly acquired Toyota Corolla purchased for official use of the Executive Chairman, Hon Josu Amos has been taken away by him after the expiration of his tenure of office in October, 2019. In the report, the Local Government was advised to retrieve the vehicle to the Secretariat in line with our circular letter No OGLG/AUD/94/VOL.III/34 and inform this Office of the retrieval.

However, the advices appear not to have been heeded to because the report of the vehicle has not been forwarded to this Office and the vehicle could still not be found in the secretariat.

Recommendation: This Office is writing to remind you again of the necessity to retrieve the vehicle because it is a public property. Please inform this Office of the action taken.

4. **LANDED PROPERTY OF THE LOCAL GOVERNMENT**

Observation:- I wish to refer to paragraph six (6) of the last Audit Report No OGLG/IPK/I/VOLIII/288 of 6th May,2020 in which the Local Government was advised to meet the community in order to resolve the impending land issue to allow the surveyor perform his duties and recover the land to the Local Government.

During the audit exercise just concluded, it was observed that no action appear to have been taken because the land had not been recovered from the land grabbers. The Local Government land with plan nos. KAD/OG/339/2000, OGK/288/81 and 4.238 hectares of land without any plan Number are still being encroached by the land grabbers.

As it is, if urgent steps are not taken to recover the landed property from the grabbers, the land and the sum of ₦388,888.00 recently released to Data Tricks Consult (Surveying Firm) to assist in recovering the land would be a loss, moreso that the consultant (Data Tricks Consult) was recently chased with charms and cutlasses on the land in the process of recovering it.

Recommendation: As earlier advised, the Local Government should meet the community to resolve the issue and allow the surveyor carry out his duties of recovering the land for the Local Government.

5. UN-RECOGNISED LEGACY ASSET

Observation:- During examination of the General Purpose Financial Statement, it was revealed that the Local Government omitted Magistrate quarters situated at the Local Government quarters from its Legacy Assets.

Investigation revealed that the building was constructed by the Local Government and has the same structure with the HOLGA's quarters but allocated to the Magistrate.

This Office has however added the Magistrate quarters to the existing legacy assets of the Local Government and incorporated same into the financial statement. The Magistrate Quarters was valued at Three Million, Two Hundred and Ninety Three Thousand, Nine Hundred and Fifty Eight Naira (₦3,293,958.00) only, like the HOLGA's Quarters).

Recommendation:- The Local Government is therefore advised to include the asset to the legacy asset in the General Purposes Financial Statements.

6. ADVANCE ACCOUNT OF THE LOCAL GOVERNMENT

Observation:- During the audit exercise, available records revealed that the total sum of Two Million, One Hundred and Nine Thousand, Seven Hundred and Fifty Three Naira, Seventy Seven Kobo (₦2,109,753.77) only, was the advance given to staff of the Local Government in the years back which have not been paid by the beneficiaries.

The outstanding advances contradicts the provisions of chapter16:12 of Model Financial Memoranda for Local Governments which states that the personal advances must be repaid on regular monthly installments deducted at source from the monthly salaries.

Recommendation:- The Treasurer is advised to take all measures necessary to recover the advances from the beneficiaries without further delay.

7. WEAKNESSES IN PAYMENT OF SALARY PROCEDURE

Observation:- During the examination of payment vouchers, it was observed that some salary vouchers were not authorized by officers controlling votes as required by Chapter 13:12 (2) of MFM which states that all payment vouchers must be authorized by officer controlling vote.

The salary vouchers were also not checked and passed by the Internal Auditor as required by chapter 40:10 of MFM which stipulated that prepayment audit should be carried out on all vouchers before payment. The irregularities made it appear that the Local Government has abandoned the prescribed control over payment of salaries and allowances, relying on the fact that payment of salary is now done centrally. The irregularity has led to overpayment of total

sum of One Million, Five Hundred and Twenty One Thousand, One Hundred and Three Naira and Eighty Five Kobo (₦1,521,103.85) only on salaries alone between June to December, 2019.

This Office viewed this as an act of negligence on the internal control procedure designed to ensure that salary is paid to only qualified staff.

The Integrated Payroll and Personnel Management System's (IPPMS) which is the central salary payment platform domiciled at the Local Government Service Commission is expected to be fed by each Local Government monthly on staff eligible for salary and the amount due to each. The payment of salaries is not to be left to the IPPMS officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the central IPPMS officer, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salaries determined as required by regulations.

Each head of department is supposed to have ensured that only bona-fide staffs are on the salaries and allowances voucher controlled by him. These head of departments cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation:- It is the responsibility of Treasurer to ensure the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the prepared salaries and allowances.

In view of the above revelation, a further indept and thorough investigation shall soon be conducted by this Office to unravel the involvement of each officer on the alleged overpayment of salaries.

**The Chairman,
Transition Committee,
Ipokia Local Government,
Ipokia.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IDIROKO LOCAL
COUNCIL DEVELOPMENT AREA, IPOKIA FOR THE PERIOD OF 1ST JANUARY TO
31ST DECEMBER, 2019.**

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. **BANK RECONCILIATION STATEMENT**

The prepared bank reconciliation statements for the period 1st January to 31st December, 2019 of the LCDA were examined from where the followings were observed:

(i) **BANK CHARGES:**

Observation:- It was observed that a sum of Five Thousand, Six Hundred and Seventy One Naira, Fifty Kobo (₦5,671.50K) only was the various bank charges on the bank accounts kept by the LCDA during the year, but the charges had not been written off.

Recommendation: The Treasurer of Ipokia Local Government should write those bank charges into the cashbook because the LCDA has been merged with that of the main Ipokia Local Government.

(ii) **DIRECT CREDIT**

Observation:- As at 31stDecember, 2019 a total sum of Eighty Two Thousand, Five Hundred and Fifty Naira (₦82,550.00) only was the various amount paid directly into the LCDA's bank accounts by revenue collectors but the payers did not bring their tellers to the LCDA to collect treasury receipt and for subsequent posting into the cashbook.

Recommendation: All revenue collectors should be educated and monitored to always present their bank pay-in-slip to the council's treasury to collect receipt once payments are made into the council's bank account. Also the Treasurer should ensure that all the direct credits in the bank statements are entered into the cashbook.

3. **REVENUE GENERATION PERFORMANCE:**

Observation:- Available records revealed that out of the budgeted independent revenue of Twenty Seven Million, Five Hundred and Twenty Four Thousand Naira (₦27,524,000.00) for year 2019, a sum Nine Million, Six Hundred and Forty-Seven Thousand, Eight Hundred and Ninety Naira (₦9,647,890.00) only was actually generated as revenue. The amount generated represented 35.05% of the budgeted amount which was too low. Investigation into the reasons for the low revenue revealed that majority of the revenue sources were either not harnessed or not fully harnessed.

Recommendation: The LCDA should ensure that all sources of her revenue such as arable farming, poultry etc. are fully harnessed for improved revenue so that there could be enough funds to carry out its statutory functions.

4. **THE LCDA'S MOVEABLE ASSETS.**

Observation:- The movable assets shared to the LCDA from the mother Local Government (Ipokia) were kept inside the secretariat at Ilase. Most of them were not functioning whereas they were serviceable.

Some of the non-functioning but serviceable assets are:

1. Nissan Frontier Pick-up
2. Motor roller
3. Komatsu bulldozer.

Recommendation:- Now that the LCDA has been merged to the Local Government, the Local Government (Ipokia) is advised to ensure that all the moveable assets are moved to the premises of the Local Government for safe-keeping and immediate repair.

5. **LEGACY ASSET**

Observation:- I wish to refer to series of circular letters emanated from the Auditor-General concerning Recognition and Measurement of legacy assets in the LCDA vide circulars No. OGLG/AUD/94/VOL.III/20 dated 9th January 2019, OGLG/AUD/94/VOL.III/32 dated 11th June 2019, OGLG/AUD/94/VOL.III/42 dated 24th October 2019 and OGLG/AUD/94/VOL.III/50 dated 2nd January 2020, that all legacy assets should be identified, recognized, and measured with cost.

It is disheartening to observe that the Management of the LCDA did not adhere to the directive of this Office which eventually slow down the audit exercise.

Recommendation: The management of the Local Government is advised to do a comprehensive list and cost of the legacy assets. A copy should be forwarded to this Office very soon.

6. **UNRETIRED IMPREST**

Observation:- During the examination of payment vouchers, it was observed that majority of the imprest paid during the year under review were not retired contrary to the provisions of Chapter 14:23-27 of Model Financial Memoranda for Local Governments which stipulates that “No imprest shall be approved or paid unless the previous imprest issued for the same purpose has been retired”. Examples of these were: PV28 March for ₦15,000.00, PV42 April for ₦10,000.00, PV30 May for ₦20,000.00 etc.

Recommendation: The Internal Auditor of the LCDA should be more alive to his responsibilities and henceforth must ensure that adequate pre and post auditing is carried out from time to time.

**The Chairman,
Transition Committee,
Ipokia Local Government,
Ipokia.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IPOKIA WEST LOCAL
COUNCIL DEVELOPMENT AREA, FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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/IWLCDA/6/2019	Doubtful Expenditure	15,000.00
2.	OGLG/AQ/IWLCDA/7/2019	Doubtful Expenditure	25,000.00
3.	OGLG/AQ/IWLCDA/8/2019	Doubtful Expenditure	42,000.00
4.	OGLG/AQ/IWLCDA/9/2019	Unreceipted Expenditure	15,000.00

3. **DOUBTFUL EXPENDITURE**

Observation:- It was observed that a sum of ₦42,000.00 only was released to Mr Bodunrin O. Adebayo (Director, Works and Housing) to repair official vehicle Toyota Camry No LG 05 PKA attached to the Office of the Head of Local Government Administration.

Audit scrutiny however revealed that there was no official printed receipt attached to the payment voucher as evidence that the money was actually spent for its official purpose.

Also, another was a sum of ₦25,000.00 released to Mr Ogunpitan O.O. (HOLGA) to attend a 3-day workshop at Hotel De-Currency, Kokumo Avenue, Tomori Estate Otta, Between Tuesday 8th and Thursday 10th January, 2019. It was observed that neither official printed receipt nor certificate of attendance was attached to the payment voucher as evidence that the officer attended the workshop.

Recommendation:- Though these and many others were the expenditure incurred contrary to chapter 14:17 of the Model Financial Memoranda for Local Government and had consequently been subjected to audit queries but officers should guide against this in future.

4. **UNRECEIPTED EXPENDITURE**

Observation:- During the period covered by this report, it was observed that a sum of ₦15,000.00 was released to Mr Poviesi John (Work Assistant) to repair and do the servicing of official vehicle No LG 05 PKA attached to the Head of Local Government Administration.

Audit examination of the payment voucher however revealed that there was no official printed receipt of the repair and servicing of the vehicle attached to the payment voucher contrary to the provisions of chapter 14:17 of Model Financial Memoranda for the Local Governments.

Recommendation:- The Local Government is advised that officers should always attach official receipt to payment vouchers.

5. **ASSET DISPOSED**

Observation:- During the period covered by this report, it was observed that there was a decision at the F&GPC meeting held on Tuesday, 6th December, 2018 to dispose an unserviceable Tipper Lorry owned by the LCDA. The disposal was also approved by the Ministry of Local Government and Chieftaincy Affairs vide letter dated 5th September, 2018 and approved by the Auditor-General.

The Tipper lorry was eventually sold to Mr. Tawakenu Daniel Sesede, a staff of the LCDA for a sum of Seven Hundred and Fifty Thousand Naira (₦750,000.00) only which was the amount approved by this Office. However, Mr Tawakenu Daniel Sesede paid Five Hundred and Fifty Thousand Naira (₦550,000.00) only vide RV No 19/January, 2019 and Teller No 14904238 of Wema Bank on 18/12/2018, instead of the agreed sum of Seven Hundred and Fifty Thousand (₦750,000.00). The remaining Two Hundred Thousand Naira (₦200,000.00) was yet to be paid by Mr Tawakenu Daniel Sesede, as at the time of writing this report.

Also, it was highlighted in the approval of the Auditor-General that the proceed from the sale must be used to acquire new vehicle or capital items and that evidence of payment must be forwarded to this Office for audit scrutiny. However, during the recent audit exercise, Mr Isikalu G. Olufemi (DGSA) was asked whether the first payment had been expended to purchase another vehicle or on any capital items, but no evidence was provided to show that the proceed was used as instructed by this Office.

Recommendation:- In view of the above, Ipokia Local Government being the mother Local Government should ensure that Mr Tawakenu Daniel Sesede pay the remaining balance of Two Hundred Thousand Naira (₦200,000.00) only to the coffers of the Local Government since the LCDA has been merged with the Local Government and forward the evidence of payment to this Office as soon as possible.

The Chairman,
Transition Committee,
Obafemi Owode Local Government,
Owode.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OBAFEMI/OWODE
LOCAL GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019

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 QUERY**

The underlisted audit queries has earlier been forwarded to you for your necessary action as required by law.

Please ensure quick response to the queries.

S/N	QUERY NO	SUBJECT	AMOUNT ₦
1.	OGLG/AQ/WDE/303/2019	Expenditure not supported with relevant documents	100,000.00
2.	OGLG/AQ/WDE/304/2019	Doubtful Expenditure	35,000.00

3. **EXPENDITURE NOT SUPPORTED WITH RELEVANT DOCUMENTS**

Observation:- A sum of ₦100,000.00 was released to Mr. Tope Akingbola vide PV 17/November, 2019 to purchase stationery items for the use of the legislative house of the Local Government. The required official printed receipts were not attached to the payment voucher contrary to chapter 14:17 of the Model Financial Memoranda for Local Governments. Also the purported stationery items purchased were not taken on charge contrary to chapter 34:17 (2) of the Model Financial Memoranda of the Local Governments.

Recommendation:- The officials of the Local Government should always ensure that documentary evidence of the purchase are obtained and attached to the payment voucher in line with regulation.

4. **DOUBTFUL EXPENDITURE**

Observation: During the period, a sum of ₦35,000.00 was released to Mr. Ajayi T.D. (Admin Officer) to purchase Marriage Certificate booklet for the use of Local Government. The payment voucher was not supported with official receipt of the purchase and the marriage certificate could not be traced to any ledger in the store thereby making the expenditure doubtful.

Recommendation:- The officials of the Local Government should always ensure that all items purchased are recorded in the necessary ledger of the Local Government

5. **BANK RECONCILIATION**

The bank reconciliation statements prepared by the Local Government for the period 1st January to 31st December, 2019 were examined from where the followings were observed:

(i) **DIRECT CREDIT**

Observation:- During the period under review, a total sum of Six Hundred and Fifty-Seven Thousand, Six Hundred and Ninety-One Naira, Twelve kobo (₦657,691.12) only was the amount highlighted in the bank reconciliation statements as direct credit.

Investigation revealed that the direct credit items had been accumulating since year 2018 as a result of late or non-presentation of pay-in-slip by the Revenue Collectors to the Local Government treasury for issuance of treasury receipt.

Recommendation:- The Local Government is advised to enlighten the Revenue Collectors on the need to always present their bank deposit slip to the treasury immediately deposits are made into the banks so that they can collect treasury receipts instantly. Also steps should be taken to investigate the direct credits and write it off by debiting the cashbook.

(ii) **UNCREDITED LODGEMENT**

Observation:- During the period under review, it was observed that a total sum of Two Hundred and Eight Thousand, Seven Hundred and Fifty Naira (₦208,750.00) only was highlighted in the bank reconciliation statement as uncredited lodgements. Out of this amount, a total sum of One Hundred and Ninety-Seven Thousand, Six Hundred and Fifty Naira (₦197,650.00) only had been accumulating since year 2014, while a sum of Seven Thousand, Two Hundred Naira (₦7,200.00) only was the uncredited figure for year 2018 and a sum of Three Thousand, Nine Hundred Naira (₦3,900.00) only was the uncredited figure for year 2019. The ₦3,900.00 for year 2019 was paid by Olumide Funmilayo to Micro Finance bank on 31st December, 2019 vide teller no 320801 and 320802.

However, inspite of my advice contained in the year 2018 Audit Inspection Report Reference number OGLG/WDE/1/VOL.V/139 dated 12th February, 2020 that the sum of ₦204,850.00 uncredited lodgement which had been accumulated since year 2014 be investigated, it was observed during the auditing of year 2019 account that neither the Treasurer nor the Internal Auditor had taken step to investigate and recover the money.

This attitude of the Treasurer and the Internal Auditor contradicts 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 by the Director, Finance and Supply as well as the Internal Auditor.

In the light of the above, I wish to advice once again that the Director, Finance and Supplies as well as the Internal Auditor should investigate and take necessary steps without any further delay to ensure that the sum involved is credited to the Local Government Account.

Recommendation:- Please inform this Office of the action taken within two (2) weeks of the receipt of this report.

6. **CHECKING OF REVENUE COLLECTORS**

Observation:- The Inspection Report Reference number OGLG/WDE/1/VOL.V/139 dated 12th February, 2020 highlighted the failure of some revenue collectors to check the revenue receipts in their custody. The duo Messrs ‘Wole Obasa and Mr. R. A. Adeyemi of Finance and Medical Departments respectively were the officers reported not to have checked the revenue receipts in their custody.

During the audit exercise just concluded, Mrs. Adeyemi R. A. (Junior Community Health Extension Worker) attached to Mokoloki Asipa Health Post on telephone conversation explained that the receipts in her custody had earlier been checked but she was involved in motorcycle accident and this kept her away from her duty post, and made her to keep the receipt till when she would be fit to come back to the office. However, the GRR receipt number 003455-003500 in her custody was sent to the Auditors for checking after which the Auditors instructed that the receipt in-use be returned to the Treasury Store for re-issuance of the remaining leaflets. On the other hand, Mr. Obasa Wole could not give any explanation on the receipts kept in his custody. Details of the revenue earning receipts in the custody of Mr. Wole Obasa is as below:

S/N	NAME	DEPARTMENT	RECEIPT NUMBERS	REMARKS
1.	Mr. Wole Obasa	Finance	Market: 265401-265800 GRR: 0024801-0024850 00567051-00567100	Did not appear for checking

Recommendation: Mr. Wole Obasa should appear in the Office to check the revenue receipts in his custody, failure of which steps shall be taken to place embargo his monthly salaries and allowances.

7. **MISSING REVENUE EARNING RECEIPT IN THE TREASURY STORES**

Observation:- Audit verification visit to the Treasury store revealed that some revenue receipts were missing in the store. During the cross-checking of the receipts with the revenue receipt ledgers, it was observed that some receipts recorded in the ledgers were not issued to anybody because nobody signed for them and they could not be found in the store.

Details of the missing receipts are as stated below:

S/N	TYPES OF RECEIPT	TOTAL NO	RECEIPT NO
1	Regulated permit	7 Booklets	15901 – 15950
			21001 – 21050
			21051 – 21100
			21101 – 21200
			21201 – 21200
			21201 – 21250
			28951 – 29000
2	General Revenue Receipt	4 Booklets	48100 - 49300
			152901 – 153000
			147201 – 147300
			147301 – 147900
3	Hotel Liquor License	1 Booklet	004301 - 014350
4	Wine & Bear Receipt	2 Booklets	014001 – 014050
			014151 – 014200
5	Treasury Receipt	10 Booklets	007551 – 007600
			007601 – 007650
			007651 – 007700
			007701 – 007750
			008201 – 008250
			008851 – 008900
			008951 – 009000
			009651 – 009700
			009901 – 009950
			009951 – 001000

Recommendation:- The Local Government is advised to follow the procedure laid down in Chapter 8 of Financial Memoranda for Local Government which provides that such loss should be reported to the Executive Chairman who on the receipt of the report should also report to the Executive Committee, Treasurer, Internal Auditor and the Auditor-General for Local Government. Action taken on this in line with the provision of Model Financial Memoranda for Local Governments as stated above should be reported to the Auditor General not later than two weeks from the date of the receipt of this report.

The whereabouts of the receipts should be investigated.

8. **INVESTMENT AND SAVINGS**

Observation:- In the statement of Financial Position as at 31st December, 2019 a sum of ₦254,533.00 was the amount highlighted as investment figure while a sum of ₦30,457.00 was highlighted to be the savings. However, in spite of my advice contained in the Audit Inspection Report Reference number OGLG/WDE/1/VOL.V/139 dated 12th February, 2020, that the Local Government should confirm the existence of both the investments and savings, it appeared that the Treasurer has not taken any action on it. The same ₦254,533.00 investment and ₦30,457.00 savings figure still appeared in the financial statement without any change.

Recommendation:- In the light of the above, I wish to advise once again that you should confirm the existence of this investment and savings, in the absence of any documentary evidence of beneficial owner, they should be written off so that the Local Government could have a true and fair view of its state of financial position.

9. **DILAPIDATED OPEN STALLS AT SIUN MARKET**

Observation:- The inspection report reference number OGLG/WDE/1/VOL.V/139 dated 12th February, 2020 highlighted the situation of the open stalls at Siun market. It was observed from the report that there were forty (40) open stalls at the market out of which six (6) of the stalls were in the state of disrepair, they were dilapidated and not in use. According to the report, the traders have converted the dilapidated stalls to personal use without paying, because the stalls were not habitable. The situation in the market was still as reported in the previous year.

Recommendation:- In view of the above, the Treasurer is advised to do necessary follow-up as advised in the report to ensure that the occupiers of six (6) dilapidated stalls make advance payments as earlier promised by them. The money realized should be used to rehabilitate the dilapidated stalls which will eventually boost the internally generated revenue of the Council.

10. **RENT ON LOCAL GOVERNMENT LOCK-UP SHOPS**

Observation:- The Local Government lock-up shops located at Siun and Ofada road in Owode-Egba were visited during the audit exercise. The visitation revealed that the occupiers were not paying the same amount of rent on the shops.

Along Siun/Owode road, the occupiers of the lock-up shops pay ₦1,500.00 as monthly rent, while at Ofada road, the occupiers of the lock up shops pay different rents per month. While some pay ₦1,000.00, others pay ₦1,500.00 monthly.

Recommendation:- The Local Government is advised to consider increasing the rent payable per month and also make it uniform since the occupants operate within the same business environment.

11. **LEASE OF LOCAL GOVERNMENT LANDED PROPERTY MEASURING ELEVEN (11) PLOTS AT LUGBOKO VILLAGE, OWODE-EGBA**

Observation:-I wish to refer to the inspection report No. OGLG/WDE/1?VOL.V/139 dated 12thFebruary, 2020 on the above subject. In the report, it was highlighted that the Local Government entered into a lease agreement with Veba Integrated Chemical Company Limited of kilometer 64a, Lagos-Abeokuta Expressway, Ijaye, Lagos for lease of its landed property of eleven (11) plots located at Lugboko Village, Owode-Egba. The company (lessor) had paid a sum of Three Hundred and Thirty Thousand Naira (₦330,000.00) into the coffers of the Local Government.

In the agreement, the period of the lease is Ninety-Nine years (99) commencing from 1st April, 2018 to 31st March, 2117. By this agreement, it invariably imply that a sum of three Hundred and Thirty Thousand Naira (₦330,000.00) only would be annual payment on eleven (11) plots of land and this will last for 99 years.

The opinion of this Office as reflected in the last inspection report was that the amount is too meager and the Local Government should review the amount upward in line with the current economic reality.

As at the time of writing this report, nothing has been done on the agreement while the company has been using the land.

Recommendation:- The Local Government is advised again to look into the agreement and adhere to the recommendation contained in the reports emanating from this Office.

12. **ABSENCE OF RECORD ON REVENUE COLLECTABLE BY THE LOCAL GOVERNMENT**

Observation: During the period under reference, a total sum of seventy-two (72) revenue collectors were presented for checking. The revenue collected by the officers includes revenue from Market, Street Naming, Liquor, Regulated Premises and Lock-up Shops etc.

The officers saddled with the collection of these revenue could not produce the ledgers where the names, address, amount payable and outstanding could be obtained. The implication of the absence of these records is that the revenue of the Local Government might not be adequately accounted for and reflected in the General Purposes Financial Statement (GPFS).

It would be extremely difficult to determine those who are owing for a particular year and this could make the General Purpose Financial Statement of the Local Government not to reflect its true financial position since its receivables are likely to have been omitted.

**The Chairman,
Transition Committee,
Obafemi Owode Local Government,
Owode.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OBA LOCAL
COUNCIL DEVELOPMENT AREA, FOR THE PERIOD 1ST JANUARY TO
31ST DECEMBER, 2019**

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/OLCDA/6/2019	Unreceipted Expenditure	70,000.00
2.	OGLG/AQ/OLCDA/7/2019	Doubtful Expenditure	22,000.00
3.	OGLG/AQ/OLCDA/8/2019	Doubtful Expenditure	150,000.00

3. **DOUBTFUL EXPENDITURE**

(i) **Observation:-** During the period covered by this report, it was observed that a sum of Twenty-Two Thousand Naira (₦22,000.00) only was released to Mr. Akinde M. K. (Asst. Chief Executive Officer Admin) to attend a three (3) days workshop meant for Head of Local Government Administration (HOLGA). The workshop was held at Hotel De Currency, Tomori Estate, Ota between Tuesday 8th and Thursday 10th of January, 2019

It was observed that there was no certificate of attendance attached to the payment voucher as evidence that the officer actually attended the workshop. This contradicts the Model Financial Memoranda for Local Governments chapter 14:17.

In future, payment vouchers should be retired by attaching necessary documents to do it.

(ii) A sum of One Hundred and Fifty Thousand Naira (₦150,000.00) only was released to Mr. Akinde M. K. (Asst. Chief Executive Officer Admin.) for entertainment during the presentation of year 2019 annual budget of the LCDA to the House.

It was observed that the receipt attached to the payment voucher appeared to be computer receipt. Also, the telephone number of the caterer was conspicuously not written on the receipt for ease of confirmation thereby making the expenditure doubtful.

Recommendation:- The officer should ensure that in future original receipt and necessary documents are attached to the payment voucher.

4. **UNRECEIPTED EXPENDITURE**

Observation:- During the period covered by this report, it was observed that a balance sum of Seventy Thousand Naira (₦70,000.00) only was released to Mr. Soyoye O. A. (Director, General Services and Administration) to produce survey documents of the 12 acres of the LCDA's land at Oko Oba road, Adigbe.

It was observed that the official printed receipt of the survey documents was not attached to the payment voucher contrary to the provisions of chapter 14:17 of the Model Financial Memoranda for Local Government.

Recommendation:- Officials should ensure that in future necessary documents are attached to payment vouchers.

5. **BANK RECONCILIATION STATEMENT**

The bank reconciliation statements of the Council for the period of 1st January to 31st December, 2019 were examined and the followings were observed.

(i) **UNCREDITED LODGEMENT**

Observation:- During the period under review, it was observed that a sum of Forty-Nine Thousand, Five Hundred and Naira (₦49,500.00) only was highlighted as uncredited lodgement in the bank reconciliation statement of the LCDA as at 31st December, 2019. The transaction was classified as uncredited items because the bank did not credit it.

The money was paid by Mrs. Taiwo Olajide and Mrs. Amosan Ololade vide teller No. 0186329 & 241612 but had consequently been credited by the bank (ASTRA POLARIS) in January, 2020.

Recommendation:- In future, the Treasurer should investigate all uncredited items with a view to ensuring that they are credited.

(ii) **DIRECT CREDIT**

Observation:- During the period under review, a total sum of Two Hundred and Five Thousand, and Fifty Naira (₦205,050.00) only was the various amounts credited to the bank accounts of the Local Council Development Area but did not debited in the cashbook. The money was not

debited into the cashbook because some revenue contractors held on to bank deposit slips instead of presenting them for treasury receipt after payment into the Local Council Development Area bank accounts.

Recommendation:- Since the LCDA has been merged to the parent Local Government, Obafemi-Owode Local Government is hereby advised to enlighten the revenue collectors on the need to always immediately present bank deposit slips to the treasury for issuance of treasury receipt.

6. **LEGACY ASSETS**

Observation:- During the period, the legacy assets of the Local Council Development Area was valued at ₦129,390,000.00 as contained in the Asset Sharing Committee's report. The assets was made up of movable assets valued at ₦127,390,000.00 and immovable asset valued at ₦2,000,000.00. The immovable assets is inclusive of the 12 acres of land located at Adigbe Obada Oko road.

Grave vine information however, revealed that part of the land had been encroached by some miscreants by erecting structures on it. Further audit scrutiny of the accounting documents revealed that a sum of ₦120,000.00 had recently been expended to produce the survey documents relating to the land. ₦50,000.00 expended in year 2018 and ₦70,000.00 expended in year 2019 respectively all amounted to the ₦120,000.00 .

The Director, General Services and Administration (Mr. Soyeye O. A) whose name was used to raise the ₦70,000.00 vide PV. 06/April, 2019 was not available to take the Auditors to the location of the land.

Recommendation:- The Local Government is advised to ensure that part of the land that is encroached is retrieved.

**The Chairman,
Transition Committee,
Obafemi Owode Local Government,
Owode.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OBAFEMI LOCAL
COUNCIL DEVELOPMENT AREA, OBAFEMI FOR THE PERIOD 1ST JANUARY
TO 31ST DECEMBER, 2019**

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/OLCDA/5/2019	Nugatory Payment	10,000.00
2.	OGLG/AQ/OLCDA/6/2019	Nugatory Payment	10,000.00
3.	OGLG/AQ/OLCDA/7/2019	Nugatory Payment	10,000.00
4.	OGLG/AQ/OLCDA/8/2019	Nugatory Payment	10,000.00
	TOTAL		40,000.00

3. **NUGATORY EXPENDITURE**

Observation:- It was observed that a sum of ₦40,000.00 was paid as January, 2020 imprest to some LCDA's officers whereas the LCDA had been dissolved since December, 2019 and no other running activities was expected in the council after the dissolution.

Recommendation:- This is payment for services not rendered. The Internal Auditor should be alive to his duties and responsibilities in order to prevent such occurrences in the future.

4. **BANK RECONCILIATION STATEMENT**

Direct Credit

Observation:- A total sum of ₦426, 000.00 was the amount credited directly into the Local Council Development Area's (LCDA) account during the period under review. The payment was made directly into different bank accounts of the LCDA by different revenue collectors but did not present their tellers after payments for issuance of treasury receipt.

Recommendation:- The Local Council is hereby advised to enlighten the revenue collectors on the need to always present their bank tellers to the treasury for issuance of treasury receipt.

5. **A REVENUE COLLECTOR THAT DID NOT APPEAR FOR AUDIT CHECKING**

Observation:-A revenue collector Odubanjo Kazeem (Chief Clerical Officer) did not appear to check the revenue earning receipt booklets in his possession with the Auditors during the audit exercise.

The Officer and the revenue earnings receipt booklets in his possession are:

(i) Odubanjo Kazeem: Chief Clerical Officer Admin Dept. phone no. 08137887441

Market Receipt 007301-007400

007401-007500

007501-007600

007601-007700

Recommendation:- You are to ensure that the officer appear in this Office to check the revenue earning receipts in his possession within two (2) from the date on this report.

6. **UN-RECEIPTED VOUCHERS**

Observation:- During the period covered by this report, it was observed that some of the expenditure incurred by the Local Council Development Area were not supported with official printed receipts and other relevant documents to account for the fund released. Examples that readily came to mind were the imprest paid to both the staff and political office holders. The imprest were not retired contrary to the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments. It should be noted that failure to attach official receipts and other relevant documents to account for fund expended is against the spirit of probity, accountability and transparency.

Recommendation:- The Treasurer and the Internal Auditor should ensure that all imprest and other expenditure incurred are retired in line with regulations.

7. **NON MAINTENANCE OF NECESSARY ACCOUNTING LEDGERS**

Observation:-During the audit exercise, it was observed that the Local Council Development Area did not maintain the under listed accounting ledgers for the smooth running of the Council.

(i) **REVENUE REGISTER**

Observation:-Revenue register is an important document that should be kept by the Council to monitor information relating to inflow of revenue from the Council's shops. The purpose of the

ledger is to obtain information at a glance about the total no of shops (lock up and open stalls) within the Council, total numbers allocated, occupants of the shops, amount payable monthly, amount owned e.t.c. The exercise however revealed that the Council did not recognize the importance of the register as the Auditors could not lay their hands on the register for scrutiny.

Recommendation:- The Director Finance and Supplies should ensure that revenue register is opened for each of the revenue sources within the Local Council Development Area.

(ii) **STORE LEDGER**

Observation:- Purchase of stationery items and printings were not recorded in any store ledger. The uses of Store Receipt Voucher (SRV) for all receipts into store and Store Issue Voucher (SIV) for issues out of store appeared to have been neglected because the ledgers necessary for the documentation were not kept by the Store Keeper. Also proper procedure for requesting for store items were not adhered to and this made accurate store accounting very difficult.

Recommendation:- The Council is advised to ensure that stationery items purchased and printing must be recorded in the ledgers. Also, issuance of both SIV and SRV should be maintained.

(iii) **ASSETS REGISTER**

Observation:- The purpose of maintaining asset register is to show at a glance, the total number of assets owned, types of the asset, location, movement, cost to the Council e.t.c. In the event of any pilferage or usage, the register would make the assets easily traceable. In spite of its importance, the register was not kept by the Council.

Recommendation:- You are advised to always maintain the register which will help to monitor the assets both inherited and newly acquired.

The Chairman,
Transition Committee,
Obafemi /Owode Local Government,
Owode.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OFADA/MOKOLOKI
LOCAL COUNCIL DEVELOPMENT AREA, OFADA FOR THE PERIOD 1ST
JANUARY TO 31ST DECEMBER, 2019

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/OMLCDA/5/2019	Multiple Imperest	120,000.00
2.	OGLG/AQ/OMLCDA/6/2019	Double Imperest	80,000.00
3.	OGLG/AQ/OMLCDA/7/2019	Double Imperest	800,000.00
4.	OGLG/AQ/OMLCDA/8/2019	Expenditure not supported with proper records	400,000.00
5.	OGLG/AQ/OMLCDA/9/2019	Loss of Revenue Earning Receipt	90,000.00

3. **MULTIPLE IMPEREST**

Observation:-It was observed that a sum of ₦40,000.00 was collected three (3) times as monthly imprest for the month of January, 2019 all totalling ₦120,000.00 instead of being collected once. Also the imprests were not retired by the officer contrary to Model Financial Memoranda for Local Government chapter 14:23-27.

Recommendation:- The recipient Mr. B.F. Adesina (Director, General Service and Administration) should refund the sum of ₦80,000.00 which he collected in excess to the coffers of the Local Government and evidence of recovery should be forwarded to this Office.

4. **UPGRADE/RE-CONSTRUCTION OF LOCK-UP SHOPS AND OPEN STALLS AT MOWE CENTRAL MARKET BY DEVELOPERS**

Observation:-In an attempt to enlarge the coast of revenue generation of the LCDA and its environs, agreement for the re-construction of Ofada Modern Market was made between the LCDA and Ojuolape Engineering Company Limited of suite 30 Dee-Star Complex, Lasu-Igando Road, Orheptal Isheri Lagos State in conjunction with Lukazai Nigeria Limited of No 4 Atobatele Close, Orange Estate, Mowe, Ogun State. The agreement was to demolish the old structures and re-construct new 520 Units of lock-up shops and 360 units open stalls (Kee-Klamps) on a parcel of land situated at Mowe Bust stop, Mowe within Ofada/Mokoloki Local Council Development Area.

In the agreement, the developers were to pay a sum of ₦25,000,000.00 as leasehold cost to the Local Council Development Area on four (4) equal installments of ₦6,250,000.00 at interval and a sum of ₦1,500,000.00 non-refundable cost as Premium.

During the visitation of the Audit team to the site, it was observed that the developer had executed about 25% of the job which consist of 70 Open stalls (Kee-Klamp) and 152 lock-up shops in the 1st phase with the mind that the LCDA will provide the necessary assistance by way of facilitating the demolition of the old structure and secure approval from relevant agencies in the State but which could not be done by LCDA until the intervention of the State Urban and Regional Planning Board which also supervised the demolition.

In as much the LCDA was expecting the 2nd, 3rd and final installment of the leasehold payment, the developer sees the LCDA as a stumbling block for not having anything to do as regards their responsibilities of facilitating the demolition and secured approval but only interested in the payment to the LCDA which the developer did not oblige to.

On enquiry, the developer explained that, he had gone extra miles to make the demolition of part of the market possible as a result of non-readiness and appearance of the LCDA when needed.

However, available records revealed that the developers had paid ₦7,750,000.00 (premium inclusive) in the year under review as first installment, but the developer refused to make further payment due to non-readiness of the LCDA to render necessary assistance to the developers as contained in the agreement.

In view of the above, it would appears that the LCDA has contravened section 19 of the agreement which says “Owner (Local Government) shall render all necessary useful and required

assistance to the Developer/Leasee in order to secure necessary approval from the State Government towards the construction of the Ultra-Modern Market”.

However, as a result of the dissolution of the LCDA and the emergence of Transitional Committee of Obafemi Owode Local Government, the contract has automatically been terminated with the LCDA and new agreement was made between the Local Government (Obafemi Owode) and Ojuolape Engineering Company Limited in conjunction with Rhemabul Global Services Limited to construct an Ultra-Modern Market at Mowe for a period of 30 years within which the developer shall recoup their expenses and cost involved in the construction on a Built Operate and Transfer (BOT) arrangement at a cost of ₦25,000,000.00 to be paid to the Owner/Lessor by the Developer/Lessees as leasehold rent as follows

₦10,000,000	-	1 st Installment
₦7,500,000	-	2 nd Installment
₦7,500,000	-	3 rd Installment

It is very important to say here that those old dismantled lock-up shops in the legacy asset amounting to Nineteen Million, One Hundred and Thirty Thousand Naira (₦19,130,000.00) only according to asset sharing committee report has been removed since the structure had been demolished to give space for the new re-construction. Obafemi Owode Local government should bring in the new assets cost as soon as the ownership returns to the Local Government.

Recommendation:- Also, the management of Obafemi Owode Local Government should make effort to stand strictly by the agreement made and support the developer in all ramifications to achieve the set target.

5. **INTERNALLY GENERATED REVENUE PERFORMANCE**

Observation:- It was observed that the Local Council Development Areas budgeted a sum of ₦339,182,350.00 in 2019 financial year as internally generated revenue but only a sum of ₦68,872,766.72 was realized which represent 20% of the budgeted figure.

Investigation into the reasons for the low revenue generated revealed that the Local Council Development Areas is yet to fully harness its sources of internally generated revenue such as the tenement rate, Shop permit, Street naming etc.

For instance, for year 2019 a sum of ₦150,000.00 only was generated from the street naming which was too low from a town like Ofada/Mokoloki that is highly commercial with high population.

Further observation also revealed that most of the small scale businesses e.g. Saw mills, Private schools, Hotels, Petrol Station etc. appeared not to be paying their dues (taxes) to the Council. In addition, the LCDA appeared not to have given the desired attention to the importance of keeping revenue register which could assist in a way.

Recommendation:- The Local Government (Obafemi Owode) is advised to take proactive steps towards boosting its internally generated revenue by harnessing these sources of revenue.

6. **PRINTING OF MARKET RECEIPT BOOKS:/LOSS OF RECEIPTS-**

Observation:-It was observed during the examination of payment vouchers that funds were released to Mr. Falana Yomi (Storekeeper) for printing of 600 Unit Market receipt books for the use of Local Council Development Area. It was also observed that items purchased were partly recorded in the revenue receipt register book.

During the checking of store and handing over of receipts from Ofada/Mokoloki to Obafemi-Owode, it was observed that only 537 booklets was received by Obafemi Owode Local Government according to the record made available which is contrary to the 527 recorded and found in the store that which implied the ten (10) market receipts.

Also it was observed that before the dissolution of Ofada/Mokoloki Local Council Development Area, 63 market receipts were missing could not be accounted for by the LCDA. Likewise during the process of handing over totalling 73 not found.

Recommendation:- You should ensure that care and custody of items in the store is very important.

7. **FIXED ASSET REGISTER**

Observation:-It was highlighted in paragraph 7 of the last audit report reference No OGLG/OMLCDA/1/31 of 4th December, 2019 that the LCDA did not maintain a fixed asset register for its tangible assets. During the audit exercise just concluded, it was observed that the Fixed Asset Register has been opened but not properly maintained by the LCDA. The register was recorded in pencil which is erasable.

Recommendation:- You are advised to maintain the register in which all assets should be recorded and should no longer be recorded in pencil.

8. **PREPARATION OF GENERAL PURPOSES FINANCIAL STATEMENT (GPFS)**

Observation:-It was observed that the way in which the year 2019 General Purposes Financial Statement was prepared did not provide for space in case there are corrections to be made. The space in-between the figures were narrow and the figures too were tiny thereby making

correction difficult. Pages 29, 41 etc of the General Purposes Financial Statement (GPFS) are good examples.

Recommendation:- Henceforth, subsequent General Purposes Financial Statement (GPFS) should be prepared to give space in-between the figures and lines so that corrections can easily be made.

The Chairman,
Transition Committee,
Odeda Local Government,
Odeda.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ODEDA
LOCAL GOVERNMENT, ODEDA FOR THE PERIOD OF 1ST JANUARY, 2019 TO 31ST
DECEMBER, 2019.

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/DED/191/2019	Nugatory Payments	225,000.00
2.	OGLG/AQ/DED/192/2019	Doubtful Expenditure	80,000.00
3.	OGLG/AQ/DED/193/2019	Doubtful Expenditure	60,000.00
4.	OGLG/AQ/DED/194/2019	Doubtful Expenditure	300,000.00
5.	OGLG/AQ/DED/195/2019	Doubtful Expenditure	247,000.00
6.	OGLG/AQ/DED/196/2019	Doubtful Expenditure	78,000.00
7.	OGLG/AQ/DED/197/2019	Evasion of Tax	15,000.00

3. NUGATORY PAYMENT

Observation: The total sum of Two Hundred and Twenty-Five Thousand Naira (₦225,000.00) was paid to Mr. Bello Abiodun (Administrative Officer I) for the entertainment of members at the Finance and General Purpose Committee (F&GPC) meetings for the months of July, August and October, 2019. The payments were made vide PV. No. 3/January, 2019, 47 and 48/March, 2019. Audit scrutiny of the decision extract attached to the payment vouchers revealed that the expenditure was to provide entertainment at each meeting of the committee, the money was not meant to be shared among the members of the committee as revealed by the attached sub-receipt. Also, it would appear that the expenditure were not committed on behalf of the Local

Government because sub-receipts attached to the payment vouchers are photocopies of the expenditure genuinely committed vide PV. No. 18/April, 2019. Therefore, payment of the total sum of ₦225,000.00 to Mr. Bello Abiodun appeared to be nugatory which should be refunded by him.

Recommendation: Officials are advised to always attach original copies of receipts/subreceipts to retire expenditure for the Local Government.

4. DOUBTFUL EXPENDITURE

Observation: A total sum of Two Hundred and Forty-Seven Thousand Naira (₦247,000.00) only was approved and paid to Mr. Olaleye Abiodun (Pharmacy Technician) to print General Out Patient Card and Appointment card for distribution and use in all health facilities in the Local Government. The payments were made vide P.Vs 6/March, 2019 and 8/July, 2019. It was observed that the payments were not supported with relevant documents, such as official printed receipts, Stores Receipt Voucher (SRV) and Store Issue Voucher (SIV) as evidence that the items were actually printed and supplied to all the health facilities in the Local Government.

ii. Also, a sum of Seventy-Eight Thousand Naira (₦78,000.00) was paid to Dr. Oluasan Oluwaseun, (Medical Officer of Health) for the implementation of Immunization and Health outreach session in the Local Government. The payment was made vide PV. 30/March, 2019. Audit scrutiny of the payment voucher revealed that it was not supported with relevant documents, such as official printed receipts, minutes of meeting with ward development committee and a copy of 1,000 IEC materials purportedly reproduced. The absence of these documentary evidences cast doubt on the genuineness of the expenditure.

All these cast doubt on the genuineness of the expenditure and they are contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: The Local Government officials are enjoined to always support expenditure committed on behalf of their Councils with documentary evidence.

5. EVASION OF TAX

Observation: A sum of One Hundred and Fifty Thousand Naira (₦150,000.00) was approved and paid to Mr. Bello Abiodun, (Administrative Officer I) to print fifty (50) booklets of certificate of origin for issuance to the public by the Local Government. The payment was made vide PV. No. 1/December, 2019. It was observed that the printing of the certificate of origin was awarded to Heritage Printer and Company Limited at Adedapo Street, behind Union Bank, Oju-Ore, Ota, Ogun State, but the name of the official of the Local Government, Mr. Bello Abiodun

(Administrative Officer I) was used to prepare the payment voucher to give the impression that he was the contractor that did the printing job. This appeared to have been done deliberately so as to evade the payment of 5k tax and 5% VAT, all amounting to Fifteen Thousand Naira (₦15,000.00).

Recommendation: The officials are advised to follow due process in the execution of contract jobs.

6. BANK RECONCILIATION STATEMENT

i. DORMANT BANK ACCOUNT BALANCES

Observation: During the examination of the bank reconciliation statements, it was observed that a total sum of Eleven Million, Three Hundred and Forty Two Thousand, Seven Hundred and Thirty Four Naira, Eighty Five Kobo (₦11,342,734.85k) only was the balance in the various dormant banks account operated by the Local Government. The account remained in-active throughout the period covered by this report. The dormancy had also been highlighted in the previous Audit Inspection Report No OGLG/AQ/DED/1/Vol.IV/332, of 10th May 2019. The report advised that the amount in the dormant bank account at the defund Assurance Banks Plc and the New Age Bank in year 2009 be recovered through the Nigeria Deposit Insurance Corporation (NDIC). Since then, it appeared that the Local Government Management had not made any effort towards the recovery of the money.

Recommendation: The Management of the Local Government is advised once again to take the necessary legal steps to recover the amount involved and inform this Office accordingly.

ii. BANK OVERDRAFT

Observation: During the examination of the bank reconciliation statements, it was observed that a total sum of Twenty-Six Million, Eighty Hundred and Eighty-Four Thousand, Thirty-Two Naira and Sixty-Two Kobo (₦26,884,032.62) was the balance of the overdraft as it was report in the last audit report.

Recommendation: The Local Government should furnish this Office with details of the investment on which the overdraft was expended which could not pay the bank interest let alone the capital.

iii. OVERPAYMENT OF SALARY

Observation: During the examination of the bank reconciliation statements, it was observed that a total sum of Four Million, Three Hundred and One Thousand, Four Hundred and Eighty-Six

Naira, Sixty Kobo (₦4,301,486.60) was the overpayment on salaries that were paid between July, 2019 to December, 2019. The net payment that was paid by Joint Account Allocation Committee (JAAC) through the Local Government bank account at Access Bank Plc was higher than the one prepared by the Local Government as contained in the cashbook. While the cashbook figures for the periods July, 2019 to December, 2019 were ₦181,842,233.90, the bank statement figures, which translated to the total salaries and allowances paid were ₦186,143,720.50 having an overpayment of ₦4,301,486.60. The details are as analysed below:

	CASHBOOK FIGURE (₦)	BANK STATEMENT FIGURE (₦)	VARIANCE (₦)
July, 2019	52,634,841.94	52,728,301.92	(93,459.98)
August, 2019	25,620,003.05	26,169,566.50	(549,563.45)
September, 2019	25,945,430.84	26,299,805.825	(354,374.98)
October, 2019	25,918,769.26	26,996,354.42	(1,077,585.16)
November, 2019	26,039,043.64	26,979,579.84	(940,536.20)
December, 2019	25,684,145.17	26,970,112.00	(1,285,966.83)
	181,842,233.90	186,143,720.50	(4,301,486.60)

Recommendation: The Director of Finance and Supplies as well as the Director of General Services and Administration should explain why the huge difference occurs.

7. MATTERS ARISING FROM LAST REPORT

LOCAL GOVERNMENT'S MONEY DIVERTED TO PERSONAL USE

Observation: In the previous Audit Inspection report No OGLG/DED/1/Vol.IV/332 dated 10th May, 2019, it was reported that an advance account for the sum of ₦658,200.00 should be opened for Mr. Sowunmi Adegboyega Jubelo, for diverting Local Government fund to personal use. During the recently concluded audit exercise, it was observed that a paltry sum of ₦30,000.00 had been paid by Mr. Sowunmi Adegboyega Jubelo leaving a balance of ₦628,200.00.

In addition, Morufat Soyoye and Dele Oyedele were also reported that an advance account should be opened for them with a sum of ₦44,500.00. Recent audit assignment showed that a sum of ₦36,000.00 had been jointly paid by Morufat Soyoye and Dele Oyedele leaving a balance of ₦8,500.00.

Recommendation: The amount deducted so far from the salaries of the above named officers are too low, you are advised to increase the monthly deduction so as to defray the short-payments very soon.

8. MISSING LEGISLATIVE TOYOTA HIACE BUS NO LG 06 DED

Observation: The Local Government Management did not heed to the advice in the last audit inspection report NO.OGLG/DED/1/VOLIV/345 dated 3rd July, 2020 that the missing legislative Toyota Hiace Bus No. LG 06 DED issue should be re-visited. During the audit exercise recently concluded, no new information was obtained from the Local Government on the efforts made to recover the missing legislatives Toyota Hiace Bus.

Recommendation: The Local Government Authority is hereby once again advised to re-visit the issue and inform this Office of the actual situation and position of the bus within two (2) weeks from the date on this report.

9. MARKETS

Observation: A stallage ledger account had been opened for each market in the Local Government. The stallage ledger contains the details of various shops at the markets as well as the names of occupiers. The details of each market shops are as follow:

i. LOCK-UP SHOPS AT ODEDA MARKRT

No of shops	50
Available shops	50
Rent per annual per shop	₦6,000.00
Expected revenue	₦300,000.00
Direct payment in to Local Government Treasury	₦195,000.00
Outstanding Balance	₦105,000.00

No advance payment for the lock-up shops at Odeda Market. The list of debtors on the lock-up shops are contained in Appendix A-1 attached to this report.

ii. LOCK-UP SHOPS AT OSIELE MARKRT

No of shops	40
Available shops	40
Rent per annual per shop	₦12,000.00
Expected revenue	₦480,000.00
Direct payment into the Local Government Treasury	₦444,000.00
Outstanding Balance	₦36,000.00

No advance payment for the lock-up shops at Osiele Market. The list of debtors on the lock-up shops are contained in Appendix A-2 attached to this report.

iii. LOCK UP SHOPS AT SHOPPING COMPLEX AT GBONAGUN

No of shops	160
No of shops used as Office	3
No of collapse shops	4
Available shops	153
Rent per annual per shop	₦18,000.00
Expected revenue	₦2,754,000.00
Direct payment in to Local Government Treasury	₦1,506,000.00
Outstanding Balance	₦1,248,000.00

Recommendation: The Local Government should ensure that all debts owed it by occupiers of lock-up shops are collected from them.

10. LOCAL GOVERNMENT STAFF QUARTERS

Observation: The Local Government did not heed to the advice given by this Office in the last audit inspection report NO.OGLG/DED/1/VOLIV/345 dated 3rd July, 2020 that the staff quarters should be renovated and allocate them to the staff at a reasonable and current rent rate so as to save the Local Government of the amount of ₦340,000.00 that is being spent on the renting of apartment for the National Youth Service Corps (NYSC) members on a yearly basis.

Recommendation: The Local Government is advised once again to renovate the staff quarters and this Office be notified of the action taken.

11. LANDED PROPERTY

Observation: Out of 3 Acres and 2 plots of land owned by the Local Government that was reported in the last audit inspection report at Gbonagun Obantoko, one (1) plot had been sold in year 2019, leaving a balance of three (3) acres and (1) plot at gbonagun Obantoko. The remaining sixty-four (64) hectares of land at Kotopo/Eleweran owned by the Local Government are intact as reported in the last audited report and no activity was observed during the recently concluded audit exercise at the Local Government.

Recommendation: The Local Government should keep this Office informed of any new development on the landed property.

12. POULTRY

Observation: On the inspection to the poultry, it was observed that the Local Government has four hundred birds (layers) in the cages. On interrogation, Director of agricultural department, Mrs Sekoni Adebimpe Nurat told the Audit Team that the birds were raised at point of lay. She

said further that due to poor maintenance of the poultry and because the Local Government did not release enough funds, it was hard for them to get three to four crates of eggs daily. She added that a veterinary doctor had been invited on the issue of the birds inability to lay eggs as expected. However, as at the time the audit team was leaving the Local Government, the doctor had been invited and had injected the birds.

Recommendation: The Local Government is hereby advised to make a good approach to the poultry as another source of revenue generation for the Local Government.

13. FINANCE AND GENERAL PURPOSE COMMITTEE (F&GPC) MINUTES BOOK

Observation: In Section 13:1:1 of Guidelines on Administrative Procedure for Local Governments in Ogun State, the Local Government Authority under the leadership of the Executive Chairman was mandated to hold Executive meeting otherwise known as F&GPC meetings regularly.

The Executive Council (F&GPC) is responsible for the determination of general direction of the policies of the Local Government and for the regulation and control of the finances of the Local Government. A grave information however revealed that the F&GPC meetings were not held regularly as required by the regulation. For about two (2) months that the Auditors were in the Local Government, efforts made to get the minutes book proved abortive contrary to the provision of the Guidelines on Administrative Procedure for Local Governments.

Recommendation: The Local Government authority is advised to hold the statutory meetings regularly in order to move the administration of the Local Government forward.

The Chairman,
Transition Committee,
Odeda Local Government,
Odeda.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ILUGUN LOCAL COUNCIL
DEVELOPMENT AREA, ILUGUN FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019

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/ILCDA/10/2019	Doubtful Expenditure	390,000.00
2.	OGLG/AQ/ILCDA/11/2019	Doubtful Expenditure	100,000.00
3.	OGLG/AQ/ILCDA/12/2019	Unreceipted Expenditure	140,000.00
4.	OGLG/AQ/ILCDA/13/2019	Doubtful Expenditure	212,500.00

3. **DOUBTFUL EXPENDITURE**

Observation: During the examination of payment vouchers, it was observed that official receipts, sub-receipts and other relevant accounting documents were not often attached to the payment vouchers as evidence that the monies released were actually spent for the purpose for which they were released. This is contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments (MFM). Examples of such transactions were as stated below:

The sum of Three Hundred and Ninety Thousand Naira (₦390,000.00) only released to Mr. Adeogun, O. A. (Director, General Services and Administration) to purchase office equipment, such as chairs, tables, fans and electrical wiring in the offices of the Local Council Development Area (LCDA). The payments were made vide PV. 5/April and 40/April, 2019. Another was a sum of One Hundred and Forty Thousand Naira (₦140,000.00) only was

released to Mrs. Salisu S. O and Mrs. Tiamiyu Sarat (Chief Clerical officer) to print letter headed paper and file jackets for the use of the Local Council Development Area. The payments were made vide PVs 31, 32 and 35/April, 2019. It was observed that none of the transactions was supported with official printed receipts as well as the Stores Receipt Voucher (SRV), and Stores Issue Voucher (SIV) for the receipts and the distribution of the items printed. The absence of those documentary evidence on the transactions cast doubt on the genuineness of the expenditure.

Recommendation: The officials are enjoined to always attach documentary evidence on transactions engaged on behalf of the Local Government to the payment vouchers.

4. NON-RETIREMENT OF IMPREST

Observation: During the examination of payment vouchers, it was observed that imprests collected during the year under review were not retired and this is contrary to the provisions of chapter 14:27 of the Model Financial Memoranda for Local Governments. The attention of the Internal Auditor had been drawn to this anomaly and to desist from such act because the Internal Auditor ought to have detected it during the post-payment auditing of the payment vouchers if he actually did it.

Recommendation: It is the opinion of this Office, henceforth, that every imprest holding officers must retire the imprest collected during the month before another imprest is collected. The treasurer too should take note of this observation for appropriate action.

5. BANK RECONCILIATION

DIRECT CREDIT

Observation: During the period under reference, a total sum of Ninety Six Thousand, Eight Hundred and Eighty Naira (₦96,880.00) only was the amount credited directly into the bank accounts of the Local Council Development Area but yet to be debited in the cashbook. This happened because some revenue collectors were holding on to pay-in-slips, they did not present the slips to the Cashier to obtain Treasury Receipts. The anomaly had resulted into direct credits in the bank reconciliation statement.

Recommendation: The Council is advised to educate their revenue collectors and other depositors on the need to always present pay-in-slips to the Cashier and obtain Treasury Receipts for money deposited to the bank accounts of the Local Government. .

6. REVENUE COLLECTION

Observation: As it was highlighted in paragraph 6 of last Audit Inspection Report with Reference No. OGLG/ILCDA/1/11 of 20th February, 2020 that a revenue collector, Mr. Amoo Shakirulai (Revenue Superintendent, GL. 06), was indebted to a sum of Thirty Four Thousand, Seven Hundred and Fifty Naira (₦34,750.00) only from the revenue collected but not remitted to the coffers of the Local Council Development Areas (LCDA). However, during the recently concluded audit exercise, it was observed that the total sum of Thirty Four Thousand, Seven Hundred and Fifty Naira (₦34,750.00) owed by him had been paid to the coffers of the Local Council Development Area (LCDA) vide RV. No. 32/October, 24/November, 37 and 38/December, 2019.

Recommendation: The Council should guide against future occurrences.

7. RECORD KEEPING (STALLAGE LEDGER)

Observation: It was observed during the audit exercise that the financial records of the Local Council Development Area i.e the stallage ledger kept by the officer in charge of the lock-up shops and open stalls for the year under review were not comprehensive/detailed enough for the accounting purpose.

Receivables which ought to have been captured in the General Purpose Financial Statement (GPFS) at a glance so as to determine whether there is an increase or decrease in receivables on previous year were not listed.

All these shortcomings made it difficult for the Audit Team to determine the actual receivables for the period under review.

Recommendation: The Treasurer and the Officers in charge of stallage ledgers should be alive to their responsibilities by maintaining an up to date and comprehensive stallage ledgers so that important accounting information could be extracted from them.

8. OFFICIAL VEHICLE IN THE CUSTODY OF OUTGONE POLITICAL FUNCTIONARIES

Observation: Reference to paragraph 10 of my last Audit Inspection Report No. OGLG/ILCDA/1/11 dated 20th February, 2020 where the Local Council Development Area was advised to retrieve an official vehicle, Toyota Corolla with registration number LG. 25 DED allocated to the outgoing Vice-Chairman (Chief Joseph Kuyoro) who took the vehicle away while leaving office at the expiration of his tenure in office. Sadly enough, during the recently concluded audit assignment on the LCDA, it was observed that the Vice Chairman (Chief Joseph

Kuyoro) had not returned the vehicle and it appeared that the career officials of the LCDA did nothing to retrieve this vehicle.

Recommendation: The Local Government is advised once again to retrieve the vehicle from the Vice Chairman (Chief Joseph Kuyoro) in line with circular letter No. OGLG/AUD94/VOL.III/36 of 14th June, 2019 issued from this Office and inform us of the retrieval.

9. REVENUE GENERATION PERFORMANCE

Observation: Audit examination of the Departmental Vote Revenue Account (DVRA) revealed that the Local Council Development Area (LCDA) generated a sum of ₦8,157,275.00 internally under various heads and sub-heads as against a sum of ₦226,400,000.00 in the approved budget for the period under review. The amount generated represented 3.6% of the revenue budgeted for the year under review.

Investigation revealed that the Local Council Development Area has the potentials to generate more considering the numbers of markets, tenement rate on residential houses, private schools, slaughter slab, liquor licence, hawkers permit, association fees, naming of street, advertisement general fees etc which existed within the Local Council Development Area.

Recommendation: The Local Council Development Area is advised to step up more supervisory roles on the activities of revenue collectors/contractors and also block all leakages and be more aggressive towards boosting its Internally Generated Revenue (IGR) by harnessing all its revenue potentials.

**The Chairman,
Transition Committee,
Odeda Local Government,
Odeda.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OPEJI LOCAL COUNCIL
DEVELOPMENT AREA, OPEJI FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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/OLCDA/5/2019	Questionable Expenditure	40,000.00
2.	OGLG/AQ/OLCDA/6/2019	Doubtful Expenditure	25,000.00

3. QUESTIONABLE EXPENDITURE

Observation: A sum of Forty Thousand Naira (₦40,000.00) only was approved and paid to Mrs. AbdulRaheem, S. R. (Internal Auditor) to clear bushes within the Local Council Development Area Secretariat. The payment was made vide PV. 2/October, 2019. It was observed that cleaning, clearing of bushes and sanitizing environment are the official responsibility of Department of Water Supply and Environmental Sanitation (WES) and not the duty of Internal Audit unit of the LCDA. The Head of Water Supply and Environmental Sanitation, Mrs. Ogunbajo Fausat Adebimpe informed the audit team that she was not aware when the bush clearing was carried out.

Besides, the cash sales invoice attached to the payment voucher is not acceptable to this Office because it does not relate to the project executed and does not bear any telephone number for confirmation. These cast doubts on the authenticity of the transaction.

Recommendation: The Council is advised to allow officials carry out projects that relate to their departments.

4. DOUBTFUL EXPENDITURE

Observation: During the period covered by this report, a sum of Twenty-Five Thousand Naira (₦25,000.00) only was paid to Mr. Fadeyi A. Idris (Cashier) for the imprests on the preparation of bank reconciliation statements, Internal Audit Report, Monthly Progress Return, Cashier and mail runner imprests. The payment was made vide PV. 3/December, 2019.

Audit scrutiny of the payment voucher revealed that there was no sub-receipt duly signed by the Accountant in charge of bank reconciliation, the Internal Auditor, the Director of Planning Research and Statistics as well as the mail runner attached to the payment voucher. This made it appear as if those officials were not aware and did not collect the money from the cashier for the purpose listed above. The sum of Nineteen Thousand Naira (₦19,000.00) being the total sum of the imprests of the above listed officials should be recovered from the cashier, Mr. Fadeyi, A. Idris.

Recommendation: The Local Government officials should ensure that sub-receipt are made use of where necessary.

5. BANK RECONCILIATION STATEMENTS

The bank reconciliation statements of the Council for the period of 1st January to 31st December, 2019 were examined and the followings were observed.

(i) Uncredited Lodgement

Observation: During the period under review, a sum of Eleven Thousand, Three Hundred and Twenty-Five Naira (₦11,325.00) only was highlighted as uncredited lodgement in the bank reconciliation statement of the Local Council Development Area (LCDA) as at 31st December, 2019. The transaction was classified as uncredited items because the bank did not credit the transaction involved into the Local Government money.

Audit investigation into the transactions and responses from the revenue collectors involved revealed that Mrs. A. S. Adeniji and Mr Tajudeen Sanni played pranks on the LCDA by presenting duplicated bank tellers to the cashier twice, which they used to obtain treasury receipts while the revenue paid by Mrs. Salami, M. M. to the bank was not actually credited by the bank. However, at the instance of audit team Mrs. Adeniji and Mr. Sanni had refunded the total sum of ₦8,725.00 vide pay-in-slips number 2665883, 2644123 and 2568621 into Odeda Local Government account number 4090290474 and 1764373939 at Polaris bank Plc.

The bank had later on rectified the transaction made by Mrs. Salami, M. M. by crediting the sum of ₦2,600.00 into the Wema bank account number 0122726947 being operated by Opeji Local Council Development Area but now taken over by Odeda Local Government.

It is disheartening to observe that the Treasurer had not been alive to his responsibilities, if he did, this anomaly would have been detected and corrected accordingly by him.

Recommendation: The Council should guide against this in future.

(ii) Direct Credit

Observation: During the period under review, a total sum of Three Hundred and Twenty-Nine Thousand, Six Hundred and Sixty Naira (₦329,660.00) only was the various amounts credited to the bank account of the Local Council Development Area but not debited in the cashbook.

The money was not debited into the cashbook because some revenue collectors held on to bank deposit slips instead of presenting them for treasury receipt after payment into the Local Council Development Area bank accounts.

Recommendation: Since the LCDA has been merged to the parent Local Government, Odeda Local Government is hereby advised to enlighten the revenue collectors on the need to always present bank deposit slips to the treasurer for issuance of treasury receipt immediately payments are made to the bank.

6. DISPOSAL ASSETS

Observation: During the period under review, it was observed that the legacy assets of the Local Council Development Area were valued at ₦65,589,000.00 as contained in the Assets Sharing Committee's report. The assets were made up of movable assets valued at ₦21,995,000.00 and immovable assets value at ₦42,739,000.00. The immovable asset is inclusive of 2.5 acres of landed property worth ₦600,000.

Furthermore, it is saddening to note that despite my observation and advice at paragraph 7 of my last audit inspection report with reference number OGLG/OLCDA/1/9 dated 15th May, 2020 that the Local Council Development Area should take immediate steps to repair its bulldozer and roller plant for improved revenue generating of the LCDA, the recently concluded audit exercise revealed that the condition of the assets remained same.

Recommendation: The management of Odeda Local Government is now being advised to take proactive steps to repair these assets for the purpose of generating revenue to the coffers of the Local Government.

**The Chairman,
Transition Committee,
Odogbolu Local Government,
Odogbolu.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ODOGBOLU LOCAL
GOVERNMENT, ODOGBOLU FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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. REVENUE ON OKADA UNIFORM NOT REMITTED TO THE TREASURY

Observation: In the last Audit Report referenced OGLG/DGB/1/Vol.II/188 of 13th February, 2020, it was reported that some okada union representatives collected okada uniforms from the Local Government for sales to their members but failed to remit the sum of Two Hundred and Fifty Thousand Naira (₦250,000.00) only to the Treasury, being proceeds from sales of uniforms. Adequate data of the Okada Union representative were not provided which can make it easy to locate them.

Recommendation: You are advised to always have proper records that will show the address, location and the surety of whoever that wants to deal with the Local Government so that it can make them traceable.

3. FAILURE OF REVENUE COLLECTORS TO REMIT REVENUE COLLECTED

Observation: It was reported in paragraph 5 of the last Audit Inspection Report No. OGLG/DGB/VOL.II/188 of 13th February, 2020 that some Revenue Collectors failed to pay sums collected to the Treasury. It is sad to note that this Office had reported in previous inspection reports, the refusal of Mr. Onafeso Nurudeen to pay the sum of ₦46,550.00 to the Treasury. It is saddening to note that the Local Government did virtually nothing to recover public fund from Mr. Onafeso even when the Auditor-General wrote about this year after year in the past four years. Meanwhile, that act is a violation of Chapter 6:3 of Model Financial Memoranda for Local Governments which requires that revenue collected should be paid to the treasury at interval prescribed which at most should be monthly. The Local Government being aware of this breach of regulation and despite several entreaty and instruction by this Office for her to recover the amount involved, failed to act in line with Chapter 8:2 of Model Financial

Memoranda for Local Governments which requires that the staff involved should be dealt with in accordance with existing Public Service Rules. There was no evidence of any kind of reprimand.

In line with the provisions of Chapter 8:4 of Model Financial Memoranda for Local Governments, the Local Government is empowered to recover any revenue loss or failure to pay amount collected from an employee's personnel emolument in installment or in lump sum. The Local Government failed to comply with the requirements of these regulations.

Recommendation: You are advised to comply with the regulations above and any other relevant regulations to recover revenue default and reprimand erring revenue collectors to deter revenue misappropriation. The Head of Local Government Administration should ensure that appropriate actions are taken and this Office informed.

4. **ADVANCE**

Observation: Reference to the previous Audit Inspection Report No OGLG/DGB/1/Vol.II/188 of 13th 2020 in which Mr. S. B. Soboyejo (Technical Officer) was required to refund a sum of ₦1,245,049.87, being the cost of erection of barrier and beautification of Mobalufon Roundabout Odogbolu carried out in year 2011 which he did not carry out. During investigation, the Treasurer (Mr. Bakenne Lukman) said Mr. S. B. Soboyejo is late and the money is yet to be recovered.

It is unfortunate that the Local Government technically refused to recover her fund misappropriated for over a period of eight years that this Office reported on the unimpressive action of Mr. S. B Soboyejo. Failure of officials concerned to ensure that people account for public fund entrusted to them speak volume of the values that we hold and intend to project in the service.

Recommendation: You are advised to always be courageous to implement the provisions of regulations on accounting for public funds without fear or favour.

5. **NON PAYMENT FOR VEHICLE TAKEN AWAY BY THE FORMER CHAIRMAN**

Observation: It was also observed that the Local Government was yet to either receive the proceed of a Toyota Hilux Jeep belonging to the Local Government which was purportedly sold to a former Executive Chairman of the Local Government (Hon. Niyi Opanuga) at a cost of ₦528,480.00 which he had taken away as reported in the last Audit report. Nothing concrete was done by the Local Government in retrieving the vehicle from the former Chairman.

Recommendation: You are advised to retrieve the vehicle from the former Chairman without further delay.

6. WEAKNESSES IN SALARY PAYMENT PROCEDURE

Observation: During the examination of payment vouchers, it was observed that salary vouchers were not authorised by officers controlling votes as required by Chapter 13:12 (2) MFM which states that payment vouchers must be authorised by officer controlling vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by chapter 40:10 of MFM which stipulates that prepayment audit should be carried out on all vouchers before payment. It appears that the Local Government has abandoned the prescribed control over payment of salaries and allowances relying on the fact that salary payment is now done centrally.

The Integrated Payroll and Personnel Management System's (IPPMS) central salary payment platform of the Local Government in the State is to be fed by each Local Government monthly on staff eligible for salary and the amount due to each. This is not to be left to the IPPMS officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the central IPPMS officer is, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salaries determined as required by regulations. Each head of department is supposed to have ensured that only bona-fide staffs are on the salaries and allowances voucher controlled by him. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment. It is the responsibility of the Treasurer to ensure the accuracy of salaries and allowances figures while the Internal Auditor is to certify the correctness of the prepared salaries and allowances.

Recommendation: You are advised to always follow due process in the preparation of salaries and allowances.

The Chairman,
Transition Committee,
Odogbolu Local Government,
Odogbolu.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IFESOWAPO LOCAL
COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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 comment 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/ILCDA/8/2019	Failure to Maintain Capital Expenditure and Fixed Assets Registers	

3. CASH IN HAND OF ₦126,150.00 NOT HANDED OVER

Observation: During the examination of the cashbook, it was observed that the cash balance as at 31st December, 2019 was One Hundred and Twenty-Six Thousand, One Hundred and Fifty Naira (₦126,150.00) whereas, the sum of Five Hundred Naira (₦500.00) only was reflected as at this date. The difference of One Hundred and Twenty Five Thousand, Six Hundred and Fifty Naira (₦125,650.00) was as a result of the cashbook balance of year 2018 that was not brought forward to year 2019. Further Audit investigation revealed that there was no cash handed over to Odogbolu Local Government after the LCDA's were dissolved.

This is an indication that the Cashier was not well supervised by the Treasurer and the account prepared did not reflect the true position of the financial position of the LCDA because the cash balance was understated. The Treasurer and Internal Auditor were not alive to their responsibility of supervising the work of the Cashier as required by regulations, otherwise they would have detected the prank.

Recommendation: You are advised to be painstaking when preparing accounts so that all assets are fully accounted for. You should recover the sum of ₦126,150.00 from the Cahier.

4. WEAKNESSES IN SALARY PAYMENT PROCEDURE

Observation: During the examination of salary vouchers, it was observed that there was total absence of required internal control on the payment of salaries and allowances of staff. Salary vouchers were not prepared by the LCDA, meanwhile salary payments were recorded in the cashbook and ledger contrary to the provisions of Chapter 19:1 of Model Financial Memoranda for Local Governments which required that payments must be supported with properly authorised payment voucher. This is an indication that the Cashier was not well supervised by the Treasurer.

Recommendation: You are required to always follow due process before payments are made and to always prepare all accounting documents required by regulations.

5. LOSS OF REVENUE

Observation: During the review of the revenue ledgers after checking of all the revenue collectors, it was discovered that Mr Nurudeen Bello a revenue collector had collected four market receipt since year 2017 and failed to remit the Sum of Twenty Thousand Naira (₦20,000.00) being the proceed of the four receipts to the LCDA purse. The receipt numbers are 090001-090100, 090101-090200, 090301-090400, 090401- 090500. This is an indication that there is weakness in the internal control over revenue collection.

Recommendation: You are advised to recover the sum of ₦20,000.00 from Mr. Nurudeen Bello and strengthen the internal control over revenue collection.

6. REVENUE GENERATION PERFORMANCE

Observation: During the period under review, it was observed that the Local Council Development Area (LCDA) budgeted a sum of ₦20,540,900.00 to be generated internally, but a sum of ₦1,074,950.00 only was actually generated. The amount generated represented 5.23% of the budget and a drop of 7% in revenue generated when compared with the sum of ₦2,235,300.00 generated internally in year 2018. This is an indication that revenue generated was not efficient or that revenue generated were not fully paid to the Treasury. This revenue performance does not reflect the revenue potentials of the LCDA.

Recommendations: The Management is advised to put necessary machineries in place for more efficient revenue generation to enhance its independent revenue performance.

7. CAPITAL EXPENDITURE AND FIXED ASSETS REGISTERS

Observation: It was observed that the Local Council Development Area did not maintain a Fixed Assets Register as required by Chapter 26:4 of Model Financial Memoranda for Local

Governments and as emphasized by the Auditor-General. It is sad to note that efforts of the Audit Team to ensure that the fixed assets registers were opened were met with a brick wall.

Recommendation: You are advised to ensure that Fixed Assets Register is maintained in line with the Provisions of Chapter 26 of the Model Financial Memoranda for Local Governments.

The Chairman,
Transition Committee,
Odogbolu Local Government
Odogbolu.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF LEGURU LOCAL
COUNCIL DEVELOPMENT AREA, ALA, FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER 2019**

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 comment 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 Number	Subject	Amount ₦
1	OGLG/AQ/LLCDA/7/2019	Nugatory Payment	150,000.00
2	OGLG/AQ/ LLCDA/8/2019	Nugatory Payment	160,000.00
3	OGLG/AQ/ LLCDA/9/2019	Doubtful Expenditure	50,000.00
4	OGLG/AQ/ LLCDA/10/2019	Failure to Maintain Capital Expenditure and Fixed Assets Registers	
5	OGLG/AQ/ LLCDA/11/2019	Failure to Maintain Revenue Registers	

3. NUGATORY PAYMENT

Observation: It was observed that a sum of ₦210,000.00 was approved and released for additional work on the borehole at Ala Township within the LCDA and purchase three (3) electronic calculators, one (1) Casio calculator. Audit verification visit to the site revealed that the purported repairs were not carried out because the project had been completed and inspected by the same Audit Team Leader during the last audit inspection. During the recent audit visitation, the Engineer that executed the project could not contradict the claim of the Auditors that no additional work was carried out on the project.

Furthermore, Audit verification revealed that the calculators were not purchased because they were not sighted during the audit exercise or included in the handing over note and could not be produced on demand.

Recommendation: Local Government officials are advised to always execute projects and purchase items for which funds are released.

4. FAILURE TO MAINTAIN REVENUE REGISTER

Observation: It was observed during audit compliance test that the Council has revenue sources due at recurring intervals but noted that there was no register containing these sources as required by Chapter 6.23 of Model Financial Memoranda for Local Governments (MFM). Examples of recurring revenue sources that require the maintenance of market register are bake houses fee, street name annual renewal fee, pepper mill fees etc. Chapter 6.23 of MFM stipulated that when revenue becomes due to the Council at recurring fixed intervals, for rent or plot fees, a Register must be kept on form LGT 21 or LGT 22. The Council did not maintain a register for any of these revenue sources which are due on recurring fixed interval. Without this Register, it would be difficult to determine the amount outstanding from each revenue payer. Revenue supervision would also be difficult without this register.

Recommendation: You are advised to maintain Market Register and any other accounting records required by regulations. The Treasurer should ensure that the register is opened and well maintained as required of him by Chapter 1.8(5) of MFM.

5. CONTROL OVER CASH

Observation: Cash survey could not be conducted on the Cashier, Miss Odutola Kafilat A. (Head Messenger, GL. 04) because the LCDA was defunct. However, a sum of One Thousand Naira (₦1, 000.00) only was found in the cashbook as cash balance at the end of the year under review. It was observed that the cash balance was neither handed over nor deposited into any of the accounts of Odogbolu Local Government.

Recommendation: The Local Government is advised to recover the cash balance and report to this Office accordingly.

6. RECEIVABLE/MARKET REGISTER

Observation: Market registers were actually available at the LCDA but they were not well maintained. There were errors in the register which took some audit time to correct.

Recommendation: The Local Government should make it a point of duty to properly maintain market registers so as to give the true position of rent collected and amount outstanding at a glance.

7. STATE OF ACCOUNT

Observation: It was observed during examination of revenue vouchers that classifications of revenue were made with the rule of thumb because most revenues were not classified to the appropriate revenue head. There was an instance where revenues generated from stallages and that of trade permit were posted to revenue head 14070102 instead of heads 12020495 and 12020137 respectively. Misclassification of voucher is a serious breach of constitutional provision that officials should not be involved in.

Recommendation: The Treasurer and other officers in charge of accounting responsibilities should be alive to their duties in this regard.

8. OFFICIAL VEHICLES TAKEN AWAY WITHOUT DUE PROCESS

Observation: It was observed during the verification of assets of the LCDA that some assets could not be sighted in the Local Government. It was gathered that a Nissan Primera (LG30DGB) was taken away by the then Vice Chairman Hon. Tijani Yekini without due process.

Recommendation: You are advised to recover the vehicle from the Vice Chairman and inform this Office accordingly.

9. WEAKNESS IN PREPARATION OF SALARY VOUCHERS

Observation: It was observed during the examination of payment vouchers that salary vouchers were not often authorised by officers controlling votes as required by Chapter 13:12 (2) of the MFM which states that payment voucher must be authorised by officer controlling vote, thereby accepting responsibility for its accuracy. The salary vouchers were also not checked and passed by the Internal Auditor before payments were made as required by Chapter 40:10 of MFM. It is to be emphasised that the fact that salary is paid centrally does not mean that you should suspend the internal control procedure designed to ensure that only qualified staff are paid.

The Integrated Personnel Payroll Management System (IPPMS) central salary payment platform domiciled at the Local Government Service Commission is to be fed by each Local Government monthly on staff eligible for salary and the amount each are due for. This is not to be left to the IPPMS officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS Officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the collator or it's preparer. He is not in any position to alter whatever salary determined as required by regulations.

The Treasurer is responsible for ensuring the accuracy of salary figures while the Internal Auditor is to certify the correctness of the salary. Neither of them and the officers controlling vote can abrogate their responsibility in this regard.

Recommendation: You are advised to always follow due process in the preparation and payment of salaries and allowances.

10. NON RETIREMENT OF IMPREST.

Observation: During the year under review, it was observed that majority of the career officers in the Local Government were still in the habit of taking imprest without retiring the previous ones. This is contrary to Model Financial Memoranda for Local Governments Chapter 14:24 which stipulate that no imprest shall be approved unless the previous imprest collected for the same purpose has been retired.

Recommendation: The Treasurer and Internal Auditor of the Council should be more alive to their responsibilities and henceforth they will be held responsible for non-compliance with the provision of the Model Financial Memoranda.

11. STREET NAMING SIGNPOST.

Observation: One of the sources of revenue to Councils is street naming fee. In the LCDA, application for street name is ₦10,000.00. When the street name is approved, the applicant is expected to pay a sum of ₦90,000.00 made up of ₦60,000.00 approval fee and ₦30,000.00 three (3) years annual renewal fees. Where the LCDA is expected to construct and erect the street name sign post, an additional sum of ₦15,000.00 cost of erecting the signpost is paid bringing the total payment per street approved to ₦115,000.00 (₦10,000.00 + ₦90,000.00 + ₦15,000.00). Where the applicant is expected to construct and erect the sign post, the ₦15,000.00 will not be required.

It was observed during the examination of payment vouchers that a sum of ₦150,000.00 was released to construct and erect signpost for 12 approved street names vide PV 13/April 2019. It was further observed that official receipt of the sign post constructed and erected was not provided as required by Chapter 14:17 of Model Financial Memoranda for Local Governments.

In addition, it was gathered from phone conversations with some beneficiaries of the approved streets that sign posts were not erected by the LCDA on their streets. A beneficiary, Mr Christopher Okor explained that a specimen was given to him by the LCDA to make the approved street signpost on his own. Another beneficiary Mr Tony O Akinsanya said it was

stated in the letter of approved street name with ref. No LLCDA/40/81 dated 28th May, 2019 given to him, that the 2 sign posts shall be constructed by him (see Appendix A).

A review of the financial statement on the revenue generated from street name revealed that a total of ₦1,239,000.00 was generated throughout the period the LCDA operated, that is 2017 to 2019. This amount did not cover the sum of ₦1,380,000.00 that should have been generated on 12 approved street names with cost of sign post (₦115,000.00 X 12). The implication of this is that either the revenues generated were not paid to the Treasury or that the streets approved were not up to 12 as claimed. Going by the letter of approved street issued to Mr T. O Akinsanya dated 28th May, 2019 and the approval of sign post for 12 approved streets on 15th April, 2019, it appear that more than 12 streets were approved but revenue for less than 11 approved streets were paid to the Treasury. The approval of the application of Mr T. O Akinsanya came after that to erect 12 signposts which implies that it was not included in that approval.

During the exercise, the Auditors were unable to determine the number of streets that had been approved because the street naming file did not contain the correspondences with applicants. This is a breach of file administration procedure. Mr Adedeji Tosin did not honour the invitation of Audit to shed more light on these transactions.

It would appear from the foregoing that the signposts were not produced and erected and revenue from street naming activities were not all paid to the Treasury.

Recommendation: You are advised to always execute all projects for which funds are released and to always pay all revenues generated to the Treasury.

12. OIL PALM PLANTATION:

Observation: It was observed that the oil plantation which was shared to Leguru LCDA during the asset sharing committee assignment was not valued and was not captured as legacy asset of the LCDA. It was gathered that the farm was given to an individual to manage but no revenue was paid to the Treasury during the year under review from the plantation.

Recommendation: The Treasurer should ensure that the oil palm plantation is valued and included in the financial statement of year 2020. In addition, you are to ensure that revenue from the plantation is paid promptly to the Treasury.

13. CAPITAL EXPENDITURE REGISTER AND FIXED ASSET REGISTER

Observation: It was observed that the Council did not maintain a Capital Expenditure and Fixed Assets Register as required by Chapter 26:4 of Model Financial Memoranda for Local

Governments (MFM). Your LCDA failed to produce on demand to Audit these registers which Chapter 26:4 of MFM regarded as one of the most important accounting records kept by the Local Governments. This register is supposed to be a permanent record of expenditure on projects or assets containing details of each project and information like type, location, cost of contract or the assets payment progress, stages of completion etc.

It is very disheartening to note that despite the importance of this document and inspite of the persistent emphases by this Office on its maintenance, your LCDA had refused to maintain it. This clearly is a violation of regulations and a disregard for the opinion of the Auditor-General which would not be allowed to continue. The Treasurer would henceforth be held personally responsible for losses resulting from this dereliction of duty as provided by Chapter 1:17 of MFM.

In addition, you are to note that physical inspection of the assets contained in either the Capital Expenditure Register or the Fixed Assets Register is to be done every six months as required by Chapter 26:6 of MFM. The flippant excuses of officials that they are not aware of the existence or location of Local Government assets will no longer be tolerated.

Recommendation: The Director of Finance and Supplies is advised to always maintain all accounting records required by regulations.

**The Chairman,
Transition Committee,
Ogun Waterside Local Government,
Abigi.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OGUN WATERSIDE
LOCAL GOVERNMENT, ABIGI FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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 Numbers	Subject	Amount (₦)
1.	OGLG/AQ/ABG /185/2019	Questionable Expenditure	1,200,000.00
2.	OGLG/AQ/ABG /186/2019	Doubtful Expenditure	90,000.00
3.	OGLG/AQ/ABG /187/2019	Doubtful Expenditure	150,000.00

3. DOUBTFUL EXPENDITURE

Observation: A total sum of One Hundred and Fifty Thousand Naira (₦150,000.00) only was released to Mrs. Olayemi Florence (Confidential Secretary) vide PV. No. 1/January, 2019 to purchase laptop computer and printing machine (HP Laser Jet P2055 Printer) for the office of the Chairman. A cursory look at the memo raised for the purchase revealed that the Chairman granted the approval to do the purchase on 6th August, 2018 but a computer generated receipt was issued by the seller and attached to the payment voucher. Surprisingly, the receipt was dated 7th June, 2018 whereas the payment voucher was raised on 7th January, 2019 and the money was released to Mrs. Olayemi Florence on the same day.

In the light of the above and going by the date on the computer generated receipt purportedly issued by the seller of the laptop dated 6th July, 2018 it would appear that Mrs. Olayemi Florence (Confidential Secretary) used her personal money to buy the laptop computer even before the intention to purchase the items was conceived let alone given her the money. It

was surprising to also note that despite repeated demand by the Audit team, Mrs. Florence could not produce the laptop computer and the printer for physical sighting thereby casting doubt as to the authenticity of this expenditure and therefore rendered it doubtful.

Recommendation: Mrs. Olayemi Florence should produce the laptop and the printer to this Office for audit verification without any further delay or refund the amount involved.

4. QUESTIONABLE EXPENDITURE

Observation: During the period covered by this report, a total sum of ₦1,200,000.00 was paid to Mr. Yaya Molik Olusola, Managing Director of Blue Roof Hotel, Iwopin vide PV. No. 8/January, 2019 as part payment of the sum of ₦2,688,000.00 approved at the F&GPC meeting of 20th December, 2017 for the hotel accommodation of security personnel lodged at Blue Roof Hotel, Iwopin, between 16th June and 30th November, 2017.

A cursory look at the payment voucher revealed that the Treasury and the Planning department appeared not to have worked on the payment voucher because the expenditure was not charged to any expenditure code. In additions, no official printed receipt was attached to the payment voucher in line with the chapter 14:17 of the Model Financial Memoranda for Local Governments

Recommendation: The Local Government officials are advised to always abide with the provisions of Model Financial Memoranda and other extant law governing financial matters.

5. BANK RECONCILIATION STATEMENT

(i) DIRECT CREDIT

Observation: It was observed that a total sum of Six Hundred and Four Thousand, Five Hundred and Seventy-Six Naira and Forty Kobo (₦604,576.40) only was the amount credited directly into the Local Government bank accounts but which had not been posted into the debit side of the cashbook. Audit investigation however revealed that the money was paid into the Local Government bank account by some revenue collectors who are yet to present their bank tellers to the Treasury for the issuance of treasury receipts. The irregularity was responsible for the long list of direct credit items highlighted in the bank reconciliation statements.

Recommendation: The Local Government is advised to educate the revenue collectors on the need to always present promptly, their pay-in-slip to the treasury immediately payments are made to the bank.

(ii) **BANK CHARGES**

Observation: It was observed that as at 31stDecember, 2019a sum of ₦477,364.49 was the accumulated bank charges arising from the bank accounts kept by your Local Government with Abigi Microfinance and Access bank Ijebu-Ode which are yet to be written off to expenditure account.

Recommendation: The Director of Finance and Supplies is advised to raise a payment voucher and post the accumulated bank charges into the debit side of the cashbook to write off the bank charges. Please, ensure that the bank charges are regularly written-off to expenditure account as soon as bank statement are received and examined.

(iii) **UNCREDITED LODGEMENT**

Observation: It was observed that a cumulative sum of Three Hundred and Sixteen Thousand, Three hundred and Eighty-Nine Naira and Eighty-Four Kobo (₦316,389.84) only was the amount paid into several bank accounts of your Local Government which dates back year 2014 up to November, 2019 but yet to be credited into your bank account. All efforts made by the Auditors to trace the individuals and other corporate bodies who purportedly paid these monies into the banks has proved abortive.

In light of the above, I wish to urge the Director of Finance and Supplies to investigate the uncredited lodgement and ensure it is credited into the bank account of the Local Government without any further delay.

Recommendation: The Director for Finance and Account is hereby advised to educate the Accountants under him and the Internal Auditor too to check the prepared bank reconciliation before issue. This is with a view to ensuring that all monies paid into the account is credited.

6. REVENUE GENERATION PERFORMANCE

Observation: During the period under review, it was observed that the Local Government proposed to generate a sum of ₦20,823,653.00 as revenue for the year but a sum of ₦7,463,640.00 only was the amount actually generated. The amount generated represented 35.84% of the budget size which is not healthy enough.

Investigation conducted on the reasons for low IGR revealed that there were several sources of revenue in the Local Government that were not tapped during the period under review. Example of such revenue sources include trade permit license where a sum of Five Hundred Thousand Naira (₦500,000.00) only was proposed as revenue for the year but a meagre

sum of ₦81,000.00 was generated. Another was the hackney permit fee in which a sum of ₦350,000.00 was proposed as revenue but a sum of ₦56,750.00 was realized. It was surprising to note that nothing was generated from street naming, inspite of a sum of ₦1,200,000.00 proposed for the year. This fell short of expectations and was therefore not encouraging.

Recommendation: The Management is advised to put necessary machineries in place to tap all the sources of revenue in order to boost its internally generated revenue.

7. OFFICIAL VEHICLE TAKEN AWAY BY THE POLITICAL FUNCTIONARIES

Observation: During audit verification of assets, it was observed that a Toyota Corolla 2006 model being the official car allocated to the former Ag. Chairman (Hon. Abayomi Yusuf) has been taken away by him without following due process.

Further audit investigation revealed that the total cost of the car allegedly taken by the former Ag. Chairman (Hon. Abayomi Yusuf) was ₦2,300,000.00 out of which a sum of ₦1,350,000.00 has been paid to date vide PV. No. 5/February, and PV. No. 1&5/May, 2019 leaving an outstanding sum of ₦950,000.00 yet to be paid to the car dealer.

It was also observed that the former Secretary to the Local Government Mr. Yusuf Kabiru took away his official car (Mercedes Benz C Class) without following the due process. Also, the Toyota Hiace bus allocated to the former Legislative Council was reported to be in the possession of the Chairman, Comrade Femi Onanuga and is currently parked at his residence.

Recommendation: The Local Government is hereby advised to take appropriate action to retrieve the vehicles back to the premises of the Local Government.

**The Chairman,
Transition Committee,
Ogun Waterside Local Government,
Abigi.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OGUN WATERSIDE EAST
LOCAL COUNCIL DEVELOPMENT AREA, EFIRE, FOR THE PERIOD
1ST JANUARY TO 31ST DECEMBER, 2019.**

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

2. BANK RECONCILIATION STATEMENT

The bank reconciliation statements for the period 1st January to 31st December, 2019 of the LCDA were examined and the followings were observed:

(i) BANK CHARGES:

Observation: It was observed that bank charges were allowed to accumulate for months before being written into the cashbook. This attitude does not make proper accountability and should be discouraged forthwith.

Recommendation: In view of the above, I wish to advise that the sum of Twenty Two Thousand, Five Hundred and Twenty Six Naira (₦22,526.00) only being the total bank charges for the year under review should be written by debiting the cashbook with the ₦22,526.00.

(ii) DIRECT CREDIT:

Observation: It was observed that a total sum of Four Hundred and Thirteen Thousand, Nine Hundred and Sixty Seven Naira, Three Kobo (₦413,967.03) only which dates back to the year 2017 were credited into the bank account of the LCDA but had not been entered into the cashbook. Audit investigation revealed that this money was paid by individuals, organizations, 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 Receipt for money paid to the banks.

3. **RECOGNITION OF LEGACY ASSETS**

Observation: I wish to draw your attention to circular letter Ref. No. OGLG/AUD/94/VOL.III/20 of 9th January, 2019 issued by this office requesting all the Local Governments and Local Council Development Areas in the State to identify and measure all its legacy assets in line with the requirements of International Public Sector Accounting Standard (IPSAS). It appears that your LCDA has failed to comply fully with the content of the above quoted circular because your LCDA is yet to attach value/cost to some of its assets such as ten (10) units of open stall at Efire, one hundred and fifty (150) units of open stall at Makun Omi and Four (4) units of one bedroom flat at Local Government Quarters, Abigi and also incorporate same into the General Purpose Financial Statements (GPFS) of the LCDA.

Recommendation: I wish to advise the management and most especially the Director of Finance and Supplies of Ogun-waterside Local Government being the mother Local Government to take cognizance of this in the preparation of the General Purpose Financial Statements (GPFS) for the next accounting year.

4. **INTERNALLY GENERATED REVENUE**

Observation: A review of the Internally Generated Revenue of the LCDA revealed that a sum of Three Million, Three Hundred and Twenty-Two Thousand, Five Hundred and Twenty Naira (₦3,322,520.00) only was generated during the period under review as against the total sum of Seventeen Million, One Hundred and Fifty Thousand Naira (₦17,150,000.00) budgeted revenue to be generated.

Audit investigation revealed that the issue of kidnapping in the community where the only market in the LCDA is situated has continue to persist which largely contributed to the dwindling revenue generation. It is also disturbing to note that your LCDA has continue to loose its revenue to revenue contractors who have refused to abide with the agreement signed with your LCDA to collect and pay promptly such revenue collected into the coffers of your LCDA. The recent audit exercise revealed that between January, 2017- 31st December, 2019 a total sum of ₦757,000.00 was the amount owed by some of the revenue contractors engaged by your LCDA.

Recommendation: In the light of the above, I wish to advise once again that your Local Council Development Area should ensure that the amount owed by these Revenue contractors is recovered and their contract should be terminated forthwith.

5. **INGHERSOLAND ROLLER**

Observation: It was observed that one of the moveable asset of your Local Council Development Area i.e. Ingherso land roller machine which was discovered to be faulty for over a year ago is currently being parked at Makun-Omi in front of the LCDA's guest house at the mercy of the passersby, thus exposing it to theft and pilferage of its vital parts.

Recommendation: I wish to advise that the machine should be repaired and moved to the main Secretariat of Ogun-waterside Local Government, Abigi.

6. **OFFICIAL VEHICLE TAKEN AWAY BY FORMER EXECUTIVE CHAIRMAN**

Observation: It was observed that a Toyota Car (Camry 1999) with Reg. No. LG 12 ABG belonging to the LCDA could not be found in the premises of the LCDA. Investigation revealed that the vehicle had been taken away by the former Chairman Alhaji Abajo Musa O. without following the due process.

Recommendation: Please ensure that the vehicle is retrieved from him without any further delay and inform this Office accordingly.

**The Chairman,
Transition Committee,
Remo North Local Government,
Isara**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF REMO NORTH LOCAL
GOVERNMENT, ISARA FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2019**

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 comment 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/SRA/203/2019	Failure to Collect/Account for Local Government Revenue	
2	OGLG/AQ/ SRA/204/2019	Failure to Maintain Market Register	
3	OGLG/AQ/ SRA/205/2019	Failure to Maintain Capital Expenditure and Fixed Assets Registers	

3. STATE OF RECORDS

Observation: During the audit exercise, it was observed that while the Local Government paid the salaries of both her staff and those of the LCDA from her bank account, it recorded salaries of the Local Government Staff only in the cashbook.

Recommendation: The Treasurer should always post transactions to the books of account. Where in doubt, the Treasurer should consult appropriate agencies or colleagues for guidance.

4. SHORTFALL IN REVENUE:

Observation: During the period covered by this report, a sum of Twenty Two Million, Two Hundred and Thirty Thousand Naira (₦22,230,000.00) was the total independent revenue budgeted, but only a sum of Eight Million, Three Hundred and Ninety-Six Thousand and Fifty Naira (₦8,396,050.00) was generated. The amount generated represented 38% of the total budget. The amount generated represented 37% decrease when compared with the sum of Thirteen Million, Two Hundred and Forty-Three Thousand and Eighty-Two Naira One Kobo

(13,243,082.01) generated in year 2017 and 10% decrease from the sum of Nine Million, Two Hundred and Fifty-Seven Thousand, Four Hundred Naira (₦9,257,400.00) generated internally in year 2018. From the above, it would appear that the Local Government revenue performance is declining year by year.

Recommendation: The Local Government is hereby advised to deepen its revenue generation activities to harness the huge potentials at its disposal.

5. **DORMANT ADVANCES**

Observation: It was highlighted in the previous Audit Inspection Report No. OGLG/SRA/1/VOL.111/208 dated 14th January, 2020 that advance granted to Local Government officials were not deducted from their salaries as required by Chapter 16:12 of Model Financial Memoranda for Local Governments which requires that personal advances must be paid in regular monthly installments deducted at source from monthly salary payments. The situation remained materially the same as a sum of Eighty-Five Thousand Two Hundred Naira (₦85,200.00) only was recovered in year 2019 leaving a balance of Nine Million, Seven Hundred and Twenty-Five Thousand, Four Hundred and Eighty-One Naira, Seventy-One Kobo (₦9,725,481.71) advances which ought to have been fully liquidated.

This Office advised the Local Government to take advantage of the central salary payment platform for Local Government Staff to effect deduction of these advances. In addition, they should liaise with the Bureau of Local Government Pension for recovery of outstanding advances from retired staff. It was sad to observe during the audit exercise just concluded that the Local Government did not take any steps to effect the recovery of the advances from the beneficiaries as advised.

Recommendation: The Head of Local Government Administration (HOLGA) should ensure that appropriate steps are taking to recover dormant advances.

6. **NAMING OF STREET**

Observation: As reported in the last Audit Inspection Report Ref. No OGLG/SRA/1/VOL.III/208 of 14th January, 2020, it was disheartening to note that the Local Government did not yield to the advice of this Office on the naming of street. The Local Government could not provide information on approved street name. This made it difficult to ascertain the defaulter's for street naming renewal fee as required by chapter 6:23 of Model Financial Memoranda for Local Governments. This is an indication that the Local Government is not prepared to collect renewal fees from named streets. This had made it difficult to initiate

effort that would ensure prompt recovery of the outstanding debt from defaulters. This no doubt had resulted in loss of fund to the Local Government and contrary to the provisions of Chapter 1.14(6) and 39.3(a) 12 of Model Financial Memorandum for Local Governments.

The Treasurer and the Director, General Services and Administration appear not to be alive to their responsibility of ensuring that Local Government revenues are promptly collected and paid to the Treasury as required by regulations.

Recommendation: The Local Government is again advised to ensure that proper records of street names and other revenue are kept and that all revenue sources are optimally harnessed.

7. **LANDED PROPERTY:**

Observation: During the verification visit to the location of legacy asset of the Local Government, it was observed that there were some landed properties which were not captured in the legacy asset report generated by the State Asset Sharing Committee. The following landed properties were discovered and added to the existing one in the report.

- (i) Three (3) areas of refuse dump site at Saapade Lagos –Ibadan Expressway.
- (ii) Local Governments Staff Quarters erected on two (2) acres of land at Obafemi Awolowo Way, Isara.
- (iii) Local Government House erected on 1.2 acres along Obafemi Awolowo Way, Isara.
- (iv) Four (4) Plots of land at Akuro Road in Isara.

The Local Government had surveyed the landed property but no copy was found in the file. However, we stumbled on copy of the survey with Engr. O. S. Afolabi who was reluctant to make it available.

It was discovered during audit visit that many of the landed property had been encroached on. Effort to make further investigation about the land proved abortive due to non-availability of the Director of Works.

Recommendation: The Local Government is advised to properly secure all the documents relating to its landed property. Copies of the documents should be kept at least in the General Services and Administration Department as well as Works Department. The Directors of these departments will be accountable for the documents or any loss that may result from improper handling. These documents should be specifically included in the handing over notes when Officers are transferred.

8. **FIFTY MILLION NAIRA (₦50,000,000.00) FIXED DEPOSIT IN ZENITH BANK PLC**

Observation: As highlighted in the last Audit Inspection Report Ref No. OGLG/SRA/1/VOL.111/208 dated 14th January, 2020 that the Local Government should establish the existence or otherwise of an investment of ₦50 Million in fixed deposit with Zenith Bank which at the moment is shrouded in mystery, nothing appears to have been done in this regards. You continue to reflect the ₦50 Million as investment in the Statement of Assets and Liabilities whereas there is no evidence to substantiate this claim. For instance, there was no certificate relating to the investment or re-investment, neither was interest received since year 2009 on the investment which puts a question mark on the existence of the investment. The Local Government appears unruffled by the fact that an investment of this magnitude is being lost. This Office had also instructed in our reports that bank statements of the Local Government between October 2008 and March 2009 be obtained, to confirm if any of the Local Government accounts were credited with the ₦50 Million investment but no action appeared to have been taken.

Recommendation: You are again requested to initiate such steps that would help establish the true status of the investment, which may include setting up a panel of enquiry to dig into the matter. You should inform this office of the findings of the panel of enquiry as required by regulations.

9. **KAPITAL HOTEL**

Observation: During the audit exercise just concluded, it was observed that the contract between the Local Government and Kales Technical Services, of No 3, Prince Gbenga Afolabi Avenue, Isara Remo, for the management of Kapital Hotel on an annual rent of One Million, Five Hundred Thousand Naira (₦1,500,000.00) had been terminated in October, 2019 due to the non-remittance of agreed annual rent. The contract was re-awarded to T-Terry Global Concept of No 17, Toyin Street Opebi Ikeja Lagos on a quarterly payment of ₦250,000.00 with effect from January, 2020 subject to review. Meanwhile, Kales Technical Services was yet to pay the annual agreed rent of ₦1,500,000.00 for year 2018 at the time of writing this report.

The hotel is a laudable project in Remo North but not properly maintained in the past. At present, under the new management, the hotel has been given a face lift. Inspection visit to the hotel revealed that the building needs further renovation to look more attractive for patronage and enhance revenue generation.

Recommendation: The Local Government is therefore advised to take concrete steps to put the hotel in shape for the hospitality business that it was conceived for and this will in no doubt increase the internally generated revenue of the Local Government. In addition, the Local Government should ensure that the contractor managing the hotel fulfill his part of the agreement or terminate the contract and recover amount due from him. Effort should be made to recover the sum of ₦1,500,000 due for year 2018 from Kales Technical Services.

10. **LOCAL GOVERNMENT SHOPS**

Observation: As reported in the last Audit Inspection report No OGLG/SRA/1/VOL.III/208 dated 14th January, 2020 that the Local Government either did not collect the sum of ₦1,361,000.00 due from her shop during year 2017 and ₦542,000.00 for year 2018 or the money was collected but not paid to the Treasury. During the audit exercise just concluded on year 2019 accounts, it was observed that these amounts were yet to be collected or accounted for by those responsible for its collection. The Local Government also did not take steps to identify the cause of this imminent loss as required by Chapter 8:6 of Model Financial Memoranda for Local Governments. A review of collections from lock-up shops and open stalls during the current year revealed that nothing was paid to the Treasury from arrears of rent and part of year 2019.

Furthermore, it was observed that In year 2019 alone, the Local Government was expected to generate the sum of ₦1,086,000.00 from her functional 145 lock-up shops and 43 open stalls at different location within the Local Government but realized a total sum of ₦525,200 leaving a sum of ₦560,800.00 not accounted for. This is aside from the arrears of ₦1,361,000.00 and ₦542,000.00 for year 2017 and 2018 respectively.

The lock-up shops and open stalls as required by chapter 6:23 of Model Financial Memoranda for Local Governments which requires that where revenues become due on a recurring fixed interval, a register must be kept.

The attitude of Local Government officials to revenue collection and accounting for collections is far from desirable, to say the least. There appear to be inadequate supervision by those saddled with this responsibility. Meanwhile, millions of naira is being lost year after year as a result of inaptitude and lackadaisical attitude of officials.

It must be mentioned also that the Local Government did not give desired attention to the advice of this Office to investigate the reason(s) for the poor performance on collection of rent. The management appears reluctant to open the can of worm to uncover the rot in revenue generation of the Local Government. I must emphasize that this is a requirement of Chapter 8:6

of Model Financial Memorandum for Local Governments which stipulates that a board of enquiry on losses be set up when there is receipt of report on loss.

Recommendation: You are advised to set up a board of enquiry to look into the remote and other causes responsible for the poor remittance of rent collected on Local Government properties to the Treasury.

13. **WEAKNESSES IN SALARY PAYMENT PROCEDURE**

Observation: It was observed during the examination of payment vouchers that salary vouchers were not often authorised by officers controlling votes as required by Chapter 13:12 (2) MFM which states that payment vouchers must be authorised by Officer controlling vote. The salary vouchers were also not checked and passed by the Internal Auditor as required by Chapter 40:10 of MFM which stipulates that prepayment audit should be carried out on all vouchers before payment. It appears that the Local Government had abandoned the prescribed control over payment of salaries and allowances. The excuse of officials is that salary payment is now done centrally. It is to be emphasised that, the fact that salary is paid centrally does not mean that the internal control procedure designed to ensure that salary is paid to only qualified staff should be suspended.

The Integrated Payroll and Personnel Management System's (IPPMS) central salary payment platform of the Local Government in the State is to be fed by each Local Government monthly on staff eligible for salary and the amount due to them. This is not to be left to the IPPMS Officer of the Local Government to determine; rather the internal control procedure established by regulations should be followed. As important as the IPPMS Officer is in the central salary payment, he is no more than a conveyor of already determined salary and not the preparer. He is not in any position to alter whatever salary determined as required by regulations.

The Treasurer is responsible for ensuring the accuracy of salaries and allowances while the Internal Auditor is to certify the correctness of the salary. Each head of department is to ensure that only bona fide staffs are on the salaries and allowances voucher controlled by them. These officers cannot abrogate their responsibility on salary payment on grounds of central salary payment.

Recommendation: You are advised to always follow due process in the preparation and payment of salaries and allowances.

14. FAILURE TO MAINTAIN MARKET REGISTER

Observation: It was observed during audit compliance test that the Council has revenue sources due at recurring intervals but noted that there was no register containing these sources as required by Chapter 6.23 of Model Financial Memoranda for Local Governments. Examples are rent on Open Shops and Lock up shops at Orile Oko Market, rent on bake houses and regulated fee, street name annual renewal fee etc. Whereas, Chapter 6.23 of MFM stipulated that when revenue becomes due to the Council at recurring fixed intervals, for rent or plot fees, a Register must be kept, your Council did not maintain a register for each of these revenue sources which are due on recurring fixed interval. Without this Register, it would be difficult to determine the amount outstanding from each revenue payer. Revenue supervision would also be difficult without this Register.

Recommendation: You are advised to maintain Market Register and any other accounting Registers and documents required by regulations. The Treasurer should see to it that the register is well maintained as required of him by Chapter 1.8(5) of MFM.

15. CAPITAL EXPENDITURE REGISTER/FIXED ASSET REGISTER

Observation: During the audit verification of legacy asset of the Local Government, it was observed that the Local Government did not maintain a Capital Expenditure Register as required by Chapter 26:4 of Model Financial Memoranda for Local Governments (MFM) because the capital expenditure register could not be produced despite repeated demand. This is in spite of the fact that the MFM required that the Capital Expenditure Register should be regarded as the most important accounting record to be kept by the Local Government and that it should be a permanent record of the assets of a Local Government that is to be kept in perpetuity. If this register is properly maintained, it would provide information on all the assets of the Government at any point in time, their location, custodian etc. In the absence of a Capital Expenditure Register, it would be difficult to trace the movement of assets. Keeping of this record gained more relevance after the adoption of the International Public Sector Accounting Standard (IPSAS) Accrual Basis by Nigeria which requires the reporting of long term assets expected to be recorded in this register in the General Purpose Financial Statement.

In addition, you are to note that physical inspection of the assets in either the Capital Expenditure Register or Fixed Assets Register is to be done every six months as required by Chapter 26:6 of Model Financial Memoranda for Local Governments. The flippant excuse of

officials that they are not aware of the existence or location of Council's assets will no longer be tolerated.

Recommendation: You are advised to always maintain relevant accounting records required by regulations.

16. LOCAL GOVERNMENT ASSET NOT IN THE SECRETARIAT

Observation: During the audit exercise, it was observed that a newly acquired Lexus car purchased in 2018 for the use of Executive Chairman (Hon. Sowole Awoyemi Olutayo) as an official car was not found in the secretariat as at the time of compiling this report. Investigation revealed that the Lexus car has been with the former Chairman since the end of their tenure in October 2019 without approval contrary to the advice of this Office.

Recommendation: The Local Government is advised once again to retrieve the vehicle from the Executive Chairman.

**The Chairman,
Transition Committee,
Remo North Local Government,
Isara.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF REMO NORTH EAST
LOCAL COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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 comment in connection with the above Audit Inspection.

2. SHORTFALL IN REVENUE

Observation: During the period covered by this report, a sum of Seventeen Million, Eight Hundred and Sixty Thousand Naira (₦17,860,000.00) only was the total independent revenue budgeted, but only a sum of Seven Million, Four Hundred and Sixty-Three Thousand, Four Hundred Naira (₦7,463,400.00) only was generated. The amount generated represented 42% of the total budget. The revenue generated appeared to be low compared to the amount estimated. The revenue generated also represented a 10% drop in revenue performance when compared to the sum of ₦8,295,560.00 generated in year 2018. This is an indication that the internal control over revenue is weak or there are leakages yet to be identified and blocked.

Recommendation: You are advised to block leakages in revenue for improved revenue performance.

3. ICT RESOURCE CENTRE AT ODE-REMO

Observation: It was highlighted in the last Audit Inspection Report No. OGLG/RNELCDA/1/8 of 15th May, 2020 that the Town Hall at Remo had been converted into an ICT Centre and been fully equipped with ICT equipment donated by Asiwaju Adebisi Adegbuyi, an indigene of the town. The facility was to be used to provide ICT training to the people of the Local Council Development Area and it's environ. It will also serve as a means of generating revenue to government purse.

However, audit visit to the centre revealed that more than two (2) years that the ICT Centre was commissioned, the centre is yet to be put to use despite the fact that all the computer gadgets, its accessories and other necessary equipment that will enhance the effective functioning of the centre had been put in place by the donor. At the moment, the ICT Centre is

idling while the Local Council has a teeming population that needed to improve their capacity and usage of computers. The information gathered was that the ICT was to be handed over to the CDA but appeared not to have been properly handed over.

Recommendation: Remo North Local Government management should take advantage of the ICT Centre to empower her citizens by way of capacity building to face the stiff competition in the limited space in the employment market and for their use in their private businesses.

5. **LEGACY ASSETS RECOGNITION**

Observation: I wish to draw your attention to circular letter Ref. No. OGLG/AUD/94/Vol.III/20 of 9th January, 2019 issued by this Office requesting all the Local Governments and the Local Council Development Areas in the State to identify and measure all its legacy assets in line with IPSAS requirements and to state that your LCDA has failed to comply fully with the content of the above quoted circular. This is because some landed properties were not incorporated at all into the value of asset in the GPFS. They include Eposo Land, Agbelere Farm Land and other land at the back of Ipara Lock-up shops.

The Council has 3 Hectares of land at Agbelere Farmers. That of Eposo land measures four (4) plots but the size of the land at the back of Ipara Lock-up Shops is not known.

Recommendation: Your management is advised to set machinery in motion to determine the size of all her landed property and their values and incorporate it in the year 2020 GPFS.

6. **OFFICIAL VEHICLE TAKEN AWAY BY THE CHAIRMAN**

Observation: During the audit exercise, it was observed that a lexus 350 ES SUV2007 Model Salon car purchased by the LCDA in November 2018 from Haroolord Global Services was taken away by the former Chairman Hon. Idowu Segun Samuel (FCA) while leaving the office without due process.

Further investigation revealed that the sum of ₦2,000,000.00 only has been paid on the vehicle that cost ₦3,990,000.00 leaving a balance of ₦1,990,000.00 which has been included in the payable for the year at the instance of the audit team.

Recommendation: The management of Remo North Local Government is advised to take steps at retrieving the vehicle from Hon Idowu Segun Samuel (FCA) and inform this Office accordingly.

7. **RECEIVABLES ON LOCK-UP SHOPS**

Observation: During the audit exercise, it was observed that the sum of ~~₦~~666,000.00 was due from the underlisted shops but yet to be received at the end of the reporting period (see Appendix A for details):

		<u>₦</u>
(i)	Agbero Lock-up Shops, Round-about	-- 84,000.00
(ii)	Ode Lemo Lock-up Shops, Ipara	-- 144,000.00
(iii)	Lock-up Shops, Ipara	-- 408,000.00
(IV)	Market	-- <u>30,000.00</u>
Total		<u>666,000.00</u>

Recommendation: The management of Remo North Local Government should intensify effort at collecting all the outstanding amount on the lock-up shops.

The Chairman
Transition Committee,
Sagamu Local Government
Sagamu.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF SAGAMU LOCAL
GOVERNMENT, SAGAMU FOR THE PERIOD 1STJANUARY TO 31ST
DECEMBER 2019**

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 QUERY**

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

S/N	Query Number	Subject	Amount (₦)
1	OGLG/AQ/SAG/151/2019	Expenditure not supported by proper records of accounts	300,000.00
2	OGLG/AQ/SAG/152/2019	Doubtful Expenditure	100,000.00
3	OGLG/AQ/SAG/153/2019	Doubtful Expenditure	100,000.00
4	OGLG/AQ/SAG/154/2019	Expenditure contrary to regulations	145,000.00
5	OGLG/AQ/SAG/155/2019	Doubtful Expenditure	70,000.00
6	OGLG/AQ/SAG/156/2019	Expenditure not supported by proper records of accounts	95,000.00

3. **EXPENDITURE NOT SUPPORTED BY PROPER RECORD OF ACCOUNTS**

Observation: During the period under review, it was observed from the payment vouchers that thousands of money were spent on projects execution, purchases, environmental sanitation, cutting of overgrown weeds etc through various payment vouchers which were not retired by the officials of the Local Government who handled the transactions contrary to chapter 14:17 of the Model Financial Memoranda for Local Governments. The non-attachment attitude of not attaching official printed receipts, sub-receipt and other relevant documents to the payment voucher is a pointer that the Internal Auditor did not carry out pre and post payment audit as required by chapters 14:10 and 40:1 of Model Financial Memoranda for Local Government respectively.

These irregularities had been made subject of audit query Nos. OGLG/AQ/SAG/151&156/2019

Recommendation: The Treasurer and Internal Auditor should be alive to their responsibilities by ensuring that officials of the Local Government attached relevant documents of execution to the payment vouchers as required by financial regulations.

4. **DOUBTFUL EXPENDITURE**

Observation: Audit scrutiny of some payment vouchers revealed thousands of money were expended which appeared as doubtful expenditure to Audit during the period under review. Such expenditure were the ₦70,000.00 imprest for the month of June, 2016 which was paid in November, 2019, a sum of ₦100,000.00 paid as additional expenses incurred to hire tipper-lorries and labourers during November, 2016 environmental sanitation exercise which was paid in October, 2019, a sum of ₦100,000.00 to clear high grown weeds in May, 2016 which was paid in September, 2019 etc. These payments were made several months after execution of the projects which makes the expenditure doubtful to Audit. Also, printed official receipts and sub receipts were not attached to those payment vouchers as evidence contrary to chapter 14:17 of the Model Financial Memoranda for Local Governments.

This had been made subject to audit query nos. OGLG/AQ/SAG/152,153 & 155/2019.

Recommendation: The Treasurer should always ensure that payment vouchers outside the current year expenditure are revalidated before payments are made in the current year budget and also, the expenditure should be retired in line with financial regulations.

5. **BANK RECONCILIATION STATEMENT**

The bank reconciliation statements for the period 1st January to 31st December, 2019 were examined and the followings were observed.

a. **DORMANT BANK BALANCES**

Observation: It was observed that little or no action seems to have been taken on the advice given in the last audit report No.OGLG/SAG/1/Vol.IV/188 of 29th May, 2020 that the Local Government should either reactivate or close the bank accounts that had been dormant for several years. During the recently concluded audit exercise, the issue was also raised with the Director of Finance and Supplies and he promised to discuss it with the management and gave the assurance that necessary action would be taken on the advice given by this Office.

Details of the dormant bank accounts are highlighted below:

NO	NAME OF BANKS	ACCOUNT NOS	AMOUNT ₦
1.	Sagamu Community Bank, Ogiyo	3703834	35,020
2.	Access Bank PLC	0043237517	18,621.82
3.	Oceanic Bank PLC	4762014294	81,521.63
4.	Access Bank PLC	0043248267	62,090.95
5.	UBA Sagamu Account	0139006000012	6,255.84
6.	Union Bank Account	0010294210	11,825.61
7.	Union Bank Account	0010235105	1,143.40
8.	Wema Bank	4110000113	252.01
	Total		216,731.26

The continuous retention of these dormant bank accounts would do no good to the Local Government but attracts more bank charges on yearly basis.

Recommendation: The Local Government is advised once again to expedite action on those dormant bank accounts without further delay by either resuscitating or close them if they are no longer necessary and inform this Office of the action taken as soon as possible.

b. DIRECT CREDIT

Observation: Despite my advice given in the last audit inspection report that the Treasurer and Internal Auditor should ensure that revenue collectors always present pay-in-slips to the treasury for issuance of TR, a sum of ₦22,886,550.61 only were still credited into the various bank accounts of the Local Government but yet to be debited into cashbook during the period under review. Audit investigation revealed that the money was the revenue collected by the revenue collectors and individuals but failed to present the pay-in-slips to the cashier so as to obtain treasury receipts.

This indicates that the Internal Auditor has not been checking the revenue collectors' regularly for him to have detected the revenue collectors that did not presents bank tellers to the Cashier for the money paid into the bank at a particular point in time. Also the treasurer should have detected these direct credits and did the needful in the cashbook if he had been preparing or monitoring the officer in-charge of bank reconciliation statement regularly.

Recommendation: The duo of Treasurer and Internal Auditor should ensure that revenue collectors always present pay-in-slips to the treasury, obtain treasury receipts and post them in the cashbook.

However, the treasurer is advised to post all the accumulated direct lodgements into the cashbook in order to tidy up the account of the Local Government.

c. CASH IN TRANSIT/UNCREDITED LODGEMENT

Observation: During the period under review, it was observed that a sum of ₦272,450.00 only was paid into the various banks accounts of the Local Government since 2017 but yet to be credited into the Local Government bank accounts. The non-challant attitude of the Local Government to investigate the uncredited lodgements might lead to loss of fund/revenue.

The attention of the Treasurer has been drawn to it, and he promised to investigate.

Recommendation: The treasurer should keep to his promise by investigating the uncredited lodgments of ₦272,450.00 which had been appearing since 2017 and do the needful in the cashbook accordingly.

d. DIRECT DEBIT

Observation: A sum of ₦20,177,520.00 from November 2017 to date was highlighted in the bank reconciliation statement as direct debit as at 31st December, 2019. The payment was made in the Wema bank account No. 0122166428 without payment voucher been prepared for the payments contrary to chapter 14:3 of the Model Financial Memoranda for Local Government.

Recommendation: The treasurer is advised to investigate the direct debit and raise vouchers for the money in order to put the cashbook in a correct perspective. Also, the Local Government should desist from issuing cheque without payment vouchers contrary to chapter 14:3 of the Model Financial Memoranda for Local Government which required that each payment must be supported by a proper authorized payment voucher.

e. OTHER ITEMS

Observation: Similarly, there was a sum of ₦2,028,000.00 classified as other items in the bank reconciliation statement during the period under review. Audit investigation revealed that the amount was transferred to individual staff at Sagamu West and Sagamu South LCDAs through Micro Finance bank, Sagamu in June, 2017. On further Audit enquiry, the treasurer could not explain the reason for the transfer and the amount had kept featuring in the bank reconciliation statement without doing anything to it.

Recommendation: The treasurer is advised to investigate this figure (₦2,028,000.00) and to always look into the transaction in the bank reconciliation statement for him to be able to tidy-up the cashbook.

6. KEEPING RECORDS

Observation: During the period under review, it was observed that payable ledger, receivable ledger and market ledger were not maintained in accordance to International Public Sector Accounting Standard (IPSAS), accrual basis requirements.

- i. **Payable:-** It was observed that some payments were settled in year 2019 for expenditure incurred in previous year but which were not highlighted in the Annual Financial Statement as payable in the year incurred. Examples of these were monthly imprest, clearing of overgrown weeds, repair works, environmental sanitation etc. The implications of the omission of expenditure incurred in the year it relates amount to under reporting expenses incurred and also failure to recognize liabilities at the reporting date.
- ii. **Receivable:-**The market ledgers that were kept were not updated to ascertain the actual indebtedness on stallages as at 31st December, 2019.

The attention of the treasurer has been drawn to these irregularities and promised to keep comprehensive up-to-date necessary ledgers in compliance with IPSAS, accrual basis requirements.

Recommendation: The treasurer is hereby reminded to maintain and update those ledgers in order to easily ascertain the payables, receivables etc, at any time and in compliance with the IPSAS accrual requirements.

7. VERIFICATION VISIT TO LOCK-UP SHOPS AND OPEN STALLS WITHIN THE LOCAL GOVERNMENT AREA

Observation: During the period under review, audit physical verification visit was made to various market places where the Local Government owns lock-up shops and open stalls. The visit revealed that the Local Government has eight hundred and fifty-three (853) lock-up shops and five hundred and thirty-four (534) open stalls as detailed below:

S/NO	LOCATION	NO OF LOCK UP SHOPS	NO OF OPEN STALLS SHOPS	REMARK
1.	Oja Oba market	196	-	In good condition
2.	Falawo Market	82	124	“
3.	IjokuEleja shopping Complex	37	-	“
4.	Ijoku motor park	14	-	“
5.	Sabo market	524	410	Got burnt
	Total	853	534	

It was informed that Sabo market lock-up shops and open stalls totaling nine hundred and thirty-four (934) got burnt on 28th January, 2020.

Audit inspection visit to Sabo market confirmed that all the shops therein got burnt but the report of the loss as a result of fire inferno appeared not have been made to this Office contrary to chapter 8.1(15) of Model Financial Memoranda for Local Government which states that on receipt of any loss report, the Chairman shall inform the Auditor-General in writing immediately.

Further audit investigation showed that the amounts charged on those shops and stalls were not in reality with the economic situation.

Although the Local Government generated a lot of money on these shops and stalls during the period under review, it could still generate more revenue from them if necessary records and machineries are put in place in the next financial year, 2020.

Recommendation: The Local Government is advised to open separate market ledgers for all its shops across the market places. The market ledgers should contain in details names, addresses of occupants, shop numbers, amount expected to generate, actual amount generated with TR No and outstanding amount on yearly basis.

With these records, the Local Government would be able to determine at a glance the revenue performance from those shops and stalls.

Also, the rent placed on each shop and stalls should be jacked-up in line with the economic situation as well as their strategic metropolitan location.

b. **SPECIAL REPORT OF OJA-OBA MARKET**

Observation: At the time of audit inspection exercise, a visit was made to Oja Oba market. At the place, the occupants of the shops denied the Audit Team access to the shops for information but was later informed that the occupants normally pay rent on the shops to a former Executive Chairman (name unknown) of the Local Government because the occupants thought the shops belong to him. Efforts made by Audit Team to obtain necessary information relating to Oja-oba market shops did not yield result because none of the officials of the Local Government was able to give the Auditors a clue in respect of the shops at the market.

Recommendation: The Local Government is advised to look into the operation at Oja-Oba market and inform this Office of what is going on in the market as regards to stallages therein within two (2) weeks from the date on this report.

8. **OFFICIAL VEHICLE TAKEN AWAY BY THE EXECUTIVE CHARIMAN OF THE LOCAL GOVERNMENT**

Observation: It was observed that despite circular letter No OGLG/AUD/94/VOL.II/34 of 14th June, 2019 from this Office in which the Local Government was advised that the official vehicles attached to the political office holders should not be taken away, it was disheartening to observe that the Executive Chairman (Hon. Femi Kafaru) still took away the official vehicle Toyota Corolla Sport attached to him after the tenure of office in disregard to the letter under reference. Even if he (Chairman) has agreed that the sum of ₦3,650,000.00 should be deducted from his severance allowance when paid, would the Local Government know when the allowance is eventually paid by the State Government for possible recovery from the Executive Chairman?

Recommendation: The Local Government should always adhere strictly to the circular letters from this Office. This report shall be forwarded to the Public Accounts Committee of the State House of Assembly at appropriate time.

9. **LEGACY ASSET/FIXED ASSET REGISTER**

Observation: It was observed that Lafarge Portland Cement Company renovated Latawa Health Centre and Owode-Epota Health Centres at Kara, Sabo Sagamu as part of its social responsibility to the Local Government. The centres were medically equipped by the company. The fixed asset register maintained by the Local Government did not capture the medical equipment at the two health centres.

Recommendation: The fixed asset register that was maintained should be updated and ensure that medical equipment at Lafarge and Owode-Epota, Kara-Sabo, Sagamu are captured in the register. Also, the name of the Local Government should be conspicuously inscribed in all its assets for identification purpose.

10. **ADVANCE**

Observation: Available advance ledger revealed that 316 individual officials of the Local Government were granted advance loan some years ago but which had not been fully liquidated by majority of the beneficiaries as at when due while some loans were over deducted from their salaries. The outstanding balance of advance loan in the ledger stood at ₦8,254,657.36 as at 31st December, 2019.

This is a colossal sum of money which appears to be in the hands of staff unpaid. Audit investigation revealed that some of these advance loans had been deducted from staff monthly

salaries at the various Local Governments they were posted to but were not remitted to the Local Government where they obtained the loan.

Also, there were negative balances against individual beneficiaries in the ledger which were not rectified. This means they have over-deducted the loan from their monthly salaries but not refunded to the staff affected.

Recommendation: The treasurer is advised to investigate these long lists of advance loan in order to know the actual outstanding balance of loan in the advance ledger as at 31st December, 2019 and for those to be held responsible. Also a refund should be made to those officers whose loans were over-deducted.

11. **ON-GOING CAPITAL PROJECTS**

Observation: The on-going projects which had been mentioned in various audit inspection reports especially last report No. OGLG/SAG/1/Vol.IV/188 of 29th May, 2020 were the construction of a new office complex at the Local Government secretariat and rehabilitation of Trailer park at Kara, since OGD administration. These two (2) projects remained uncompleted as at the time of writing this report having expended public fund heavily on them.

The completion of the office complex would have solved the problem of office accommodation being encountered by staff, while completion of the trailer park at Kara, Sabo would have paid itself back and even enhance revenue generation profile of the Local Government.

Recommendation: The management of the Local Government should look into the direction of completing the two (2) projects at all cost so that the huge amount already expended on the projects would not be a wasteful expenditure.

12. **AGRICULTURE AND NATURAL RESOURCES**

Observation: At the Agriculture department of the Local Government, there was no activities that can fetch the Local Government any revenue during the period under review. The department appeared not to have embarked on any project such as arable farming, rearing of snails, nursing of palm oil seedling and other agric projects even within the secretariat premises. Its poultry pen has been ceded to Sagamu West LCDA by Asset Sharing Committee in 2017 and since then this Office had been advising the Local Government especially in the last Audit inspection report No. OGLG/SAG/1/VOL.IV/188 of 29th May, 2020 to maintain poultry pen in order to enhance its revenue generation performance but to no avail. As at the time of writing

this audit inspection report, the officials in the agriculture department are drawing their monthly salaries without doing anything because there was no agricultural project on ground.

Recommendation: The Local Government is again advised to make use of its Agriculture Department by embarking on at least any of the project mentioned above in the report.

The Chairman,
Transition Committee,
Sagamu Local Government,
Sagamu.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF SAGAMU SOUTH LOCAL
COUNCIL DEVELOPMENT AREA, FOR THE YEAR 1ST JANUARY 2019 TO 31ST
DECEMBER 2019.**

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 QUERY**

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

S/N	Query Number	Subject	Amount (₦)
1	OGLG/AQ/SSLCDA/6/2019	Doubtful Expenditure	400,000.00
2	OGLG/AQ/SSLCDA/7/2019	Unreceipted Expenditure	150,000.00

3. **UNRECEIPTED EXPENDITURE**

Observation: A sum of ₦150,000.00 vide PV 9/ February, 2019 was paid to Barrister Gbenga Hassan (Executive Chairman) to purchase Local Government deep freezer as a gift to Lt Col. Benedict Ezeh of 174 Battalion, Odongunyan barrack, Ogijo.

It was observed that the official printed receipt of gift purchased was not attached to the payment voucher as evidence which is contrary to chapter 14:17 of the Model Financial Memoranda for Local Governments. Also, the purported gift was not acknowledged by Lt. Col. BenedicEzeh.

Recommendation: The official printed receipt of the deep freezer and acknowledgement/appreciation letter should be attached to the payment voucher as required by financial regulation.

4. **DOUBTFUL EXPENDITURE**

Observation: A sum of ₦400,000.00 was paid vide PV 09/April, 2019 to Mr. Hezekiah Olawunmi (Landlord of Sagamu South LCDA secretariat) as balance payment for the house rent.

In the letter attached to the payment voucher, the Landlord requested for the balance payment of ₦300,000.00 for the year 2017 rent, but a sum of ₦400,00.00 was purportedly paid to him.

Also, there was no evidence of payment because the official printed receipt issued by the Landlord was not attached to the payment voucher contrary to chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: Evidence of payment should always be attached to payment voucher while the sum of ₦100,000.00 in excess (~~₦400,000~~ - ₦300,000) should be paid back into the treasury.

5. **LOSS OF FUND BY REVENUE COLLECTOR**

Observation: In the last audit inspection report No. OGLG/SSLCDA/1/55 dated 28th January, 2020, this Office instructed that a sum of ₦40,000.00 should be recovered from either Barrister Hassan Gbenga (former Executive Chairman) or Mr. LamidiAdekunle (Senior Executive Officer) for eight (8) leaflets of Certificate of Origin issued at the rate of ₦5,000.00 per leaflet. The certificates were sold by LamidiAdekunle to the family of Executive Chairman on his (Chairman) instruction but the Chairman did not remit any money to the coffers of the Local Government. On interrogation, the Chairman himself confirmed that he instructed the officer to issue the certificates.

At the time of the audit exercise, it was observed that the money has not been paid because there was no evidence of such payment in the cashbook.

Recommendation: The sum of ₦40,000.00 on the certificate of origin sold and not paid for by Mr. LamidiAdekunle on the instruction of the Chairman should be recovered from both the Executive Chairman (Barrister Hassan Gbenga) and Mr. LamidiAdekunle (Senior Executive Officer) within two 2 weeks from the date on this report or risk salary stoppage.

6. **LOCK-UP SHOPS AND OPEN STALLS AT TEMIDIRE ALABA MARKET** **OGIJO**

Observation: I wish to refer to my previous Audit Inspection Reports No. OGLG/SSLCDA/1/1 of 5th December, 2018. OGLG/SSLCDA/1/30 of 26th June, 2019 and OGLG/SSLCDA/1/55 of 28th January, 2020.

In those audit reports under reference, the management of the Council was advised to pay serious attention to Temidire Alaba market, Ogijo because the situation or the operation of the market was not in the best interest of the Council in term of revenue generation. At the time of this audit exercise, a visit was made to the market by Audit Team but the situation there

remained as it was reported in the previous audit report because there was no significant improvement.

Audit scrutiny of revenue ledger revealed that a sum of ₦424,200.00 only was generated from the stallages at the market as at 31st December, 2019. Ordinarily, the Council was expected to generate millions of naira annually if adequate attention was paid to the market and the needful were done. Presently, it appears that there are 1,086 number of lock-up shops and 80 open stalls at Temidire market, Ogiyo paying at the rate of ₦6,000.00 and ₦3,000.00 per annual respectively.

Recommendation: The management is again advised to comply with the advice of this Office in its various audit reports by paying special attention to lock-up shops and open stalls at Temidire market, Ogiyo. This Office should be abreast of latest development for further necessary action.

7. **REVENUE GENERATION PERFORMANCE**

Observation: In the year under review, available revenue ledger revealed that a sum of ₦8,597,420.00 was actually generated by the Council as against a sum of ₦29,480,000.00 budgeted. This is 29.2% revenue generation performance for the period. The amount generated was below the sum of ₦32,733,015.00 generated in year 2018.

It was observed that the Council can still perform better if all leakages are blocked and all revenue head/subheads such as trade permit, license hackney permit/Motor cycle license fees, road haulage, entertainment fees, street naming and renewal fees are maximally harnessed.

Recommendation: The Council is advised to be more proactive in its revenue generation drive for better performance in the next financial year 2020.

a. **RECEIVABLE**

Observation: During the period under review, audit scrutiny of records revealed that the Council was yet to collect the sum of ₦1,395,000.00 on its stallages and a sum of ₦1,000,000.00 from Barrister Gbenga Hassan (Executive Chairman) being part payment made to him for his official car Toyota Venza, 2009 model. The vehicle was neither supplied nor the part payment of ₦1,000,000.00 released to the Chairman was paid back to the treasury after his tenure of the office.

Recommendation: The Council is advised to intensify efforts towards collecting all its debts in order to use it for other meaningful purposes in the year 2020.

b. PAYABLE

Observation: Similarly, it was observed that a sum of ₦966,600.00 was incurred on various project/transactions which the Council was incapacitated to pay for during the year. Example of such project include printing of revenue earning receipt etc.

Recommendation: The Council is hereby implored to settle all monies owed during the period under review in the next financial year.

8. NON RETIREMENT OF IMPREST

Observation: Despite my observation in paragraph 6 of last audit inspection report No. OGLG/SSLCD/1/55 dated 28th January, 2020 that the Treasurer and Internal Auditor should ensure that previous months imprest were retired before granting the following month imprest, it was surprising that imprest were still granted to most politicians and career officers for succeeding month without being retired. This is a violation of chapter 14:27 of the Model Financial Memoranda for Local Governments which stipulates that no imprest shall be granted unless the previous imprest collected for the same purpose has been retired.

Recommendation: The Treasurer and the Internal Auditor should be more alive to their responsibilities. Also, ensure that they always comply with advice of this Office and chapter 14:27 of the Model Financial Memoranda for Local Governments on imprest payment.

This Office reiterates that the duo of the Treasurer and Internal Auditor shall personally and pecuniarily be responsible for any infraction in this regard.

9. KOMATSU MOTOR GRADER

Observation: I wish to refer to the last audit Inspection report No. OGLG/SSLCD/1/55 of 28th January 2020, where the Council was advised to withdraw the grader from the operator and get it repair in order to generate revenue.

At the time of writing this report, the grader has been withdrawn from the operator and it was parked at Sagamu West LCDA Secretariat Makun but not functioning let alone generates anything for the Local Government. An enquiry revealed that a rent of grader in that vicinity goes for ₦60,000 to ₦70,000 per day.

Recommendation: If the Council had repaired the grader as advised, it could have generated a lot of money. The Council is hereby advised to repair the grader on time in order to enhanced revenue generation.

10. **PURCHASE OF MOTOR VEHICLE FOR OFFICE OF THE EX-CHAIRMAN**

Observation: It was observed that the Council has not recovered a sum of ₦1,000,000.00 given to Barrister Olugbenga Hassan (former Executive Chairman) as part payment for purchase of Toyota Venza 2009 model for his official use while he was the Chairman of the Council as instructed in my last audit inspection report No. OGLG/SSLCDA/1/55 of 28th January, 2020. The cost of the vehicle was ₦3,950,000.00 out of which a sum of ₦1,000,000.00 was released to him (former chairman). The vehicle was neither supplied nor the sum of ₦1,000,000.00 refunded to the treasury by the former chairman. As at the time of writing this audit report, the sum of ₦1,000,000.00 part payment on the vehicle has not been recovered from him (Chairman).

Recommendation: Even though the amount has been captured under receivables, the Council is advised not to lose sight of the money.

11. **PREPARATION OF GENERAL PURPOSE FINANCIAL STATEMENT (GPFS)**

Observation: It was observed that the way in which the year 2019 General Purpose Financial Statements were prepared did not provide for space in case there are corrections to be made. The space in-between lines and figures were narrow and the figures too were tiny thereby making corrections difficult in the General Purpose Financial Statement (GPFS).

Also, the way in which the final estimate for year 2019 were prepared did not augur well because the final estimate and the General Purpose Financial Statement were not speaking the same voice in term of arrangement and figure.

Recommendation: The Treasurer and the Planning officer should be alive to their responsibilities and agreed on a uniform template to adopt in the preparation of both final estimate and the GPFS and also, to always give space in-between the figures and lines so that possible corrections could be easily made.

The Chairman
Transition Committee,
Sagamu Local Government
Sagamu.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF SAGAMU WEST LOCAL COUNCIL DEVELOPMENT AREA, MAKUN FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2019

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 QUERY**

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

S/N	Query Number	Subject	Amount (₦)
1	OGLG/AQ/SWLCDA/4/2019	Expenditure not supported by proper record of accounts	800,000.00

3. **EXPENDITURE NOT SUPPORTED BY PROPER RECORD OF ACCOUNTS**

Observation: It was observed that a sum of ₦800,000.00 was paid to Mr. R. O. Lawal (Principal Environmental Health Officer) for environmental sanitation through various payment vouchers during the year, 2019.

The payment vouchers were not supported with evidence of execution such as: official printed receipts of tipper- lorries hired and sub receipt of labourers engaged during the exercise. This is contrary to chapter 14:17 of the Model Financial Memoranda for Local Governments which stipulates that official printed receipt must be obtained and attached to the payment.

Recommendation: The official of the Council should always account for public funds received in line with the financial regulations.

4. **BANK RECONCILIATION STATEMENT**

Direct Credit

Observation: During the period under review, it was observed that a sum of Three Hundred and Sixty One Thousand, Four Hundred and Thirty Two Thousand Naira (₦361,432.00) only was credited into the bank accounts of the Local Council Development Area but yet to be posted into

the cashbook. Audit investigation further revealed that the money was the revenue collected and paid directly to the bank by the revenue collectors but failed to present the pay-in-slips to the Cashier so as to obtain Treasury Receipts for the payment.

Recommendation: The Treasurer is advised to educate its staff on the needs to always present pay-in-slips to the Cashier in order to obtain treasury receipt whenever deposit/revenue are paid into the Local Government bank account.. Meanwhile, the treasurer should debit the amount into cashbook in order to give true and fair position of the Councils revenue

5. **NON RETIREMENT OF IMPREST**

Observation: During the examination of payment vouchers, it was observed that most of the office imprest collected during the year by political office holders and career officers were not retired contrary to chapter 14:27 of the Model Financial Memoranda for Local Governments. Examples of such imprest are on payment vouchers Nos 5/May, 2019, 5/October, 2019, 8/October, 2019, 9/October, 2019. The attention of the Internal Auditor has been drawn to this contravention of regulations because he ought to have detected it if actually he has been doing the post payment audit of the payment vouchers as expected of him in chapter 14:27 of the Model Financial Memoranda for Local Governments.

Recommendation: It is the advice of this Office that every imprest earning officer must retire the imprest collected during the month before another month's imprest is granted to him as specified in chapter 14:24 and 27 of the Model Financial Memoranda for Local Governments, that is, pre and post audit payment of vouchers.

Henceforth, the Treasurer and the Internal Auditor shall be personally and pecuniarily held responsible for any infraction on this regards.

6. **HEALTH FACILITIES UNDER THE LCDA**

Observation: During the audit exercise, verification visit made to EwuBaale health centre revealed that the centre lacked portable water, medical equipment, bedding, etc. Also, there was no security provided at the centre. It was also observed that non availability of these amenities has caused the Council inability to generate revenue from the centre during the year.

Recommendation: The Council is advised to provide necessary medical equipment, water supply, security and other facilities that will improve service delivery towards enhanced revenue generation in the next financial year.

7. **EQUIPMENT AT THE NEWLY RENOVATED SIMAWA HEALTH CENTRE LABORATORY**

Observation: Available information revealed that the Council's health centre at Simawa was renovated by the Royal Initiative for the Development of Sagamu Communities (RIDSCO). Further observation revealed that a sum of ₦250,000.00 vide payment voucher No. 7/March, 2019 was expended by the Council on procurement of medical equipment to the laboratory of the centre. Audit inspection visit to the laboratory revealed that the medical equipment that were purchased, such as: electrophoresis machine, Glucometer bucket centrifuge, Hematometra centrifuge, working bench, office table, stabilizer etc were sighted by the Audit Team at the centre.

Recommendation: The Council is advised to make judicious use of the equipment, safeguard them, inscribe its name on them and as well capture the medical equipment in its fixed/capital expenditure asset register in line with financial regulation and IPSAS accrual requirement.

8. **LOCK-UP SHOPS**

Observation: The forty (40) out of two hundred (200) shops at Awolowo market which were engulfed by fire outbreak in 2018 has not been repaired as at the time of writing this audit report.

In the last audit inspection report No. OGLG/SWLCDA/1/8 of 28th January, 2020 the Council was advised to rehabilitate the burnt shops in order to generate revenue from the 40 shops.

Recommendation: The Local Government is advised again to rehabilitate the burnt shops in the bid to generate more revenue from its stallages in the next financial year, 2020.

9. **FIXED ASSET REGISTER/CAPTIAL EXPENDITURE REGISTER**

Observation: In the last audit inspection report No. OGLG /SWLCDA/1/8 of 28th January, 2020, the Council was advised to open a register for all its assets. This advice appeared not to have been taken seriously because the assets register has not been maintained during the period under review. This is a total disregard to the directive of this Office and violation of chapter 26:4 of the Model Financial Memoranda for Local Governments which states that the capital expenditure register shall be maintained as a permanent record of all Local Government physical assets estimated to have a duration of ten (10) years or more. The fixed asset register is one of the most important accounting records which must be kept.

Recommendation: The Local Council Development Area is once again advised to maintain register of its assets of both inherited from Sagamu Local Government and the newly purchased

assets in compliance with chapter 26:4 of the Model Financial Memoranda for Local Governments and in compliance with the International Public Sector Accounting Standard (IPSAS), accrual basis.

10. **INTERNAL AUDIT UNIT**

Observation: It was observed that the internal control mechanism of the Council still appear to be weak as it was highlighted in the last audit inspection report No. OGLG/SWLCDA/1/8 of 28th January, 2020.

During audit scrutiny of accounting records/documents, it was observed that sporadic check were often not carried out on revenue collectors and in the store. The store receipt voucher and store issue voucher were not issued on purchases made by all the departments during the period under review. Also, there was no sign that pre and post payments audit were carried out on payment vouchers by the Internal Auditor contrary to chapter 14:10 and 40.1 of the Model Financial Memoranda for Local Governments.

Recommendation: The Internal Auditor is again advised to be proactive and not shy away from his responsibility as required by chapters 14:10 and 40:1 of the Model Financial Memoranda for Local Governments.

11. **AGRICULTURE AND NATURAL RESOURCES DEPARTMENT**

Poultry Pen

Observation: Despite the advice given to the Council in my last audit inspection report No. OGLG/SWLCDA/1/8 of 28th January, 2020 to rehabilitate its collapsed poultry pen building, resuscitate the fish pond and piggery pen as well as made the environment clean and conducive, the advice of this Office appeared not to have been yielded to. This is because at the time of this audit exercise, the place remained in the same deplorable condition as it was reported in the last audit inspection report.

Recommendation: The management is once again advised to repair the collapsed poultry pen building and re-stock it with birds. Also, the fish pond and piggery pen should be resuscitated towards improved revenue generation performance in the next financial year.

The Chairman,
Transition Committee,
Yewa North Local Government,
Ayetoro

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF YEWA NORTH LOCAL
GOVERNMENT, AYETORO.FOR THE PERIOD 1ST JANUARY, 2019 TO 31ST
DECEMBER, 2019.**

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. BANK RECONCILIATION STATEMENT

DIRECT CREDIT

Observation: The bank reconciliation statements of the Local Government for the period 1st January to 31st December, 2019 were examined and it was observed that a total sum of One Million, One Hundred and Five Thousand, Two Hundred and Seventy Two Naira, Fifty Kobo (₦1,105,272.50) represents various amounts credited to the bank accounts of the Local Government but not debited in the cashbook. The direct credit existed as a result of some revenue collectors that held onto the deposit slips without presenting them to the cashier for issuance of Treasury Receipts.

Recommendation: The Local Government is hereby advised to orientate the revenue collectors on the need to always present their deposit slips to the treasury immediately after payments. Hence, the Local Government is advised to write all direct credit items into the cashbook.

3. UN-RECOGNISED LEGACY ASSETS (MOVABLE ITEMS)

Observation: Examination of the General Purposes Financial Statement (GPFS) for year 2019 revealed that the Local Government recognized only immovable items such as lands, buildings, shops and halls, as legacy assets valued at Nine Hundred Million, Forty Six Thousand, Eight Hundred and Seventy Five Naira (₦900,046,875.00)only and this was incorporated into the financial statement.

It was observed that all movable items such as motor vehicles, plant etc valued at Seven Million, Five Hundred Thousand Naira (₦7,500,000.00) only, were not captured as part of legacy assets of the Local Government.

The Audit confirmed the existence of these assets and added them to the existing immovable legacy assets of the Local Government which invariably increased the value of legacy assets to ₦907,546,875.00.

It is important to state that one of the assets was the Toyota Camry (1998model) valued at One Million Naira (₦1,000,000.00) has been sold to the retired Head of Local Government Administration (HOLGA) during the period under review.

IMMOVABLE ASSETS (CORPER'S LODGE)

It was observed that the corper's lodge which was constructed by the Local Government for the use of the youth corp members. The corper lodge was built very close to the Local government quarters and was not captured as part of the asset of the council in the financial position for the year 2019 accounts. The Audit frowned at this omission and mandated the council to take due process and ensure that the building is appropriately valued and incorporate it in the legacy asset which should be reflected in its financial position.

Recommendation: The non-inclusion of the movable assets in the financial statement means that the financial statement might not give the true and fair view of the state of affairs of the Local Government hence the Local Government should always ensure that all its moveable and immovable assets are captured and reflected in its financial position

4. POSSESSION OF LANDED PROPERTIES

Observation: The Local Government has some landed properties located at various places within Ayetoro township.

During audit verification visit, it was observed that the Local Government has no structure on these lands or any erected sign post to signify that the Lands truly belongs to the Local Government except the land at Atokun Market.

Further investigation revealed that the Local Government did not have any document relating to the ownership of the land especially the perimeter survey that could protect the lands from encroachment.

Recommendation: The Local Government has been advised to erect sign posts on all its landed properties and do their perimeters survey in order to substantiate the ownership of those lands. Copies of the perimeter survey should be forwarded to this Office for further verification.

5. RECEIVABLES

The total sum of Two Hundred and Forty Four thousand, Five Hundred Naira (₦244,500.00) only represented the receivables (debts) from the occupiers of the shops/stalls against One Hundred and Ninety Six Thousand, Two Hundred Naira (₦196,200.00) only which was highlighted by the Local Government in the General Purposes Financial Statement for year 2019.

Audit scrutiny of the market ledger revealed that though, proper records were kept, but details on the ledger were not correctly extracted for preparation of final accounts. The receivables amount of Forty Eight Thousand, Three Hundred Naira (₦48,300.00) only was erroneously omitted from Oja-Agbe market ledger page. The implication is that the figure of receivables in the financial statement cannot be relied upon, and that the amount collectable would have been reduced by the amount omitted. The sum of ₦244,500.00 has been recognized/captured as receivables in the financial position as at 31st December, 2019.

6. OLD OPEN STALLS AT OLD MARKET, AYETORO

Observation: It was observed that the Local Government has 128 open stalls at Old market, Ayetoro. Audit verification visit to the market revealed that virtually all the stalls were dilapidated and needs to be renovated in order to make it useful for the traders so as to boost its internally generated revenue.

Though, some market women still make use of the stalls without payments claiming that they can only pay if the stalls are renovated.

Recommendation: The Local Government is advised to quickly renovate the stalls and allocate them at a prevailing economy rate in order to generate more revenue.

7. TOYOTA COROLLA (LG 01 AYE)

Observation: During audit exercise, an official car (Toyota Corolla LG 01 AYE) attached to the Chairman's office was not available for verification. The vehicle was purchased in year 2014 at a cost of Three Million, Nine Hundred Thousand Naira (₦3,900,000.00) only.

After thorough investigation, it was confirmed that the vehicle was taken away by the former Chairman (Mr. Olusola Akinosi Adisa). This is against circular letter No. OGLG/AUD/94/Vol.III/34 of June, 2019 from this Office. Audit interaction with the former chairman revealed that an approval to release the vehicle to him at a cost of Two Hundred and Fifty Six Thousand Naira (₦256,000.00) only was given to him by the Council.

Recommendation: The Local Government should recover the vehicle from the former Executive Chairman, Mr. Olusola Akinosi Adisa and inform this Office accordingly.

8. CONSTRUCTION OF TOILET AND SHED AT AYETORO

Observation: In spite of my advice in the last audit inspection reports No. OGLG/AQ/YEN/I/Vol.IV/326 of 30th March, 2020 that the Local Government should not lose sight on the condition of the sheds and toilet at Ayetoro motor park garage because public fund has been expended in it, the Local Government has not heeded to the advice of this Office as the place is still bushy and cannot be used by the transporters. If nothing is done, the expected revenue would not be generated and the money expended would be a waste.

Recommendation: Again, this Office advises the Local Government to find a lasting solution to the new garage at Ayetoro by clearing the weeds in order to attract patronage. If the place is tidy, it will also encourage the Ayetoro Transport Union in making use of the place in order to generate required revenue from the toilet and shed. The public fund expended to construct the toilet and shed should not be a waste of money.

The Chairman,
Transition Committee,
Yewa North Local Government,
Ayetoro.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJU LOCAL
COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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 QUERY

The audit query detail below had earlier been forwarded to you for your necessary action. Please ensure quick response to the query.

S/N	Query Number	Subject	Amount (₦)
1	OGLG/AQ/ILCDA/1/9/2019	Doubtful Expenditure	30,000.00

3. DOUBTFUL EXPENDITURE

Observation: A sum of ₦30,000.00 paid to Mr. Mayegun Hammed B. (Senior Administrative Officer) for a 3-days workshop meant for Heads of Local Government Administration appears doubtful expenditure. This is because a certificate of participation as evidence of attendance was not attached to the payment voucher in line with Chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: Evidence of attendance at the workshop should be provided and attached to the payment voucher.

4. ASSETS NOT FOUND IN THE SECRETARIAT

Observation: During the audit exercise, it was observed that some of the LCDA's assets were neither found in Iju Local Council Development Area Secretariat, Iboro, nor at Yewa North Local Government Secretariat, Ayetoro.

The assets were:

S/N	TYPE	LOCATION	CONDITION
1.	Lexus 350 official vehicle attached to the Executive Chairman, (Hon. (Alh) Ramoni Alebiosu) Iju LCDA	Still with the former Executive Chairman, (Hon. (Alh) Ramoni Alebiosu) Iju LCDA	Functioning
2.	CAT grader shared to the LCDA	Road side at Igan Okoto	Non-functioning
3.	Mazda 626	Mechanic workshop, Ayetoro	Non-functioning
4.	Mitsubishi bus	Mechanic workshop, Ayetoro	Non-functioning

Recommendation: The official vehicle lexus 350 in the custody of the Executive Chairman (Hon. (Alh) Ramoni Alebiosu) of Iju LCDA should be recovered from him in line with our circular letter OGLG/AUD/94/VOL.III/43 of 31st October, 2019. Also, the grounded grader should be secured against vandalization while the vehicles should be towed immediately from the mechanic workshop to the Secretariat of the main Local Government if the Local Government cannot afford to repair it now. This should be done to avoid vandalization.

5. RETIREMENT OF IMPREST

Observation: Available records revealed that office imprest paid to some career officer were not often retired before collecting another one. This practice is contrary to the provisions of Chapter 14:24 of the Model Financial Memoranda for Local Governments which requires that no imprest shall be approved until previous one's has been retired. Failure to retire imprest is a pointer or indication that the Treasurer has not ensured that a Register of Un-receipted Voucher is maintained to allow him/her take prompt steps to obtain all outstanding receipts as required by Chapter 23:20 of the Model Financial Memoranda for Local Governments. It also indicates that the Internal Auditor has not been carrying out post payment audit checks as required by the provisions of Chapter 40:1 of Model Financial Memoranda for Local Governments which requires the Internal Auditor to provide a complete and continuous audit of accounts and records.

Examples of such imprest are: a sum of ₦15,000.00 imprest for the month of November, 2019 vide PV . No. 10/March, 2019 and a sum of ₦15,000.00 imprest for the month of December, 2019 vide PV. No/11/March, 2019 released to the same person Miss Ayinla Mulika (Head of Finance).

Recommendation: The Treasurer and Internal Auditor should ensure that all imprests paid are retired in line with regulations. The Treasurer should maintain a register of unreceipted vouchers to allow him take prompt action on all outstanding receipts at the end of each month while the Internal Auditor should ensure that complete and continuous post audit checks are carried out regularly.

The Chairman,
Transition Committee,
Yewa North Local Government,
Ayetoro.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF KETU LOCAL
COUNCIL DEVELOPMENT AREA, TATA FOR THE YEAR ENDED 31ST
DECEMBER, 2019.**

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. BANK RECONCILIATION STATEMENT

Observation: The bank reconciliation statement for the period 1st January to 31st December, 2019 were examined and the following observations were made.

During the bank reconciliation exercise, it was observed that most of the bank tellers presented for issuance of treasury receipts had faded to the extent that the name of depositors and amount deposited was not visible. Also, the bank teller numbers were not reflected in the bank statements for easy identification.

These made the reconciliation exercise cumbersome and time consuming.

Recommendation: The cashier and sub cashier should make sure that all bank tellers collected for issuance of treasury receipts show clearly the date, amount both in words and figures and the depositor's name, or collect the photocopy of the bank teller as the duplicate because the original bank tellers fades away after some time. The information on the teller sheet could be re-written in pen behind the sheet.

DIRECT LODGMENT

A total sum of Thirty One Thousand, Three Hundred and Fourty Seven Naira, Fifty Kobo (₦31,347.50) only was highlighted as direct lodgement in the bank reconciliation statements at December, 2019. This direct credit was caused by the revenue collectors who made payments into the Council's bank accounts and did not bring the tellers to the cashier for issuance of treasury receipt.

Recommendation: All revenue collectors should be educated to promptly bring their bank tellers to the cashier in order to obtain treasury receipts when payments are made into the

council's bank accounts. This is to avoid long list of direct lodgement without corresponding entry into Treasurer's cashbook.

3. STATE OF RECORDS

Observation: It appeared generally that there was an improvement in the record keeping except for some minor errors in the various ledgers kept by the officers in charge of those ledgers which had been corrected by audit team. Such errors are: error of commission, omission etc.

Also, during the checking of revenue collectors, it was observed that the record sheet showing the particulars and status of various revenue earning receipts collected by individual revenue collectors were not attached to requisition form in the revenue collector's file for easy cancellation of exhausted receipts in the file.

These lapses made audit team to spend a lot of time identifying the receipts before crossing them out in the revenue receipt ledgers. The time wasted could have been used on other audit assignment. This was highlighted in the last audit inspection report and the lapses appeared not to have been corrected in 2019 accounts.

Recommendation: The Treasurer should put more efforts in supervising officers in charge of various ledgers kept by the finance department and improve on the internal control system. Also, irregularities raised in the audit inspection reports should always be attended to.

4. REVENUE GENERATION PERFORMANCE

Observation: Audit examination of the revenue profile revealed that out of the estimated internally generated revenue of Fifteen Million, Seventy Thousand Naira (₦15,070,000.00) only a sum of Nine Million, Eight Hundred and Thirteen Thousand Eight Hundred and Twenty Naira (₦9,813,820.00) only was actually generated. This resulted in a shortfall of ₦5,256,180.00 contrary to Model Financial Memoranda 1.8(2). The shortfall implied that the Local Council Development Area did not harness its internally generated revenue potentials maximally or that there were leakages which had not been identified and blocked. The revenue generation performance was low compare to a sum of ₦10,038,564.00 generated in 2017 financial year.

Recommendation: The management of the Council is hereby advised to put necessary machineries in place, to do the needful in order to generate more revenue: A process of revenue data base should be initiated by the planning department where various revenue points would be captured, for harnessing and monitoring for optimal revenue generation performance in the next financial year.

5. RECEIVABLE ACCOUNTS

Observation: During the period under review, available accounting records showed that a sum of N844,000.00 stood as receivable figures in the financial position as at 31st December, 2019. These figures were the amount expected to be collected on old and new lock-up chops at Ijoun, Maize Sellers Association, ACOMORAN and AMORAN at Oja-odan and Ijoun branches.

Also, it was observed that the market ledger for these stallages were not properly kept and updated.

Recommendation: The Council is advised to recover the sum of ~~N~~844,000.00 being outstanding revenue from its shops, ACOMORAN, AMORAN and maize sellers association.

Also, the importance of comprehensive market ledger should not be over-emphasized hence should be kept.

6. LEGACY ASSETS

Observation: The movable legacy assets of the Local Council Development Area were physically inspected and the Director of Works and Housing of Yewa North Local Government Ayetoro, Engr. Bankole G.O confirmed that the Local Government has taking over all the legacy assets of Ketu Local Council Development Area except one Toyota NULGE Bus which he said he knew nothing about. It was however confirmed that the Toyota Bus did not get to the LCDA after the sharing. Further audit investigations revealed that there was correspondence between the Ketu LCDA and Yewa North NULGE vide letter No. KTLCD.A.30/48 of 8th April 2019 and a response received from NULGE Yewa North on 23rd April, 2019, that the Toyota Bus was a property of the Union and not the Local Government. The bus has been desposed in 2016 before the asset sharing committee exercise.

Recommendation: The Local Government should take care of all its legacy assets and capture them in the fixed asset register.

7. REVENUE COLLECTOR'S OUTSTANDING

Observation: During the period under review, it was observed that a sum of ~~N~~109,500.00 owed by Mr. Owolabi I. A. (S.E.O) on Marriage Certificate and Certificate of Origin have not been paid by him as at the time audit team left the Local Council Development Area in June, 2020.

This was highlighted in the last audit inspection report No.. OGLG/KLCDA/1/18/of 24th February, 2020.

Recommendation: Once again, the sum of ₦109,500.00 involved should be recovered from Mr. Owolabi I. A.(S.E.O.) within one month on receipt of this report or to open an advance accounts in his name. He should not be allowed to handle any revenue again.

8. CONDITION OF THE COUNCIL'S KOMATZU GRADER

Observation: This Office advised the LCDA in the last audit inspection report No. OGLG/KLCDA/1/1 of 5th September, 2018 that the Council's grader which developed kick problem should be repaired. At the time of this audit exercise, investigation revealed that the kick has been repaired but the grader had developed engine problem again during the grading of road at Gbokoto Abepehunbe ward and it has not been repaired. The Audit Team was unable to inspect the faulty grader and the graded roads due to mobility constraint to the sites.

Recommendation: The Council is advised to consider immediate repair of the grader to guide against vandalization of its parts. Also, the grader should not be idle, it should be a source of revenue to the Council.

9. MATTER ARISING FROM LAST AUDIT INSPECTION REPORT NO. OGLG/KLCDA/1/18 of 24TH FEBRUARY, 2020

Observation: During the audit inspection exercise, it was observed that the irregularities highlighted in the last audit inspection reports which required the attentions of the Council appeared not have been attended to. The revenue not generated on its open stalls, at Oja-Odan and Ijoun markets was as a result of deplorable condition of the stalls. The overgrown weeds at the space allocated to trader at Oja-Odan market have not been cleared and the inscription of name on the Council's property was not carried out at the time the audit teams left the Local Government in June, 2020.

Also, the conditions of the councils' health centres at Apetu and Oja-Odan remained as it was reported in the last audit inspection report.

Recommendation: The Council is again advised to effect necessary repairs of its stalls and health centres in order to generate more revenue. Also, the overgrown weeds at the open space, Oja-Odan market should be cleared and allocate the space to traders in compliance with the advice from this Office in the last audit inspection report.

The Chairman,
Transition Committee,
Yewa South Local Government,
Ilaro.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF YEWA SOUTH
LOCAL GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019.

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/LAR/277/2019	Doubtful Expenditure	104,000.00
2.	OGLG/AQ/LAR/278/2019	Inflated Price of Procurement of Goods	150,000.00
3.	OGLG/AQ/LAR/279/2019	Doubtful Expenditure	100,000.00

3. DOUBTFUL EXPENDITURE

Observation: A sum of One Hundred and Four Thousand Naira (₦104,000.00) only was released to Mr. Lawal, Isiaka O. (Chief clerical officer) to produce forty (40) copies of year 2019 draft estimates and purchase of two (2) electric calculators for the use of the department. The payments were made vide PV.10, 30, 31/January, 2019. It was observed that the payment vouchers were not supported with a distribution list of the estimates purportedly produced neither could the officer in charge, Mr. Lawal, Isiaka O. present to the audit team on demand, the two (2) solar power/electric calculator claimed to have been purchased. These cast doubts on the genuineness of the transaction.

Recommendation: Appropriate records should be kept and produced whenever it is requested for.

4. **INFLATED PRICE OF PROCUREMENT OF GOODS**

Observation: A sum of One Hundred and Fifty Thousand Naira (₦150,000.00) only was released to Mr. Oyede Olusanjo (Head, Information Department) for the construction of five (5) sign boards for Sayedero market Ilaro. The payment was made vide PV. 8/May, 2019.

Audit investigation revealed that the cost of each of the sign board would appear to have been inflated by ₦12,000.00 because the price survey conducted at Ilaro showed that at the time the sign boards were procured, the cost for the same design and size of each one was ₦18,000.00 as against ₦30,000.00 quoted by the recipient thereby inflating the total cost by ₦60,000.00 (₦12,000x5).

Recommendation: The officials are enjoined to be more sincere when transacting business on behalf of the Local Government.

5. **CONTROLS OVER CASH**

A cash survey was conducted on the Cashier Mr. Abiodun Akera (Market Attendant GL.04) on the 4th of August, 2020 at 2:06 p.m.

Observation: A total sum of One Hundred and Twenty-Three Thousand Nine Hundred and Ninety-Naira (₦123,990.00) only was found in the cash vault and this agreed with the cashbook balance as at the time of cash survey. The cash balance in the vault appear to be on a high side because this state is operating a cashless policy and all the Local Governments in the state are expected to align with this policy.

Recommendation: The Local Government is advised to guide against this anomaly in future.

6. **BANK RECONCILIATION STATEMENTS**

The bank reconciliation statements of the Local Government for the period 1st January to 31st December, 2019 were examined and the following observations were made.

(i) **Dormant Bank Accounts**

Observation: It was emphasized in the last Audit Inspection Report with reference No. OGLG/LAR/1/VOL.V/346 dated 24th October, 2019 that your Local Government should either close down the dormant bank accounts if they are no longer necessary or activate and merge them with the existing bank accounts for the use of the Local Government. However, the recently concluded audit exercise revealed that the advice of this Office in respect of the dormant bank accounts was unattended to by the Local Government as the dormant banks accounts are still in place as detailed below:

S/N	NAME OF BANK	ACCOUNT NO.	AMOUNT (₦)
1	Zenith bank	601402235	70,043.69
2	Zenith bank	1012809047	4,517.78
3	First bank	009	63,000.71
4	Oceanic bank	5304	5,527.51
5	Wema bank Plc,Owode	033115550413	1,624.49
6	Wema bank Plc, Owode	0331000068318	17,230.69
7	Wema bank Plc, Ilaro	14410400017	51,527.59
8	Union bank ,Plc Ilaro	0012392110	12,770.72
	Total		226,243.18

Recommendation: It is advised once again that the Local Government should take necessary steps to effect the activation of the accounts or close them if they are no more needed. The continuous appearance of the balances would not give a true and fair view of the financial position of the Local Government.

(ii) Direct Credit

Observation: A total sum of One Million, One Hundred and Seventy Three Thousand, Seven Hundred and Thirty-Nine Naira, Ninety-Six Kobo (₦1,173,739.96) represented various deposits made into the Local Government account but the depositors did not present the deposits slips for issuance of treasury receipts. Audit investigation revealed that some of these direct credits had been reoccurring in the accounts since 2017 and no effort was initiated by the reconciliation officer to act on it to write it back into the cashbook in other to reduce the long list of these items on yearly basis.

Recommendation: It is recommended that all direct credits between 2017 and 2018 should be written back into the cashbook for a healthy financial position in the Local Government.

7. **REVENUE GENERATION PERFORMANCE**

Observation: During the period under review, it was observed that the Local Government budgeted a sum of Fifty Six Million Naira (₦56,000,000.00) to generate internally, but a sum of Twenty Four Million, Five Hundred and Sixty Four Thousand, Three Hundred and Thirty Naira (₦24,564,330.00) only was actually generated. Amount generated represented 43.86% of the budget figure and it is an indication that the Local Government had not fully harnessed its internally generated revenue potentials maximally or there were loop holes/leakages where revenue is being lost to unidentified revenue collectors.

Recommendation: The management of the Local Government is advised to put in more efforts to generate more revenue in the next financial year to meet up with the budgeted internally generated revenue.

8. **MODE OF GENERATING REVENUE ON MARRIAGE CERTIFICATE, CERTIFICATE OF ORIGIN AND HALL RENTAGE.**

Observation: It was observed that one (1) General Revenue Receipts (GRR) was being used for all revenue received from marriage registry, certificate of origin and Local Government hall which have different revenue heads in the accounts ledger. This made the checking of revenue on these items cumbersome and more tedious for the audit team. The situation as noticed is not tidy enough for proper accountability and sensitivity of the job.

Recommendation: The Local Government is advised that each revenue item should have its separate receipts for easy checking and proper accountability.

9. **VISITATION TO SAYEDERO MARKET**

Observation: The audit team on inspection visited Sayedero market in Ilaro township where it was observed that about forty-one (41) open stalls were dilapidated. The officer in charge of the market, Mr. Atunrase Oke told the audit team that the issue about the situation of the market had been complained to the Local Government authority but no positive response was received.

It was also observed that the traders use motor-park to display their wares on market days because the market is adjacent to Sayedero market. Investigation revealed that those traders are paying market fee to the operators of the motor-park which is not remitted to the Local Government coffers.

Further investigation also revealed that some of the revenue of the Local Government were left untapped. This was discovered when the audit team visited some shops/container within Ilaro metropolis. Traders along Ijanna road told the audit team that they are not aware or paying trade permit levy to the Local Government. This shows that the Local Government is insensitive to its roles of generating revenue to the Council.

Recommendation: The Local Government is advised to set-up necessary machineries in place to generate more revenue to meet the budgeted revenue in the next financial year.

10. **AGRICULTURAL DEPARTMENT**

Observation: I wish to refer to my circular No. OGLG/AUD/94/VOL.III/20 dated 9th January, 2019 in which I advised that all assets of the Local Government be recognized in the books of accounts of all Local Governments. During the recently concluded audit exercise, the audit

team's visit to Agric Department revealed that the oil palm tree plantation at Local Government quarters Gbogidi were not recorded as part of Local Government Assets. This is in contravening to the provision of IPSAS accrual basis of accounting effective 1st January, 2016 where it was stated that all assets held by any Public Sector Entity (PSE) be recognized in the books of accounts.

Investigation revealed that the Department of Agriculture and Natural Resources in the Local Government produced palm oil for sale but no record was presented to the audit team to indicate the number of bunches of palm seeds harvested for the production of palm oil. The former Director of Agriculture and Natural Resources, Mr. Akintunde A. Y. claimed that only 40 litres of palm oil were produced, sold and remitted to government coffers during the period under review. Presently, the new Director in the department Mr. Fateru informed the audit team that the department has 200 litres of palm oil on ground to be sold, even though there was no record to show the number of bunches harvested to have produced 200 litres. Therefore, it shows that if the harvest and production was not strictly monitored, it could pave way for pilfering and thereby losing government resources to external hands.

Recommendation: It would be of great benefit if the Local Government could take urgent steps to value the palm tree so as to add it to the legacy assets of the Local Government. Also, necessary accounting records should be put in place as regards harvesting of palm fruits and overheads incurred in the production of palm oil should be maintained by Agric. Department. All palm fruits harvested should be taken on charge by the Internal Auditor before processing for proper accountability.

11. **FIXED ASSET REGISTER**

Observation: During the period under review, it was observed that the Local Government did not maintain any fixed assets register of all its assets despite a circular letter that emanated from this Office and in compliance with Chapter 26 of the Model Financial Memoranda for Local Governments. The importance of keeping fixed assets register particularly during the International Public Sector Accounting Standard (IPSAS) Accrual Basis of accounting period cannot be over emphasized.

Recommendation: The Local Government should ensure that henceforth fixed assets registers are maintained in line with the provisions of Chapter 26 of the Model Financial Memoranda for Local Governments as well as International Public Sector Accounting Standard (IPSAS) requirement.

12. **INVESTMENT**

Observation: It was reported in the last audit inspection report that an investment worth ₦580,000.00 was stated in the statement of financial position of the Local Government as at December, 2018. During the period under review the Local Government could not produce evidences of ownership and no document was made available to substantiate the ownership of the investment.

Recommendation: Since it appears that there was no evidence of the purported existing investment, the Local Government is advised to go to the Registrar of the Company to find out if the investment still exists.

**The Chairman,
Transition Committee,
Yewa South Local Government,
Ilaro.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IFEKOWAJO LOCAL
COUNCIL DEVELOPMENT AREA FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2019**

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/ILCDA/06/2019	Unretired Imprest	72,000.00
2.	OGLG/AQ/ILCDA/07/2019	Doubtful Expenditure	97,800.00

3. DOUBTFUL EXPENDITURE

Observation: A sum of Ninety-Seven Thousand, Eight Hundred Naira (₦97,800.00) only was paid to Alhaji K. A. Alatise (Head of Department, Works and Housing) to maintain the newly purchased officials vehicle of the Executive Chairman. The payment was made vide PV. 10/May, 2019. It was observed that the payment voucher was not supported with officials printed receipt as required by the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments. This casts doubt on the genuineness of the transaction.

Recommendation: The Council officials should always provide evidence of expenditure incurred on behalf of the Local Council Development Area.

4. UNRETIRED IMPREST

Observation: During the period under review, it was observed that monthly office imprests granted to some carrier officers of the Local Council Development Area were not always retired. Example of such unretired imprest was the total sum of ₦72,000.00 paid to Mr. Okedeji Gideon Olugbenga (Head Messenger) as the running cost of mails runner for the months of January, February and March, 2019. The payments were made vide payment vouchers 04/January, 2019,

09/March, 2019 and 18/April, 2019. It was observed that the imprests were not retired contrary to the provisions of chapters 14:24 and 14:27 of the Model Financial Memoranda for Local Governments which states that NO imprest shall be approved unless all previous imprest issued for the same purpose have been retired when the purpose for which the imprest was granted are completed.

Recommendation: The Treasurer and the Internal Auditor of the Local Council Development Area should be alive to their responsibilities and ensure that they do not release any imprest without retiring the previous ones.

5. BANK RECONCILIATION STATEMENT

The prepared bank reconciliation statements for the period 1st January to 31st December, 2019 were examined and the followings were observed:

(i) DIRECT CREDIT

Observation: A total sum of One Hundred and Ninety Seven Thousand, Three Hundred Naira (₦197,300.00) only was the amount credited into the bank accounts of the Council but which had not been debited into the treasurer's cashbook. Audit investigation revealed that the money was paid into the Local Council Development Area bank accounts by some revenue collectors but they have not presented their bank tellers to the Treasury for issuance of treasury receipts. The irregularities had been responsible for the long list of direct credit highlighted in the reconciliation statement.

Recommendation: The Local Council Development Area is advised to educate the revenue collectors on the need to promptly present their pay-in-ship to the treasury immediately payments are made to the banks.

(ii) BANK CHARGES

Observation: During the period under reference, a total sum of Seventeen Thousand, Four Hundred and Twenty-One Naira, Twenty-Five Kobo (₦17,421.25) only was the accumulated bank charges from various bank accounts of the Local Council Development Area (LCDA). The amount had been appearing in the bank reconciliation statement on monthly basis but at the instance of the audit team, the amount had been written-off into the cashbook. The LCDA should ensure that bank charges are written-off as and when due to avoid unreasonable lengthy bank charges.

6. REVENUE GENERATED PERFORMANCE

Observation: During the period under review, it was observed that the Local Council Development Area (LCDA) budgeted a sum of ₦294,215,000.00 to be generated internally, but a meagre sum of ₦69,675,508.29 only was actually generated. The amount generated represented 24% of the amount budgeted which is not healthy enough financially.

Available records revealed that there were some other sources of revenue in the Local Council Development Area that were not tapped during the period under review. The revenue areas are cart licenses, brickmaking licenses, hawkers permit, hiring service, association fees, earning from hire of plants and equipment, borehole drilling licenses, earning from commercial activities, business/trade operating fees, burial fees etc. All these businesses are revenue sources from where revenue can be generated and they are visible in the Local Council Development Area.

Recommendation: The Management is advised to put necessary machineries in place to tap these sources of revenue to enhance independent revenue performance in the next financial year.

7. REVENUE FROM MARRIAGE REGISTRY

Observation: The Local Council Development Area has a temporary marriage registry located inside the Council Secretariat, Oke-Odan. During the period under review, a sum of ₦750,000.00 was budgeted to be realised from the marriage registry but a sum of ₦342,000.00 only was generated. It was observed that the reason for the sharp shortfall was because the Local Council Development Area did not create necessary awareness to the citizens to attract intending couples in the area to make use of the marriage registry.

Recommendation: The registry should be made more attractive to intending couples in order to generate more revenue. Also, the Council should create the necessary awareness.

8. REVENUE CONTRACTS AND REVENUE LEAKAGES

Observation: The Local Council Development Area (LCDA) approved the appointment of PRIFACE VENTURE as its revenue contractor at its Finance and General Purpose Committee of 28th February, 2019. The contractor was to collect revenue on market/squatters fees from Owode and Sabo markets in Owode-Yewa with agreed monthly remittance of ₦450,000.00 to the Council. The LCDA terminated the contract after six (6) months of commencement effective from 22nd August, 2019 because of the inconsistency in the attitude of the contractor and irregular payment to the LCDA. However, during the period of the contract, the contractor was expected to have paid a total sum of ₦2,770,000.00 to the treasury inclusive of ₦70,000.00

outstanding from previous year but available records revealed that a sum of ₦1,750,000.00 only was paid by the contractor. The contractor defaulted to the tune of ₦1,020,000.00 as at the end of August, 2019.

In the first instance, the engagement of revenue contractor to assess and collect revenue is a contravention of circular letter No. SART/72/003 issued from the office of the Special Adviser to the Ogun State Government on Revenue and Taxation dated 25th October, 2013 which forbids the use of revenue contractors for revenue assessment and collection. This is inspite of the reminder from this Office to all Local Governments and Local Council Development Areas on this matter vide circular No. OGLG/AUD/94/VOL.III/4 of 18th October, 2017 reiterating that the use of revenue consultants or contractors by whatever guise to assess and collect revenue is forbidden. As noted in our circular, some of the ills of the use of contractors to collect revenue are default in the remittance of agreed sum, lack of political will to enforce contract terms against defaulters etc. which was exactly the case here where the sum of ₦1,020,000.00 was trapped in the hand of a revenue contractor.

Also, it was observed that Real Mobile Resources Agency Limited was a contractor, collecting revenue on Mobile Advert and Related levies since 2nd November, 2017. The contractor defaulted to the sum of ₦225,000.00 as outstanding as at May, 2019.

However, underlisted are detailed indebtedness of the two (2) revenue contractors:

<u>PRIFACE VENTURE</u>	<u>AMOUNT (₦)</u>
Previous balance for November, 2017	70,000.00
June, 2019	50,000.00
July, 2019	450,000.00
August, 2019	<u>450,000.00</u>
Total	<u>1,020,000.00</u>

<u>REAL MOBILE RESOURCES LIMITED</u>	<u>AMOUNT (₦)</u>
October, 2018 (Part payment)	20,000.00
November, 2018	40,000.00
December, 2018	40,000.00
January, 2019 (Downward review)	25,000.00
February, 2019 (Downward review)	25,000.00
March, 2019 (Downward review)	25,000.00

April, 2019	(Downward review)	25,0000.00
May, 2019	(Downward review)	<u>25,0000.00</u>
Total		<u>225,000.00</u>

It is disheartening to observe that this issue of indebtedness was highlighted in the last audit inspection report with reference No. OGLG/ILCDA/12 dated 18th November, 2019 where this Office advised that the contract of these revenue contractors should be terminated. Unfortunately, the LCDA did not comply with the advice of this Office and it is now causing the LCDA more financial loss as the indebtedness of those revenue contractors had risen to ₦1,245,000.00 in 2019 as against ₦170,000.00 in 2018.

Recommendation: The Local Council Development Area is advised to terminate forthwith and recover all unremitted amount from them. In addition the full weight of the law should be brought to bear on any person or organization that attempts to usurp the power of the Local Council Development Area, in particular its right to collect revenue.