

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

EWEKORO LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

TABLE OF CONTENT

(1)	Table of Content	2
(2)	Acknowledgement	3
(3)	Audit Certificate	4
(4)	Statement of Opinion of the Auditor-General	5-6
(5)	Statutory Report	7-9
(6)	Responsibility Statement	10
(7)	Statement of Financial Position	11
(8)	Statement of Financial Performance	12
(9)	Statement of Changes in Net Assets/Equity	12
(10)	Cash Flow Statement	13
(11)	Accounting Policy	14-15
(12)	Notes to the Financial Statement	16-18
(13)	Audit Inspection Report	19-24
(14)	Management Letter	25-26

ACKNOWLEDGEMENT

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

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

I cannot but appreciate the favourable disposition of the Head of Service Alhaja Selimot Olapeju Ottun for her regular support towards keeping this Office afloat.

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

Thank you and God bless you all.



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



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

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

AUDIT CERTIFICATE

I have examined the accounts of Ewekoro Local Government for the year ended 31st December, 2020 in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

In my opinion, the Financial Statements give a true and fair view of the state of affairs of the Local Government as at 31st December, 2020 subject to the observations in the inspection reports.

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

STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF EWEKORO LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

The accounts of Ewekoro Local Government for the year ended 31st December, 2020 have been examined in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

RESPONSIBILITY STATEMENT

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

THE SCOPE OF THE AUDIT

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

We planned and performed our audit so as to obtain all information and explanations we considered necessary to provide sufficient evidence to give

reasonable assurances that the financial statements are free from material misstatement, whether by fraud, other irregularities or errors.

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial activities of the Local Government for the period under review. The federal allocation received by the State Local Government Joint Account Allocation Committee (JAAC) was completely distributed to the Local Government.



L. A. Mulero (CNA)

Auditor-General for Local Governments

Ogun State.

14th July, 2021.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF EWEKORO LOCAL GOVERNMENT, ITORI FOR THE YEAR ENDED 31ST DECEMBER, 2020

In compliance with the provisions of Section 123 of Decree Number 12 of 1989, Section 315(1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Ewekoro Local Government, Itori for the year ended 31st December, 2020 have been audited. The General Purpose Financial Statement was prepared by the management of the Local Government and is therefore responsible for the contents and information contained therein. The Financial Statement was prepared under the International Public Sector Accounting Standards (IPSAS) Accrual Basis as applicable to the Public Sector. The audit was conducted in accordance with Generally Accepted Auditing Standards.

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

(2) STATE OF THE BOOKS OF ACCOUNTS AND RECORDS

It was observed that Salaries and allowances paid were not properly recorded.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNTS (₦)
Internally Generated Revenue	37,927,396.89
Statutory Allocation	1,361,533,104.77
Aids and Grants	<u>10,130,000.00</u>
Total	<u>1,409,590,501.66</u>
EXPENDITURE	
Overhead Expenses	91,294,572.39
Salaries and Allowances	1,029,083,510.12
Pensions	344,741,243.49
Long Term Assets	<u>5,394,200.00</u>
Total	<u>1,470,513,526.00</u>

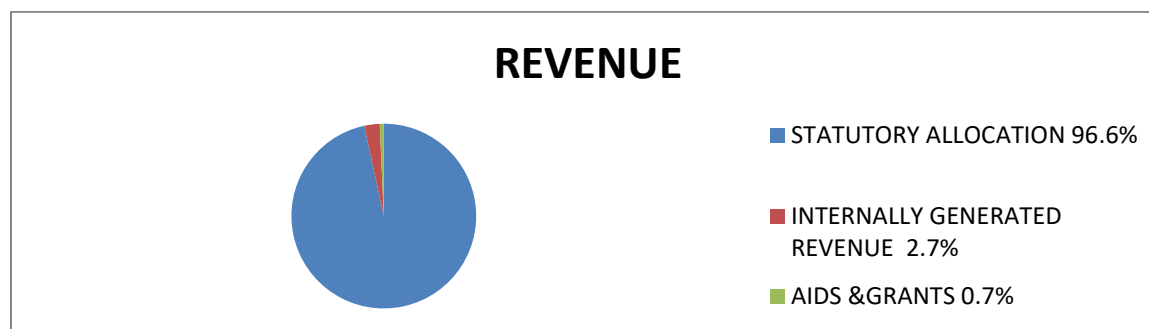
(4) REVENUE PERFORMANCE:

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦60,900,000.00, a sum of ₦37,927,396.89 only was actually generated and representing 62.3% of the budget. This revenue performance is an improvement on the sum of ₦32,909,000.00 generated in year 2019. However, this is not a reflection of the revenue potential of the Local Government.

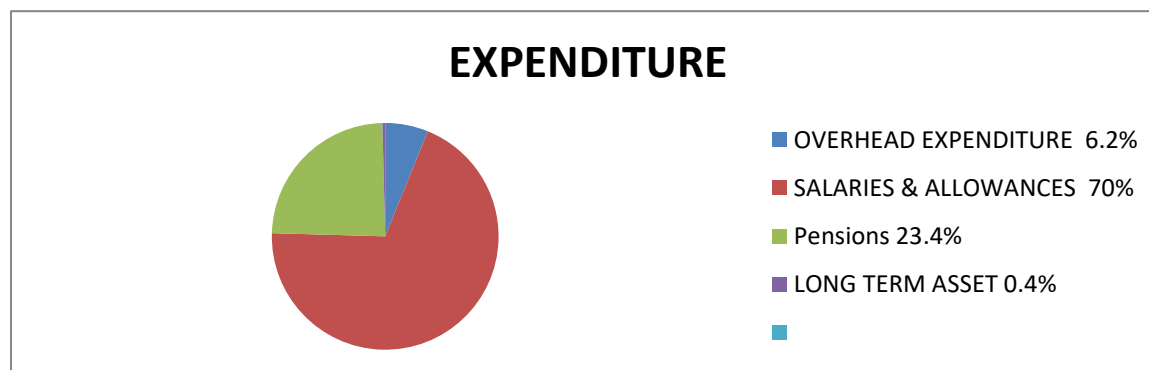
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,409,590,501.66 realized by the Local Government during the year under review, a sum of ₦37,927,396.89 only was generated internally. This represented 2.7% of the total revenue while the sum of ₦1,361,533,104.77 statutory allocation and ₦10,130,000.00 aids and grant received from the State Joint Account Allocation Committee represented 96.6% and 0.7% respectively. The implication of this is that without Revenue Allocation from the Federation Accounts, the Local Government might not be able to meet her obligations.



(5) **EXPENDITURE PATTERN**

During the period under review, examination of expenditure profile of the Local Government revealed a total expenditure of ₦1,470,513,526.00. Out of this, a sum of ₦91,294,572.39 was expended on overhead which represented 6.2% of the total expenditure for the year. Also, a sum of ₦1,029,083,510.12 was expended on salaries and allowances which represented 70% of the expenditure for the year while ₦344,741,243.49 was paid to pensioners which represented 23.4% of the total expenditure. The sum of ₦5,394,200.00 was expended on long term assets and this represented 0.4% of the expenditure for the year. This pattern of expenditure does not augur well for meaningful development in the Local Government.



(6) DEBT PROFILE/INDEBTEDNESS

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2020 was ₦155,968,889.03. The liabilities are highlighted below:

S/NO	ITEMS	AMOUNTS(₦)
1	Pension Fund	71,406,501.05
2	5% Development Levy	526,060.17
3	5% VAT	5,186,789.66
4	PAYE	37,134,168.65
5	Loan	15,750,000.00
6	Payables	7,961,600.00
7	Others	<u>18,003,769.50</u>
	TOTAL	<u>155,968,889.03</u>

It was observed that the amounts highlighted above had been deducted from various contracts and salaries of workers but not remitted to appropriate agencies. This is against the extant rules and financial regulations. Term loan was also not repaid for the year.

(7) REVIEW OF STATEMENT OF FINANCIAL POSITION

ADVANCES

The sum of ₦24,905,331.14 highlighted in the Statement of Financial Position as the Advances was dormant during the year.

EWEKORO LOCAL GOVERNMENT

RESPONSIBILITY FOR FINANCIAL STATEMENT

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

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



Mr. Olaiwola Kamorudeen
Treasurer

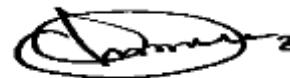
We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Finance (Control and Management) Act Cap 144 LFN 1990 as amended.

In our opinion, these financial statements fairly reflect the financial position of Ewekoro Local Government as at 31st December, 2020 and its operations for the year ended on the date.



Mr. Olaiwola Kamorudeen
Treasurer

Date: 11/02/2021



Mr Emmanuel Oluwamuyiwa Babayemi
Chairman

Date: 12/02/2021

EWEKORO LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	-35,012,707.70	-28,756,024.32
INVENTORIES		3,580,618.30	4,159,685.00
RECEIVABLES		4,501,500.00	9,366,700.00
PREPAYMENT			
ADVANCE		24,905,331.14	24,905,331.14
TOTAL CURRENT ASSET (A)		<u>-2,025,258.26</u>	<u>9,675,691.82</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	278,982,985.00	286,006,740.00
INVESTMENT PROPERTY	11	189,388,800.00	193,334,400.00
BIOLOGICAL ASSET	12		
INVESTMENT			
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>468,371,785.00</u>	<u>479,341,140.00</u>
TOTAL ASSET (C=A+B)		<u>466,346,526.74</u>	<u>489,016,831.82</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT		15,750,000.00	15,750,000.00
UNREMITTED DEDUCTIONS	9	132,257,289.03	104,622,451.18
ACCRUED EXPENSES, PAYABLES		7,961,600.00	866,578.94
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>155,968,889.03</u>	<u>121,239,030.12</u>
NON-CURRENT LIABILITY			
PUBLIC FUND		2352515	2,352,515.00
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		<u>2,352,515.00</u>	<u>2,352,515.00</u>
TOTAL LIABILITY (F=D+E)		<u>158,321,404.03</u>	<u>123,591,545.12</u>
NET ASSETS (G= C-F)		<u>308,025,122.71</u>	<u>365,425,286.70</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		308,025,122.71	365,425,286.70
TOTAL NET ASSET/EQUITY		<u>308,025,122.71</u>	<u>365,425,286.70</u>

EWEKORO LOCAL GOVERNMENT

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2020

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,361,533,104.77	911,050,777.54
NON-TAX REVENUE:	2	37,546,994.00	32,909,000.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	10,130,000.00	0.00
OTHER REVENUE		380,402.89	
TOTAL REVENUE (A)		<u>1,409,590,501.66</u>	<u>943,959,777.54</u>
EXPENDITURE			
SALARIES & WAGES	4	1,029,083,510.12	747,466,647.88
NON- REGULAR ALLOWANCE	5	-	864,239.47
SOCIAL BENEFIT	6	344,741,243.49	176,682,798.86
OVERHEAD COST	7	73,631,017.39	17,585,716.94
SUBVENTION TO PARASTALS		1,300,000.00	650,000.00
DEPRECIATION	10 & 11	16,363,555.00	16,629,055.00
GAIN/LOSS ON DISPOSAL ON ASSET			1,337,000.00
TOTAL EXPENDITURE (B)		<u>1,465,119,326.00</u>	<u>961,215,458.15</u>
SURPLUS / DEFICIT (C=A-B)		<u>-55,528,824.34</u>	<u>-17,255,680.61</u>

EWEKORO LOCAL GOVERNMENT

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2020

	₦
Balance 1/1/2019	-106,952,276.81
Prior Year Adjustment	489,633,244.12
Adjusted Balance	382,680,967.31
Surplus/ (deficit) for the year	-17,255,680.61
Balance 31/12/2019	365,425,286.70
Prior Year Adjustment	-1,871,339.65
Adjusted Balance	<u>363,553,947.05</u>
Surplus/ (deficit) for the year	-55,528,824.34
Balance at 31 December 2020	<u>308,025,122.71</u>

EWEKORO LOCAL GOVERNMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	1,359,533,104.77	911,050,777.54
LICENCES, FINES, ROYALTIES, FEES ETC	22,161,700.00	20,065,100.00
EARNINGS & SALES	13,063,994.00	6,512,700.00
RENT OF GOVERNMENT PROPERTIES	9,186,500.00	
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	10,130,000.00	
OTHER REVENUE	380,402.89	
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>1,414,455,701.66</u>	<u>937,628,577.54</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	1,029,083,510.12	748,330,887.35
SOCIAL BENEFIT	344,741,243.49	176,682,798.86
OVERHEADS	65,956,929.63	18,528,204.90
SUBVENTION TO PARASTATALS	1,300,000.00	650,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>1,441,081,683.24</u>	<u>944,191,891.11</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>-26,625,981.58</u>	<u>-6,563,313.57</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 5,394,200.00	-1,900,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		8,040.40
PROCEED FROM SALE OF ASSETS		503,000.00
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-5,394,200.00</u>	<u>-1,388,959.60</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	25,763,498.20	14,760,974.50
PUBLIC FUND		1,543,475.00
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>25,763,498.20</u>	<u>16,304,449.50</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>-6,256,683.38</u>	<u>8,352,176.33</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	<u>-28,756,024.32</u>	<u>-37,108,200.65</u>
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>-35,012,707.70</u>	<u>-28,756,024.32</u>

ACCOUNTING POLICY

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

	<p>value of ₦100.00</p> <p>ii. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.</p>
10	<p>Disposal Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p>Impairment Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p>Investment Property These are cash-generating property owned by the Local Government. The cost, depreciation and impairment of Investment Property are same with PPE.</p>
12	<p>Unremitted Deductions</p> <p>a) Unremitted deductions are monies owed to third parties such as tax authorities, schemes and associations and other government agencies. These include tax deductions and other deductions at source.</p> <p>b) These amounts are stated as Current Liabilities in the Statement of Financial Position.</p>
13	<p>Payable/Accrued Expenses</p> <p>a) These are monies payable to third parties in respect of goods and services received</p> <p>b) Accrued Expenses for which payment is due in the next 12 months are classified as Current Liabilities. Where the payments are due beyond the next 12 months, they are accounted for as Non-Current Liabilities.</p>
14	<p>Current Portion of Borrowings This is the portion of the long-term loan/borrowing that is due for repayment within the next 12 months. This portion of the borrowings is classified under Current Liabilities in the Statement of Financial Position.</p>

**NOTES TO THE GPFS FOR THE YEAR ENDED 31ST
DECEMBER, 2020**

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

	₦
JANUARY	103,859,224.62
FEBRUARY	136,082,659.99
MARCH	107,406,365.64
APRIL	103,184,587.57
MAY	101,897,864.46
JUNE	109,868,321.08
JULY	118,905,285.82
AUGUST	121,611,273.22
SEPTEMBER	108,579,144.84
OCTOBER	1,192,768.53
NOVEMBER	231,764,938.79
DECEMBER	117,180,670.21
TOTAL	<u>1,361,533,104.77</u>

2. NON-TAX REVENUE

LICENCES	2,214,050.00
FEES	16,134,000.00
FINES	948,450.00
EARNINGS	6,296,070.00
RENT OF GOVERNMENT PROPERTIES	6,186,500.00
SALES	5,767,924.00
TOTAL	<u>37,546,994.00</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	10,130,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>10,130,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	397,808,226.52
PRIMARY SCHOOL TEACHERS	539,297,427.68
TRADITIONAL COUNCIL	78,188,215.46
POLITICAL FUNCTIONARIES	13,789,640.46
TOTAL	<u>1,029,083,510.12</u>

5. NON-REGULAR ALLOWANCE

LEAVE BONUS	-
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	344,741,243.49
TOTAL	<u>344,741,243.49</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	14,730,000.00
HOLGA	125,000.00
INTERNAL AUDIT	245,000.00
ADMINISTRATIVE	14,216,320.00
FINANCE	3,682,016.39
INFORMATION	9,275,761.00
P H C	10,363,920.00
AGRIC	152,000.00
WORKS	7,163,000.00
PLANNING	2,552,000.00
WES	5,911,000.00
COMMUNITY	5,215,000.00
TOTAL	<u>73,631,017.39</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	25,347.35
CASH IN BANKS	- 35,038,055.05
TOTAL	<u>- 35,012,707.70</u>

9. UNREMITTED DEDUCTIONS

Pension Fund	71,406,501.05
5% Development Levy	526,060.17
5% VAT	5,186,789.66
PAYE	37,134,168.65
Others	18,003,769.50
Total	<u>132,257,289.03</u>

EWEKORO LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT								
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATIO N EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUSUR E 10%	TOTAL
BAL AS AT 01/01/2020	249,440,000.00		17,335,000.00	20,525,000.00	270,000.00	1,200,000.00	10,886,550.00	299,656,950.00
ADDITION DURING THE YEAR	3,634,200.00		75,000.00			185,000.00	1,500,000.00	5,394,200.00
LEGACY								0.00
DISPOSAL DURING THE YEAR								-
BAL C/F	253,074,200.00	-	17,410,000.00	20,525,000.00	270,000.00	1,385,000.00	12,386,550.00	305,050,750.00
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	4,988,800.00		1,742,500.00	4,105,000.00	110,000.00	480,000.00	2,223,510.00	13,649,810.00
ADDITION DURING THE YEAR	4,988,800.00		1,741,000.00	4,105,000.00	67,500.00	277,000.00	1,238,655.00	12,417,955.00
DISPOSAL DURING THE YEAR								
BAL C/F	9,977,600.00	-	3,483,500.00	8,210,000.00	177,500.00	757,000.00	3,462,165.00	26,067,765.00
AS AT 31/12/2020	243,096,600.00	-	13,926,500.00	12,315,000.00	92,500.00	628,000.00	8,924,385.00	278,982,985.00
AS AT 31/12/2019	244,451,200.00	-	15,592,500.00	16,420,000.00	160,000.00	720,000.00	8,663,040.00	286,006,740.00
NOTE 11 EWEKORO LOCAL GOVERNMENT INVESTMENT PROPERTY								
	LAND & BUILDING 2%	LAND		TOTAL				
BAL AS AT 01/01/2020	197,280,000.00			197,280,000.00				
ADDITION DURING THE YEAR				0.00				
LEGACY				0.00				
DISPOSAL DURING THE YEAR				-				
BAL C/F	197,280,000.00	-		197,280,000.00				
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	3,945,600.00			3,945,600.00				
ADDITION DURING THE YEAR	3,945,600.00	-		3,945,600.00				
DISPOSAL DURING THE YEAR								
BAL C/F	7,891,200.00	-		7,891,200.00				
AS AT 31/12/2020	189,386,800.00	-		189,386,800.00				
AS AT 31/12/2019	193,334,400.00	-		193,334,400.00				

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

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF EWOKORO LOCAL
GOVERNMENT FOR THE PERIOD 1ST JANUARY, 2020 TO 31ST DECEMBER,
2020**

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

2. AUDIT QUERIES

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

S/N	Query Numbers	Subject	Amount (₦)
1.	OGLG/AQ/EWK/197/2020	Non-Refund of Unexpended Fund	180,000.00
2.	OGLG/AQ/EWK/198/2020	Doubtful Expenditure	250,000.00
3.	OGLG/AQ/EWK/199/2020	Unreceipted Expenditure	350,000.00

3. NON-REFUND OF UNEXPENDED FUND

Observation: A sum of Two Hundred and Forty-Five Thousand Naira (₦245,000.00) only was released to Mrs. Ojekunle Kudirat O. (Administrative Officer) to provide entertainments and other logistics for Peace and Security Committee meeting held on Monday, 24th February, 2020. The payment was made vide PV.27/February, 2020.

It was observed during the scrutiny of the payment voucher that a sum of Sixty-Five Thousand Naira (₦65,000.00) only was expended on the entertainment according to the invoice number 000007 dated 24th February, 2020 attached to the payment voucher, leaving a balance of One Hundred and Eighty Thousand Naira (₦180,000.00) not accounted for.

Recommendation: The officials are enjoined to always exercise caution in discharging their duties.

4. DOUBTFUL EXPENDITURE

Observation: During the examination of payment vouchers, it was observed as follows:

(i) A sum of Two Hundred and Fifty Thousand Naira (₦250,000.00) only was paid to Mrs. Daramola O. A. (Principal Planning Officer) for the entertainment and logistics for the monitoring performance of year 2020 Budget (January to June, 2020). The payment was effected vide PV.53/July, 2020. It was observed that the payment voucher was not supported with relevant documents, such as official printed receipt and copy of report of the monitoring committee. The absence of these cast doubts on the genuineness of the expenditure.

(ii) A sum of Three Hundred and Fifty Thousand Naira (₦350,000.00) only was released to Mr. Jolaoso S. Jide (Works Superintendent) to repair a Local Government Grader. The payment was made vide PV.63/November, 2020.

It was observed that the payment voucher was not supported with official printed receipts contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: The officials are advised to always attach documentary evidence to support expenditure made on behalf of the Local Government.

5. BANK RECONCILIATION STATEMENT

Observation: In paragraph five (5) of last Audit Inspection Report No. OGLG/EWK/1/VOL.III/373 dated 28th August, 2020 it was advised that the Local Government should either activate its dormant bank account or close them down and transfer those balances to functioning bank accounts. It is disheartening to observe that the situation still remained the same. After the examination of the bank reconciliation statement for the period 1st January to 31st December, 2020 the followings were observed:

(i) **Bank Balances:**

Observation: The balances reported to have been dormant for years kept re-occurring as advised in the last audit inspection report. The total amount in the dormant bank accounts as at 31st December, 2020 was ₦337,075.84. It is detailed below:

BANK	ACCOUNT NUMBER	AMOUNT (₦)
Wema	0120159332	207.50
Wema	0120159325	118,817.33
Wema	0120159318	3,052.70
Wema	0120171835	37,074.19
Wema	1201171772	8,019.12
FCMB	33207035058	77,959.18
Access	0103494104	78,653.09
Zenith	1011112530668	13,292.16
TOTAL		<u>337,075.84</u>

No action appeared to have been taken as directed.

Recommendation: It is hereby advised again that the Local Government should pursue the activation of the dormant bank balances and transfer those balances to the functioning accounts or close them if they are no longer useful.

(ii) **Defunct Local Council Development Area Accounts:**

Observation: During the examination of bank reconciliation statement, it was observed that a balance of ₦32,300.00 in the First Bank Account No. 2032257092 and ₦1,550.42 in the UBA Account No. 1220343965 owned by defunct Ewekoro North Local Council Development Area were not transferred to the accounts of the main Local Government.

Recommendation: It is hereby advised that the Local Government should take step at transferring these balances to the Local Government accounts.

6. **REVENUE CONTRACTOR/RECEIVABLE**

Observation: It was observed that receivables from revenue contractors were not incorporated into the year 2019 accounts by the Local Government. One of the Accountants in the Local Government informed the audit team that most of the receivables from those contractors were not realizable because the contractors did not enter into any contractual agreement with the Local Government and they could not continue to consider fictitious asset.

However, Appendix 1 attached to report forwarded to the Local Government contains the list of revenue contractors for year 2020 who are legally binded and the receivables are realizable. The total receivables for the year amounted to Two Million, One Hundred and Sixty-Five Thousand, Five Hundred Naira (₦2,165,500.00). This has been incorporated into the accounts of year 2020 at the instance of the audit team.

Recommendation: It is advised that the Local Government should ensure the recovery of the amount receivables to the coffers of the Local Government and ensure an enforceable contractual agreement is entered into by contractors to be appointed in future.

7. **REVENUE GENERATED PERFORMANCE**

Observation: During the period under review, it was observed that the Local Government budgeted a sum of ₦60,900,000.00 to be generated internally but a sum of ₦34,216,097.89 was actually generated. The amount generated represented 58.18% of the budgeted revenue. Investigation into the reasons for the revenue generated revealed that there were some other sources of revenue in the Local Government that were not tapped efficiently during the period under review. The revenue sources include trailers/motor park fees for which a sum of ₦12,800,000.00 was budgeted but a sum of ₦5,171,550.00 only was generated and squatter fees for which ₦6,000,000.00 was budgeted but ₦1,292,300.00 only was generated.

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

8. **RECEIVABLES ON YEYE OLUFUNKE SHOPPING COMPLEX, ARIGBAJO SHOPPING COMPLEX AND OBA AKAMO SHOPPING COMPLEX**

Observation: I wish to refer to paragraph 7 of my last audit inspection report No. OGLG/EWK/1/VOL.III/373 dated 28th August, 2020 in which it was reported that the occupants of the above named shopping complexes were indebted to the Local Government. Surprisingly, during the recently concluded audit assignment, the indebtedness of those tenants continued unabated.

At the Oba Akamo shopping complex which is situated within Itori township, a total sum of Five Hundred and Fifty-Two Thousand Naira (₦552,000.00) only per annum for twenty-three (23) lock-up shops at the rate of Twenty Four Thousand Naira (₦24,000.00) per shop per annum was expected to be generated but a sum of Four Hundred and Eighty Thousand Naira (₦480,000.00) only was generated leaving a sum of Seventy-Two Thousand Naira (₦72,000.00) only as receivable from shop no. 6, 7 and 10 of the complex while a total sum of Twelve Thousand Naira (₦12,000.00) only was outstanding on the open stalls at this market.

Arigbajo shopping complex known as Prince Dademu complex, which is situated at Arigbajo has two (2) blocks of twenty-four (24) shops each making forty-eight (48) lock-up shops in all. A total sum of One Million, Four Hundred and Forty Thousand Naira (₦1,440,000.00) only was expected to be generated but One Million, Two Hundred and Ninety-Six Thousand Naira (₦1,296,000.00) only was generated leaving One Hundred and Forty-Four Thousand Naira (₦144,000.00) as receivable. On this market, a sum of Seventy-Two Thousand Naira (₦72,000.00) only was receivable on open stalls.

In addition, Wasimi market which was formerly under the defunct Ewekoro North Local Council Development Area has receivables of Thirty-Six Thousand Naira (₦36,000.00) from five lock-up shops.

The total receivables on the lock-up shops and open stalls in all the complexes amounted to Three Hundred and Thirty-Six Thousand Naira only (₦336,000.00). The details are contained in the Appendix II attached to the main report forwarded to the Local Government.

Recommendation: The Local Government is advised to have upward review of rent on these complexes in line with the economic reality at the moment and should not hesitate to eject any tenant that is not willing to cooperate.

9. **NAMING OF STREET**

Observation: A sum of Five Hundred and Fifty Thousand Naira (₦550,000.00) detailed in Appendix V attached to 2019 audit inspection report still remains. It appears that no effort was made to collect the amount due on street naming which accumulated for December, 2019. This is contrary to Model Financial Memoranda for Local Government Chapter 6:3.

Recommendation: The Local Government is advised to intensify efforts towards collection of these outstanding and generate more from this veritable source.

10. **DORMANT ADVANCES**

Observation: An examination of financial statement revealed that as at 31st December, 2020 a sum of Twenty-Five Million, Forty-Two Thousand, Eight Hundred and Eight Naira, Thirty-Six Kobo (₦25,042,808.36) was the balance on the advances granted to various staff of the Local Government but which had remained stagnant for years. The stagnancy is contrary to the provisions of Chapter 16:12 of the Model Financial Memoranda for Local Governments. This chapter requires that personal advances must be paid on regular monthly instalments deducted at source from monthly salaries of the beneficiaries. The list of the dormant advances is contained in Appendix IV attached to the report forwarded to the Local Government.

Recommendation: The Local Government is hereby advised once again to take advantage of the central salary payment platform domiciled at the Local Government Service Commission to effect deduction of these advances. In addition, to liaise with the Bureau of Local Government Pensions to recover the outstanding advances from retired staff.

11. **AGRIC DEPARTMENT**

Observation: During the period covered by this report, it was observed that the Department of Agriculture and Natural Resources did not engage in any productive service for the benefit of the Local Government, except for the extension service like monitoring loan given by the Federal Government. Services like poultry farming, arable farming, fishing, snail rearing etc. that can add value and increase the internally generated revenue to the Local Government were not engaged in. The Head of Department of Agriculture and Natural Resources, Mrs. Akingbasote, O. A. informed the audit team that the Local Government could not engage in any of the project mentioned above due to paucity of fund.

However, a piece of land at Itori area belonging to the community which was formerly used as poultry farm had been converted to school by the community.

Recommendation: It is hereby advised that the Local Government should invest on productive agricultural activities such as poultry, piggery, farming, snail rearing and so on in order to boost the revenue generation of the Local Government.

12. **ON-GOING PROJECT**

Observation: The construction of 3 units of 2bedroom staff quarters was on-going at Adunbu, in Itori Ewekoro town. The actual cost of the project is ₦14,770,311.00 while the sum of ₦3,634,200.00 had been paid to date. The payments were released vide PV.16/July, 17/August, and 18/August, 2020.

During the verification visit to the project site, it was observed that the project was still at foundation level which represented 24.60% completion.

This amount had been capitalized and added to the Property, Plant and Equipment (PPE) of the Local Government, but not depreciated.

Recommendation: The Local Government should hasten work on the construction and release the fund outstanding so that there would not be need for variation in future. It will also make life better for the staffs and even reduce the risk of accident while travelling every time.

13. **LOCAL GOVERNMENT KOMATSU GRADER**

Observation: During the examination of payment vouchers, it was observed that a total sum of One Million, Three Hundred and Eighty-Nine Thousand Naira (₦1,389,000.00) only was released vide payment voucher 05/January, 09/February, 11/April, 33/June, 19/September, and 63/November, 2020 for overhauling, repair, servicing and replacement of some items in the Local Government Komatsu Grader. Unfortunately, it was never used to generate fund to coffers of the Local Government to boost its internally generated revenue. On enquiry, an Engineer in the Local Government, Engr. Jeboda said the Grader was being used for some community work which attracted no payment.

However, it was observed further that the grader was not in good condition by the time the audit team left the Local Government. It was said to have developed fault somewhere it was taken to for grading of community roads.

Recommendation: The Local Government should release fund for immediate repair of the grader in order to engage it on commercial activities so as to justify the huge amount expended on its repair and to boost the internally generated revenue of the Local Government.

14. **LOCAL GOVERNMENT LANDED PROPERTIES**

Observation: During the period covered by this report, the audit scrutinised the Finance and General Purpose Committee (F&GPC) minutes book and it revealed that the Local Government has a landed property located beside Total Filling Station, Itori. Investigation by the audit team showed that two (2) acres of the land was leased to One Engr. Shodipo with a ground rent of Five Million Naira (₦5,000,000.00) collected by the Local Government but the lease agreement had not been put in place by the Local Government.

Detailed of the Local Government's landed properties are contained in appendix III attached to the report forwarded to the Local Government.

Recommendation: It is hereby advised that necessary documentations should be done on these important landed properties.

EWEKORO LOCAL GOVERNMENT

17th August, 2021

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

Dear Sir,

**MANAGEMENT LETTER ON AUDIT INSPECTION REPORT ON THE ACCOUNTS
OF EWEKORO LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2020**

I wish to refer to your Audit Inspection Report on our accounts with reference number OGLG/EWK/1/Vol.III/401 dated 11th May, 2021 and this concerns the various observation raised on the accounts audited for the year ended 31st December, 2020.

However, as a follow up to this report, the following are the actions taken so far by the management to address the salient point raised:

1. **AUDIT QUERY RAISED (ITEM 3) ON THE REPORT**

Four (4) numbers of Audit Queries were raised and they have been dispatched to the officers concerned. We are sure that the needful have been done.

2. **BANK RECONCILIATION STATEMENT (ITEM 5) ON THE REPORT**

On the bank reconciliation statements with dormant bank accounts, an effort is ongoing to reactivate the inactive and dormant account that has balances as applicable.

3. **DORMANT ADVANCES (ITEM 10) ON THE REPORT**

With total amount ₦25,042,808.36 on the dormant advances, amount of ₦23,782,129.09 which form buck of the total advance was an amount standing against some officers dismissed in the past.

However, the balance of ₦1,260,679.27 was for motor vehicle advances taken by both present and posted out officers and letter to concerned officers have been prepared and dispatched to the officers. Compliance to these is being awaited.

4. **DESTRUCTION OF EXHAUSTED BOOK (ITEM 2) ON THE REPORT**

The past and exhausted books have been painstakingly and manually compiled and already typed out. Awaiting approval of the Management before official approval is sought from the Office of Auditor General to witness the destruction.

5. **LOCAL GOVERNMENT KOMATSU GRADER (ITEM 3) ON THE REPORT**

The Local Government is making frantic effort to repair the Komatsu Grader to put it into optimal use in order to further increase the internally generated revenue of the Council.

The Management is already taking further proactive steps on the report.

Thank you.



Mr Otalekan Oderinde
Head of Local Government Administration