

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IJEBU EAST LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

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ACKNOWLEDGEMENT

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

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

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

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

Thank you and God bless you all.



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



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

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

AUDIT CERTIFICATE

I have examined the accounts of Ijebu East 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 IJEBU EAST LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

The accounts of Ijebu East 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 IJEBU EAST LOCAL GOVERNMENT, OGBERE 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 Ijebu East Local Government, Ogbere 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

There were lots of unpardonable omissions, alterations to figures, misclassifications and cashbook mutilation. There were lots of incorrect posting to most of the ledgers. Some postings were done with pencils.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNTS (₦)
Internally Generated Revenue	17,075,160.49
Statutory Allocation	1,454,606,787.10
Aids and Grants	<u>12,000,000.00</u>
Total Fund Available	<u>1,483,681,947.59</u>
EXPENDITURE	
Overhead Expenses	52,949,990.74
Salaries and Allowances	1,096,221,179.84
Pension	367,711,063.60
Long Term Assets	<u>14,700,000.00</u>
Total	<u>1,531,582,234.18</u>

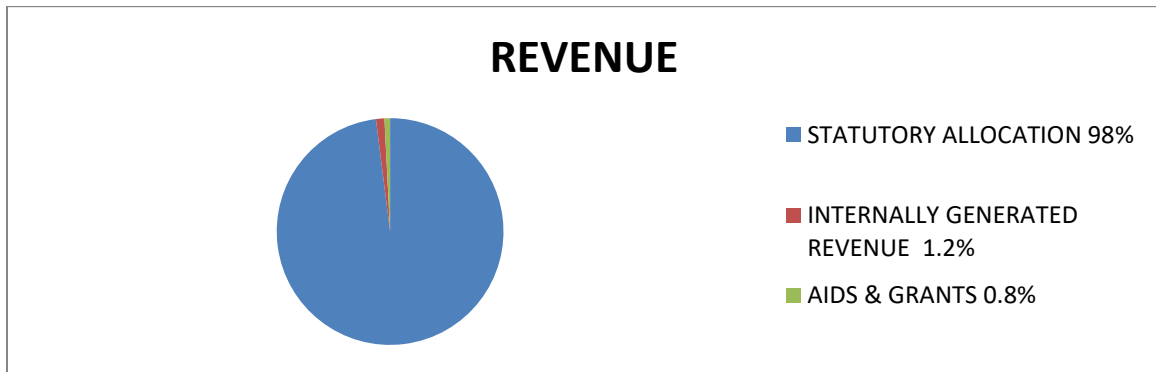
(4) REVENUE PERFORMANCE

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦32,700,000.00, a sum of ₦17,075,160.49 only was actually generated internally representing 52.2% of the budget. This represents a drop of 15.9% internally generated revenue when compared with the sum of ₦20,306,913.58 generated in year 2019. This revenue performance is unimpressive and this indicates that the Local Government did not harness its Internally Generated Revenue (IGR) potentials maximally or there were leakages which has not been identified and blocked.

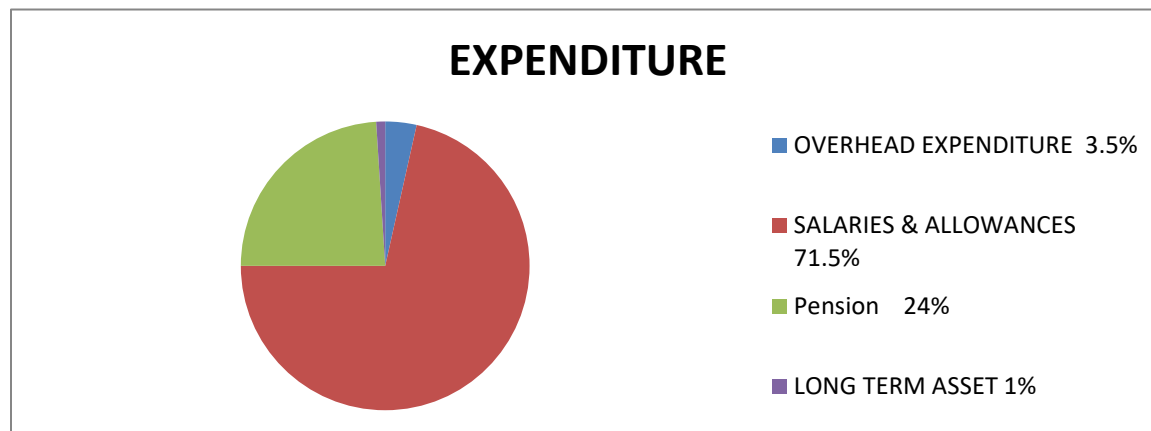
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,483,681,947.59 realized by the Local Government during the year under review, a sum of ₦17,075,160.49 only was generated internally. This represented 1.2% of the total revenue while the sum of ₦1,454,606,787.10 statutory allocation and ₦12,000,000.00 aids and grant received from the State Joint Account Allocation Committee represented 98% and 0.8% 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 ₦1,531,582,234.18. Out of this, a sum of ₦52,949,990.74 was expended on overhead which represented 3.5% of the total expenditure for the year. Also, a sum of ₦1,096,221,179.84 was expended on salaries and allowances which represented 71.5% of the expenditure for the year while ₦367,711,063.60 was expended on pensions and this represented 24% of the expenditure for the year. The sum of ₦14,700,000.00 was expended on long term assets and this represented 1% of total expenditure for the year. The 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 ₦96,845,399.17. The liabilities are highlighted below:

S/N	ITEMS	AMOUNTS (₦)
1.	5% Development Fund	1,236,373.76
2.	5% Tax	1,193,489.29
3.	VAT	4,372,184.80
4.	PAYE	28,983,491.92
5.	Pension	14,048,129.37
6.	Term loan	18,018,557.82
7.	Payable	4,194,000.00
8.	Others	<u>24,799,172.21</u>
	TOTAL	<u>96,845,399.17</u>

It was observed that the amounts highlighted above had been deducted from various contracts, salaries and allowances of workers but not remitted to appropriate agencies. This is against extant rules and financial regulations. It also included a term loan that was stagnant during the year. The Local Government should always remit deductions as required by regulations and service loan facilities in line with agreed terms.

(7) REVIEW OF STATEMENT OF FINANCIAL POSITION:

(i) ADVANCES

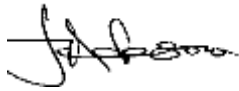
The sum of ₦4,585,949.89 highlighted in the Statement of Financial Position as the Advances were majorly dormant during the year. Efforts should be intensified to recover the advances.

IJEBU-EAST 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.

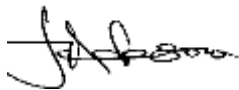
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge,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



Mr Adesoye Tajudeen
Treasurer

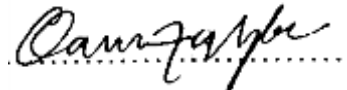
We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Finance (Control and Management) Act Cap 144 LFN 1990 as amended.

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



Mr Adesoye Tajudeen
Treasurer

5/2/2021



Falaju Bolale .C.
Chairman

5/2/2021

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

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	9,181,514.26	10,968,677.04
INVENTORIES		2,735,244.72	4,930,180.00
RECEIVABLES		2,176,000.00	2,682,800.00
PREPAYMENT			
ADVANCE		4,585,949.89	5,162,449.89
TOTAL CURRENT ASSET (A)		<u>18,678,708.87</u>	<u>23,744,106.93</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	186,744,219.92	183,484,135.96
INVESTMENT PROPERTY	11	102,887,133.06	104,990,785.16
BIOLOGICAL ASSET	12		
INVESTMENT		4,071,000.00	4,071,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>293,702,352.98</u>	<u>292,545,921.12</u>
TOTAL ASSET (C=A+B)		<u>312,381,061.85</u>	<u>316,290,028.05</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT		18,018,557.82	18,018,557.82
UNREMITTED DEDUCTIONS	9	74,632,841.35	46,975,478.96
ACCRUED EXPENSES, PAYABLES		4,194,000.00	2,320,042.00
DEFERRED INCOME		760,000.00	1,000,000.00
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>97,605,399.17</u>	<u>68,314,078.78</u>
NON-CURRENT LIABILITY			
PUBLIC FUND			
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		<u>97,605,399.17</u>	<u>68,314,078.78</u>
NET ASSETS (G= C-F)		<u>214,775,662.68</u>	<u>247,975,949.27</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		214,775,662.68	247,975,949.27
TOTAL NET ASSET/EQUITY		<u>214,775,662.68</u>	<u>247,975,949.27</u>

IJEBU EAST LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2020

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,454,606,787.10	838,063,630.65
NON-TAX REVENUE:	2	16,607,960.00	19,168,164.95
INVESTMENT INCOME			
INTEREST EARNED		116,600.49	117,312.91
AIDS & GRANTS	3	12,000,000.00	
OTHER REVENUE		350,600.00	1,021,435.72
TOTAL REVENUE (A)		<u>1,483,681,947.59</u>	<u>858,370,544.23</u>
EXPENDITURE			
SALARIES & WAGES	4	1,096,221,179.84	643,701,752.33
NON- REGULAR ALLOWANCE	5	-	23,307,532.30
SOCIAL BENEFIT	6	367,711,063.60	178,237,843.97
OVERHEAD COST	7	39,781,422.60	14,739,818.23
SUBVENTION TO PARASTALS		291,400.00	
DEPRECIATION	10 & 11	12,363,568.14	10,791,972.88
GAIN/LOSS ON DISPOSAL ON ASSET		513,600.00	
TOTAL EXPENDITURE (B)		<u>1,516,882,234.18</u>	<u>870,778,919.71</u>
SURPLUS / DEFICIT (C=A-B)		<u>-33,200,286.59</u>	<u>-12,408,375.48</u>

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

	₦
Balance 1/1/2019	-27,153,114.09
Prior Year Adjustment	287,537,438.84
Adjusted Balance	260,384,324.75
Surplus/ (deficit) for the year	-12,408,375.48
Balance 31/12/2019	247,975,949.27
Prior Year Adjustment	
Adjusted Balance	<u>247,975,949.27</u>
Surplus/ (deficit) for the year	-33,200,286.59
Balance at 31 December 2020	<u>214,775,662.68</u>

IJEBU EAST LOCAL GOVERNMENT

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

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	1,452,606,787.10	838,063,630.65
LICENCES, FINES, ROYALTIES, FEES ETC	11,957,100.00	13,543,414.95
EARNINGS & SALES	6,101,090.00	4,272,250.00
RENT OF GOVERNMENT PROPERTIES	816,570.00	1,831,700.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL	110,600.49	117,312.91
DOMESTIC AIDS & GRANTS	12,000,000.00	
OTHER REVENUE	350,600.00	1,021,435.72
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>1,483,942,747.59</u>	<u>858,849,744.23</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	1,096,221,179.84	667,009,284.63
SOCIAL BENEFIT	367,711,063.60	178,237,843.97
OVERHEADS	36,912,529.32	16,744,521.66
SUBVENTION TO PARASTATALS	291,400.00	
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>1,501,136,172.76</u>	<u>861,991,650.26</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>-17,193,425.17</u>	<u>-3,141,906.03</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 14,700,000.00	-2,897,800.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	582,500.00	381,073.50
PROCEED FROM SALE OF ASSETS	1,866,400.00	
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-12,251,100.00</u>	<u>-2,516,726.50</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	27,657,362.39	15,065,171.51
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>27,657,362.39</u>	<u>15,065,171.51</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>-1,787,162.78</u>	<u>9,406,538.98</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	10,968,677.04	1,562,138.06
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>9,181,514.26</u>	<u>10,968,677.04</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 value of ₦100.00

	<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	112,363,556.87
FEBRUARY	148,781,575.49
MARCH	110,534,882.55
APRIL	112,030,227.64
MAY	110,618,891.90
JUNE	119,917,018.74
JULY	126,389,461.52
AUGUST	128,628,340.91
SEPTEMBER	115,420,017.28
OCTOBER	1,198,701.03
NOVEMBER	246,255,145.81
DECEMBER	122,468,967.36
TOTAL	<u>1,454,606,787.10</u>

2. NON-TAX REVENUE

LICENCES	1,042,800.00
FEES	8,647,500.00
FINES	0.00
EARNINGS	524,100.00
RENT OF GOVERNMENT PROPERTIES	816,570.00
SALES	5,576,990.00
TOTAL	<u>16,607,960.00</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	12,000,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>12,000,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	373,252,490.53
PRIMARY SCHOOL TEACHERS	630,990,833.39
TRADITIONAL COUNCIL	78,188,215.46
POLITICAL FUNCTIONARIES	13,789,640.46
TOTAL	<u>1,096,221,179.84</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	-
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	367,711,063.60
TOTAL	<u>367,711,063.60</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	15,784,000.00
HOLGA	-
INTERNAL AUDIT	510,000.00
ADMINISTRATIVE	5,734,858.00
FINANCE	9,056,044.60
INFORMATION	748,000.00
P H C	3,120,520.00
AGRIC	328,000.00
WORKS	1,696,000.00
PLANNING	819,000.00
WES	1,812,000.00
COMMUNITY	173,000.00
TOTAL	<u>39,781,422.60</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	187,767.75
CASH IN BANKS	8,993,746.51
TOTAL	<u>9,181,514.26</u>

9. UNREMITTED DEDUCTIONS

5% Development Fund	1,236,373.76
5% Tax	1,193,489.29
VAT	4,372,184.80
PAYE	28,983,491.92
Pension	14,048,129.37
	-
	-
Total	<u>74,632,841.35</u>

NOTE 10	IFEBU EAST LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT							TOTAL
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	
BAL AS AT 01/01/2020	159,220,802.00		15,150,000.00	18,460,000.00	1,054,000.00		250,000.00	194,134,802.00
ADDITION DURING THE YEAR	5,000,000.00			3,900,000.00			7,000,000.00	15,900,000.00
LEGACY								0.00
DISPOSAL DURING THE YEAR				(5,950,000.00)				(5,950,000.00)
BAL C/F	164,220,802.00	-	15,150,000.00	16,410,000.00	1,054,000.00	-	7,250,000.00	204,084,802.00
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	3,184,416.04		1,515,000.00	5,296,000.00	630,250.00		25,000.00	10,650,666.04
ADDITION DURING THE YEAR	3,284,416.04		1,515,000.00	4,472,000.00	263,500.00	-	725,000.00	10,259,916.04
DISPOSAL DURING THE YEAR				(3,570,000.00)				-
BAL C/F	6,468,832.08	-	3,030,000.00	6,198,000.00	893,750.00	-	750,000.00	17,346,582.08
AS AT 31/12/2020	157,751,969.92	-	12,120,000.00	10,212,000.00	160,250.00	-	6,500,000.00	186,744,219.92
AS AT 31/12/2019	156,056,385.96	-	13,635,000.00	13,164,000.00	423,750.00	-	225,000.00	183,484,135.96
NOTE 11	IFEBU EAST LOCAL GOVERNMENT INVESTMENT PROPERTY							
	LAND & BUILDING 2%	LAND						TOTAL
BAL AS AT 01/01/2020	105,182,605.16	1,500,000.00						106,682,605.16
ADDITION DURING THE YEAR								0.00
LEGACY								0.00
DISPOSAL DURING THE YEAR								-
BAL C/F	105,182,605.16	1,500,000.00						106,682,605.16
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	1,691,820.00							1,691,820.00
ADDITION DURING THE YEAR	2,103,652.10							2,103,652.10
DISPOSAL DURING THE YEAR								
BAL C/F	3,795,472.10	-						3,795,472.10
AS AT 31/12/2020	101,387,133.06	1,500,000.00						102,887,133.06
AS AT 31/12/2019	103,460,785.16	1,500,000.00						104,960,785.16

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

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

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

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/253/2020	Doubtful Expenditure	60,000.00
2	OGLG/AQ/GBE/254/2020	Doubtful Expenditure	536,400.00
3	OGLG/AQ/GBE/255/2020	Doubtful Expenditure	80,000.00
4	OGLG/AQ/GBE/256/2020	Doubtful Expenditure	195,000.00
5	OGLG/AQ/GBE/257/2020	Failure to Keep Required Records	
6	OGLG/AQ/GBE/258/2020	Failure to Properly Prepare and Review Bank Reconciliation Statement	
7	OGLG/AQ/GBE/259/2020	Misappropriation of Cash in Hand	

3. DOUBTFUL EXPENDITURE

Observation: During the audit exercise just concluded, a sum of ₦80,000.00 was approved and released vide PV. 06/October, 2020 to Mr. Oluwaseun Roberts (Information Officer) for the payment of 3 plaques to be erected on projects embarked upon by the Local Government. Audit examination of the payment voucher revealed that no official receipt was attached to the payment voucher as evidence of money paid for the plaque done.

Also, a sum of ₦60,000.00 was approved and released vide PV 17/June, 2020 to Mr. Odunaya Kanye Olubukanla (Higher Executive Officer) to print file jackets and to purchase rubber stamps. Audit examination of the payment voucher revealed that there was no evidence in

the administrative store that the file jackets were printed nor the rubber stamp purchased contrary to the provision of Chapter 14:17 of Model Financial Memoranda for Local Governments thereby casting doubt on the genuineness of the expenditure. The recipient was invited for interrogation but he did not honour the invitation before the Audit Team final departure.

Recommendation: All the above transactions appear contrary to provisions of Chapter 14:17 of Model Financial Memoranda for Local Governments thereby casting doubt on the genuineness of the expenditure.

4. **Cash in Hand Misappropriated**

Observation: Paragraph 4 of the Audit Inspection Report No OGLG/IJECLCDA/1/24 of 30th October, 2020 reported on the misappropriation of cash in hand by the Cashier of Defunct Ojowo Local Council Development Area, Miss. Odunayo Kehinde (Market/Motor Park Master II). It was expected that the Local Government on receipt of the report would recover the sum of ₦30,000.00 from Miss odunayo but nothing was done. The Local Government being aware of misappropriation of cash in hand of ₦30,000.00, 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 extant Public Service Rules. There was no evidence of any kind of reprimand. Meanwhile, Chapter 8:4 of Model Financial Memoranda for Local Governments empowers the Local Government to recover any revenue loss from an employee's personnel emolument in instalment or lump sum. The Local Government also failed to comply with the requirements of these regulations.

Recommendation: The Local Government is hereby advised to ensure that the ₦30,000.00 involved is recovered from the Cashier and inform this Office accordingly.

5. **OVERPAYMENT IN THE PAYMENT OF SALARIES AND ALLOWANCES**

Observation: Paragraph 10 of the last Audit Report No OGLG/IJX/1/VOL.V/266 of 4TH November, 2020 reported that examination of payment vouchers and review of bank reconciliation statement revealed that a sum of Six Million, Three Hundred and Forty-Six Thousand, Nine Hundred and Seventy-Four Naira and Four Kobo (₦6,346,974.04) salaries and allowances were overpaid. Nothing appears to have been done by the Local Government to unravel the cause of the overpayment. This docile approach to handling Government fund is undesirable and should not be allowed to continue.

Recommendation: You are required to investigate the overpayment and inform this office accordingly.

6. **REVENUE GENERATION**

Observation: Audit examination of the revenue profile of the Local Government revealed that out of the estimated Internally Generated Revenue (IGR) of ₦32,700,000.00, a sum of ₦17,075,160.49 only was actually generated internally representing 52.2% of the budget. This represents a drop of 15.9% internally generated revenue when compared with the sum of ₦20,306,913.58 generated in year 2019. This revenue performance is unimpressive and this indicates that the Local Government did not harness its IGR potentials maximally or there were leakages which have not been identified and blocked

A closer look at the revenue details revealed that while there were some improvements in the performance of some revenue items, there were significant drop in performance in the underlisted revenue items:

S/N	Particulars	Ijebu East Local Government 2019	Ijebu East Central LCDA 2019	Total 2019	Ijebu East Local Government 2020	Variance
1	Road Haulage		648,000.00	648,000.00	16,000.00	632,000.00
2	Trade permit	380,500.00	23,100.00	403,600.00	241,900.00	161,700.00
3	Penal Fees	260,000.00	122,660.00	382,660.00		382,000.00
4	Squatters Fees	1,307,700.00	5,110,900.00	6,418,600.00	4,150,600.00	2,268,000.00
5	Identification and	676,000.00	542,000.00	1,218,000.00	934,700.00	283,300.00
6	Stallages (Kiosk)	1,521,384.95		1,521,384.95	3,200.00	1,518,184.95

At the moment, the Local Government does not have a collated revenue data base which identifies revenue points. The revenue data if collated, could be utilized to monitor collections and plan revenue collection activities of the Local Government.

A review of revenue generated from departments revealed that some departmental revenues are not well harnessed. An example was the Medical Department where a sum of ₦989,800.00 was generated in year 2019 while only ₦404,100.00 was generated by the Local

Government in year 2020. The Local Government laboratory generated a sum of ₦249,000.00 in year 2019 but nothing was generated in year 2020.

Recommendation: The Local Government should deepen its revenue generation record keeping as required by regulations. In addition, a formally collated revenue data base should be generated for more efficient monitoring of revenue generation. Furthermore, you are enjoined to pay attention to revenue generation from other departments which at the moment is not being properly harnessed.

7. **REVENUE FROM LOCAL GOVERNMENT SHOPS**

Observation: Paragraph 13 of the last Audit Inspection report OGLG/IJX/1/VOL.V/266 of 4th November, 2020 reported that the Local Government had 97 lock-up shops and 112 open stalls, aside from those in Defunct Ijebu East Central Local Council Development Area (LCDA). It was also reported that from the 82 lock-shops and 28 open stalls occupied, a sum of ₦1,017,600.00 was expected while a paltry sum of ₦384,000.00 was generated resulting in a short fall of ₦633,600.00 in year 2019. Meanwhile, the LCDA generated the sum of ₦167,700.00 from her over 200 lock-up shops and 180 open stalls in the same year. During year 2020 audit exercise just concluded, examination of the asset register revealed that the Local Government has a total of 347 lock-up shops and 270 open-stalls. Available records revealed that ₦666,000.00 only was realized from rent of these lock-up shops and open stalls. The sum of ₦666,000.00 generated in year 2020 which is a marginal increase from the sum of ₦551,700.00 (384,000.00+167,700.00) generated in year 2019 would appear not to be a true reflection of the revenue accruing from lock-up shops and open stalls. Though, the audit was not able to visit all the shops of the Local Government to ascertain those that were actually occupied, at least, a sum of ₦1,017,600.00 was expected from the 97 lock-up shops and 28 open stalls confirmed to be occupied during the year 2019 audit of the Local Government, aside from the over 200 lock-up shops and 180 open stalls in defunct LCDA. This does not include arrears of previous years revenue from shops. So, the sum of ₦666,000.00 realized from rent of lock-up shops and open stalls in year 2020 is a far cry from what should have been generated.

It is worrisome to note that despite the repeated call by this Office, your Local Government has failed to maintain required records on lock-up shops and open stalls. For example, stallage/market register was not maintained as required by Chapter 6:23 of Model Financial Memoranda for Local Governments. This made monitoring of revenue generated from these properties difficult if not impossible. It appears that some Local Government officials

deliberately refused to maintain this record in order to conceal revenue manipulation. The Treasurer of the Local Government appears not to be living up to expectations on revenue monitoring in general and revenue from shops in particular. The responsibility to ensure that the required accounting records are kept is primarily that of the Treasurer as provided in Chapter 1:4(5) & (6) of Model Financial Memorandum for Local Governments.

Recommendation: You are required to investigate the abysmal performance in revenue generation from shops and report your findings to this Office not later than two weeks from the date on this report.

8. **MISSINNG LEGACY ASSETS**

Observation: Paragraph 11 of Audit Inspection Reports Nos OGLG/IECLCDA/1/24 of 22nd October, 2020 reported that some assets of Defunct Ijebu East Central Local Council Development Area could not be sighted in the Local Government and their whereabouts could not be explained by anyone. The assets in question includes a Toyota Camry, a Mazda 626 car and a Tractor. Your Local Government was advised to investigate the whereabouts of the assets involved but it appears from findings during the audit exercise just concluded that nothing was done in this regard.

Recommendation: You are once again enjoined to investigate the whereabouts of the 3 vehicles and report your findings to this Office not later than two weeks from the date of this report.

9. **BANK RECONCILIATION STATEMENT**

Observation: As reported in the previous Audit Inspection Reports Nos OGLG/IJX/1/VOL.V/251 of 22nd May, 2020 and OGLG/IJX/1/VOL.V/266 of 4th November, 2020 that the bank reconciliation statements appeared to have been prepared by the Local Government for preparation sake without reviewing the statement and also that the figures did not represent the position of things. During the examination of the bank reconciliation of the year under review, it is disheartened to note that the statements were not reviewed as required by the Chapter 19:29 of Model Financial Memorandum for Local Governments. This resulted into a long list of direct credit, uncredited lodgments, overpayments, bank charges and direct debit, despite my comments in the previous report. The examination of the statement revealed a lack of understanding on the part of the officers preparing it. This made examination of the bank reconciliation statement tedious.

Recommendation: The Treasurer is expected to always supervise the job of his subordinate and always review the statement as required by regulations.

10. **NAMING OF STREET**

Observation: It was reported in paragraph 5 of Audit Inspection Report Ref. No. OGLG/IJX/1/VOL.IV/252 of 22nd May, 2020 that the Local Government did not maintain required records on street naming which had negative implications on revenue generation from this source. During the audit exercise just concluded, it was observed that nothing seems to have been done to correct the anomaly noted by the Auditor-General. There was no register for street named as required by Chapter 6:23 neither was there any record or list of approved streets provided despite the Auditor-General's report. This is a clear case of dereliction of duty or a deliberate act to conceal revenue manipulation on street naming and this will no longer be tolerated.

The failure to keep required record made it difficult to ascertain the defaulters for street naming renewal fees. It will make monitoring of revenue from street naming difficult if not impossible. Both the Director, General Services and Administration that is responsible for overseeing the approval and collection of revenue on street naming and the Treasurer that is responsible for oversight and monitoring of all revenue sources appear to have failed in their respective responsibilities. This in 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 Director General Services and Administration are advised to ensure that other necessary machineries are put in place for the collection of the untapped street naming renewal fees to be paid into the Treasury as required by regulations.

Recommendation: The Local Government is again advised to ensure that proper records of streets named and other revenue are kept and that all revenue sources are optimally harnessed.

11. BANANA PLANTATION

Observation: During the audit exercise, it was observed that the Local Government has two (2) acres of banana plantation at the back of the Local Government staff quarters. A visit to the plantation revealed that it was not attended to and is over grown with weed. As a result of the neglect, part of the farm has been consumed by fire. This farm use to be a source of revenue when its fruits are harvested and sold. During the year under review, nothing was generated from the farm, obviously as a result of failure to properly maintain it. If nothing is done urgently, the banana plantation would be lost and the revenue that accrue from it will cease.

Recommendation: The Local Government is hereby advised to resuscitate the banana plantation and to properly maintain it for maximum yield and improvement in revenue.

11. OFFICIAL VEHICLES TAKEN AWAY BY POLITICAL FUNCTIONARIES WITHOUT PROPER DOCUMENTATION

Observation: Out of the serviceable vehicles belonging to the Local Government, three (3) were taken away by the Ex. Chairman, Hon. Mrs. Iyabo Bakare and other political functionaries.

Audit investigation revealed that these vehicles were taken away without any official request made by the political functionaries nor a dime 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	Lexus RX330 Jeep	2004 Model with Registration Number (GBE 01 LG)	3,800,000.00	Hon.(Mrs) Iyabo Bakare (Chairman)
2	Toyota Camry	1999 Model with Registration Number (GBE 02 LG)	Not provided	Hon. Shittu AdekunLE (vice Chairman)
3	Toyota Camry	1990 Model with Registration Number (GBE 03 LG)	Not provided	Hon. Olusegun Ayeni (Secretary)

In addition, it was highlighted in Audit Inspection Report Nos. OGLG/IJECLCDA/1/9 of 29th May, 2020 and OGLG/IJECLCDA/1/24 of 30th October, 2020, that the official vehicle (Honda Accord 2018 Model) in the custody of the Ex. Chairman of the defunct Ijebu East Central Council Development Area Barrister Adebayo Osikomaiya has neither been returned nor a dime paid into the coffers of the Local Government as an evidence of purchase. These vehicles

have been under the custody of these political functionaries without any approval from the Government since the expiration of their tenure. This act contravenes the existing circular letter No. DG1152/T/176 of 16th February, 2017, DG1152/T/186 of 2nd April, 2017 and OGLG/AUD/94/Vol III/34 of June, 2019 which requires that no political office holders should be allowed to take away his/her official vehicles until due process is followed.

Recommendation: The Local Government is advised again to take appropriate steps to retrieve the official vehicles from the political functionaries and inform this office accordingly.

12. **OFFICIAL VEHICLE TAKEN AWAY BY THE HEAD OF LOCAL GOVERNMENT ADMINISTRATION (HOLGA)**

Observation: During the audit exercise just concluded, it was observed that an official vehicle Lexus RX 300 jeep purchased on 6th June, 2018 with chassis No JT6HF1OU4X0012079 at a cost of ₦2,850,000.00 attached to the office of the HOLGA Eng. K. I Oyedele was said to have been taken away by him on his retirement from service.

A review of the disposal of the vehicle revealed the following:

- (i) That the vehicle was used for just two years
- (ii) That going by the information in the file, the vehicle can be said to be well maintained
- (iii) That the vehicle was estimated to worth ₦519,000.00 at the time of disposal

It would appear that the vehicle was undervalued because it was purchased for ₦2,850,000.00 but valued for ₦519,000.00 after usage for just two years, whereas, there were evidences that the vehicle was well maintained. If the vehicle was not overpriced when it was purchased and if the fund released for its maintenance were utilized on it, the value of ₦519,000.00 at disposal should be far from the truth.

It was also observed that the sum of ₦519,000.00 value of the vehicle was purportedly settled by Eng. K.I Oyedele but no payment was made to the Local Government bank account. It was however discovered that the purchase price was covered by payment vouchers raised vide PVs 28,29,30 and 31 July, 2020 amounting to Five Hundred and Thirty-Six Thousand and Four Hundred Naira (₦536,400.00) and then Treasury Receipt No 59/July 2020 was issued as proceed of vehicle disposed. The payment vouchers were all related to maintenance of the vehicle in question. It was observed from the payment vouchers that there were no evidence of performance/repairs of the vehicle. There were no certifications of work done by officials of the Local Government and there were no evidences of parts replaced. There were no receipts for work done or items purchased. While some of the approvals for the repair of the vehicles were

given years ago (year 2018), the payments were made in July, 2020, but there were no requests for payment for service rendered. In addition, there was also no report of indebtedness for repairs carried out on the vehicles in the Local Government hand over notes, thereby making the repairs carried out on the vehicle doubtful. It appears that it is a guise by Eng. K.I Oyedele and his collaborators to take Government property away without paying to the Treasury. Eng. K.I Oyedele like the political functionaries capitalized on his position as the Head of Local Government Administration to defraud the Local Government through the use of stale payment vouchers to settle the payment of the vehicle.

Recommendation: You are required to recover the sum of ₦519,000.00 proceed of the vehicle from Engineer Oyedele. In addition, you should guide against under valuing properties to be disposed.

13. **FOUR MILLION NAIRA FIXED DEPOSIT WITH ITELE MICRO FINANCE BANK**

Observation: it was reported in the last Audit Inspection Report Ref. No OGLG/IJX/1/VOL.V/251 of 22nd May, 2020 that the Local Government had a fixed deposit of Four Million Naira (₦4,000,000.00) with Itele Micro Finance Bank in the year 2010. This bank has been liquidated and that going through the file, it was observed that the Local Government had not done much in the recent time to recover the money from Nigeria Deposit Insurance Corporation. During the audit exercise just concluded, nothing was done by the Local Government to recover the sum of four million naira fixed deposit from the Nigeria deposit Insurance Corporation.

Recommendation: You are once again advised to intensify efforts to recover the fixed deposit and inform this office within two weeks on the date of this report of the action taken.

IJEBU EAST LOCAL GOVERNMENT

17th August, 2021

The Auditor General,

Office of the Auditor General for Local Governments,

Oke-Mosan,

Abeokuta.

MANAGEMENT REPORT

In compliance with the directive of the Auditor General to comment on the year 2020 statutory audit report of Ijebu East Local Government.

1. REVENUE ACCOUNT

As reported on the drop of the Internally General Revenue of the Local Government. The Local Government is intensifying more effort to improve on the performance of the Local Government Internally Generated Revenue.

2. MONTHLY BANK RECONCILIATION

The Local Government is seriously working on bank reconciliation statement particularly on the long list of direct credit and managing of various bank accounts that are dormant.

3. NAMING OF STREET

The Local Government is working on the number of street in Ijebu East Local Government and also necessary documents required is being given necessary attention as reported in the Statutory Audit Report.

4. OFFICIAL VEHICLES TAKEN AWAY WITHOUT PROPER DOCUMENTATION

On the serviceable vehicles taken away by the past political office holders and former Head of Local Government Administration, Engr. Kehinde Oyedele.

The Head of Local Government Administration has directed the Director of General Services and Administration to write those concerned to comply with the audit observation.

5. FOUR MILLION NAIRA FIXED DEPOSIT WITH DEFUNCT ITELE MICRO FINANCE BANK

Based on the above observation the new Executive Chairman has directed that official letter should be written to the management of the Bank on how to recover the fixed deposit of the Local Government.

6. BANANA PLANTATION

Based on your observation of the banana plantation. The Chairman has approved the sum of ₦80,000.00 (Eighty Thousand Naira) for the Director of Agric of Local Government to clear the bush of the banana plantation and replant sockers of the banana where necessary.

7. AUDIT QUERY ISSUED TO OFFICERS OF THE LOCAL GOVERNMENT

The various Audit query on the observations of the statutory audit has been dispatched to all officers concerned to reply. Based on the above, the Local Government is satisfied with the 2020 statutory audit report.


Mr Odunfa A.A.
Ag. Head of Local Government Administration
Ijebu East Local Government