

**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 31<sup>ST</sup> DECEMBER, 2021**

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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 immediate past Head of Service Alhaja Selimot Olapeju Ottun and the current Head of Service Dr Nafiu Aigoro for their 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.  
17<sup>th</sup> June, 2022.



## **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 31<sup>st</sup> December, 2021 in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

In my opinion, the Financial Statements give a true and fair view of the state of affairs of the Local Government as at 31<sup>st</sup> December, 2021 subject to the observations in the inspection reports.

**L.A. Mulero** (CNA)  
Auditor-General for Local Governments,  
Ogun State.  
17<sup>th</sup> June, 2022.

## **STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF IJEBU EAST LOCAL GOVERNMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

The accounts of Ijebu East Local Government for the year ended 31<sup>st</sup> December, 2021 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.



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

Auditor-General for Local Governments

Ogun State.

17<sup>th</sup> June, 2022.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IJEBU EAST LOCAL GOVERNMENT, OGBERE FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

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 31<sup>st</sup> December, 2021 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**

The cashbook was not properly maintained. In addition, required accounting records like asset register, revenue collectors chart etc. were not kept.

**(3) FINANCIAL REVIEW:**

<b>REVENUE</b>	<b>AMOUNTS (₦)</b>
Internally Generated Revenue	30,398,675.02
Statutory Allocation	1,549,740,347.19
Aids and Grants	<u>17,500,000.00</u>
Total Fund Available	<u><b>1,597,639,022.21</b></u>
<b>EXPENDITURE</b>	
Overhead Expenses	89,832,864.74
Salaries and Allowances	1,181,755,632.77
Pension	379,484,061.34
Long Term Assets	<u>1,233,000.00</u>
<b>Total</b>	<u><b>1,652,305,558.85</b></u>

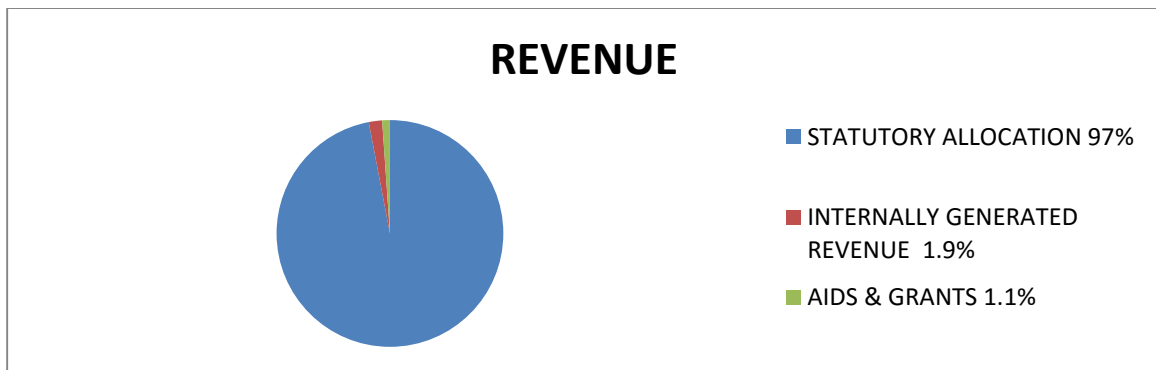
**(4) REVENUE PERFORMANCE**

**(i) STATEMENT OF ACTUAL REVENUE**

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦31,150,000.00, a sum of ₦30,398,675.02 only was actually generated internally representing 97.59% of the budget. This represents an increase of 78.03% internally generated revenue when compared with the sum of ₦17,075,160.49 generated in year 2020. This revenue performance is commendable, it however does not represent the true revenue potential of the Local Government.

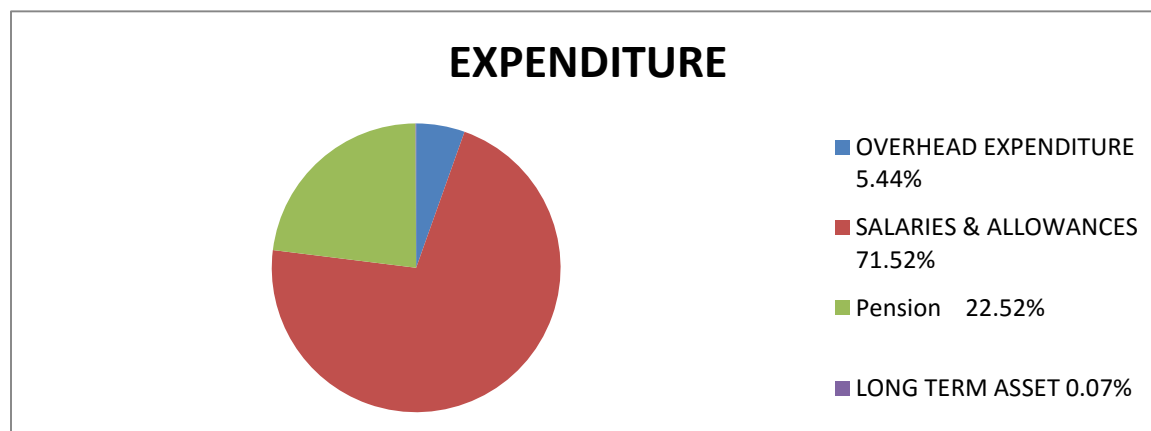
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,597,639,022.21 realized by the Local Government during the year under review, a sum of ₦30,398,675.02 only was generated internally. This represented 1.90% of the total revenue while the sum of ₦1,549,740,347.19 statutory allocation and ₦17,500,000.00 aids and grant received from the State Joint Account Allocation Committee represented 97% and 1.10% 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 ₦1,652,305,558.85. Out of this, a sum of ₦89,832,864.74 was expended on overhead which represented 5.44% of the total expenditure for the year. Also, a sum of ₦1,181,755,632.77 was expended on salaries and allowances which represented 71.52% of the expenditure for the year while ₦379,484,061.34 was expended on pensions and this represented 22.97% of the expenditure for the year. The sum of ₦1,233,000.00 was expended on long term assets and this represented 0.07% 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 31<sup>st</sup> December, 2021 was ₦142,085,808.23. The liabilities are highlighted below:

<b>S/N</b>	<b>ITEMS</b>	<b>AMOUNTS (₦)</b>
1.	5% Development Fund	1,236,373.76
2.	VAT	4,523,874.32
3.	PAYE	57,434,932.48
4.	Pension	29,139,736.16
5.	NHF	2,894,773.47
6.	COOP	7,401,511.64
7.	Term loan	18,018,557.82
8.	Payable	6,304,000.00
9.	Others	<u>15,132,048.58</u>
	<b>TOTAL</b>	<b><u>142,085,808.23</u></b>

It was observed that the amounts highlighted above had been deducted from various contracts, salaries and allowances of workers but not remitted to appropriate agencies. This is 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 ₦4,750,949.89 highlighted in the Statement of Financial Position as the Advances were majorly dormant during the year. Efforts should be intensified to recover the advances.

**(ii) INVESTMENTS**

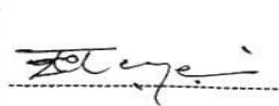
The sum of ₦4,071,000.00 shown in the Statement of Financial Position as at 31<sup>st</sup> December, 2021 could not be verified because the share certificate was not produced on demand for audit scrutiny, also evidence of beneficial ownership such as dividends were not seen.

## **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.

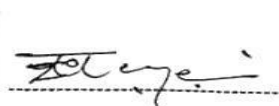
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge,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



**Mr. Odeyemi I.T.**  
**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 31<sup>st</sup> December, 2021 and its operations for the year ended on the date.



**Mr. Odeyemi I.T.**  
**Treasurer**



**Hon. Adewale Adedayo**  
**Executive Chairman**

**IJEBU EAST LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021**

	NOTES	2021	2020
<b>CURRENT ASSET</b>		₦	₦
CASH & CASH EQUIVALENTS	8	10,931,940.34	9,181,514.26
INVENTORIES		4,391,159.20	2,735,244.72
RECEIVABLES		1,065,000.00	2,176,000.00
PREPAYMENT			
ADVANCE		4,750,949.89	4,585,949.89
<b>TOTAL CURRENT ASSET (A)</b>		<b>21,139,049.43</b>	<b>18,678,708.87</b>
<b>NON CURRENT ASSET</b>			
PROPERTY PLANT & EQUIPMENT	10	171,024,503.88	186,744,219.92
INVESTMENT PROPERTY	11	103,165,316.75	102,887,133.06
BIOLOGICAL ASSET	12		
INVESTMENT		4,071,000.00	4,071,000.00
LOAN GRANTED			
<b>TOTAL NON CURRENT ASSET (B)</b>		<b>278,260,820.63</b>	<b>293,702,352.98</b>
<b>TOTAL ASSET (C=A+B)</b>		<b>299,399,870.06</b>	<b>312,381,061.85</b>
<b>CURRENT LIABILITY</b>			
DEPOSIT			
LOAN & DEBT		18,018,557.82	18,018,557.82
UNREMITTED DEDUCTIONS	9	117,763,250.41	74,632,841.35
ACCURED EXPENSES, PAYABLES		6,304,000.00	4,194,000.00
DEFERED INCOME		520,000.00	760,000.00
CURRENT PORTION OF BORROWING			
<b>TOTAL CURRENT LIABILITY (D)</b>		<b>142,605,808.23</b>	<b>97,605,399.17</b>
<b>NON CURRENT LIABILITY</b>			
PUBLIC FUND			
BOROWING			
<b>TOTAL NON CURRENT LIABILITY (E)</b>		-	-
<b>TOTAL LIABILITY (F=D+E)</b>		<b>142,605,808.23</b>	<b>97,605,399.17</b>
<b>NET ASSETS (G= C-F)</b>		<b>156,794,061.83</b>	<b>214,775,662.68</b>
<b>NET ASSET/EQUITY</b>			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		156,794,061.83	214,775,662.68
<b>TOTAL NET ASSET/EQUITY</b>		<b>156,794,061.83</b>	<b>214,775,662.68</b>

**IJEBU EAST LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2021**

	NOTES	2021	2020
<b>REVENUE</b>		₦	₦
STATUTORY ALLOCATION	1	1,549,740,347.19	1,454,606,787.10
NON TAX REVENUE:	2	27,526,543.33	16,607,960.00
INVESTMENT INCOME			
INTEREST EARNED		173,227.32	116,600.49
AIDS & GRANTS	3	17,500,000.00	12,000,000.00
OTHER REVENUE		2,698,904.37	350,600.00
<b>TOTAL REVENUE (A)</b>		<b>1,597,639,022.21</b>	<b>1,483,681,947.59</b>
<b>EXPENDITURE</b>			
SALARIES & WAGES	4	1,181,755,632.77	1,096,221,179.84
NON- REGULAR ALLOWANCE	5		-
SOCIAL BENEFIT	6	379,484,061.34	367,711,063.60
OVERHEAD COST	7	78,141,396.60	39,781,422.60
SUBVENTION TO PARASTALS		892,000.00	291,400.00
DEPRECIATION	10 & 11	10,076,468.14	12,363,568.14
GAIN/LOSS ON DISPOSAL ON ASSET		723,000.00	513,600.00
<b>TOTAL EXPENDITURE (B)</b>		<b>1,651,072,558.85</b>	<b>1,516,882,234.18</b>
<b>SURPLUS / DEFICIT (C=A-B)</b>		<b>-53,433,536.64</b>	<b>-33,200,286.59</b>

**IJEBU EAST LOCAL GOVERNMENT**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021**

	₦
<b>Balance 1/1/2020</b>	<b>247,975,949.27</b>
Prior Year Adjustment	
Adjusted Balance	247,975,949.27
<b>Surplus/ (deficit) for the year</b>	<b>-33,200,286.59</b>
<b>Balance 31/12/2020</b>	<b>214,775,662.68</b>
Prior Year Adjustment	-4,548,064.21
<b>Adjusted Balance</b>	<b>210,227,598.47</b>
Surplus/ (deficit) for the year	-53,433,536.64
<b>Balance at 31 December 2021</b>	<b>156,794,061.83</b>

**IJEBU EAST LOCAL GOVERNMENT**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2021</b>	<b>2020</b>
<b><u>INFLOWS</u></b>	<b>₦</b>	<b>₦</b>
STATUTORY ALLOCATION	1,551,740,347.19	1,452,606,787.10
LICENCES, FINES, ROYALTIES, FEES ETC	16,674,680.00	11,957,100.00
EARNINGS & SALES	7,789,723.33	6,101,090.00
RENT OF GOVERNMENT PROPERTIES	1,933,140.00	816,570.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL	173,227.32	110,600.49
DOMESTIC AIDS & GRANTS	17,500,000.00	12,000,000.00
OTHER REVENUE	2,698,904.37	350,600.00
<b>TOTAL INFLOW FROM OPERATING ACTIVITIES A</b>	<b>1,598,510,022.21</b>	<b>1,483,942,747.59</b>
<b><u>OUTFLOW</u></b>		
PERSONNEL EMOLUMENTS	1,181,755,632.77	1,096,221,179.84
SOCIAL BENEFIT	379,484,061.34	367,711,063.60
OVERHEADS	78,032,311.08	36,912,529.32
SUBVENTION TO PARASTATALS	892,000.00	291,400.00
INTEREST PAYMENT		
<b>TOTAL OUTFLOW FROM OPERATING ACTIVITIES B</b>	<b>1,640,164,005.19</b>	<b>1,501,136,172.76</b>
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B</b>	<b>-41,653,982.98</b>	<b>-17,193,425.17</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
PURCHASE/ CONSTRUCTION OF ASSETS	- 888,000.00	- 14,700,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	- 165,000.00	582,500.00
PROCEED FROM SALE OF ASSETS	1,327,000.00	1,866,400.00
DIVIDEND RECEIVED		
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>274,000.00</b>	<b>-12,251,100.00</b>
<b><u>CASH FLOW FROM FINANCIAL ACTIVITIES</u></b>		
DEPOSIT/ UNREMITTED DEDUCTIONS	43,130,409.06	27,657,362.39
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>43,130,409.06</b>	<b>27,657,362.39</b>
<b>NET CASH FLOW FROM ALL ACTIVITIES</b>	<b>1,750,426.08</b>	<b>-1,787,162.78</b>
<b>CASH &amp; ITS EQUIVALENT AS AT 1/1/2021</b>	<b>9,181,514.26</b>	<b>10,968,677.04</b>
<b>CASH &amp; ITS EQUIVALENT AS AT 31/12/2021</b>	<b>10,931,940.34</b>	<b>9,181,514.26</b>

## ACCOUNTING POLICY

S/N	
1	<p><b>Basis of Preparation</b> The General Purpose Financial Statements are prepared under the historical cost convention and in accordance with IPSAS and other applicable standards and laws.</p>
2	<p><b>Accounting period</b> Reporting period runs from 1<sup>st</sup> January to 31<sup>st</sup> December.</p>
3	<p><b>Reporting Currency</b> The reporting currency is Naira (₦).</p>
4	<p><b>Revenue</b></p> <ul style="list-style-type: none"> <li>a) Revenues from non-exchange transactions such as fees, and fines are recognised when the event occurs and the asset recognition criteria are met.</li> <li>b) Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Local Government and the fair value of the assets can be measured reliably.</li> </ul>
5	<p><b>Other revenue</b></p> <ul style="list-style-type: none"> <li>a) Other revenue consists of gains on disposal of property, plant and equipment.</li> <li>b) Any gain on disposal is recognized at the date control of the assets is passed to the buyer and is determined after deducting from the proceeds the carrying value of the assets at that time.</li> </ul>
6	<p><b>Aids and Grants</b> Aid and grants to a Local Government is recognised as income on entitlement, while aid and grants to other governments/agencies are recognised as expenditure on commitment.</p>
7	<p><b>Expenses</b> All expenses are recognised in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.</p>
8	<p><b>Property, Plant &amp; Equipment (PPE)</b></p> <ul style="list-style-type: none"> <li>a) All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.</li> <li>b) Where an asset (Other than land) is acquired in a non-exchange transaction for nil or normal consideration the asset is initially recognised at fair value, where fair value can be reliably determined and as income in the statement of financial performance.</li> </ul>
9	<p><b>Depreciation</b> The cost of PPE are written off, from the time they are brought into use on a straight line basis over their expected useful lives less any estimated residual value as follows:</p> <ul style="list-style-type: none"> <li>a) Lease properties over the term of the lease</li> <li>b) Buildings 2%</li> <li>c) Plant and Machinery 10%</li> <li>d) Motor vehicles 20%</li> <li>e) Office Equipment 25%</li> <li>f) Furniture and Fittings 20%</li> </ul> <ul style="list-style-type: none"> <li>i. The full depreciation charge is applied to PPE in the year of acquisition and non in the year of disposal, regardless of the day of the month the transactions were carried out</li> <li>ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00</li> </ul>

	<p>iii. 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><b>Disposal</b> Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p><b>Impairment</b> Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p><b>Investment Property</b> These are cash-generating property owned by the Local Government. The cost, depreciation and impairment of Investment Property are same with PPE.</p>
12	<p><b>Unremitted Deductions</b></p> <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><b>Payable/Accrued Expenses</b></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><b>Current Portion of Borrowings</b> This is the portion of the long-term loan/borrowing that is due for repayment within the next 12 months. This portion of the borrowings is classified under Current Liabilities in the Statement of Financial Position.</p>

**NOTES TO THE GPFS FOR THE YEAR ENDED 31ST DECEMBER, 2021****1. SHARE OF STATUTORY ALLOCATION FROM JAAC**

	JANUARY	128,063,911.13
	FEBUARY	124,129,076.12
	MARCH	96,637,137.07
	APRIL	155,694,304.66
	MAY	123,469,301.53
	JUNE	59,824,986.23
	JULY	184,087,099.15
	AUGUST	98,353,133.87
	SEPTEMBER	129,632,438.43
	OCTOBER	45,419,940.71
	NOVEMBER	144,225,945.56
	DECEMBER	260,203,072.73
	<b>TOTAL</b>	<b>1,549,740,347.19</b>

**2 NON-TAX REVENUE**

	LICENCES	1,678,320.00
	FEES	14,982,860.00
	FINES	13,500.00
	EARNINGS	662,500.00
	RENT OF GOVERNMENT PROPERTIES	1,735,140.00
	SALES	8,454,223.33
	<b>TOTAL</b>	<b>27,526,543.33</b>

**3 AIDS & GRANTS**

	OGUN STATE GOVERNMENT	17,500,000.00
	NON GOVERNMENT ORGANISATION	0.00
	<b>TOTAL</b>	<b>17,500,000.00</b>

**4 SALARIES & WAGES**

	LOCAL GOVERNMENT STAFF	410,894,369.52
	PRIMARY SCHOOL TEACHERS	643,492,247.67
	TRADITIONAL COUNCIL	100,504,076.10
	POLITICAL FUNCTION	26,864,939.48
	<b>TOTAL</b>	<b>1,181,755,632.77</b>

**5 NON- REGULAR ALLOWANCE**

	LEAVE BONUS	-
	<b>TOTAL</b>	

**6 SOCIAL BENEFIT**

	GRATUITY	-
	PENSION	379,484,061.34
	<b>TOTAL</b>	<b>379,484,061.34</b>



**7 OVERHEAD COST BY DEPARTMENT**

	CHAIRMAN & COUNCIL	31,165,000.00
	HOLGA	415,000.00
	INTERNAL AUDIT	525,000.00
	ADMINISTRATIVE	16,011,143.84
	FINANCE	6,020,490.05
	INFORMATION	13,135,800.00
	P H C	2,665,962.71
	AGRIC	339,000.00
	WORKS	3,396,000.00
	PLANNING	1,830,000.00
	WES	1,848,000.00
	COMMUNITY	790,000.00
	<b>TOTAL</b>	<b>78,141,396.60</b>

**8 CASH & CASH EQUIVALENTS**

	CASH AT HAND	242,137.71
	CASH IN BANKS	10,689,802.63
	<b>TOTAL</b>	<b>10,931,940.34</b>

**9 UNREMITTED DEDUCTIONS**

1	PAYE	57,434,932.48
2	PENSION	29,139,736.16
3	NULGE	1,867,500.17
4	5% DEV. TAX	1,236,373.76
5	7.5% VAT	4,523,874.32
6	NHF	2,894,773.47
7	COOP	7,401,511.64
9	OTHERS	13,264,548.41
	<b>Total</b>	<b>117,763,250.41</b>

IEBU EAST LOCAL GOVERNMENT									
SCHEDULE OF EQUIPMENT	PROPERTY, PLANT & EQUIPMENT	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL
BAL AS AT 01/01/2021	164,220,802.00	0	15,150,000.00	16,410,000.00	1,054,000.00	50,000.00	7,250,000.00	204,084,802.00	
ADDITIONAL DURING THE YEAR					1,183,000.00			1,233,000.00	
ADJUSTMENT							- 7,000,000.00	(7,000,000.00)	
DISPOSAL DURING THE YEAR			(500,000.00)	(2,750,000.00)				(3,250,000.00)	
BAL. C/F	164,220,802.00	-	14,650,000.00	13,660,000.00	2,237,000.00	50,000.00	250,000.00	195,067,802.00	
ACCUMULATED DEPRECIATION									
BAL. AS AT 01/01/2021	6,468,832.08	0	3,030,000.00	6,198,000.00	893,750.00	-	750,000.00	17,340,582.08	
ADDITIONAL DURING THE YEAR	3,284,416.04		1,465,000.00	2,732,000.00	396,400.00	10,000.00	25,000.00	7,912,816.04	
ADJUSTMENT	100,000.00			590,000.00	(100.00)		(700,000.00)		
DISPOSAL DURING THE YEAR			(100,000.00)	(1,100,000.00)				-	
BAL. C/F	9,853,248.12	-	4,395,000.00	8,420,000.00	1,290,050.00	10,000.00	75,000.00	24,043,298.12	
AS AT 31/12/2021	154,367,553.88	-	10,255,000.00	5,240,000.00	946,950.00	40,000.00	175,000.00	171,024,503.88	
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	

IEBU EAST LOCAL GOVERNMENT			
INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2021	105,182,605.16	1,500,000.00	106,682,605.16
ADDITIONAL DURING THE YEAR			0.00
ADJUSTMENT	3,000,000.00		3,000,000.00
DISPOSAL DURING THE YEAR			-
BAL. C/F	108,182,605.16	1,500,000.00	109,682,605.16
ACCUMULATED DEPRECIATION			
BAL. AS AT 01/01/2021	3,795,472.10		3,795,472.10
ADDITIONAL DURING THE YEAR	2,163,652.10		2,163,652.10
ADJUSTMENT	558,164.21		
ADJUSTMENT			
BAL. C/F	6,517,288.41	-	6,517,288.41
AS AT 31/12/2021	101,665,316.75	1,500,000.00	103,165,316.75
AS AT 31/12/2020	101,387,135.06	1,500,000.00	102,887,135.06

**The Executive Chairman,**  
Ijebu East Local Government,  
Ogbere.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU EAST LOCAL  
GOVERNMENT, OGBERE FOR THE PERIOD 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup> DECEMBER,  
2021**

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/260/2021	Expenditure Not Supported With Relevant Document	110,000.00
2	OGLG/AQ/GBE/261/2021	Irregular Payment	60,000.00
3	OGLG/AQ/GBE/262/2021	Multiple Imprest In The Local Govt	75,000.00
4	OGLG/AQ/GBE/263/2021	Expenditure Not Supported With Relevant Document	150,000.00
5	OGLG/AQ/GBE/264/2021	Irregular Payment	680,000.00
6	OGLG/AQ/GBE/265/2021	Inability To Produce Trial Balance Payable/Receivable Ledger	
7	OGLG/AQ/GBE/266/2021	Infraction Of Regulation On The Use Of Revenue Contractors In The Local Government	

3. **BANK RECONCILIATION**

**OBSERVATION:** During the examination of prepared bank reconciliation, the following were observed:

- (i) The Officer in charge could not differentiate between the transaction date and the value date. In preparation of Bank Reconciliation, the transaction date is to be used but the Officer kept using the value date which would have entered another month in most cases.

This posed some difficulties in picking the closing balances and separating some transaction.

- (ii) There were long list of Direct Credit to the tune of ₦5,020,255.11 that had accumulated over months which indicates that Revenue Collectors neglect collection of treasury receipts after lodging money into the Local Government bank account. What this also indicate is that some Revenue Collectors don't come for checking for months unnoticed by both Treasury Department and Audit Unit.
- (iii) There were long list of Direct Debit to the tune of ₦8,948,222.35 and this indicated that the Cashier made payments without prepared vouchers.
- (iv) There were list of uncredited lodgement which amounted to ₦542,110.00 which had accumulated from year 2017 to December, 2021. This indicated that some moneys lodged into the Local Government bank accounts were not credited. This supposed to have been investigated and recovered but this was not the case.

**RECOMMENDATION:** Henceforth, the Cashiers should be alive to their duties. The Treasurer and the Internal Auditor should properly supervise the work of the Cashiers and also ensure that Revenue Collectors check their receipt books regularly.

#### 4. **STATE OF ACCOUNTS**

**OBSERVATION:** During the year under review, it was observed that there were so many unpardonable errors in the postings to the ledgers and lots of Audit time was wasted in correcting them. An instance was a sum of Three Thousand, Three Hundred Naira (₦3,300.00) erroneously entered as Thirty-Three Thousand Naira (₦33,000.00) under revenue column of the cashbook. It was observed that most totals and balances in the cashbook were entered in pencil contrary to the provisions of Chapter 18:6 of Model Financial Memoranda for Local Governments. This is also the case for other ledgers. Also, most payment vouchers relating to salary payments were neither audited nor controlled by the Local Government Internal Auditor and the Officers Controlling Votes. However, this had been done at the instance of the External Auditors. Furthermore, it was observed that Ledger Clerks do not page their ledgers. This made the work of locating a particular item tedious and time wasting. In all, it appears that there was the absence of proper supervision of the Ledger Clerks by superior Officers.

**RECOMMENDATION:** The Treasurer of the Local Government is advised to step up his supervisory role over the work of Ledger Clerks in particular and other accounting schedule. Please ensure that accounting documents are well paged and properly cross referenced.

#### 5. **NON MAINTAINANCE OF REQUIRED ACCOUNTING RECORDS**

**OBSERVATION:** It was observed that the Treasurer did not keep required accounting records like Fixed Asset Register and trial balance contrary to Chapter 22:4&5 of Model Financial Memoranda for Local Governments. A request was made by the Audit Team to the Treasurer to produce trial balance for July to December 2021 and fixed Asset Register through a letter dated 15<sup>th</sup> March, 2022 but the documents were yet to be produced at the time of writing this report.

It should be noted that failure to maintain required accounting records is a violation of regulations which attract serious sanctions.

**RECOMMENDATION:** The Treasurer and all Officers on the accounting schedule should always properly maintain required accounting records. These records are to be produced timely and presented to External Auditors when demanded.

#### **6. CASH IN HAND MISAPPROPRIATED**

**OBSERVATION:** It was reported in paragraph 4(ii) of Audit Inspection Report. No. OGLG/IJX/1/Vol.IV/283 dated 29<sup>th</sup> June, 2021 that cash in hand of ₦30, 000.00 was misappropriated by Miss Odunayo Kehinde (Market/Motor Park Master II) the former Cashier of Ojowo LCDA now the Cashier of Sagamu Local Government. It was observed during the statutory audit just concluded that nothing was done to recover Local Government fund trapped in the hand of Miss Odunayo Kehinde, rather, another sum of ₦195,517.69 cash in hand was again missing but this time from the hand of the current Cashier Miss Bamidele Idowu. This was brought to light during the cash survey conducted on Miss Bamidele Idowu. While the cashbook balance was ₦242,137.71, the cash in hand was ₦16,620.02 only. The difference of ₦225,517.69 was made up of the sum of ₦30, 000.00 misappropriated by Miss Odunayo Kehinde and the sum of ₦195,517.69 cash in hand unaccounted for by Miss. Bamidele Idowu.

Again, this is a clear case of absence of adequate supervision by the Treasurer and failure of internal control check by the Internal Auditor. It also reflect the failure of the management of the Local Government to enforce the recommendations of the Auditor-General on the recovery of misappropriated fund in line with regulations.

**RECOMMENDATION:** You are once again advised to recover the sum of ₦242,137.71 being cash in hand that could not be accounted for by Miss Odunayo Kehinde and Miss Bamidele Idowu both Cashiers of your Local Government at one time or the other and inform this Office on action taken.

#### **7. IRREGULAR PAYMENT**

**OBSERVATION:** It was observed that a total sum of ₦60,000.00 was irregularly paid out during the year under review. This payments were irregular because they were not controlled by the Officer Controlling Vote and are in contravention of the provisions of Chapter 14:10 of the MFM which stipulate that all payment vouchers shall be submitted to the Internal Audit for prepayment Audit. In addition, all the payment vouchers were not controlled by the Officers Controlling Vote as required by Chapter 48(1) of MFM. The particulars of the irregular payments are:

Mr. Odunbaku J	Imprest on fuelling in Aug	₦25,000.00
Mr. Adesanya A A	Imprest on audit report	₦10,000.00
Mr. Alausa Toheed	imprest for May 2021	₦25,000.00
Total		<u>₦60,000.00</u>

**RECOMMENDATION:** The Treasurer is advised to note that payments should only be made after necessary control procedures had been completed on the payment voucher.

## **8 INTERNAL CONTROL WEAKNESSES**

**OBSERVATION:** The under listed were some of the internal control weaknesses observed in the Council. We must stress that an effective and efficient internal control system is about the surest means to preventing fraud and mismanagement of fund:

- a. there was inadequate check on the Cashier and other accounting schedule staff by the Treasurer and the Internal Auditor.
- b. Payment Vouchers were not always signed by recipients
- c. Payment Vouchers were sometimes not checked and passed by the Internal Auditor
- d. Payment Vouchers were not subjected to budgetary control check by the Planning Department.
- e. Post payment audit check was not visible
- f. Absence of checks on accounting records and procedures
- g. Internal Audit report failed to highlight weaknesses in the system. Stereotype reports far from reality on ground are usually issued
- h. Audit program is too narrow to secure asset and ensure the accuracy of accounting information
- i. The internal audit is inadequately staffed and ill equipped
- j. Failure to promptly respond to regulatory instructions from the regulatory bodies like Local Government Service Commission, Office of the Auditor-General for Local Government, etc.
- i. The cashbook is not closed at the end of the month and postings were made retrospectively. The total is usually written with indelible ink (pencil). This allow for further postings to be made to it at any time.

**RECOMMENDATION:** You are advised to always adhere to internal control procedures as departure from this amount to breach of due process which may result into loss to Government.

## **9. COMPARISM OF REVISED BUDGET AND GENERAL PURPOSE FINANCIAL STATEMENT**

**OBSERVATION:** It was observed that the budget figures in the General Purpose Financial Statement for year 2021 could not be related to the figures in the Revised Budget for the same

year. It was observed that while the prepared revised estimate cumulated the Salaries and Allowance of each department, the GPFS reported more detailed salary of each department. This made it difficult to confirm budgetary approval to the amounts in the budget column of the GPFS. The approach adopted by the Treasury Department where details of salary budget per grade level is reported is preferred and should be used in the preparation of budget as it had always been.

**RECOMMENDATION:** The Local Government is advised to align its budget items with that of the Treasury Department to allow for ease of reference. The planning Department should stick to the general template used for the preparation of budget in the State where salaries are presented grade level by grade level.

#### **10     HEALTH DEPARTMENT**

**OBSERVATION:** Some of the Health and Maternity Centres under the Health department in the Local Government were visited (e.g Ogbere, Itele and Imushin). It was observed that some of these centres were presently in a state of disrepair which was the major reasons for low patronage with the exception of the once taking over by the state Government. It was further observed that the Local Government's laboratory operates with reagents procured by staff and the proceeds of such tests are taken as personal revenue. The same is the case for drug sale at maternity centres where drugs are bought by staff from their purse and proceeds are personal. In addition, consultancy fees are charged by the centres but not paid to the Local Government Treasury. The level of supervision of the revenue from health centres is not impressive and this had accounted for some of the issues on revenue reported.

**RECOMMENDATION:** You are required to step up supervision of health centres, strengthen revenue generation and improve the facilities for more efficient service delivery. Tools and resources required should also be provided

#### **11     BANANA PLANTATION**

**OBSERVATION:** Paragraph 11 of Audit Inspection Report No OGLG/IJX/VOL.IV/283 of 29<sup>th</sup> June, 2021 reported that the Local Government has a two acre banana plantation at the back of the Local Government quarters. The farm was over grown with weed and as a result of the neglect, part of the farm has been consumed by fire. This farm used to be a source of revenue when its fruit were 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 accruing from it will cease.

**RECOMMENDATION:** The Local Government is once again advised to resuscitate the banana Plantation by properly maintaining it for maximum yield and improvement in revenue.

#### 12. UN-RECEIPTED EXPENDITURE

**OBSERVATION:** It was observed that some of the expenditure incurred by the Local Government during the period covered by this report were not supported by official printed receipts. For instance, a sum of One Hundred and Fifty Thousand Naira only (~~₦~~150, 000.00) released to Mr Saka Samuel Kolawole (Principal Technical Officer) vide 23/Nov 2021 in respect of purchase of Heavy duty blade including bolt and nut to the Local Government Grader. The payment was not supported with relevant official printed receipt or statement of expenditure. This is a violation of the provision of Chapter 14:17 of the Model Financial Memoranda for the Local Governments and this has been the subject of Audit Query No OGLG/AQ/IJX/263/2021.

Another instance was a sum of ~~₦~~110,000.00 released to Alhaja R.O Bello (Director, Planning, Research and Statistic) vide PV 57/March and PV16/April,2021 for light refreshment during the year 2021 budget deliberation and for the production of CECAB. The payment vouchers were not supported with relevant document like official receipt contrary to provision of Chapter 14:7 of Model Financial Memoranda for Local Governments. Also, the CECAB could not be produced on demand which cast doubt on the expenditure. The voucher has been made the subject of audit query number OGLG/AQ/IJX/260/2021.

**RECOMMENDATION:** You are advised to always attach official printed receipts and other relevant documents to account for funds expended as required by regulations.

#### 13. LOAN TO THE LOCAL GOVERNMENT STAFF WITHOUT AGREEMENT

**OBSERVATION:** It was observed that a sum of Six Hundred and Eighty Thousand naira (~~₦~~680,000.00) only was disbursed in August 2021 as car advance to 15 member of staff of the Local Government .The loan ranges from ~~₦~~40,000 and ~~₦~~80,000. It was observed that there was no enforceable agreement in their respective files to know the terms and condition for granting the loan. Also, it was observed that the issue was not discussed at F&GPC making it irregular payment. On enquiry, the NULGE chairman claimed that the loan was given from NULGE account. Contrary to NULGE claim, it was observed that the bank account in question (A/C



101500394 of Zenith) was controlled by the Local Government signatories, the Treasurer and DGSA (Mr Adesoye & Alhaji Sule) respectively.

**RECOMMENDATION:** You are advised to always present expenditure above the Chairman's approving limit of ₦250,000.00 for the consideration of the F&GPC. In addition, agreements are to be made each time an advance is given.

#### **14     REVENUE CONTRACTOR**

**OBSERVATION:** During the year under review, it was observed that Revenue Contractors were engaged to assess and collect revenue on behalf of Local Government contrary to circular No SART/72/003 dated 25<sup>th</sup> October 2013 issued by the Special Adviser to the Governor on Taxes and Revenue which forbids the use of contractors to assess and collect revenue on behalf of Government. We observed that in the year under review, some revenues were paid into the Local Government Account by persons order than career revenue collectors. It was later confirmed that the payments were made by Revenue Contractors but the contract agreement and files of these Revenue Contractors could not be provided for audit scrutiny when demanded. Some of the revenue contractors are Bay Royal, Adesco express Nig Ltd, Ogbere Granite Association, everlasting joy Enterprises, O B A Ventures etc. The Treasurer and the Director, General Services & Administration (DGSA) could not provide any information on the revenue contractors. Since these officers claimed not to know about the revenue collectors, it implies that they will not be able to monitor the performance of the collectors. Meanwhile, the Local Government disengaged some revenue contractors that had previously been working for her but failed to recover revenue outstandings from them.

It is sad to note that your Local Government continues to engage revenue contractors contrary to regulars and worst still, you failed to enter into enforceable contract agreements. Furthermore, it appears that the political class just pick anybody they like, some of whom are their cronies, to collect revenue without due process of engagement. How can we explain the engagement of contractors when the Department that is in charge of preparing revenue contract claim not to be aware when they were supposed to process the award in the first place. It would appear that the revenue contractors were not expected to account to the Local Government. In addition, the career officers did not leave up to expectation when they discovered collection of revenue by unauthorised persons. They did not escalate the matter at

their various desks. All the anomalies above have certainly resulted into loss of fund to the Local Government.

**RECOMMENDATION:** You are advised once again to desist from violation of regulations and fragrant disregard for due process. All revenue contracts are to be terminated without further delay in the light of the requirement of regulations which forbid engagement of revenue contractors. All career officers are to be alive to their responsibility of maintaining sound internal control procedures, failing which they will be guilty of negligence and connivance to reap the Local Government of revenue. Any further breach of regulations on the engagement of revenue contractors would be met with stiffer sanctions.

**15     NON RETIREMENT OF IMPREST**

**OBSERVATION:** Available records revealed that office and fuelling 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/Internal Auditor 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.

**16.     CONSTRUCTION OF A BLOCK OF TWO CLASSROOM AT RCM PRY SCHOOL KAJOLA**

**OBSERVATION:** During the year under review, it was observed that a sum of ₦17,500,000 only was approved for the following project:

- i. Construction of a block of two 2 classrooms at RCM, Kajola
- ii. Renovation of a town hall at Ogbere Township
- iii. Construction of a block of two 2 classroom at Ikija

Available record showed that out of the ₦17.5m approved, a sum of ₦12.5m only had been released to the project Officers. The Audit Team visitation to the project revealed that projects

(ii) and (III) above had been completed but project (i) had not been completed. However, the money released and the job done was not commensurate with the work on ground, but Engr. Majekodunmi handling the project had purchased some planks to be used on the project. It would be recalled that a sum of ~~₦~~7.5million was approved while sum of ~~₦~~4.5million only was released to Engr. Majekodunmi in respect of this project.

**RECOMMENDATION:** Engr. Majekodunmi is required to execute the project, at the least, to the level of fund already released.

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

**RE:AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU-EAST LOCAL GOVERNMENT, OGBERE FOR THE PERIOD OF 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup> DECEMBER, 2021.**

I am directed to refer to the omnibus report as contained in your letter No. OGLG/IJX/I/VOL.IV/304 of 12<sup>th</sup> May, 2022 in respect of the above stated subject and to respond to some of the issues raised in the report.

**DESTRUCTION OF EXHAUSTED RECEIPT BOOK**

Above exercise was carried out on the 15<sup>th</sup> day of February, 2022 in the presence of the representative of the Office of Auditor General for Local Governments, Mr. Adenubi Olusola F.

Consequently, there are no exhausted receipt books to be destroyed.

**AUDIT QUERIES**

Distribution of Audit queries to the recipients is in progress. Their responses would be submitted to the Auditor General's Office individually.

**BANK RECONCILIATION STATEMENT TRANSACTION DATE**

The need to adhere to the use of transaction date instead of value date had been communicated to the schedule Officer and as well noted.

DIRECT CREDIT - ~~₦~~5,020,255.00. This was inherited and investigation is in progress.

DIRECT DEBIT - ~~₦~~8,948,222.35. This was also inherited and the attention of the team of External Auditors led by Mrs. Sotonwa and Mr. Aliu were drawn to it. The direct debits were mostly in relation to the underlisted projects:

1. Construction of a block of Two(2) classroom sat RCM Primary School, Kajola
2. Construction of a block of Two(2) classrooms at Primary School, Ikija
3. Complete Renovation of Ogbere Town Hall managed by the Local Government.

The team of External Auditors promised to take action.

**UNCREDITED LODGEMENT - ~~₦~~542,110.00**

This was inherited and dated back to year 2017. Investigation is on-going.

**STATE OF ACCOUNTS**

The errors discovered were already corrected.

## NON-MAINTENANCE OF REQUIRED ACCOUNTING RECORDS

Non-maintenance of Fixed Asset Register was as a result of paucity of fund on the part of the Local Government to print the register, however, schedule of Fixed Assets were made available to the team of External Auditors. The trial balance was actually made available to the team of External Auditor. However, another copy will be sent to the Auditor-General's Office.

## CASH IN HAND MISAPPROPRIATED

Contrary to the assertion that nothing was done to recover Local Government fund from Miss. Odunayo Kehinde, the duo of Miss Odunayo Kehinde and Mr. Alimi Taiwo (Former Treasurer IELCDA) were contacted and duly informed of the need to pay to Local Government coffer. Above all, the issue had been referred to PAC, Ogun State House of Assembly by the office of the Auditor General for Local Governments.

The sum of One hundred and Ninety Five thousand Five hundred and Seventeen naira Sixty Nine kobo was neither misappropriated nor related to cash survey (see paragraph 4 of the audit inspection report) rather, it was wrong classification to Bank column instead of cash column. The detail is as contained in the table below:

S/NO.	PVNO.	DETAILS	RECIPIENT	AMOUNT
1.	10/July/2020	Financial Assistance	Mrs. Modinat Tijani GSA	₦15,000.00
2.	31/October/2020	Production of Inventory cords, preparation o fpost Audit documents	Adesanya A. A Internal Auditor	₦35,000.00
3.	58/August/2020	Statutory Audit Exercise of IELG and IECLCDA at Ogbere and Ojowo– Balance pay	Oguntuga Adesola J. Principal Assistant	₦100,000.00
4.	56/November/2020	Revenue Drive Imprest	Idowu Bamidele (Cashier)	₦20,000.00
5.	55/November/2020	Revenue Drive Imprest	Idowu Bamidele (Cashier)	₦25,000.00
<b>Total</b>				<b>₦195,517.69</b>

This ought to have been confirmed by the External Auditors through the examination of bank statement in respect of same.

**IRREGULAR PAYMENT - ₦60,000.00**

The payment vouchers were duly controlled by the Officer controlling vote in person of Mr. Adesoye, duly audited by the Internal Auditor and even the External Auditors.

**INTERNAL CONTROL WEAKNESSES**

(b)“Payment Vouchers were not always signed by the recipients”

This is not true

(d)“Payment Vouchers were not subjected to budgetary control check by the Planning Department.”

This is not true.

However, the need to strengthen and observe internal control mechanism and procedures cannot be over-emphasized.

**ENGAGEMENT OF REVENUE CONTRACTOR/CONSULTANT**

Paragraph 16 of the Audit Inspection for the period of 1<sup>st</sup> January to 31<sup>st</sup> December, 2021 dwelt on Revenue Contractors. I wish to state categorically, without being immodest that, the Local Government engaged the services of Revenue Consultants and not Revenue Contractors as indicated in the Report. We did not know what operated in the Local Government before our (Head of Local Government Administration, Director, General Services & Administration and Treasurer) posting in August, 2021 but I can say authoritatively that we have records of Revenue Consultants who were engaged when we resumed in the Local Government between September, 2021 to date sequel to the approval of the Management/Finance and General Purposes Committee. The personal files of those Revenue Consultants including some of them mentioned in the report (i.e Bay Royal, Adesco Nig. Ent., Everlasting Joy Enterprises and O.B.A Ventures) were presented to the team of External Auditors during the last audit exercise and the files were only returned on the last day of their departure. Not only that, copy of the tabulated revenue consultants, the nature of jobs carried out, amount to be paid per week/month and effective dates of engagement was equally presented to the team of External Auditors.

The issue of revenue generation given out to consultants other than Career Staff should not be seen or viewed as an affront to the quoted circular in the report. The reason is not far-fetched. There are some items of revenue which cannot be handled or extremely

difficult for Staff to handle unless the Local Government does not intend to generate revenue from the source(s) whereas consultants can handle those items of revenue even if it requires staying overnight.

Permit me to say that, this issue of revenue generation being firmed out to consultants has been subjected debate at different for a, the last one in the recent time, was the meeting organized by the Public Account Committee (PAC) of the Ogun State House of Assembly where Heads of Local Government Administration, Directors of General Services and Administration and Directors of Finance and Supplies in the twenty (20) Local Governments were invited to the House of Assembly on Wednesday, 23<sup>rd</sup> February, 2022 where the officials from the Auditor-General's Office raised the issue of the circular and one of the Heads of Local Government Administration present at the meeting adduced reasons for giving out revenue to consultants as it is being done in the State. Please, temper Justice with mercy on this issue.

By and large, this issue of Revenue Consultants will be presented at the next Finance and General Purposes Committee (F&GPC) meeting for discussion and the outcome of our discussion will be communicated to the office of Auditor-General for Local Governments.

Thank you.



*Alhaji K. T. Ashiru,  
Head of Local Government Administration,  
For: Executive Chairman.*