

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, 2022

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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 Dr Nafiu Aigoro and the current Head of Service Mr Kolawole Peter Fagbohun 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.
23rd June, 2023.



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, 2022 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, 2022 subject to the observations in the inspection reports.

A handwritten signature in blue ink, appearing to read "L. A. Mulero", is written over a horizontal line.

L. A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
23rd June, 2023.

STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF IJEBU EAST LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

The accounts of Ijebu East Local Government for the year ended 31st December, 2022 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.

23rd June, 2023.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IJEBU EAST LOCAL GOVERNMENT, OGBERE FOR THE YEAR ENDED 31ST DECEMBER, 2022

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, 2022 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. Budget figures in the GPFS could not be related to the approved budget.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNTS (₦)
Internally Generated Revenue	42,109,065.45
Statutory Allocation	1,881,074,473.83
Aids and Grants	<u>31,466,827.49</u>
Total Fund Available	<u>1,954,650,366.47</u>
EXPENDITURE	
Overhead Expenses (including Depreciation & Loss on Disposal of Assets)	123,704,757.21
Salaries and Allowances	1,429,426,764.10
Pension	399,219,235.14
Long Term Assets	<u>13,178,181.00</u>
Total	<u>1,965,528,937.45</u>

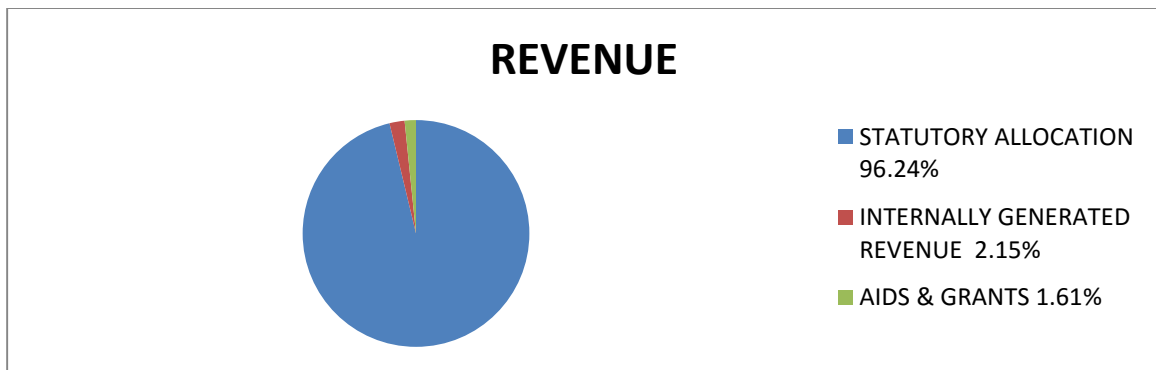
(4) REVENUE PERFORMANCE

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦55,490,000.00, a sum of ₦42,109,065.45 only was actually generated internally representing 75.88% of the budget. This represents an increase of 38.52% internally generated revenue when compared with the sum of ₦30,398,675.02 generated in year 2021. This revenue performance is commendable, it however does not represent the true revenue potential of the Local Government.

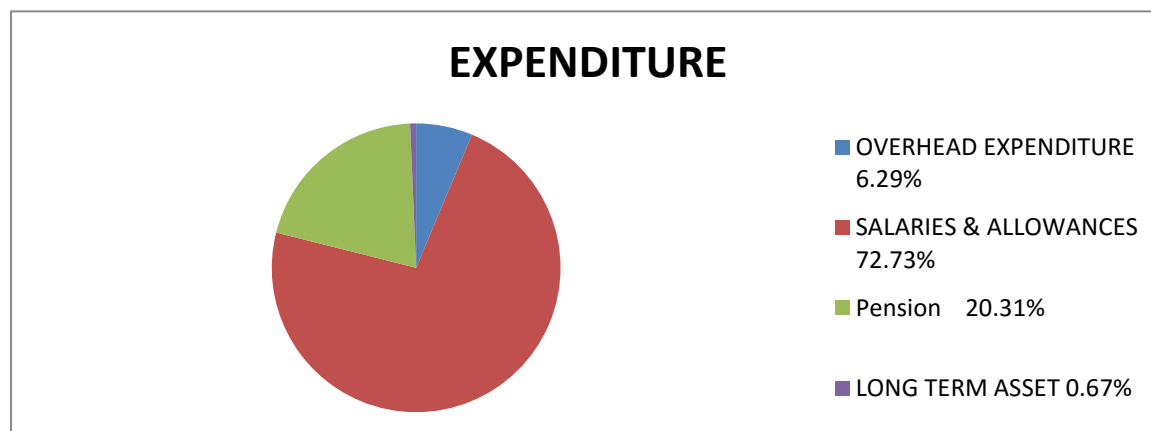
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦1,954,650,366.47 realized by the Local Government during the year under review, a sum of ₦42,109,065.45 only was generated internally. This represented 2.15% of the total revenue while the sum of ₦1,881,074,473.83 statutory allocation and ₦31,466,827.49 aids and grant received from Ogun State Government represented 96.24% and 1.61% 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 ₦1,965,528,937.45. Out of this, a sum of ₦123,704,757.21 was expended on overhead which represented 6.29% of the total expenditure for the year. Also, a sum of ₦1,429,426,764.10 was expended on salaries and allowances which represented 72.73% of the expenditure for the year while ₦399,219,235.14 was expended on pensions and this represented 20.31% of the expenditure for the year. The sum of ₦13,178,181.00 was expended on long term assets and this represented 0.67% 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, 2022 was ₦145,991,064.93. The liabilities are highlighted below:

S/N	ITEMS	AMOUNTS (₦)
1.	5% Development Fund	1,236,373.76
2.	VAT	5,397,928.00
3.	PAYE	58,478,667.34
4.	Pension	36,637,204.32
5.	NHF	2,894,773.47
6.	COOP	7,401,511.64
7.	Term loan	18,018,557.82
8.	Payable	794,000.00
9.	Others	<u>15,132,048.58</u>
	TOTAL	<u>145,991,064.93</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 ₦6,764,926.23 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

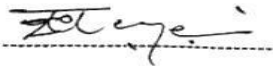
The sum of ₦4,071,000.00 shown in the Statement of Financial Position as at 31st December, 2022 could not be verified because the share certificate was not produced on demand for audit scrutiny, also evidence of beneficial ownership such as dividends were not seen.

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.

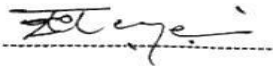
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge,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



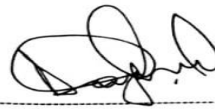
Mr. Odeyemi I.T.
Treasurer

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 31st December, 2022 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, 2022

	NOTES	2022	2021
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	10	11,695,550.98	10,931,940.34
INVENTORIES		3,542,100.00	4,391,159.20
RECEIVABLES		2,314,000.00	1,065,000.00
PREPAYMENT			
ADVANCE		6,764,926.23	4,750,949.89
TOTAL CURRENT ASSET (A)		24,316,577.21	21,139,049.43
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	8	175,975,495.22	171,024,503.88
INVESTMENT PROPERTY	9	101,001,664.65	103,165,316.75
BIOLOGICAL ASSET			
INVESTMENT		4,071,000.00	4,071,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		281,048,159.87	278,260,820.63
TOTAL ASSET (C=A+B)		305,364,737.08	299,399,870.06
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT		18,018,557.82	18,018,557.82
UNREMITTED DEDUCTIONS	11	127,178,507.11	117,763,250.41
ACCRUED EXPENSES, PAYABLES		794,000.00	6,304,000.00
DEFERRED INCOME		280,000.00	520,000.00
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		146,271,064.93	142,605,808.23
NON CURRENT LIABILITY			
PUBLIC FUND			
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		146,271,064.93	142,605,808.23
NET ASSETS (G= C-F)		159,093,672.15	156,794,061.83
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		159,093,672.15	156,794,061.83
TOTAL NET ASSET/EQUITY		159,093,672.15	156,794,061.83

IJEBU EAST LOCAL GOVERNMENT

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2022

	NOTES	2022	2021
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,881,074,473.83	1,549,740,347.19
NON TAX REVENUE	2	41,598,800.00	27,526,543.33
INVESTMENT INCOME		46,702.50	
INTEREST EARNED		76,912.95	173,227.32
GAIN/LOSS ON DISPOSAL ON ASSET			
AIDS & GRANTS	3	31,466,827.49	17,500,000.00
OTHER REVENUE		386,650.00	2,698,904.37
TOTAL REVENUE (A)		1,954,650,366.77	1,597,639,022.21
EXPENDITURE			
SALARIES & WAGES	4	1,429,426,764.10	1,181,755,632.77
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	399,219,235.14	379,484,061.34
OVERHEAD COST	7	112,963,915.45	78,141,396.60
SUBVENTION TO PARASTALS		350,000.00	892,000.00
DEPRECIATION	8 & 9	10,390,841.76	10,076,468.14
GAIN/LOSS ON DISPOSAL ON ASSET			723,000.00
TOTAL EXPENDITURE (B)		1,952,350,756.45	1,651,072,558.85
SURPLUS / DEFICIT (C=A-B)		2,299,610.32	-53,433,536.64

IJEBU EAST LOCAL GOVERNMENT

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	₦
Balance 1/1/2021	214,775,662.68
Prior Year Adjustment	-
	4,548,064.21
Adjusted Balance	210,227,598.47
Surplus/ (deficit) for the year	-53,433,536.64
Balance 31/12/2021	156,794,061.83
Prior Year Adjustment	
Adjusted Balance	156,794,061.83
Surplus/ (deficit) for the year	2,299,610.32
Balance at 31 December 2022	159,093,672.15

IJEBU EAST LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
INFLOWS	₦	₦
STATUTORY ALLOCATION	1,881,074,473.83	1,551,740,347.19
LICENCES, FINES, ROYALTIES, FEES ETC	27,873,300.00	16,674,680.00
EARNINGS & SALES	9,773,950.00	7,789,723.33
RENT OF GOVERNMENT PROPERTIES	2,462,550.00	1,933,140.00
INVESTMENT INCOME	46,702.50	
INTEREST & REPAYMENT GENERAL	76,912.95	173,227.32
DOMESTIC AIDS & GRANTS	31,466,827.49	17,500,000.00
OTHER REVENUE	386,650.00	2,698,904.37
TOTAL INFLOW FROM OPERATING ACTIVITIES (A)	1,953,161,366.77	1,598,510,022.21
OUTFLOW		
PERSONNEL EMOLUMENTS	1,429,426,764.10	1,181,755,632.77
SOCIAL BENEFIT	399,219,235.14	379,484,061.34
OVERHEADS	117,624,856.25	78,032,311.08
SUBVENTION TO PARASTATALS	350,000.00	892,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)	1,946,620,855.49	1,640,164,005.19
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	6,540,511.28	-41,653,982.98
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 13,178,181.00	- 888,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	- 2,013,976.34	- 165,000.00
PROCEED FROM SALE OF ASSETS		1,327,000.00
DEFERRED INCOME		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-15,192,157.34	274,000.00
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	9,415,256.70	43,130,409.06
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	9,415,256.70	43,130,409.06
NET CASH FLOW FROM ALL ACTIVITIES	763,610.64	1,750,426.08
CASH & ITS EQUIVALENT AS AT 1/1/2022	10,931,940.34	9,181,514.26
CASH & ITS EQUIVALENT AS AT 31/12/2022	11,695,550.98	10,931,940.34

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% <p>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</p>

	<ul style="list-style-type: none"> ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00 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.
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> <ul style="list-style-type: none"> 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. b) These amounts are stated as Current Liabilities in the Statement of Financial Position.
13	<p>Payable/Accrued Expenses</p> <ul style="list-style-type: none"> a) These are monies payable to third parties in respect of goods and services received 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.
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, 2022

1. SHARE OF STATUTORY ALLOCATION FROM JAAC

	JANUARY	133,592,128.19
	FEBRUARY	
	MARCH	136,374,227.91
	APRIL	276,946,961.09
	MAY	
	JUNE	134,240,277.28
	JULY	136,512,914.12
	AUGUST	159,651,519.70
	SEPTEMBER	158,667,336.74
	OCTOBER	152,352,465.17
	NOVEMBER	440,240,795.37
	DECEMBER	152,495,848.26
	TOTAL	1,881,074,473.83

2 NON-TAX REVENUE

	LICENCES	2,911,050.00
	FEES	26,006,750.00
	FINES	55,500.00
	EARNINGS	946,200.00
	RENT OF GOVERNMENT PROPERTIES	2,851,550.00
	SALES	8,827,750.00
	TOTAL	41,598,800.00

3 AIDS & GRANTS

	OGUN STATE GOVERNMENT	31,466,827.49
	NON GOVERNMENT ORGANISATION	
	TOTAL	31,466,827.49

4 SALARIES & WAGES

	LOCAL GOVERNMENT STAFF	408,608,958.40
	PRIMARY SCHOOL TEACHERS	830,209,467.27
	TRADITIONAL COUNCIL	127,460,544.77
	POLITICAL FUNCTIONARIES	63,147,793.66
	TOTAL	1,429,426,764.10

5 NON- REGULAR ALLOWANCE

	LEAVE BONUS	-
	TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	399,219,235.14
	TOTAL	399,219,235.14

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	41,382,700.00
	HOLGA	153,000.00
	INTERNAL AUDIT	1,398,000.00
	ADMINISTRATIVE	30,633,370.26
	FINANCE	5,553,818.48
	INFORMATION	1,340,000.00
	P H C	3,633,600.00
	AGRIC	115,000.00
	WORKS	15,463,926.71
	PLANNING	5,045,500.00
	WES	4,741,000.00
	COMMUNITY	3,504,000.00
	TOTAL	112,963,915.45

10 CASH & CASH EQUIVALENTS

	CASH AT HAND	2,680.00
	CASH IN BANKS	11,616,870.98
	TOTAL	11,619,550.98

11 UNREMITTED DEDUCTIONS

1	PAYE	58,478,667.34
2	PENSION	36,637,204.32
3	NULGE	2,179,221.41
4	5% DEV. TAX	1,236,373.76
5	VAT	5,397,928.00
6	NHF	2,894,773.47
7	COOP	7,401,511.64
8	5% WITHHOLDING TAX	1,193,489.29
9	L/G PENSION	3,263,848.00
10	OTHERS	8,495,489.88
	Total	127,178,507.11

NOTE 8 IJEBU 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%	INFRASTRUSURE 10%	TOTAL
BAL AS AT 01/01/2022	164,220,802.00	0	14,650,000.00	13,660,000.00	2,237,000.00	50,000.00	250,000.00	195,067,802.00	
ADDITIONAL DURING THE YEAR	12,681,181.00		147,000.00		350,000.00			13,178,181.00	
ADJUSTMENT								0.00	
DISPOSAL DURING THE YEAR								-	
BAL. C/F	176,901,983.00	-	14,797,000.00	13,660,000.00	2,587,000.00	50,000.00	250,000.00	208,245,983.00	
ACCUMULATED DEPRECIATION									
BAL. AS AT 01/01/2022	9,853,248.12	0	4,395,000.00	8,420,000.00	1,290,050.00	10,000.00	75,000.00	24,043,298.12	
ADDITIONAL DURING THE YEAR	3,538,039.66		1,479,700.00	2,731,900.00	442,550.00	10,000.00	25,000.00	8,227,189.66	
ADJUSTMENT									
DISPOSAL DURING THE YEAR								-	
BAL. C/F	13,391,287.78	-	5,874,700.00	11,151,900.00	1,732,600.00	20,000.00	100,000.00	32,270,487.78	
AS AT 31/12/2022	163,510,695.22	-	8,922,300.00	2,508,100.00	854,400.00	30,000.00	150,000.00	175,975,495.22	
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	

NOTE 9 IJEBU EAST LOCAL GOVERNMENT

INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2022	108,182,605.16	1,500,000.00	109,682,605.16
ADDITIONAL DURING THE YEAR			0.00
ADJUSTMENT			0.00
DISPOSAL DURING THE YEAR			-
BAL. C/F	108,182,605.16	1,500,000.00	109,682,605.16
ACCUMULATED DEPRECIATION			
BAL. AS AT 01/01/2022	6,517,288.41		6,517,288.41
ADDITIONAL DURING THE YEAR	2,163,652.10		2,163,652.10
ADJUSTMENT			
ADJUSTMENT			
BAL. C/F	8,680,940.51	-	8,680,940.51
AS AT 31/12/2022	99,501,664.65	1,500,000.00	101,001,664.65
AS AT 31/12/2021	101,665,316.75	1,500,000.00	103,165,316.75

The Executive Chairman,
Ijebu East Local Government,
Ogbere.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU EAST
LOCAL GOVERNMENT, OGBERE FOR THE YEAR ENDED 31ST
DECEMBER, 2022**

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

2. AUDIT QUERY

The underlisted queries had earlier been forwarded to you for your necessary action as required by law.

S/N	Query Numbers	Subject	Amount (₦)
1.	OGLG/AQ/IJX/267/2022	Doubtful Expenditure	70,000.00
2.	OGLG/AQ/IJX/268/2022	Expenditure not supported by proper record of accounts	100,000.00
3.	OGLG/AQ/IJX/269/2022	Nugatory Payment	100,000.00
4.	OGLG/AQ/IJX/270/2022	Nugatory Payment	243,000.00
5.	OGLG/AQ/IJX/271/2022	Nugatory Payment	250,000.00
6.	OGLG/AQ/IJX/272/2022	Nugatory Payment	187,500.00
7.	OGLG/AQ/IJX/273/2022	Nugatory Payment	100,000.00
8.	OGLG/AQ/IJX/274/2022	Doubtful Expenditure	743,000.00
9.	OGLG/AQ/IJX/275/2022	Doubtful Expenditure	170,000.00
10.	OGLG/AQ/IJX/276/2022	Irregular Payment	1,540,000.00
11.	OGLG/AQ/IJX/277/2022	Irregular Payment	1,500,000.00
12.	OGLG/AQ/IJX/278/2022	Irregular Payment	20,000.00
13.	OGLG/AQ/IJX/279/2022	Irregular Payment	518,860.00
14.	OGLG/AQ/IJX/280/2022	Doubtful Transaction	23,150.00
15.	OGLG/AQ/IJX/281/2022	Doubtful Transaction	13,600.00
16.	OGLG/AQ/IJX/282/2022	Non-Maintenance of required Accounting Documents (Fixed Asset Register)	—

3. **BANK RECONCILIATION STATEMENTS:**

During the examination of the bank reconciliation statements, the followings were observed

(i) ***Direct Credit***

Observation: A sum of ₦4,217,946.25 was reflected as accumulated direct credit in the statement. This implies that payments were made by some person (Revenue Collectors, contractors etc) into the bank accounts without collecting treasury receipts from the cashier.

Recommendation: The treasurer should endeavor to educate the payers (Revenue Collectors, contractors) to always present their tellers to the treasury for issuance of the treasury receipt anytime money is lodged into the bank. In addition, all direct deposit which has been reflecting in the statement for over a year should be written off into the cashbook.

Direct Debit

Observation: A sum of ₦4,796,586.11 was the amount highlighted in the bank reconciliation statement as direct debit meant for year 2017 to date. Payments classified as direct debit contradicts Chapter 5.6(2) of the Model Financial Memoranda for Local Government which state that “cheque must be entered in the cashbook immediately they are signed by all signatories.

Audit investigation however revealed that most direct debit were results of various cheques issued by the Local Government without preparation of payment vouchers.

Recommendation: The Treasurer (Mr. Otinwa, Mr. Adesoye and Mr. Odeyemi) has been issued Audit queries No. OGLG/IJX/276-278/2022 for their apparent disregard to the provision of the Model Financial Memoranda in this regard. The reply should get to this Office not later than 2-weeks from the date of the issuance.

(ii) ***Uncredited Lodgments***

Observation: A sum of ₦555,610.00 was the amount that appeared as uncredited lodgments in the bank statement as at 31st December, 2022. Out of this figure, a sum of ₦509,760.00 had been reflecting in the statement since year 2017 while ₦45,850.00 was meant for 2018-2022. This trend clearly show that the Officers in charge of the accounts since year 2017 to date had failed in their responsibility to safeguard the public funds in their care contrary to Chapters 1:14 (11&12) and 1.8 (1) of the Model Financial Memoranda for Local Governments.

Recommendation: The finance department had previously been instructed by this Office to investigate uncredited lodgments and inform the Auditor-General of its findings or recovery, but it appears that the instructions of this Office have bluntly been disregarded and as such the Office has subjected the irregularities to Audit queries OGLG/IJX/279-281/2022.

(iii) **Dormant Bank Accounts**

Observation: It was observed during the examination of the bank reconciliation statement that the under listed bank balance had remained stagnant for years and most of the banks involved appeared to have liquidated. Below are the details of the dormant accounts.

<u>Banks</u>	<u>Account Number</u>	<u>Amount ₦</u>
Sapida MFB	1100068127	21,713.16
Ijebu Ife MFB	10001088	549.50
Ijebu Ife MFB	200054308	3,650.35
Sapida MFB	1100004162	28,679.85
First Bank	2003511918	(24.30)
First Bank	200312197	86,040.57
First Bank	200312207	866.00
First Bank	2011331775	(7.87)
Honey MFB	1000328	20,857.27
Ijebu Mushin MFB	861	52,846.32
Ijebu Mushin MFB	492	12,185.85
Itele MFB	627	22,442.73
National Bank Ijebu Ode		192,629.31
Oceanic Bank	2717070059	45,629.31
Trust Micro Finance Bank	110500394	28,800.87
Diamond	0514	1,302.05
Sapida MFB	5127	147.37
Union Bank	0079093933	2,485.50
Ijebu Ife MFB	10001088	<u>939.53</u>
TOTAL		<u>515,733.06</u>

Recommendation: The Local Government Authority should take steps to write off the dormant account or re-activate those accounts which are in functioning bank. Ensure that the cost of reactivation did not over shadow the actual benefit of the account involved.

4. **REVENUE GENERATION PERFORMANCE:**

(i) **Revenue Budget**

Observation: During the period under reference, it was observed that the Local Government budgeted a sum of Fifty-Five Million, Four Hundred and Ninety Thousand Naira (~~₦~~55,490,000.00) only to be generated internally but the Local Government generated a sum of Forty-Two Million, Six Thousand, Nine hundred and Sixty-Two Naira, Twenty-Eighty kobo (~~₦~~42,006,962.28) only as its independent revenue as at the year ended 31st December, 2022. The amount generated represents 75.70% revenue generation performance.

Recommendation: The management is advised to have the data base for their revenue generating point across the Local Government to enhance the revenue projection. You should continue to harness your internally generated revenue (IGR) potentials maximally.

(ii). **Revenue Contractor**

Observation: In spite of the advice given by this Office in the last Audit Inspection Report No. OGLG/IJX/Vol.IV/304 of 12th May, 2021 that the Local Government should terminate all its revenue contracts, the Local Government did not heed to the advice. During the just concluded audit exercise, it was observed that the Local Government engaged some new revenue contractors to collect revenue on its behalf contrary to circular letter No. SART/72/003 dated 25th October, 2013 issued by the Special Adviser to the Governor that forbids the use of contractors to access and collect revenue on behalf of the Government.

Below are the details of the contractors:-

S/N	NAME OF CONTRACTORS	AMOUNT EXPECTED TO BE PAID (₦)	AMOUNT PAID (₦)	OUTSTANDING (₦)
1	Kawayet Nig. Ltd	2,400,000.00	2,400,000.00	-
2	Oba Ventures	2,400,000.00	2,400,000.00	-
3	Beloved Print and Enterprise	2,400,000.00	1,600,000.00	800,000.00
4	Bay Royal	2,400,000.00	2,000,000.00	400,000.00
5	Everlasting Joy Enterprises	720,000.00	420,000.00	300,000.00
6	Walmika Global Resources Nig Ltd	480,000.00	480,000.00	-
7	Doyinik Enterprises	240,000.00	240,000.00	-
8	Adesco Nig. Ltd	300,000.00	110,000.00	190,000.00
9	Alayande Million Venture	300,000.00	180,000.00	120,000.00
	Total			1,810,000.00

Recommendation: From the above, a whopping sum of ₦1,810,000.00 which could have been part of revenue for year 2022 was still in the hand of contractors. This Office is of the opinion that, the Local Government should desist from going against a circular prohibiting awarding contract for Revenue collection, however you should put in motion the machinery to collect these outstanding in the shortest time.

5. **STATE OF ACCOUNTS**

Observation: In paragraph 6 of the last Audit Inspection Report No. OGLG/IJX/Vol.IV/304 of 12th May, 2022, the Treasurer of the Council was advised to gear up his supervisory role over the work of the ledger clerks while carrying out their accounting duties. The Treasurer was also advised to ensure that accounting documents are well paged and properly cross checked.

However, during the just concluded audit exercise, it was observed that the Treasurer did not heed to the advice given by this Office because there was no improvement in the way the ledgers were kept, it still contained lots of errors. Such as the absence of opening balance in the cashbook (cash and bank column). This implies

that the Treasurer did not check or supervise the postings in the cashbook otherwise, the errors would have been detected. This irregularity contradicts the Model Financial Memoranda 1.14 (10&11).

Recommendation: In view of the above observed irregularity, the Treasurer is once again advised to always be alive to his responsibilities and endeavor to adequately supervise his subordinate so as to ensure that book of accounts are properly kept.

6. **RENOVATION OF LOCK UP AND OPEN SHOPS**

Observation: During the just concluded audit exercise, it was observed that the Local Government has a total number of 273 lock-up shops and 334 open stalls in all its markets, out of which 258 lock-up shops and 194 open stalls were occupied, leaving 15 lock-up shops and 140 open stalls not occupied. It was further observed that a total of ₦1,956,000.00 revenue was expected to be generated as at December, 2022 from these shops but a sum of ₦1,434,000.00 only was generated leaving outstanding balance of ₦522,000.00. This implies that less than 80% of revenue expected was realized.

Audit investigation revealed that some of the shops are not in good condition especially open shops at obada market.

At Itele market, the market leaders compelled the occupiers of the shops not to pay for the shops until proper market clean-up is done by the Council. These are some of the reasons why the Council did not generate revenue as expected.

Recommendation: In view of the above, the Local Government is advised to live up to its responsibility by ensuring that attention is focused on the shops if they want to generate revenue from it. Those that need renovation should be renovated while the environment should be kept clean.

7. **INDEXING AND INVENTORY**

Observation: It was observed in the just concluded audit exercise that all newly purchased items such as laptop computers and printer in the departments were not indexed nor included in the office inventory list contrary to Chapter 38:2 of the Model Financial Memoranda for Local Governments. This could leads to theft or pilferage by unscrupulous individuals within the Local Government.

Recommendation: The Internal Auditor as a matter of urgency should update the inventory and indexing of all the Local Government properties in the office in accordance with the provision of Chapter 38 of the Model Finance Memoranda for Local Government in order to prevent theft or unauthorized access to them.

8. **BANANA PLANATATION**

Observation: In reference to Audit Inspection Report No. OGLG/IJX/1/Vol.IV/23 of 29th June, 2021, paragraph 11 and OGLG/IJX/1/Vol.IV/804 of 12th May, 2022 paragraph 13 which reported that the Local Government two acre of banana plantation located at the back of the Local Government quarters was neglected to have been overgrown by weeds. Also, half of it have been consumed by fire as a result of bush burning by unknown person. This banana plantation had been reported to have been one of the major revenue sources of the Local Government.

Despite the various reports from this Office that the farm should be maintained, nothing seems to have been done to resuscitate the plantation and no revenue has been generated from this farm for the past 2 years. The current administration has also not shown any interest in resuscitating the banana plantation.

Recommendation: The Local Government is once again advised to resuscitate the farm so as to increase the revenue generation of the Local Government.

9. **FIXED ASSETS REGISTER**

Observation: Contrary to Chapter 26:4 of the Model Financial Memoranda for Local Governments, which states that the Local Government Treasury should maintain a capital Expenditure Register/Fixed Asset Register where expenditure on capital items could be recorded, it is disheartening to note that the Local Government had deliberately disregarded this provision of the Model Financial Memoranda for Local Government despite its importance and persistent emphasis by this Office on its maintenance.

The action of the Local Government on this has violated the provisional requirement and also disregard the opinion of the Auditor-General which would not be allowed to continue. Henceforth, the Treasurer would be held personally responsible for losses resulting from this dereliction of duty as provided by Chapter 1.17 of the Model Financial Memoranda for Local Government.

In addition, you are to ensure that physical inspection of the assets recorded in the Capital Expenditure Register/Fixed Asset Register is to be done every six months as required by Chapter 26.6 of the Model Financial Memoranda for Local Governments. The excuses of the officials that they are not aware of the existence or location of some Local Government assets will not be tolerated.

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

10. **DOUBTFUL EXPENDITURE**

Observation: During the examination of payment vouchers, it was observed that some payments were made but its genuineness or purpose are in doubt. An instance was a sum of ₦743,000.00 approved and released to Mr Odusoga Olalekan Monsuru (Director, Planning, Research & Statistic) vide PV 09/December, 2022 to host

Year 2022 Christmas Carol. It was observed that there was no evidence attached to the payment voucher that such programme was held. Photographs were not taken, carol cards were not printed, pamphlets were not printed and no official printed receipt was attached to the payment voucher contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: Proof of performance should always be provided.

11. **NUGATORY PAYMENTS**

Observation: During the examination of payment vouchers, it was observed that many fictitious payments were made to an officer who was not the originally payee or has any knowledge of the transactions. Also some payments were made and their purported payees denied having knowledge of the transaction, more so that the payees did not sign the vouchers. Examples of such transaction were;

A sum of ₦100,000.00 purportedly paid to Mrs. Pedro Adeleye (Principal Executive Officer) vide PV 25/August, 2022 for F&GPC meeting of May, 2022. It was observed that a payment voucher had earlier been raised in respect of May F&GPC meeting. The money was paid to Mr. Dehinbo Adeseye (Senior Executive Officer) vide P.V. 23/June, 2022. On interrogation, the purported recipient, Mrs. Pedro Adeleye said she did not collect such money in respect of May F&GPC meeting and that she did not sign the payment voucher.

Another sum of ₦187,500.00 was paid to Mr Odusoga Olalekan Monsuru (Director, Planning, Research & statistic) to produce year 2021 – 2022 rolling plan for the council vide PV 20/October, 2022. No copy of the printed rolling plan document was presented to audit team of demand. Also no official receipt of the documents purportedly printed was attached to the payment voucher.

Similar to the above was a sum of ₦100,000.00 paid to Mr. Odusoga Olalekan Monsuru (Director, Planning, Research & Statistic) to produce year 2020 budget. It was observed that the payment was not included in the payable accounts as at 31st December, 2021 as evidence that the Council was owing for budget prepared in year 2020. Also the name on the payment voucher was altered by the Treasurer (Mr. Odeyemi Idowu Tunji) from Alhaja R. O. Bello to Odusoga Olalekan Monsuru. This is the name of the Director, Planning, Research and Statistic himself turning himself to the recipient. This implied that the initial recipient has either been transferred or not carried along.

It was further observed that no official printed receipt was attached to the payment voucher as evidence of judicious spending contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments, thereby making this expenditure doubtful.

Recommendation: I wish to advise that official printed receipts should always be attached to payment vouchers.

12. **CONSTRUCTION OF A BLOCK OF TWO CLASSROOMS AND RENOVATION OF HALL AT KAJOLA, IKIJA AND OGBERE**

Observation: In the last Audit Inspection Report No. OGLG/IJX/1/Vol.IV/304 of 12th May, 2022 it was reported that a sum of ₦17,500,000.00 only was approved for the following projects.

- (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) classrooms at Ikija.

Available records revealed that a sum of ₦12,500,000.00 only had been released to Engineer Majekodunmi out of the ₦17,500,000.00.

During the physical verification visit made by the Audit Team to the project site, the follows were observed.

(i) A BLOCK OF TWO CLASSROOMS AT REMO KAJOLA

During the visit, the construction was at skeleton structure and the roofing was on-going. Other materials required for the completion of the project are:

- (i) Procurement of roofing sheets
- (ii) Procurement of ceiling materials
- (iii) Fixing of windows and doors
- (iv) Plastering and painting

(ii) RENOVATION OF TOWN HALL AT OGBERE

The renovation project had not been completed because the following had not been fixed.

1. Two toilet windows are yet to be fixed
2. Two doors leading to two (2) rooms in the hall were yet to be replaced

Recommendation: The Local Government should release the remaining money to the Engineer to enable him complete the project so that there would not be increase in the price of building materials in the market. Also the materials that had been purchased and kept in the site should be fixed quickly so that it would not be stolen or destroyed.

THE AUDITOR GENERAL FOR LOCAL GOVERNMENT,
OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENT,
OKE-MOSAN.
ABEOKUTA.

RE- AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU EAST LOCAL GOVERNMENT, OGBERE FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2022

DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

There are no exhausted receipt books to destroy.

AUDIT QUERY

Audit queries No. OGLG/AQ/IJX/269-282/2022 are in transit, the needful would be done immediately they are received.

CONTROL OVER CASH

Miss Odunayo Kehinde (*Former Cashier, Ojowo LCDA* and Mr. Alimi *Former Treasurer, Ojowo LCDA*) had been contacted severally with no positive response. Effort would be made again to contact them. Miss Idowu Bamidele, Cashier Ijebu East Local Government had been contacted and promised to pay.

BANK RECONCILIATION STATEMENTS

(i) Direct Credit – Meetings were held with revenue collectors and revenue consultants on the need for them to always present tellers for Treasury Receipts. The remaining direct credit would be written off in to the cash book

DORMANT BANK ACCOUNT

Action in progress

REVENUE GENERATION PERFORMANCE

Advice noted for management action

REVENUE CONTRACTOR

Regarding the indebtedness of the revenue consultants, the issue is before F& GPC for consideration and action.

RENOVATION OF LOCK-UP AND OPEN SHOPS

All advices are well noted by management

INDEXING AND INVENTORY

The assignment would be carried out by internal Auditor immediately fund is available

BANANA PLANTATION

History: This plantation was cultivated (12) years ago by the former Agric Officer Mr. O.O. Bankole on his own initiative with his own resources, but for the past five years there are series of burning, even six months after my resumption in October, 2021. The Local Government Authority does not fund plantation farm therefore it make it difficult for maintainance of the project.

All my effort since I was posted to the council to resuscitate the plantation proved abortive because of paucity of fund in the council.

A handwritten signature in blue ink, appearing to read 'Odeyemi Idowu Tunji', with a horizontal line above it.

ODEYEMI IDOWU TUNJI
Dir., Finance and Supplies
For: The Executive Chairman