

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IJEBU NORTH EAST LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST 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.
17th 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 North East Local Government for the year ended 31st 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 31st December, 2021 subject to the observations in the inspection reports.

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

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
IJEBU NORTH EAST LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2021**

The accounts of Ijebu North East Local Government for the year ended 31st 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.

17th June, 2022.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IJEBU NORTH EAST LOCAL GOVERNMENT, ATAN FOR THE YEAR ENDED 31ST DECEMBER, 2021

In compliance 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, the accounts of Ijebu North East Local Government, Atan for the year ended 31st 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

It was observed that asset register was not kept while revenue registers were not well kept.

(3) FINANCIAL REVIEW:

<u>REVENUE</u>	AMOUNT (₦)
Independent Revenue	21,557,405.46
Statutory Allocation	1,408,344,693.23
Aids and Grants	<u>15,500,000.00</u>
Total	<u>1,445,402,098.69</u>
<u>EXPENDITURE</u>	
Salaries and Allowances	1,009,372,083.78
Overhead Expenses	83,627,925.26
Pensions	410,103,427.82
Long Term Assets	<u>5,425,676.00</u>
Total	<u>1,508,529,112.86</u>

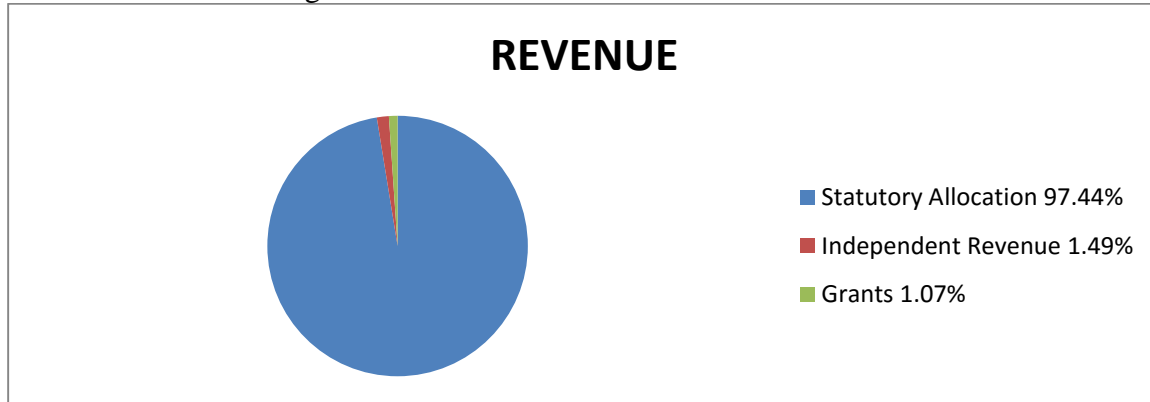
(4) REVENUE PERFORMANCE:

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦20,511,200.00, a sum of ₦21,557,405.46 only was actually generated internally representing 105% of the budget. This represents an increase of 46.4% when compared with the sum of ₦14,723,905.58 generated internally in year 2020. This revenue performance is an improvement on the previous year, it however does not represent the revenue potential of your Local Government

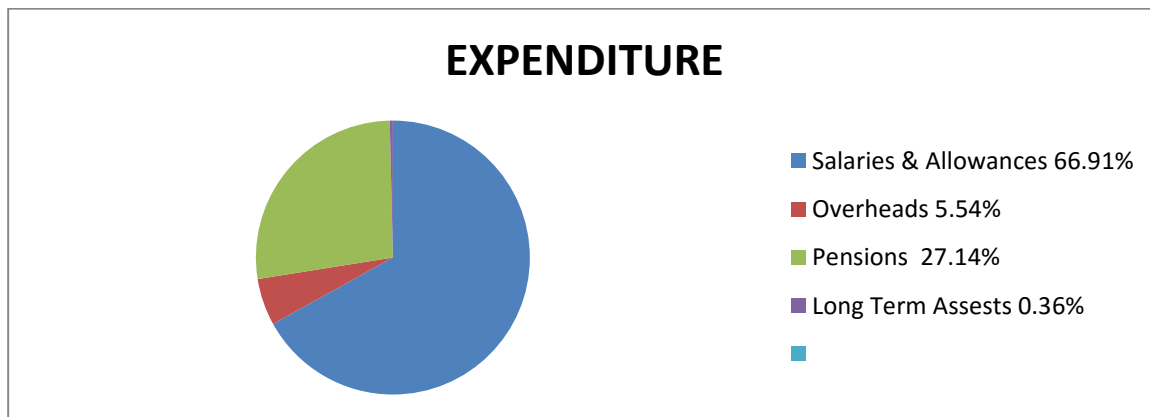
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,445,402,098.69 realized by the Local Government during the year under review, a sum of ₦21,557,405.46 only was generated internally. This represented 1.49% of the total revenue while the total sum of ₦1,408,344,693.23 statutory allocation and ₦15,500,000.00 aids and grant received from the State Joint Account Allocation Committee represented 97.44% and 1.07% 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 ₦1,508,529,112.86. Out of this, a sum of ₦1,009,372,083.78 was expended on salaries and allowances which represented 66.91% of the total expenditure for the year. Also, a sum of ₦83,627,925.26 expended on Overheads represented 5.54% while ₦410,103,427.82 expended on pensions represented 27.19% of the total expenditure for the year while the sum of ₦5,425,676.00 was expended on long term assets and this represents 0.36% of total expenditure for the year.



(6) DEBT PROFILE/STATE OF INDEBTEDNESS

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2021 was ₦221,402,100.17. The liabilities are highlighted below:

<u>ITEMS</u>	<u>AMOUNT (₦)</u>
1. PAYE	123,954,591.65
2. 5K Tax	283,718.73
3. VAT	17,816,867.06
4. DEVELOPMENT FUND	4,196,294.26
5. 5% WHT	3,822,308.31
6. PENSIONS	53,194,519.45
7. PAYABLES	5,141,600.00
8. OTHERS	<u>10,992,200.71</u>
TOTAL	<u>221,402,100.17</u>

It was observed that the above amount had been deducted from various contracts, salaries and allowances of workers and had not been remitted to the appropriate agencies. This is contrary to regulations.

ADVANCES

The sum of ₦618,433.93 highlighted in the Statement of Financial Position as the Advances figure was dormant during the year.

IJEBU-NORTH 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.



Mrs Mafe Kemi Ganiyat
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-North East Local Government Area as at 31st December, 2021 and its operations for the year ended on the date.



Mrs Mafe Kemi Ganiyat
Treasurer



Hon. Badejo Folusho Joseph
Chairman

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

	NOTES	2021	2020
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	-8,661,034.82	-8,124,470.25
INVENTORIES		3,403,159.00	1,503,021.50
RECEIVABLES		18,500.00	3,611,000.00
PREPAYMENT			
ADVANCE		618,433.93	618,433.93
TOTAL CURRENT ASSET (A)		-4,620,941.89	-2,392,014.82
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	10	526,578,316.02	538,121,669.32
INVESTMENT PROPERTY	11		
BIOLOGICAL ASSET	12		
INVESTMENT		50,000.00	50,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		526,628,316.02	538,171,669.32
TOTAL ASSET (C=A+B)		522,007,374.13	535,779,654.50
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	216,260,500.17	175,525,519.12
ACCURED EXPENSES, PAYABLES		5,141,600.00	2,459,000.00
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		221,402,100.17	177,984,519.12
NON CURRENT LIABILITY			
PUBLIC FUND		16,000.00	16,000.00
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		16,000.00	16,000.00
TOTAL LIABILITY (F=D+E)		221,418,100.17	178,000,519.12
NET ASSETS (G= C-F)		300,589,273.96	357,779,135.38
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		300,589,273.96	357,779,135.38
TOTAL NET ASSET/EQUITY		300,589,273.96	357,779,135.38

IJEBU NORTH EAST LOCAL GOVERNMENT

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2021

	NOTES	2021	2020
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,408,344,693.23	1,274,914,668.65
NON TAX REVENUE:	2	18,906,658.00	13,938,295.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	15,500,000.00	10,150,000.00
OTHER REVENUE		2,650,747.46	785,610.58
TOTAL REVENUE (A)		1,445,402,098.69	1,299,788,574.23
EXPENDITURE			
SALARIES & WAGES	4	1,009,372,083.78	902,756,962.45
NON- REGULAR ALLOWANCE	5		-
SOCIAL BENEFIT	6	410,103,427.82	376,758,783.25
OVERHEAD COST	7	67,256,924.77	32,330,930.78
SUBVENTION TO PARASTALS		750,000.00	650,000.00
DEPRECIATION	10 & 11	15,621,000.49	15,407,991.56
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		1,503,103,436.86	1,327,904,668.04
SURPLUS / DEFICIT (C=A-B)		-57,701,338.17	-28,116,093.81

IJEBU NORTH EAST LOCAL GOVERNMENT

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	₦
Balance 1/1/2020	387,209,051.02
Prior Year Adjustment	- 1,313,821.83
Adjusted Balance	385,895,229.19
Surplus/ (deficit) for the year	-28,116,093.81
Balance 31/12/2020	357,779,135.38
Prior Year Adjustment	511,476.75
Adjusted Balance	358,290,612.13
Surplus/ (deficit) for the year	-57,701,338.17
Balance at 31 December 2021	300,589,273.96

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

CASH FLOWS FROM OPERATING ACTIVITIES	2021	2020
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	1,410,344,693.23	1,272,914,668.65
LICENCES, FINES, ROYALTIES, FEES ETC	13,761,750.00	9,819,500.00
EARNINGS & SALES	6,368,938.00	3,810,735.00
RENT OF GOVERNMENT PROPERTIES	368,470.00	358,960.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	15,500,000.00	10,150,000.00
OTHER REVENUE	100,000.00	785,610.58
TOTAL INFLOW FROM OPERATING ACTIVITIES A	1,446,443,851.23	1,297,839,474.23
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	1,009,372,083.78	902,756,962.45
SOCIAL BENEFIT	410,103,427.82	376,758,783.25
OVERHEADS	66,474,462.27	30,464,487.13
SUBVENTION TO PARASTATALS	750,000.00	650,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	1,486,699,973.87	1,310,630,232.83
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	-40,256,122.64	-12,790,758.60
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	- 5,425,676.00	- 9,014,400.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS	3,545,000.00	
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-1,880,676.00	-9,014,400.00
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	41,600,234.07	23,366,722.87
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	41,600,234.07	23,366,722.87
NET CASH FLOW FROM ALL ACTIVITIES	-536,564.57	1,561,564.27
CASH & ITS EQUIVALENT AS AT 1/1/2021	-8,124,470.25	-9,686,034.52
CASH & ITS EQUIVALENT AS AT 31/12/2021	-8,661,034.82	-8,124,470.25

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</p>

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

**NOTES TO THE GPFS FOR THE YEAR ENDED 31ST
DECEMBER, 2021**

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

₦

JANUARY	106,777,012.92
FEBUARY	111,364,449.52
MARCH	78,476,746.69
APRIL	138,230,439.16
MAY	114,518,578.93
JUNE	46,139,262.82
JULY	181,970,075.26
AUGUST	84,644,631.97
SEPTEMBER	114,452,073.11
OCTOBER	44,240,839.81
NOVEMBER	142,942,651.81
DECEMBER	244,587,931.23
TOTAL	1,408,344,693.23

2 NON-TAX REVENUE

LICENCES	5,611,300.00
FEES	6,478,450.00
FINES	79,500.00
EARNINGS	3,515,825.00
RENT OF GOVERNMENT PROPERTIES	368,470.00
SALES	2,853,113.00
TOTAL	18,906,658.00

3 AIDS & GRANTS

OGUN STATE GOVERNMENT	15,500,000.00
NON GOVERNMENT ORGANISATION	0.00
TOTAL	15,500,000.00

4 SALARIES & WAGES

LOCAL GOVERNMENT STAFF	410,660,211.91
PRIMARY SCHOOL TEACHERS	482,064,121.50
TRADITIONAL COUNCIL	93,494,833.72
POLITICAL FUNCTION	23,152,916.65
TOTAL	1,009,372,083.78

5 NON- REGULAR ALLOWANCE

	LEAVE BONUS	-
	TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	410,103,427.82
	TOTAL	410,103,427.82

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	29,922,000.00
	HOLGA	565,000.00
	INTERNAL AUDIT	170,000.00
	ADMINSTRATIVE	10,483,311.45
	FINANCE	2,869,000.82
	INFORMATION	630,000.00
	P H C	4,379,150.00
	AGRIC	70,000.00
	WORKS	15,722,500.00
	PLANNING	1,065,500.00
	WES	560,462.50
	COMMUNITY	820,000.00
	TOTAL	67,256,924.77

8 CASH & CASH EQUIVALENTS

	CASH AT HAND	4,860.20
	CASH IN BANKS	-8,665,895.02
	TOTAL	-8,661,034.82

9 UNREMITTED DEDUCTIONS

1	PENSIONS	53,194,519.45
2	PAYE	123,954,591.65
3	5% VAT	17,816,867.06
4	5% DEVELOPMENT FUND	4,196,294.26
5	5% WHT	3,822,308.31
6	NHF	1,203,552.71
7	5% INCOME TAX	2,283,718.73
8	OTHERS	9,797,648.00
	Total	<u>216,260,500.17</u>

JIEBU NORTH EAST LOCAL GOVERNMENT									
SCHEDULE OF EQUIPMENT	PROPERTY, PLANT & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUSURE 10%	TOTAL	
BAL AS AT 01/01/2021	534,656,400.00	417,500.00	10,150,889.30	9,844,673.16	962,000.00	577,000.00	13,749,400.00	570,357,862.46	
ADDITIONAL DURING THE YEAR				1,675,676.00			3,750,000.00	5,425,676.00	
LEGACY								0.00	
DISPOSAL DURING THE YEAR				(2,485,631.36)				(2,485,631.36)	
BAL C/F	534,656,400.00	417,500.00	10,150,889.30	9,034,717.80	962,000.00	577,000.00	17,499,400.00	573,297,907.10	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2021	21,376,256.00	0	2,030,177.87	5,017,869.26	865,250.00	439,200.00	2,507,440.00	32,236,193.13	
ADDITIONAL DURING THE YEAR	10,693,128.00		1,015,088.93	1,806,943.56	240,500.00	115,400.00	1,749,940.00	15,621,000.49	
DISPOSAL DURING THE YEAR				(1,491,378.78)				1,491,378.78	
ADJUSTMENT				497,026.24	-	-100	1,000.00	353,776.24	
BAL C/F	32,069,384.00	-	3,045,266.80	5,830,460.28	961,600.00	554,500.00	4,258,380.00	46,719,591.08	
AS AT 31/12/2021	502,587,016.00	417,500.00	7,105,622.50	3,204,257.52	400.00	22,500.00	13,241,020.00	526,578,316.02	
AS AT 31/12/2020	513,280,144.00	417,500.00	8,120,711.43	4,826,803.89	96,750.00	137,800.00	11,241,960.00	538,121,669.32	

The Executive Chairman,
Ijebu North East Local Government,
Atan.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH EAST
LOCAL GOVERNMENT, ATAN FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2021**

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

- 2. BANK RECONCILIATION STATEMENT**
- a. Dormant Bank Accounts**

OBSERVATION

A sum of Eighteen Million, One Hundred and Twenty Thousand, Three Hundred and Twenty-Nine Naira (₦18,120,329.00) only was found dormant in the Zenith Bank Plc account of the Local Government. The accounts had remained dormant and inactive in those banks over the years without being attended to despite the advice given to the Local Government in the last audit inspection report No. OGLG/INE/1/Vol.II/256 of 23rd June, 2021 to either reactivate or close them. The retention of these dormant bank accounts will continue to attract bank charges on monthly basis to the disadvantage of the Local Government.

RECOMMENDATION

The Local Government is therefore advised to either closed these dormant accounts or activate them so that the banks can stop deducting charges on them.

- ii. Uncredited Lodgement**

OBSERVATION

Despite the advice given to the Local Government in the last audit inspection report No OGLG/INE/1/Vol.II/256 of 23rd of June, 2021 to investigate the uncredited lodgments of ₦2,929,933.38, it was observed that the uncredited lodgements were not investigated as at the time of this audit exercise.

In the previous audit inspection reports, the Local Government was advised to make use of the revenue vouchers and bank teller numbers highlighted in the bank reconciliation statement to trace the individuals or organization involved but the advice has not been heeded to. The Audit

Team frowns at this non-challant attitude and reiterated that the Local Government should investigate these uncredited lodgement because the amount involved was enormous.

RECOMMENDATION

The Local Government is once again advised to investigate the sum of ₦2,929,933.38 uncredited lodgement by making use of revenue vouchers and bank teller numbers etc. highlighted in the bank reconciliation statements to identify the depositors.

3. DORMANT ADVANCES

OBSERVATION

During the audit exercise, it was observed that the Local Government has not taken positive action to recover the sum of ₦614,333.31 personal advances granted to the staff of the Local Government which had remained dormant years back. Audit investigation into the reasons for dormancy revealed that some of the beneficiaries had been transferred to another Local Governments while some had retired from the Service or deceased.

The irregular remittance of advances contravened Chapter 16:12 of the Model Financial Memoranda for Local Governments which required that personal advances must be paid on regular monthly instalments, deducted at source from monthly salaries and allowances of the beneficiaries.

RECOMMENDATION

The Local Government is again advised to take advantage of the Central Salary Payment Platform domiciled at the Local Government Service Commission to recover the advances from the monthly salaries and allowances of those staff that are still in service and also to liaise with the Bureau of Local Government Pensions for the retired staff.

4 REVENUE COLLECTION

OBSERVATION

(i) MISPLACEMENT OF REVENUE EARNING RECEIPTS

During the audit exercise, it was observed that the advice given in the last audit inspection report No. OGLG/INE/1/Vol.II/256 of 23rd June, 2021 that seventy-seven (77) revenue earning receipts in the custody of Hon Banjo Deola, former Transition Chairman should be recovered has not been heeded to. The Former Treasurer, Mrs Ejide Temitope now transferred, handed over the issue to the present

Treasurer Mrs Mafe who informed Auditors that all efforts made to recover the revenue earning receipts from Hon Banjo Deola proved abortive.

RECOMMENDATION

The management should continue to make efforts to recover the 77 revenue earning receipts from Hon. Banjo Deola (For Transition Chairman). The issue has already been forwarded to the House of Assembly for necessary action at the appropriate time.

(ii) OFFICERS WHO REFUSED TO APPEAR FOR AUDIT CHECKING

OBSERVATION

During the revenue collection checking audit exercise, it was observed that two (2) officers did not present the General Revenue Earning Receipt in their custody for audit check in order to ascertain the amount which has not been paid into the coffers of the Local Government.

The officers and revenue earning receipts in their custody are as follows:

S/No.	Names	Receipt No.	Department
1.	MR. AWOYE TAYO (Chief Health Officer)	0004377-0004400	MEDICAL
2.	ADENUGA OTINWA (Clerical Officer)	0005254-000530	MEDICAL

RECOMMENDATION

The Treasurer should ensure that the two (2) officers appear in this Office with their revenue earning receipts, cashbook, file etc. within one (1) week from the date on this report.

5. PURCHASE OF TOYOTA CAMRY (MUSCLE)

OBSERVATION

I wish to refer to the last audit inspection report No. OGLG/INE/1/Vol.II/256 of 23rd June, 2021 where it was reported that the former Chairman, Hon. Sunday Onafuye has paid the dealer the outstanding balance of ₦2,000,000.00 on the Local Government vehicle Toyota Camry (Muscle) he took away. In the report, this Office advised the Local Government to recover the initial sum of ₦1,000,000.00 paid on the vehicle to the dealer from the former chairman (Mr Onafuye). At the time of this audit exercise, there

was no evidence that the ₦1,000,000.00 has been recovered from him (Hon. Onafuye) to the coffers of the Local Government as advised.

RECOMMENDATION

The management is once again advised to recover the initial sum of ₦1,000,000.00 the Local Government paid on the Toyota Camry (Muscle) to the dealer from Hon Sunday Onafuye and inform this Office of evidence of the recovery.

6. NON RETIREMENT OF IMPREST

OBSERVATION:

During the audit exercise, it was observed that office imprest were paid to both political office holders and career officers but were not retired before collection of another one. This practice is contrary to the provisions of Chapter 14:24 of the Model Financial Memoranda for Local Government. Failure to retire imprest as required is an indication that the Treasurer has not maintained a register of an unreceipted vouchers in order to allow prompt steps to obtain all outstanding receipts as required by Chapter 23:20 of the Model Financial memoranda for Local Government.

Also non retirement of imprest is evidence that the Internal Auditor has not been carrying out post payments audit checks as required by the provisions of Chapter 40:1 of the Model Financial Memoranda for Local Government which requires the Internal Auditors to provide a complete and continuous audit of accounts and records. Both the treasurer and internal auditor are culpable in this regards.

RECOMMENDATION

The Treasurer should ensure that all imprests paid are retired in line with financial regulations. He should also ensure that all relevant accounts/records are maintained while internal auditors should ensure that complete and continuous check is carried out on payment vouchers.

7. ESTABLISHMENT OF 3RD RICE MILL FACTORY IN IJEBU NORTH EAST LOCAL GOVERNMENT, ATAN

OBSERVATION

Available documents revealed that the Local Government leased out the 3rd rice mill factory at Atan to Long Cottage Agro Venture Limited (Long Cottage Agronomy Centre) of Centage Plaza, 6th floor, 14 Allen Avenue, Ikeja, Lagos.

The contract/lease agreement contains the following information:

- i. Duration of ten (10) years operations
- ii. Subject to renewal for another 10 years
- iii. A sum of ₦400,000.00 shall be paid to the coffers of the Local Government on yearly basis as premium.
- iv. The sum of ₦400,000.00 each for four (4) years as highlighted in iii above shall be paid to the Local Government upfront.

It was observed that a sum of ₦1,600,000.00 had been paid vide cash transfer into the Local Government Wema Bank account No. 0121465241 on 14th January, 2022 and RV No. 20/January, 2022. It appears that the payments were for years 2022 to 2025.

The inventory of the equipment in the factory was not made available to Auditors. During Audit verification visit to the site, the factory was under locked and key and as such the place could not be inspected probably because the mill has been leased.

RECOMMENDATION

The Local Government is advised to provide enabling environment for the successful operations of the factory to the leasing company in the interest of the communities. Also, the inventory of the equipment in the factory should be kept for record purpose.

8. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

OBSERVATION

During the audit exercise, it was observed that the Local Government had entered into agreement with the National Youth Council for Nigeria, Ijebu North East, Atan Chapter on the partnership of the ICT hub, Abeokuta for the operation of the centre in order to generate revenue and for the benefit of the general public.

The contents of the contract agreement are as follows:

- i. a sum of ₦50,000.00 upfront shall be paid into the coffers of the Local Government on yearly basis with effect from year 2022.
- ii. The operator of the centre (National Youth Council of Nigeria) shall be responsible for its maintenance on regular basis.
- iii. The contract shall be reviewed by giving three (3) months' notice and either party may terminate the contract.
- iv. That on no account shall the centre be subletted to a third party.

RECOMMENDATION

The Local Government should ensure that the sum of ₦50,000.00 agreed upon is paid to the coffers of the Local Government. Also, the inventory of items in the centre should be kept for record purpose.

9. CONSTRUCTION OF A BRIDGE BETWEEN IDODE TO ODODEYO, ATAN

OBSERVATION

During the period under review, available documents revealed that a sum of ₦7,500,000.00 was approved at the Finance and General Purposes Committee through the Ministry of Local Government and Chieftaincy Affairs for the construction of a bridge (single box culvert size 8.0x4.0x1.4m) at Idode to Odedeyo road, Atan. The project was handled by Engineer S. A. Ogunsanya and Engineer Afolabi Mabayoje (Directors, Works and Housing) vide PV No. 10, 49, 50/June, 2021, 9/July, 2021 and 14/December, 2021 respectively.

During audit verification visit to the site, it was observed that the bridge has not been completed and the total cost of ₦7,500,000.00 for the project had been released to the Engineers.

Audit interface with the Engineers, they attributed the non-completion of the bridge to hick in prices of materials and the request for price variations made by the management to the Ministry was not approved.

However, Audit observed that the level of work done in the place appeared not commensurate with the sum of ₦7,500,000.00 already expended which is the total approved cost of the bridge.

RECOMMENDATION

The Local Government is advised to source for fund from the internally generated revenue in order to complete the bridge for use and inform this Office accordingly. The bridge should not become an abandoned project.

10. REVENUE GENERATION PERFORMANCE

OBSERVATION

Audit examination of the revenue profile revealed that a sum of ₦20,511,200.00 was estimated as internally generated revenue while a sum of ₦21,557,405.45 was eventually generated during the period under review.

It was observed that the Local Government generated more than the budgeted revenue during the financial year 2021. To Audit, it implies that the Local Government had initially under estimated its revenue generation during the financial year, 2021. The Local Government can still perform better if loopholes were blocked and all hands were on deck to maximize the heads and subheads of its revenue budget.

RECOMMENDATION

The Director, Planning, Research and Statistics should be realistic in budget preparation as it relates to revenue. Also, all necessary machineries should be put in place towards enhance revenue generation performance in the next financial year 2022.

**RE: AUDIT INSPECTION REPORT ON THE ACCOUNT OF IJEBU NORTH EAST LOCAL GOVERNMENT, ATAN
FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2021**

Sequel to your report OGLG/INE/1/VOL 11/274 of 10th may on the above subject, the management of Ijebu North East Local Government has gone through the documents and our responses stated below.

DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

The Local Government has listed for F & GPC approval the destruction of exhausted receipt books and the obsolete document, the Officer of the Auditor General for Local Government shall be duly informed in writing whenever approval is given to come and witness the process as requested.

2) BANK RECONCILIATION STATEMENT

a) Dormant Bank Account

The Local Government has reactivated and put to use one of the dormant account of First Bank plc with account number 2020480288. The Director of finance and supply has been instructed to start work on the remaining ones and report backs.

b) Uncredited Lodgement

The Local Government investigate the issue surrounding this and come to the conclusion that the amount involved should be written off. Therefore, FSGPC approval has been sought. The needful shall be done as soon as the approval is given and we shall inform your office accordingly.

3) DORMANT ADVANCE

The Local Government has began process of recovering the dormant advance of which investigation exercise shows that most of the beneficiaries are either retired or transferred to other Local Government.

4) MISPLACEMENT OF REVENUE EARNING RECEIPTS

The Local Government immediately on receipt of this report instructed the Internal Auditor to look into the matter and report back, in his finding, he submitted that;

[1] It was true that 77 receipt booklet was actually collected from the L.G store by the then Chairman Hon, Banjo Deola former Transition Chairman.

[2] On investigation we found out that 33 nos from the said 77 nos of receipt booklet had been retired through an Officer of the Office of the Auditor General for Local Government Mr K. O Oyedele dated 7th February, 2018.

[3] The L.G shall now present the issue at its F S G P C meeting for further deliberation and give its verdict for final conclusion on the matter. The Local Government shall notify your good office once decision has been made on this issue.

5) OFFICER WHO REFUSED TO APPEAR FOR AUDIT CHECKING

The Officers has been duly informed and instructed to appear in person at the office of the Auditor General for Local Government before the stipulated date. Though on questioning it was discovered that it was not deliberate as one of them was sick and the other could not be reach during the exercise.

6) PURCHASE OF TOYOTA CAMRY [MUSCLE]

The Local Government has taken an urgent action by writing an official letter to Hon Sunday Onafuye [former Executive Chairman] informing him to pay the sum of ₦1,000,000.00 [One Million Naira] to the coffer of the Local Government with minimum delay Ref No INELG. 82216 dated.

7) NON RETIREMENT OF IMPREST

The recommendation is well noted by the Local Government and measure has been put in place for guide against future occurrence.

8) ESTABLISHMENT OF 3rd RICEMILL FACTORY IJEBU NORTH EAST LOCAL GOVERNMENT, ATAN AND INFORMATION AND COMMUNICATION TECHNOLOGY [ICT], ATAN

Inventory of items in there two centers have been properly taken and files open for each of them at their various department i.e Agriculture and Natural resources department and Information Sport and Education department respectively. Also the Local Government have collected the agreed sum of ₦50,000 for the ICT through RV NO 10 Jan 2022.

9) CONSTRUCTION OF A BRIDGE BETWEEN IDODE TO ODODEYO, ATAN

The construction of Idode bridge as observed by the office of Auditor General for L.G is well taken. The team visited the Office at Auditor General for L.G on their visit to the site can well testify that the construction is well over 85% completion, the remaining work shall be completed as soon as fund is release for the project.

10) REVENUE GENERATION PERFORMANCE

The Local Government did not in any way under budget the estimated internal generated revenue as believed. The Local Government at its budget deliberation has increased the estimated IGR to Local Government at its budget deliberation has increased the estimated internally generated revenue from ₦15,050,000.00 to ₦20,511,200.00 in the year 2020 and 2021 respectively which shows an increase in the budgeted amount of 136%. The result seen shows that more effort was been made by the Local Government by this regime.

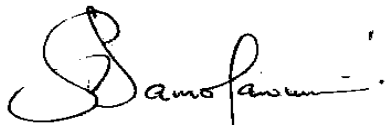
11) BORDING OF VEHICLE

Permit me to state that, the proceeds from the boarding of the unserviceable vehicles was used by the Local Government to purchase revenue car [OPEL SAFARI]

CONCLUSION

The management of the Local Government appreciate the office of the Auditor General for Local Government and promise to always abide by the rules and regulations guiding the financial conduct.

Thank you.

A handwritten signature in black ink, appearing to read 'S. Adewumi', with a stylized flourish at the end.

Mr Adewumi S. A
HOLGA