

**OGUN STATE GOVERNMENT, NIGERIA**

**STATUTORY REPORT**

**AND**

**DOMESTIC REPORT**

**OF THE**

**AUDITOR-GENERAL FOR LOCAL GOVERNMENTS**

**ON THE ACCOUNTS**

**OF**

**IJEBU NORTH LOCAL GOVERNMENT**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

## TABLE OF CONTENT

(1)	Table of Content	2
(2)	Acknowledgement	3
(3)	Audit Certificate	4
(4)	Statement of Opinion of the Auditor-General	5-6
(5)	Statutory Report	7-9
(6)	Responsibility Statement	10
(7)	Statement of Financial Position	11
(8)	Statement of Financial Performance	12
(9)	Statement of Changes in Net Assets/Equity	12
(10)	Cash Flow Statement	13
(11)	Accounting Policy	14-15
(12)	Notes to the Financial Statement	16-18
(13)	Audit Inspection Report	19-30
(14)	Management Letter	31-34

## ACKNOWLEDGEMENT

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

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

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

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

Thank you and God bless you all.



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



## **OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS**

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

### **AUDIT CERTIFICATE**

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

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

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

## **STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF IJEBU NORTH LOCAL GOVERNMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

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

### **RESPONSIBILITY STATEMENT**

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

### **THE SCOPE OF THE AUDIT**

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

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

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

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

## **OPINION**

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



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

Auditor-General for Local Governments

Ogun State.

14<sup>th</sup> July, 2021.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IJEBU NORTH LOCAL GOVERNMENT, IJEBU IGBO FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

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

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

**(2) STATE OF THE BOOKS OF ACCOUNTS AND RECORDS**

It was observed that asset register was not properly maintained.

**(3) FINANCIAL REVIEW:**

<b>REVENUE</b>	<b>AMOUNT(₦)</b>
Internally Generated Revenue	27,071,778.02
Statutory Allocation	2,238,361,271.15
Aids and Grants	<u>11,300,000.00</u>
<b>Total</b>	<b><u>2,276,733,049.17</u></b>
<b>EXPENDITURE</b>	
Overhead Expenses	91,070,857.06
Salaries and Allowances	1,479,853,852.78
Pensions	690,609,025.89
Long Term Assets	<u>1,500,000.00</u>
<b>Total</b>	<b><u>2,263,033,735.73</u></b>

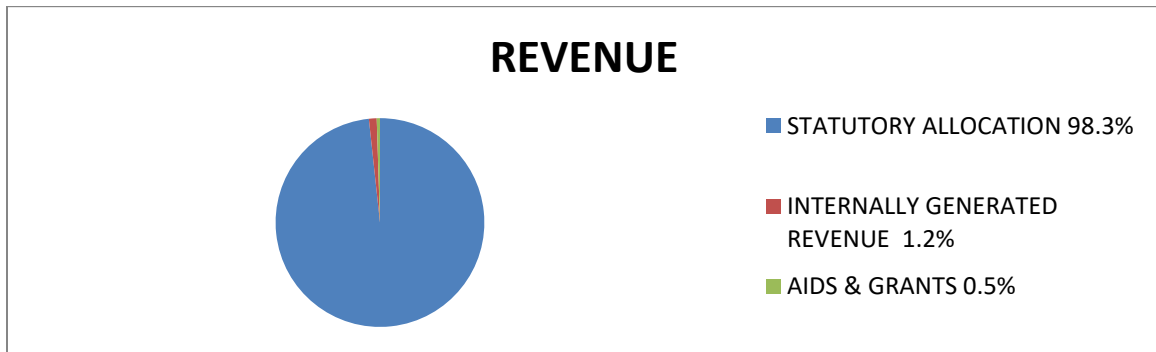
**(4) REVENUE PERFORMANCE:**

**(i) STATEMENT OF ACTUAL REVENUE**

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦57,520,000.00, a sum of ₦27,071,778.02 only was actually generated internally representing 47.1% of the budget. This represents a decrease of 3.7% when compared with the sum of ₦28,126,031.13 generated internally for year 2019. This revenue performance is unimpressive and this indicates that the Local Government did not harness its Internally Generated Revenue (IGR) potentials maximally or there were leakages which has not been identified and blocked.

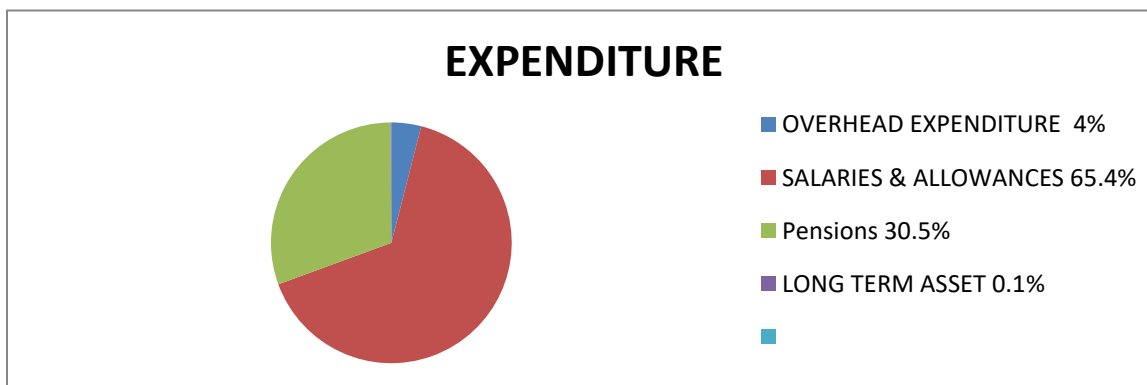
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦2,276,733,049.17 realized by the Local Government during the year under review, a sum of ₦27,071,778.02 only was generated internally. This represented 1.2% of the total revenue while the sum of ₦2,238,361,271.15 statutory allocation and ₦11,300,000.00 aids and grant received from the State Joint Account Allocation Committee represented 98.3% and 0.5% 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 ₦2,263,033,735.73. Out of this, a sum of ₦91,070,857.06 was expended on overhead which represented 4% of the total expenditure for the year. Also, a sum of ₦1,479,853,852.78 was expended on salaries and allowances which represented 65.4% of the expenditure for the year while ₦690,609,025.89 was expended on pensions and this represented 30.5% while the sum of ₦1,500,000.00 expended on long term assets represented 0.1% of the 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, 2020 was ₦139,869,419.69. The liabilities are highlighted below:

<b>S/NO</b>	<b>ITEMS</b>	<b>AMOUNTS(₦)</b>
1	Pension Fund	38,362,030.15
2	5% Development Levy	1,699,776.24
3	PAYE	78,545,966.56
4	NHF	648,683.46
5	5% VAT	6,342,790.95
6	Payables	1,265,000.00
7	2.5 Tax	1,590,298.49
8	Others	<u>11,414,873.84</u>
	<b>TOTAL</b>	<b><u>139,869,419.69</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. The Local Government should always remit deductions as required by regulations.

**(7) REVIEW OF STATEMENT OF FINACIAL POSITION:**

**(i) ADVANCES**

The sum of ₦5,043,117.11 highlighted in the Statement of Financial Position as the Advances figure was dormant during the year.

**(ii) INVESTMENT ACCOUNT BALANCE**

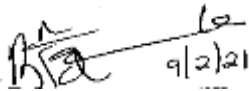
The sum of ₦782,700.00 stated as investment balance in the statement of financial position could not be substantiated because the investment certificate was not produced for Audit scrutiny and no evidence of the beneficial ownership such as dividend was presented on demand.

**IJEBU-NORTH 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.

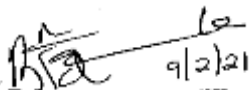
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government Council. To the best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



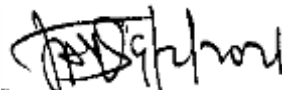
Mr. Bello Adewale A.  
Treasurer

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 Local Government Area as at 31<sup>st</sup> December, 2020 and its operations for the year ended on the date.



Mr. Bello Adewale A.  
Treasurer



Hon. Yekeen Sola Jaiyeola  
Chairman

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

	NOTES	2020	2019
<b>CURRENT ASSET</b>		₦	₦
CASH & CASH EQUIVALENTS	8	88,346,282.54	11,443,690.62
INVENTORIES		2,180,840.00	1,965,538.33
RECEIVABLES		6,982,800.00	4,982,800.00
PREPAYMENT			
ADVANCE		5,043,117.11	5,043,117.11
<b>TOTAL CURRENT ASSET (A)</b>		<b><u>102,553,039.65</u></b>	<b><u>23,435,146.06</u></b>
<b>NON-CURRENT ASSET</b>	-		
PROPERTY PLANT & EQUIPMENT	10	847,987,554.96	873,821,148.17
INVESTMENT PROPERTY	11	293,069,184.00	299,174,792.00
BIOLOGICAL ASSET	12		
INVESTMENT		782,700.00	782,700.00
LOAN GRANTED			
<b>TOTAL NON CURRENT ASSET (B)</b>		<b><u>1,141,839,438.96</u></b>	<b><u>1,173,778,640.17</u></b>
<b>TOTAL ASSET (C=A+B)</b>		<b><u>1,244,392,478.61</u></b>	<b><u>1,197,213,786.23</u></b>
<b>CURRENT LIABILITY</b>	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	138,604,419.69	107,590,040.75
ACCRUED EXPENSES, PAYABLES		1,265,000.00	300,000.00
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
<b>TOTAL CURRENT LIABILITY (D)</b>		<b><u>139,869,419.69</u></b>	<b><u>107,890,040.75</u></b>
<b>NON-CURRENT LIABILITY</b>			
PUBLIC FUND		1,495,125.00	1,495,125.00
BORROWING			
<b>TOTAL NON-CURRENT LIABILITY (E)</b>		<b><u>1,495,125.00</u></b>	<b><u>1,495,125.00</u></b>
<b>TOTAL LIABILITY (F=D+E)</b>		<b><u>141,364,544.69</u></b>	<b><u>109,385,165.75</u></b>
<b>NET ASSETS (G= C-F)</b>		<b><u>1,103,027,933.92</u></b>	<b><u>1,087,828,620.48</u></b>
<b>NET ASSET/EQUITY</b>			
RESERVE			
<b>ACCUMULATED SURPLUS/ DEFICIT</b>		1,103,027,933.92	1,087,828,620.48
<b>TOTAL NET ASSET/EQUITY</b>		<b><u>1,103,027,933.92</u></b>	<b><u>1,087,828,620.48</u></b>

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

	NOTES	2020	2019
<b>REVENUE</b>		₦	₦
STATUTORY ALLOCATION	<b>1</b>	2,238,361,271.15	1,400,828,830.96
NON-TAX REVENUE:	<b>2</b>	25,234,860.00	27,294,025.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	<b>3</b>	11,300,000.00	
OTHER REVENUE		1,836,918.02	832,006.13
<b>TOTAL REVENUE (A)</b>		<b><u>2,276,733,049.17</u></b>	<b><u>1,428,954,862.09</u></b>
<b>EXPENDITURE</b>			
SALARIES & WAGES	<b>4</b>	1,479,853,852.78	1,122,536,006.07
NON- REGULAR ALLOWANCE	<b>5</b>	-	
SOCIAL BENEFIT	<b>6</b>	690,609,025.89	287,646,024.41
OVERHEAD COST	<b>7</b>	57,231,655.85	21,288,056.31
SUBVENTION TO PARASTALS		400,000.00	780,000.00
DEPRECIATION	<b>10 &amp; 11</b>	33,439,201.21	33,339,201.21
GAIN/LOSS ON DISPOSAL ON ASSET			
<b>TOTAL EXPENDITURE (B)</b>		<b><u>2,261,533,735.73</u></b>	<b><u>1,465,589,288.00</u></b>
<b>SURPLUS / DEFICIT (C=A-B)</b>		<b><u>15,199,313.44</u></b>	<b><u>-36,634,425.91</u></b>

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

	₦
<b>Balance 1/1/2019</b>	<b>-72,510,544.99</b>
Prior Year Adjustment	1,196,973,591.38
Adjusted Balance	1,124,463,046.39
<b>Surplus/ (deficit) for the year</b>	<b>-36,634,425.91</b>
<b>Balance 31/12/2019</b>	<b>1,087,828,620.48</b>
Prior Year Adjustment	
<b>Adjusted Balance</b>	<b><u>1,087,828,620.48</u></b>
Surplus/ (deficit) for the year	15,199,313.44
<b>Balance at 31 December 2020</b>	<b><u>1,103,027,933.92</u></b>

**IJEBU NORTH LOCAL GOVERNMENT**  
**ASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2020</b>	<b>2019</b>
<b>INFLOWS</b>		₦
STATUTORY ALLOCATION	2,236,361,271.15	1,400,828,830.96
LICENCES, FINES, ROYALTIES, FEES ETC	20,409,750.00	21,235,030.00
EARNINGS & SALES	4,825,110.00	5,809,995.00
RENT OF GOVERNMENT PROPERTIES		220,000.00
INVESTMENT INCOME	-	
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	11,300,000.00	
OTHER REVENUE	1,836,918.02	832,006.13
<b>TOTAL INFLOW FROM OPERATING ACTIVITIES A</b>	<b><u>2,274,733,049.17</u></b>	<b><u>1,428,925,862.09</u></b>
<b>OUTFLOW</b>		
PERSONNEL EMOLUMENTS	1,479,853,852.78	1,122,536,006.07
SOCIAL BENEFIT	690,609,025.89	287,646,024.41
OVERHEADS	56,481,957.52	19,804,194.15
SUBVENTION TO PARASTATALS	400,000.00	780,000.00
INTEREST PAYMENT		
<b>TOTAL OUTFLOW FROM OPERATING ACTIVITIES B</b>	<b><u>2,227,344,836.19</u></b>	<b><u>1,430,766,224.63</u></b>
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B</b>	<b>47,388,212.98</b>	<b>-1,840,362.54</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE/ CONSTRUCTION OF ASSETS	- 1,500,000.00	
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b><u>-1,500,000.00</u></b>	<b><u>0.00</u></b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
DEPOSIT/ UNREMITTED DEDUCTIONS	31,014,378.94	25,421,725.33
PUBLIC FUND		742,725.00
PROCEEDS FROM DOMESTIC LOANS & OTHER		
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b><u>31,014,378.94</u></b>	<b><u>26,164,450.33</u></b>
<b>NET CASH FLOW FROM ALL ACTIVITIES</b>	<b><u>76,902,591.92</u></b>	<b><u>24,324,087.79</u></b>
<b>CASH &amp; ITS EQUIVALENT AS AT 1/1/2020</b>	<b>11,443,690.62</b>	<b>-12,880,397.17</b>
<b>CASH &amp; ITS EQUIVALENT AS AT 31/12/2020</b>	<b><u>88,346,282.54</u></b>	<b><u>11,443,690.62</u></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>ii. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.</p>
10	<p><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,  
2020**

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

	₦
JANUARY	171,740,414.76
FEBRUARY	230,314,987.63
MARCH	176,563,457.78
APRIL	175,050,877.45
MAY	168,712,725.37
JUNE	171,388,086.09
JULY	193,956,667.73
AUGUST	192,839,566.40
SEPTEMBER	175,357,920.66
OCTOBER	1,845,734.24
NOVEMBER	385,150,955.08
DECEMBER	195,439,877.96
<b>TOTAL</b>	<b><u>2,238,361,271.15</u></b>

**2. NON-TAX REVENUE**

LICENCES	10,066,600.00
FEES	10,266,150.00
FINES	77,000.00
EARNINGS	2,193,280.00
RENT OF GOVERNMENT PROPERTIES	0.00
SALES	2,631,830.00
<b>TOTAL</b>	<b><u>25,234,860.00</u></b>

**3. AIDS & GRANTS**

OGUN STATE GOVERNMENT	11,300,000.00
NON-GOVERNMENT ORGANISATION	0.00
<b>TOTAL</b>	<b><u>11,300,000.00</u></b>

**4. SALARIES & WAGES**

LOCAL GOVERNMENT STAFF	497,241,553.15
PRIMARY SCHOOL TEACHERS	890,766,604.72
TRADITIONAL COUNCIL	78,188,215.46
POLITICAL FUNCTIONARIES	13,657,479.45
<b>TOTAL</b>	<b><u>1,479,853,852.78</u></b>



#### 5. NON- REGULAR ALLOWANCE

LEAVE BONUS	-
<b>TOTAL</b>	

#### 6. SOCIAL BENEFIT

GRATUITY	-
PENSION	690,609,025.89
<b>TOTAL</b>	<b><u>690,609,025.89</u></b>

#### 7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	15,442,000.00
HOLGA	-
INTERNAL AUDIT	537,000.00
ADMINISTRATIVE	6,509,788.83
FINANCE	10,989,467.02
INFORMATION	8,239,400.00
P H C	3,633,800.00
AGRIC	951,200.00
WORKS	4,186,000.00
PLANNING	2,016,500.00
WES	3,891,000.00
COMMUNITY	835,500.00
<b>TOTAL</b>	<b><u>57,231,655.85</u></b>

#### 8. CASH & CASH EQUIVALENTS

CASH AT HAND	532,951.81
CASH IN BANKS	87,813,330.73
<b>TOTAL</b>	<b><u>88,346,282.54</u></b>

#### 9. UNREMITTED DEDUCTIONS

Pension Fund	38,362,030.15
5% Development Levy	1,699,776.24
PAYE	78,545,966.56
NHF	648,683.46
5% VAT	6,342,790.95
Others	11,414,873.84
<b>Total</b>	<b><u>138,604,419.69</u></b>

NOTE 10	IEBU NORTH LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT							TOTAL
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	
BAL AS AT 01/01/2020	803,651,400.00	340,000.00	87,225,430.62	7,781,360.76	367,000.00	2,600,000.00	2,200,000.00	904,165,191.38
ADDITION DURING THE YEAR								
LEGACY								1,500,000.00
DISPOSAL DURING THE YEAR								0.00
BAL C/F	803,651,400.00	340,000.00	87,225,430.62	7,781,360.76	367,000.00	2,600,000.00	3,700,000.00	905,665,191.38
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	16,127,028.00		10,468,743.06	1,856,272.15	216,000.00	1,456,000.00	220,000.00	30,344,043.21
ADDITION DURING THE YEAR	16,073,028.00		8,722,543.06	1,356,272.15	91,750.00	520,000.00	370,000.00	27,333,593.21
DISPOSAL DURING THE YEAR								
BAL C/F	32,200,056.00	-	19,191,286.12	3,412,544.30	307,750.00	1,976,000.00	590,000.00	57,677,636.42
AS AT 31/12/2020	771,451,344.00	340,000.00	68,034,144.50	4,368,816.46	59,250.00	624,000.00	3,110,000.00	847,987,554.96
AS AT 31/12/2019	787,524,372.00	340,000.00	76,756,687.56	5,925,088.61	151,000.00	1,144,000.00	1,980,000.00	873,821,148.17
NOTE 11	IEBU NORTH LOCAL GOVERNMENT INVESTMENT PROPERTY							
	LAND & BUILDING 2%	LAND	TOTAL					
BAL AS AT 01/01/2020	305,280,400.00		305,280,400.00					
ADDITION DURING THE YEAR			0.00					
LEGACY			0.00					
DISPOSAL DURING THE YEAR			-					
BAL C/F	305,280,400.00	-	305,280,400.00					
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	6,105,608.00		6,105,608.00					
ADDITION DURING THE YEAR	6,105,608.00		6,105,608.00					
DISPOSAL DURING THE YEAR								
BAL C/F	12,211,216.00	-	12,211,216.00					
AS AT 31/12/2020	293,069,184.00	-	293,069,184.00					
AS AT 31/12/2019	299,174,792.00	-	299,174,792.00					

**The Chairman,**  
 Transition Committee,  
 Ijebu North Local Government,  
 Ijebu-Igbo.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH LOCAL  
 GOVERNMENT, IJEBU -IGBO FOR THE PERIOD 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup>  
 DECEMBER, 2020**

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

**2. AUDIT QUERIES**

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

S/N	Query Numbers	Subject	Amount (₦)
1.	OGLG/AQ/JGB/236/2020	Doubtful Expenditure	242,000.00
2.	OGLG/AQ/JGB/237/2020	Doubtful Expenditure	90,000.00
3.	OGLG/AQ/JGB/238/2020	Unreceipted Expenditure	100,000.00
4.	OGLG/AQ/JGB/239/2020	Questionable Expenditure	471,000.00
5.	OGLG/AQ/JGB/240/2020	Doubtful Expenditure	80,000.00
6.	OGLG/AQ/JGB/241/2020	Doubtful Expenditure	200,000.00
7.	OGLG/AQ/JGB/242/2020	Nugatory Payment	100,000.00
8.	OGLG/AQ/JGB/243/2020	Non-Deduction of Statutory Payment	17,500.00
9.	OGLG/AQ/JGB/244/2020	Doubtful Expenditure	150,000.00
10.	OGLG/AQ/JGB/245/2020	Doubtful Expenditure	100,000.00
11.	OGLG/AQ/JGB/246/2020	Failure to Maintain Capital Expenditure and Fixed Assets Registers	-

**3. DOUBTFUL EXPENDITURE**

**Observation:** During the examination of payment vouchers, it was observed that a sum of ₦242,000.00 was paid to Mr. M. O. Odusoga (Deputy Director, Budget, Planning, Research and Statistics) via PV. 02/Feb, 2020 for the production of draft and approved budget for the year 2020. Further observation also revealed that the payment voucher was not supported with the official printed receipt of the expenditure contrary to the provisions of chapter 14:17 of the

Model Financial Memoranda for Local Governments. The distribution list of the budgets was not made available to the audit team on demand. These cast doubts on the genuineness of the expenditure.

Also, during the period, a sum of ₦90,000.00 was paid to Mr. Bello, A. A. (Director, Finance and Supply) to move palliative materials from the distribution centre in Abeokuta to the Local Government. The payment was made vide P.V 2/April, 2020. Apart from the fact that the payment voucher was not supported with the official printed receipt contrary to the provisions of chapter 14:17 of the Model Financial Memoranda for Local Governments, the issue of palliative materials is under the purview of the Community Department and not Finance and Supply Department. In addition, details of the palliative materials were not disclosed and the materials could not be located in the Local Government. These cast doubts on the genuineness of the expenditure.

Furthermore, a sum of ₦ 200,000.00 was paid to Engr. Fase (Revenue Consultant) as 40% commission on consultancy services. The payment was made vide P.V 87/September, 2020. It was observed that the payment voucher was not signed by the recipient to confirm that the payment was actually paid to Engr. Fase and no acknowledgment of receipt was made available to the audit on demand. Besides, there was no evidence of contractual agreement between the Local Government and Engr. Fase neither did he officially request for the commission in writing, to the Local Government. These cast doubts on the genuineness of the expenditure.

**Recommendation:** The Local Government officials are enjoined to always support payment vouchers with officials printed receipts and to always follow due-process in their transactions.

#### **4. NON-DEDUCTION OF STATUTORY PAYMENTS**

**Observation:** A sum of ₦175,000.00 was paid to Mr. Idowu M. K. A (Accountant I) to print 5,000 copies of other charges vouchers. The payment was effected vide P.V 41/ October, 2020. Audit scrutiny of the payment voucher revealed that the printing was awarded to LARAAB Ventures Limited of 39/44, Coker street, off Olateju Street, Mushin, Lagos but the name of an official of the Local Government was used to prepare the payment voucher in order for the printer, LARAAB Ventures Limited to evade payment of 5% Value Added Tax (VAT) and 5% Tax, all amounting to ₦17,500.00 to the appropriate government agencies.

**Recommendation:** The officials are advised to always deduct statutory payments on contract jobs.

## **5. NUGATORY PAYMENT**

**Observation:** During the examination of payment vouchers, it was observed that a sum of ₦100,000.00 was paid to Mr. Balogun, Olusegun, (Senior Administrative Officer) as sitting allowance during the Finance and General Purpose Committee (F&GPC) meeting purportedly held in the month of April, 2020. The payment was made vide PV. 19/October, 2020. Audit scrutiny of the F&GPC minutes book revealed that there was no evidence that the statutory meeting was held in the month of April, 2020. Mr. Balogun, Olusegun could not give a satisfactory explanation when confronted with the fact that the meeting was not held. Also, the payment voucher was not supported with duly signed sub-receipt by members at the meeting. This further cast doubt on the genuineness of the expenditure.

**Recommendation:** You are advised to follow due-process when transacting business on behalf of the Local Government.

## **6. CONTRAVENTION OF CASHLESS POLICY**

**Observation:** During examination of cashbook and preparation of trial balance, it appeared that the treatment of cash transaction in the cashbook was a total compliance of cashless policy but a cursory look showed that it was not. The system in operation was a total contravention of cashless policy as all bank payment entries in the cashbook were not actually bank payments to individual, but majority of the cheques were written in the name of Mr. Sobowale, David Sunday (Cashier). After the Cashier might have collected such money from the bank, the cash book would not be debited to reflect contra entry, but instead cash payment is given to the recipients on payment vouchers already prepared and posted to cashbook as bank transactions. For example, the Two Million Naira (₦2,000,000.00) security vote for the chairman was often written in cashier's name and cash given to the chairman without recourse to contra entry and yet treated as if it were bank transactions. There were instances when names of recipients were changed with audit pencil by the Internal Auditor without the knowledge of recipient and the officer controlling such votes.

It was also observed that some payments were made to the third party without a written authority from the recipient authorizing the collection of such fund on his/her behalf as stipulated by the provisions of Chapter 14:13 of Model Financial Memoranda for Local Governments.

**Recommendation:** These lapses showed unprecedented weakness in the internal control system in the treasury. The Local Government should guide against this anomalies in future and ensure strict compliance with accounting procedures.

7. **BANK RECONCILIATION STATEMENTS**

The bank reconciliation statements of the Local Government for the period of 1<sup>st</sup> January, 2020 to 31<sup>st</sup> December, 2020 were examined where the followings were observed:

(i) **ISSUES ON ACCESS BANK ACCOUNT**

**Observation:** The audit exercise revealed that the officer in charge of bank reconciliation statement has little knowledge on the treatment of transactions in bank account. He treated most transactions in the Access Bank Statement Accounts as garbage in and garbage out. He failed to examine each transaction based on transaction details. All transactions on the statement, except the instruction given to the Local Government by the Ministry of Local Government and Chieftaincy Affairs were left unattended to. He ought to have raised either payment vouchers or revenue vouchers as the case may be.

**Recommendation:** Necessary accounting documents must be prepared to cover transactions of Local Governments.

(ii) **DORMANT BANK BALANCE**

**Observation:** I wish to refer to paragraph 5(II) of my last audit report No .OGLG/IJN/1/VOL.V/319 of 30<sup>th</sup> September, 2020 where it was highlighted that six (6) bank accounts still remained stagnant with an advice from this Office to the Local Government that it should ensure the accounts are reactivated for proper utilization or close them if they are no longer necessary.

It was disheartening to observe during the recently concluded audit assignment that the situation of the stagnant accounts still remained same, no action would appear to have been initiated by the Local Government as advised in the report under reference.

The Treasurer, Mr. Bello, A. A. claimed that some of the managers in those banks denied him access to the accounts and did not allow him to effect any transfer of funds from those dormant accounts to active bank accounts on the ground that he had not been introduced to them by his predecessors in office who operated the accounts.

The six (6) stagnant accounts are highlighted bellow:

S/N	NAME OF BANKS	ACCOUNT NO.	AMOUNT (₦)
1	First City Monumental bank	0289151012	20,137.29
2	Zenith bank Plc, Ijebu-Ode	1012870452	29,822.30
3	Zenith bank Plc, Ijebu –Ode	1013638949	60,056.00
4	Diamond bank Plc, Ijebu- Ode	0029492751	66,759.76

5	Skye bank Plc, Ijebu-Igbo	1750037563	54,070.84
6	Skye bank Plc, Ijebu-Igbo	1770841494	21,874.30
	<b>TOTAL</b>		<b>252,720.49</b>

**Recommendation:** The Local Government is once again advised to ensure that the accounts are reactivated for proper accountability. The Treasurer should officially invite those former treasurers that signatories to the bank account in order for them to introduce him to the banks.

(iii) **UNSECURED BANK ACCOUNT**

**Observation:** The bank statements of accounts operated by the defunct Ijebu-Igbo West and Oru/Awa/Ilaporu Local Council Development Areas in Ijebu North Local Government were not presented for audit examination for the year under review. It was observed that the bank balances on those accounts had remained the same for more than fifteen months ago.

Audit investigation revealed that the signatories of those accounts did not effect the change of signatories after the Local Council Development Areas were defunct. The Treasurer of Ijebu North Local Government Mr. Bello, A. A. informed the audit team that efforts made by him to make Messrs. Odeyemi, Idowu Tunji and Sobowale, O. E Treasurers of defunct Ijebu-Igbo West and Oru Awa/ Ilaporu Local Council Development Areas respectively to officially transfer the accounts to him proved abortive. He stated that he is not in charge of the accounts that there might be an unauthorized withdrawal from the account without his knowledge.

The details of the accounts are listed below:

S/N	NAME OF BANKS	ACCOUNT NO.	AMOUNT (₦)
1	Zenith bank Plc, Ijebu-Ode	1015214970	10,749.91
2	Zenith bank Plc, Ijebu-Ode	1015178692	112,404.50
	<b>TOTAL</b>		<b>123,154.41</b>

**Recommendation:** The Local Government should officially invite those treasurers to do the needful so that the Local Government would have full control of the accounts.

8. **LOSS OF REVENUE**

(i) **Observation:** During the review of the revenue registers after checking all the revenue collectors, it was discovered that one Mr. Ogah Sunday (Chief Clerical Officer) charged with giving out Certificate of Origin and at the same time issuing General Revenue Receipt (GRR) for same had not remitted a total sum of Nine Hundred and Thirty Thousand Naira (₦930,000.00) he

collected to the coffers of the Local Government. Mr. Ogah collected the money from prospective applicants between September, 2019 and February, 2020. It is surprising to note that neither the internal audit unit nor the treasury discovered this fraud against the Local Government. This is an indication that there was no sound internal control systems and segregation of duties by the officials of the Local Government.

However, after the discovery of the unremitted sum by the audit team, Mr. Ogah had been made to pay a total sum of Two Hundred and Forty-Five Thousand Naira (₦245,000.00) to the coffers of the Local Government vide RV.35/March, 2021 and RV.52/March, 2021. He is having an outstanding sum of Six Hundred and Ninety Thousand Naira (₦690,000.00) yet to be remitted as at the time in which the reports were forwarded to the Local Government in May, 2021.

**Recommendation:** The Local Government is advised to relieve Mr. Ogah Sunday from any assignment that requires handling of cash and an ADVANCE ACCOUNT be opened for him so as to recover the sum involved. Deductions should be effected from his salary in 36 months equal installments.

(ii) **Observation:** Also, it was discovered that another revenue collector, Mr. Wale Olukoya, (Chief Revenue Assistance, GL 07) collected revenue on stallages and market fees at Ago-Iwoye market. The officer failed to remit a total sum of Four Hundred and Thirty-Two Thousand Naira (₦432,000.00) revenue collected by him to the coffers of the Local Government since September 2020. Investigation conducted by the audit team revealed that Mr. Olukoya did not show-up at the Internal Audit Unit to audit his revenue books. The Internal Auditor also felt comfortable not to do her official duty on Mr. Olukoya's revenue books.

However, at the instance of audit team, Mr. Olukoya was forced to refund a total sum of Three Hundred and Eighty-Two Thousand Naira (₦382,000.00) to the coffers of the Local Government. The money was paid vide RVs. 8,9,10 & 46/March 2021 leaving a total outstanding of Fifty Thousand Naira (₦50,000.00) being the cost of ten (10) market receipts not presented for audit checking as detailed bellow:

<b><u>RECEIPT NUMBER</u></b>	<b><u>AMOUNT</u></b>	<b><u>REMARKS</u></b>
00001 - 00100	5,000.00	Cost of original
00101 - 00200	5,000.00	-do-
00201 - 00300	5,000.00	-do-
00301 - 00400	5,000.00	-do-
00401 - 00500	5,000.00	-do-



00501 - 00600	5,000.00	-do-
00601 - 00700	5,000.00	-do-
00701 - 00800	5,000.00	-do-
00801 - 00900	5,000.00	-do-
00901 - 01000	5,000.00	-do-
Total	<b>50,000.00</b>	

This office observed with dismay that the anomalies being experienced by the Local Government in respect of unremitted revenue are encouraged by the Treasurer and the Internal Auditor. If they had been performing their jobs efficiently and effectively, this would not have arisen.

**Recommendation:** The Treasurer, Mr. Bello, A. A. and Internal Auditor, Mrs. Mafe, Oluwakemi should be alive to their responsibilities. The sum of Fifty Thousand Naira (₦50,000.00) outstanding should be recovered from Mr. Olukoya and this office be notified accordingly.

#### 9. **REVENUE GENERATION PERFORMANCE**

**Observation:** Audit examination of the revenue profile revealed that out of the estimated internally generated revenue of ₦57,520,000.00, a sum of ₦27,071,778.07 only was actually generated. This resulted in a shortfall of ₦30,448,221.98

This shortfall is an indication that the Local Council did not harness its Internally Generated Revenue (IGR) potentials maximally or there were leakages which had not been identified and blocked. Available records revealed that there were some other sources of revenue in the Local Government that were not tapped during the period under review. The revenue sources include tent permit, Liquor licenses, cold room licenses fees, Private School licenses, earning from hire of plant and equipment and Earning from use of Government lands etc. These are revenue sources which can be harnessed.

**Recommendation:** The Local Government is advised to intensify its effort towards increased internally generated revenue drive.

#### 10. **STORE**

**Observation:** During the store check, it was observed that the store was not properly arranged. The store records were not properly maintained and the procedure for the receipt requisition and issuance of store items were not followed as required by Model Financial Memoranda (MFM) Chapter 34.17 and Chapter 35.7 respectively. Also, it was observed that there was no officer

supervising the storekeeper which is contrary to Model Financial Memoranda (MFM) Chapter 34.13.

During the checking, it was revealed that there were discrepancies between the physical count of revenue earning receipts and ledgers kept for such receipts.

The following discrepancies were noticed:

S/N	TYPE OF EARNING RECEIPT	PHYSICAL COUNT	LEDGER COUNT	DIFF.
1	Food Stuff & Regulated Premises	68	78	10
2	Market Stallages Fees	91	93	2
3	Television Set Licence	308	328	20
4	Radio Licence	315	296	19
5	Tenement Rate	200	202	2
6	Wine & Beer Off Licence	161	139	22
7	Wine & Beer On Licence	150	152	2
8	Permit to Operate Inter State Carriage	103	112	9
9	Treasury Receipt ( Ijebu North Central LCDA)	26	40	14

**Recommendation:** Though, these discrepancies had been corrected, the storekeeper is advised to re-arrange the stores, follow due process in the issuance of receipts and be alive to her responsibilities.

11. **RAISING OF 250 DAY OLD CHICKS (D.O.C) BROILERS BIRDS TO TABLE BIRDS (LOSS ON THE PROJECT)**

**Observation:** During the examination of payment vouchers, it was observed that a total sum of Seven Hundred and Thirty-Four Thousand, Two Hundred Naira (₦734,200.00) only was approved and released to Mr. Sobukanla O. Adedeji (Director of Agriculture and Natural Resources) to raise 250 Day Old Chicks (D.O.C) broilers to a table bird. The payments were made vide PV. 82/September, 2020, PV. 42/October, 2020, PV. 27/November, 2020 and PV. 32/December, 2020. From the projection or the Break-Even-Analysis, Mr. Sobukanla presented to the management, for which reason the project was approved, he assured the authority categorically that the project would earn the Local Government the sum of One Hundred and Forty-Two Thousand, Seven Hundred Naira (₦142,700.00) as profit after considering 5% mortality rate on the birds. The profit analysis are as follow:

Total number of birds.....	250
Less: 5% provision for mortality.....	<u>13</u>
Expected birds for sale .....	<u>237</u>
<u>Cost of sales (₦3,700.00) per birds</u>	
Expected sales was (₦3,700.00 * 237birds).....	₦876,900.00

Less cost of the project.....	<u>₦734,200.00</u>
Projected Gain/Profit.....	<u><b>₦142,700.00</b></u>

Poultry record presented to the audit team revealed a mortality rate of 36% (90) as against 5% (13) projected before approval was granted by the management. The argument of Mr. Sobukanla was that there was an outbreak of infection two (2) weeks to the point of sales. The report of a veterinary doctor who conducted a post mortem analysis on the birds corroborated the claims. The loss analysis are as follows:

Total number of birds.....	250
Less: Outrageous mortality.....	<u>90</u>
Available birds for sales.....	<u><b>160</b></u>
<u>Cost of sales (₦3,700.00) per birds</u>	

Expected sales was (₦3,700.00 * 160 birds) .....	₦592,000.00
Less cost of the project.....	<u>₦734,200.00</u>
Loss recorded.....	<u><b>(₦142,200.00)</b></u>

This office, as a watchdog to financial resources of Local Governments, cannot completely absolve Mr. Sobukanla O. A (Director of Agriculture and natural Resources) of this avoidable loss to the Local Government.

As a professional, if he had exhibited his professional prowess on the project with due diligence and care, this great loss would not have arisen. Besides, if it was his personal project he would not have allowed this to happen.

It is saddening to observe that some directors of Agriculture and Natural Resources in some Local Governments are total disappointment to their profession. When they are entrusted with funds/projects, they always mess things up.

**Recommendation:** Therefore, it is the considered opinion and decision of this office that an ADVANCE ACCOUNT be opened for Mr. Sobukanla O. A to the tune of One Hundred and Forty-Two Thousand, Two Hundred Naira (₦142,200.00) to be paid by him in six (6) months equal instalments of Twenty- Three Thousand, seven Hundred Naira (23,700.00) deductible from his monthly salary.

However, the balance of Fifty-Nine Thousand, Two Hundred Naira (₦59,200.00) still outstanding with the staff from the sales of birds according to your letter No. INLG.1475/II/61 dated 8<sup>th</sup> April, 2021, should be settled by the department of Agriculture and natural resources without further delay and documentary evidence of such payment should be forwarded to this office for necessary action.

12. **NON-RETIREMENT OF IMPREST**

**Observation:** Available records revealed that office imprests paid to both political office holders and career officers were often not retired, in contravention to the provisions of Chapter 14:27 of Model Financial Memoranda for Local Governments that states that current imprest shall not be paid until the previous ones have been retired.

**Recommendation:** The Local Government should ensure that all imprests paid are retired in compliance with the provision of chapter 14:27 of the Model Financial Memoranda for Local Governments. The Internal Auditor should enforce compliance.

13. **FIXED ASSETS REGISTER**

**Observation:** It was observed that the Local Government did not maintain a Fixed Assets Register as required by the provisions of Chapter 26:4 of Model Financial Memoranda for Local Governments and as emphasized by this Office. The absence of this important document made the verification of assets impossible for the audit team.

**Recommendation:** The Management of the Local Government is once again advised to ensure that Fixed Assets Register that will contain all its assets are maintained in line with the Provisions of Chapter 26 of the Model Financial Memoranda for Local Governments.

14. **UNRECOGNISED ASSET**

**Observation:** During the examination of payment vouchers, it was observed that a payment was made for ceremony during the handing over of a two room consulting facilities by the **ROTARY CLUB OF NIGERIA** to the Local Government. The asset was not recognized in year 2020 General Purpose Financial Statement (GPFS) as it has not been valued.

**Recommendation:** The Local Government is advised to value this asset and depreciate it accordingly and to recognize it as the asset of the Local Government in the Fixes Assets Register.

15. **UNRECOGNISED RELIEF MATERIALS AS INVENTORY**

**Observation:** During the audit exercise, it was observed that some bundles of galvanized roofing sheets were kept in the NULGE canteen. Audit investigation revealed that those items are relief materials given by the Federal Government to the Local Government but were not captured as inventory in the previous year's accounts.

**Recommendation:** At the instance of the Audit Team the items had been valued and recognized in the current inventories of the Local Government. In future, such items should not be overlooked, it should be recorded in appropriate accounting books.

16. **UPDATE ON ISSUES EMANATED FROM LAST AUDIT INSPECTION REPORTS**

(i) **General Revenue Receipts (GRR) not presented for Audit check**

**Observation:** I wish to refer to my last Audit Inspection Report No OGLG/INCLCDA/1/21 of 23<sup>rd</sup> September, 2020 in which it was highlighted that two (2) booklets of General Revenue Receipt numbers 615451 - 615500 and 615501 - 615550 were not presented for audit checking. Investigation revealed that the receipts were issued to the Secretary to Oru/Awa/Ilaporu Local Council Development Area, Hon. Banjo Saheed on the directive of the Executive chairman, Mr. Adesola Adefis. The purpose of issuance of those receipts was to enable him use them to generate revenue from the newly established quarry within the Local Council Development Area (LCDA)

Despite the advice of this Office that the Treasurer (Mr. Odeyemi Idowu Tunji) should ensure that the receipts were retrieved or recover the revenue generated on them and inform this Office of the action taken, it was disheartening to observe that the receipts were not retrieved nor was the money paid to the coffers of the LCDA in respect of such.

**Recommendation:** The present Treasurer of Ijebu North Local Government (Mr. Bello A.A) should take this issue up and inform this office of his findings.

(ii) **OVER DRAFT FACILITIES: (₦10,000,000.00)**

**Observation:** It was highlighted in the last Audit Inspection Report No. OGLG/IJN/1/VOL.V/319 dated 30<sup>th</sup> September, 2020 that an agreement was reached between the Local Government and Skye Bank Plc, Ijebu-Igbo that the Council would show commitment by paying ₦200,000.00 monthly to the bank until the debts owed the bank is finally liquidated. In the report it was stated that the debt had been reduced to ₦15,839,922.41 but the Local Government could not proceed on the payments due to insufficient fund in the Council.

During the recently concluded audit exercise, no payment appeared to have been made to offset part of the outstanding loan. The Audit Team could not ascertain the actual balance of the loan as the statement of the Loan account was not made available to the Audit Team.

**Recommendation:** The Local Government is once again advised to take proactive steps toward repayment of this overdue loan from the internally generated revenue so that the bank would not take the issue as subject of litigation.

(iii) **NAMING OF STREETS**

**Observation:** It was also highlighted in my previous Audit Inspection Reports Nos. OGLG/IJN/I/VOL.V/289 of 15<sup>th</sup> May, 2020 and OGLG/IJN/1/VOL.V/319 of 30<sup>th</sup> September, 2020 that a total sum of ₦4,475,000.00 was the outstanding renewable amount that was in arrears yet to be collected from 54 beneficiaries on naming of street. It was expected that the Local Government official would work round the clock to collect those outstanding, but instead it increased to ₦4,710,000.00.

However, during the recently concluded audit exercise, no document was made available to audit team as there was no ledger for proper documentation of the renewal of naming of street. However, the Director, General Services and Administration, Mr. Dapo Banjo on interrogation informed the audit team that he had set up a committee to confirm the previous receivables and to get the actual receivables on naming of street across Ijebu North Local Government. The committee would also recommend way and manner to be adopted to collect the receivables.

**Recommendation:** The Local Government is advised to put necessary machinery in place and mobilize the staff so that outstandings from renewal on naming of street would be generated to the Local Government coffers.

**MANAGEMENT REPORT ON AUDIT INSPECTION REPORTS ON THE ACCOUNT  
OF IJEBU NORTH LOCAL GOVERNMENT FOR 2020 FINANCIAL YEAR**

Sequel to the circular letter reference No. OGLG/AUD/94/VOL.III/76 dated 2<sup>nd</sup> August, 2021 demanding the Council management response/position to the issue raised in the Audit Reports on the Audit exercise for 2020 fiscal year; The Local Government management found it expedient to state our position after trashing out some notable observations in the cause of audit activities. In view of this, the position of the management is hereby stated inter-alia

1. **DESTRUCTION OF EXHAUSTED RECEIPT BOOKS**: the management wishes to state that all exhausted receipts had been collated and the process of getting rid of both revenue earning receipts and other invalid financial documents is in top gear. Your office will soon be notified of our intention to destroy the invalid documents in order for your representative to witness the process.
2. **AUDIT QUERIES**: All the concerned officers who are to respond to one query or the other had been duly notified and it's our belief that most of them had responded accordingly.
3. **CONTRAVENTION OF CASHLESS POLICY**: Issue concerning non-adherence to the cashless policy is noted with great concern. However, the Local Government was not in any way during this period operating cash basis, nonetheless, a situation whereby Cashier collect money on behalf of others and distributing same will be discouraged henceforth, meanwhile payment to the third party shall not be allowed in this current year. The internal security system in treasury has been strengthened and strict compliance with the accounting procedure adopted.
4. **BANK RECONCILIATION STATEMENT**: The issue raised in the bank reconciliation had been thoroughly examined and necessary steps taken to properly address thus:
  - i. **Issue on Access Bank Account**: The issue of garbage-in and garbage-out raised concerning treatment of financial transaction with Access Bank account had been observed, the finance and supplies department had taken proactive measure to make necessary adjustment by raising both revenue and payment vouchers for the transactions to be corrected and decides to follow suit on monthly basis for financial dealings with Access bank and other banks alike.
  - ii. **Direct Credit**: The observation mentioned here had been examined and all corrective actions had been taken by issuance of treasury receipts monthly to capture the transactions and same recorded in the Cashbook.

- iii. **Direct Debit:** This observation has been equally attended to the debit advise as pointed by report had been from various bank necessary payment voucher had been raised for the corresponding entries monthly to the cashbook.
  - iv. **Dormant Bank Balance:** The issues raised in the year 2019 Audit exercise and still observed in the year 2020 Audit activities has been promptly addressed, activation instructions had been forwarded to concern banks (Zenith Bank Ijebu-Ode, Diamond bank now Access bank and First city monument bank Ijebu-Ode) and had been attended to by the Bank Management and the accounts reactivated. However, it has been mentioned that the Local Government could not actively engage the banks due to subsistence of Garnishee order placed on the bank by competent court of Law. On the issue with Skye Bank Plc now Polaris bank, Ijebu-Igbo nothing tangible had been done because of outstanding liability (overdraft) against the council, however talks is going on modality to adopted for repayment. As soon as that is completed the accounts will be resuscitated.
  - v. **Unsecure Bank Account:** efforts had been made on the issue raised here and the officers mentioned here had been contacted and all required document signed and the accounts had been resuscitation and now active.
5. **LOSS OF REVENUE:** The indicted officer (Mr. Sunday Ogah) had been notify of the outcome of the audit activities and an advance account had already been opened on his name as from this month of August, 2021 to recover the loss. Mr. Olukoga also was informed of the outcome of audit exercise and asked to ensure repayment of outstanding Fifty Thousand Naira (₦50,000.00). However, the management and the Finance department had bar him from collecting any revenue earning to forestall re-occurrence of such ugly incident.
6. **REVENUE GENERATION PERFORMANCE:** On the issue raised here, management wishes to observe that the dismal performance was not unconnected with the unforeseen occurrence during the year such as Covid 19 pandemic and End-Sars agitation. Nonetheless proactive measure had been put in place to ensure better performance this current year 2021.
7. **UNDERMINED RECEIVABLE:** This observation is viewed as a serious issue and hence the management directed the finance and supplies department to update all the ledgers in other to present true state of the happenings in the market, and that had just been done by the department. Production of payable and receivable ledgers is under process.
8. **STORE:** The store had been re-arranged and an accountant had been appointed to oversee the activities of the store keeper to put her on toes in performance of her responsibility.



9. **RAISING OF 250 DAYOLD CHICKS BROILERS BIRDS TO TABLE BIRDS (LOSS ON THE PROJECT)**: On this issue, the decision as contained in the Audit Report of Year 2020 had been communicated to the Agric officer (Mr. Kayode Sobukola) by the management. However, he had appeal to your office for the review of his case and according to the circular letter from Auditor General office, we were directed to stay action and such the case is pending and under review from your end.
10. **NON-RETIREMENT OF IMPREST**: The internal Auditor Mr. K. G. Mafe had been charged to be more alive to her responsibility to ensure that all payments are retired as and when due, for the purpose of accountability and value for money.
11. **FIXED ASSETS REGISTER**: The management had ones again charged the Internal Auditor to ensure that Fixed Asset Register is printed and make use of to prevent the loss of these Assets. The procurement of this important document is being processed.
12. **UPDATED ON ISSUE EMANATED FROM LAST AUDIT INSPECTION REPORT**: All efforts to trace Hon. Banjo Saheed proof abortive, however, the management had been in touch with then Treasurer (Mr. Tunji Idowu) who knows the man to trace him and report back to the Local Government, his findings are been awaited.
13. **OVERDRAFT FACILITIES: (₦10M)-** The paucity of funds could not allow the management of the Local Government to off-set the draft; The Draft and accrue interest had risen to over ₦32M, this prompted the management to negotiate with the Bank to cease charging further interest on the account, the management of the bank agreed to the arrangement. The Local Government management is determined to repay the loan as soon as situation improves.
14. **NAMING OF STREETS**: The management has set up the committee as promised by the director, General Services and Administration. The committee members were comprised of career officers and political office holders. They are currently working round the clock and their recommendation and findings will be communicated to your office and the decision will be adequately implement; it is interesting to report here that we have being seen results despite the fact that they are yet to conclude the assignment.
15. **DOUBTFUL EXPENDITURE, NON-DEDUCTION OF STATUTORY PAYMENT AND NUGATORY PAYMENT**: Queries were issued on the above and the management ensure that all officers concerned receive his or hers and it is our belief that they have all responded adequately and forwarded same to the Auditor General's office as required by financial regulations.

**CONCLUSION:** The management is quite happy with manners with which the observations were made known, proactive measures had been put in place to ensure maximum reduction of such anomalies for better improvements.

A handwritten signature in black ink, appearing to read 'Dapo Banjo', written over a horizontal dotted line.

**Dapo Banjo**  
**Ag. (Head of Local Govt. Administration**  
**Ijebu North Local Government, Ijebu-Igbo**