

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 31ST DECEMBER, 2022

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ACKNOWLEDGEMENT

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

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

I cannot but appreciate the favourable disposition of the immediate past Head of Service Dr Nafiu Aigoro and the current Head of Service Mr Kolawole Peter Fagbohun for their regular support towards keeping this Office afloat.

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

Thank you and God bless you all.



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



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

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

AUDIT CERTIFICATE

I have examined the accounts of Ijebu North Local Government for the year ended 31st December, 2022 in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

In my opinion, the Financial Statements give a true and fair view of the state of affairs of the Local Government as at 31st December, 2022 subject to the observations in the inspection reports.

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

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

The accounts of Ijebu North Local Government for the year ended 31st December, 2022 have been examined in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

RESPONSIBILITY STATEMENT

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

THE SCOPE OF THE AUDIT

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

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial activities of the Local Government for the period under review.



L. A. Mulero (CNA)

Auditor-General for Local Governments

Ogun State.

23rd June, 2023.

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

In compliance with the provisions of Section 123 of Decree Number 12 of 1989, Section 315(1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Ijebu North Local Government, Ijebu Igbo for the year ended 31st December, 2022 have been audited. The General Purpose Financial Statement was prepared by the management of the Local Government and is therefore responsible for the contents and information contained therein. The Financial Statement was prepared under the International Public Sector Accounting Standards (IPSAS) Accrual Basis as applicable to the Public Sector. The audit was conducted in accordance with Generally Accepted Auditing Standards.

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

(2) STATE OF THE BOOKS OF ACCOUNTS AND RECORDS

There was not much improvements in record keeping. Corrections on previous years account were not reflected in the current years account

(3) FINANCIAL REVIEW:
REVENUE

	AMOUNT(₦)
Internally Generated Revenue	44,449,964.46
Statutory Allocation	2,838,121,286.37
Aids and Grants	<u>41,000,000.00</u>
Total	<u>2,923,571,250.83</u>

EXPENDITURE

Overhead Expenses (including Depreciation & Loss on Disposal of Assets)	234,798,161.87
Salaries and Allowances	2,264,485,409.41
Pensions	563,404,963.90
Long Term Assets	<u>3,627,500.00</u>
Total	<u>3,066,316,035.18</u>

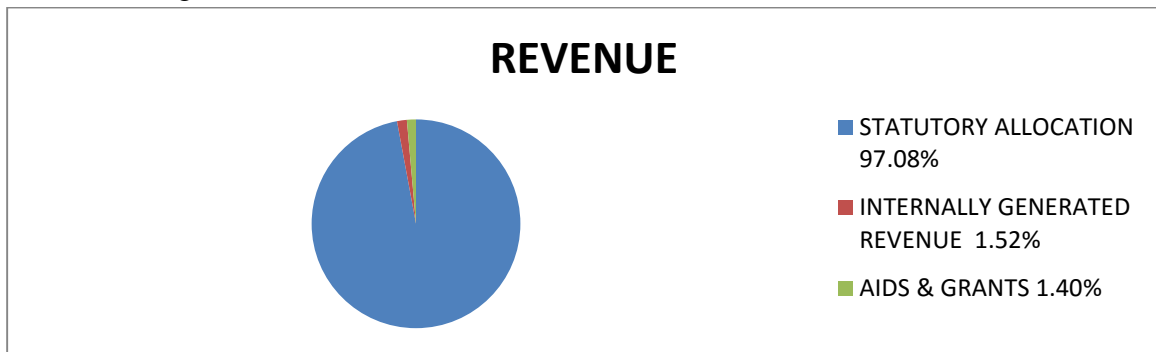
(4) REVENUE PERFORMANCE:

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦92,131,600.00, a sum of ₦44,449,964.46 only was actually generated internally representing 48.25% of the budget. This represents a decrease of 5.70% when compared with the sum of ₦47,134,638.96 generated internally for year 2021. This revenue performance is unimpressive and does not represent the revenue potential of the Local Government.

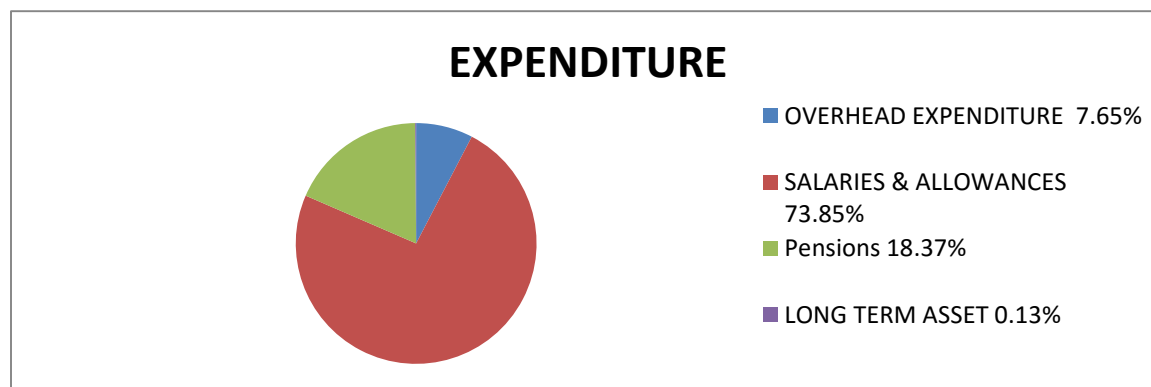
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦2,923,571,250.83 realized by the Local Government during the year under review, a sum of ₦44,449,964.46 only was generated internally. This represented 1.52% of the total revenue while the sum of ₦2,838,121,286.37 statutory allocation and ₦41,000,000.00 aids and grant received from Ogun State Government represented 97.08% and 1.40% 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 ₦3,066,316,035.18. Out of this, a sum of ₦234,798,161.87 was expended on overhead which represented 7.65% of the total expenditure for the year. Also, a sum of ₦2,264,485,409.41 was expended on salaries and allowances which represented 73.85% of the expenditure for the year while ₦563,404,963.90 was expended on pensions and this represented 18.37% while the sum of ₦3,627,500.00 expended on long term assets represented 0.13% 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 31st December, 2022 was ₦161,602,336.98. The liabilities are highlighted below:

S/NO	ITEMS	AMOUNTS(₦)
1	Pension Fund	8,172,876.36
2	5% Development Levy	1,699,776.24
3	PAYE	71,766,286.75
4	5% VAT	6,342,790.95
5	Payables	6,029,100.00
6	2.5 Tax	1,590,298.49
7	Others	66,001,208.19
	TOTAL	<u>161,602,336.98</u>

It was observed that the amounts highlighted above had been deducted from various contracts, salaries and allowances of workers but not remitted to appropriate agencies. This is against extant rules and financial regulations. The Local Government should always remit deductions as required by regulations.

(7) REVIEW OF STATEMENT OF FINANCIAL POSITION:

(i) ADVANCES

The sum of ₦5,442,653.86 highlighted in the Statement of Financial Position as the Advances figure was dormant during the year.

(ii) INVESTMENT

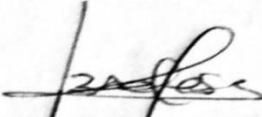
The sum of ₦782,700.00 stated as investment in the Statement of Financial Position could not be substantiated because the investment certificate was not produced for Audit scrutiny and no evidence of the beneficial ownership such as dividend was presented on demand.

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.

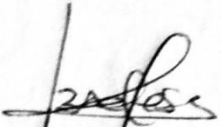
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government Council. To the best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



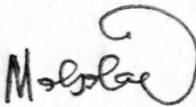
Mr. Adesanya Adekunle
Director, Finance & Supplies

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 31st December, 2022 and its operations for the year ended on the date.



Mr. Adesanya Adekunle
Director, Finance & Supplies



Hon. Odusanya Bolaji
Executive Chairman

IJEBU NORTH LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	NOTES	2022	2021
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	10	-28,569,528.82	71,817,643.35
INVENTORIES		2,943,632.00	1,789,850.00
RECEIVABLES		498,800.00	4,982,800.00
PREPAYMENT			
ADVANCE		5,442,653.86	5,672,281.61
TOTAL CURRENT ASSET (A)		-19,684,442.96	84,262,574.96
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	8	764,024,416.49	822,397,161.75
INVESTMENT PROPERTY	9	291,225,968.00	297,547,576.00
BIOLOGICAL ASSET			
INVESTMENT		782,700.00	782,700.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		1,056,033,084.49	1,120,727,437.75
TOTAL ASSET (C=A+B)		1,036,348,641.53	1,204,990,012.71
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	11	155,573,236.98	189,861,423.81
ACCURED EXPENSES, PAYABLES		6,029,100.00	1,265,000.00
DEFERED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		161,602,336.98	191,126,423.81
NON CURRENT LIABILITY			
PUBLIC FUND		1,495,125.00	1,495,125.00
BOROWING			
TOTAL NON CURRENT LIABILITY (E)		1,495,125.00	1,495,125.00
TOTAL LIABILITY (F=D+E)		163,097,461.98	192,621,548.81
NET ASSETS (G= C-F)		873,251,179.55	1,012,368,463.90
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		873,251,179.55	1,012,368,463.90
TOTAL NET ASSET/EQUITY		873,251,179.55	1,012,368,463.90

IJEBU NORTH LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2022

	NOTES	2022	2021
REVENUE		₦	₦
STATUTORY ALLOCATION	1	2,844,787,953.03	2,317,175,816.22
NON TAX REVENUE	2	41,939,964.46	40,208,371.46
INVESTMENT INCOME			
INTEREST EARNED			
GAIN/LOSS ON DISPOSAL ON ASSET			
AIDS & GRANTS	3	34,333,333.34	14,900,000.00
OTHER REVENUE		2,510,000.00	6,926,267.50
TOTAL REVENUE (A)		2,923,571,250.83	2,379,210,455.18
EXPENDITURE			
SALARIES & WAGES	4	2,264,485,409.41	1,626,692,549.93
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	563,404,963.90	711,396,021.90
OVERHEAD COST	7	165,895,808.61	97,319,352.16
SUBVENTION TO PARASTALS		1,500,000.00	650,000.00
DEPRECIATION	8 &9	34,801,451.22	33,812,001.21
GAIN/LOSS ON DISPOSAL ON ASSET		32600902.04	
TOTAL EXPENDITURE (B)		3,062,688,535.18	2,469,869,925.20
SURPLUS / DEFICIT (C=A-B)		-139,117,284.35	-90,659,470.02

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

	₦
Balance 1/1/2021	1,103,027,933.92
Prior Year Adjustment	
Adjusted Balance	1,103,027,933.92
Surplus/ (deficit) for the year	-
	90,659,470.02
Balance 31/12/2021	1,012,368,463.90
Prior Year Adjustment	
Adjusted Balance	1,012,368,463.90
Surplus/ (deficit) for the year	-
	139,117,284.35
Balance at 31 December 2022	873,251,179.55

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

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
<u>INFLOWS</u>		₦
STATUTORY ALLOCATION	2,844,787,953.03	2,319,175,816.22
LICENCES, FINES, ROYALTIES, FEES ETC	36,084,249.46	32,506,156.46
EARNINGS & SALES	9,493,715.00	7,567,215.00
RENT OF GOVERNMENT PROPERTIES	846,000.00	135,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	31,333,333.34	14,900,000.00
OTHER REVENUE	2,510,000.00	6,297,103.00
TOTAL INFLOW FROM OPERATING ACTIVITIES (A)	2,925,055,250.83	2,380,581,290.68
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	2,264,485,409.41	1,626,692,549.93
SOCIAL BENEFIT	563,404,963.90	711,396,021.90
OVERHEADS	162,972,990.61	96,928,362.16
SUBVENTION TO PARASTATALS	1,500,000.00	650,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)	2,992,363,363.92	2,435,666,933.99
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=(A)-(B)	-67,308,113.09	-55,085,643.31
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	3,627,500.00	12,700,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	229,627.75	
PROCEED FROM SALE OF ASSETS	4,607,000.00	
DEFERRED INCOME		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	1,209,127.75	-12,700,000.00
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	-34,288,186.83	51,257,004.12
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	-34,288,186.83	51,257,004.12
NET CASH FLOW FROM ALL ACTIVITIES	-100,387,172.17	-16,528,639.19
CASH & ITS EQUIVALENT AS AT 1/1/2022	71,817,643.35	88,346,282.54
CASH & ITS EQUIVALENT AS AT 31/12/2022	-28,569,528.82	71,817,643.35

ACCOUNTING POLICY

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

	<p>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, 2022

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

	JANUARY	210,397,354.25
	FEBRUARY	
	MARCH	209,339,555.20
	APRIL	439,760,002.57
	MAY	283,963.00
	JUNE	213,733,912.72
	JULY	217,923,240.70
	AUGUST	236,147,237.11
	SEPTEMBER	242,391,948.41
	OCTOBER	240,138,798.10
	NOVEMBER	601,224,947.72
	DECEMBER	233,446,993.25
	TOTAL	2,844,787,953.03

2 NON-TAX REVENUE

	LICENCES	14,509,200.00
	FEES	16,782,050.00
	FINES	309,000.00
	EARNINGS	3,277,100.00
	RENT OF GOVERNMENT PROPERTIES	325,000.00
	SALES	6,737,614.46
	TOTAL	41,939,964.46

3 AIDS & GRANTS

	OGUN STATE GOVERNMENT	34,333,333.34
	NON GOVERNMENT ORGANISATION	
	TOTAL	34,333,333.34

4 SALARIES & WAGES

	LOCAL GOVERNMENT STAFF	570,091,718.87
	PRIMARY SCHOOL TEACHERS	1,480,490,511.57
	TRADITIONAL COUNCIL	143,520,833.47
	POLITICAL FUNCTIONARIES	70,382,345.50
	TOTAL	2,264,485,409.41

5 NON- REGULAR ALLOWANCE

	LEAVE BONUS	
	TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	563,404,963.90
	TOTAL	563,404,963.90

OVERHEAD COST BY**7 DEPARTMENT**

	CHAIRMAN & COUNCIL	49,760,000.00
	HOLGA	1,835,000.00
	INTERNAL AUDIT	1,460,000.00
	ADMINISTRATIVE	66,801,683.49
	FINANCE	10,917,942.62
	INFORMATION	11,104,000.00
	P H C	5,409,845.00
	AGRIC	245,000.00
	WORKS	10,332,337.50
	PLANNING	3,779,000.00
	WES	2,089,000.00
	COMMUNITY	2,162,000.00
	TOTAL	165,895,808.61

10 CASH & CASH EQUIVALENTS

	CASH AT HAND	222,859.83
	CASH IN BANKS	- 28,792,388.65
	TOTAL	- 28,569,528.82

11 UNREMITTED DEDUCTIONS

1	PAYEE	71,766,286.75
2	PENSION	55,770,055.31
3	5% DEVELOPMENT TAX	1,699,776.24
4	5% VAT	6,342,790.95
5	5% WITHHOLDING TAX	588,311.91
6	UNION DUE	1,769,091.99
7	COOPERATIVE	720,000.00
8	DRUG	1,495,125.00
9	OTHERS	16,916,923.83
	Total	155,573,236.98

NOTE 8 IJEBU NORTH LOCAL GOVERNMENT

SCHEDULE OF EQUIPMENT	PROPERTY, PLANT & EQUIPMENT	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL
BAL AS AT 01/01/2022	803,651,400.00	340,000.00	87,225,430.62	7,781,360.76	367,000.00	2,600,000.00	5,600,000.00	907,565,191.38	
ADDITIONAL DURING THE YEAR		70,000.00			270,000.00			7,315,000.00	
LEGACY								0.00	
DISPOSAL DURING THE YEAR			(62,308,316.48)	(2,859,560.76)				(65,167,877.24)	
BAL. C/F	803,651,400.00	340,000.00	24,987,114.14	11,896,800.00	637,000.00	2,600,000.00	5,600,000.00	849,712,314.14	
ACCUMULATED DEPRECIATION									
BAL. AS AT 01/01/2022	48,273,084.00		27,913,829.18	4,968,616.45	366,700.00	2,495,800.00	1,150,000.00	85,168,029.63	
ADDITIONAL DURING THE YEAR	16,073,028.00		8,729,543.06	2,945,872.16	67,500.00	103,900.00	560,000.00	28,479,843.22	
DISPOSAL DURING THE YEAR			(25,469,526.59)	(2,490,448.61)					
BAL. C/F	64,346,112.00	-	11,173,845.65	5,424,040.00	434,200.00	2,599,700.00	1,710,000.00	85,687,897.65	
AS AT 31/12/2022	739,305,288.00	340,000.00	13,813,268.49	6,472,760.00	202,800.00	300.00	3,890,000.00	764,024,416.49	
AS AT 31/12/2021	755,378,316.00	340,000.00	59,311,601.44	2,812,744.31	300.00	104,200.00	4,450,000.00	822,397,161.75	

NOTE 9 IJEBU NORTH LOCAL GOVERNMENT

INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2022	316,080,400.00		316,080,400.00
ADDITIONAL DURING THE YEAR			0.00
LEGACY			0.00
DISPOSAL DURING THE YEAR			-
BAL. C/F	316,080,400.00	-	316,080,400.00
ACCUMULATED DEPRECIATION			
BAL. AS AT 01/01/2022	18,532,824.00		18,532,824.00
ADDITIONAL DURING THE YEAR	6,321,608.00		6,321,608.00
DISPOSAL DURING THE YEAR			
BAL. C/F	24,854,432.00	-	24,854,432.00
AS AT 31/12/2022	291,225,968.00	-	291,225,968.00
AS AT 31/12/2021	297,547,576.00	-	297,547,576.00

The Executive Chairman,
Ijebu North Local Government,
Ijebu Igbo.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH LOCAL GOVERNMENT, IJEBU IGBO FOR THE YEAR ENDED 31ST DECEMBER, 2022

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

2. AUDIT QUERY

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

S/N	QUERY NUMBER	SUBJECT	AMOUNT ₦
1	OGLG/AQ/JGB/255/2022	Uncompleted Project	10,000,000.00
2	OGLG/AQ/JGB/256/2022	Non-maintenance of required accounting documents	-
3	OGLG/AQ/JGB/257/2022	Project not executed in line with bill of engineering measurement	13,500,000.00
4	OGLG/AQ/JGB/258/2022	Doubtful Expenditure	45,000.00
5	OGLG/AQ/JGB/259/2022	Payments to governments account not credited	-

3. BONDING OF STAFF

Observation: During the checking of Revenue Collectors, it was observed that none of the revenue collectors in the Local Government were bonded. This is contrary to the provisions of Chapter 42:3 of Model Financial Memoranda for Local Governments which requires that all staff whose duties involve the handling of Local Government funds are adequately bonded. Bonding revenue collectors is a guarantee that any revenue loss can be recovered from the guarantors.

Recommendation: You are required to bond all Revenue Collectors and other staffs that are handling cash as required by regulations.

4. STATE OF RECORD

Observation: During the posting of payment vouchers into ledgers, it was observed that most salary vouchers did not pass-through due process. For instance, PV 114 November to PV 127 November 2022 and PV 68 December to PV 81 December 2022 were not checked and passed by the Internal Auditor. This is contrary to the provisions of Chapter 14:3 of Model Financial Memoranda for Local Governments (MFM) which requires that payments must be supported by a properly authorised payment voucher. Also, the Local Government did not reflect the

corrections made to the accounts during previous audit exercise in the current year's accounts. The audited/corrected balances were not brought forward to the current year thereby projecting the wrong state of affairs. This is an indication that there is inadequate supervision by the Treasurer, Internal Auditors and other superior officers in the Treasury.

Recommendation: I wish to advise that you follow due process before funds are released. In addition, the Treasurer and Internal Auditor of the Local Government should be alive to their duties by monitoring the work of their subordinates.

5. BANK RECONCILIATION

During the examination of Bank Reconciliation statements, the following were observed:

Observation: i) Uncredited lodgement: A sum of Three Hundred and Eleven Thousand, Three Hundred and Fifty Naira (₦311,350.00) only was found to be uncredited lodgement for year ended 2022. This includes uncredited lodgements from the time of LCDA. This is an indication that the Treasurer is not carrying out the checks stipulated by Chapter 19:24(2)(a) of Model Financial Memoranda for Local Governments. If the Treasurer had reviewed the bank reconciliation statements prepared by his subordinates, he would have taken prompt action to investigate and recover Government funds purportedly paid into Government accounts that did not get to the accounts. This is avoidable loss of revenue.

Recommendation: The Treasurer is advised to always review the bank reconciliation statements for necessary action as required by regulations.

Observation: ii) Direct lodgement: A sum of Three Million and Eighty-Nine Thousand Four Hundred Naira (₦3,089,400.00) only was reflected in the bank reconciliation statement as direct lodgement into the account of the Local Government for the year ended 31st December, 2022. This represented deposit made by different revenue collectors of the Local Government and other parties, who failed to present their tellers to the Cashier for issuance of Treasury Receipt. This is another indication that the Treasurer is not checking the bank reconciliation statements prepared for necessary action.

Recommendation: The Treasurer is advised to always review bank reconciliation statements for necessary action as required by regulations. Furthermore, direct lodgements that is carried in the bank reconciliation statement for six months should be written to the accounts by raising a receipt voucher.

6. REVENUE GENERATION PERFORMANCE

Observation: The Local Government budgeted a sum of ₦92,131,600.00 to be generated internally in year 2022 out of which a sum of ₦44,449,964.46 only was generated. The amount

generated represented 58.11% of the budget for year 2022. This also represents a decrease of 5.7% of the sum of ₦47,134,638.96 generated in year 2021. This appears to be an unimpressive performance and a close look at the performance in individual items of revenue revealed that while some were very impressive, others showed a sharp drop in revenue generated. The table below contains some of the revenue heads where the Local Government either did not collect any revenue at all while revenues were collected in the previous period and those that the collections were less than those of the previous year:

IJEBU NORTH LOCAL GOVERNMENT INDEPENDENT REVENUE FOR YEAR 2021 AND 2022			
	DESCRIPTION	2021	2022
	Bake House License	2,000	NIL
	Abattoir/Slaughter Licenses	8,070,000.00	6,997,500.00
	Trade Permit	3,842,550.00	3,564,000.00
	Bill Board Advertisement	332,506.46	Nil
	Timber/ Forest fee	346,700.00	100,000.00
	Tenement Rate	256,000.00	194,000.00
	Other Fines	378,500.00	309,000.00
	Sales of poultry and Arable crops	545,600.00	Nil
	Earnings from Agricultural produce	25,000.00	Nil
	Rent on government Land	110,000.00	25,000.00
	Squatter fee and stallages	7,590,850.00	3,167,850.00

Worthy of note is the revenue from Squatter fee and stallages which dropped from ₦7,590,850.00 in year 2021 to ₦3,167,850.00 in 2022 amounting to a reduction in performance by ₦4,423,000.00 and representing 58.27% decrease. Also, revenue from Abattoir/Slaughter Licence dropped from the sum of ₦8,070,000.00 in year 2021 to ₦6,997,500.00 in year 2022 amounting to reduction in performance by ₦1,072,500.00 representing 13.29% decrease. Other notable areas of underperformance were Timber/Forest with a reduction in revenue generated of ₦246,700.00 representing 77.27% decrease and revenue from rent on Government land that reduced by ₦85,000.00 representing 68.83% decrease in performance when compared with the collections in year 2021.

Interrogation of revenue collectors revealed that the embargo on revenue collection by the management due to delay in review of revenue rates and introduction of POS for collection of revenue contributed to revenue losses. A comprehensive data base of areas from where revenues are collectable cannot be provided by the Local Government.

Recommendation: Concerted efforts should be intensified towards enhanced revenue generation. Officially collated revenue data base should be generated to enhance planning and monitoring of revenue performance.

7. REQUIRED ACCOUNTING RECORDS AND LEDGERS.

Observation: During the just concluded audit exercise, it was observed that despite the fact that it was mentioned in the half year audit inspection report that some required accounting documents could not be produced, the Local Government still did not produce some accounting records. This is a contravention of the provisions of Chapter 18:4-5 & 18:12 of Model Financial Memoranda for Local Governments. The documents are:

- i) Receivable ledger
- ii) Asset Register
- iii) General Ledger/ Trial Balance.
- iv) Payable ledger.

These documents are important for proper accountability for the assets, liabilities, revenue and expenditure of your Local Government.

Recommendation: I wish to reiterate that all accounting records stipulated by regulations must be kept up-to-date.

8. LIST OF PROPERTY PLANT AND EQUIPMENT OF THE LOCAL GOVERNMENT.

Observation: While going through the list of assets sold by the Local Government during the year under review, it was discovered that two of the motor vehicles owned by the Council were not captured in the list of asset given to the Auditor-General. The two motor vehicles are, Toyota Carina and Toyota Hilux (Pick-up) number 1 and 3 on the list respectively. This is an indication that there might be some other assets of the Local Government not in the asset list. This is one of the fall-out of not maintaining an asset register as required by Chapter 26:4 of MFM. It also indicates that the Local Government is not aware of all her assets and that the quarterly confirmation of assets required by Chapter 26:6 is not being done.

Recommendation: I wish to advise that a committee should be set up by the Local Government to verify all the assets of the Local Government and update the assets register. Afterwards, the required quarterly visitation/confirmation should be done by the Treasury.

9. WORK DONE BUT NOT COMPLETED

Observation: During the examination of vouchers, it was observed that a sum of ₦13,500,000.00 was approved and released to Engr. Ogunsanya S. A (Director, Works and Housing) vide PV 29 & 63/September, 72, 73 & 81/October, and 73/November all in the year

2022 and 42/March/2023 for the renovation of the office building previously used by the Head of Local Government Administration, and three (3) other departments.

During audit verification visit to the project site in April, 2023 it was observed that the following aspects of the job in the Bill of Engineering Measurement were yet to be done:

i)	Electrical works	800,000.00
ii)	Supply and fixing of tiles	1,750,000.00
iii)	Plumbing	400,000.00
iv)	Painting and decorations	<u>1,097,000.00</u>
	Total	<u>4,047,000.00</u>

It appears that the above elements of the renovation amounting to ₦4,047,000.00 were yet to be completed whereas the whole of the renovation cost had been released.

Recommendation: You are advised to compel Engineer Ogunsanya to complete the project without compromising quality and without further delay.

10. DOUBTFUL EXPENDITURE.

Observation: During examination of payment vouchers, it was observed that a sum of ₦45,000 was made to Mr. Adanike Festus (Accountant) vide PV 124 of October 2022 in respect of making some consumable items available to ensure progress of work and to facilitate effective service in the finance department.

It was observed that the consumable items were not well define. Also, no official receipt was attached to the payment voucher and this contravene Chapter 14:17 of Model Financial Memoranda for Local Governments. Therefore, the expenditure appears doubtful.

Recommendation: Though, the voucher has been subjected to audit query, I wish to advice that official printed receipt should be attached always to payment vouchers.

**The Auditor General for Local Government,
Office of the Auditor General for Local Government,
Oke-Mosan,
Abeokuta.**

RE: AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IJEBU NORTH LOCAL GOVERNMENT, IJEBU IGBO FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2022.

Above subject matters refers, please. I wish to intimate you that Audit Queries issued by your office had been released to concerned officers.

Please find attached the duplicate copies of the queries which had been dully signed by the affected officers.

We have also, taken action on the other issues as follows:

DESTRUCTION OF EXHAUSTED RECEIPTS:

As directed, the management will notify your office when the receipts exhausted to be destroyed.

BONDING OF STAFF:

The Revenue collectors have been bonded as directed by your office and the Local Government Service Commission.

STATE OF RECORD:

All the directive given by your officers will be strictly followed for the next Audit Exercises.

BANK RECONCILATION:

Uncredited Lodgment: Effort has been made in this regard, the officer In charge has visited our bank in a bid to correct the lapses and this has been done effectively.

DIRECT LODGMENT:

The Officer-in-charge is also making effort to reduce the figure by taking consideration to all the necessary actions. The transactions have been rectified. The affected staff had been warned accordingly.

INTERNALLY GENERATED REVENUE OPERATION:

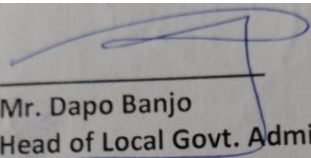
All our Revenue collectors are putting in more efforts to increase the Internally Generated Revenue. But the collectors are faced with some challenges which we

have informed the management concerning them. Some of the challenges are: Mobility, Lack of Political will/Lateness to start generating revenue in Year 2022 etc. But efforts have been made this year to improve the Internally Generated Revenue.

WORK DONE BUT NOT COMPLETED:

After the project was approved and payment made, the Local Government restructured the initial plan, this led to the creation of Conference Room., the introduction of three new Toilets attached to offices, construction of new Septic tank, the introduction of new walls to raise the height of the building, use of more expensive POP in replacement of ceiling at HOLGA's office, Conference Room and Verandah among other not included in the initial quotation used for the approval of the project, thus the cost of this project became high.

2. All these were not in the bill of quantities and evaluations.
3. All these affected the cost and delivery date of the project.
4. As a result, the management has acknowledged the need to raise variation to complete the works.
5. However, it is important to note that the works on electrical, fitting and supply, fixing of tiles and plumbing were on-going at the time of audit inspection and this has been completed and ready for inspection
6. The only aspect remaining is the painting and decoration which will be carried out when the variation release.
7. Thanking you for your usual co-operation.



Mr. Dapo Banjo
Head of Local Govt. Administrat