

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IJEBU ODE LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST 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	19-23
(14)	Management Letter	24-25

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.
14th 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 Ode Local Government for the year ended 31st 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 31st December, 2020 subject to the observations in the inspection reports.

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

STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF IJEBU ODE LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

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

14th July, 2021.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL
GOVERNMENTS ON THE ACCOUNTS OF IJEBU ODE LOCAL GOVERNMENT,
IJEBU ODE FOR THE YEAR ENDED 31ST 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-Ode Local Government, Ijebu-Ode for the year ended 31st 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

There was appreciable improvement in the account and record keeping. There were few errors in the subsidiary ledgers from where the accounts were prepared.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Internally Generated Revenue	53,601,102.34
Statutory allocation	2,213,850,173.19
Aids and grants	<u>10,000,000.00</u>
Total	<u>2,277,451,275.53</u>

EXPENDITURE	
Salaries and Allowances	1,692,964,706.17
Pension	528,248,173.18
Overhead Expenditure	107,766,884.70
Long Term Assets	<u>22,552,215.09</u>
Total	<u>2,351,531,979.14</u>

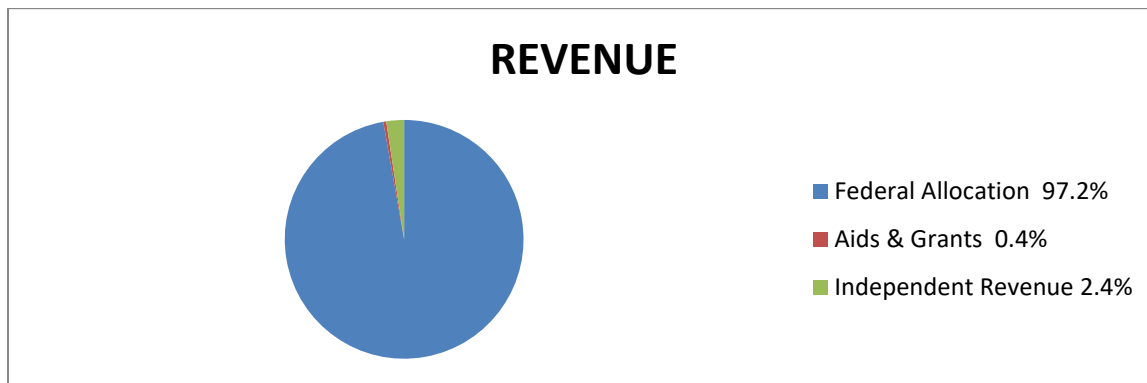
(4) REVENUE PERFORMANCE

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦73,243,000.00, a sum of ₦53,601,102.34 only was generated internally representing 73.2% of the budget. This represents a decrease of 15.5% when compared with the sum of ₦63,406,665.67 generated internally in year 2019. 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.

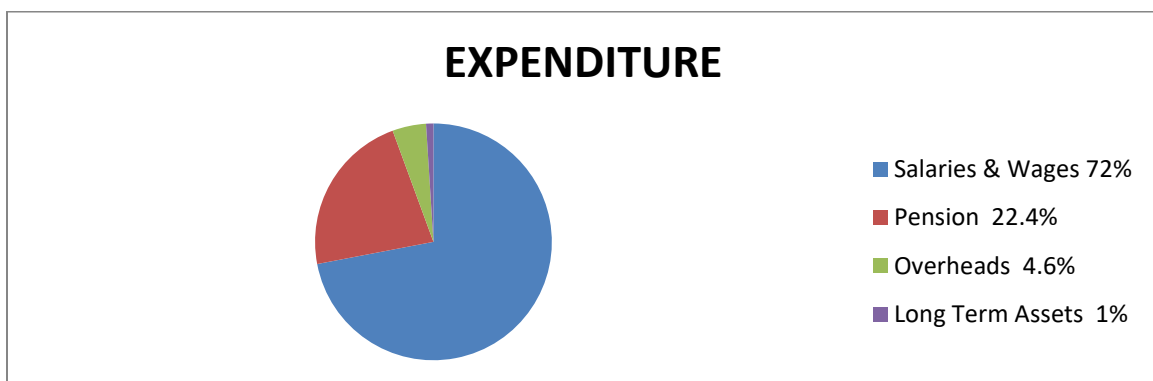
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦2,277,451,275.53 realized by the Local government during the year under review, a sum of ₦53,601,102.34 only was generated internally. This represented 2.4% of the total revenue while the total sum of ₦2,213,850.173.19 statutory allocation and ₦10,000,000.00 aids and grant received from the State Joint Account Allocation Committee represented 97.2% and 0.4% 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 the expenditure profile of the Local Government revealed a total expenditure of ₦2,351,531,979.14. Out of this, a sum of ₦107,766,884.70 was expended on overhead which represented 4.6% of the total expenditure for the year. Also, a sum of ₦1,692,964,706.17 was expended on salaries and allowances which represented 72% of the total expenditure for the year while ₦528,248,173.18 was paid to pensioners and this represents 22.4% of the total expenditure for the year. In addition, a sum of ₦22,552,215.09 was expended on long term assets which represented 1% of the total expenditure for the year.



(6) **DEBT PROFILE**

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2020 was ₦207,527,378.17. The liabilities are highlighted below:

NAME	BALANCE (₦)
1. 5% Development Levy	15,139,371.90
2. Contract Tax	16,057,769.89
3. Pension	71,109,783.64
4. 5% VAT	16,730,850.38
5. PAYE	29,564,881.30
6. OTHERS	<u>58,924,721.06</u>
TOTAL	<u>207,527,378.17</u>

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

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

(i) **ADVANCE**

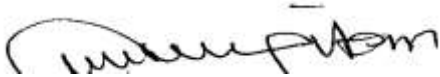
The advances balance of ₦1,719,361.11 stated in the Statement of Financial Position as at 31st December, 2020 was stagnant throughout the year. the Local Government should intensify effort to recover the amount involved.

IJEBU-ODE LOCAL GOVERNMENT

RESPONSIBILITY FOR FINANCIAL STATEMENT

These financial statements have been prepared by me in accordance with the provisions of Finance (Control and Management) Act Cap 144 LFN 1990 as amended. The financial statements comply with Generally Accepted Accounting Practice.

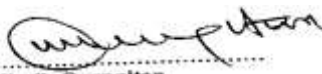
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge,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




Mr Ogunpitan Phillip Olalekan
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-Ode Local Government Area as at 31st December, 2020 and its operations for the year ended on the date.



.....
Mr. Philip O. Ogunpitan
Treasurer 29/3/21
Date:



.....
Engr. Oluvbenga Oluvbile
Chairman 27/03/2021
Date:

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

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	11,526,767.63	35,403,703.23
INVENTORIES		2,751,457.00	3,998,434.60
RECEIVABLES		6,368,000.00	3,656,000.00
PREPAYMENT			
ADVANCE		1,719,361.11	1,724,361.11
TOTAL CURRENT ASSET (A)		<u>22,365,585.74</u>	<u>44,782,498.94</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	1,120,453,477.04	1,137,070,135.52
INVESTMENT PROPERTY	11	201,189,910.79	190,610,000.00
BIOLOGICAL ASSET	12	-	-
INVESTMENT		580,000.00	580,000.00
LOAN GRANTED			
TOTAL NON-CURRENT ASSET (B)		<u>1,322,223,387.83</u>	<u>1,328,260,135.52</u>
TOTAL ASSET (C=A+B)		<u>1,344,588,973.57</u>	<u>1,373,042,634.46</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	207,527,378.17	184,452,550.54
ACCRUED EXPENSES, PAYABLES			
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>207,527,378.17</u>	<u>184,452,550.54</u>
NON-CURRENT LIABILITY			
PUBLIC FUND			
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		<u>207,527,378.17</u>	<u>184,452,550.54</u>
NET ASSETS (G= C-F)		<u>1,137,061,595.40</u>	<u>1,188,590,083.92</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		1,137,061,595.40	1,188,590,083.92
TOTAL NET ASSET/EQUITY		<u>1,137,061,595.40</u>	<u>1,188,590,083.92</u>

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

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	2,213,850,173.19	1,323,189,314.92
NON-TAX REVENUE:	2	51,754,460.00	63,145,165.67
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	10,000,000.00	
OTHER REVENUE		1,846,642.34	261,500.00
TOTAL REVENUE (A)		<u>2,277,451,275.53</u>	<u>1,386,595,980.59</u>
EXPENDITURE			
SALARIES & WAGES	4	1,692,964,706.17	1,109,633,864.76
NON- REGULAR ALLOWANCE	5	-	
SOCIAL BENEFIT	6	528,248,173.18	223,091,079.32
OVERHEAD COST	7	77,334,559.12	27,637,832.12
SUBVENTION TO PARASTALS		1,843,362.80	1,525,000.00
DEPRECIATION	10 & 11	28,588,962.78	27,343,198.48
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		<u>2,328,979,764.05</u>	<u>1,389,230,974.68</u>
SURPLUS / DEFICIT (C=A-B)		<u>-51,528,488.52</u>	<u>-2,634,994.09</u>

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

	₦
Balance 1/1/2019	-143,944,533.99
Prior Year Adjustment	1,335,169,612.00
Adjusted Balance	1,191,225,078.01
Surplus/ (deficit) for the year	-2,634,994.09
Balance 31/12/2019	1,188,590,083.92
Prior Year Adjustment	
Adjusted Balance	<u>1,188,590,083.92</u>
Surplus/ (deficit) for the year	-51,528,488.52
Balance at 31 December 2020	<u>1,137,061,595.40</u>

IJEBU ODE LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	2,211,850,173.19	1,323,189,314.92
LICENCES, FINES, ROYALTIES, FEES ETC	43,555,750.00	29,728,960.67
EARNINGS & SALES	6,641,710.00	4,869,705.00
RENT OF GOVERNMENT PROPERTIES	1,560,000.00	27,527,500.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	10,000,000.00	
OTHER REVENUE	1,131,642.34	261,500.00
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>2,274,739,275.53</u>	<u>1,385,576,980.59</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	1,692,964,706.17	1,109,633,864.76
SOCIAL BENEFIT	528,248,173.18	223,091,079.32
OVERHEADS	76,087,581.52	28,850,868.80
SUBVENTION TO PARASTATALS	1,843,362.80	1,525,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>2,299,143,823.67</u>	<u>1,363,100,812.88</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>-24,404,548.14</u>	<u>22,476,167.71</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 22,552,215.09	-1,911,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	5,000.00	
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-22,547,215.09</u>	<u>-1,911,000.00</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	23,074,827.63	11,013,746.26
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>23,074,827.63</u>	<u>11,013,746.26</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>-23,876,935.60</u>	<u>31,578,913.97</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	35,403,703.23	3,824,789.26
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>11,526,767.63</u>	<u>35,403,703.23</u>

ACCOUNTING POLICY

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

	<ul style="list-style-type: none"> ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00 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.
10	<p>Disposal Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p>Impairment Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p>Investment Property These are cash-generating property owned by the Local Government. The cost, depreciation and impairment of Investment Property are same with PPE.</p>
12	<p>Unremitted Deductions</p> <ul style="list-style-type: none"> a) Unremitted deductions are monies owed to third parties such as tax authorities, schemes and associations and other government agencies. These include tax deductions and other deductions at source. b) These amounts are stated as Current Liabilities in the Statement of Financial Position.
13	<p>Payable/Accrued Expenses</p> <ul style="list-style-type: none"> a) These are monies payable to third parties in respect of goods and services received b) Accrued Expenses for which payment is due in the next 12 months are classified as Current Liabilities. Where the payments are due beyond the next 12 months, they are accounted for as Non-Current Liabilities.
14	<p>Current Portion of Borrowings This is the portion of the long-term loan/borrowing that is due for repayment within the next 12 months. This portion of the borrowings is classified under Current Liabilities in the Statement of Financial Position.</p>

**NOTES TO THE GPFS FOR THE YEAR ENDED 31ST DECEMBER,
2020**

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

	₦
JANUARY	168,970,896.46
FEBRUARY	201,844,669.23
MARCH	170,453,852.32
APRIL	167,889,268.22
MAY	168,625,857.49
JUNE	169,352,751.16
JULY	191,561,068.04
AUGUST	210,280,984.95
SEPTEMBER	178,986,651.02
OCTOBER	1,649,441.49
NOVEMBER	389,803,436.62
DECEMBER	194,431,296.19
TOTAL	<u>2,213,850,173.19</u>

2. NON-TAX REVENUE

LICENCES	10,448,000.00
FEES	32,732,850.00
FINES	371,900.00
EARNINGS	2,741,700.00
RENT OF GOVERNMENT PROPERTIES	1,560,000.00
SALES	3,900,010.00
TOTAL	<u>51,754,460.00</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	10,000,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>10,000,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	444,246,336.04
PRIMARY SCHOOL TEACHERS	1,001,991,577.74
TRADITIONAL COUNCIL	232,539,134.93
POLITICAL FUNCTIONARIES	14,187,657.46
TOTAL	<u>1,692,964,706.17</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	528,248,173.18
TOTAL	<u>528,248,173.18</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	21,144,000.00
HOLGA	1,171,500.00
INTERNAL AUDIT	823,000.00
ADMINISTRATIVE	13,975,929.00
FINANCE	12,221,250.12
INFORMATION	1,575,500.00
P H C	6,084,580.00
AGRIC	1,919,500.00
WORKS	8,009,300.00
PLANNING	3,590,000.00
WES	5,332,000.00
COMMUNITY	1,488,000.00
TOTAL	<u>77,334,559.12</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	43,030.00
CASH IN BANKS	11,483,737.63
TOTAL	<u>11,526,767.63</u>

9. UNREMITTED DEDUCTIONS

5% Development Levy	15,139,371.90
Contract Tax	16,057,769.89
Pension	71,109,783.64
5% VAT	16,730,850.38
PAYE	29,564,881.30
Total	<u>207,527,378.17</u>

NOTE 10	IIEBU CODE 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	1,030,704,544.00	11,794,112.00	2,220,000.00	11,639,288.00	455,000.00	877,500.00	1,163,837,452.00	
ADDITION DURING THE YEAR	368,000.00		5,704,000.00		378,000.00	1,397,000.00	7,787,000.00	
LEGACY							0.00	
DISPOSAL DURING THE YEAR							-	
BAL C/F	1,031,072,544.00	117,941,120.00	7,924,000.00	11,639,288.00	833,000.00	2,274,500.00	1,171,624,452.00	
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	30,952,158.88		378,800.00	4,974,857.60	135,000.00	326,500.00	36,767,315.48	
ADDITION DURING THE YEAR	30,610,250.88		792,400.00	2,327,857.60	208,250.00	454,900.00	34,403,658.48	
DISPOSAL DURING THE YEAR								
BAL C/F	41,572,409.76	-	1,171,200.00	7,302,715.20	343,250.00	781,400.00	51,170,974.96	
AS AT 31/12/2020	989,440,134.24	117,941,120.00	6,752,800.00	4,336,572.80	489,750.00	1,493,100.00	1,120,453,477.04	
AS AT 31/12/2019	1,009,752,385.12	117,941,120.00	1,841,200.00	6,664,430.40	320,000.00	551,000.00	1,137,070,135.52	
NOTE 11	IIEBU CODE LOCAL GOVERNMENT INVESTMENT PROPERTY							
	LAND & BUILDING 2%	LAND	TOTAL					
BAL AS AT 01/01/2020	194,500,000.00		194,500,000.00					
ADDITION DURING THE YEAR	14,785,215.09		14,785,215.09					
LEGACY			0.00					
DISPOSAL DURING THE YEAR			-					
BAL C/F	209,285,215.09	-	209,285,215.09					
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	3,890,000.00		3,890,000.00					
ADDITION DURING THE YEAR	4,185,304.30		4,185,304.30					
DISPOSAL DURING THE YEAR								
BAL C/F	8,075,304.30	-	8,075,304.30					
AS AT 31/12/2020	201,189,910.79	-	201,189,910.79					
AS AT 31/12/2019	190,610,000.00	-	190,610,000.00					

The Chairman,
Transition Committee,
Ijebu-Ode Local Government,
Ijebu-Ode.

AUDIT INSPECTION REPORT ON THE ACCOUNT OF IJEBU-ODE LOCAL GOVERNMENT, IJEBU-ODE FOR THE PERIOD 1ST JANUARY TO 31ST 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 the Local Government Chairman for his necessary action as required by law. Please ensure quick response to the queries.

S/N	Query Numbers	Subject	Amount (₦)
1.	OGLG/AQ/IJE/245/2020	Doubtful Expenditure	130,000.00
2.	OGLG/AQ/IJE/246/2020	Doubtful Expenditure	110,000.00

3. DOUBTFUL EXPENDITURE

Observation: It was observed that some expenditure incurred by the Local Government during the period were doubtful. Example of such expenditure was a sum of One Hundred and Ten Thousand Naira (₦110,000.00) released to Mr. Oseni Korede (Head of Department, Works and Housing). The money was purportedly paid to him to purchase tyres and battery to the legislative bus. The expenditure appeared doubtful because the payment was not supported with relevant official printed receipts. This irregularity is contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments and has therefore been made the subject of Audit Query No. OGLG/AQ/JBD/246/2020.

A similar example was a sum of One Hundred and Thirty Thousand Naira (₦130,000.00) only paid to the same person (Mr. Oseni Korede) for the retention of broken aluminium conductor/repair of water supply pipes and provision of “no parking sign” at the front of the Chairman’s Office and to also repair offices toilets. The payment was made vide payment voucher 27/January, 2020. It was observed that the payment voucher was also not supported with official printed receipt as required by the provision of chapter 14:17 of the Model Financial memoranda for Local Governments. This cast doubt on the genuineness of the transaction.

Recommendation: You are advised to always attach relevant accounting record to support expenditure.

4. **BANK RECONCILIATION STATEMENTS**

The bank reconciliation statements of the Local Government for the period 1st January to 31st December, 2020 were examined from where the followings were observed.

(a) **DIRECT CREDIT**

Observation: During the examination of the reconciliation statement prepared by the Local Government, it was observed that a total sum of Four Hundred and Twenty Thousand, Four Hundred and Seventy-Nine Naira Sixty-Two Kobo (₦420,479.62) only was the various deposits directly paid into the Local Government bank account but which had not been debited into cashbook. Audit investigation revealed that the money was paid into the Local Government bank accounts by some revenue collectors but they have not presented their bank tellers to the treasury for issuance of treasury receipts. The irregularity was responsible for the long list of direct credit items highlighted in the reconciliation statement.

However, the Treasurer of the Local Government was taken up on this and was advised to investigate and do the needful if the payments had been made to the coffers of the Local Government to reduce the long list of the direct credit in the bank reconciliation statement.

Recommendation: The Local Government is advised to educate the revenue collectors on the need to always promptly present their pay-in-slip to the treasury immediately payments are made to the banks for immediate collection of treasury receipts.

(b) **UNCREDITED LODGEMENT**

Observation: Audit examination of the bank reconciliation statement revealed that a sum of ₦24,823,500.73 was the accumulated uncredited lodgement from the previous years. Up to the time of writing this report, no action has been taken by the Local Government to investigate the genuineness of the payments.

Recommendation: The Treasurer is hereby advised to investigate the genuineness of these payments and inform this office of action taken on them.

(c) **DIRECT DEBIT**

Observation: In the bank reconciliation statement, it was observed that some items amounted to ₦27,837,892.74 was classified as direct debit and no action had been taken by the Local Government on why such amount was debited by the banks against the Local Government accounts.

Recommendation: Efforts should be made to investigate the direct debit items and inform this office immediately.

5. **REVENUE GENERATION PERFORMANCE**

Observation: During the period under review, the Local Government budgeted a sum of ₦73,243,000.00 as its expected internally generated revenue for the financial year, but a sum of ₦53,601,102.34 only was actually generated. The amount generated was 72% budget performance.

Investigation into why the revenue was low revealed that there were some sources of revenue within the Local Government that were neglected and not tapped during the period. Such revenue sources include naming of streets, borehole drilling, various licenses, parking fees, burial fees, earnings from laboratory services and traditional medical centres, etc. All these businesses are revenue sources which can be harnessed and they are feasible within the Local Government.

Recommendation: The Management of the Local Government is advised to put necessary machineries in place to tap these neglected sources of revenue in order to boost the internally generated revenue of the Local Government in the next financial year.

6. **REVENUE CONTRACTOR**

Observation: Despite the ban on the use of revenue contractors by any agency of the Government via Circular No. SART/72/003 dated 25th October, 2013 emanated from Ministry of Local Government and Chieftaincy Affairs, the Local Government still engaged revenue contractors. Some of the revenue contractors were Sully Jay Venture and four (4) others to collect revenue on loading and off-loading, hair dressing salon fee, collection of barbing salon fee, filling of gas fee etc. on behalf of the Local Government. The Auditors requested for the letters of engagement/agreement and approval but the documents could not be presented for audit scrutiny.

Also, there were no records to show the level of indebtedness of the previous revenue contractors and there were no contractual agreements between them and the Local Government presented to ascertain the previous debt if any

Audit scrutiny however revealed that out of Five Hundred and Ninety Thousand Naira (₦590,000.00) only expected to be generated by revenue contractors for year 2020, a sum of Three Hundred and Thirty Thousand Naira (₦330,000.00) only was paid to the coffers of the

Local Government. This implies that the contractors were still owing a sum of Two Hundred and Sixty Thousand Naira (₦260,000.00) only as at 31st December, 2020.

Recommendation: The Local Government Management should recover the outstanding debt of ₦260,000.00 from the contractors and desist from engaging revenue contractors in line with the circular letter SART/72/003 dated 25th October, 2013 and other circulars relating to ban on appointment of revenue contractor.

7. **NORMALIZATION OF ADVANCE LEDGER**

Observation: During the examination of the advance ledger, it was discovered that loan beneficiaries as contained in the advance ledger could be classified into two (2) categories. i.e

- (1) Those that still owed the Local Government
- (2) Those that the Local Government owed.

Further examination revealed that those in category 1 above comprises of the following.

- (3) Staff still in active service and currently serving and drawing their monthly salaries and allowances from Ijebu-ode Local Government.
- (4) Staff still in active service but serving in another Local Government. It was further discovered that some in this category of workers had their advances deducted into other Local Governments but those Local Governments are yet to remit same to Ijebu-Ode Local Government.
- (5) Retired staff
- (6) Deceased staff
- (7) Corporate bodied/government agencies

RECOMMENDATIONS

- For the staff in category “1a” the Local Government should commence the deduction from the salary of such beneficiaries immediately.
- For the staff in category “1b” the Local Government should write such staff informing them of the advances owed by him or her and to provide evidence of deduction by other Local Governments.
- For officers in “1c” the Local Government should do same as in recommendation 2 above, but if there is no tangible response, the Local Government should write the Bureau of Local Government Pensions through Local Government Service Commission seeking for approval to make deductions from their monthly pension allowances.

- For officers on category “1d” the Local Government should declare those advances as bad debt and write-off such from the advance account.
- For those in category “1e” the Local Government should do investigation and initiate a negotiating team on how these advances could be redeemed.
- The Finance and Supplies Department should be charged with additional responsibility of checking the advance records of any staff applying for letter of non-indebtedness for retirement purpose.

For officers in category “2” above, the Local Government should refund any amount overpaid by them.

Please find below, the amount owed by each category of the officers.

	Amount (₦)
Category “1a”	727,731.30
Category “1b”	741,497.24
Category “1c”	349,033.43
Category “1d”	<u>51,933.19</u>
	1,870,195.16
Category 2	<u>(143,496.49)</u>
Total Advance	<u>1,726,698.67</u>

8. **NAMING OF STREET**

Observation: During the posting and casting of ledgers, it was observed that a sum of ₦565,000.00 was generated from street naming for year 2020. Further audit scrutiny revealed that a sum of Eleven Million and Five Thousand Naira (₦11,005,000.00) only was the outstanding debt owed by individuals for annual renewable of street naming. The information was extracted from the naming of street ledger.

Surprisingly, going through available documents in the Local Government, it was observed that no record was available to show the previous debt (names, address, period etc) relating to individual beneficiaries as regard naming of street. Since there was no record showing the previous debt on naming of street, the F&GPC of the Local Government resolved to commence on a clean slate by fixing a minimum of ₦30,000.00 as indebtedness for all the beneficiaries and the new annual renewal rate of ₦100,000.00 to commence from year 2021.

Recommendation: The management of the Local Government is advised to recover the debt by raising a task force for the recovery. This Office should be informed of the steps taken to recover the debt.

IJEBU-ODE LOCAL GOVERNMENT

OLG.1395/II/175

18th August, 2021

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

MANAGEMENT REPORT ON AUDIT INSPECTION REPORT ON THE ACCOUNT OF IJEBU-ODE LOCAL GOVERNMENT, IJEBU-ODE FOR 2020 FINANCIAL YEAR

The Management of Ijebu-Ode Local Government appreciates the office of the Auditor-General for Local Governments for regular monitoring and comments on Local Government account. We also acknowledge the receipt of the Audit Report on the year 2020 financial year account and carefully examined and studied the report which necessitates this management report. In view of this instance, the position of the management is hereby stated below:

2. **DESTRUCTION OF EXHAUSTED RECEIPT COOKS**

The Local Government has applied for the destruction of exhausted receipt book via letter reference No. IOLG.1395/11/110 and approval given by office of the Auditor-General for Local Government via letter ref. No. OGLG/AUD/393/74 and the destruction was done on Tuesday, 15th September, 2020 in the presence of officer from the office of the Auditor-General for Local Government. The Local Government shall inform the office in due course whenever the needs arise for destruction of exhausted receipt in the future.

3. **AUDIT QUERIES**

Effort had been taken to get the officer mentioned to respond to the query, sooner the response would be forwarded to the office of the Auditor-General for Local Governments.

4. **CONTROL OVER CASH**

Cash Survey

The Local Government wishes to state that the cash found in the cash vault during the cash survey was that much because of the payment of monthly imprest and not that the Local Government did not comply with the cashless policy of the State Government.

5. **BANK RECONCILIATION STATEMENT**

Issues observed in the bank reconciliation statement had been addressed such as:

(a) **Direct Credit**

The Local Government has initiate a process of training her workforce most especially the revenue collectors on their duty and responsibilities as laid down in the Model Financial Memoranda for Local Governments. Also, the Treasurer has been directed to write back the direct credits so observed into the cashbook.

(b) **Uncredited /Direct Debit**

The Local Government instructed the treasurer to take a second look on the issue and make necessary action, report of the findings and action taken shall be forwarded to the office of the Auditor-General for Local Governments.

6. **NORMALIZATION OF ADVANCE LEDGER**

The recommendation of the office of the Auditor-General for Local Governments taken approval of the Finance and General Purposes Committee had also been given to carry out the recommendation.

7. **NAMING OF STREET**

The Local Government management had approved the composition of taskforce committee to see to the collection and administration of the naming of street.

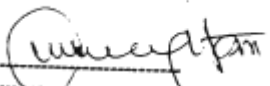
8. **DOUBTFUL EXPENDITURE**

The Local Government management is awaiting the response of Mr. Oseni Korede (Head, Works and Housing) and shall inform the office of Auditor-General for Local Governments in due course.

9. **CONCLUSION**

The management expresses satisfaction to the report and promise to be abiding by all recommendations.

Thank for your usual cooperation.


MR. PHILIP-O. OGUNPITAN
Ag. Head of Local Government Administration.