

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IKENNE 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 Ikenne 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 IKENNE LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

The accounts of Ikenne 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 IKENNE LOCAL GOVERNMENT,
IKENNE 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 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Ikenne Local Government, Ikenne for the year ended 31st December, 2020 had 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 market register and receivable ledger were not kept.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Internally Generated Revenue	33,426,754.91
Statutory Allocation	1,235,147,870.59
Aids and Grants	<u>11,300,000.00</u>
Total	<u>1,279,874,625.50</u>
EXPENDITURE	
Overhead Expenses	100,122,357.47
Salaries and Allowances	866,039,316.89
Pension	377,022,939.13
Long Term Assets	<u>20,236,000.00</u>
Total	<u>1,363,420,613.49</u>

(4) REVENUE PERFORMANCE:

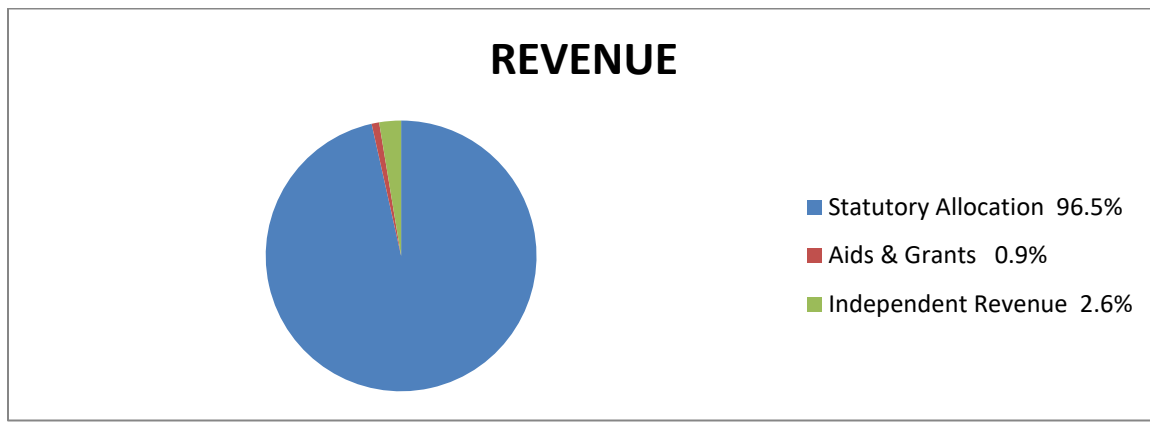
(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦43,600,000.00, a sum of ₦33,426,754.91 only was actually generated representing 76.7% of the budget. This represents a decrease of 18.2% when compared with the sum of ₦40,848,202.95 generated 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.

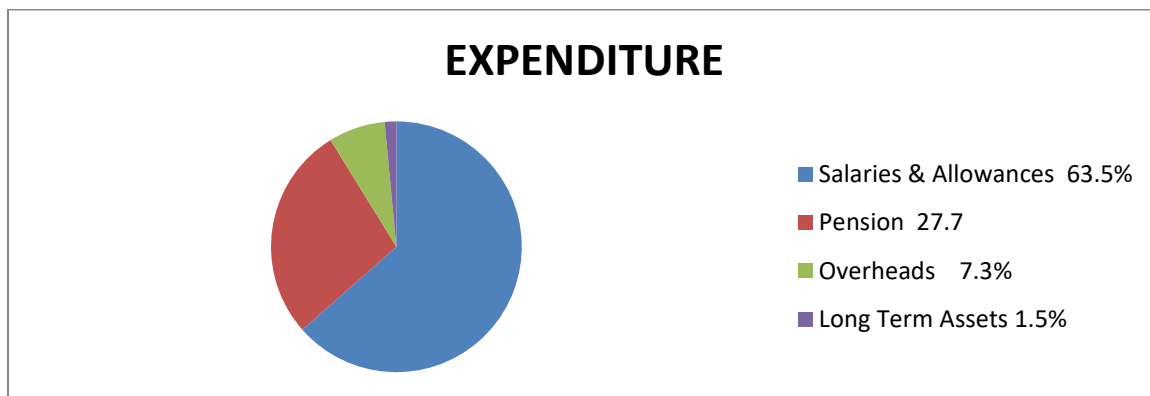
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦1,279,874,625.50 realized by the Local Government during the year under review, a sum of ₦33,426,754.91 only was generated internally. This represented 2.6% of the total revenue while the sum of ₦1,235,147,870.59 statutory allocation and ₦11,300,000.00 aids and grant received from the State Joint Account Allocation Committee represented 96.5% and 0.9% respectively. The implication of this is that without Revenue Allocation from the Federation Accounts, the Local Council Development Area 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 ₦1,363,420,613.49. Out of this, a sum of ₦100,122,357.47 was expended on overhead which represents 7.3% of the total expenditure for the year. Also, a sum of ₦866,039,316.89 was expended on salaries and allowances which represented 63.5% of the total expenditure for the year while the sum of ₦377,022,939.13 was paid to pensioners which represented 27.7%. The sum of ₦20,236,000.00 was expended on long term assets which represented 1.5% 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 ₦157,191,058.39. The liabilities are highlighted below:

	AMOUNT (₦)
1. PAYEE	46,729,770.59
2. PENSION	33,598,519.30
3. 5% DEVELOPMENT LEVY	4,424,881.72
4. VAT	9,664,554.68
5. Payables	7,239,000.00
6. OTHERS	<u>55,534,332.10</u>
TOTAL	<u>157,191,058.39</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) **ADVANCES**

The sum of ₦3,060,298.29 highlighted in the Statement of Financial Position as the advances balance was stagnant during the year. Efforts should be intensified to recover the advances.

(8) **INVESTMENT**


The sum of ₦1,177,000.00 highlighted in the Statement of Financial Position as the investment could not be verified because evidence of existence and ownership like share certificate or circumstantial evidence like dividend or interest received were not available.

IKENNE 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. Adebisi A. A. FCA
Date: 10-05-2021

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 Ikenne Local Government as at 31st December, 2020 and its operations for the year ended on the date.


Mr. Adebisi A. A. FCA
Date: 10-05-2021

Treasurer


Hon. Rotimi Akinsanya
Date: 11-03-2021

Chairman

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

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	32,718,614.29	21,388,022.33
INVENTORIES		1,578,855.00	5,089,090.29
RECEIVABLES		2,142,800.00	142,800.00
PREPAYMENT			
ADVANCE		3,060,298.29	3,060,298.29
TOTAL CURRENT ASSET (A)		<u>39,500,567.58</u>	<u>29,680,210.91</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	243,677,322.24	253,667,147.80
INVESTMENT PROPERTY	11	298,375,008.00	290,116,879.00
BIOLOGICAL ASSET	12	1,840,000.00	1,920,000.00
INVESTMENT		1,177,000.00	1,177,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>545,069,330.24</u>	<u>546,881,026.80</u>
TOTAL ASSET (C=A+B)		<u>584,569,897.82</u>	<u>576,561,237.71</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	149,952,058.39	88,418,786.64
ACCRUED EXPENSES, PAYABLES		7,239,000.00	4,744,000.00
DEFERRED INCOME		9,166,500.00	
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>166,357,558.39</u>	<u>93,162,786.64</u>
NON-CURRENT LIABILITY			
PUBLIC FUND			
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		<u>166,357,558.39</u>	<u>93,162,786.64</u>
NET ASSETS (G= C-F)		<u>418,212,339.43</u>	<u>483,398,451.07</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		418,212,339.43	483,398,451.07
TOTAL NET ASSET/EQUITY		<u>418,212,339.43</u>	<u>483,398,451.07</u>

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

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,235,147,870.59	729,101,735.36
NON-TAX REVENUE:	2	32,656,088.58	37,621,150.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	11,300,000.00	
OTHER REVENUE		770,666.33	3,227,052.95
TOTAL REVENUE (A)		<u>1,279,874,625.50</u>	<u>769,949,938.31</u>
EXPENDITURE			
SALARIES & WAGES	4	866,039,316.89	576,983,274.49
NON- REGULAR ALLOWANCE	5	-	
SOCIAL BENEFIT	6	377,022,939.13	163,479,187.05
OVERHEAD COST	7	78,524,660.91	27,734,767.66
SUBVENTION TO PARASTALS		1,350,000.00	1,650,000.00
DEPRECIATION	10 & 11	19,086,575.28	18,603,133.20
GAIN/LOSS ON DISPOSAL ON ASSET		1161121.28	
TOTAL EXPENDITURE (B)		<u>1,343,184,613.49</u>	<u>788,450,362.40</u>
SURPLUS / DEFICIT (C=A-B)		<u>-63,309,987.99</u>	<u>-18,500,424.09</u>

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

	₦
Balance 1/1/2019	-53,182,584.84
Prior Year Adjustment	555,081,460.00
Adjusted Balance	501,898,875.16
Surplus/ (deficit) for the year	-18,500,424.09
Balance 31/12/2019	483,398,451.07
Prior Year Adjustment	-1,876,123.65
Adjusted Balance	<u>481,522,327.42</u>
Surplus/ (deficit) for the year	-63,309,987.99
Balance at 31 December 2020	<u>418,212,339.43</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	1,233,147,870.59	729,101,735.36
LICENCES, FINES, ROYALTIES, FEES ETC	26,366,142.58	21,358,830.00
EARNINGS & SALES	6,289,946.00	8,027,720.00
RENT OF GOVERNMENT PROPERTIES	9,166,500.00	8,225,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	11,300,000.00	
OTHER REVENUE	770,666.33	3,227,052.95
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>1,287,041,125.50</u>	<u>769,940,338.31</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	866,039,316.89	576,983,274.49
SOCIAL BENEFIT	377,022,939.13	163,479,187.05
OVERHEADS	72,519,425.62	26,495,506.65
SUBVENTION TO PARASTATALS	1,350,000.00	550,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>1,316,931,681.64</u>	<u>767,507,968.19</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>-29,890,556.14</u>	<u>2,432,370.12</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 20,236,000.00	-4,960,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS	1,800,000.00	
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-18,436,000.00</u>	<u>-4,960,000.00</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	59,657,148.10	18,289,020.24
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>59,657,148.10</u>	<u>18,289,020.24</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>11,330,591.96</u>	<u>15,761,390.36</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	<u>21,388,022.33</u>	<u>5,626,631.97</u>
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>32,718,614.29</u>	<u>21,388,022.33</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% <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>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>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, 2020**

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

	₦
JANUARY	94,340,524.27
FEBRUARY	133,132,578.61
MARCH	97,069,898.23
APRIL	97,338,320.23
MAY	91,550,285.98
JUNE	99,074,847.21
JULY	97,382,259.10
AUGUST	102,626,751.88
SEPTEMBER	100,489,480.87
OCTOBER	860,273.49
NOVEMBER	210,894,036.12
DECEMBER	110,388,614.60
TOTAL	<u>1,235,147,870.59</u>

2. NON-TAX REVENUE

LICENCES	9,680,642.58
FEES	16,588,200.00
FINES	97,300.00
EARNINGS	1,949,400.00
RENT OF GOVERNMENT PROPERTIES	0.00
SALES	4,340,546.00
TOTAL	<u>32,656,088.58</u>

3. AIDS & GRANTS

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

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	347,029,144.03
PRIMARY SCHOOL TEACHERS	427,532,316.96
TRADITIONAL COUNCIL	77,688,215.45
POLITICAL FUNCTIONARIES	13,789,640.45
TOTAL	<u>866,039,316.89</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	377,022,939.13
TOTAL	<u>377,022,939.13</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	15,860,500.00
HOLGA	1,130,000.00
INTERNAL AUDIT	555,000.00
ADMINISTRATIVE	8,188,500.00
FINANCE	13,065,900.91
INFORMATION	2,623,250.00
P H C	7,082,500.00
AGRIC	443,010.00
WORKS	17,359,000.00
PLANNING	3,199,000.00
WES	6,782,000.00
COMMUNITY	2,236,000.00
TOTAL	<u>78,524,660.91</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	147,405.00
CASH IN BANKS	32,571,209.29
TOTAL	<u>32,718,614.29</u>

9. UNREMITTED DEDUCTIONS

PAYEE	46,729,770.59
PENSION	33,598,519.30
5% DEVELOPMENT LEVY	4,424,881.72
VAT	9,664,554.68
OTHERS	55,534,332.10
Total	<u>149,952,058.39</u>

IKEWNE LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT									
NOTE 10	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL	
BAL AS AT 01/01/2020	216,528,610.00		18,456,300.00	17,648,800.00	6,098,000.00	5,286,000.00	5,650,000.00	269,647,710.00	
ADDITION DURING THE YEAR			290,000.00		46,000.00	170,000.00	5,470,000.00	5,976,000.00	
LEGACY								0.00	
DISPOSAL DURING THE YEAR			(2,182,579.20)	(1,246,000.00)				(3,428,579.20)	
BAL C/F	216,528,610.00	-	16,563,720.80	16,402,800.00	6,144,000.00	5,456,000.00	11,100,000.00	272,195,130.80	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	4,286,372.20		1,857,630.00	6,474,160.00	1,647,000.00	1,152,400.00	563,000.00	15,980,562.20	
ADDITION DURING THE YEAR	4,330,572.20		1,656,372.08	3,280,560.00	1,536,000.00	1,091,200.00	1,110,000.00	13,004,704.28	
DISPOSAL DURING THE YEAR			(218,257.92)	(249,200.00)				(467,457.92)	
BAL C/F	8,616,944.40	-	3,295,744.16	9,505,520.00	3,183,000.00	2,243,600.00	1,673,000.00	28,517,808.56	
AS AT 31/12/2020	207,911,665.60	-	13,267,976.64	6,897,280.00	2,961,000.00	3,212,400.00	9,427,000.00	243,677,322.24	
AS AT 31/12/2019	212,242,237.80	-	16,598,670.00	11,174,640.00	4,451,000.00	4,133,600.00	5,067,000.00	253,667,147.80	
NOTE 11	IKEWNE LOCAL GOVERNMENT INVESTMENT PROPERTY								
	LAND & BUILDING 2%	LAND		TOTAL					
BAL AS AT 01/01/2020	285,833,550.00	10,000,000.00		295,833,550.00				2,000,000.00	
ADDITION DURING THE YEAR	14,260,000.00			14,260,000.00					
LEGACY				0.00					
DISPOSAL DURING THE YEAR				-					
BAL C/F	300,093,550.00	10,000,000.00	-	310,093,550.00				2,000,000.00	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	5,716,671.00			5,716,671.00				80,000.00	
ADDITION DURING THE YEAR	6,001,871.00			6,001,871.00				80,000.00	
DISPOSAL DURING THE YEAR									
BAL C/F	11,718,542.00	-	-	11,718,542.00				160,000.00	
AS AT 31/12/2020	288,375,008.00	10,000,000.00	-	298,375,008.00				1,840,000.00	
AS AT 31/12/2019	280,116,879.00	10,000,000.00	-	290,116,879.00				1,920,000.00	
						NOTE 12	BIOLOGICAL ASSET		
							BIOLOGICAL 4%		TOTAL
							2,000,000.00		2,000,000.00
							2,000,000.00		2,000,000.00
							80,000.00		80,000.00
							80,000.00		80,000.00
							160,000.00		160,000.00
							1,840,000.00		1,840,000.00
							1,920,000.00		1,920,000.00

**The Chairman,
Transition Committee,
Ikenne Local Government,
Ikenne.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IKENNE LOCAL
GOVERNMENT, IKENNE 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 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/KNN/228/2020	Unreceipted Payment	270,000.00
2.	OGLG/AQ/KNN/229/2020	Unreceipted Payment	100,000.00
3.	OGLG/AQ/KNN/230/2020	Unreceipted Payment	100,000.00
4.	OGLG/AQ/KNN/231/2020	Doubtful Expenditure	120,000.00

3. REVENUE GENERATION PERFORMANCE

Observation: During the period under review, it was observed that the Local Government proposed to generate a sum of ₦43,600,000.00 only as revenue but a sum of ₦33,426,754.91 only was actually generated. The amount generated was far below the sum of ₦40,848,202.95 generated in year 2019 financial year. Available records revealed that there were some revenue sources which were not fully tapped during the period under review. Example of such revenue sources include Radio/Television Licence where a sum of ₦1,500,000.00 was proposed as revenue for the year but a sum of ₦599,000.00 was generated. Another was the liquor licence fee in which a sum of ₦500,000.00 was proposed as revenue but a meagre sum of ₦29,500.00 was generated. This fell short of expectations and not encouraging.

Recommendation: The management is advised to be more proactive towards improved revenue generation performance during the next financial year.

4. **LOCK-UP SHOPS**

During the audit exercise, the Audit Team visited the underlisted lock-up shops within the Local Government.

(i) **SHOPS AT IKENNE ULTRA MODERN MARKET**

Observation: I wish to draw your attention to paragraph 9 of the previous inspection report Ref. No OGLG/IKNN/1/Vol.III/418 of 29th May, 2020 earlier forwarded to your Local Government where it was reported that the construction of the Ultra-Modern Market Ikenne was facilitated by the Vice-President of the Federal Republic of Nigeria, Professor Yemi Osibanjo (SAN).

The ultra-modern market comprises of 297 lock-up shops, 24 open stalls, ram and meat sellers' shops and it has been completed since December, 2019 but yet to be allocated to intending occupants as at 2019 report due to some crisis within the town.

It was however observed during the recent audit exercise that the shop and stalls appeared to have been allocated but the way and manner in which the shops & stalls were allocated left much to be desired because the names and amount paid by each of the occupants could not be ascertained. It was at the instance of the newly posted Treasurer, Mr. A. A. Adebisi that the compilation of the names and other information about the allottees were compiled to ascertain those who have paid their rent to date as well as those that have defaulted.

Further audit investigation revealed that the allottees were requested to pay ₦1,500.00 as rent for big lock-up shops while ₦500.00 is being charged for the open stalls. It may also interest you to note that as at the time, the Audit Team left your Local Government, only six (6) occupants of the shops (lock-up shops and the stalls) had paid their rent for the year 2021.

Recommendation: In view of the above, it is the advice of this Office that your Local Government should do the numbering of the shops for ease of identifying the occupants, to formalize the allocation and to recover the debt owed on the shops (lock-up and stalls) since the shops were allocated.

(ii) **SHOPS AT ILISAN AND IROLU MARKET**

Observation: It was observed that your Local Government is yet to yield to my advice as contained in paragraph 10 of the last audit inspection report Ref. No. OGLG/KNN/1/Vol.III/429 of 10th November, 2020 on the need to attend to the complaint of the occupants of the shops at Ilisan and Irolu market who requested that their shops be repaired, otherwise they would no longer pay rent on the shops allocated to them. It is unfortunate to note that your Local Government has refused to rehabilitate the shops and has continue to lose the yearly expected

revenue of the sum of Five Hundred and Sixty-Eight Thousand, Eight Hundred Naira (₦568,800.00) from the markets.

Recommendation: I wish to reiterate once again that your Local Government should attend to the complaints of the occupants by doing the rehabilitation in order for you to have the moral justification to request for rent from the occupants of the shops.

(iii) **CONSTRUCTION OF LOCK-UP SHOPS AT IPERU & ILISAN PLUS BOREHOLE AND TOILET AT IPERU**

Observation: It was observed that the Ministry of Local Government and Chieftaincy Affairs vide its letter Ref. No. CM. 289/65 of 27th May, 2020 convey its approval to your Local Government to construct a block of five (5) lock-up shops each at Iperu and Ilisan at the cost of ₦3 million each thus totaling a sum of ₦6 million approved for the projects.

Further audit investigation revealed that the Management of your Local Government at one of its F&GPC meeting approved and later increased the number of lock-up at Iperu from five (5) shops to thirteen (13) while that of Ilisan was also increased from five (5) to six (6). A total sum of ₦10,200,000.00 was observed to have been expended on the construction of the thirteen (13) lock-up shops at Iperu and the money was released to Engineer Majolagbe F.O. vide P.V Nos. 20&25/June, 23/July, 6&11/August and 4th September, 2020 respectively. It was also observed by Audit that the F&GPC at its meeting approved additional sum of ₦1.2million and ₦940,000.00 which were released vide P.V. Nos. 18/September and 11/October, 2020 to Engr. Majolagbe F.O. to construct borehole and 2 rooms toilet at Iperu shopping Complex named after the current Executive Governor of the State Prince Dapo Abiodun.

Similarly, a total sum of ₦3,920,000.00 was also observed to have been released to Engr. F.O. Majolagbe vide P.V. Nos. 19/June, 24/July and 10 September, 2020 for the construction of six (6) Lock-up shops at Ilisan. The projects had been completed and put into use.

However, its pertinent to mention that the Ministry of Local Government and Chieftaincy Affairs in its approval advised your Local Government to source for fund to complete the projects highlighted above, this Office was taken aback on the process or method adopted by your Local Government to raise money to execute these projects. It was discovered that all the present occupants of the lock-up shops at Ilisan were requested to pay ₦264,000.00 upfront including administrative charge of ₦24,000.00 as the rent for a period between 10-25 years at ₦2,000.00 per month commencing from 1st October, 2020 to 30thSeptember, 2045 and they are expected to pay an annual ground rent ₦2,500.00. The occupants of the lock-up shops at Dapo Abiodun Shopping Complex Iperu also made upfront payment of money ranging from

₦324,000.00 to ₦800,000.00 including administrative charges of ₦24,000.00 to ₦50,000.00 depending on the number of years for usage. The amount paid in advance as rent on lock-up shops covers period of 1st October, 2020 to 30th September, 2045 at ₦2,500.00 per month and to pay annual ground rent of ₦2,500.00 to the Local Government purse during these periods.

In the light of the above, it would appear that the Management of your Local Government by this singular action have mortgaged the asset of your Local Government for a period of 25years which this Office considered not to be in the best interest of your Local Government.

Recommendation: I therefore wish to advice that the duration of the usage by the present occupants of those lock-up shops at Iperu and Ilisan should be reviewed downward to a maximum of fifteen (15) years and that the yearly ground rent payable by the occupants should be increased to ₦5,000.00 per shop. Please inform this Office of the action taken upon the receipt of this report.

5. **AWARD OF IKENNE MOTOR PARK TO DKB-TRONET TECHNOLOGY LTD**
(HON OLUSOLA SONUGA)

Observation: It was observed that despite my comment in paragraph 11 of the last Audit inspection report on the need to recover the sum of ₦1.6million from Hon. Olusola Sonuga Managing Director of DLK Tronet Technology being the amount owed for the use of twelve plots of land belonging to your Local Government as motor-park, no positive action seems to have been taken to recover the amount owed by him. The contractor was invited by the Audit Team and upon interrogation, knowing fully well that it was the Management of your Local Government that gave him the letter of award for the use of land several years ago explained, that he has been paying the rent for the use of the land to officials of the State Government for the past years. This is a clear violation of the contract he signed with your Local Government and by his action depriving your Local Government of the needed revenue accruable to it.

Recommendation: In the light of the above, I wish to reiterate once again that your Local Government should withdraw the letter of award issued to Hon. Olusola Sonuga and stop him from further use of the land to collect revenue on behalf of your Local Government.

6. **RENAULT COMPACTOR**

Observation: I wish to express with dismay that despite my comment and advice in previous Audit Inspection Reports since year 2012, the management of your Local Government had remained non-chalant and not desirous of recovering the sum of ₦2,325,000.00 trapped in the hands of the Managing Director, Olat Global Auto Company for his failure to supply the Renault Compactor he ought to have supplied for the use of your Local Government.

Recommendation: I wish to reiterate once again that your Local Government should initiate legal action against the contractor to recover the money from him. Please inform this Office of the action taken within two (2) weeks of the receipt of this report.

7. **CONSTRUCTION OF REINFORCED CONCRETE DRAINAGE AT FAJEBE STREET, IKENNE**

Observation: It was observed that the approval of the Ministry of Local Government and Chieftaincy Affairs was given to your Local Government vide its letter Ref. No. C.M 35/13/Vol.VI /244 of 4th August, 2020 to construct a reinforced concrete drainage at Fajebe street in Ikenne at the cost of Eight Million, Five Hundred and Thirty-One Thousand, Seven Hundred and Fifty Naira (₦8,531,750.00) only. A sum of Five Million, and Five Hundred Thousand Naira (₦5.5Million) only had so far been released vide P.V Nos. 10/October and 1/December, 2020 to Engineer F.O. Majolagbe Director, Work and Housing.

Audit verification visit made to the site revealed that work has commenced on the project and it is still on going.

Recommendation: I wish to advice that efforts should be intensified towards the timely completion of this project in order to avert incidence of rise in cost of materials needed for the completion of the project.

IKENNE LOCAL GOVERNMENT

IKLG/560/VOL.III/86

13th August, 2021

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

**MANAGEMENT LETTER ON YEAR 2020 AUDIT INSPECTION REPORTS ON THE
ACCOUNTS OF IKENNE LOCAL GOVERNMENT, IKENNE FOR THE PERIOD OF
1ST JANUARY TO 31ST DECEMBER, 2020**

With reference to your letter No. OGLG/KNN/1/VOL.III/442 dated 24th June, 2021 on the above subject matters, the Management of this Local Government wishes to express its gratitude on your reports and to submit our positions on the issues as follows:

1. **AUDIT QUERIES**

All audit queries in report of year 2020 audit exercise is noted and the concerned officers have responded on the issues raised. The query letters have been received by the officers.

2. **CONTROL OVER CASH**

The cashier and the treasury cash book have been consistently monitored to ascertain its promptness and accuracy.

3. **DESTRUCTION OF EXHAUSTED RECEIPTS BOOKS**

The Local Government will contact the office of the Auditor-General for Local Governments has completed the compilation of the exhausted and audited receipts booklets from January, 2020 to December, 2020.

4. **REVENUE GENERATION PERFORMANCE**

The finance department is already making efforts to recover all debts owed by those that were occupying the shops for their rents. All issues on the allocations of shops will be properly handled at the Management meetings to be held accordingly. Your observations and recommendation will be adhered to strictly. The same applies to shops at Ilisan and Irolu markets respectively.

5. **AWARD OF IKENNE MOTOR PARK TO DKB-TRONET TECHNOLOGY LTD (HON. OLUSOLA SONUGA)**

The management of the Local Government has taken note of your recommendation for further actions on the above.

The same applies to your observation on the RENAULT COMPACTOR. The contractors will be invited by the Local Government according to your advice.

6. **CONSTRUCTION OF REINFORCED CONCRETE DRAINAGE AT FAJEBE STREET, IKENNE**

The reports according to Engineer F. O. Majolagbe, the Director of Works and Housing, handling the project as direct labour has confirmed that the project is about 95% completion stage.

Please, be assured of compliance with all itemized recommendations given to the Local Government.

Thank you



Mrs. N. Bola Oshin,
Head of Local Government Administration