

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, 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 Ikenne 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.

A handwritten signature in blue ink, appearing to read "L. A. Mulero", is written over a horizontal line.

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 IKENNE LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

The accounts of Ikenne 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 IKENNE LOCAL GOVERNMENT,
IKENNE 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 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, 2022 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

There was some improvements in record keeping during the year under review. However, some transactions were not properly posted to the cashbook

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Internally Generated Revenue	64,251,478.55
Statutory Allocation	1,601,017,128.33
Aids and Grants	<u>220,691,666.67</u>
Total	<u>1,885,960,273.55</u>
EXPENDITURE	
Overhead Expenses	154,668,595.46
Salaries and Allowances (including Depreciation & Loss on Disposal of Assets)	1,172,299,540.45
Pension	345,272,293.00
Long Term Assets	<u>19,855,500.00</u>
Total	<u>1,692,095,928.91</u>

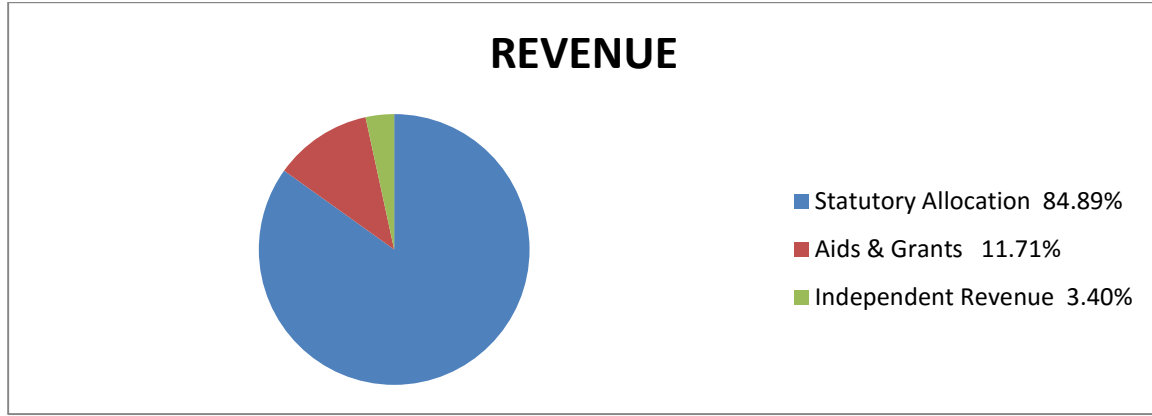
(4) REVENUE PERFORMANCE:

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦61,420,000.00, a sum of ₦64,251,478.55 only was actually generated representing 104.61% of the budget. This represents an increase of 2.48% when compared with the sum of ₦62,694,883.28 generated in year 2021. In spite of the marginal increase in revenue generated, the revenue performance does not reflect the Local Government Internally Generated Revenue (IGR) potentials. There are still leakages which has not been identified and blocked.

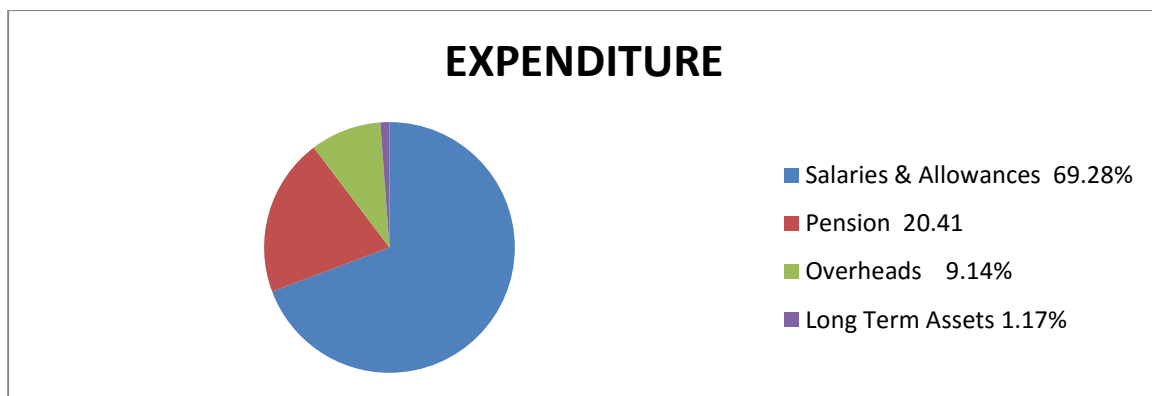
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦1,885,960,273.55 realized by the Local Government during the year under review, a sum of ₦64,251,478.55 only was generated internally. This represented 3.40% of the total revenue while the sum of ₦1,601,017,128.33 statutory allocation and ₦220,691,666.67 aids and grant received from Ogun State Government represented 84.89% and 11.71% 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 ₦1,692,095,928.91. Out of this, a sum of ₦154,668,595.46 was expended on overhead which represents 9.14% of the total expenditure for the year. Also, a sum of ₦ 1,172,299,540.45 was expended on salaries and allowances which represented 69.28% of the total expenditure for the year while the sum of ₦345,272,293.00 was paid to pensioners which represented 20.41%. The sum of ₦19,855,500.00 was expended on long term assets which represented 1.17% 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, 2022 was ₦140,748,558.71. The liabilities are highlighted below:

	AMOUNT (₦)
1. PAYEE	57,785,831.31
2. PENSION	49,356,467.24
3. 5% DEVELOPMENT LEVY	4,445,844.22
4. VAT	12,687,532.91
5. Payables	3,841,000.00
6. 5% WHT	1,663,624.67
7. OTHERS	<u>10,968,258.40</u>
TOTAL	<u>140,748,558.71</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 ₦2,680,298.29 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.



.....
Mrs. Jinadu O.F. FCNA

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



.....
Mrs. Jinadu O.F. FCNA

Treasurer



.....
Hon. Ogunleye Olusēgun

Chairman

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

	NOTES	2022	2021
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	10	12,115,982.22	5,579,306.37
INVENTORIES		1,953,710.00	1,738,186.64
RECEIVABLES		6,493,740.00	4,452,800.00
PREPAYMENT			
ADVANCE		2,680,298.29	2,680,298.29
TOTAL CURRENT ASSET (A)		23,243,730.51	14,450,591.30
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	8	245,426,576.20	237,861,253.40
INVESTMENT PROPERTY	9	495,256,262.82	305,526,571.25
BIOLOGICAL ASSET		2,375,520.00	1,760,000.00
INVESTMENT		1,177,000.00	1,177,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		744,235,359.02	546,324,824.65
TOTAL ASSET (C=A+B)		767,479,089.53	560,775,415.95
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	11	136,907,558.71	152,586,729.77
ACCRUED EXPENSES, PAYABLES		3,841,000.00	8,534,000.00
DEFERRED INCOME		16,090,500.00	9,928,500.00
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		156,839,058.71	171,049,229.77
NON CURRENT LIABILITY			
PUBLIC FUND			
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		156,839,058.71	171,049,229.77
NET ASSETS (G= C-F)		610,640,030.82	389,726,186.18
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		610,640,030.82	389,726,186.18
TOTAL NET ASSET/EQUITY		610,640,030.82	389,726,186.18

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

		2022	2021
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,601,017,128.33	1,282,008,291.79
NON TAX REVENUE	2	57,953,248.75	41,742,561.46
INVESTMENT INCOME			
INTEREST EARNED			
GAIN/LOSS ON DISPOSAL ON ASSET		2,390,000.00	
AIDS & GRANTS	3	220,691,666.67	18,000,000.00
OTHER REVENUE		3,908,229.80	20,952,321.82
TOTAL REVENUE (A)		1,885,960,273.55	1,362,703,175.07
EXPENDITURE			
SALARIES & WAGES	4	1,172,299,540.45	947,798,679.16
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	345,272,293.00	347,064,348.32
OVERHEAD COST	7	128,148,629.83	82,271,037.21
SUBVENTION TO PARASTALS		400,000.00	900,000.00
DEPRECIATION	8 & 9	26,119,965.63	19,440,040.63
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		1,672,240,428.91	1,397,474,105.32
SURPLUS / DEFICIT (C=A-B)		213,719,844.64	-34,770,930.25

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

	₦
Balance 1/1/2021	418,212,339.43
Prior Year Adjustment	6,284,777.00
Adjusted Balance	424,497,116.43
Surplus/ (deficit) for the year	-
	34,770,930.25
Balance 31/12/2021	389,726,186.18
Prior Year Adjustment	7,194,000.00
Adjusted Balance	396,920,186.18
Surplus/ (deficit) for the year	213,719,844.64
Balance at 31 December 2022	610,640,030.82

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

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	1,601,017,128.33	1,284,008,291.79
LICENCES, FINES, ROYALTIES, FEES ETC	43,005,660.00	30,959,306.46
EARNINGS & SALES	7,856,648.75	5,564,255.00
RENT OF GOVERNMENT PROPERTIES	4,252,000.00	375,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	16,691,666.67	18,000,000.00
OTHER REVENUE	3,908,229.80	20,952,321.82
TOTAL INFLOW FROM OPERATING ACTIVITIES (A)	1,676,731,333.55	1,359,859,175.07
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	1,172,299,540.45	947,798,679.16
SOCIAL BENEFIT	345,272,293.00	347,064,348.32
OVERHEADS	126,368,153.19	81,135,368.85
SUBVENTION TO PARASTATALS	400,000.00	900,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)	1,644,339,986.64	1,376,898,396.33
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	32,391,346.91	-17,039,221.26
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	-19,855,500.00	-18,921,871.68
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		380,000.00
PROCEED FROM SALE OF ASSETS	2,720,000.00	
DEFFERED INCOME	6,960,000.00	1,296,000.00
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-10,175,500.00	-17,245,871.68
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	-15,679,171.06	7,145,785.02
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	-15,679,171.06	7,145,785.02
NET CASH FLOW FROM ALL ACTIVITIES	6,536,675.85	-27,139,307.92
CASH & ITS EQUIVALENT AS AT 1/1/2022	5,579,306.37	32,718,614.29
CASH & ITS EQUIVALENT AS AT 31/12/2022	12,115,982.22	5,579,306.37

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</p>

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

NOTES TO THE GPFS FOR THE YEAR ENDED 31ST DECEMBER, 2022**1. SHARE OF STATUTORY ALLOCATION FROM JAAC**

	JANUARY	116,414,239.78
	FEBUARY	-
	MARCH	111,696,636.48
	APRIL	233,091,701.39
	MAY	-
	JUNE	117,174,770.55
	JULY	120,661,841.43
	AUGUST	125,715,589.36
	SEPTEMBER	127,168,623.87
	OCTOBER	127,049,727.19
	NOVEMBER	397,147,502.96
	DECEMBER	124,896,495.32
	TOTAL	1,601,017,128.33

2	NON-TAX REVENUE	
	LICENCES	5,281,800.00
	FEES	40,545,300.00
	FINES	17,500.00
	EARNINGS	1,530,540.00
	RENT OF GOVERNMENT PROPERTIES	4,252,000.00
	SALES	6,326,108.75
	TOTAL	57,953,248.75

3 AIDS & GRANTS

	OGUN STATE GOVERNMENT	
	NON GOVERNMENT ORGANISATION	220,691,666.67
	TOTAL	220,691,666.67

4 SALARIES & WAGES

	LOCAL GOVERNMENT STAFF	388,447,659.73
	PRIMARY SCHOOL TEACHERS	568,303,509.01
	TRADITIONAL COUNCIL	153,860,532.40
	POLITICAL FUNCTIONARIES	61,687,839.31
	TOTAL	1,172,299,540.45

5 NON- REGULAR ALLOWANCE

	LEAVE BONUS	
	TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	345,272,293.00
	TOTAL	345,272,293.00

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	38,315,000.00
	HOLGA	1,080,000.00
	INTERNAL AUDIT	495,000.00
	ADMINISTRATIVE	36,397,331.98
	FINANCE	9,760,297.87
	INFORMATION	890,500.00
	P H C	3,003,500.00
	AGRIC	369,000.00
	WORKS	29,794,999.98
	PLANNING	1,694,000.00
	WES	4,482,000.00
	COMMUNITY	1,867,000.00
	TOTAL	128,148,629.83

10 CASH & CASH EQUIVALENTS

	CASH AT HAND	795.00
	CASH IN BANKS	12,115,187.22
	TOTAL	12,115,982.22

11 UNREMITTED DEDUCTIONS

1	PAYEE	57,785,831.31
2	PENSION	49,356,467.24
3	5% TAX	1,663,624.63
4	5% VAT	12,687,532.91
5	5% DEVELOPMENT LEVY	4,445,844.22
7	OTHERS	<u>10,968,258.40</u>
	Total	<u>136,907,558.71</u>

NOTE 8 IKENNE LOCAL GOVERNMENT

SCHEDULE OF EQUIPMENT	PROPERTY, PLANT & EQUIPMENT	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUSURE 10%	TOTAL
BAL AS AT 01/01/2022	222,028,610.00			18,746,300.00	16,448,800.00	6,144,000.00	5,456,000.00	11,100,000.00	279,923,710.00
ADDITIONAL DURING THE YEAR					13,600,000.00	937,500.00	391,000.00	8,707,500.00	23,636,000.00
WORK IN PROGRESS									0.00
ADJUSTMENT ON P&M & T EQU					(1,650,000.00)				(1,650,000.00)
BAL. C/F	222,028,610.00		-	18,746,300.00	28,398,800.00	7,081,500.00	5,847,000.00	19,807,500.00	301,909,710.00
ACCUMULATED DEPRECIATION									
BAL. AS AT 01/01/2022	12,947,516.60			5,606,890.00	12,732,600.00	4,657,650.00	3,334,800.00	2,783,000.00	42,062,456.60
ADDITIONAL DURING THE YEAR	4,330,572.20			1,874,630.00	4,677,900.00	1,707,525.00	1,169,300.00	1,980,750.00	15,740,677.20
DISPOSAL DURING THE YEAR					(1,320,000.00) X				(1,320,000.00)
BAL. C/F	17,278,088.80		-	7,481,520.00	16,090,500.00	6,365,175.00	4,504,100.00	4,763,750.00	56,483,133.80
AS AT 31/12/2022	204,750,521.20		-	11,264,780.00	12,308,300.00	716,325.00	1,342,900.00	15,043,750.00	245,426,576.20
AS AT 31/12/2021	209,081,093.40		-	13,139,410.00	3,716,200.00	1,486,350.00	2,121,200.00	8,317,000.00	237,861,253.40

NOTE 9 IKENNE LOCAL GOVERNMENT

INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	BIOLOGICAL ASSET 4%	TOTAL
BAL AS AT 01/01/2022	313,515,421.68	10,000,000.00	2,000,000.00	325,515,421.68
ADDITIONAL DURING THE YEAR	200,000,000.00		724,500.00	200,724,500.00
LEGACY				0.00
DISPOSAL DURING THE YEAR				-
BAL. C/F	513,515,421.68	10,000,000.00	2,724,500.00	526,239,921.68
ACCUMULATED DEPRECIATION				
BAL. AS AT 01/01/2022	17,988,850.43		240,000.00	18,228,850.43
ADDITIONAL DURING THE YEAR	10,270,308.43		108,980.00	10,379,288.43
DISPOSAL DURING THE YEAR				
BAL. C/F	28,259,158.86	-	348,980.00	28,608,138.86
AS AT 31/12/2022	485,256,262.82	10,000,000.00	2,375,520.00	497,631,782.82
AS AT 31/12/2021	295,526,571.25	10,000,000.00	1,760,000.00	307,286,571.25

The Executive Chairman,
Ikenne Local Government,
Ikenne.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IKENNE LOCAL
GOVERNMENT, IKENNE FOR THE YEAR ENDED 31ST DECEMBER, 2022**

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. BANK RECONCILIATION STATEMENT

During the audit examination of the bank reconciliation statements, the followings were observed: -

Observation: i) Dormant Bank Accounts: I wish to refer to paragraph 4(1) of the Audit Inspection Report No. OGLG/KNN/I/VOL.III/475 of 2nd February, 2023 where it was reported that a sum of Ninety-Five Thousand, Four Hundred and Thirty-One Naira, Seventy-Seven Kobo (₦95,431.77) was the dormant bank balances in the bank accounts of your Local Government for several years. The recent Audit exercise however revealed that the dormant bank balance of a sum of Ninety-Five Thousand, Four Hundred and Thirty-One Naira, Seventy-Seven Kobo (₦95,431.77) had been written off into the cashbook vide P.V 24/December, 2022. The Director of Finance and Supplies upon interrogation explained that the Account number of United Bank for Africa with dormant balance of Seventeen Thousand and Ninety-One Naira, Fifteen Kobo (₦17,091.15) could not be traced after several attempt and visit to the bank, while that of Irolu Microfinance Bank with a balance of Seventy-Six Thousand, Seven Hundred and Ninety-Seven Naira, Eighty-One Kobo (₦76,797.81) was reported to have gone distressed several years ago. The bank balances in Access Bank Plc and Wema Bank Plc to the tune of One

Thousand Five Hundred and Twenty-Six Naira, Eighty-One (₦1,526.81) and Four Naira (₦4.00) respectively appears to be immaterial and that was why she took the decision to write them off into the cashbook in order to tidy up the account of your Local Government.

Recommendation: Please always ensure that all your bank account remain active and discontinue the keeping of long list of bank account without any cogent reason(s) to do so.

Observation: (ii). Direct Debit: I wish to refer to paragraph 7 of the last Audit Inspection Report No. OGLG/KNN/I/Vol.III/475 of 2nd February, 2023 where it was observed that in February, 2022 a sum of One Million and Eighty-Five Thousand, Seven Hundred and Seventy-Five Naira, Fifty-Five Kobo (₦1,085,775.55) was the check off dues of members of staff of your Local Government that was found to have been debited twice on 2nd and 4th February 2021 in your Access bank salary account No. 0815170448 and remitted to the central salary payment platform at the Local Government Service Commission. Further Audit scrutiny revealed that one of the payments had cleared while the other one is still standing as direct debit in the bank reconciliation statement of your Local Government and yet to be reversed.

It was surprising to note during the recent Audit exercise that the Director of Finance and Supply (Alhaja Fatmat Jinadu) had gone ahead to raise payment voucher No. 22/December, 2022 to write off the sum of One Million and Eighty-Five Thousand, Seven Hundred and Seventy-Five Naira, Fifty-Five kobo (₦1,085,775.55) from the cashbook. The Director of Finance and Supply, when put on enquiry, explained that she made several attempts to ensure that the sum involved is reversed by the Access Bank Plc through the Ministry of Local Government and Chieftaincy Affairs but all proved abortive.

Audit investigation further revealed that the Polaris Bank Account No. 4030010494 where the check off due were transferred to from Access Bank was a bank account opened in the name of the Local Government Service Commission by the Ministry of Local Government and Chieftaincy Affairs whose staff are the signatories and have access to any information relating to the Account.

Recommendation: It is in the light of the above, I wish to urge the Management of your Local Government to request the Ministry of Local Government and Chieftaincy Affairs to present to you the Bank Statement of the Polaris Bank Account No. 4030010494 for you to trace the sum of One Million and Eighty-Five Thousand, Seven Hundred and Seventy-Five Naira, Fifty-Five Kobo (₦1,085,775.55) transferred into the account as check off dues in the month of February, 2021 and ensure that the sum involved which was debited twice is reversed and credited into the bank account of your Local Government.

Failure to do this will leave this Office with no choice than to drag the Management of your Local Government and the Official of the Ministry of Local Government and Chieftaincy Affairs to the State House of Assembly for further necessary action on the matter.

Observation: iii) Uncredited Lodgment:- It was surprising to note that despite my comment in paragraph 4 (iv) of the last inspection report that little or nothing was done by the Director of Finance and Supplies to ensure that the uncredited accumulated sum of One Hundred and Fifty Thousand, Two Hundred Naira (₦150,200.00) is credited. The uncredited lodgments dates back to September, 2018 up to November, 2021.

Recommendation: I therefore wish to reiterate my earlier advice that the Treasurer should investigate all the uncredited lodgments and ensure that all the amount involved are credited into your bank accounts without any further delay.

3. LOCK UP SHOPS AT IKENNE ULTRA MODERN MARKET

Observation: It is becoming worrisome to note that despite my comments in previous inspection reports, the Management of your Local Government appears to be non-challant in addressing some of the issues highlighted in the reports. The irregularities bother on the way and manner in which the shops were allocated especially those that were allocated via proxy and the attendant rifts which were yet to be resolved. Up till now, most of the lock up shops were still under lock and key and the purported occupants had refused to pay a dime into the coffers of the Local Government.

The Director, Finance and Supplies upon interrogation explained that several attempts were made by her to locate the occupiers of those lock up shops that were under lock and key but all efforts proved abortive. During the just concluded audit exercise, the attention of the Executive Chairman was drawn to some of these irregularities but it appears that the Management of the Council is helpless because some of those individuals and corporate bodies that are holding unto the Council(s) property without paying a dime appear to be sacred cows and untouchable.

Recommendation: It is on this note that I wish to reiterate my earlier advice that you take concrete decision at your Finance and General Purpose Committee (F&GPC) meeting and find a lasting solution to all the irregularities observed in the allocation of shops at the markets. All the occupants of both the lock up shops and open stall should be compelled to pay the required fees as rent into the coffer of your Local Government without any further delay.

4. SHOPS AT ILISHAN AND IROLU MARKETS

Observation: I wish to draw your attention to paragraph 6 of the last Inspection Report and other previous reports and to say that it is becoming worrisome to note that for several years now, your Local Government had refused to yield to the advice of this Office on the need to carry out the rehabilitation of work on most of

the shops in Ilishan and Irolu markets which had been in a terrible state of disrepair. Your inability to rehabilitate the shops has prevented your Local Government from realizing or generating the yearly expected revenue of the sum of Five Hundred and Sixty-Eight Thousand, Eight Hundred Naira (₦568,800.00) from the markets.

This issue was raised at the two (2) previous exit meetings held by the team of Auditors with the Executive Chairman where the Chairman gave assurances that appropriate action shall be taken on the market. It is therefore disheartening to note during the recent audit exercise that no action had been taken on the markets which is one of the revenue generation source for your Local Government.

Recommendation: Please ensure that concrete action is taken without any further delay and put a total stop to loss of revenue from these markets.

5. CONSTRUCTION OF MARRIAGE REGISTRY AT THE LOCAL GOVERNMENT SECRETARIAT, IKENNE.

Observation: I wish to refer to paragraph 7 of the previous Inspection Report and to observe with dismay that for over one year now, no significant work was done at this abandoned project which ought to have been completed since July 2021. Available records revealed that a sum of Five Million, Five Hundred Thousand Naira (₦5,500,000.00) had so far been expended on this project leaving a balance of Two Million, Three Hundred and Seventy-Nine Thousand, Seven Hundred and Fifty Naira (₦2,379,750.00) to release for the completion of the project.

The attention of the Executive Chairman Hon. Olusegun Ogunleye was drawn to this project during the last audit exercise and he gave his assurance that efforts shall be taken to complete the project but up till now, the project had remained abandoned.

Recommendation: In the light of the above, I wish to urge the Executive Chairman and his team to make the completion of the project a priority and ensure that the remaining balance of the sum of Two Million, Three Hundred and Seventy-Nine Thousand, Seven Hundred and Fifty Naira (₦2,379,750.00) meant for the completion of the project is released without any further delay in order to avoid variation in cost of the project.

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

Observation: I wish to refer to paragraph 8 of the last Audit Inspection Report No OGLG/KNN/I/Vol.III/475 of 13th May, 2023 on the above subject and to observe that after several meetings held with Hon. Olusola Sonuga, the Managing Director of **DKB-Tronet Technology Limited** nothing serious had been done. During these meeting, Hon. Olusola S. agreed to commence to pay a sum of Sixty Thousand Naira (₦60,000.00) only monthly effective from 1st January, 2022 into the coffers of your Local Government for the use of twelve (12) plots of land belonging to the Local Government as Trailer Park. Since then, a sum of Two Hundred and Forty Thousand Naira (₦240,000.00) only was discovered to have been paid by Hon. Olusola Sonuga vide Revenue Voucher and Treasury no 62/00018643 for January-April, 2022.

The recent audit exercise however revealed that Hon. Olusola Sonuga had reneged on his earlier promises as agreed your Local Government to begin paying Sixty Thousand Naira (₦60,000.00) monthly as rent into the coffers of your Local Government for the use of twelve plots of land as motor park. The Director of Finance and Supplies upon interrogation informed the Audit Team that Hon. Olusola Sonuga purportedly said the land in question had been leased to him some years back by the previous Administration. He explained further that Hon. Olusola Sonuga presented some documents to her and HOLGA for sighting to support his assertion, but none of such document could be found in any of the files and records

at the Local Government Secretariat and neither did Hon. Olusola Sonuga allowed your officials to make photocopies of such documents. Hon, Olusola Sonuga also affirmed that now that collection of fees at motor park had been taken over by the State Government, he is no longer under obligation to pay money into the coffers of your Local Government and that the sum of Two Hundred and Forty Thousand Naira (₦240,000.00) he earlier paid for the month of January to April 2023 being an indigene of your Local Government was as kind donation towards the development of Ikenne Local Government.

Recommendation: In the light of the above, it is the candid opinion of this Office that the purported lease of the land in question to Hon. Olusola Sonuga for a period of (99) Ninety-Nine years appear to be an outright sale the landed property and should therefore be investigated and if confirmed to be true should be reviewed downwards to a period of Twenty-Five (25) years in line with current economic realities. Failure to do this will leave this Office with no choice than to drag the management of your Local Government and Hon. Olusola Sonuga to the Public Account Committee of the State House of Assembly for further necessary action or sanction(s).

7. RENAULT COMPACTOR

Observation: I wish to state that it is disheartening and also becoming worrisome to note that for over ten years now, successive Administration and even up till now have not been able to recover the sum of Two Million, Three Hundred and Twenty-Five Thousand Naira (₦2,325,000.00) still trapped in the hand of Mr. Ola Akinyemi Managing Director, Olart Global Autos of 222, Herbert Macaulay Way Alagomeji Ebute Metta, Lagos for his failure to supply the Renault Compactor he ought to have supplied since year 2012.

Audit scrutiny of available documents however revealed that on 21st December, 2020 a letter was forwarded to the former Chairman of the Transition

Committee of your Local Government by one David O Odunsi of No 8 Old Lagos Road, Obalende Ijebu Ode, a solicitor to the Managing director of Olart Global Autos. In the letter, the solicitor affirmed the indebtedness of his client to your Local Government to the tune of Two Million Three Hundred and Twenty-Five Thousand Naira (₦2,325,000.00) only but explained further that a sum of Five Hundred Thousand Naira (₦500,000.00) had been paid by his client to Hon. Tajudeen Salako (former Chairman, Transition Committee) to offset part of his indebtedness. This claim could not be verified by the Audit Team since there was no evidence of such payment in the cashbook and bank statements of your Local Government.

Recommendation: I therefore wish to reiterate my earlier advice and to urge the Executive Chairman to verify the payment of the sum Five Hundred Thousand Naira (₦500,000.00) given to Hon. Tajudeen Salako and ensure that the sum is paid into the coffers of your Local Government and that legal action be taken to recover the sum of Two Million Three Hundred and Twenty-Five Thousand Naira (₦2,325,000.00) still trapped in the hands of Managing director of Olart Global Autos. Failure upon which the Management of your Local Government and the Contractor will be dragged to the Public Account Committee of the state House of Assembly for appropriate sanction. Attached herewith is the copy of the letter dated 21st December, 2020 addressed to the Chairman Transition Committee by David. O Odunsi & Co, the solicitor to Mr. Ola Akinyemi Managing Director, Olart Global Autos of 222, Herbert Macaulay Way Alagomeji Ebute-Metta, Lagos.

Appendix A

8. DORMANT ADVANCES

Observation: It was observed that situation had remained the same for over 5 years now on the outstanding balances of the personal advance granted to some members of your staff several years ago. The outstanding dormant advance is Two

Million, Six Hundred and Eighty Thousand, Two Hundred and Ninety-Eight Naira, Twenty-Nine kobo (₦2,680,298.29) as at 31st December, 2022. The advance has remained dormant for years. The Management of your Local Government appears to have done little or nothing to recover the advances. This inaction contravenes Chapter 16:12 of Model Financial Memoranda for Local Governments which requires that personal advances must be paid on regular monthly instalments deducted at source from monthly salary payments. Investigation into the reasons for the dormancy revealed that most of the beneficiaries have been posted to other Local Governments and the deduction made for the repayment of such advances were not remitted back to your Local Government while some of the officers have retired or deceased.

Recommendation: I therefore wish to reiterate my earlier advice that your Local Government should take advantage of the Central Salary Payment Platform for Local Government Staff domiciled at the Local Government Service Commission to effect deduction of these advances and also liaise with the Bureau of Local Government Pension for the recovery of outstanding advances from retired staff.

9. NAMING OF STREET:

Observation: It was observed that the Local Government presently charge a sum of One Hundred Thousand Naira (₦100,000.00) only as fees for allocation and naming of street to interested individuals and corporate bodies within the Local Government, while a sum of ₦5,000.00 per annum was approved as fees for the renewal of street.

Audit scrutiny of available records and files revealed that many of the streets approved long time ago had not been paying their annual renewal fees of ₦5,000.00 and that your Local Government still has an outstanding sum of Four Million and Thirty-Five Thousand, Five Hundred Naira (₦4,035,500.00) yet to be

recovered as fees from the renewal of streets within your Local Government locality which dates back to year 1985.

Recommendation: In the light of the above, I wish to implore the management of your Local Government to set up necessary machinery to recover the outstanding sum of Four Million and Thirty-Five Thousand, Five Hundred Naira (₦4,035,500.00) derivable from the renewal of streets without any further delay. Please ensure that leakages observed are blocked in order to meet up with your revenue target derivable from naming of street for the subsequent years.

10. ENCROACHMENT ON LOCAL GOVERNMENT LAND AT THE SECRETARIAT, IKENNE

Observation: Audit investigation revealed that some unscrupulous individuals and land grabbers were beginning to encroach on your Local Government land at the Secretariat from the rear end i.e. Sagamu-Benin Expressway axis where the oil plantation and new cocoa plantation are located. The attention of the Executive Chairman and other management staff was drawn to this issue at the exit meeting held with them by the Team of Auditors.

Recommendation: In the light of the above, I wish to implore the management of your Local Government to take urgent steps to remedy the situation. The erection of sign post bearing the name of your Local Government should be placed at strategic location of the land to discourage prospective buyers. Please ensure that legal action is taken against those individuals who have encroached on part of the land without any further delay.

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

MANAGERMENT LETTER ON THE ACCOUNT OF IKENNE LOCAL GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2022.

Reference to your letter dated 2nd June, 2023 on the above subject, the management wishes to express its gratitude on your reports and to submit our position on the issues raised in the reports as follows;

1. DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

The Auditor General's Comment/Advise on the destruction of exhausted receipts is noted for necessary actions.

2. BANK RECONCILIATION STATEMENT

All issues relating to the above which include; Dormant Bank Account, Direct debit in relation to a Polaris Account Number 4030010494, in the name of Local Government Service Commission and The Ministry of Local Government and Chieftaincy Affairs as the Custodian in been worked upon by the management. And the Uncredited Lodgment is been attended to. The management will inform your office in due course on the progress there on.

3. LOCK UP SHOPS AT IKENNE ULTRA MODERN MARKET

The issue has been raised by the Director of Finance at the management meeting held before now and it was deliberated upon at the F&GPC meeting today 20th June 2023. A committee has been set up to be headed by the Vice Chairman and 2 Political Consultant and the Honorable Councilors representing Ikenne Ward alongside the career officers to set up all

machineries necessary to recover the unpaid rent or reallocate to new occupants.

4. SHOPS AT ILISAN AND IROLU MARKETS

I wish to state here that it's not that the management is not willing to take action on the advice of your office in this regards. We appreciate you for the professional advice given from time to time and as such will do the needful when there is financial capability.

5. CONSTRUCTION OF MARRIAGE REGISTRY AT THE LOCAL GOVERNMENT SECRETARIAT IKENNE.

The management has listed this project among the project to be given priority over the new ones.

6. The management wish to appreciate your good office once again and state that all issues raised' vis,

- Award of Ikenne Motor park to DKB TRONET Technology Ltd (Hon. Olusola Sonuga)
- RENAULT CONDRACTOR
- DORMANT ADVANES
- NAMING OF STREET
- ENCHOACHMENT ON LOCAL GOVERNMENTLAND AT THE SECRETARIAT, IKENNE will be giving necessary attention needed and positive response will be forwarded to your office as soon as possible.

Thank you.


Mr. Olaleye R. A
Head of Local Government Administration