

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IMEKO/AFON LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

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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 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 Imeko/Afon 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 IMEKO/AFON LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

The accounts of Imeko/Afon 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 IMEKO/AFON LOCAL GOVERNMENT, IMEKO FOR THE YEAR ENDED 31ST DECEMBER, 2020

In compliance with the provisions of Section 123 of Decree 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 Imeko/Afon Local Government, Imeko 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 has been some improvement in accounting and record keeping during the year.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Internally Generated Revenue	9,698,949.98
Statutory Allocation	1,440,775,063.42
Aids and Grants	9,000,000.00
Total	<u>1,459,474,013.40</u>
EXPENDITURE	
Salaries and Allowances	1,044,063,795.11
Overhead Expenses	47,100,669.79
Pensions	422,980,281.41
Long Term Assets	
Total	<u>1,514,144,746.31</u>

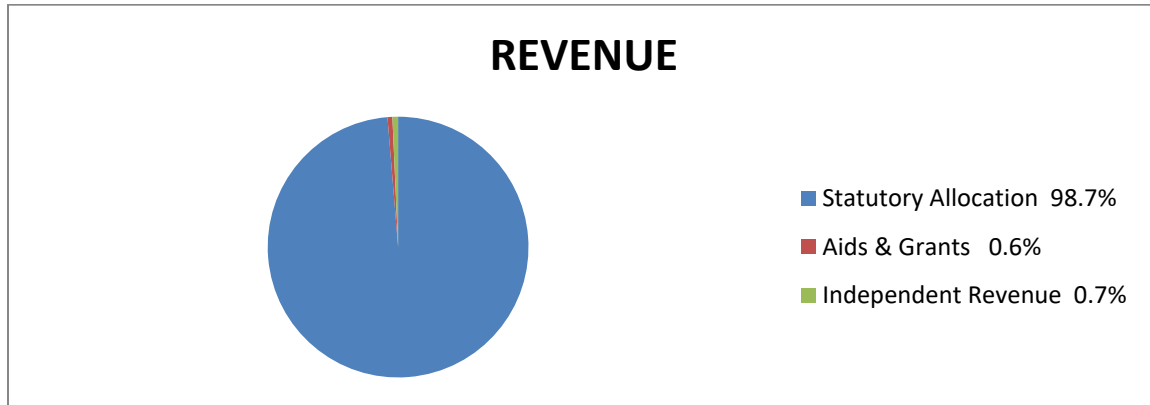
(4) REVENUE PERFORMANCE

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦25,000,000.00, a sum of ₦9,698,949.98 only was actually generated internally and this represented 38.8% of the budget. This amounted to a rise of 2.2% when compared with the sum of ₦9,487,239.09 generated in year 2019. The revenue performance generally is not impressive and is an indication that the Local Government did not harness its Internally Generated revenue (IGR) potentials maximally or there were leakages which has not been identified.

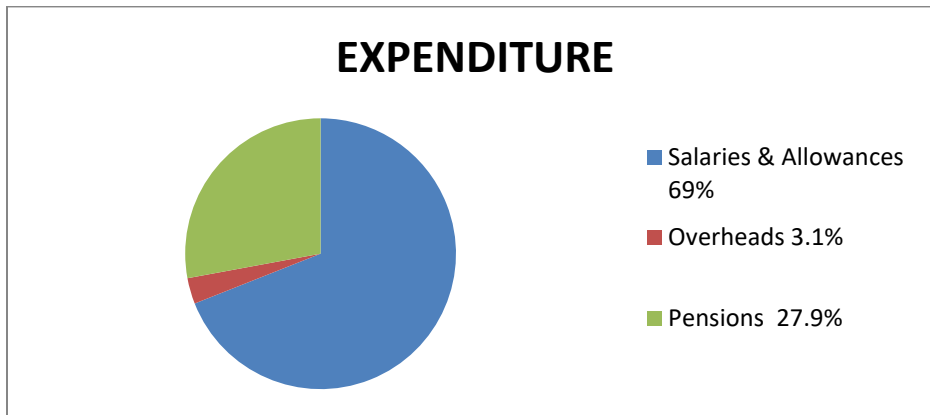
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,459,474,013.40 realized by the Local Government during the year under review, a sum of ₦9,698,949.98 only was generated internally. This represented 0.7% of the total revenue while the sum of ₦1,440,775,063.42 statutory allocation and ₦9,000,000.00 aids and grant received from the State Joint Account Allocation Committee represented 98.7% and 0.6% 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**

Out of ₦1,514,144,746.31 total expenditure for the period, a sum of ₦47,100,669.79 was expended on overhead which represented 3.1% of the total expenditure. A sum of ₦1,044,063,795.11 was expended on Salaries and Allowances which represented 69% of expenditure. Also, the sum of ₦422,980,281.41 was expended on pensions and this represents 27.9% of the total expenditure. The pattern of expenditure does not augur well for meaningful development in the Local Government.



(6) **DEBT PROFILE/STATE OF INDEBTEDNESS**

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2020 was ₦161,491,898.83. The liabilities are highlighted below:

<u>ITEMS</u>	<u>AMOUNT ₦</u>
1. VAT	7,279,490.95
2. DEVELOPMENT LEVY	527,432.96
3. 5% WITHOLDING TAX	1,201,032.71
4. PAYE	86,647,097.86
5. PENSION	49,798,554.61
6. Payable	4,331,115.28
7. OTHERS	<u>11,707,174.46</u>
TOTAL	<u>161,491,898.83</u>

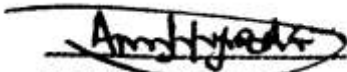
It was observed that the above amount had been deducted from various contracts, salaries and allowances of workers and had not been remitted to the appropriate agencies as required by regulations.

IMEKO/AFON LOCAL GOVERNMENT

RESPONSIBILITY FOR FINANCIAL STATEMENT

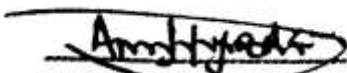
These financial statements have been prepared by me in accordance with the provisions of Finance (Control and Management) Act Cap 144 LFN 1990 as amended. The financial statements comply with Generally Accepted Accounting Practice.


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 Majiyagbe M.O
Treasurer
Date: 24/12/2021

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


Mr Majiyagbe M.O
Treasurer
Date: 24/12/2021


Hon. Olusola Oke
Chairman
Date: 25/12/21

IMEKO/AFON LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	-65,156,972.20	-36,980,523.32
INVENTORIES		1,550,766.00	3,959,706.74
RECEIVABLES		4,107,350.00	1,614,550.00
PREPAYMENT			
ADVANCE			
TOTAL CURRENT ASSET (A)		<u>-59,498,856.20</u>	<u>-31,406,266.58</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	182,480,802.64	189,777,704.48
INVESTMENT PROPERTY	11	44,003,612.16	44,920,354.08
BIOLOGICAL ASSET	12		
INVESTMENT		50,000.00	50,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>226,534,414.80</u>	<u>234,748,058.56</u>
TOTAL ASSET (C=A+B)		<u>167,035,558.60</u>	<u>203,341,791.98</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	157,160,783.55	140,916,702.17
ACCRUED EXPENSES, PAYABLES		4,331,115.28	1,414,400.00
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>161,491,898.83</u>	<u>142,331,102.17</u>
NON-CURRENT LIABILITY			
PUBLIC FUND		44,385.00	44,385.00
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		<u>44,385.00</u>	<u>44,385.00</u>
TOTAL LIABILITY (F=D+E)		<u>161,536,283.83</u>	<u>142,375,487.17</u>
NET ASSETS (G= C-F)		<u>5,499,274.77</u>	<u>60,966,304.81</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		5,499,274.77	60,966,304.81
TOTAL NET ASSET/EQUITY		5,499,274.77	60,966,304.81

IMEKO/AFON LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2020

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,440,775,063.42	784,501,551.99
NON-TAX REVENUE:	2	8,851,100.00	8,905,575.00
INVESTMENT INCOME			
INTEREST EARNED			2,973.98
AIDS & GRANTS	3	9,000,000.00	
OTHER REVENUE		847,849.98	578,690.11
TOTAL REVENUE (A)		<u>1,459,474,013.40</u>	<u>793,988,791.08</u>
EXPENDITURE			
SALARIES & WAGES	4	1,044,063,795.11	654,995,428.99
NON- REGULAR ALLOWANCE	5	-	
SOCIAL BENEFIT	6	422,980,281.41	141,157,236.12
OVERHEAD COST	7	38,687,026.03	12,305,201.87
SUBVENTION TO PARASTALS		200,000.00	100,000.00
DEPRECIATION	10 & 11	8,213,643.76	8,163,643.76
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		<u>1,514,144,746.31</u>	<u>816,721,510.74</u>
SURPLUS / DEFICIT (C=A-B)		<u>-54,670,732.91</u>	<u>-22,732,719.66</u>

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

	₦
Balance 1/1/2019	-154,887,381.47
Prior Year Adjustment	238,586,405.94
Adjusted Balance	83,699,024.47
Surplus/ (deficit) for the year	-22,732,719.66
Balance 31/12/2019	60,966,304.81
Prior Year Adjustment	-796,297.13
Adjusted Balance	<u>60,170,007.68</u>
Surplus/ (deficit) for the year	-54,670,732.91
Balance at 31 December 2020	<u>5,499,274.77</u>

IMEKO/AFON LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	1,438,775,063.42	784,501,551.99
LICENCES, FINES, ROYALTIES, FEES ETC	6,466,800.00	7,299,000.00
EARNINGS & SALES	1,771,500.00	867,775.00
RENT OF GOVERNMENT PROPERTIES	120,000.00	63,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		2,973.98
DOMESTIC AIDS & GRANTS	9,000,000.00	
OTHER REVENUE	847,849.98	578,690.11
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>1,456,981,213.40</u>	<u>793,312,991.08</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	1,044,063,795.11	654,995,428.99
SOCIAL BENEFIT	422,980,281.41	141,157,236.12
OVERHEADS	33,361,370.01	11,875,464.75
SUBVENTION TO PARASTATALS	200,000.00	100,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>1,500,605,446.53</u>	<u>808,128,129.86</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>-43,624,233.13</u>	<u>-14,815,138.78</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS		
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		107,240.00
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	0.00	107,240.00
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	15,447,784.25	14,959,299.33
PUBLIC FUND		44,385.00
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>15,447,784.25</u>	<u>15,003,684.33</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>-28,176,448.88</u>	<u>295,785.55</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	-36,980,523.32	-37,276,308.87
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>-65,156,972.20</u>	<u>-36,980,523.32</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	109,946,116.39
FEBRUARY	151,231,620.83
MARCH	112,585,895.58
APRIL	113,210,394.67
MAY	116,399,831.24
JUNE	110,663,822.21
JULY	122,691,223.43
AUGUST	124,644,375.48
SEPTEMBER	124,848,593.15
OCTOBER	1,124,621.18
NOVEMBER	224,619,479.86
DECEMBER	128,809,089.40
TOTAL	<u>1,440,775,063.42</u>

2. NON-TAX REVENUE

LICENCES	3,552,150.00
FEES	2,861,650.00
FINES	53,000.00
EARNINGS	1,771,500.00
RENT OF GOVERNMENT PROPERTIES	612,800.00
SALES	0.00
TOTAL	<u>8,851,100.00</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	9,000,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>9,000,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	345,189,128.39
PRIMARY SCHOOL TEACHERS	612,520,429.26
TRADITIONAL COUNCIL	78,188,209.46
POLITICAL FUNCTIONARIES	8,166,028.00
TOTAL	<u>1,044,063,795.11</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	422,980,281.41
TOTAL	<u>422,980,281.41</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	14,440,000.00
HOLGA	188,000.00
INTERNAL AUDIT	165,000.00
ADMINISTRATIVE	5,021,715.28
FINANCE	5,574,810.75
INFORMATION	4,067,000.00
P H C	436,000.00
AGRIC	540,000.00
WORKS	4,895,500.00
PLANNING	1,390,000.00
WES	1,517,000.00
COMMUNITY	452,000.00
TOTAL	<u>38,687,026.03</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	4,902.35
CASH IN BANKS	- 65,161,874.65
TOTAL	<u>- 65,156,972.30</u>

9. UNREMITTED DEDUCTIONS

1. VAT	7,279,490.95
2. DEVELOPMENT LEVY	527,432.96
3. 5% WITHHOLDING TAX	1,201,032.71
4. PAYE	86,647,097.86
5. PENSION	49,798,554.61
Total	<u>157,160,783.55</u>

NOTE 10	IMEXO AFON LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT							
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL
BAL AS AT 01/01/2020	168,774,086.00		22,865,887.68	3,933,369.24	1,388,350.00	2,255,350.00	500,000.00	199,717,042.92
ADDITION DURING THE YEAR								0.00
LEGACY								0.00
DISPOSAL DURING THE YEAR								-
BAL C/F	168,774,086.00	-	22,865,887.68	3,933,369.24	1,388,350.00	2,255,350.00	500,000.00	199,717,042.92
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	3,465,481.72		2,372,588.77	1,740,943.85	914,587.50	1,445,736.60		9,939,338.44
ADDITION DURING THE YEAR	3,375,481.72		2,286,588.77	786,673.85	347,087.50	451,070.00	50,000.00	7,296,901.84
DISPOSAL DURING THE YEAR								-
BAL C/F	6,840,963.44	-	4,659,177.54	2,527,617.70	1,261,675.00	1,896,806.60	50,000.00	17,236,240.28
AS AT 31/12/2020	161,933,122.56	-	18,206,710.14	1,405,751.54	1,261,675.00	358,543.40	450,000.00	182,480,802.64
AS AT 31/12/2019	165,308,604.28	-	20,493,298.91	2,192,425.39	473,762.50	809,613.40	500,000.00	189,771,704.48
NOTE 11	IMEXO AFON LOCAL GOVERNMENT INVESTMENT PROPERTY							
	LAND & BUILDING 2%	LAND						TOTAL
BAL AS AT 01/01/2020	45,837,096.00							45,837,096.00
ADDITION DURING THE YEAR								0.00
LEGACY								0.00
DISPOSAL DURING THE YEAR								-
BAL C/F	45,837,096.00	-						45,837,096.00
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	916,741.92							916,741.92
ADDITION DURING THE YEAR	916,741.92							916,741.92
DISPOSAL DURING THE YEAR								-
BAL C/F	1,833,483.84	-						1,833,483.84
AS AT 31/12/2020	44,003,612.16	-						44,003,612.16
AS AT 31/12/2019	44,920,354.08	-						44,920,354.08

The Chairman,
Transition Committee,
Imeko/Afon Local Government,
Imeko.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IMEKO AFON
LOCAL GOVERNMENT, IMEKO 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 details audit queries are as followed:-

S/N	QUERY NO	SUBJECT	AMOUNT ₦
1.	OGLG/AQ/IMK/153/2020	Expenditure not supported with proper records of accounts	3,804,750.00
2.	OGLG/AQ/IMK/154/2020	Expenditure not supported with proper records of accounts	600,000.00
3.	OGLG/AQ/IMK/155/2020	Expenditure not supported with proper records of accounts	140,000.00
4.	OGLG/AQ/IMK/156/2020	Doubtful Expenditure	450,000.00

3. **EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OF
ACCOUNTS**

Construction of a Block of Two Classrooms with an Office at Oke-Agbede in Imeko.

Observation: During the period under reference, a sum of ₦4,450,000.00 was approved to construct a block of two (2) classrooms with an office at Oke-Agbede, Imeko within the Local Government. The contract was awarded to Ojuolape Engineering Co. Ltd of Suite 24/25 Mowe Central Market, Mowe Ofada/Mokoloki, Ogun State.

The ₦4,450,000.00 was inclusive of 7.5% VAT of ₦333,750.00. This implied that the net cost of the project was ₦4,116,250.00. The money had been paid completely to the contractor.

Audit visitation to the project site and our observation during the examination of the related payment vouchers revealed as follows:

- i. That due process was not followed in choosing the contractor for the project, because the selection of the contractor appeared not to be competitive.
- ii. That the Engineer of the Local Government appeared not to be involved in supervising the project, because he did not write any situation reports on it.
- iii. That architectural drawing of the project was not attached to the payment voucher.
- iv. That no receipt of progress payments was issued by the contractor and attached to the payment voucher, whereas he had been paid.
- v. That no certificate was issued by the project client certifying the standard and quality of work done on the project before the second payment was made.
- vi. The following defects were also observed on the project:
 - a) The iron door installed in one of the classrooms was at the verge of being collapsed during the visit. The door was not properly fixed.
 - b) The wall plastered had been cracking.
 - c) The black boards fixed in the classrooms were poorly constructed.

Recommendation: In view of the above and the defects identified, the contractor (Ojuolape Engineering Co. Ltd) should be instructed to return to the site to correct the defects.

4. **Dormant Bank Accounts**

Observation: It was emphasized in the last Audit Inspection Report with reference No. OGLG/IAF/1/VOL.III/192 dated 26th March, 2018, OGLG/IAF/1/VOL.III/202 of 18th April, 2019 and OGLG/IAF/VOL.III/208 of 28th February, 2020 that the Local Government should either close down its dormant bank accounts if they are no longer necessary or activate and merge them with the existing bank accounts for the use of the Local Government. (Appendix A) The Audit team observed that the dormant bank accounts were not yet activated or closed as advised in the previous audit reports, because the bank accounts were still dormant as at the time of writing this report.

Recommendation: You are therefore advised again to either close the dormant bank accounts or reactivate them.

5. **CONSTRUCTION OF DEEP WELL**

Observation: During the recently concluded audit exercise, the physical verification visit made to the project site at Oniji Village Imeko revealed that the project was on-going. It was observed from the payment vouchers, that the amount approved for the project was ₦1,428,000.00 out of

which a sum of ₦601,000.00 had been paid vide P.V No 3 June and P.V No 15 September 2020 leaving the balance of ₦827,000.00 to pay on the project

Recommendation: In order not to lose sight of the project and to prevent it from being damaged or vandalized, the Local Government is advised that, the balance should be released for the completion of the project to alleviate the problem of water shortage in the village.

6. **LOCAL GOVERNMENT STAFF QUARTERS.**

Observation: It was observed that the Local Government did not collect any rent from the staff that occupied the quarters. The rent if collected from the staff can be utilized to maintain and renovate the buildings regularly.

Recommendation: In view of the above, the Local Government is advised to ensure that the occupants of the staff quarters are made to pay rent into the Local Government account to enhance the renovation and regular maintenance of the staff quarters.

7. **INTERNALLY GENERATED REVENUE.**

Observation: Audit examination of the relevant accounting records revealed that the Local Government did not achieve much in-terms of revenue generation considering the various sources of revenue available within the Local Government. Investigation revealed that some of the sources were not tapped at all while the others were not fully harnessed.

For instance, only a paltry sum of ₦117,200.00 was the amount generated from the tenement rate out of the sum of ₦1,000,000.00 budgeted to generate during the year under review. After much investigation, it was revealed that the incessant problem of Fulani herdsmen and kidnapping within the Local Government area had been preventing many people from patronizing the markets.

Recommendation: The Director of Finance and Accounts should intensify his efforts to monitor the various sources of revenue available within the Local Government in order to boost its internally generated revenue at the Local Government.

8. **AGRICULTURE AND NATURAL RESOURCES DEPARTMENT**

Observation: It was observed with dismay that the Agriculture Department in the Local Government had not been active for years back. The Local Government should note that Agriculture Department is supposed to be revenue generating department if well harnessed.

Recommendation: The Local Government is advised to resuscitate and commence work immediately in the Agriculture Department in order to boost her internally generated revenue, to

provide food for the citizenry and put an end to the idleness of the staff in the Agriculture Department.

Considering the agrarian nature of the area and the concern of the State Government about agriculture, the Local Government should make funds available for the department to embark on massive agricultural activities. In their projects, priority should be given to poultry farming, palm plantation, piggery and cassava plantation to complement the existing plantation in order to boost the internally generated revenue.

9. **FIXED ASSET REGISTER.**

Observation: During the period under review, it was observed that the Local Government did not maintain any fixed assets register of all its assets despite a circular letter written from this office on the need to maintain the register and in compliance with Chapter 26 of the Model Financial Memoranda for Local Governments.

The importance of keeping fixed assets register particularly during this period of International Public Sector Accounting Standard (IPSAS) Accrual Basis of Accounting cannot be over emphasized.

Recommendation: Though, the Audit Team had ensured that the asset register was opened before they left the Local Government, but the Local Government should ensure that henceforth the fixed assets registers are properly kept and maintained in line with the provisions of Chapter 26 of the Model Financial Memoranda for Local Governments as well as in compliance with International Public Sector Accounting Standard (IPSAS) requirement.

10. **INTERNAL AUDIT IRREGULARITIES**

Observation: In the last Audit Inspection Report Ref No OGLG/IAF/1/VOL. III/208 of 28th February, 2020 it was emphasized that the Internal Audit Unit of the Local Government appeared not to be performing its statutory duties as provided in Chapters 40:3 and 40:10 of the Model Financial for Local Governments. The irregularities observed in the previous report still remained unattended to because Store Receipt Vouchers (SRV) and Store Issue Voucher (SIV) were often not raised whenever items were purchased and kept in the store. The irregularities could be a deliberate attempt to purchase lesser items than the quantities approved or not purchase at all.

Recommendation: The Internal Auditor should be alive to his statutory duties and be sure that all purchases are adequately inspected, to confirm the quantities and quality of the items approved to purchase, check the purchase receipts and ensure that the items get into the store by issuing SIV and SRV.

IMEKO/AFON LOCAL GOVERNMENT

I/ALG.220/47

9th August, 2021

The Auditor General,

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

MANAGEMENT LETTER ON YEAR 2020 AUDIT INSPECTION REPORTS

I am pleased to inform you that the Management of this Local Government had critically looked into your reports vide Reference No. OGLG/IAI/1/VOL.III/226 dated 22nd June, 2021 and submitted our positions on the issues and advice raised here below:

1. **DESTRUCTION OF EXHAUSTED RECEIPT BOOK**

Those exhausted receipt books have been constituting nuisance in the Finance Department Store and as such the need to destroy them cannot be over-emphasized, however, the new Chairman must be properly briefed so as not to cause misconception about the exercise. Then, the Office of Auditor-General will be informed to witness the destruction.

2. **AUDIT QUERIES**

All Audit Queries in respect of year 2020 Audit Exercise had been recorded in Audit Query Register and the concerned officers had responded to the issues raised.

3. **CONTROL OVER-CASH**

The Cashier and the Treasury -Cash Book has been consistently monitored to ascertain its promptness and accuracy. The Internal Auditor will intensify more efforts on regular audit duties.

4. **DORMANT ACCOUNT**

Once the approval of Finance and General Purposes Committee is gotten all the dormant Bank Accounts shall be closed down accordingly.

5. **STAFF QUARTERS**

The issues of rents on Staff Quarters shall be properly deliberated upon with a view to generating rent on it, however, most of the occupants of the quarters are from other Government agencies such as Magistrates, Department of State Services, Nigeria Security & Civil Defence Corp and other Security Officers on Special Security Mission to Imeko/Afon Local Government, hence, collecting rent from them maybe a herculean task particularly with the present condition of staff Quarters.

6. **INTERNALLY GENERATED REVENUE**

In the face of impending constraint to revenue generation in this Local Council/Area, all Local Government functionaries (both Career staff and Political Office Holders) shall strive harder to improve revenue profile of the Local Government This shall be achieved with reconstitution of Revenue Task force while Contract Revenue collections will be review accordingly.

7. **FIXED ASSET REGISTER**

I am aware that the fixed asset register has been opened and kept by Internal-Auditor and I hope the Register is being regularly updated.

The store receipt voucher (SRV) and Store Issue Voucher (SIV) which are not available for proper documentation of items purchased and issued will be procured without further delay as this will allow for internal audit proper monitoring.

8. **CONSTRUCTION OF A BLOCK OF TWO CLASSROOM AT OKE-AGBEDE**

The project was duly contracted to Ojuolape Engineering Company Limited of Suite 24/25 Mowe Central Market, Ofada/Mokoloki, Ogun state at finance and General Purposes Committee meeting. The project was completed and commissioned. The defect observed after the commissioning had been rectified. The retention fees to the contractors has not been paid because the Contractor is yet to issue receipts for all payments earlier collected.

9. **AGRICULTURE & NATURAL RESOURCES**

The Management consider planting Plantain and Oil Palm during the year but paucity of fund and change in weather prevent the Local Government from going into the venture. With the new administration in place, the resuscitation of Poultry, Planting of Oil Palm with the existing ones will be embarked upon to boost Internally Generated Revenue.

Kindly accept assurances of our best esteem in this regard.



Mr. A. F. Badejoko,
Ag Head of Local Government Administration,
For: Executive Chairman