

**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 31<sup>ST</sup> DECEMBER, 2021**

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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 Alhaja Selimot Olapeju Ottun and the current Head of Service Dr Nafiu Aigoro 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.  
17<sup>th</sup> June, 2022.



## **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 31<sup>st</sup> December, 2021 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 31<sup>st</sup> December, 2021 subject to the observations in the inspection reports.

**L.A. Mulero** (CNA)  
Auditor-General for Local Governments,  
Ogun State.  
17<sup>th</sup> June, 2022.

## **STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF IMEKO/AFON LOCAL GOVERNMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

The accounts of Imeko/Afon Local Government for the year ended 31<sup>st</sup> December, 2021 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.

17<sup>th</sup> June, 2022.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IMEKO/AFON LOCAL GOVERNMENT, IMEKO FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

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 31<sup>st</sup> December, 2021 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**

The cashbook was not properly maintained as there were many errors in the Treasurers cashbook, cashbook mutilation and misclassifications in ledger.

**(3) FINANCIAL REVIEW:**

<b>REVENUE</b>	<b>AMOUNT (₦)</b>
Internally Generated Revenue	12,384,510.05
Statutory Allocation	1,493,286,041.68
Aids and Grants	14,700,000.00
<b>Total</b>	<b><u>1,520,370,551.73</u></b>
<b>EXPENDITURE</b>	
Salaries and Allowances	1,105,632,715.15
Overhead Expenses	61,598,074.57
Pensions	387,414,714.00
Long Term Assets	11,200,000.00
<b>Total</b>	<b><u>1,565,845,503.72</u></b>

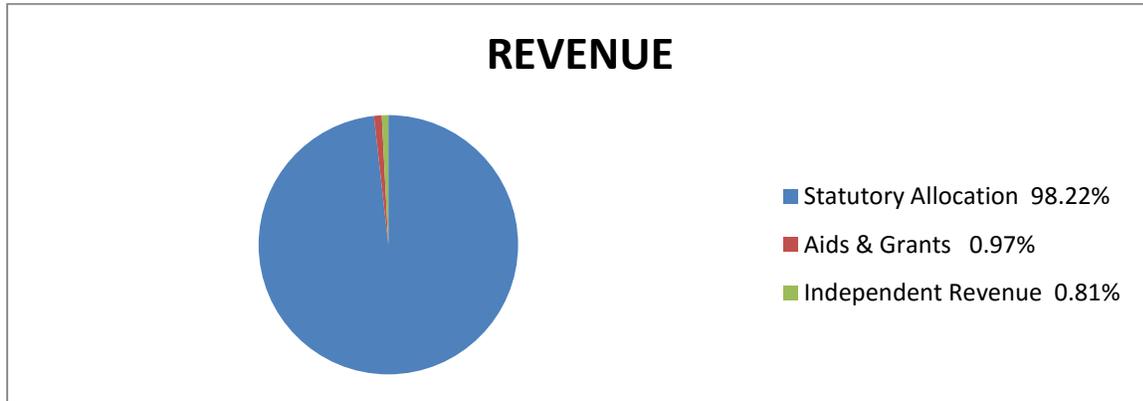
**(4) REVENUE PERFORMANCE**

**(i) STATEMENT OF ACTUAL REVENUE**

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦17,040,000.00, a sum of ₦12,384,510.05 only was actually generated internally and this represented 72.68% of the budget. This amounted to a rise of 27.69% when compared with the sum of ₦9,698,949.98 generated in year 2020. 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.

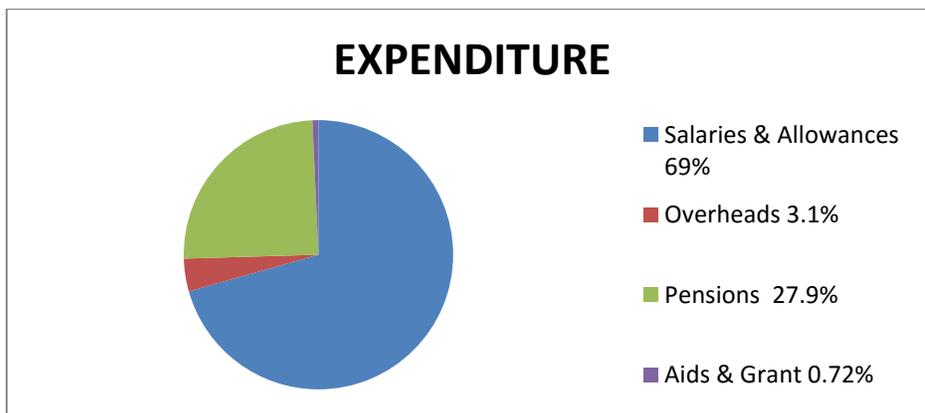
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,520,370,551.73 realized by the Local Government during the year under review, a sum of ₦12,384,510.05 only was generated internally. This represented 0.81% of the total revenue while the sum of ₦1,493,286,041.68 statutory allocation and ₦14,700,000.00 aids and grant received from the State Joint Account Allocation Committee represented 98.22% and 0.97% 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 ₦1,565,845,503.72 total expenditure for the period, a sum of ₦61,598,074.57 was expended on overhead which represented 3.1% of the total expenditure. A sum of ₦1,105,632,715.15 was expended on Salaries and Allowances which represented 69% of expenditure. Also, the sum of ₦387,414,714.00 was expended on pensions and this represents 27.9% of the total expenditure. The sum of ₦11,200,000.00 was expended on long term assets which represented 0.72% 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 31<sup>st</sup> December, 2021 was ₦191,645,523.02. The liabilities are highlighted below:

<b><u>ITEMS</u></b>	<b><u>AMOUNT ₦</u></b>
1. VAT	7,279,490.95
2. DEVELOPMENT LEVY	527,432.96
3. 5% WITHOLDING TAX	1,201,032.71
4. PAYE	106,985,597.79
5. PENSION	60,289,052.23
6. Payable	4,736,115.28
7. OTHERS	<u>10,626,801.10</u>
<b>TOTAL</b>	<b><u>191,645,523.02</u></b>

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.

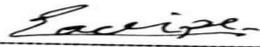
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge,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

  
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**Mr. Adesanya A.A**  
Treasurer  
Date:.....14/03/22.....

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 31<sup>st</sup> December, 2021 and its operations for the year ended on the date.

  
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**Mr. Adesanya A.A**  
Treasurer  
Date:.....14/03/22.....

  
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**Hon. Vayo Fedipe**  
Executive Chairman  
Date:.....14/04/22.....

**IMEKO/AFON LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021**

	NOTES	2021	2020
<b>CURRENT ASSET</b>		₦	₦
CASH & CASH EQUIVALENTS	8	-67,779,416.77	-65,156,972.20
INVENTORIES		2,027,199.00	1,550,766.00
RECEIVABLES		3,174,650.00	4,107,350.00
PREPAYMENT			
ADVANCE			
<b>TOTAL CURRENT ASSET (A)</b>		<b>-62,577,567.77</b>	<b>-59,498,856.20</b>
<b>NON CURRENT ASSET</b>			
PROPERTY PLANT & EQUIPMENT	10	178,312,492.94	179,690,802.64
INVESTMENT PROPERTY	11	49,246,870.24	46,793,612.16
BIOLOGICAL ASSET	12		
INVESTMENT		50,000.00	50,000.00
LOAN GRANTED			
<b>TOTAL NON CURRENT ASSET (B)</b>		<b>227,609,363.18</b>	<b>226,534,414.80</b>
<b>TOTAL ASSET (C=A+B)</b>		<b>165,031,795.41</b>	<b>167,035,558.60</b>
<b>CURRENT LIABILITY</b>			
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	186,909,407.74	157,160,783.55
ACCURED EXPENSES, PAYABLES		4,736,115.28	4,331,115.28
DEFERED INCOME			
CURRENT PORTION OF BORROWING			
<b>TOTAL CURRENT LIABILITY (D)</b>		<b>191,645,523.02</b>	<b>161,491,898.83</b>
<b>NON CURRENT LIABILITY</b>			
PUBLIC FUND		44,385.00	44,385.00
BOROWING			
<b>TOTAL NON CURRENT LIABILITY (E)</b>		<b>44,385.00</b>	<b>44,385.00</b>
<b>TOTAL LIABILITY (F=D+E)</b>		<b>191,689,908.02</b>	<b>161,536,283.83</b>
<b>NET ASSETS (G= C-F)</b>		<b>-26,658,112.61</b>	<b>5,499,274.77</b>
<b>NET ASSET/EQUITY</b>			
RESERVE			
<b>ACCUMULATED SURPLUS/ DEFICIT</b>		<b>-26,658,112.61</b>	<b>5,499,274.77</b>
<b>TOTAL NET ASSET/EQUITY</b>		<b>-26,658,112.61</b>	<b>5,499,274.77</b>

**IMEKO/AFON LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2021**

	NOTES	2021	2020
<b>REVENUE</b>		₦	₦
STATUTORY ALLOCATION	1	1,493,286,041.68	1,440,775,063.42
NON TAX REVENUE:	2	11,548,650.00	8,851,100.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	14,700,000.00	9,000,000.00
OTHER REVENUE		835,860.05	847,849.98
<b>TOTAL REVENUE (A)</b>		<b>1,520,370,551.73</b>	<b>1,459,474,013.40</b>
<b>EXPENDITURE</b>			
SALARIES & WAGES	4	1,105,632,715.15	1,044,063,795.11
NON- REGULAR ALLOWANCE	5		-
SOCIAL BENEFIT	6	387,414,714.00	422,980,281.41
OVERHEAD COST	7	51,246,458.34	38,687,026.03
SUBVENTION TO PARASTALS		770,000.00	200,000.00
DEPRECIATION	10 & 11	7,605,157.52	8,213,643.76
GAIN/LOSS ON DISPOSAL ON ASSET		1,976,458.71	
<b>TOTAL EXPENDITURE (B)</b>		<b>1,554,645,503.72</b>	<b>1,514,144,746.31</b>
<b>SURPLUS / DEFICIT (C=A-B)</b>		<b>-34,274,951.99</b>	<b>-54,670,732.91</b>

**IMEKO/AFON LOCAL GOVERNMENT**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021**

	₦
<b>Balance 1/1/2020</b>	60,966,304.81
Prior Year Adjustment	- 796,297.13
Adjusted Balance	60,170,007.68
<b>Surplus/ (deficit) for the year</b>	<b>-54,670,732.91</b>
<b>Balance 31/12/2020</b>	<b>5,499,274.77</b>
Prior Year Adjustment	2,117,564.61
Adjusted Balance	7,616,839.38
Surplus/ (deficit) for the year	-34,274,951.99
<b>Balance at 31 December 2021</b>	<b>-26,658,112.61</b>

**IMEKO/AFON LOCAL GOVERNMENT**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2021</b>	<b>2020</b>
<b>INFLOWS</b>	<b>₦</b>	<b>₦</b>
STATUTORY ALLOCATION	1,495,286,041.68	1,438,775,063.42
LICENCES, FINES, ROYALTIES, FEES ETC	8,370,650.00	6,466,800.00
EARNINGS & SALES	2,045,700.00	1,771,500.00
RENT OF GOVERNMENT PROPERTIES	65,000.00	120,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	14,700,000.00	9,000,000.00
OTHER REVENUE	835,860.05	847,849.98
<b>TOTAL INFLOW FROM OPERATING ACTIVITIES A</b>	<b>1,521,303,251.73</b>	<b>1,456,981,213.40</b>
<b>OUTFLOW</b>		
PERSONNEL EMOLUMENTS	1,105,632,715.15	1,044,063,795.11
SOCIAL BENEFIT	387,414,714.00	422,980,281.41
OVERHEADS	51,317,891.34	33,361,370.01
SUBVENTION TO PARASTATALS	770,000.00	200,000.00
INTEREST PAYMENT		
<b>TOTAL OUTFLOW FROM OPERATING ACTIVITIES B</b>	<b>1,545,135,320.49</b>	<b>1,500,605,446.53</b>
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B</b>	<b>-23,832,068.76</b>	<b>-43,624,233.13</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE/ CONSTRUCTION OF ASSETS	- 11,200,000.00	
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS	2,661,000.00	
DIVIDEND RECEIVED		
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-8,539,000.00</b>	<b>0.00</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
DEPOSIT/ UNREMITTED DEDUCTIONS	29,748,624.19	15,447,784.25
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>29,748,624.19</b>	<b>15,447,784.25</b>
<b>NET CASH FLOW FROM ALL ACTIVITIES</b>	<b>-2,622,444.57</b>	<b>-28,176,448.88</b>
<b>CASH &amp; ITS EQUIVALENT AS AT 1/1/2021</b>	<b>-65,156,972.20</b>	<b>-36,980,523.32</b>
<b>CASH &amp; ITS EQUIVALENT AS AT 31/12/2021</b>	<b>-67,779,416.77</b>	<b>-65,156,972.20</b>

## ACCOUNTING POLICY

S/N	
1	<p><b>Basis of Preparation</b> 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><b>Accounting period</b> Reporting period runs from 1<sup>st</sup> January to 31<sup>st</sup> December.</p>
3	<p><b>Reporting Currency</b> The reporting currency is Naira (₦).</p>
4	<p><b>Revenue</b></p> <ul style="list-style-type: none"> <li>a) Revenues from non-exchange transactions such as fees, and fines are recognised when the event occurs and the asset recognition criteria are met.</li> <li>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.</li> </ul>
5	<p><b>Other revenue</b></p> <ul style="list-style-type: none"> <li>a) Other revenue consists of gains on disposal of property, plant and equipment.</li> <li>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.</li> </ul>
6	<p><b>Aids and Grants</b> 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><b>Expenses</b> 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><b>Property, Plant &amp; Equipment (PPE)</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
9	<p><b>Depreciation</b> 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"> <li>a) Lease properties over the term of the lease</li> <li>b) Buildings 2%</li> <li>c) Plant and Machinery 10%</li> <li>d) Motor vehicles 20%</li> <li>e) Office Equipment 25%</li> <li>f) Furniture and Fittings 20%</li> </ul> <p>i. The full depreciation charge is applied to PPE in the year of acquisition and non in the year of disposal, regardless of the day of the month the transactions were carried</p>

	<p>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><b>Disposal</b> Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p><b>Impairment</b> Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p><b>Investment Property</b> 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><b>Unremitted Deductions</b></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><b>Payable/Accrued Expenses</b></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><b>Current Portion of Borrowings</b> 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, 2021**

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

₦

	JANUARY	125,931,114.35
	FEBUARY	149,927,713.29
	MARCH	89,904,309.62
	APRIL	113,481,201.44
	MAY	150,008,058.51
	JUNE	60,558,502.44
	JULY	177,298,586.94
	AUGUST	92,992,076.16
	SEPTEMBER	117,636,458.44
	OCTOBER	39,753,024.51
	NOVEMBER	130,068,522.53
	DECEMBER	245,726,473.45
	<b>TOTAL</b>	<b>1,493,286,041.68</b>

**2 NON-TAX REVENUE**

	LICENCES	3,673,900.00
	FEES	5,704,350.00
	FINES	59,700.00
	EARNINGS	1,643,700.00
	RENT OF GOVERNMENT PROPERTIES	65,000.00
	SALES	402,000.00
	<b>TOTAL</b>	<b>11,548,650.00</b>

**3 AIDS & GRANTS**

	OGUN STATE GOVERNMENT	14,700,000.00
	NON GOVERNMENT ORGANISATION	0.00
	<b>TOTAL</b>	<b>14,700,000.00</b>

**4 SALARIES & WAGES**

	LOCAL GOVERNMENT STAFF	339,194,713.82
	PRIMARY SCHOOL TEACHERS	641,788,397.97
	TRADITIONAL COUNCIL	101,496,686.71
	POLITICAL FUNCTION	23,152,916.65
	<b>TOTAL</b>	<b>1,105,632,715.15</b>

**5 NON- REGULAR ALLOWANCE**

	LEAVE BONUS	
	<b>TOTAL</b>	

**6 SOCIAL BENEFIT**

	GRATUITY	-
	PENSION	387,414,714.00
	<b>TOTAL</b>	<b>387,414,714.00</b>

**7 OVERHEAD COST BY DEPARTMENT**

	CHAIRMAN & COUNCIL	29,957,900.00
	HOLGA	90,000.00
	INTERNAL AUDIT	180,000.00
	ADMINSTRATIVE	9,071,405.05
	FINANCE	3,684,840.79
	INFORMATION	4,083,312.50
	P H C	662,500.00
	AGRIC	339,500.00
	WORKS	1,081,500.00
	PLANNING	918,500.00
	WES	465,500.00
	COMMUNITY	711,500.00
	<b>TOTAL</b>	<b>51,246,458.34</b>

**8 CASH & CASH EQUIVALENTS**

	CASH AT HAND	41,014.11
	CASH IN BANKS	- 67,820,430.88
	<b>TOTAL</b>	<b>- 67,779,416.77</b>

**9 UNREMITTED DEDUCTIONS**

1	VAT	7,279,490.95
2	DEVELOPMENT LEVY	527,432.96
3	5% WITHOLDING TAX	1,201,032.71
4	PENSION	60,289,052.23
6	PAYE	106,985,597.79
7	COOPERATIVES	786,520.00
8	OTHERS	9,840,281.10
	<b>Total</b>	<b>186,909,407.74</b>

IMEKO AFON LOCAL GOVERNMENT									
SCHEDULE OF EQUIPMENT	PROPERTY, PLANT & EQUIPMENT	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL
BAL AS AT 01/01/2021	165,774,086.00	7,700,000.00		22,865,887.68	3,933,369.24	1,388,350.00	2,255,350.00	500,000.00	196,717,042.92
ADDITIONAL DURING THE YEAR									7,700,000.00
LEGACY									0.00
DISPOSAL DURING THE YEAR				(5,000,000.00)	(1,062,431.18)				(6,062,431.18)
BAL. C/F	<b>173,474,086.00</b>		-	<b>17,865,887.68</b>	<b>2,870,938.06</b>	<b>1,388,350.00</b>	<b>2,255,350.00</b>	<b>500,000.00</b>	<b>198,354,611.74</b>
ACCUMULATED DEPRECIATION									
BAL. AS AT 01/01/2021	6,630,963.44		-	4,659,177.54	2,527,617.70	1,261,675.00	1,896,806.60	50,000.00	17,026,240.28
ADDITIONAL DURING THE YEAR	3,349,481.72			1,786,588.77	574,187.61	347,087.50	451,070.00	50,000.00	6,558,415.60
ADJUSTMENT	(240,000.00)			(43,000.00)	(954,270.01)	(235,850.00)	(644,444.60)	-	2,117,564.61
DISPOSAL DURING THE YEAR				(1,000,000.00)	(424,972.47)			-	1,424,972.47
BAL. C/F	<b>9,740,445.16</b>		-	<b>5,402,766.31</b>	<b>1,722,562.83</b>	<b>1,372,912.50</b>	<b>1,703,432.00</b>	<b>100,000.00</b>	<b>20,042,118.80</b>
AS AT 31/12/2021	<b>163,733,640.84</b>		-	<b>12,463,121.37</b>	<b>1,148,375.23</b>	<b>15,437.50</b>	<b>551,918.00</b>	<b>400,000.00</b>	<b>178,312,492.94</b>
AS AT 31/12/2020	<b>159,143,122.56</b>		-	<b>18,206,710.14</b>	<b>1,405,751.54</b>	<b>126,675.00</b>	<b>358,543.40</b>	<b>450,000.00</b>	<b>179,690,802.64</b>

IMEKO AFON LOCAL GOVERNMENT			
INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2021	48,837,096.00		48,837,096.00
ADDITIONAL DURING THE YEAR	3,500,000.00		3,500,000.00
LEGACY			0.00
DISPOSAL DURING THE YEAR			-
BAL. C/F	<b>52,337,096.00</b>	-	<b>52,337,096.00</b>
ACCUMULATED DEPRECIATION			
BAL. AS AT 01/01/2021	2,043,483.84		2,043,483.84
ADDITIONAL DURING THE YEAR	1,046,741.92		1,046,741.92
ADJUSTMENT			
DISPOSAL DURING THE YEAR			
BAL. C/F	<b>3,090,225.76</b>	-	<b>3,090,225.76</b>
AS AT 31/12/2021	<b>49,246,870.24</b>	-	<b>49,246,870.24</b>
AS AT 31/12/2020	<b>46,793,612.16</b>	-	<b>46,793,612.16</b>

The Executive Chairman,  
Imeko Afon Local Government,  
Imeko.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IMEKO AFON LOCAL  
GOVERNMENT, IMEKO FOR THE PERIOD 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup> DECEMBER,**

**2021**

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/WDE/161/2021	Doubtful Expenditure	150,000.00
2.	OGLG/AQ/WDE/162/2021	Doubtful Expenditure	100,000.00
3.	OGLG/AQ/WDE/163/2021	Refusal to Account for Government Revenue	
4.	OGLG/AQ/WDE/164/2021	Refusal to Account for Government Revenue	
	<b>TOTAL</b>		<b>250,000.00</b>

3. **DOUBTFUL PAYMENTS**

**Observation:** During the period under review, it was observed that official receipt and other relevant documents were not attached to payment vouchers contrary to the provision of Chapter 14:17 of Model Financial Memoranda for Local Governments which requires that official receipts must be obtained and attached to payment vouchers by the Officers that incurred expenditure on behalf of the Local Government.

Instance was the sum of ₦150,000.00 released to Alhaji Onifade F.O (Senior Administrative Officer) vide the P.V No 23/ November, 2021 to do entertainment at ALGON meeting. Another was the sum of ₦100,000.00 released to Hon.(Mrs) Fasilat Ayinke (Vice Chairman)vide P.V No 22/ November, 2021 as financial assistance during the fidau prayer/funeral ceremony purportedly held on 13<sup>th</sup> November, 2021.

**Recommendation:** You are advised to always account for funds released by attaching relevant official documents e.g official receipts

4. **BANK RECONCILIATION STATEMENTS**

(i) **Dormant Bank Accounts**

**Observation:** It was highlighted in the Audit Inspection Reports Reference No. OGLG/IAF/1/VOL.III/192 dated 26<sup>th</sup> March, 2018, OGLG/IAF/1/VOL.III/202 dated 18<sup>th</sup> April, 2019, OGLG/IAF/1/VOL.III/208 dated 28<sup>th</sup> February, 2020 and OGLG/IAF/1/VOL.III/230 dated 22<sup>nd</sup> June, 2021 that the Local Government should either close its dormant bank account if they are no longer necessary or activate and merge them with the existing bank accounts for the use of the Local Government.

However, audit exercise concluded recently revealed that the Local Government has not yielded to the several advices given by this Office to either close or merge the dormant bank account. The dormant bank accounts are as detailed below:

S/N	NAME OF BANK	ACCOUNT NUMBER	AMOUNT ₦
1.	WEMA BANK (PTF Drug A/C)	0120058880	2,652.45
2.	OCEANIC BANK PLC	0271310091050	3,256.36
3.	ZENITH BANK (Pension A/C)	1011545089	8,923.11
4.	ZENITH BANK (Investment A/C)	1011486531	2,166.01
5.	UNITY BANK PLC	0014493515	192.18
			<b><u>17,190.11</u></b>

**Recommendation:** The Local Government is once again advised to either close these accounts or reactivate them for the use of the Local Government.

## 6. **CONSTRUCTION OF DEEP WELL**

**Observation:** It was reported in the last Audit Inspection Report Reference No OGLG/IAF/1/VOL.III/226 dated 22<sup>nd</sup> June, 2021 that a sum of One Million, Four Hundred and Twenty-Eight Thousand Naira only (₦1,428,000.00) was approved at Finance and General Purpose Committee (F&GPC) for digging a deep well at Oniji Village Imeko, out of which the sum of Six Hundred and One Thousand Naira (₦601,000.00) was paid. During the recent audit exercise, it was observed that additional sum of One Hundred and Fifty Thousand Naira (₦150,000.00) only was released to Mr Thomas Adeyanju (Principal Technical Officer) vide P.V 8/January, 2021 on the project making a total sum of Seven Hundred and Fifty-One Thousand Naira (₦751,000.00) only that had been released for the project to date, yet the project has not been completed probably because the remaining sum of ₦677,000.00 has not been released. The work on the project had been put on hold and remained unattended to as stated in the last Audit Inspection Report No OGLG/IAF/1/VOL.III/244 of March, 2022.

**Recommendation:** The Local Government is hereby advised to release the remaining sum of ₦677,000.00 in order not to lose sight of the project and to prevent it from being abandoned, collapsed or vandalized. The completion would also alleviate the problem of water scarcity in the area.

## 7. **FIXED ASSET REGISTER**

**Observation:** Despite the advice given by this Office in the previous Audit Inspection Reports Reference No. OGLG/IAF/1/VOL.III/230 dated 22<sup>nd</sup> June, 2021 and in addition to various circulars that the Local Government should maintain fixed asset register of all its assets in compliance with Chapter 26 of the Model Financial Memoranda for Local Governments, it was observed that the fixed asset register has not been kept and updated by your Local Government.

The register presented to the Auditor did not include or capture the vehicles taken away by the former political functionaries. The irregularities made it difficult for the Auditors to ascertain the true figure of the Local Government assets.

The importance of keeping fixed asset register at this period cannot be over-emphasized, more so that International Public Sector Accounting Standard (IPSAS) Accrual Basis Accounting has been introduced into public sector.

**Recommendation:** The Local Government is advised to maintain the fixed asset register in line with provisions of Chapter 26 of the Model Financial Memoranda for Local Governments as well as in compliance with the requirement of International Public Sector Accounting Standard (IPSAS).

**8. OFFICIAL VEHICLES TAKEN AWAY WITHOUT PROPER DOCUMENTATION**

**Observation:** It was reported in the last Audit Inspection Report reference Number OGLG/IAF/1/VOL.III/208 dated 28<sup>th</sup> February, 2020 that out of the ten (10) serviceable and unserviceable vehicles shared to the Local Government by the Asset Sharing Committee, four (4) were taken away by some political functionaries. They were taken away by Hon. (Prince) Tosin Adeluyi and other political functionaries without obtaining official approval nor paid a dime to the covers of the Local Government. In a nutshell, due process was not followed before the vehicles were taken away.

Audit investigation however revealed that the Local Government has not made any effort to recover the vehicles or collect its money as an evidence of purchase by the Politicians. The vehicles had not been retrieved since the advice given in the last Audit Inspection Report No OGLG/IAF/1/VOL.III/244 of 4<sup>th</sup>, March 2022.

Details of the vehicles and their custodians are as follow:

S/N	TYPE	MODEL	COST OF PURCHASE	CUSTODIANS
1	Toyota Camry	2004 MODEL	₦1,250,000.00	Hon. (Prince) Tosin Adeluyi (Chairman)
2	Toyota Camry	2004 MODEL	₦1,350,000.00	Hon. Olusoji Taiwo (vice Chairman)
3	Honda Accord	2004 MODEL	₦2,200,000.00	Mr. Dopemu Felix (Secretary)
4	Toyota Camry		₦1,500,000.00	Hon. Ogundeji Opeyemi (Leader of the Legislative Council)

**Recommendation:** The Local Government is once again advised to do all that is necessary to recover the four (4) vehicles taken away by them or made the political functionaries paid its money so as not to lose sight of the vehicles.

## **9. WEAKNESS IN THE INTERNAL CONTROL SYSTEM**

It was advised in the previous Audit Inspection report reference number OGLG/IAF/1/VOL.III/208 dated 28<sup>th</sup> February, 2020, OGLG/IAF/1/VOL.III/226 dated 22<sup>nd</sup> June, 2021 and OGLG/IAF/1/VOL.III/244 of March, 2022 that the Internal Audit Unit and the Treasury should be alive to their responsibilities but the advice had not been heeded to. During the audit exercise concluded recently, it was observed that the provisions of Chapter 31:5 and 31:10 of the Model Financial Memoranda for Local Governments were not complied with because there was no periodic checking of Revenue Collectors.

This irregularity was observed during the checking of Mrs Adediba Adebimpe (Chief Clerical Officer, GL 07) a Revenue Collector, saddled with the collection of revenue on marriage certificate. The Officer collected a sum of One Hundred and Forty Thousand Naira (₦140,000.00) on marriage certificate but did not remit the money into the coffers of the Local Government. She paid a sum of Twenty-Five Thousand Naira (₦25,000.00) only vide Treasury Receipt Number 008334 as part payment of her outstanding. This ought to have reduced her indebtedness to One Hundred and Fifteen Thousand Naira (₦115,000.00) but it was discovered again that she had an additional short payment of a sum of Twenty-One Thousand Naira (₦21,000.00) collected on marriage receipt vide receipt number 00022683, 0002684 and 0002685 at the rate of ₦7,000.00 respectively. On interrogation she claimed that her boss, one Mr Onifade Fatai was to remit the money because he was the one that collected the money on her behalf when she was on leave, but this defence appear not tenable since he was the custodian of the receipts. In a nutshell, the total amount she has to refund is One Hundred and Thirty-Six Thousand Naira (₦136,000.00) only as at the time of writing this report.

Also, one Mrs Ibrahim F.R (Chief Clerical Officer, GL 07) a Revenue Collector, saddled with the collection of revenue on certificate of origin was observed to have had a short payment of a sum of Sixteen Thousand Naira only (₦16,000.00) vide certificate of origin numbers 04049, 06244, 06288 and 06163 at the rate of ₦4,000.00 respectively. On interrogation, she claimed the receipts were issued on the instructions of the Executive Chairman (Hon. Yaya Fadipe) and Director, General Service and Administration (Mr. A.A Adeniyi) to their relation but no payment was made. There was no evidence of payment of this money before the exit of the Audit Team.

**Recommendation:** The Internal Audit Unit and the Treasury should ensure that sporadic checks are carried out on the revenue collectors and on the accounting records of the Local Government.

However, Mrs Adediba Adebimpe should be posted away from marriage certificate fee collection and the schedule should be given to a more trustworthy Officer. Also, the sum of One Hundred and Thirty-six Thousand Naira (₦136,000.00) yet to be paid by her should be recovered.

#### **10. REFUSAL OF REVENUE COLLECTOR (Mrs Ramoni S) TO REPORT FOR AUDIT CHECK**

**Observation:** During the audit check on the Revenue Collectors, it was observed that Mrs Ramoni Bolanle S (Pharmacy Assistant, Hapss 07), a medical Revenue Collector at Wasinmi Okuta did not come for audit checking exercise. It was observed that various Local Government receipts were in her custody and had not been checked either by the Internal Auditor or External Auditor up till the time of writing this report.

Investigation however revealed that the Officer is very sick and no one was available to help us reach out to her and collect the documents for checking. As at the time the audit team left the Local Government, she neither shows up nor sent the documents for checking with the Audit Team.

**Recommendation:** The Local Government should ensure that Mrs Ramoni Bolanle S appear in this Office with all the documents in her custody within two (2) weeks from the date on this report. In the alternative, those documents should be sent to this Office through the Treasurer if she is not physically fit to travel. You are advised to always provide convincing evidences of execution of projects and to follow due process.

#### **12. NON AVAILABIITY OF RECEIVABLE AND PAYABLE LEDGERS**

**Observation:** During the period under review, it was observed that the Treasury Department did not keep or maintain receivable and payable ledgers as required by the International Public Sector Accounting Standard (IPSAS).

The importance of keeping receivables and payable ledgers at this period cannot be over-emphasized, more so that International Public Sector Accounting Standard (IPSAS) Accrual Basis Accounting has been introduced into public sector. These ledgers will assist in identifying

the amount of unremitted rents from various Local Government shops (Lock-ups and Open Stalls) as well as the Local Government that could lead to future litigation. The Auditors had to retain the balances in year 2020 GPFS with little adjustment from the Revenue Accountant.

**Recommendation:** You are advised to immediately open the Market Registers for each market as well as payable ledgers of unpaid payment vouchers by the Local Government.

### **13. OUTSTANDING DRUGS TAKEN OVER BY THE STATE GOVERNMENT**

**Observation:** During the period under review, it was observed that the payment by the medical department of sales of drug and services into Local Government Accounts had been taken over by Ogun State Ministry of Health through a direct payment into the coffers of the state account beginning from the middle of February this year (2022). During the Audit Team verification to the drug store, it was observed that the drugs were purchased late last year for sales within the Local Government with intention to increase Internally Generated revenue (IGR) before it was taken over by the State Ministry of Health. On demand of the evidence of the transfer or take over agreement, the Pharmacy Unit of Medical and Health Department of the Local Government could not present any documentary evidences. The table below shows how the drug was shared among the Health Centre in the Local Government and the expected balances to be remitted.

<b>HEALTH CENTRE</b>	<b>ALLOCATED DRUGS COST'</b>	<b>AMOUNT PAID TO THE LOCAL GOVERNMENT.</b>	<b>OUTSATNDING TO BE PAID</b>
	₦	₦	₦
IMEKO PHC	147,750.00	60,000.00	87,750.00
ILARA PHC	137,000.00	35,000.00	102,000.00
OWODE	103,050.00	75,650.00	27,400.00
ATAPELE	108,750.00	30,000.00	78.750.00
IWOYE	54,995.00	13,000.00	41,995.00
OKE AGBEDE	46,655.00	20,500.00	26,155.00
AGBORIODO	48,228.00	6,000.00	42,228.00
AFON	46,680.00	6,000.00	40,680.00
MATALE	33,085.00	11,000.00	22,085.00
IDOFA	21,650.00	12,000.00	9,650.00
AGBOROGBOMO	17,660.00	7,000.00	10,660.00

OLORO	31,895.00	3,800.00	28,095.00
OWUWU	18,515.00	4,000.00	14,515.00
OKUTA	4,955.00.		4,955.00
<b>TOTAL</b>	<b>820,868.00</b>	<b>283,950.00</b>	<b>536,918.00</b>

However, the above outstanding balances are to be noted for the basis of collecting remittance on drug owing the Local Government by the Ministry of Health.

**RE-AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IMEKO/AFON LOCAL GOVERNMENT FOR THE PERIOD 1<sup>ST</sup> JANUARY TO 31<sup>ST</sup> DECEMBER, 2021**

1. Response to Audit Queries for the General Services and Administration Department. Official vehicles taken away without proper Documentation. A lot of efforts had been taken to recover the said vehicle, but to no avail. Meanwhile, letters of reminder shall be written to the affected people.

**2. MARRIAGE CERTIFICATE**

Mrs Adediba Adebimpe had been serve with the audit query and she had been make not to handle marriage certificate fee collection for the Local Government as recommended.

**3. CERTIFICATE OF ORIGIN**

The officer connected in the issuance of the certificate of origin in person of Mrs Ibrahim F. R. had duly been served the Audit query.

I want to say the amount involved for the sum of ₦16,000.00 has been paid.

**4. DESTRUCTION OF EXHAUSTED RECEIPT BOOKS**

The directive is hereby noted. The Local Government will inform your office and write officially to invite your representative and when the management is ready.

**5. DORMANT BANK ACCOUNT**

The case will be presented at the Management meeting and approved will be obtained for the closure of dormant bank account.

**6. FIXED ASSET REGISTER (ITEM 7)**

Presently, the Local Government do not have printed and updated fixed asset register. However, the Management will be notified and advised on the need to have all our asset maintained according to the dictates of IPSAS and this will be made ready before the next Audit exercised by December, 2022.

**7. WEAKNESS IN INTERNAL CONTROL SYSTEM**

The internal control system put in the place by the Local Government is sound efficient to deal with control of Revenue Collection and prompt lodgements. However, the revenue collectors highlighted in the report was deliberate and fragrant disobedience to laid down policies and procedure.

The revenue collected are regularly checked and their books examined as at when due but the outstanding revenue collected but yet to be paid into the

covers of the Council has been a subject of previous Audit reports but still outstanding.

Meanwhile, the officer that erred together with the Director of General Services and Administration has been relieved of that Marriage schedule and effort is ongoing to ensure repayment paid unfailingly and immediately.

Finally, the Treasurer and the Internal Auditor will put more efforts to avoid such situation in the future. Thank you for your prompt report.

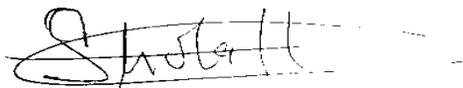
**8. RE-DIGGING OF DEEPWELL AT ONIJI VILLAGE IN IMEKO WARD**

It was 18<sup>th</sup> June, 2020 that the management of Imeko/Afon Local Government released the decision extract of One Million, Four Hundred and Twenty Eight Thousand Naira (₦1,428,000.00) in respect of the above subject matter.

The project commenced in the month of June, 2020 and the sum of ₦500,000.00 was initially released for the project, later another sum of ₦251,000.00 was released totalling ₦751,000.00 while the project was executed to the stage of 60% completion.

Therefore, I urge you to use your good office to advise the Chairman of Imeko/Afon Local Government to please release the balance of Six Hundred and Seventy-Seven Thousand Naira only to complete the project.

Thank you.



**MR Deacon. Shola Hazzan**  
***Head of Local Government Administration.***