

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IPOKIA LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2021

TABLE OF CONTENT

(1)	Table of Content	2
(2)	Acknowledgement	3
(3)	Audit Certificate	4
(4)	Statement of Opinion of the Auditor-General	5-6
(5)	Statutory Report	7-9
(6)	Responsibility Statement	10
(7)	Statement of Financial Position	11
(8)	Statement of Financial Performance	12
(9)	Statement of Changes in Net Assets/Equity	12
(10)	Cash Flow Statement	13
(11)	Accounting Policy	14-15
(12)	Notes to the Financial Statement	16-18
(13)	Audit Inspection Report	19-25
(14)	Management Letter	26-27

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.
17th 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 Ipokia Local Government for the year ended 31st 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 31st December, 2021 subject to the observations in the inspection reports.

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

STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF IPOKIA LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2021

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

17th June, 2022.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL
GOVERNMENTS ON THE ACCOUNTS OF IPOKIA LOCAL GOVERNMENT,
IPOKIA FOR THE YEAR ENDED 31ST DECEMBER, 2021**

In compliance with the provisions of Section 123 of Decree Number 12 of 1989 and 315(1) of 1999 Constitution of Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Ipokia Local Government, Ipokia for the year ended 31st 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 content and information contained therein. The Financial Statement was prepared under the IPSAS Accrual Basis as applicable in the Public Sector and the audit was conducted in accordance with Generally Accepted Auditing Standards.

In our opinion, subject to our observations, the Financial Statement presented for Audit reflect 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

Asset register was not properly kept. Bank reconciliation statement was also not properly prepared.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Internally Generated Revenue	27,990,587.83
Statutory Allocation	1,653,958,962.38
Aids & Grants	<u>14,834,860.00</u>
Total	<u>1,696,784,410.21</u>
EXPENDITURE	
Overhead Expenses	96,155,926.77
Salaries and Allowances	1,228,032,032.73
Pension	430,513,892.18
Long Term Assets	<u>9,656,300.00</u>
Total Fund Expended	<u>1,764,358,151.68</u>

(4) REVENUE PERFORMANCE:

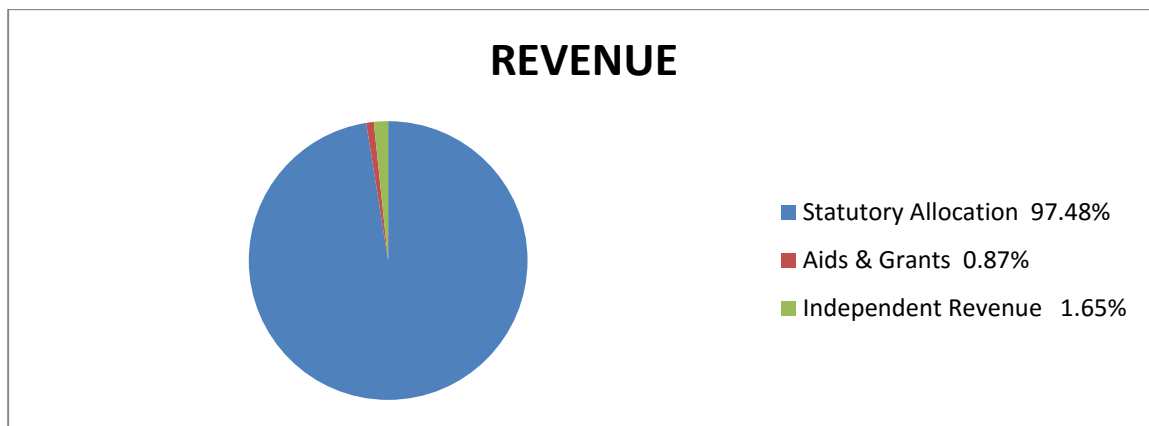
(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦30,000,000.00, a sum of ₦27,990,587.83 only was actually generated internally representing 93.3% of the budget. This represents an increase of 68.06% in revenue performance when compared with the sum of ₦16,654,134.50 generated internally in year

2020. While this revenue performance is commendable, it however does not represent the true revenue potential of the Local Government.

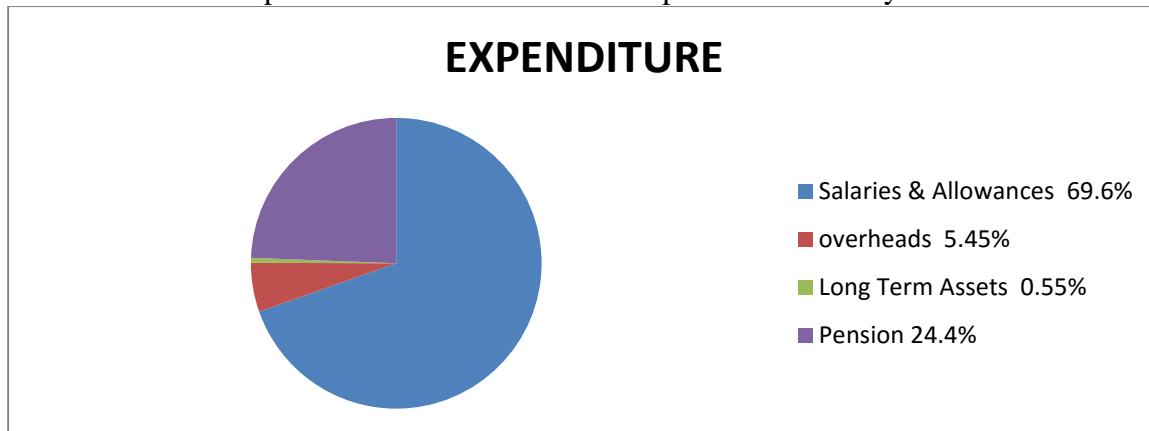
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORT TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,696,784,410.21 realized by the Local Government during the year under review, a sum of ₦27,990,587.83 only was generated internally. This represented 1.65% of the total revenue while the sum of ₦1,653,958,962.38 statutory allocation and ₦14,834,860.00 aids and grant received from the State Joint Account Allocation Committee represented 97.48% and 0.87% 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 ₦1,764,358,151.68. Out of this, a sum of ₦96,155,926.77 was expended on overheads which represented 5.45% of the total expenditure for the year. Also, a sum of ₦1,228,032,032.73 was expended on salaries and allowances which represented 69.6% of the total expenditure for the year while the sum of ₦430,513,892.18 was paid to pensioners which represented 24.4%. The sum of ₦9,656,300.00 was expended on long term assets which represented 0.55% of the total expenditure for the year.



(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, 2021 was ₦203,351,143.87. The liabilities are highlighted here under:

ITEMS	AMOUNT (₦)
1. 5% VAT	3,564,884.34
2. 5% WITHHOLDING TAX	2,039,216.52
3. PENSION SCHEME	71,032,161.00
4. 5% DEVELOPMENT TAX	1,919,072.09
5. PAYABLE	2,068,300.00
6. PAYEE	108,129,264.05
7. Loan	5,527,569.23
OTHERS	<u>9,070,676.64</u>
TOTAL	<u>203,351,143.87</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. The Local Government should always remit deductions to beneficiaries as required by regulations and also settle loan facilities and creditors.

(7) ADVANCES

The sum of ₦2,881,793.77 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 ACCOUNT BALANCE

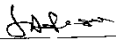
The sum of ₦650,000.00 stated as investment balance in the statement of financial position could not be substantiated because the share certificate was not produced for Audit scrutiny and no evidence of the beneficial ownership such as dividend was presented on demand.

IPOKIA 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.

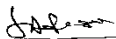
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge,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



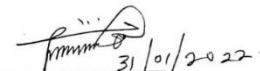
Treasurer

We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Finance (Control and Management) Act Cap 144 LFN 1990 as amended.

In our opinion, these financial statements fairly reflect the financial position of IpokiaLocal Government as at 31st December, 2021 and its operations for the year ended on the date.



Mr Adesoye Tajudeen
Treasurer



Hon. Agbetokun Wasiu Olawale
Chairman

IPOKIA LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	NOTES	2021	2020
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	2,057.84	3,462,772.30
INVENTORIES		6,134,860.00	6,068,325.00
RECEIVABLES		590,000.00	2,590,000.00
PREPAYMENT			
ADVANCE		2,881,793.77	3,266,133.77
TOTAL CURRENT ASSET (A)		9,608,711.61	15,387,231.07
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	10	496,416,084.06	505,420,656.26
INVESTMENT PROPERTY	11	152,624,669.15	155,863,385.52
BIOLOGICAL ASSET	12		
INVESTMENT		650,000.00	650,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		649,690,753.21	661,934,041.78
TOTAL ASSET (C=A+B)		659,299,464.82	677,321,272.85
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT		5,527,569.23	5,527,569.23
UNREMITTED DEDUCTIONS	9	195,755,274.64	156,993,854.05
ACCURED EXPENSES, PAYABLES		2,068,300.00	140,000.00
DEFERED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		203,351,143.87	162,661,423.28
NON CURRENT LIABILITY			
PUBLIC FUND			
BOROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		203,351,143.87	162,661,423.28
NET ASSETS (G= C-F)		455,948,320.95	514,659,849.57
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		455,948,320.95	514,659,849.57
TOTAL NET ASSET/EQUITY		455,948,320.95	514,659,849.57

IPOKIA LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2021

	NOTES	2021	2020
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,653,958,962.38	1,585,898,274.86
NON TAX REVENUE:	2	25,938,935.00	15,138,254.50
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	14,834,860.00	10,500,000.00
OTHER REVENUE		2,051,652.83	1,515,880.00
TOTAL REVENUE (A)		1,696,784,410.21	1,613,052,409.36
EXPENDITURE			
SALARIES & WAGES	4	1,228,032,032.73	1,173,856,311.83
NON- REGULAR ALLOWANCE	5		-
SOCIAL BENEFIT	6	430,513,892.18	416,669,655.07
OVERHEAD COST	7	75,376,599.54	32,672,374.48
SUBVENTION TO PARASTALS		1,450,000.00	500,000.00
DEPRECIATION	10 & 11	19,329,327.23	18,691,454.32
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		1,754,701,851.68	1,642,389,795.70
SURPLUS / DEFICIT (C=A-B)		-57,917,441.47	-29,337,386.34

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

	₦
Balance 1/1/2020	545,313,109.60
Prior Year Adjustment	- 1,315,873.69
Adjusted Balance	543,997,235.91
Surplus/ (deficit) for the year	-29,337,386.34
Balance 31/12/2020	514,659,849.57
Prior Year Adjustment	-794,087.15
Adjusted Balance	513,865,762.42
Surplus/ (deficit) for the year	-57,917,441.47
Balance at 31 December 2021	455,948,320.95

IPOKIA LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	2021	2020
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	1,655,958,962.38	1,583,898,274.86
LICENCES, FINES, ROYALTIES, FEES ETC	16,678,020.00	6,703,609.50
EARNINGS & SALES	7,285,915.00	7,897,545.00
RENT OF GOVERNMENT PROPERTIES	1,975,000.00	337,500.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	14,834,860.00	10,500,000.00
OTHER REVENUE	527,827.02	169,000.00
TOTAL INFLOW FROM OPERATING ACTIVITIES A	1,697,260,584.40	1,609,505,929.36
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	1,228,032,032.73	1,173,856,311.83
SOCIAL BENEFIT	430,513,892.18	416,669,655.07
OVERHEADS	75,563,134.54	34,872,138.48
SUBVENTION TO PARASTATALS	1,450,000.00	500,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	1,735,559,059.45	1,625,898,105.38
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	-38,298,475.05	-16,392,176.02
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	- 7,608,000.00	-4,405,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	384,340.00	190,500.00
PROCEED FROM SALE OF ASSETS	3,300,000.00	
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-3,923,660.00	-4,214,500.00
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	38,761,420.59	17,915,163.24
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	38,761,420.59	17,915,163.24
NET CASH FLOW FROM ALL ACTIVITIES	-3,460,714.46	-2,691,512.78
CASH & ITS EQUIVALENT AS AT 1/1/2021	3,462,772.30	6,154,285.08
CASH & ITS EQUIVALENT AS AT 31/12/2021	2,057.84	3,462,772.30

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>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, 2021

**1 SHARE OF STATUTORY ALLOCATION
FROM JAAC**

	₦
JANUARY	133,617,162.39
FEBUARY	139,004,931.97
MARCH	135,852,492.78
APRIL	129,416,447.61
MAY	139,734,040.57
JUNE	126,388,980.07
JULY	138,974,069.42
AUGUST	135,743,249.28
SEPTEMBER	138,672,198.95
OCTOBER	141,617,313.00
NOVEMBER	152,686,413.94
DECEMBER	142,251,662.40
TOTAL	1,653,958,962.38

2 NON-TAX REVENUE

LICENCES	5,856,320.00
FEES	10,388,900.00
FINES	432,800.00
EARNINGS	5,160,400.00
RENT OF GOVERNMENT PROPERTIES	1,975,000.00
SALES	2,125,515.00
TOTAL	25,938,935.00

3 AIDS & GRANTS

OGUN STATE GOVERNMENT	14,834,860.00
NON GOVERNMENT ORGANISATION	0.00
TOTAL	14,834,860.00

4 SALARIES & WAGES

LOCAL GOVERNMENT STAFF	386,064,642.77
PRIMARY SCHOOL TEACHERS	714,324,652.43
TRADITIONAL COUNCIL	100,340,378.70
POLITICAL FUNCTION	27,302,358.83
TOTAL	1,228,032,032.73

5 NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	430,513,892.18
	TOTAL	430,513,892.18

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	29,295,000.00
	HOLGA	295,000.00
	INTERNAL AUDIT	620,500.00
	ADMINSTRATIVE	15,630,271.38
	FINANCE	5,061,068.16
	INFORMATION	15,891,860.00
	P H C	1,988,000.00
	AGRIC	205,000.00
	WORKS	2,414,900.00
	PLANNING	1,365,000.00
	WES	675,000.00
	COMMUNITY	1,935,000.00
	TOTAL	75,376,599.54

8 CASH & CASH EQUIVALENTS

	CASH AT HAND	19,355.69
	CASH IN BANKS	- 17,297.85
	TOTAL	2,057.84

9 UNREMITTED DEDUCTIONS

1	PAYEE	108,129,264.05
2	PENSION	71,032,161.00
3	5% DEVELOPMENT TAX	1,919,072.09
4	5% VAT	3,564,884.34
5	5% WITHHOLDING TAX	2,039,216.52
6	LOAN	5,527,569.23
7	OTHERS	9,070,676.64
	Total	195,755,274.64

IPOKIA LOCAL GOVERNMENT									
SCHEDULE OF 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	504,054,913.68	-	13,900,180.15	14,452,358.55	319,000.00	4,314,500.00	1,485,000.00	538,525,952.18	
ADDITIONAL DURING THE YEAR			3,748,000.00	5,300,300.00	355,000.00	253,000.00		9,656,300.00	
LEGACY								0.00	
DISPOSAL DURING THE YEAR			(105,000.00)	(4,230,435.47)				(4,335,435.47)	
BAL. C/F	504,054,913.68	-	17,543,180.15	15,522,222.88	674,000.00	4,567,500.00	1,485,000.00	543,846,816.71	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2021	20,133,816.54		2,859,236.04	7,340,943.34	319,000.00	1,970,800.00	481,500.00	33,105,295.92	
ADDITIONAL DURING THE YEAR	10,081,098.27		1,754,318.02	3,104,444.58	88,750.00	913,500.00	148,500.00	16,090,610.87	
DISPOSAL DURING THE YEAR			(21,000.00)	(2,538,261.28)				-	2,559,261.28
ADJUSTMENT	0.01		(51,599.95)	845,987.09	-100	-200		794,087.15	
BAL. C/F	30,214,914.82	-	4,540,954.11	8,753,113.73	407,650.00	2,884,100.00	630,000.00	47,430,732.66	
AS AT 31/12/2021	473,839,998.86	-	13,002,226.05	6,769,109.15	266,350.00	1,683,400.00	855,000.00	496,416,084.06	
AS AT 31/12/2020	483,921,097.14	-	11,040,944.12	7,111,415.01	-	2,343,700.00	1,003,500.00	505,420,656.26	
IPOKIA LOCAL GOVERNMENT									
INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND						TOTAL	
BAL AS AT 01/01/2021	161,935,818.24	405,000.00						162,340,818.24	
ADDITIONAL DURING THE YEAR								0.00	
LEGACY								0.00	
DISPOSAL DURING THE YEAR								-	
BAL. C/F	161,935,818.24	405,000.00						162,340,818.24	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2021	6,477,432.72							6,477,432.72	
ADDITIONAL DURING THE YEAR	3,238,716.36							3,238,716.36	
DISPOSAL DURING THE YEAR									
ADJUSTMENT	0.01							0.01	
BAL. C/F	9,716,149.09	-						9,716,149.09	
AS AT 31/12/2021	152,219,669.15	405,000.00						152,624,669.15	
AS AT 31/12/2020	155,458,385.52	405,000.00						155,863,385.52	

The Executive Chairman,
Ipokia Local Government,
Ipokia.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IPOKIA
LOCAL GOVERNMENT, IPOKIA FOR THE PERIOD 1ST JANUARY TO
31ST 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.

2. **AUDIT QUERIES**

The underlisted audit queries had earlier been forwarded to you for your necessary action as required by law. Please ensure quick response to the queries.

S/N	QUERY NUMBER	SUBJECT	AMOUNT ₦
1	OGLG/AQ/IPK/121/2021	Refusal to Remit Rent on Government Properties to Treasury	1,335,000.00

3. **CHECKING OF REVENUE COLLECTORS**

Observation: I wish to refer to paragraph 6 of the last Audit Inspection report 2nd March, 2022 and to observe with dismay that you have not taken any step to recover the sum of ₦339,300.00 owed by Mr Obasa Oluwole (Accountant) since year 2015.

Recommendation: It is the advice of this Office again that your Local Government should take advantage of the Central Salary Payment Platform domiciled at the Local Government Service Commission to effect deduction of this debt.

(ii) **Observation:** Similar to the above, it was also reported in the report that a sum of ₦756,000.00 was owed by Mr Idris Lawal. The debt was the money he collected on a booklet and some leaflets of certificate of origin but was not remitted to the Council. Though, an advance account had been opened for him through which a sum of ₦5,000.00 is expected to be paid monthly, but as at the time of writing this report, only a sum of ₦409,000.00 had been recovered leaving a balance of ₦347,000.00 to refund.

Recommendation: The Local Government should strictly adhere to the repayment pattern until the whole debt is fully liquidated. As earlier advised, the officer should not be allowed to handle cash again.

(iii) **Observation:** Also, the recently concluded audit exercise revealed the activities of one Mr Kalejaye Emiloju (H.E.O GL 08) a revenue collector that failed to check the revenue receipt booklets in his custody despite a persistent demand made to him.

The market receipts in his custody are as highlighted below:

- i. 844001- 845000 (10 booklet @ ₦5,000 each)
- ii. 281001-282000 (10 booklet @ ₦5,000 each)
- iii. 402001-403000 (10 booklet @ ₦5,000 each)
- iv. 407001-408000 (10 booklet @ ₦5,000 each)

However, the receipts was observed to be a 10 booklets each of ₦50,000.00 amounting to a total sum of ₦200,000.00

The amount to be generated by each of the booklet is ₦5,000. This implied that for the 40 booklets, the officer was expected to pay a sum of ₦200,000.00 into the Treasury but refused.

Recommendation: The Treasurer should ensure that the officer Mr. Kalejaye Emiloju (Higher Executive Officer GL. 08) appear in this Office with those revenue receipt for audit check otherwise steps shall be taken by this Office to place embargo on his salaries. The Treasury should ensure that all leakages are blocked.

4. LANDED PROPERTY

Observation: It was reported in paragraph 7 of the previous Audit Inspection Reports that some land grabbers (community) had encroached on your landed property which had resulted to dispute between the Community that encroach the land and your Local Government.

It was pertinent to note that since the dispute started many years ago, your Local Government had taken the issue with levity because there was no concrete step taken to resolve the dispute and recover the property.

Recommendation: I therefore wish to advice again that your Local Government must be alive to its responsibility by taking a bold and concrete step to recover the landed property from the unlawful land grabbers and this Office must be notified accordingly.

5. LOCAL GOVERNMENT SHOPS

Observation: It was observed during the period under reference that the Local Government had 183 lock-up shops and 264 open stalls which were placed on deferential annual rent. The audit visitation to the markets revealed as follows:

i. TUBE MARKET, TUBE

At the market, the Local Government has 25 lock up shops and 140 open stalls. Out of the 25 lock up shops, 18 were occupied, while the remaining 7 were not functioning due to their bad conditions. Out of the 140 open stalls, only 100 were functional very well while the remaining 40 open stalls were not occupied because they were not in good condition. The lock-

up shops were on annual rent of ₦12,000 per shop while the open stalls were on annual rent of ₦3,000.00 per stall. This implied that on lock up shops, the amount expected annually is ₦216,000.00 (₦12,000 x 18 shops). For the open stall, the amount expected annually is ₦300,000.00 (₦3,000 x 100).

ii. IHUNBO MARKET

The visitation revealed that there was a total number of 12 lock up shops and 10 open stalls in the market. Only 4 lock up shops was observed occupied, while 8 shops were in bad condition. Also, out of the 10 open stalls, 2 were occupied, leaving 8 in bad condition. The Lock up shops were on annual rent of ₦6,000 and open stalls ₦3,000.00 This implied that on lock up shops, the amount expected annually is ₦24,000.00 (₦6,000 x 4) and for the open stall, the amount expected annually is ₦6,000.00 (₦3,000 x 2).

iii. KOKO MARKET

At the market, the Local Government has only 114 open stalls and only 14 were functioning, while the remaining 100 were in dilapidated conditions and not occupied. The open stalls were allocated on annual rent of ₦3,000.00 and that however will revealed an annual loss of ₦342,000.00 that would have further generated if those open stalls were in good condition. This implied that on lock up shops, the amount expected annually is ₦42,000.00 (₦3,000 x 14).

iv. IPOKIA MARKET

The Local Government has only 10 Lock up shops at Ipokia market and they were all functioning and operated maximally. The shops were allocated for an annual rent of ₦12,000 up to December 2021 before upward increase to ₦15,000.00 in the current year 2022. This implied that on lock up shops, the amount expected annually is ₦120,000.00 (₦12,000 x 10).

v. IDIROKO LOCK-UP SHOPS

The visitation to this market revealed that idiroko lock up shops comprises of Iyana Ago, 6 shops, Okadas Park, 30 shops, Big Garage, 50 shops and Lola Market 50 shops respectively. It was observed that all the 6 shops at Iyana Ago and 30 shops at Okada Park were functioning and allocated for annual rent of ₦18,000.00 each. At big garage market, Idiroko, 40 shops were allocated for ₦8,400.00, are functioning, leaving 10 shops in bad condition. In addition, out of the 50 shops at Lola Market that was based on ₦24,000.00 annually only 35 shops were functioning and occupied with 5 not functioning due to its bad conditions and 4 shops remained vacant, while the remaining 6 shops were occupied without evidence of payment from Babaloja, Iyaloja and others serves as office allocation to VIO and contractors on stacking permit and trade permit.

However, audit observed with dismay that only a paltry sum of ₦968,000.00 was realized to date as annual rent on the Local Government shops and open stalls. Though the ₦968,000.00 claimed to have realized during the year exceeded the budgetary provision of ₦500,000.00 which appears unreasonable and therefore must be reviewed upward to meet the current economic trend and reality.

A cursory look at the 143 functioning lock up shops that ought to have generated a sum of ₦2,010,000.00 and 118 open stalls would have also generated ₦354,000.00 which

cumulatively would have been ₦2,364,000.00 as against the sum of ₦968,000.00 purportedly generated for the year leaving a short fall of the sum of ₦1,396,000.00. Audit investigation revealed further that the loss of ₦1,396,000.00 was largely occurred as a result of the dubious activities of the then Idiroko Area Officer Mr Akintunde M.A (Principal Executive Officer GL 13). The officer (M. A. Akintunde) often collects money on the lock up shops without issuance of receipt as acknowledgement of payment which had resulted to the loss of ₦1,396,000.00. However, the accounting records reviewed during the year 2021 shows that Mr Akintunde only paid the sum of ₦115,000.00 to the Treasury vide Rv 42, October 2021 on the functioning 111 lock up shops at Idiroko area which supposed to generate ₦1,450,000 leaving the balance of ₦1,335,000.00 to be paid. This is an indication that the internal control procedure of revenue generation to the Local Government shops is weak. This is contrary to the provisions of Chapter 1:4(12)(a) and 1:14(6) of the Model Financial Memorandum for Local Governments. However, this has been the subject of Audit Query No OGLG/AQ/IPK/121/2021.

Recommendation: The Local Government is advised to repair the dilapidated lock up shops for better improved revenue generations. You should also procure regular water supply for the three block of story buildings at Lola Market. This will prevent an indiscriminate urination by the occupiers of the building. In addition, to strengthen the revenue generation machinery and to block all loopholes and ensure government revenue are promptly collected and remitted to the Treasury as required by regulations.

7. NAMING OF STREET

Observation: During the period under review, the Local Government currently charge a sum of Forty Seven Thousand Naira (₦47,000.00) as fees for street naming and allocation to interested individual and corporate bodies within the Local Government while a sum of ₦5,000.00 was approved as fees for the renewal of street per year.

It was disheartening to note that your Local Government has no comprehensive data of all the street that existed within the locality and could therefore not be able to determine the individual or corporate bodies that have defaulted in the renewal of such street for several years except for those who come willingly to renew their application and those that come forward with fresh application for street to be named after them within the locality. Even though, your Local Government realized a sum of ₦300,000.00 as revenue from street naming which was the actual amount budgeted to generate during the year. Though the amount budgeted under the street naming was generated but it appeared that initially, the budget had been underestimated.

Recommendation: In view of the above, the Local Government is advised to make adequate provision for this revenue head in the current estimate and embark on aggressive drive to meet revenue potentials target set especially from the street naming within the locality and ensure that all leakages are identified and blocked. In addition, the management should continue to improve on compilation of adequate data base of beneficiaries within the council for renewal purposes and ensure prompt recovery of outstanding debt for better revenue generation.

8. OVERDRAFT FACILITIES OF TWENTY MILLION (₦20M)

Observation: I wish to draw your attention to a letter Ref. No. IPLG. G. S & A/42 of 25th April, 2016 on Matters file and to observe with dismay that your Local Government had failed to pay the outstanding balance of the sum ₦6,596,160.63 it owed the Wema bank Plc which was incurred as a result of the ₦20Million loan facility granted your Local Government that has been long overdue for payment despite previous demand notices and meetings held with the Management of Wema bank Plc.

Audit viewed this flagrant disregard by your Local government to invitations to litigation which may not be in the best interest of your Local Government.

Recommendation: I therefore wish to advise your Local Government to liquidate the loan by paying ₦50,000.00 monthly in line with the agreement at the F&GPC meeting held on 17th June, 2020. So as to continue maintaining the good cordial relationship with the bank. Please ensure that you obtain the bank statement regularly from the bank for proper monitoring of repayment.

9. AGRICULTURE AND NATURAL RESOURCES DEPARTMENT

Observation: It was reported in paragraph 11 of the previous Audit Inspection Report that your Local Government had a 25 acres of oil palm tree farm located at Gbodojogo in the defunct Ipokia west LCDA and 2,700 tree of oil palm plantation located on 15 hectares of land at Idosemo. The recent audit visitation to the plantation revealed as follows:

(i). Gbodojogo Oil Palm Farm

It was observed during the visitation made to the farm that it had overgrown with weed as a result of neglect it has suffered for years. It was reported in the previous report that the farm was contracted to Mr Kovobau Bamidele George, of Kovobau Compound, Ilesi, Tube Ipokia for the period of 5years for a sum of Two Million Naira (₦2,000,000.00) effective from July 1st, 2019. The lessee was observed to have paid a sum of ₦250,000.00 into the treasury in the year 2019 which negate the initial agreement that 50% (₦1,000,000.00) must be paid and the remaining balance of ₦1,000,000.00 will be paid on two (2) instalment basis between year 2021 and 2022 respectively.

During the visitation, it was observed with dismay that the farm was not properly maintained and had abandoned by the contractor thereby making it non-productive any longer. The Director of Agricultural, Mr Omidiji on interrogation on why the Agricultural department was not making regular visit to oil palm farm to assess the condition of the farm and instantly addressed any ugly situation that may affect its productivity. The Director of Agric explained that he could not make regular visit to the place because of insecurity of the area and the incessant communal crises that always occur in that areas. This inaction of the management had resulted into loss of fund to your Local Government contrary to the provisions of chapter 1.14(6) and 39.3(a) 12 of Model Financial Memorandum for Local Governments.

Recommendation: Your Local Government is therefore advised to seek necessary professional advice on the best way to utilize the existing palm tree for better economic results.

(ii). **Idosemo Oil Palm Plantation**

Observation: Available record revealed that 2,700 trees of oil palm was planted on the oil palm plantations located on 15 hectares of land at idosemo. The plantation had been leased to Bernard Gyane, Eva compound, off Eva road, Igbao via Ijofin within the Local Government area. The farm was leased for a period of ten (10) years (2013 to 2023). An upfront payment of ₦1,000,000.00 had been made vide RV 94 November, 2013. The lessee had also paid ₦100,000.00 for a year ground rent remaining ₦900,000.00 for 9years.

It was disheartening to note that since 2013, the lessee had not paid the remaining ₦900,000.00 9 years annual rent because there was no evidence that he paid.

In view of the above, the Auditors decided to visit the farm. During the visit, it was discovered that it was properly and regularly maintained by the lessee. The situation prompted the Local Government management to initiate steps toward the recovery of the outstanding ₦900,000.00 and also commenced steps for the renewal or termination of the contract agreement as a result of breach in payment. This Office should be informed of the progress made.

In addition, the Director of Agriculture and Natural Resources had been directed as a matter of urgency to value all the adult growing oil palm plantation at Idosemo Ijofin for immediate recognition as biological asset in the financial statement of the year 2022. Please adhere to this advice.

Recommendation: Your Local Government is advised to take full advantage of the agrarian nature of the area and ensure that funds are made available for the department of Agriculture to embark on massive agricultural activities to boost the internally generated revenue of your Local Government.

10. INVESTMENT

Observation: It was observed that your Local Government has continued to reflect a sum of ₦650,000.00 as investment in its Statement of Assets and Liabilities but there was no evidence to substantiate this claim. None of the Officers in the Treasury department could produce on demand to the Audit Team for sighting, either the share certificate or any other document to confirm the existence of such investment.

Recommendation: You are therefore requested to initiate steps that would help to establish the true status of the investment, in the absence of this, they should be written off so that the true financial Position of your Local Government could be determined.

11. MOVABLE ASSETS NOT IN THE SECRETARIAT

Observation: I wish to refer to paragraph 14 of the last Audit inspection report and to observe with dismay that no positive action had been taken by your Local Government to recover the Toyota Corolla acquired for official use of the Executive Chairman, Hon. Josu Amos and taken away by him after the expiration of his tenure in office in October, 2019. In the like manner, another Toyota Corolla purchased in June 2021 at the sum of ₦2,800,000.00 for the use of HOLGA had been taken away by the transition Chairman Hon. Abolurin Abiola at end of his

tenure in July, 2021 without proper approval from this Office and from the Ministry of Local Government and Chieftaincy Affairs.

On enquiry as to the reluctance of your Local Government to retrieve the two vehicles as directed by this Office, the Director of General Services and Admin (Mr Akinde A.D) explained that the Local Government had written to seek approval from the Ministry of Local Government and Chieftaincy Affairs for the retrieval but no response has been received.

Recommendation: I wish to advice again that you should take necessary steps as a matter of urgency to recover the Government vehicles from the former Chairmen (Hon. Josu Amos and Hon. Abolurin Abiola) because the ownership of the vehicles had not been officially transferred to them. Their continue retention of those public property in their custody after the expiration of their tenure is illegal.

12. CAPITAL EXPENDITURE REGISTER/ FIXED ASSET REGISTER

Observation: Despite my advice on Audit Inspection Report No OGLG/IPK/1/VOL.III/310 dated 18th June, 2021 on the need for your Local Government to have a fixed asset register as required in Chapter 26:4 of the Model Financial Memoranda for Local Government, it was observed that the Treasury has not maintain a capital expenditure register for recording of its expenditure on capital items for which its benefits and usage for the Local Government will last beyond five years. The register is expected to contain vital information of assets owned, time acquired or constructed location and stages of payment for on- going projects. Keeping of this record is also required by the International Public Sector Accounting Standard (IPSAS) which has been adopted for use.

Recommendation: In view of the above, I want to advice again that the Director of Finance and Supplies should ensure that the records are kept and updated regularly. Please adhere to the advice.

13. DORMANT ADVANCES

Observation: Audit examination of the personal advance ledger revealed that a sum of Two Million, Three Hundred and Ninety Four Thousand, Three Hundred and Three Naira, Eighty kobo (₦2,394,303.80) only was the outstanding balances of personal advance granted to some members of your Local Government which had remained stagnant for several years. This irregular repayment contravened 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 of individuals. Investigation into the reasons for the dormancy revealed that most of the beneficiaries have been posted to other Local Governments while some have retired or deceased.

Recommendation: I wish to advise your Local Government to take advantage of the Central Salary Payment Platform for Local Government Staff 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.

The Auditor-General for Local Governments,
Parastatals Building, Block "B",
Oke-Mosan,
Abeokuta.

**MANAGEMENT REPORT ON 2021 STATUTORY REPORT OF IPOKIA LOCAL
GOVERNMENT**

Reference to your report of OGLG/IPK/1/VOL.III/332, we wish to state that the following actions have been taken on as follows:

1. **DISTRUCTION OF EXHAUSTED RECEIPT BOOKS**

Appropriate action has been taken.

2. **BANK RECONCILIATION**

The Local Government has appeal to the State Council representing the Local Government from the Ministry of Justice that the Local Government has ready to settle out of Court by setting aside certain amount of money to relinquished the debt and we are still awaiting the reply from the Ministry of Justice.

3. **CHECKING OF REVENUE COLLECTORS**

The Local Government has taken appropriate action on all the revenue collectors as observed by the Statutory Auditors.

4. **LOCAL GOVERNMENT SHOPS AND MARKETS**

Base on the observation of the Statutory Audit on the following markets and shops at Ihunbo, Koko, Tube and Ipokia, the management has been advised to appeal to the State Government to assist on the renovation and rehabilitation of all the dilapidated block of shops as to improve the revenue generation of the Local Government to provide necessary conducive environment such as water, toilet etc.

5. **NAMING OF STREET**

The observation of the Statutory Auditor on the Street Naming has been brought to the attention of Director, General Services and Administration for necessary action as observed.

6. **OVERDRAFT FACILITIES OF TWENTY MILLION (#20M)**

The management has been advised for necessary action accordingly.

7. **AGRICULTURE AND NATURAL RESOURCES**

i. **Gbodojogo Oil Palm Farm**

The management has terminated the contract with Mr. Kovobau as a result of Breach of Agreement.

ii. **Idosemo Oil Palm Plantation**

In case of the Idosemo Oil Palm Plantation, the management has been advised accordingly.

8. **INVESTMENT**

Necessary action will be taken as observed.

9. **MOVEABLE ASSETS NOT IN THE SECRETARIAT**

The attention of the management has been brought to the above observation for necessary action.

10. **CAPITAL EXPENDITURE REGISTER/FIXED ASSETS REGISTER**

Necessary action will be taken as observed on the above subject matter.

11. **DORMANT ADVANCES**

Necessary action will be taken as observed on the above subject matter.


.....
MR. ADESOYE TAJUDEEN
Director, Finance and Supplies


.....
MR. OLATUNJI JELIJI
Ag. Head of Local Govt. Adm