

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

OBAFEMI OWODE LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2022

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	19-24
(14)	Management Letter	25-26

ACKNOWLEDGEMENT

I wish to express my gratitude and appreciation to Almighty God for giving us the privilege to produce this Report. We are grateful to God for making our proposal a success.

I also wish to acknowledge the support of His Excellency, the Governor of Ogun State, Prince Dapo Abiodun MFR to this Office. The provision of enabling environment and the needed resources by His Excellency has shown that he is an advocate of probity and accountability in governance. I also acknowledge and appreciate the contributions of the members of the 9th Legislative Assembly of Ogun State House of Assembly particularly the Chairman and members of the Public Accounts Committee.

I cannot but appreciate the favourable disposition of the immediate past Head of Service Dr Nafiu Aigoro and the current Head of Service Mr Kolawole Peter Fagbohun for their regular support towards keeping this Office afloat.

Finally, my gratitude goes to the management and staff of this Office for their uncommon commitment to duty and loyalty to the discharge of their duties without which this Report would not have been possible.

Thank you and God bless you all.



L. A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
23rd June, 2023.



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

Parastatals Building Block "B" Oke-Mosan. P.M.B. 2047, Abeokuta,
OGUN STATE, NIGERIA

AUDIT CERTIFICATE

I have examined the accounts of Obafemi Owode Local Government for the year ended 31st December, 2022 in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

In my opinion, the Financial Statements give a true and fair view of the state of affairs of the Local Government as at 31st December, 2022 subject to the observations in the inspection reports.

L. A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
23rd June, 2023.

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
OBAFEMI OWODE LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2022**

The accounts of Obafemi Owode Local Government for the year ended 31st December, 2022 have been examined in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

RESPONSIBILITY STATEMENT

The Local Government is responsible for the preparation of the Financial Statements under IPSAS Accrual Basis of accounting as applicable in the public sector. It is our responsibility to form an independent opinion based on our Audit on the Financial Statements therein.

THE SCOPE OF THE AUDIT

We conducted our Audit in accordance with Generally Accepted Auditing Standards and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit. An audit includes examination on test basis of evidence relevant to the accounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgement made by the Council in the preparation of the financial statements, and whether the accounting policies were appropriate in the Council circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations we considered necessary to provide sufficient evidence to give reasonable assurances that the financial statements are free from material misstatement, whether by fraud, other irregularities or errors.

In forming our opinion, we evaluated the overall adequacy of the presentation of the information in the financial statements and assessed whether the Council's books and Accounts had been properly kept.

OPINION

In our opinion, the financial statements give a true and fair view of the financial activities of the Local Government for the period under review.



L. A. Mulero (CNA)

Auditor-General for Local Governments

Ogun State.

23rd June, 2023.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF OBAFEMI OWODE LOCAL GOVERNMENT, OWODE FOR THE YEAR ENDED 31ST DECEMBER, 2022

In compliance with the provisions of Section 123 of Decree Number 12 of 1989, Section 315(1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Obafemi/Owode Local Government, Owode for the year ended 31st December, 2022 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 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 were some improvements in record keeping. There were misclassification of some transactions.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Internally Generated Revenue	85,786,509.23
Statutory Allocation	2,702,817,234.31
Aids and Grants	<u>31,737,994.15</u>
Total Revenue	<u>2,820,341,737.69</u>
EXPENDITURE	
Salaries and Allowances	1,758,058,796.48
Pensions	829,773,921.05
Overhead Expenses (including Depreciation & Loss on Disposal of Assets)	178,567,195.78
Long Term Assets	<u>790,000.00</u>
Total	<u>2,767,189,913.31</u>

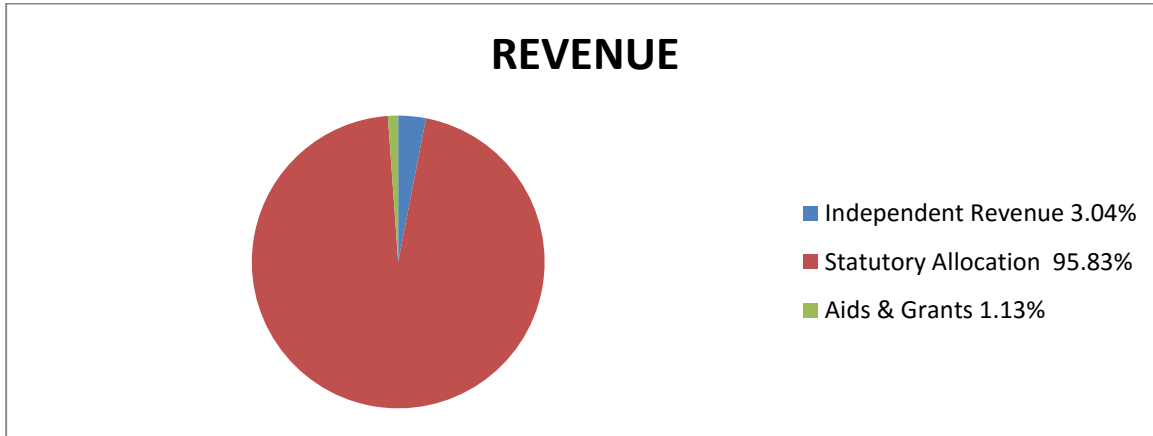
(4) REVENUE PERFORMANCE:

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦113,170,000.00, a sum of ₦85,786,509.23 only was generated internally representing 75.80% of the budget. This represents a decrease of 12.41% when compared with the sum of ₦97,937,383.80 generated in year 2021. This revenue performance is not impressive and it does not a reflection of the revenue potential of the Local Government.

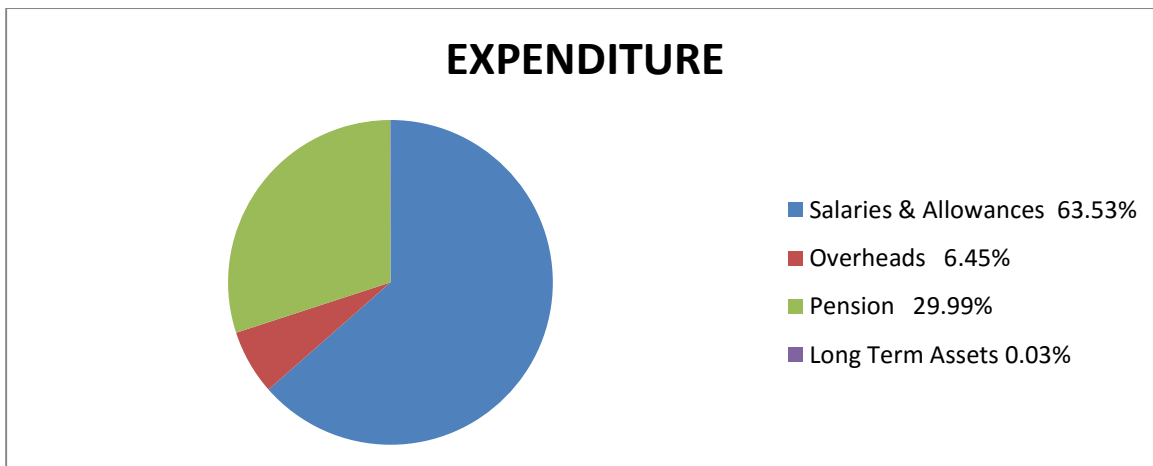
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦2,820,341,737.69 realized by the Local Government during the year under review, a sum of ₦85,786,509.23 only was generated internally. This represented 3.04% of the total revenue while the sum of ₦2,702,817,234.31 statutory allocation and ₦31,737,994.15 aids and grant received from Ogun State Government represented 95.83% and 1.13% 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 expenditure profile of the Local Government revealed that a total sum of ₦2,767,189,913.31 was expended. Out of this, a sum of ₦178,567,195.78 was expended on overhead which represents 6.45% of the total expenditure for the year while a sum of ₦1,758,058,796.48 was expended on Salaries and Allowances which represents 63.53% of the total expenditure. The sum of ₦829,773,921.05 was paid to pensioners which represents 29.99% while a sum of ₦790,000.00 expended on long term assets represented 0.03% 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, 2022 was ₦206,228,446.31. The liabilities are highlighted here under:

NAME	AMOUNTN (₦)
1. PAYE	74,593,982.56
2. PENSION	84,405,180.71
3. 5% Development levy	1,007,533.20
4. 5% VAT	20,375,196.49
5. 5% TAX	4,119,658.83
6. NULGE	5,184,394.67
7. Payables	8,037,750.00
8. OTHERS	8,504,749.85
TOTAL	<u>206,228,446.31</u>

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

(7) **ADVANCES**

The sum of ₦953,055.23 highlighted in the Statement of Financial Position as the advances balance as at 31st December, 2022 was stagnant during the year. Efforts should be intensified to recover the advances.

(8) **INVESTMENT**


The sum of ₦284,990.20 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 there was no evidence of beneficial ownership such as dividend received.

OBAFEMI/OWODE 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.


.....
Sobowale O. Elijah
Treasurer
DATE:.....28/12/23

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 Obafemi/OwodeLocal Government as at 31st December, 2022 and its operations for the year ended on the date.


.....
Sobowale O. Elijah
Treasurer
DATE:.....28/12/23


.....
Hon. Adesina Ogunsola
Executive Chairman
DATE:.....28/12/2023

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

	NOTES	2022	2021
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	10	8,700,549.32	534,017.88
INVENTORIES		3,694,275.00	3,771,476.00
RECEIVABLES		347,400.00	126,200.00
PREPAYMENT		2,700,000.00	2,800,000.00
ADVANCE		953,055.23	953,055.23
TOTAL CURRENT ASSET (A)		16,395,279.55	8,184,749.11
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	8	410,593,804.00	423,779,183.00
INVESTMENT PROPERTY	9	130,690,968.00	133,532,076.00
BIOLOGICAL ASSET		200,000.00	
INVESTMENT		284,990.20	284,990.20
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		541,769,762.20	557,596,249.20
TOTAL ASSET (C=A+B)		558,165,041.75	565,780,998.31
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	11	198,190,696.31	260,929,144.25
ACCRUED EXPENSES, PAYABLES		8,037,750.00	5,957,750.00
DEFERRED INCOME		2,000,001.00	2,899,334.00
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		208,228,447.31	269,786,228.25
NON CURRENT LIABILITY			
PUBLIC FUND			
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		-	-
TOTAL LIABILITY (F=D+E)		208,228,447.31	269,786,228.25
NET ASSETS (G= C-F)		349,936,594.44	295,994,770.06
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		349,936,594.44	295,994,770.06
TOTAL NET ASSET/EQUITY		349,936,594.44	295,994,770.06

**OBAFEMI OWODE
LOCAL GOVERNMENT**

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

	NOTES	2022	2021
REVENUE		₦	₦
STATUTORY ALLOCATION	1	2,702,817,234.31	2,276,186,802.14
NON TAX REVENUE:	2	81,554,669.88	96,521,599.46
INVESTMENT INCOME			
INTEREST EARNED			
GAIN/LOSS ON DISPOSAL ON ASSET			
AIDS & GRANTS	3	31,737,994.15	17,600,000.00
OTHER REVENUE		4,231,839.35	1,415,784.34
TOTAL REVENUE (A)		2,820,341,737.69	2,391,724,185.94
EXPENDITURE			
SALARIES & WAGES	4	1,758,058,796.48	1,623,394,939.43
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	829,773,921.05	674,701,562.81
OVERHEAD COST	7	160,550,708.78	153,801,758.99
SUBVENTION TO PARASTALS		1,400,000.00	1,800,000.00
DEPRECIATION	8 & 9	16,616,487.00	16,803,887.00
GAIN/LOSS ON DISPOSAL ON ASSET			311,020.62
TOTAL EXPENDITURE (B)		2,766,399,913.31	2,470,813,168.85
SURPLUS / DEFICIT (C=A-B)		53,941,824.38	-79,088,982.91

OBAFEMI OWODE LOCAL GOVERNMENT

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

	₦
Balance 1/1/2021	377,361,810.88
Prior Year Adjustment	- 2,278,057.91
Adjusted Balance	375,083,752.97
Surplus/ (deficit) for the year	-79,088,982.91
Balance 31/12/2021	295,994,770.06
Adjusted Balance	295,994,770.06
Surplus/ (deficit) for the year	53,941,824.38
Balance at 31 December 2022	349,936,594.44

OBAFEMI OWODE LOCAL GOVERNMENT

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

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
INFLOWS	₦	₦
STATUTORY ALLOCATION	2,702,817,234.31	2,278,186,802.14
LICENCES, FINES, ROYALTIES, FEES ETC	65,296,150.00	60,663,156.46
EARNINGS & SALES	12,709,986.88	20,503,210.00
RENT OF GOVERNMENT PROPERTIES	2,528,000.00	14,486,600.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	31,737,994.15	17,600,000.00
OTHER REVENUE	4,231,839.35	1,080,634.34
TOTAL INFLOW FROM OPERATING ACTIVITIES (A)	2,819,321,204.69	2,392,520,402.94
OUTFLOW		
PERSONNEL EMOLUMENTS	1,758,058,796.48	1,623,394,939.43
SOCIAL BENEFIT	829,773,921.05	674,701,562.81
OVERHEADS	158,393,507.78	156,473,721.99
SUBVENTION TO PARASTATALS	1,400,000.00	1,800,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)	2,747,626,225.31	2,456,370,224.23
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=(A)-(B)	71,694,979.38	-63,849,821.29
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	-790,000.00	8,535,000.00
DEFERRED INCOME		66,000.00
ADVANCE		
PROCEED FROM SALE OF ASSETS	-	3,840,000.00
DEFERRED INCOME		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-790,000.00	-4,629,000.00
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	-62,738,447.94	52,145,439.12
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	-62,738,447.94	52,145,439.12
NET CASH FLOW FROM ALL ACTIVITIES	8,166,531.44	-16,333,382.17
CASH & ITS EQUIVALENT AS AT 1/1/2022	534,017.88	16,867,400.05
1CASH & ITS EQUIVALENT AS AT 31/12/2022	8,700,549.32	534,017.88

ACCOUNTING POLICY

S/N	
1	<p>Basis of Preparation The General Purpose Financial Statements are prepared under the historical cost convention and in accordance with IPSAS and other applicable standards and laws.</p>
2	<p>Accounting period Reporting period runs from 1st January to 31st December.</p>
3	<p>Reporting Currency The reporting currency is Naira (₦).</p>
4	<p>Revenue</p> <ul style="list-style-type: none"> a) Revenues from non-exchange transactions such as fees, and fines are recognised when the event occurs and the asset recognition criteria are met. b) Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Local Government and the fair value of the assets can be measured reliably.
5	<p>Other revenue</p> <ul style="list-style-type: none"> a) Other revenue consists of gains on disposal of property, plant and equipment. b) Any gain on disposal is recognized at the date control of the assets is passed to the buyer and is determined after deducting from the proceeds the carrying value of the assets at that time.
6	<p>Aids and Grants Aid and grants to a Local Government is recognised as income on entitlement, while aid and grants to other governments/agencies are recognised as expenditure on commitment.</p>
7	<p>Expenses All expenses are recognised in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.</p>
8	<p>Property, Plant & Equipment (PPE)</p> <ul style="list-style-type: none"> a) All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. b) Where an asset (Other than land) is acquired in a non-exchange transaction for nil or normal consideration the asset is initially recognised at fair value, where fair value can be reliably determined and as income in the statement of financial performance.
9	<p>Depreciation The cost of PPE are written off, from the time they are brought into use on a straight line basis over their expected useful lives less any estimated residual value as follows:</p> <ul style="list-style-type: none"> a) Lease properties over the term of the lease b) Buildings 2% c) Plant and Machinery 10% d) Motor vehicles 20% e) Office Equipment 25% f) Furniture and Fittings 20% <p>i. The full depreciation charge is applied to PPE in the year of acquisition and non in the year of disposal, regardless of the day of the month the transactions were carried out</p>

	<ul style="list-style-type: none"> ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00 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.
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> <ul style="list-style-type: none"> 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. b) These amounts are stated as Current Liabilities in the Statement of Financial Position.
13	<p>Payable/Accrued Expenses</p> <ul style="list-style-type: none"> a) These are monies payable to third parties in respect of goods and services received 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.
14	<p>Current Portion of Borrowings This is the portion of the long-term loan/borrowing that is due for repayment within the next 12 months. This portion of the borrowings is classified under Current Liabilities in the Statement of Financial Position.</p>

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

1	₦
JANUARY	199,738,363.67
FEBUARY	
MARCH	203,733,630.72
APRIL	406,842,891.88
MAY	
JUNE	208,272,298.27
JULY	209,833,125.82
AUGUST	227,117,071.45
SEPTEMBER	231,571,914.49
OCTOBER	221,337,614.91
NOVEMBER	573,087,282.00
DECEMBER	221,283,041.10
TOTAL	2,702,817,234.31

2 NON-TAX REVENUE

LICENCES	42,749,850.00
FEES	21,560,900.00
FINES	1,106,600.00
EARNINGS	643,200.00
RENT OF GOVERNMENT PROPERTIES	3,427,333.00
SALES	12,066,786.88
TOTAL	81,554,669.88

3 AIDS & GRANTS

OGUN STATE GOVERNMENT	31,737,994.15
NON GOVERNMENT ORGANISATION	
TOTAL	31,737,994.15

4 SALARIES & WAGES

LOCAL GOVERNMENT STAFF	516,805,894.56
PRIMARY SCHOOL TEACHERS	1,044,802,077.74
TRADITIONAL COUNCIL	127,460,531.83
POLITICAL FUNCTIONARIES	68,990,292.35
TOTAL	1,758,058,796.48

5 NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6 SOCIAL BENEFIT

	GRATUITY	-
	PENSION	829,773,921.05
	TOTAL	829,773,921.05

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	47,561,000.00
	HOLGA	1,307,500.00
	INTERNAL AUDIT	1,962,500.00
	ADMINSTRATIVE	36,562,215.72
	FINANCE	16,276,243.06
	INFORMATION	16,349,500.00
	P H C	14,939,500.00
	AGRIC	365,000.00
	WORKS	9,364,750.00
	PLANNING	10,205,000.00
	WES	2,809,000.00
	COMMUNITY	2,848,500.00
	TOTAL	160,550,708.78

10 CASH & CASH EQUIVALENTS

	CASH AT HAND	220,144.71
	CASH IN BANKS	8,480,404.61
	TOTAL	8,700,549.32

11 UNREMITTED DEDUCTIONS

1	PAYE	74,593,982.56
2	PENSION	84,405,180.71
3	5% DEVELOPMENT LEVY	1,007,533.20
4	5% VAT	20,375,196.49
5	5% TAX	4,119,658.83
6	NULGE	5,184,394.67
7	OTHERS	8,504,749.85
	Total	198,190,696.31

NOTE 8 OBAFEMI OWODE LOCAL GOVERNMENT

SCHEDULE OF EQUIPMENT	PROPERTY, PLANT & EQUIPMENT	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUSURE 10%	TOTAL
BAL AS AT 01/01/2022	398,635,200.00	28,800,000.00	10,000,000.00	10,600,000.00	4,782,500.00	10,839,000.00	2,200,000.00	465,856,700.00	
ADDITIONAL DURING THE YEAR	170,000.00				150,000.00	270,000.00		590,000.00	
LEGACY								0.00	
DISPOSAL DURING THE YEAR								-	
BAL. C/F	398,805,200.00	28,800,000.00	10,000,000.00	10,600,000.00	4,932,500.00	11,109,000.00	2,200,000.00	466,446,700.00	
ACCUMULATED DEPRECIATION									
BAL. AS AT 01/01/2022	23,570,792.00		3,028,000.00	6,079,800.00	3,591,325.00	5,587,600.00	220,000.00	42,077,517.00	
ADDITIONAL DURING THE YEAR	7,976,104.00		1,000,000.00	1,500,000.00	1,001,675.00	2,077,600.00	220,000.00	13,775,379.00	
ADJUSTMENT									
DISPOSAL DURING THE YEAR									
BAL. C/F	31,546,896.00	-	4,028,000.00	7,579,800.00	4,593,000.00	7,665,200.00	440,000.00	55,852,896.00	
AS AT 31/12/2022	367,258,304.00	28,800,000.00	5,972,000.00	3,020,200.00	339,500.00	3,443,800.00	1,760,000.00	410,593,804.00	
AS AT 31/12/2021	375,064,408.00	28,800,000.00	6,972,000.00	4,520,200.00	1,191,175.00	5,251,400.00	1,980,000.00	423,779,183.00	

NOTE 9 OBAFEMI OWODE LOCAL GOVERNMENT

INVESTMENT PROPERTY	LAND & BUILDING 2%	TOTAL
BAL AS AT 01/01/2022	142,055,400.00	142,055,400.00
ADDITIONAL DURING THE YEAR		0.00
LEGACY		0.00
DISPOSAL DURING THE YEAR		-
BAL. C/F	142,055,400.00	142,055,400.00
ACCUMULATED DEPRECIATION		
BAL. AS AT 01/01/2022	8,523,325.00	8,523,325.00
ADDITIONAL DURING THE YEAR	2,841,108.00	2,841,108.00
DISPOSAL DURING THE YEAR		
BAL. C/F	11,364,433.00	11,364,433.00
AS AT 31/12/2022	130,690,967.00	130,690,967.00
AS AT 31/12/2021	133,532,075.00	133,532,075.00

The Executive Chairman,
Obafemi/Owode Local Government,
Owode.

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

The following comments in addition to those contained in the Statutory Audit Report which will be issued from this office are referred for your attention and comments in connection with the above Audit Inspection.

2. AUDIT QUERIES

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

S/N	Query Numbers	Subject	Amount ₦
1.	OGLG/AQ/WDE/314/2022.	Doubtful Expenditure	100,000.00
2.	OGLG/AQ/WDE/315/2022.	Doubtful Expenditure	450,000.00
3.	OGLG/AQ/WDE/316/2022.	Payment Contrary to Regulation	300,000.00
4.	OGLG/AQ/WDE/317/2022.	Payment Contrary to Regulation	300,000.00
5.	OGLG/AQ/WDE/318/2022.	Expenditure Contrary to Regulation	300,000.00
6.	OGLG/AQ/WDE/319/2022.	Doubtful Expenditure	350,000.00
7.	OGLG/AQ/WDE/320/2022.	Expenditure Contrary to Regulation	300,000.00
8.	OGLG/AQ/WDE/321/2022.	Doubtful Expenditure	350,000.00
9.	OGLG/AQ/WDE/322/2022.	Doubtful Expenditure	250,000.00
10.	OGLG/AQ/WDE/323/2022.	Doubtful Expenditure	250,000.00

3. BANK RECONCILIATION STATEMENT

Observation: i) Dormant Bank Balances: - I wish to refer to paragraph 5(ii) of the last audit inspection report and to observe with dismay that nothing was done by your Local Government in spite of the assurances given by the former Director of Finance and Supplies (Mr. E. A. Ekemode) that concerted efforts shall be made by your Local Government to reactivate, merge or probably close your dormant bank accounts that has remained stagnant for several years. It's even surprising to note that the bank balance of Oceanic bank which had been distressed for over fifteen (15) years is still visible in your bank reconciliation statement. It's pertinent to say that the continuous retention of these dormant bank accounts and their balances will definitely not give true and fair view of the financial position of your Local Government.

Recommendation: I therefore wish to reiterate my earlier advise that your Local Government without any further delay should reactivate or close completely all your dormant bank accounts if they are no longer necessary in order to give a fair view of the financial position of your Local Government.

Observation: ii) Direct Lodgment or Credit:-A sum of Seven Hundred and Forty-Eight Thousand, Eight Hundred and Twenty-Six Naira (₦748,826.00) only was the amount credited into the various bank accounts of your Local Government but were yet to be debited in the cashbook. Audit investigation revealed that the monies were paid into your bank accounts by some revenue collectors who failed to present bank tellers to the treasury for issuance of Treasury Receipts. This irregularity is responsible for the long list of direct credits items highlighted in the bank reconciliation statement as at 31st December, 2022.

Recommendation: The Treasurer (Mr. Sobowale O. E.) and Internal Auditor (Mrs Ogunbona Muinat) should educate the revenue collectors on the need to always present their bank tellers to the Treasury immediately payments are made into the bank.

Meanwhile, the Treasurer and the schedule officer in charge of the preparation of the bank reconciliation statement is hereby instructed to post all the accumulated direct lodgments into the cashbook in order to tidy up the account of your Local Government.

4. UNCREDITED LODGEMENTS

Observation: It was surprising to note that despite my comments in previous Audit Inspection reports, little or nothing was done by the Director of Finance and Supplies Mr. O. E. Sobowale to investigate and ensure prompt payment of the accumulated sum of ₦879,500.00 that had remained uncredited in the bank accounts of your Local Government since year 2018 up to 30th December, 2022.

Recommendation: I therefore wish to reiterate my earlier advice that the Treasurer and the Internal Auditor should take necessary action and ensure the payment of these monies by relevant banks into the coffers of your Local Government without any further delay.

5. INTERNALLY GENERATED REVENUE (IGR)

Observation: A review of the internally generated revenue of your Local Government revealed that a sum of Eighty-Five Million, Seven Hundred and Eighty-Six Thousand, Five Hundred and Nine Naira and Twenty-Three Kobo (₦85,786,509.23) only was generated during the year under review as against the sum of One Hundred and Thirteen Million, One Hundred and Seventy Thousand Naira (₦113,170,000.00) only proposed to generate in the year. Audit examination of the General Purpose Financial Statement for the year revealed that the reasons for the low revenue was that a paltry sum of One Hundred Thousand Naira (₦100,000.00) only was generated as revenue from tenement rate out of the Twelve Million Naira (₦12,000,000.00) proposed revenue for the year.

Similarly, it was surprising to note that only a meagre sum of One Hundred and Thirty-Eight Thousand and Two Hundred Naira (₦138,200.00) was generated as revenue out of the sum of One Million Naira (₦1,000,000.00) proposed to generate from squatter fees. These are few of such cases. It would therefore appear that either your Local Government was not realistic in her budgeting or there were leakages in the revenue generation which you have not blocked.

Recommendation: I wish to advise that your Local Government should compile a comprehensive data of all her revenue sources and harness them for the benefit of your Council.

6. INDEBTEDNESS OF REVENUE CONTRACTORS

Observation: I wish to refer to paragraph 8 of the last audit inspection report of 31st October, 2022 and to observe with dismay that your Local Government is yet to recover the sum of ₦4,735,000.00 owed by revenue contractors that you engaged between 1st January to 30th June, 2022. It is even worrisome to note that despite my advice in previous inspection report to discontinue the use of revenue contractors to collect revenue on behalf of your Local Government, you have refused to yield to the advice of this Office and went further to engage another set of revenue contractors between July-December, 2022. Audit scrutiny of available record in the treasury department revealed that the revenue contractors engaged between July-December, 2022 also owed a huge sum of ₦7,599,000.00. It is therefore disturbing to note that the indebtedness of all the revenue contractors engaged by your Local Government between January-December, 2022 now stood at ₦12,334,000.00.

Recommendation: Please, ensure that the amounts owed by these revenue contractors were recovered without any further delay.

7. INVESTMENT

Observation: I wish to refer to paragraph 11 of the last audit inspection of 31st October, 2022 and to observe with dismay that your Local Government appears to have ignored the advice of this Office and has continued to reflect the same amount of ₦284,990.20 over the years as investments in the statement of financial position when there is no evidence to substantiate this claim.

Recommendation: It's in the light of the above that I wish to reiterate my earlier advise that the Treasurer as a matter of compulsion should produce adequate records to substantiate the value of the investment, and forward same to this Office for necessary action.

8. ASSETS REGISTER

Observation: It was observed that even though Fixed Asset Register was opened but was not properly maintained as required by Chapter 26:4 of the Model Financial Memoranda. I wish to emphasize that the asset register is one of the most important accounting document or records which should be a permanent record of the asset of a Local Government that is to be kept and maintained in perpetuity.

Recommendation: The Local Government is therefore advised to always maintain the assets register in order to keep track of the asset so as to prevent theft or pilferage.

9. ADVANCE

Observation: I wish to refer to paragraph 12 of the inspection report No. OGLG/WDE/VOL.V/200 of 10th May, 2022 and to observe that your Local Government is yet to yield to my advise that you should take the advantage of the Central Salary Payment Platform domiciled at the Local Government Service Commission to effect deduction from salaries and allowances of some members of staff who were given personal advances that had remained stagnant for several years. In addition, you were also advised to liase with the Bureau of Local Government Pension for the recovery of the outstanding advances from the staff that had retired.

Recommendation: The Treasurer is advised again to speed up his action for the quick recovery of the dormant advances which is to the tune of ₦953,055.23 as at 31st December, 2022.

10. PAYMENT CONTRARY TO REGULATIONS

Observation: I wish to draw the attention of the Executive Chairman to some of the approval granted to incurred expenditure during the period under review which were far above the approval limit of the Chairman and were not forwarded to the Finance and General Purposes Committee (F&GPC) of the Local Government for ratification. This is a clear violation of the existing extant laws and financial regulations. Example of such infractions was the sum of Four Hundred and Fifty Thousand Naira (₦450,000.00) approved and released to Prince Segun Soneye (Director, Information and Sport). The money was paid vide PV. 85/November, 2022 to organize Aggressive Campaign towards the forthcoming National Population Census. Another example was the sum of Three Hundred Thousand Naira (₦300,000.00) approved and released to Mr. Raheem Azeez (Chief Clerical Officer) vide PV. 79 & 84 July, 2022 to cater for some miscellaneous expenses in the Department of Administration and Supplies on monthly basis.

Recommendation: I therefore wish to urge the Director, General Services and Administration to be alive to his responsibilities and provide the needed guidance for the Executive Chairman.

11. DOUBTFUL EXPENDITURE

Observation: It was observed that most of the expenditure incurred by your Local Government officials during the period under review were not supported with official printed receipts. Some of such instance(s) was the sum of Two Hundred and Fifty Thousand Naira (₦250,000.00) released to Mrs. Sansa Temitope (Accountant 1) vide PV. 25/July, 2022. The money was meant to organize a meeting with the market women and other stakeholder within your Local Government Area in July, 2022. Official receipt was not attached to the voucher and the officer could not produce on demand any photograph taken during the meeting or the minutes of the meeting to authenticate this expenditure thus rendering it doubtful.

Another was the sum of Four Hundred and Fifty Thousand Naira (₦450,000.00) released to Prince Segun Soneye (Director, Information and Sport) vide PV. 85/November, 2022 to organize Aggressive Campaign towards the forthcoming National Population Census.

Recommendation: I wish to advise the officials of your Local Government to guide against future occurrences.

12. HEALTH FACILITIES IN THE LOCAL GOVERNMENT

Observation: Audit verification visit was made to some health centers within the Local Government. During the visits, it was observed that the health center at Ofada currently have two (2) scanning machines. One of them is owned by your Local Government while the second was brought by the State Ministry of Health to the center.

It was discovered from available records that the operator consistently make use of the scanning machine brought by the State Government and pay such proceeds into the account of the State Government while the other scanning machine owned by your Local Government was found to be idle.

Recommendation: It's in the light of the above that I wish to advise your Local Government to move the scanning machine currently at Ofada health center to Owode health center where it can be used optimally rather than allowing it to remain idle at its present location.

13. AGRICULTURE AND NATURAL RESOURCES

Observation: It is disturbing to note that up till now, there had been no activity in the department of Agriculture. The officials in the department were just idle and collecting salaries and allowances without doing nothing except for the sum of ₦200,000.00 released to Mrs. Olaose A. T. vide Pv. 1/July, 2022 to cultivate plantain farm within the staff quarters. Audit verification visit to the farm revealed that the plantains were yet to begin to bear fruits.

Recommendation: I wish to urge your Local Government to revive the activities in the department of Agriculture rather than allowing the officials to remain idle.

OBAFEMI OWODE LOCAL GOVERNMENT

OWODE EGBA, OGUN STATE

Date : 21st June, 2023.

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

RE: AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OBAFEMI OWODE LOCAL GOVERNMENT, OWODE FOR THE PERIOD OF 1ST JANUARY TO 31ST DECEMBER, 2022.

I have the directive of the management to render this report as requested by your office.

DORMANT BANK BALANCES

The Local Government has taken far reaching decision on this and the closure shall be effected soonest.

DIRECT LODGEMENT OR CREDIT

All Revenue Collectors have been educated on the need to promptly get across the bank tellers to the Cash office, to prevent its loss and to ensure proper accountability.

UNCREDITED LODGEMENT

Concerted efforts are being taken by both the Treasurer and the Internal Auditor to achieve positive results.

INTERNALLY GENERATED REVENUE (IGR)

Deliberate efforts were actually made to surpass Internally Generated Revenue (IGR) realized. However, this was truncated by the introduction of " Land Use Act" by the State Government and some other unforeseen circumstances.

INDEBTEDNESS OF REVENUE CONTRACTORS

Because of this and other Internally Generated Revenue (IGR) matters or issues, the Management set up a committee known as Internally Generated Revenue (IGR) Committee headed by the Secretary to the Local Government at the beginning of 2023 fiscal year. The effort of this Committee has started to yield positive results and some of the debtor Contractors have been started paying up.

INVESTMENT

Be informed that efforts are on to trace the investment records and history of the Local Government.

ASSET REGISTER

The officer handling the Fixed Asset Register has done the needful and the register has been posted up to date.

ADVANCE

Advice given on this shall be worked upon.

HEALTH FACILITIES IN THE LOCAL GOVERNMENT

The Local Government scanning machine at Ofada Health Centre is been put into use and generating revenue to the Local Government. The Audit inspection report is contrary to the situation on ground.

AGRICULTURE AND NATURAL RESOURCES

The Local Government approved Plantain Farm plantation. On the farm, maize was planted and which was harvested mid last year and sold to the members of the public. The plantain is not ripe for harvesting as at the time of this report.

The management as at now as in other Local Government has not decided on Agric project to embark upon.

Thank you.


Mr. Sobowale E.O
Treasurer
For: Chairman.