

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

ODOGBOLU LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

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ACKNOWLEDGEMENT

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

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

I cannot but appreciate the favourable disposition of the Head of Service Alhaja Selimot Olapeju Ottun for her regular support towards keeping this Office afloat.

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

Thank you and God bless you all.



L.A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
14th July, 2021.



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

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

AUDIT CERTIFICATE

I have examined the accounts of Odogbolu Local Government for the year ended 31st December, 2020 in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

In my opinion, the Financial Statements give a true and fair view of the state of affairs of the Local Government as at 31st December, 2020 subject to the observations in the inspection reports.

L.A. Mulero (CNA)
Auditor-General for Local Governments,
Ogun State.
14th July, 2021

STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF ODOGBOLU LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

The accounts of Odogbolu Local Government for the year ended 31st December, 2020 have been examined in accordance with the provisions of Section 123 of Decree Number 12 of 1989 and 315 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006 and auditing standards issued by International Organisation of Supreme Audit Institution (INTOSAI). I have obtained all information and explanations that I require for my Audit.

RESPONSIBILITY STATEMENT

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

THE SCOPE OF THE AUDIT

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

We planned and performed our audit so as to obtain all information and explanations we considered necessary to provide sufficient evidence to give

reasonable assurances that the financial statements are free from material misstatement, whether by fraud, other irregularities or errors.

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial activities of the Local Government for the period under review. The federal allocation received by the State Local Government Joint Account Allocation Committee (JAAC) was completely distributed to the Local Government.



L. A. Mulero (CNA)

Auditor-General for Local Governments

Ogun State.

14th July, 2021.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF ODOGBOLU LOCAL GOVERNMENT, ODOGBOLU FOR THE YEAR ENDED 31ST DECEMBER, 2020

In compliance 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, the accounts of Odogbolu Local Government, Odogbolu for the year ended 31st December, 2020 have been audited. The General Purpose Financial Statement was prepared by the management of the Local Government and is therefore responsible for the contents and information contained therein. The Financial Statement was prepared under the 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 the keeping of accounting records though there were few errors and misclassifications.

(3) **FINANCIAL REVIEW:**

REVENUE	AMOUNT (₦)
Independent Revenue	22,903,241.65
Statutory Allocation	1,589,017,714.61
Aids and Grants	<u>10,800,000.00</u>
Total	<u>1,622,720,956.26</u>
EXPENDITURE	
Salaries & Allowance	1,175,660,035.36
Pensions	420,878,818.00
Overhead Expenses	52,922,435.17
Long Term Asset	<u>11,020,000.00</u>
Total	<u>1,660,481,288.53</u>

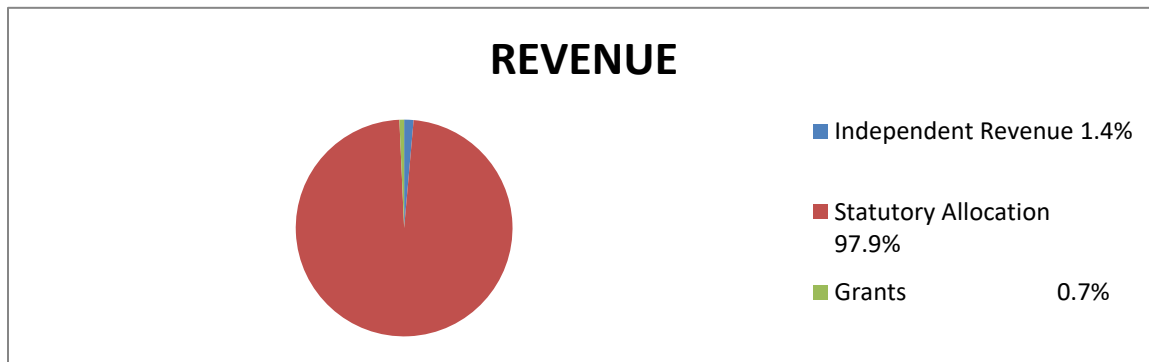
(4) **REVENUE PERFORMANCE:**

(i) **STATEMENT OF ACTUAL REVENUE**

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦35,372,000.00, a sum of ₦22,903,241.65 only was actually generated internally representing 64.7% of the budget. This represents an increase of 23.78% when compared with the sum of ₦18,501,784.80 generated in year 2019. Nevertheless, this does not represent the revenue potential of the Local Government.

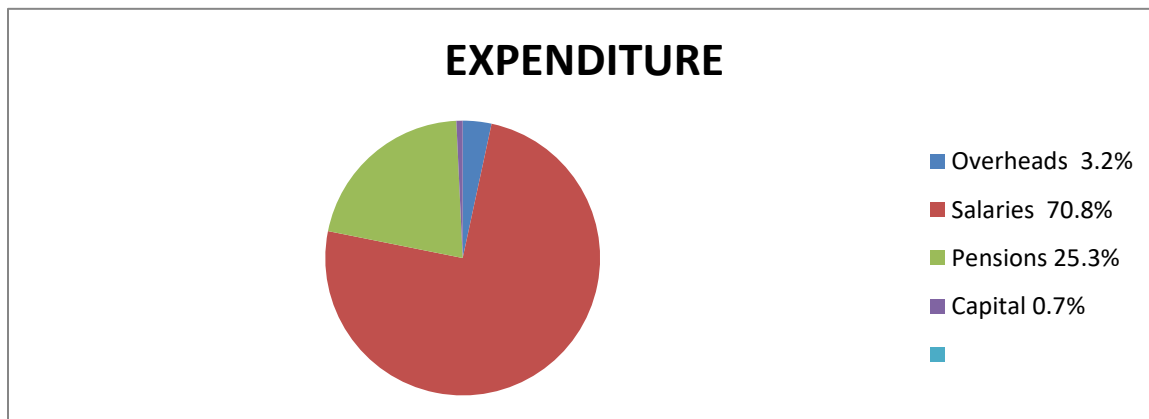
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,622,720,956.26 realized by the Local Government during the year under review, a sum of ₦22,903,241.65 only was generated internally. This represented 1.4% of the total revenue while the sum of ₦1,589,017,714.61 statutory allocation and ₦10,800,000.00 aids and grant received from the State Joint Account Allocation Committee represented 97.9% and 0.7% 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 a total expenditure of ₦1,660,481,288.53. Out of this, a sum of ₦52,922,435.17 was expended on overhead which represented 3.2% of the total expenditure for the year. Also, a sum of ₦1,175,660,035.36 was expended on salaries and allowances which represented 70.8% of the expenditure for the year while ₦420,878,818.00 was paid to pensioners representing 25.3% of total expenditure. The sum of ₦11,020,000.00 was expended on long term assets and this represented 0.07% of the expenditure for the year. The pattern of expenditure does not augur well for meaningful development in the Local Government.



(6) DEBT PROFILE

The total debt profile of the Local Government according to the Statement of Financial Position as at 31st December, 2020 was ₦104,572,417.13. The liabilities are highlighted below:

S/NO	ITEMS	AMOUNT (₦)
1	5% VAT	5,171,368.07
2	5% WITHOLDING TAX	5,118,178.22
3	5% DEVELOPMENT LEVY	2,857,820.07
4	PENSION FUND	23,217,839.47
5	PAYE	52,341,058.93
6	PAYABLES	2,300,000.00
7	OTHERS	<u>13,566,152.37</u>
	Total	<u>104,572,417.13</u>

(7) REVIEW OF STATEMENT OF FINANCIAL POSITION

(i) INVESTMENTS

The sum of ₦565,375.00 shown in the Statement of Financial Position as at 31st December, 2020 could not be verified because the share certificate was not produced on demand for audit scrutiny, also evidence of beneficial ownership such as dividends were not seen.

(ii) ADVANCES

The sum of ₦1,763,057.86 highlighted in the Statement of Financial Position as the Advances figure was dormant during the year contrary to regulations.

ODOGBOLU LOCAL GOVERNMENT

RESPONSIBILITY FOR FINANCIAL STATEMENT

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

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



Mr. Onayemi. D. I
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 Odogbolu Local Government as at 31st December, 2019 and its operations for the year ended on the date.



Mr. Onayemi. D. I
Treasurer

15/2/2021



Hon. Obafemi Onakoya
Chairman

15/02/2021

ODOGBOLU LOCAL GOVERNMENT

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	10,369,895.20	9,451,570.36
INVENTORIES		1,084,175.00	3,393,366.00
RECEIVABLES		4,327,000.00	435,000.00
PREPAYMENT			
ADVANCE		1,763,057.86	1,636,907.86
TOTAL CURRENT ASSET (A)		<u>17,544,128.06</u>	<u>14,916,844.22</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	278,546,186.48	278,054,134.32
INVESTMENT PROPERTY	11	256,935,791.36	259,934,453.68
BIOLOGICAL ASSET	12	1,800,000.00	1,800,000.00
INVESTMENT		565,375.00	565,375.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>537,847,352.84</u>	<u>540,353,963.00</u>
TOTAL ASSET (C=A+B)		<u>555,391,480.90</u>	<u>555,270,807.22</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	102,272,417.13	76,111,568.10
ACCRUED EXPENSES, PAYABLES		2,300,000.00	1,065,000.00
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>104,572,417.13</u>	<u>77,176,568.10</u>
NON-CURRENT LIABILITY			
PUBLIC FUND		2,022,562.28	1,305,107.28
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		<u>2,022,562.28</u>	<u>1,305,107.28</u>
TOTAL LIABILITY (F=D+E)		<u>106,594,979.41</u>	<u>78,481,675.38</u>
NET ASSETS (G= C-F)		<u>448,796,501.49</u>	<u>476,789,131.84</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		448,796,501.49	476,789,131.84
TOTAL NET ASSET/EQUITY		<u>448,796,501.49</u>	<u>476,789,131.84</u>

ODOGBOLU LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2020

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,589,017,714.61	1025448541
NON-TAX REVENUE:	2	20,794,941.13	15,598,784.80
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	10,800,000.00	
OTHER REVENUE		2,108,300.52	2,903,000.00
TOTAL REVENUE (A)		<u>1,622,720,956.26</u>	<u>1,043,950,326.01</u>
EXPENDITURE			
SALARIES & WAGES	4	1,175,660,035.36	838,370,222.79
NON- REGULAR ALLOWANCE	5	-	
SOCIAL BENEFIT	6	420,878,818.00	200,399,361.30
OVERHEAD COST	7	38,395,825.01	17,152,396.19
SUBVENTION TO PARASTALS		1,000,000.00	100,000.00
DEPRECIATION	10 & 11	13,526,610.16	12,853,695.16
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		<u>1,649,461,288.53</u>	<u>1,068,875,675.44</u>
SURPLUS / DEFICIT (C=A-B)		<u>-26,740,332.27</u>	<u>-24,925,349.43</u>

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

	₦
Balance 1/1/2019	-47,546,813.09
Prior Year Adjustment	549,261,294.36
Adjusted Balance	501,714,481.27
Surplus/ (deficit) for the year	-24,925,349.43
Balance 31/12/2019	476,789,131.84
Prior Year Adjustment	-1,252,298.08
Adjusted Balance	<u>475,536,833.76</u>
Surplus/ (deficit) for the year	-26,740,332.27
Balance at 31 December 2020	<u>448,796,501.49</u>

ODOGBOLU LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	1,587,017,714.61	1,025,448,541.21
LICENCES, FINES, ROYALTIES, FEES ETC	15,554,350.00	7,099,899.80
EARNINGS & SALES	2,962,791.13	7,764,875.00
RENT OF GOVERNMENT PROPERTIES	385,800.00	1,183,710.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	10,800,000.00	
OTHER REVENUE	2,108,300.52	2,830,020.00
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>1,618,828,956.26</u>	<u>1,044,327,046.01</u>
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	1,175,660,035.36	838,370,222.79
SOCIAL BENEFIT	420,878,818.00	200,399,361.30
OVERHEADS	34,851,634.01	16,866,579.19
SUBVENTION TO PARASTATALS	1,000,000.00	100,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>1,632,390,487.37</u>	<u>1,055,736,163.28</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>-13,561,531.11</u>	<u>-11,409,117.27</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	- 11,020,000.00	-301,730.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	- 126,150.00	9,600.00
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-11,146,150.00</u>	<u>-292,130.00</u>
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	25,626,005.95	19,455,610.08
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>25,626,005.95</u>	<u>19,455,610.08</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>918,324.84</u>	<u>7,754,362.81</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	9,451,570.36	1,697,207.55
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>10,369,895.20</u>	<u>9,451,570.36</u>

ACCOUNTING POLICY

S/N	
1	<p>Basis of Preparation The General Purpose Financial Statements are prepared under the historical cost convention and in accordance with IPSAS and other applicable standards and laws.</p>
2	<p>Accounting period Reporting period runs from 1st January to 31st December.</p>
3	<p>Reporting Currency The reporting currency is Naira (₦).</p>
4	<p>Revenue</p> <ul style="list-style-type: none"> a) Revenues from non-exchange transactions such as fees, and fines are recognised when the event occurs and the asset recognition criteria are met. b) Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Local Government and the fair value of the assets can be measured reliably.
5	<p>Other revenue</p> <ul style="list-style-type: none"> a) Other revenue consists of gains on disposal of property, plant and equipment. b) Any gain on disposal is recognized at the date control of the assets is passed to the buyer and is determined after deducting from the proceeds the carrying value of the assets at that time.
6	<p>Aids and Grants Aid and grants to a Local Government is recognised as income on entitlement, while aid and grants to other governments/agencies are recognised as expenditure on commitment.</p>
7	<p>Expenses All expenses are recognised in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.</p>
8	<p>Property, Plant & Equipment (PPE)</p> <ul style="list-style-type: none"> a) All property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. b) Where an asset (Other than land) is acquired in a non-exchange transaction for nil or normal consideration the asset is initially recognised at fair value, where fair value can be reliably determined and as income in the statement of financial performance.
9	<p>Depreciation The cost of PPE are written off, from the time they are brought into use on a straight line basis over their expected useful lives less any estimated residual value as follows:</p> <ul style="list-style-type: none"> a) Lease properties over the term of the lease b) Buildings 2% c) Plant and Machinery 10% d) Motor vehicles 20% e) Office Equipment 25% f) Furniture and Fittings 20% <ul style="list-style-type: none"> i. The full depreciation charge is applied to PPE in the year of acquisition and non in the year of disposal, regardless of the day of the month the transactions were carried out ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00

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

**NOTES TO THE GPFS FOR THE YEAR ENDED 31ST DECEMBER,
2020**

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

	₦
JANUARY	116,848,476.91
FEBRUARY	164,882,632.74
MARCH	122,149,855.83
APRIL	117,062,619.07
MAY	114,378,734.03
JUNE	119,072,661.46
JULY	143,505,064.83
AUGUST	152,722,138.24
SEPTEMBER	129,794,312.73
OCTOBER	1,333,351.53
NOVEMBER	270,415,568.74
DECEMBER	136,852,298.50
TOTAL	<u>1,589,017,714.61</u>

2. NON-TAX REVENUE

LICENCES	4,333,300.00
FEES	11,221,050.00
FINES	55,900.00
EARNINGS	2,836,891.13
RENT OF GOVERNMENT PROPERTIES	2,277,800.00
SALES	70,000.00
TOTAL	<u>20,794,941.13</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	10,800,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>10,800,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	397,320,999.90
PRIMARY SCHOOL TEACHERS	690,868,032.76
TRADITIONAL COUNCIL	78,188,215.46
POLITICAL FUNCTIONARIES	9,282,787.24
TOTAL	<u>1,175,660,035.36</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	420,878,818.00
TOTAL	<u>420,878,818.00</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	15,784,000.00
HOLGA	-
INTERNAL AUDIT	510,000.00
ADMINISTRATIVE	5,734,858.00
FINANCE	7,670,447.01
INFORMATION	748,000.00
P H C	3,120,520.00
AGRIC	328,000.00
WORKS	1,696,000.00
PLANNING	819,000.00
WES	1,812,000.00
COMMUNITY	173,000.00
TOTAL	<u>38,395,825.01</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	15,831.04
CASH IN BANKS	10,354,064.16
TOTAL	<u>10,369,895.20</u>

9. UNREMITTED DEDUCTIONS

5% VAT	5,171,368.07
5% WITHOLDING TAX	5,118,178.22
5% DEVELOPMENT LEVY	2,857,820.07
PENSION FUND	23,217,839.47
PAYE	52,341,058.93
TOTAL	<u>102,272,417.13</u>

NOTE 10 ODOGBOLU LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT										
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL		
BAL AS AT 01/01/2020	255,310,301.00	-	13,887,958.48	13,877,513.88	218,300.00	1,887,900.00	3,232,882.00	288,414,855.36		
ADDITION DURING THE YEAR	7,500,000.00		220,000.00				3,300,000.00	11,020,000.00		
LEGACY								0.00		
DISPOSAL DURING THE YEAR								-		
BAL C/F	262,810,301.00	-	14,107,958.48	13,877,513.88	218,300.00	1,887,900.00	6,532,882.00	299,434,855.36		
ACCUMULATED DEPRECIATION										
BAL AS AT 01/01/2020	5,306,206.02	0	1,388,795.84	2,775,502.78	109,150.00	334,490.00	646,576.40	10,360,721.04		
ADDITION DURING THE YEAR	5,256,206.02		1,410,795.85	2,775,502.78	54,575.00	377,580.00	653,288.20	10,527,947.84		
DISPOSAL DURING THE YEAR										
BAL C/F	10,362,412.04	-	2,799,591.69	5,551,005.56	163,725.00	712,070.00	1,299,864.60	20,888,668.88		
AS AT 31/12/2020	252,447,888.96	-	11,308,366.79	8,326,508.32	54,575.00	1,175,830.00	5,233,017.40	278,546,186.48		
AS AT 31/12/2019	250,204,094.98	-	12,499,162.64	11,102,011.10	109,150.00	1,553,410.00	2,586,305.60	278,054,134.32		
NOTE 11 ODOGBOLU LOCAL GOVERNMENT INVESTMENT PROPERTY										
	LAND & BUILDING 2%	LAND		TOTAL		NOTE 12 BIOLOGICAL 4%	BIOLOGICAL ASSET	TOTAL		
BAL AS AT 01/01/2020	149,933,116.00	113,000,000.00		262,933,116.00		1,800,000.00		1,800,000.00		
ADDITION DURING THE YEAR				0.00				-		
LEGACY				0.00						
DISPOSAL DURING THE YEAR				-						
BAL C/F	149,933,116.00	113,000,000.00		262,933,116.00		1,800,000.00		1,800,000.00		
ACCUMULATED DEPRECIATION										
BAL AS AT 01/01/2020	2,998,662.32			2,998,662.32						
ADDITION DURING THE YEAR	2,998,662.32			2,998,662.32						
DISPOSAL DURING THE YEAR										
BAL C/F	5,997,324.64	-		5,997,324.64						
AS AT 31/12/2020	143,935,791.36	113,000,000.00		256,935,791.36		1,800,000.00		1,800,000.00		
AS AT 31/12/2019	146,934,453.68	113,000,000.00		259,934,453.68		1,800,000.00		1,800,000.00		

**The Chairman,
Transition Committee,
Odogbolu Local Government,
Odogbolu.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF ODOGBOLU LOCAL
GOVERNMENT, ODOGBOLU FOR THE PERIOD 1ST JANUARY TO 31ST
DECEMBER, 2020**

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

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/DGB/132/2020	Unauthorised Expenditure	100,000.00
2	OGLG/AQ/ DGB/133/2020	Failure to Recover Unremitted Revenue from Revenue Collector	66,550.00
3	OGLG/AQ/ DGB/134/2020	Misappropriation of Cash in Hand	126,150.00

3. UNAUTHORISED EXPENDITURE

Observation: Audit examination of payment vouchers revealed that a sum of Five Hundred and Seventy-Six Thousand Naira (₦576,000.00) only was approved by the Finance and General Purpose Committee for preparation and completion of projects in the Local Government for use by the community. It was observed that while the sum of ₦576,000.00 was approved, a sum of ₦676,000.00 was released to Engr. M.A, Afolabi (Director, Works and Housing Department) vide P.V. 19/October, 4/November and 20/December 2020 resulting in the payment of ₦100,000.00 in excess of the amount approved contrary to Chapter 14:3 of Model Financial Memoranda for Local Governments.

Furthermore, it was observed from the receipts attached to the payment vouchers that the total sum of ₦676,000.00 released was expended on the provision of crushed stone base and spreading only. Meanwhile, the sum of ₦576,000.00 approved included a sum of ₦90,000.00 for electrical works and ₦15,000.00 for the provision of burglary proof. It would appear that the sum of ₦105,000.00 released for electrical works and burglary proof was not expended.

Recommendation: You are advised to desist from releasing funds in excess of amount approved. In addition, execution of projects should be based on approval.

4. **FAILURE OF REVENUE COLLECTORS TO REMIT REVENUE COLLECTED**

Observation: In paragraph 5 of the last Audit Report Nos OGLG/DGB/1/VOL.11/188 of 13th February, 2020 and paragraph 6 of OGLG/DGB/1/VOL.11/193 of 20th November, 2020 it was reported that a revenue collector failed to pay sums collected to the Treasury. It is disheartening to note that despite repeated reports on the refusal of Mr. Onafeso Nurudeen to pay a sum of ₦46,550.00 revenue collected but not paid to the Treasury, nothing was done to reprimand and recover Government revenue from him. Certainly, this is a violation of Chapter 6:3 of Model Financial Memoranda for Local Governments which requires that revenue collected should be paid to the treasury at interval prescribed which at most should be monthly. The Local Government being aware of this breach of regulation and despite several entreaty and plea by this Office for her to recover the amount involved, failed to act in line with Chapter 8:2 of Model Financial Memoranda for Local Governments which requires that the staff involved should be dealt with in accordance with extant Public Service Rules. There was no evidence of any kind of reprimand.

We brought to your attention that Chapter 8:4 of Model Financial Memoranda for Local Governments empowers the Local Government to recover any revenue loss or failure to pay amount collected from an employee's personnel emolument in installment or lump sum. The Local Government also failed to comply with the requirements of these regulations.

Related to this is the case of Mr. Nurudeen Bello a Revenue Collector who failed to remit a sum of Twenty Thousand Naira (₦20,000.00) collected from the four market receipts since year 2017 which was reported in paragraph 6 of Audit Inspection Report No OGLG/ILCDA/1/16 of 18th November, 2020. In this case also, the Local Government did not take necessary measures to recover the revenue trapped in the hand of the Revenue Collector. Meanwhile, Chapter 1:4 (7) of Model Financial Memoranda for Local Governments requires the Executive Committee to take necessary disciplinary action against any officer who has been found negligent in the performance of his duties and this is one of such cases but nothing was done.

Recommendation: You are once again enjoined recover the sum of ₦66,550.00 being revenue collected but not paid to the Treasury by Mr Onafeso Nurudeen and the sum of ₦20,000.00 not paid by Mr Nurudeen Bello from the defaulters in line with the regulations above.

5. **CASH IN HAND WHICH CASHIER MISAPPROPRIATED**

Observation: Paragraph 6 of Audit Inspection Report No OGLG/ILCDA/1/16 of 18th November, 2020 reported that a sum of One Hundred and Twenty-Six Thousand, One Hundred and Fifty Naira (₦126,150.00) cash in hand in Defunct Ifesowapo Local Council Development Area as at 31st December, 2018 was misappropriated and should be recovered from the Cashier Mr. Nubi Oladele Adebola (Principal Executive Officer GL 12). It was observed that the amount involved was yet to be recovered by Odogbolu Local Government, rather, the ₦126,150.00 involved was placed in an advance account that was dormant throughout the year. It is sad to note that the Local Government is reluctant to recover Government fund trapped in the hand of an official. It would appear that the advance account opened to recover the money was some kind of ploy to take attention off the matter without sincere intention to effecting deductions from the salary of the defaulter as prescribed in Chapter 16:12 of Model Financial Memoranda for Local Governments.

Recommendation: You are enjoined to take all measures necessary to recover the amount trapped in the hand of the Cashier Mr. Nubi Oladele Adebola without further delay. You should not shy away from taking required disciplinary action against erring officers as required by regulations.

6. **REVENUE ON OKADA UNIFORM NOT REMMITTED TO THE TREASURY**

Observation: It had been reported in four successive Audit Inspection Reports to your Local Government that some Okada Union representative collected Okada uniforms from the Local Government for sale to their members but failed to remit the sum of Two Hundred and Fifty Thousand (₦250,000.00) being proceeds from the sale of the uniforms to the treasury. The situation still remains the same during the just concluded audit exercise, as there was no evidence of any remittance in the Local Government cashbook. Nothing appears to have been done to recover the amount involved.

Recommendation: You are enjoined to investigate this imminent loss and inform this Office appropriately.

7. **OIL PALM PLANTATION:**

Observation: During the audit exercise, it was observed that the Local Government's Oil Palm Plantation at Ala was given out to Lenient Company to manage and harvest its fruit and to pay a sum of ₦70,000.00 per annum to the Treasury. Audit verification visit to the plantation revealed that the plantation was weedy and need serious pruning to be fully productive. Lenient Company

was yet to pay the sum of ₦140,000.00 representing year 1999 and 2020 (two years) agreed amount to the Treasury.

Recommendation: You are advised to terminate the agreement with Lenient Company and recover the sum of ₦140,000.00 due but not paid to the Treasury. You should also ensure that the oil palm plantation is properly maintained for good yield.

8. **CAPITAL EXPENDITURE AND FIXED ASSET REGISTERS**

Observation: It was observed that the Local Government did not maintain asset register as required by the provisions of Chapter 26:4 of the Model Financial Memoranda for the Local Governments and as emphasized by the Auditor General. It is sad to note that the Audit Team could not ascertain the Local Government assets because an Asset Register was not maintained, neither was there any list of the assets. The implication of this is that the Local Government is not complying with the provisions of Chapter 26:6 of MFM which requires that physical verification of fixed assets be carried out quarterly and may not be in a position to properly account for the assets. It is to be emphasized that Chapter 26:4 regard Capital Expenditure Register and Fixed Asset Register as one of the most important accounting records to be kept by the Local Government.

Furthermore, it was gathered that some unserviceable vehicles of the Local Government were scattered within the Local Government. Some of these assets are exposed to vandalism and fire from illicit bush burning. The assets will be safer in the Local Government Secretariat than its being scattered around.

Recommendation: You are advised to ensure that Fixed Asset Register is maintained in line with the Provisions of Chapter 26 of the Model Financial Memoranda for Local Government and present this to this Office not later than two (2) weeks from the date on this report.

9. **WEAKNESSES IN THE USE OF KOMATSU GRADER**

Observation: It was observed that the Local Government has a Komatsu grader which it uses to grade roads on hire or used without fee. A review of the use of the grader revealed that the internal control on the grader is weak. For example, there is usually no formal authorization for the use of the grader either for private usage at a fee or Local Government grading of public roads without fee. The process of releasing the machine for use is not well defined and this makes it easy for the machine to be moved anywhere and anyhow by its custodian.

Recommendation: You are advised to put in place a well-defined process of release of the Local Government grader. Machinery should be put in place to monitor the movement of the grader when in use.

The Auditor General,

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

MANAGEMENT LETTER ON YEAR 2020 AUDIT INSPECTION REPORTS

I am pleased to inform you that the Management of this Local Government had critically looked into your reports vide reference No. OGLG/DGB /1/VOL. II/197 dated 3rd June, 2021 and submitted our positions on the issues and advice raised below:

1. DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

Those exhausted receipt books have been constituting nuisance in the Finance and Supplies Department store. As a result, there is need to destroy them but the representative of the Auditor General for Local Government must be around to witness the destructions of the receipt books. The management has therefore directed that a letter should be written to this effect to the office of Auditor General for Local Government.

2. AUDIT QUERIES

As usual, all the audit queries issued in respect of year 2020 statutory audit exercise had been recorded accordingly in Audit Query Register and the concerned officers had been given their query so as to respond to the issues raised by the office of the Auditor General for Local Government.

3. CONTROL OVER CASH

More than ever before, the cashier and the treasury-cash books has often been monitored by the Internal Auditor and Treasurer to secure efficiency, effectiveness, accuracy, transparency and accountability. Post-payment audit exercise is much more intensified by the Internal Auditor besides the regular pre-payment audit task.

4. REVENUE ON OKADA UNIFORM NOT REMMITTED TO THE TREASURY

Effort has been made to recover the proceeds from the sale of the uniforms to the treasury by inviting the people concerned but they are nowhere to be found. To date, all investigation put in-place proved abortive. No amount has

been recovered on this subject as at now. Records available on this issue indicated that it has been in existence for the past ten years.

5. FAILURE OF REVENUE COLLECTORS TO REMIT REVENUE COLLECTED.

Efforts has been made to make the Revenue Collectors concerned to understand the gravity of the offence committed by them. Effect of this is their response in paying to the coffers of the Local Government as follows:

S/N	Name	RV No	Outstanding	Amount paid	Balance
1.	Mr. Onafeso Nurudeen	15 June	#46,550.00	#20,000.00	#26,550.00
2.	Mr. Nurudeen Bello	23 rd June	#20,000.00	#10,000.00	#10,000.00

The management has directed that the Officers concerned should pay up the balance on the receipt of August salary, failure which a letter will be written to report them to the Local Government Service Commission.

6. CASH IN HAND WITH CASHIER MISAPPROPRIATED

Adequate necessary measure has been taken to ensure the recovery of the amount trapped in the hand of the cashier Mr. Nubi Oladele Adebola without further delay by inviting in writing to him and he yielded by promising to go to the office of Auditor General for Local Government to give details explanation on the subject matter.

Besides, the subject of Audit query No. OGLG/AG/DGB/34/2020 written by the office of Auditor General for Local Government has been delivered to Mr. Nubi Adebola. When Mr. Nubi Ademola Oladele was invited by the Local Government Treasurer in July, 2021 after the receipt of his query, he disclosed that he had responded and forwarded his response to the Auditor General for Local Government vide letter dated 24th June, 2021.

(A copy is hereby attached for ease of reference. He stated further that the issue had been amicably resolved during his last visit to the office of Auditor General for Local Government.

7. OIL PALM PLANTATION

The director of Lenient Company was invited to the council in attempt to recover the sum amount owed. This effort yielded a positive result as he paid a sum of (#70,000.00) seventy thousand naira only twice to the coffers of the council with RV 49 April, 2021 and RV 67 July, 2021 respectively. Meaning that Lenient company has succeeded in paying total sum of (#140,000.00) one hundred and forty thousand naira only to the coffers of the council. He was advised to take care of the oil plantation so that the plantation can yield

well for his benefit. Even though the council was advised to terminate the agreement with Lenient Company, the Management was of the opinion that the Company should be given a second chance after which any default by Lenient Company lead to review of the contract and should be terminated.

8. CAPITAL EXPENDITURE AND FIXED ASSET

In line with the provision of chapter 26:4 of the Model Financial Memoranda (MFM) of the Local Governments and as emphasized by the Auditor General, efforts have been put in place to open asset-register by the office of the council's Internal Audit. Besides, list of the assets has been made available.

In complying with the provision of chapter 26.6 of (MFM) Model Financial Memoranda which requires that physical verification of fixed assets is carried out quarterly so as to properly give account for the assets, the Internal Auditor together with the representative of the Auditor General carried out the first quarter of the year's assets physical verification.

In addition, the Office of Internal Audit has advised the management that unserviceable vehicles scattered all over the Area Offices be brought to the main Secretariat of the council to prevent these assets from being exposed to vandalism and fire from illicit bush burning. This is in agreement with Auditor General's advice that the assets will be safer in the Local Government Secretariat than its being scattered all around. This advise had been considered and the Council Engineer had been directed by the management to ensure that they are returned to the main secretariat without further delay.

9. WEAKNESS IN THE USE OF KOMATSU GRADER

Strong internal control has been put in place, by the Internal Auditor. This is a well defined process of releasing all movable assets especially the Komatsu Grading machine for use outside secretariat.

The Internal control system involves procedure for both hiring of the movable assets and in their usage for social services.

The Internal Auditor has equally advised the management that machinery should be put in place to monitor the movement of the movable asset. All

these had been considered and approved by the Management for implementation.

10. UNAUTHORISED EXPENDITURE

The situations under this caption had been addressed as the head of department; Works and housing in person of Engineer Afolabi A.M. had paid back to the coffers of the council a sum of one hundred thousand naira (#100,000.00) only with Rev. No.14 July, 2021

It is the Management believe that such would not repeat itself in near future. Payment for projects execution has been thought to be purely based on approval of the council. The subject attracted audit query with reference No.OGLG/AOIDGB/132/2020. This had been delivered to the concerned staff to whom the query was addressed. According to him the query had been answered and the issue resolved with the office of the Auditor General for Local Government.

Thanks in anticipation of your understanding and co-operation.


Deacon Hassan Olusola
Ag. Head OF Local Government Administration.