

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

OGUN WATERSIDE LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

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	19-23
(14)	Management Letter	24-25

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 Ogun Waterside 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
OGUN WATERSIDE LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2020**

The accounts of Ogun Waterside 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 OGUN- WATERSIDE LOCAL GOVERNMENT, ABIGI FOR THE YEAR ENDED 31ST DECEMBER, 2020

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 account of Ogun-Waterside Local Government, Abigi for the year ended 31st December, 2020 have been audited. The General Purposes Financial Statement was prepared by the Management of the Local Government and is therefore responsible for the contents and information contained therein. The General Purpose Financial Statement was prepared under the IPSAS Accrual Basis as applicable in the public sector. The audit was conducted in accordance with the 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

It was observed that assets register was not kept while revenue registers were not properly maintained.

(3) FINANCIAL REVIEW:

<u>REVENUE</u>	AMOUNT (₦)
Independent Revenue	11,814,563.89
Statutory Allocation	1,432,561,979.99
Grants	<u>16,100,000.00</u>
Total Fund Available	<u>1,460,476,543.88</u>
<u>EXPENDITURE</u>	
Salaries & Allowances	1,060,779,780.91
Pensions	368,071,789.32
Overhead Expenses	37,885,218.67
Long Term Assets	<u>17,680,000.00</u>
Total Amount Expended	<u>1,484,416,788.90</u>

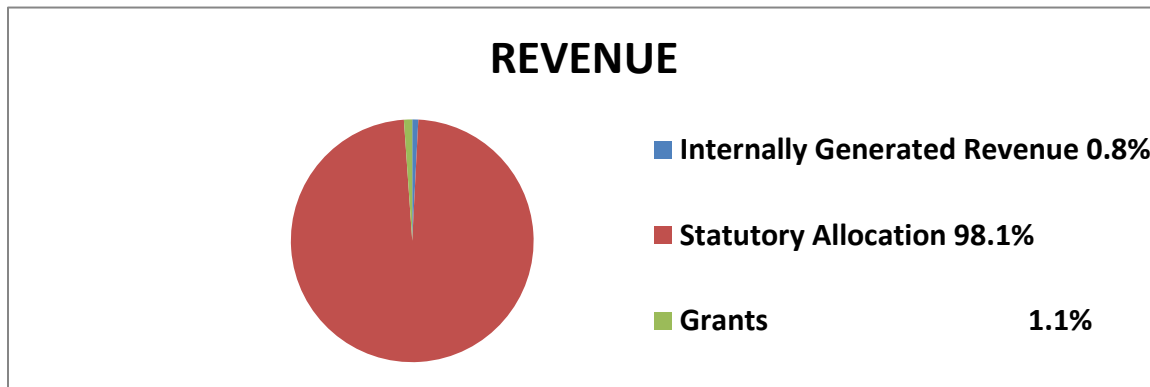
(4) REVENUE PERFORMANCE:

(I) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦24,102,000.00, a sum of ₦11,814,563.89 only was actually generated internally. This represented 32.9% of the estimated revenue for the year. This represents drop of 0.2% in performance when compared to the sum of ₦11,840,570.00 generated internally in year 2019. This is an indication that the Local Government did not harness its Internally Generated Revenue (IGR) potentials maximally or there were leakages which has not been identified and blocked.

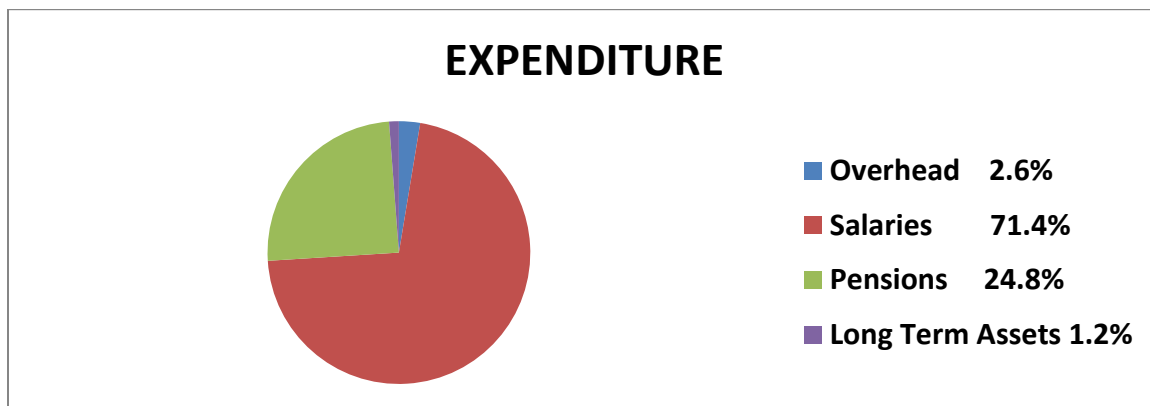
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦1,460,476,543.88 realized by the Local Government during the year under review, a sum of ₦11,814,563.89 only was generated internally. This represented 0.8% of the total revenue while the sum of ₦1,432,561,979.99 statutory allocation received and ₦16,100,000.00 aids and grant received from the State Joint Account Allocation Committee represented 98.1% and 1.1% 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 ₦1,484,416,788.90. Out of this, a sum of ₦37,885,218.67 was expended on overhead which represented 2.6% of the total expenditure for the year. Also, a sum of ₦1,060,779,780.91 was expended on salaries and allowances representing 71.4% while the sum of ₦368,071,789.32 paid to pensioners represented 24.8% of the total expenditure for the year. The sum of ₦17,680,000.00 was expended on long term assets which represents 1.2% of the total expenditure for the year. This 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 as revealed by the Statement of Financial Position as at 31st December, 2020 was ₦193,403.219.75. The liabilities are highlighted below:

ITEMS	AMOUNT (₦)
PENSION FUND	73,688,181.59
5% Development	295,323.50
PAYEE	72,163,165.53
NHF	292,623.50
Payables	2,450,000.00
Cooperative	34,027,650.00
OTHERS	<u>10,486,275.63</u>
TOTAL	<u>193,403.219.75</u>

It was observed that the amounts highlighted above had been deducted from various contracts, salaries and allowances of workers but not remitted to appropriate agencies. This is against extant rules.

(7) REVIEW OF STATEMENT OF FINANCIAL POSITION:

(i) ADVANCE

The sum of ₦5,231,043.83 highlighted in the Statement of Financial Position as the Advance was dormant during the year. Efforts should be intensified to recover the advances from the beneficiaries.

(ii) INVESTMENTS

The investment sum of ₦583,200.00 shown in the Statement of Financial Position as at December, 2019 could not be verified because investment certificates or other evidence of beneficial ownership such as dividend were not produced for inspection.

OGUN WATERSIDE 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. Olabode Isaac Olanrewaju
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 Ogun Waterside Local Government as at 31st December, 2020 and its operations for the year ended on the date.


5/2/2021

Mr. Olabode Isaac Olanrewaju
Treasurer


Com. Femi Okunribika
Chairman

OGUN WATER SIDE LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	26,071,206.05	-9,899,993.31
INVENTORIES		2,901,880.00	1,402,760.00
RECEIVABLES		2,000,000.00	
PREPAYMENT			
ADVANCE		5,231,043.83	5,231,043.83
TOTAL CURRENT ASSET (A)		<u>36,204,129.88</u>	<u>-3,266,189.48</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	209,445,050.00	208,846,400.00
INVESTMENT PROPERTY	11	32,280,000.00	27,190,000.00
BIOLOGICAL ASSET	12		
INVESTMENT		583,200.00	583,200.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>242,308,250.00</u>	<u>236,619,600.00</u>
TOTAL ASSET (C=A+B)		<u>278,512,379.88</u>	<u>233,353,410.52</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	190,953,219.75	139,598,568.09
ACCRUED EXPENSES, PAYABLES		2,450,000.00	1,000,000.00
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>193,403,219.75</u>	<u>140,598,568.09</u>
NON-CURRENT LIABILITY			
PUBLIC FUND		4,969,734.26	4,969,734.26
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		<u>4,969,734.26</u>	<u>4,969,734.26</u>
TOTAL LIABILITY (F=D+E)		<u>198,372,954.01</u>	<u>145,568,302.35</u>
NET ASSETS (G= C-F)		<u>80,139,425.87</u>	<u>87,785,108.17</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		80,139,425.87	87,785,108.17
TOTAL NET ASSET/EQUITY		<u>80,139,425.87</u>	<u>87,785,108.17</u>

OGUN WATER SIDE LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2020

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,432,561,979.99	948,292,357.81
NON-TAX REVENUE:	2	10,513,555.00	10,644,510.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	16,100,000.00	
OTHER REVENUE		1,301,008.89	592,200.00
TOTAL REVENUE (A)		<u>1,460,476,543.88</u>	<u>959,529,067.81</u>
EXPENDITURE			
SALARIES & WAGES	4	1,060,779,780.91	737,140,526.31
NON- REGULAR ALLOWANCE	5	-	991,554.24
SOCIAL BENEFIT	6	368,071,789.32	228,007,924.10
OVERHEAD COST	7	25,293,868.67	4,919,420.25
SUBVENTION TO PARASTALS		600,000.00	0.00
DEPRECIATION	10 & 11	11,991,350.00	10,555,350.00
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		<u>1,466,736,788.90</u>	<u>981,614,774.90</u>
SURPLUS / DEFICIT (C=A-B)		<u>-6,260,245.02</u>	<u>-22,085,707.09</u>

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

	₦
Balance 1/1/2019	-131,514,384.74
Prior Year Adjustment	241,385,200.00
Adjusted Balance	109,870,815.26
Surplus/ (deficit) for the year	-22,085,707.09
Balance 31/12/2019	87,785,108.17
Prior Year Adjustment	-1,385,437.28
Adjusted Balance	<u>86,399,670.89</u>
Surplus/ (deficit) for the year	-6,260,245.02
Balance at 31 December 2020	<u>80,139,425.87</u>

OGUN WATER SIDE LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	1,430,561,979.99	948,292,357.81
LICENCES, FINES, ROYALTIES, FEES ETC	7,346,950.00	7,432,800.00
EARNINGS & SALES	3,166,605.00	3,121,710.00
RENT OF GOVERNMENT PROPERTIES		90,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	16,100,000.00	
OTHER REVENUE	1,301,008.89	592,200.00
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>1,458,476,543.88</u>	<u>959,529,067.81</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	1,060,779,780.90	738,132,080.55
SOCIAL BENEFIT	368,071,789.33	228,007,924.10
OVERHEADS	27,792,988.67	3,070,549.25
SUBVENTION TO PARASTATALS	600,000.00	
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>1,457,244,558.90</u>	<u>969,210,553.90</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>1,231,984.98</u>	<u>-9,681,486.09</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 15,230,000.00	-2,300,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-15,230,000.00</u>	<u>-2,300,000.00</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	49,969,214.38	28,877,908.55
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>49,969,214.38</u>	<u>28,877,908.55</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>35,971,199.36</u>	<u>16,896,422.46</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	-9,899,993.31	-26,796,415.77
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>26,071,206.05</u>	<u>-9,899,993.31</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	110,193,386.53
FEBRUARY	152,339,129.95
MARCH	115,733,647.55
APRIL	111,198,676.56
MAY	108,006,211.47
JUNE	116,217,946.49
JULY	125,235,306.61
AUGUST	131,251,329.99
SEPTEMBER	112,581,600.95
OCTOBER	1,205,073.91
NOVEMBER	231,430,700.31
DECEMBER	117,168,969.67
TOTAL	<u>1,432,561,979.99</u>

2. NON-TAX REVENUE

LICENCES	586,050.00
FEES	6,760,900.00
FINES	0.00
EARNINGS	1,666,475.00
RENT OF GOVERNMENT PROPERTIES	0.00
SALES	1,500,130.00
TOTAL	<u>10,513,555.00</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	16,100,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>16,100,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	443,354,272.74
PRIMARY SCHOOL TEACHERS	539,237,292.71
TRADITIONAL COUNCIL	78,188,215.46
POLITICAL FUNCTIONARIES	-
TOTAL	<u>1,060,779,780.91</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	368,071,789.32
TOTAL	<u>368,071,789.32</u>

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	10,530,000.00
HOLGA	-
INTERNAL AUDIT	235,000.00
ADMINISTRATIVE	1,432,500.00
FINANCE	4,938,738.67
INFORMATION	252,000.00
P H C	3,434,130.00
AGRIC	-
WORKS	736,500.00
PLANNING	800,000.00
WES	2,600,000.00
COMMUNITY	335,000.00
TOTAL	<u>25,293,868.67</u>

8. CASH & CASH EQUIVALENTS

CASH AT HAND	51,500.00
CASH IN BANKS	26,019,706.05
TOTAL	<u>26,071,206.05</u>

9. UNREMITTED DEDUCTIONS

PENSION FUND	73,688,181.59
5% Development	295,323.50
PAYEE	72,163,165.53
NHF	292,623.50
Cooperative	34,027,650.00
TOTAL	<u>190,953,219.75</u>

NOTE 10 OGIN WATERSIDE 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	177,980,000.00	1,140,000.00	19,135,000.00	18,485,000.00	1,993,000.00	925,000.00	1,520,000.00	221,178,000.00	
ADDITION DURING THE YEAR	4,000,000.00			3,950,000.00		730,000.00	3,000,000.00	11,680,000.00	
LEGACY								0.00	
DISPOSAL DURING THE YEAR								-	
BAL C/F	181,980,000.00	1,140,000.00	19,135,000.00	22,435,000.00	1,993,000.00	1,655,000.00	4,520,000.00	232,858,000.00	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	3,558,600.00		1,913,500.00	5,747,000.00	534,500.00	385,000.00	152,000.00	12,091,600.00	
ADDITION DURING THE YEAR	3,639,600.00		1,913,500.00	4,487,000.00	498,250.00	331,000.00	452,000.00	11,321,350.00	
DISPOSAL DURING THE YEAR									
BAL C/F	7,198,200.00	-	3,827,000.00	10,234,000.00	1,032,750.00	516,000.00	604,000.00	23,412,950.00	
AS AT 31/12/2020	174,780,800.00	1,140,000.00	15,308,000.00	12,201,000.00	960,250.00	1,139,000.00	3,916,000.00	209,445,050.00	
AS AT 31/12/2019	174,420,400.00	1,140,000.00	17,221,500.00	12,738,000.00	1,458,500.00	740,000.00	1,368,000.00	209,086,400.00	

NOTE 11 OGIN WATERSIDE LOCAL GOVERNMENT INVESTMENT PROPERTY			
	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2020	27,500,000.00		27,500,000.00
ADDITION DURING THE YEAR	6,000,000.00		6,000,000.00
LEGACY			0.00
DISPOSAL DURING THE YEAR			-
BAL C/F	33,500,000.00	-	33,500,000.00
ACCUMULATED DEPRECIATION			
BAL AS AT 01/01/2020	550,000.00		550,000.00
ADDITION DURING THE YEAR	670,000.00		670,000.00
DISPOSAL DURING THE YEAR			
BAL C/F	1,220,000.00	-	1,220,000.00
AS AT 31/12/2020	32,280,000.00	-	32,280,000.00
AS AT 31/12/2019	26,950,000.00	-	26,950,000.00

The Chairman,
Transition Committee,
Ogun-Waterside Local Government,
Abigi.

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

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

2. **BANK RECONCILIATION STATEMENTS**

The bank reconciliation statements of the Local Government for the period of 1st January, 2020 to 31st December, 2020 were examined from where the followings were observed.

(i) **NON-TREATMENT OF ACCESS BANK TRANSACTIONS**

Observation: It was observed that the officer preparing the bank reconciliation statement did not treat any of the transactions in the Access bank account No. 0813548472 for the period under review. It appears that the officer has little knowledge about the treatment of transactions on the Access Bank Account, he believed that all transactions in the Access Bank Statement were garbage in and garbage out. This was so because all instruction given to the Local Government by the Ministry of Local Government and Chieftaincy Affairs relating to the Access Bank were left unattended to by either raising payment vouchers or revenue vouchers and ensure its appropriate posting into the cashbook.

Recommendation: The officer in charge of preparing the bank reconciliation statement should brace up and be alive to his responsibilities and also guide against future occurrence.

(ii) **DIRECT CREDIT**

Observation: During the period under reference, it was observed that various sums of money on monthly basis were credited directly into the Local Government bank accounts by the Joint Account Allocation Committee (JAAC) vide Access bank account No. 0813548472. The money was meant for payment of salaries and allowances of Local Government staff, Primary School Teachers, Pensions, Traditional Council and it all amounted to a total sum of One Billion, Four Hundred and Forty-Eight Million, One Hundred and Fifty Three Thousand, Four Hundred and Twenty Four Naira (₦1,448,153,424) only but no treasury receipt was issued in the name of Joint Account Allocation Committee (JAAC) to record the sums of money received into the cashbook as part of the revenue received for the year under review.

In all, between years 2018 and 31st December, 2020 a total sum of Three Million, Five Hundred and Forty-Seven Thousand, Seven Hundred and Twelve Naira, Fifty-Four Kobo (₦3,547,712.54) only was the amount highlighted in the bank reconciliation statement as direct credit. It was at the instance of the Audit Team that the direct credit which relates to year 2018 up to 30th June, 2020 amounting to ₦1,301,008.89 was adjusted into the cashbook vide RV/53 December,2020.

Recommendation: The Director of Finance and Supplies is advised to always ensure that treasury receipts are issued and posted into the cashbook for all the money that are directly credited by JAAC into the Access bank account of your Local Government.

(iii) **DIRECT DEBIT**

Observation: It was observed that between January and December, 2020 a total sum of One Billion, Four Hundred and Forty-Four Million, Seven Hundred and Thirty-Eight Thousand, Nine Hundred and Eighty Nine Naira, One Kobo (₦1,444,738,989.01) only was the amount paid directly from the Local Government Access Bank Plc account No. 0813548472 into bank account of some Agencies of Government such as SUBEB, BLGSPB, Traditional Councils, check off dues of some Labour unions etc but the director of finance and supplies did not raise appropriate payment vouchers and ensure the posting of these huge sums of money into the cashbook in order to tidy up the account. At the instance of the Audit Team the direct sum of One Billion, Four Hundred and Forty-Four Million, Seven Hundred and Thirty-Eight Thousand, Nine Hundred and Eighty-Nine Naira One Kobo (₦1,444,738,989.01) has been posted into the cashbook.

Recommendation: The treasurer is advised to be alive to his responsibilities and guide against future occurrence.

3. **DUPLICATED BANK ACCOUNT BALANCE.**

Observation: Audit examination of the bank reconciliation statement revealed that Ogun-Waterside Local Government and the defunct Ogun-Waterside East Local Council Development Area (LCDA) were reporting different bank balances of the sum of ₦1,349,678.91 and ₦1,359,678.91 respectively for the Abigi Micro Finance Bank Account No. 4051000049 up till 31st December, 2019.

Audit investigation further revealed that Abigi Micro Finance Bank Account No. 4051000049 was shared to the defunct Ogun-waterside East Local Council Development Council by assets sharing committee in the year 2017, but the Management of your Local Government failed to raise a payment voucher to write off the balance of ₦1,349,678.91 on the

face of your bank reconciliation statement. However, the sum of ₦1,349,678.91 has been adjusted into the cashbook vide PV/24 December, 2020 at the instance of the Audit Team.

Recommendation: I want to advise that you guide against future occurrence.

4. **BANK CHARGES.**

Observation: Audit examination of the bank reconciliation statement also revealed that throughout the year under review, the bank charges were allowed to accumulate without being attended to. During the year, a total sum of One Million, Seventy- Two Thousand, Nine Hundred and Fifty-Nine Naira Seventy-Six Kobo (₦1,072,959.76) was the bank charges upto 31st December, 2020 but it had been adjusted into cashbook vide PV27/ December,2020.

Recommendation: You are advised to ensure that the bank charges are regularly written-off to expenditure account as soon as bank statements are received and examined.

5. **DISPARITIES IN PAYMENT OF SALARIES AND ALLOWANCES**

Observation: It was observed by the Audit Team that between 1st January and 31st December, 2020 a total sum of ₦30,130,768.78 was the difference between the Local Government monthly salaries purportedly paid to staff as contained in the salary vouchers and the amount that was actually credited into the bank accounts of individual staff as their salaries. A sum of ₦413,223,503.95 was the amount contained in the bank statement obtained from Access bank Plc whereas a sum of ₦443,354,272.73 was the amount contained in the salary payment vouchers for the period revealing an excess of the sum of ₦30,130,768.78 in the salaries and allowances released to the staff as salaries.

Recommendation: In view of the above, the overpayment sum of ₦30,130,768.78 was not authorized thereby contravening the provisions of chapter 13: 9 of the Model Financial memoranda for Local Governments. The Treasurer Mr. Olabode I. O should therefore explain the reasons for the discrepancies noticed in the salary figures for the period under review within two (2) weeks from the date on this report.

(b) Also, in the previous Audit Inspection Report No. GLG/OWS/1/Vol.IV/375 of 27th November, 2020 it was reported that a sum of Ten Million, Six Hundred and Sixty-Nine Thousand, Nine Hundred and Twenty-Four Naira and Twenty Kobo (₦10,669,924.20) was the difference noticed between the Local Government monthly salaries as contained in the salary vouchers and the amount credited to the bank account of the individual staff as their salaries. In the report, it was highlighted that a sum of ₦205,276,600.32 was the amount contained in the bank statement obtained from Access Bank Plc whereas a sum of ₦194,606,676.12 was the

amount contained in the salary payment vouchers for the period revealing an excess of ₦10,669,924.20 in the salaries and allowances released to the staff as salaries.

In view of the above, the overpaid sum of ₦10,669,924.20 was not authorized thereby contravening the provisions of chapter 13: 9 of the Model Financial memoranda for Local Governments. The Acting Treasurer Mr. M. O. Owode is yet to explain the reasons for the discrepancies noticed in the salary figures for the year 2019.

Recommendation: Mr. M. O. Owode is once again advised to explain the reasons for the discrepancies noticed in the salary figures for the year 2019 without any further delay or else this office shall use the evidence before us to take our decision.

6. REVENUE GENERATION PERFORMANCE

Observation: Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue (IGR) of ₦24,102,000.00, a sum of ₦11,814,563.89 only was actually generated. This resulted in a shortfall of ₦12,287,436.11

This shortfall is an indication that your Local Government is yet to fully harness its IGR potentials or there were leakages which had not been identified and blocked.

Recommendation: The management is advised to put necessary machineries in place to harness its revenue sources in order to boost its internally generated revenue.

7. STATE OF RECORDS

Observation: It was observed that there were no records or documents to help in determining the occupiers of lock up shops and open stalls situated within the Local Government that has defaulted in the payment of fees on such lock up shops and open stalls over the years. This was responsible for our inability to determine the amount brought forward as receivables from previous accounting year, the amount collected from the occupants during the current year and the amount outstanding for the year 2020.

Recommendation: The Treasurer is advised to ensure that a ledger is opened for all the lock-up shops and the open stalls and the record must be maintained without any further delay.

8. FIXED ASSETS REGISTER

Observation: It was observed that your Local Government did not maintain a Fixed Assets Register as required by Chapter 26:4 of Model Financial Memoranda for Local Governments and has refused to yield to the advice of this office to open and maintain the register of all your fixed assets in compliance with financial regulations.

Recommendation: I wish to reiterate once again that your local Government should open the fixed assets register and ensure its maintenance without any further delay.

9. **ISSUES EMANATED FROM LAST AUDIT INSPECTION REPORTS**

(i) **RECOGNITION OF LEGACY ASSETS**

Observation: I wish to refer to paragraph 5 of the last Audit Inspection Reports No OGLG/OWELCDA/1/20 of 12th October, 2020 earlier forwarded to the defunct Ogun-Waterside East Local Council Area, Efire. In the report, your Local Government being the mother Local Government was advised to do the valuation of the ten (10) unit of the open stalls at Efire, one hundred and fifty (150) units of open stall at Makun Omi and four (4) units of one bedroom flat at Local Government Quarters, Abigi and also incorporate same into the General Purpose Financial Statement (GPFS) of the Ogun-waterside Local Government for the year 2020 Account. It was surprising to note that your Local Government is yet to comply with the directive.

Recommendation: I wish to advice you again to comply with my earlier directive in the preparation of the General Purpose Financial Statement for the next accounting year.

**MANAGEMENT REPORTS ON AUDIT INSPECTION REPORTS ON THE
ACCOUNTS OF OGUN WATERSIDE LOCAL GOVERNMENT FOR 2020 FINANCIAL
YEAR**

The receipt of the Audit Report on the year 2020 financial year was duly acknowledged and carefully examined and studied to which the need to generate management report to its effect becomes imperative and unavoidable. In view of this instance, the position of the management is hereby understated.

DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

I wish to state categorically that the exhausted receipts and non-invalid documents had been destroyed as disclosed in the report for the year, 2019 accounts since then, there was no any exhausted receipts and documents that are ready for destruction in the 2020.

AUDIT QUERY

Effort had been taken and get the officer mentioned to response to the query, even though he had retired from the service, sooner the response would be forwarded to the office of the Auditor-General for Local Government.

BANK RECONCILIATION STATEMENT

Issues observed in the bank reconciliation statement had been addressed such as:

Non-treatment of Access Bank transaction: in view of the observation raised, the finance department had adjusted and raised all necessary both (Revenue and Payment Vouchers) for the transactions disclosed from January to July, 2021 and hereby realized that it would be done monthly for all financial transactions in the Access bank, as well as other banks to reflect the true financial position of the Local Government.

Direct credit: The observation mentioned is very germane and necessary action had been taken by issuance of Treasury Receipts, monthly to caption the transactions and as at July, 2021, it has been done.

Direct debit: This observation has equally received attention, and necessary payment vouchers had been raised for the corresponding entry monthly into cash book, mostly these transactions are **SUBEB** and others.

Duplicated bank account balance: The Management appreciates the thorough examination and correction done, there would not be any such oversight incident in the future account.

Bank charges: The action is equally appreciated and there would not be future charges on such.

Disparities in payment of salaries and allowances: Actually the disparities was observed but not intentional it happened as a result of the information contained in the instruction letter issued by Ministry of Local Government and Chieftaincy Affairs on monthly salary, while the actual transaction in the Bank was recorded in line with the amount contained in the **Interswitch Nigeria Limited**, the firm handling the Payment of Salaries to both the Staffs of the Local Government, Traditional Rulers, Pensions, SUBEB and Unions. Under the watchdog of the

Ministry of Local Government, it is therefore expected that the Ministry of Local Government and Chieftaincy Affairs supposed to match the contents of the information on the hardcopy with the software sent through the **VERIPAY** to the Local Government Stakeholders. And on this instance, the Auditor-General for the Local Governments, with due respect should as well reach out to the Ministry of the Local Government and Chieftaincy Affairs to refer their attention to this vital discrepancy in the financial transactions in their next endeavor.

Revenue generated performance

Realizing the fact that the Revenue Generation as the backbone of social development of any administration, efforts are in top gear to improve the Internally Generated Revenue.

State of records: The past administration failure has resulted to lack of provision of records on the lock-up shops and Open stalls in the market. And the Management has resolved to the gathering of information on the occupiers and year of allocation, as well as the years of payments made to update the records.

Fixed asset register: The Management has decided and charged the Internal Auditor to open and update records on Fixed Assets Register for the subsequent auditing exercise.

Issues emanated from last audit inspection reports on 2019 accounts: recognition of Legacy

Assets

The Management have directed the treasurer to put necessary machinery in motion to engaged valuation exercise on the legacy assets as mentioned in the reports.

Conclusion

The Management express satisfaction to the reports and promise to be uptiding in the auditing exercise.

Thanks for your usual cooperation.


ALH. ASHIRU K.T
Head of Local Government Administration.
Ogun Waterside Local Government.