

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, 2022

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ACKNOWLEDGEMENT

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

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

I cannot but appreciate the favourable disposition of the immediate past Head of Service 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 Ogun Waterside 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
OGUN WATERSIDE LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2022**

The accounts of Ogun Waterside 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 OGUN- WATERSIDE LOCAL GOVERNMENT, ABIGI 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 account of Ogun-Waterside Local Government, Abigi for the year ended 31st December, 2022 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

There was no improvements in record keeping. Salaries, other charges, capital ledgers and bank reconciliation statements were not updated.

(3) FINANCIAL REVIEW:

<u>REVENUE</u>	AMOUNT (₦)
Independent Revenue	17,038,346.25
Statutory Allocation	1,824,859,766.64
Grants	8,401,806.67
Total Fund Available	<u>1,850,299,919.56</u>
<u>EXPENDITURE</u>	
Salaries & Allowances	1,419,019,817.47
Pensions	285,815,326.50
Overhead Expenses (including Depreciation & Loss on Disposal of Assets)	119,264,001.84
Long Term Assets	815,000.00
Total Amount Expended	<u>1,824,914,145.81</u>

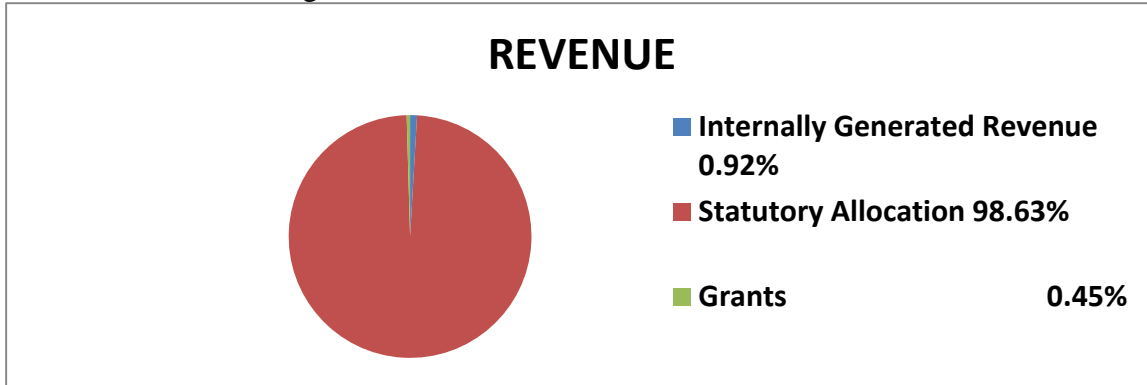
(4) REVENUE PERFORMANCE:

(I) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦50,941,000.00, a sum of ₦17,038,346.25 only was actually generated internally. This represented 33.45% of the estimated revenue for the year. This represents an increase of 27.96% in performance when compared to the sum of ₦13,314,940.00 generated internally in year 2021. This revenue performance does not represent the true revenue potential of the Local Government despite the improvement in performance.

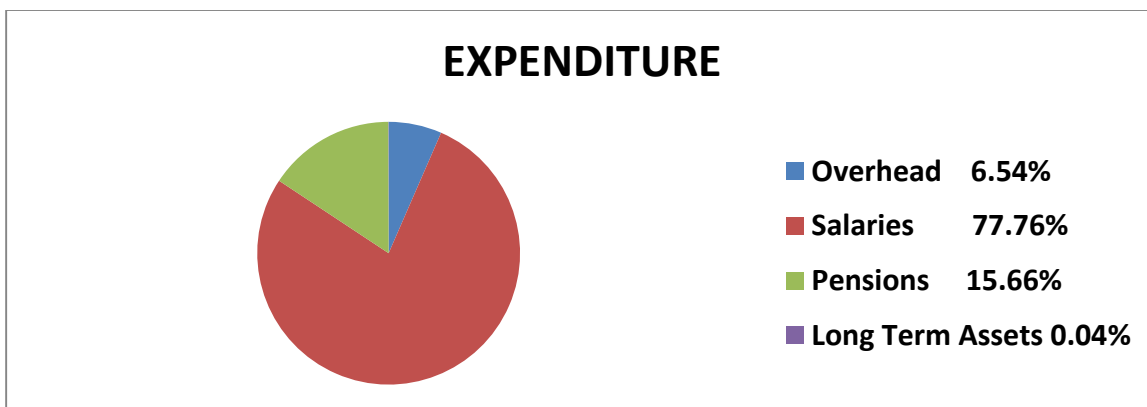
(ii) PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE

The Audit exercise revealed that out of the total revenue of ₦1,850,299,919.56 realized by the Local Government during the year under review, a sum of ₦17,038,346.25 only was generated internally. This represented 0.92% of the total revenue while the sum of ₦1,824,859,766.64 statutory allocation received and ₦8,401,806.67 aids and grant received from Ogun State Government represented 98.63% and 0.45% 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 ₦1,824,914,145.81. Out of this, a sum of ₦119,264,001.84 was expended on overhead which represented 6.54% of the total expenditure for the year. Also, a sum of ₦1,419,019,817.47 was expended on salaries and allowances representing 77.76% while the sum of ₦285,815,326.50 paid to pensioners represented 15.66% of the total expenditure for the year. The sum of ₦815,000.00 was expended on long term assets which represents 0.04% 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, 2022 was ₦202,820,807.54. The liabilities are highlighted below:

ITEMS	AMOUNT (₦)
1. PENSION FUND	98,818,979.18
2. PAYEE	53,923,947.37
3. NHF	5,583,575.92
4. Loan	1,200,000.00
5. VAT	865,800.84
6. 5% WITHOLDING TAX	292,623.50
7. Payables	1, 800,000.00
8. Cooperative	34,027,650.01
9. OTHERS	<u>6,308,230.72</u>
TOTAL	<u>202,820,807.54</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 Advances were 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 31st December, 2022 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.


Director Finance & Supply
Ogun Waterside Local Government

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, 2022 and its operations for the year ended on the date.


Director Finance & Supply
Ogun Waterside Local Government


Executive Chairman
Ogun Waterside Local Government

OGUN WATER SIDE LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	NOTES	2022	2021
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	10	32,128,774.36	30,690,356.95
INVENTORIES		4,421,720.00	1,441,766.00
RECEIVABLES		237,800.00	
PREPAYMENT			
ADVANCE		5,231,043.83	5,231,043.83
TOTAL CURRENT ASSET (A)		42,019,338.19	37,363,166.78
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	8	191,299,150.00	200,885,500.00
INVESTMENT PROPERTY	9	41,825,037.10	42,721,808.71
BIOLOGICAL ASSET			
INVESTMENT		583,200.00	583,200.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		233,707,387.10	244,190,508.71
TOTAL ASSET (C=A+B)		275,726,725.29	281,553,675.49
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT		1,200,000.00	
UNREMITTED DEDUCTIONS	11	199,820,807.54	235,448,685.24
ACCURED EXPENSES, PAYABLES		1,800,000.00	600,000.00
DEFERED INCOME		4,800,000.00	3,599,946.25
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		207,620,807.54	239,648,631.49
NON CURRENT LIABILITY			
PUBLIC FUND		4,969,734.26	4,969,734.26
BOROWING			
TOTAL NON CURRENT LIABILITY (E)		4,969,734.26	4,969,734.26
TOTAL LIABILITY (F=D+E)		212,590,541.80	244,618,365.75
NET ASSETS (G=C-F)		63,136,183.49	36,935,309.74
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		63,136,183.49	36,935,309.74
TOTAL NET ASSET/EQUITY		63,136,183.49	36,935,309.74

OGUN WATER SIDE LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2022

	NOTES	2022	2021
REVENUE		₦	₦
STATUTORY ALLOCATION	1	1,824,859,766.64	1,470,669,923.45
NON TAX REVENUE:	2	17,038,346.25	13,314,940.00
INVESTMENT INCOME			
INTEREST EARNED			
GAIN/LOSS ON DISPOSAL ON ASSET			
AIDS & GRANTS	3	8,401,806.67	20,000,000.00
OTHER REVENUE			
TOTAL REVENUE (A)		1,850,299,919.56	1,503,984,863.45
EXPENDITURE			
SALARIES & WAGES	4	1,419,019,817.47	1,132,748,595.68
NON- REGULAR ALLOWANCE	5		
SOCIAL BENEFIT	6	285,815,326.50	346,259,140.92
OVERHEAD COST	7	107,365,780.23	52,578,921.37
SUBVENTION TO PARASTALS		600,000.00	938,000.00
DEPRECIATION	8 & 9	11,298,221.61	11,769,321.61
GAIN/LOSS ON DISPOSAL ON ASSET			2,895,000.00
TOTAL EXPENDITURE (B)		1,824,099,145.81	1,547,188,979.58
SURPLUS / DEFICIT (C=A-B)		26,200,773.75	-43,204,116.13

OGUN WATER SIDE LOCAL GOVERNMENT
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	₦
Balance 1/1/2021	80,139,425.87
Prior Year Adjustment	
Adjusted Balance	80,139,425.87
Surplus/ (deficit) for the year	-43,204,116.13
Balance 31/12/2021	36,935,309.74
Prior Year Adjustment	100.00
Adjusted Balance	36,935,409.74
Surplus/ (deficit) for the year	26,200,773.75
Balance at 31 December 2022	63,136,183.49

OGUN WATER SIDE LOCAL GOVERNMENT

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

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
INFLOWS	₦	₦
STATUTORY ALLOCATION	1,824,859,766.64	1,472,669,923.45
LICENCES, FINES, ROYALTIES, FEES ETC	12,659,900.00	8,672,900.00
EARNINGS & SALES	1,440,200.00	4,632,040.00
RENT OF GOVERNMENT PROPERTIES	2,700,446.25	10,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	8,401,806.67	18,000,000.00
OTHER REVENUE		
TOTAL INFLOW FROM OPERATING ACTIVITIES (A)	1,850,062,119.56	1,503,984,863.45
OUTFLOW		
PERSONNEL EMOLUMENTS	1,419,019,817.47	1,132,748,595.68
SOCIAL BENEFIT	285,815,326.50	346,259,140.92
OVERHEADS	109,145,734.23	53,568,807.37
SUBVENTION TO PARASTATALS	600,000.00	938,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)	1,814,580,878.20	1,533,514,543.97
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	35,481,241.36	-29,529,680.52
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	-815,000.00	17,691,580.32
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS		3,745,000.00
DEFERRED INCOME		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-815,000.00	-13,946,580.32
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	-35,627,877.70	44,495,465.49
DEFERRED INCOME	1,200,053.75	3,599,946.25
PROCEEDS FROM DOMESTIC LOANS & OTHER	1,200,000.00	
NET CASH FLOW FROM FINANCIAL ACTIVITIES	-33,227,823.95	48,095,411.74
NET CASH FLOW FROM ALL ACTIVITIES	1,438,417.41	4,619,150.90
CASH & ITS EQUIVALENT AS AT 1/1/2022	30,690,356.95	26,071,206.05
CASH & ITS EQUIVALENT AS AT 31/12/2022	32,128,774.36	30,690,356.95

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</p>

	<p>out</p> <p>ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00</p> <p>iii. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.</p>
10	<p>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, 2022

1. SHARE OF STATUTORY ALLOCATION FROM JAAC

JANUARY	123,735,597.94
FEBRUARY	
MARCH	127,918,308.97
APRIL	258,723,571.06
MAY	
JUNE	130,841,143.24
JULY	128,784,366.71
AUGUST	152,134,590.42
SEPTEMBER	148,082,198.86
OCTOBER	155,516,831.65
NOVEMBER	448,041,834.69
DECEMBER	151,081,323.10
TOTAL	1,824,859,766.64

2 NON-TAX REVENUE

LICENCES	875,350.00
FEES	12,022,350.00
FINES	
EARNINGS	527,650.00
RENT OF GOVERNMENT PROPERTIES	2,700,446.25
SALES	912,550.00
TOTAL	17,038,346.25

3 AIDS & GRANTS

OGUN STATE GOVERNMENT	8,401,806.67
NON GOVERNMENT ORGANIZATION	
TOTAL	8,401,806.67

4 SALARIES & WAGES

LOCAL GOVERNMENT STAFF	447,232,392.98
PRIMARY SCHOOL TEACHERS	756,403,026.17
TRADITIONAL COUNCIL	153,860,540.35
POLITICAL FUNCTIONARIES	61,523,857.97
TOTAL	1,419,019,817.47

5 NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

	GRATUITY	-
	PENSION	285,815,326.50
	TOTAL	285,815,326.50

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	38,258,000.00
	HOLGA	120,000.00
	INTERNAL AUDIT	195,000.00
	ADMINISTRATIVE	41,075,425.04
	FINANCE	2,073,459.19
	INFORMATION	580,000.00
	P H C	7,864,896.00
	AGRIC	50,000.00
	WORKS	15,030,000.00
	PLANNING	1,396,000.00
	WES	163,000.00
	COMMUNITY	560,000.00
	TOTAL	107,365,780.23

10 CASH & CASH EQUIVALENTS

	CASH AT HAND	61,650.00
	CASH IN BANKS	32,067,124.36
	TOTAL	32,128,774.36

11 UNREMITTED DEDUCTIONS

1	PENSION	99,818,979.18
2	NHF	5,583,576.02
3	COOPERATIVE	34,027,650.01
4	PAYE	53,923,947.37
5	5% WITHOLDING TAX	292,623.50
10	VAT	865,800.84
11	OTHERS	5,308,230.62
	Total	199,820,807.54

NOTE 8 OGUN 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 01/01/2022	181,980,000.00	1,140,000.00	16,635,000.00	16,485,000.00	1,993,000.00	4,615,000.00	8,513,000.00	231,961,000.00
ADDITIONAL DURING THE YEAR					295,000.00	520,000.00		815,000.00
LEGACY								0.00
DISPOSAL DURING THE YEAR								-
BAL. C/F	181,980,000.00	1,140,000.00	16,635,000.00	16,485,000.00	2,288,000.00	5,135,000.00	8,513,000.00	232,176,000.00
ACCUMULATED DEPRECIATION								
BAL. AS AT 01/01/2022	10,838,800.00	0	4,990,500.00	10,220,900.00	1,530,900.00	1,439,000.00	1,455,300.00	30,475,400.00
ADDITIONAL DURING THE YEAR	3,639,600.00		1,663,500.00	2,686,900.00	533,150.00	1,027,000.00	851,300.00	10,401,450.00
DISPOSAL DURING THE YEAR								-
BAL. C/F	14,478,400.00	-	6,654,000.00	12,907,800.00	2,064,050.00	2,466,000.00	2,306,600.00	40,876,850.00
AS AT 31/12/2022	167,501,600.00	1,140,000.00	9,981,000.00	3,577,200.00	223,950.00	2,669,000.00	6,206,400.00	191,299,150.00
AS AT 31/12/2021	171,141,200.00	1,140,000.00	11,644,500.00	6,264,100.00	462,100.00	3,176,000.00	7,057,700.00	200,885,600.00

NOTE 9 OGUN WATERSIDE LOCAL GOVERNMENT

INVESTMENT PROPERTY	LAND & BUILDING 2%	LAND	TOTAL
BAL. AS AT 01/01/2022	44,838,580.32		44,838,580.32
ADDITIONAL DURING THE YEAR			0.00
LEGACY			0.00
DISPOSAL DURING THE YEAR			-
BAL. C/F	44,838,580.32	-	44,838,580.32
ACCUMULATED DEPRECIATION			
BAL. AS AT 01/01/2022	2,116,771.61		2,116,771.61
ADDITIONAL DURING THE YEAR	896,771.61		896,771.61
DISPOSAL DURING THE YEAR			
BAL. C/F	3,013,543.22	-	3,013,543.22
AS AT 31/12/2022	41,825,037.10	-	41,825,037.10
AS AT 31/12/2021	42,721,808.71	-	42,721,808.71

**The Executive Chairman,
Ogun Water-side Local Government,
Abigi.**

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OGUN WATERSIDE
LOCAL GOVERNMENT, ABIGI 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

Audit Queries stated below had earlier been forwarded to you for necessary action as required by law.

S/N	Query Numbers	Subject	Amount(₦)
1	OGLG/AQ/OWS/196/2022	Doubtful Expenditure	130,000.00
2	OGLG/AQ/OWS/197/2022	Unreceipted Expenditure	100,000.00
3	OGLG/AQ/OWS/198/2022	Doubtful Expenditure	80,000.00
4	OGLG/AQ/OWS/199/2022	Non deduction of taxes	3,000,000.00
5	OGLG/AQ/OWS/200/2022	Seeking a loan facility under pretence	-
6	OGLG/AQ/OWS/201/2022	Nugatory payment	92,000.00
7	OGLG/AQ/OWS/202/2022	Questionable Expenditure	2,200,000.00
8	OGLG/AQ/OWS/203/2022	Loss of revenue	91,700.00
9	OGLG/AQ/OWS/204/2022	Payment contrary to regulations	111,909,313.45
10	OGLG/AQ/OWS/205/2022	Unreceipted Expenditure	240,000.00
11	OGLG/AQ/OWS/206/2022	Payments without voucher	42,027,480.64

3. BANK RECONCILIATION MATTERS

Observation: The bank reconciliation statements of your Local Government for the period under review were examined and it was observed that some items of Direct Credit, Uncredited Lodgement, Direct Debit and Overpayment remained stagnant since year 2020.

Recommendation: You are advised to investigate each of the items, and raise appropriate journals where necessary to correct all the anomalies on the face of the bank reconciliation statements.

4. **UN-RECEIPTED EXPENDITURE**

Observation: Audit examination of payment vouchers revealed that some payment vouchers were not retired by the beneficiaries. This practice is unhealthy and it's also an indication that the Internal Auditor has not been carrying out post payment audit checks on vouchers as required by the provisions of Chapter 40:1 of Model Financial Memoranda for Local Governments which requires the Internal Auditor to provide a complete and continuous audit of accounts and records. Examples of such violations of regulations was a sum of ₦100,000.00 released vide P.V 4/December, 2022 to Mr Victor B. Olu-Awonubi (Principal Admin Officer) to rent chairs, canopies, table and tables covers during a meeting held with the representation of youth Association.

Another was a sum of ₦80,000.00 released to Mr Otinwa J. K (Internal Auditor) vide P.V 15/December, 2022 to purchase office materials. None of the expenditure was supported with official printed receipts and other relevant documents thereby contravening the provisions of Chapter 14:17 of Model Financial Memoranda for the Local Governments which states that official printed receipt must be obtained and attached to payment vouchers.

It is sad to note that the Internal Auditor that ought to enforce compliance with the extant laws and regulations did not only fail in this regard but also flout the regulations.

Recommendation: You are enjoined to always ensure that you account for funds released with official receipt and other relevant documents as required by regulations.

5. **UNAUTHORIZED PAYMENT VOUCHERS**

Observation: Audit examination of payment vouchers revealed that some of the payment vouchers raised for the payment of salaries and allowances were not properly authorised. They were not properly authorised because payment vouchers were not raised for its expenditure. Payroll analysis prepared by the CAPS domiciled at the Local Government Services Commission was attached to represent vouchers for the payment of salaries and allowances thereby contravening to the provisions of Chapter 14:3 of MFM for Local Government that requires that each payment must be supported by a properly authorized voucher.

For instance, a sum of ₦42,027,480.64 was paid as salaries and allowances to the Local Government Staff and Political Functionaries and another sum of ₦111,909,313.45 was paid as salaries and allowances to various agencies, councils, board and commission for the month of October, 2022 which were not supported with properly authorised payment voucher. This is a clear indication that your Local Government had no regard for the circular letter Ref. No.

OGLG/AUD/94/Vol.III/63 of 27th August, 2020 earlier issued by this Office which highlighted the weakness observed in the salary procedure of all the Local Governments within the State.

Recommendation: In the light of the above, the Treasurer, Director, General Services and Administration and the Internal Auditor should separately explain why they should not be dragged to the State House of Assembly for appropriate sanction.

6. **NUGATORY PAYMENT**

Observation: In November, 2022 a sum of Ninety-Two Thousand Naira (₦92,000.00) only was approved and released to Miss Ifeyemi Kehinde (Store Keeper) vide P.V. 9/November, 2022 to print 250 booklets of market receipt. During the physical verification visit made to treasury store in April, 2023 the store keeper was unable to present on demand, the 250 market receipt booklets purportedly printed in Nov, 2022 Upon interrogation, Miss Ifeyemi Kehinde (Storekeeper) was unable to give a satisfactory explanation for her refusal to print and present the market receipts to the team of Auditors for sighting. It would therefore appear that a sum of ₦92,000.00 paid to Mrs. Ifeyemi Kehinde (Store Keeper) was a nugatory payment.

Recommendation: The store keeper Mrs. Ifeyemi Kehinde should therefore refund the sum of ₦92,000.00 to the coffers of the Local Government with immediate effect.

7. **LOSS OF REVENUE**

Observation: During the checking of Revenue Collectors, it was observed that Miss Salami Ayokari (Chief Clerical Officer Gl. 07) in charge of issuance of Certificate of Origin signed and collected seven (7) booklets of certificate of origin from the treasury store. The total value of the certificate issued to her was One Million, Three Hundred and Forty Thousand Naira (₦1,340,000.00) In addition to this, she was owing a sum of Eight thousand (₦8,000.00) yet to be paid from the previous audit check and this amounted to One Million Three Hundred and Forty-Eight Thousand Naira (₦1,348,000.00) only.

Out of the ₦1,348,000.00 due for payment, Miss Salami Ayokari paid a sum of One Million, One Hundred and Seventy-Two Thousand, Two Hundred Naira (₦1,172,200.00) only, leaving a balance of One Hundred and Seventy-Five Thousand, Eight Hundred Naira (₦175,800.00) only yet to be remitted into the Treasury of the Local Government. This contravenes the provisions of Chapter 6:3 of the Model Financial Memoranda for Local Governments that require a Revenue Collector to pay all Local Government monies he/she has collected into the Treasury.

The Treasurer and Internal Auditor should be held culpable for the breach of internal control measure as provided for in chapter 7.5 of MFM which required that a Revenue Collector

should not be issued revenue receipts without ensuring that collections on the previous one has been paid to the Treasury. If this rule was applied, Miss Salami would not have accumulated seven certificates of origin without paying the amount collected into the Treasury. The Treasurer by his action or inaction contravenes the provisions of Chapter 31.1 of the MFM which require him to carry out continuous check on all Revenue Collector's account to verify that revenue collected is promptly paid into the Local Government coffers.

Recommendation: In view of the above, Miss Salami Ayokari (Chief Clerical Officer GL. 07) should pay the sum of ₦175,800.00 being the amount yet to be remitted as revenue into the coffers of your Local Government without further delay. The Treasurer and the Internal Auditor are advised to be alive to their responsibilities of ensuring that all revenue collected by the revenue collectors are promptly paid into the coffers of your Local Government.

8. PAYMENT CONTRARY TO REGULATIONS

Observation: It was observed that officials of your Local Government especially the Director, General Services and Administration and the Director of Finance and Supplies were still in the habit of flouting the extant laws and other financial regulations relating to preparation and raising of valid payment vouchers for expenditure to be incurred. An instance was the P.V. No. 8/July, 2022 for the sum of ₦500,000.00 raised in the name of Hon. Tajudeen Otuyiga which was discovered not to have been controlled/authorized by the officer controlling vote and neither was it checked and passed by the Internal Auditor. To the dismay of the team of Auditors, both the Director of Finance and Supplies as well as the Director, General Services and Administration who are the signatories to the council's accounts in spite of the anomalies highlighted above still went ahead to append their signatures on the cheque to effect the payment to Hon. Tajudeen Otuyiga thereby contravening the provisions of Chapter 14:3 of the Model Financial Memoranda for Local Governments.

Recommendation: You are advised to desist from such flagrant violation of financial regulations by ensuring that due process is followed in the release of fund.

9. QUESTIONABLE EXPENDITURE

Observation: During the period under reference, a sum of Two Million, Two Hundred Thousand Naira (₦2,200,000.00) only was purportedly approved and released to Alhaji I. O. Sule (Director, General Services & Administration). The money was paid vide P.V. No. 18/December, 2022 as Christmas and New year gifts for the Political Office Holders, Career Officers and Obas within your Local Government.

Audit investigation however revealed that the issue of Christmas and End of the Year gift was not discussed at the F&GPC meeting of 6th December, 2022 as claimed thereby rendering the decision extract attached to the payment voucher by Mr. Awonubi Victor to be fictitious thereby making this expenditure questionable.

Further scrutiny of the payment voucher revealed that it was not supported with relevant sub-receipts duly signed by the recipient. This is contrary to provision of Chapter 14:17 of Model Financial Memoranda of the Local Governments.

Recommendation: In view of the above, Mr. Victor B. Awonubi is hereby advised to desist from such practice and ensure that due process is strictly followed while carrying out official duties. You should also ensure that any fund released is acknowledged by the recipient(s).

10. **LOAN FACILITY OBTAINED UNDER FALSE PRETENCE**

Observation: I wish to draw the attention of the Executive Chairman to the letter Ref. No. OWLG.89/VII/77 of 21st December, 2022 purportedly written and signed by Mr. Victor B. Awonubi (Principal Administration Officer) to seek a loan facility of the sum of ₦1,200,000.00 on behalf of your Local Government. The purported letter was written on the premise that the approval to seek the loan facility was discussed and approved at the F&GPC meeting of 6th December, 2022. A cursory look at the minutes books however revealed that the issue was never discussed at that meeting and it would therefore appear that Mr. Awonubi B. took a unilateral decision. Another question that readily comes to mind was why Mr. Awonubi B. who is not a signatory to the account of your Local Government took it upon himself to write and sign such an important official letter.

Recommendation: In the light of the above, you are advised to strictly follow due process in the performance of your official duties.

11. **LOCAL GOVERNMENT STAFF QUARTERS**

Observation: It was observed that most of the buildings at the staff quarters of your Local Government were in a very deplorable condition. There were noticeable cracks on most of the walls of the buildings and if no urgent action is taken to remedy the situation, the building may eventually collapse and the purpose for which the buildings were constructed would have been defeated. This issue was discussed with the HOLGA and he gave his assurances to draw the attention of the Executive Chairman to it so as to remedy the situation.

Recommendation: Please ensure that urgent attention is taken to rehabilitate these buildings at the staff quarters so as not to allow the huge sums of money expended on the erection of the buildings to go down the drain.

12. **RENOVATION OF LEGISLATIVE CHAMBER**

Observation: It was observed that the contract for the renovation of the Legislative Chamber was awarded to Al-Amin Ideal Trading of No 55, Tefun Street, Ilusin at the cost of ₦4,000,000.00. A sum ₦3,000,000.00 had been released to Al-Amin Ideal Trading vide P.V 19 and 47/December, 2022 thus leaving a balance of ₦1,000,000.00 yet to be released. Audit investigation however revealed that the contract was executed without the supervision of the Director of Works and Housing and neither was it certified by the contract verification committee of your Local Government.

In addition, it was discovered that your Local Government did not deduct the statutory 5% withholding tax and 7.5% VAT on the contract which amounted to ₦500,000.00 thereby running foul of tax regulations. The Director Finance and Supplies and the Internal Auditor when put on enquiry could not give a reasonable answer for not taking into cognizance the statutory deductions on the contract.

Recommendation: The Director, Finance and Supplies should ensure that the sum of ₦500,000.00 which represented Statutory deduction is made from the contract sum.

13. **ASPHALT PAVEMENT AND SURFACING (PATCHING) OF FAILED PORTIONS OF ROADS FROM GAO JUNCTION THROUGH ABIGI TO EFIRE.**

Observation: I wish to draw your attention to paragraph 8 of the last Audit Inspection report of 16 January, 2023 where it was reported that a sum of Eleven Million, One Hundred and Five Thousand, Two Hundred and Fifteen Naira (₦11,105,215.00) only was approved by the Ministry of Local Governments and Chieftaincy affairs for your Local Government to do the asphalt pavement and surfacing (Patching) of the failed portions of roads from GAO junction through Abigi to Efire.

Audit examination of payment vouchers revealed that a sum of Eight Million, Seven Hundred Thousand Naira (₦8,700,000.00) only had so far been released to Eng. S.A Oyekan (Director, Works and Housing) vide P.V 23/April, 14/June, 10/July, 01/Aug and 01/Sept; 2022 leaving a balance of Two Million, Four Hundred and Five Thousand, Two Hundred and Five Naira (₦2,405,215.00) yet to be released.

Audit verification visit made to the site(s) by the Team of Auditors in August 2022 revealed that work was in progress but the level of work done so far by the project Officer appears not to be commensurate with the amount so far released for the project. The project officer upon interrogation however said that the cost of materials earlier quoted in the Bill of Quantity has increased before the approval for the release of fund was made.

During the audit exercise just concluded, it was observed that the State Government has taken over the project by laying the asphalt pavement and surfacing (Patching) of the failed portions of the roads from GAO up to Ita Lugade via Ibiade.

Recommendation: Please ensure that no further payment is made by your Local Government in respect of this project.

RE-AUDIT INSPECTION REPORT ON THE ACCOUNTS OF OGUN WATERSIDE LOCAL GOVERNMENT, ABIGI FOR THE PERIOD OF 1ST JANUARY TO 31ST DECEMBER, 2022

Sequel to your 2022 statutory Audit report ref. no OGLG/OWS/I/VOL.IV/429 dated 16th June, 2023, the management wish to inform you that we have delebrated on those items/points raised by the team who came for the Audit exercise.

The management of this Local Government will further scrutinize the reports and amend the areas we have defaulted. Surprisingly all observations raised were discussed with the team leader immediately after the exercise but later found some of them as queries in the reports which we do not expect.

Furthermore, in line with Audit technique and procedure, there must be observations and queries but not to this extent.

The management position and comments on those observations include the following:

1. DESTRUCTION OF EXHUSTED RECEIPT BOOKS

When the management is ready for such action/exercises your office will be duely informed.

2. AUDIT QUERIES

The Audit queries numbers OGLG/AQ/ABG/197-206 (2022) Ten (10 queries) has been dispatched to all officers concerned.

3. CASH SURVEY

This is noted by the management.

4. BANK RECONCILIATION MATTERS

The Direct Credit, Uncredited Lodgement, Direct Debit and over payment mentioned are being looked into. The treasurer will take necessary action on it. However, the treasurer notified the management on the issue of uncredited lodgement and a committee was set up to conduct thorough investigation even before the arrival of the Audit team.

5. UN-RECEIPTED EXPENDITURE

All the officers queried were advised to answer the queries within the stipulated time.

6. UNAUTHORIZED PAYMENT VOUCHERS

On this issue, the Treasurer, DGS&A and Acting Auditor have briefed the management what led to the situation. The management discovered that all the amount quoted in the reports was actually the salary paid to the Local Government staff and primary school teachers, political and traditional council

for the month of October, 2022 and the deduction there in. All the necessary documents were checked without any omission and discovered it was October salary.

Consequently, the vouchers in respect of this were not duly processed in line with financial memorandum and the management has warned the officers in-charge.

7. **NUGATORY PAYMENT**

The management investigated the nugatory case you mentioned in the reports, but found that the receipt actually was printed by store keeper, **Mrs. Ifeyemi Kehinde**. The rate collectors used the receipts during market days to generate revenue to the coffer of the Local Government. The problem was that she did not update all the necessary ledgers which Audit team use their green biro to complete.

8. **LOSS OF REVENUE**

The management set up a committee to investigate the activities of **Miss Salami Ayokari** upon notification by the Treasurer even before the arrival of the Audit team. We also noticed that she was invited to your office for questioning.

The management will guide against such future occurrence.

9. **PAYMENT CONTRARY TO REGULATIONS**

Refers to the P.V No. 8 July, 2022 for sum of ~~₦~~500,000.00 raised in the name of Hon Tajudeen Otuyiga mentioned in the report and to inform you that the amount was a refund. Hon Tajudeen Otuyiga paid this sum to the coffer of the Local Government to hire the Local Government grader, but after, payment the grader developed fault and he could not use it for the purpose it was meant for. On this note, he demanded for the refund of his money which led to the invitation of HOLGA and Chairman to the police area command, Ogbere. However, it was agreed to refund the money in tranches. During the first tranche payment, the Treasurer has not reported for duty. However, during reconciliation having reported for duty, this amount was discovered and he requested the voucher should be prepare to normalized. Unfortunately, the acting treasurer who handled it had retired from office. The payment of ~~₦~~500,000.00 to Hon Tajudeen Otuyiga was bonafides but the voucher was not processed in line with financial memoranda.

We hereby tendered sincere apology in this regard, such situation will not occur any more.

Finally, all the observations raised in the course of 2022 statutory auditing exercises will be noted for future actions.

10. **QUESTIONABLE EXPENDITURE**

Based on questionable expenditure raised by the team from the Auditor General's office that came for the Auditing of the Local Government Account; The issue raised was discussed at the F&GPC meeting of 6th December, 2022, but it was the mistake of the recorder, (i.e Mr. Awonubi) not to have recorded it in the minute book. I explain to the team with Mr. Awonubi V.O present that, it was an oversight not to have recorded it and promised to amend it before the signature of the chairman and SLG will be appended on the document. Furthermore, the dully signed sub-receipt voucher by the recipient were available for attachment on the query raised.

11. **LOAN FACILITY OBTAINED UNDER FALSE PRETENCE**

Based on loan facility obtained under false pretense raised by the Auditor General, it was the issue raised on questionable expenditure that leads to this issue because the matter of the loan facility was discussed at the F&GPC meeting of 6th December, 2022 but was not recorded at the minute book by the recorder (i.e Mr. Awonubi V.O) We are sorry for the inconveniency and promised to make amends.

12. **LOCAL GOVERNMENT STAFF QUARTERS**

Based on the promise made by the HOLGA, the matter has been tendered before the Executive Chairman and the Executive Chairman has promised to look into it.

13. **RENOVATION OF LEGISLATIVE CHAMBER**

The question raised on Legislative Chamber renovation for not deducting 5% withholding tax and 7.5% VAT, wherein (4,000,000.00) Four Million Naira only was approved for the project and 5% withholding tax and 5% VAT was deducted to the tune of Four Hundred Thousand Naira (4,000,000.00) only was deducted in the last payment of 4th February, 2023. Furthermore, the project was supervised by the Local Government Engineer then and it was based on his advice that the money was being released.

Lastly, further step would be taken to recover the remaining 2.5% VAT to be deducted from the amount released.

14 **ASPHALT PAYEMENT AND SURFACING (PATCIHING) OF THE FAILED PORTIONS OF ROADS FROM GAO JUNCTION THROUGH ABIGI TO EFIRE.**

The advise raised on the above stated subject was noted and would be upheld, by not releasing further payment in respect of the project (i.e Asphalt pavement and surfacing/patching) of the failed portions of roads from GAO Junction through Abigi to Efire.



Dr. Adekoya O.A
HOLGA