

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

SAGAMU 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	19-27
(14)	Management Letter	28-30

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 Sagamu 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 SAGAMU LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

The accounts of Sagamu 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 SAGAMU LOCAL GOVERNMENT, SAGAMU 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 Sagamu Local Government, Sagamu 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 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 there are lots of unpardonable errors such as wrong postings, misclassifications, omissions.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Independent Revenue	45,492,515.66
Statutory Allocation	2,069,685,480.55
Aids and Grants	25,800,000.00
Total	<u>2,140,977,996.21</u>
EXPENDITURE	
Salaries & Allowance	1,466,377,330.01
Pension	621,103,785.86
Overhead Expenses	90,614,027.47
Long Term Assets	25,852,500.00
Total	<u>2,203,947,643.34</u>

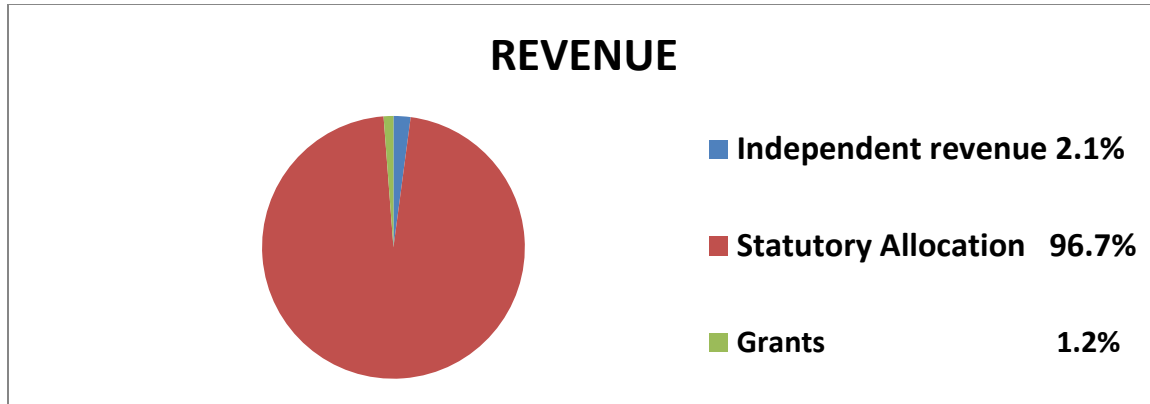
(4) REVENUE PERFORMANCE:

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦106,250,000.00, a sum of ₦45,492,515.66 only was actually generated internally representing 42.8%. This represents a decrease of 5.1% when compared with the sum of ₦47,944,875.08 generated 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 have not been identified and blocked.

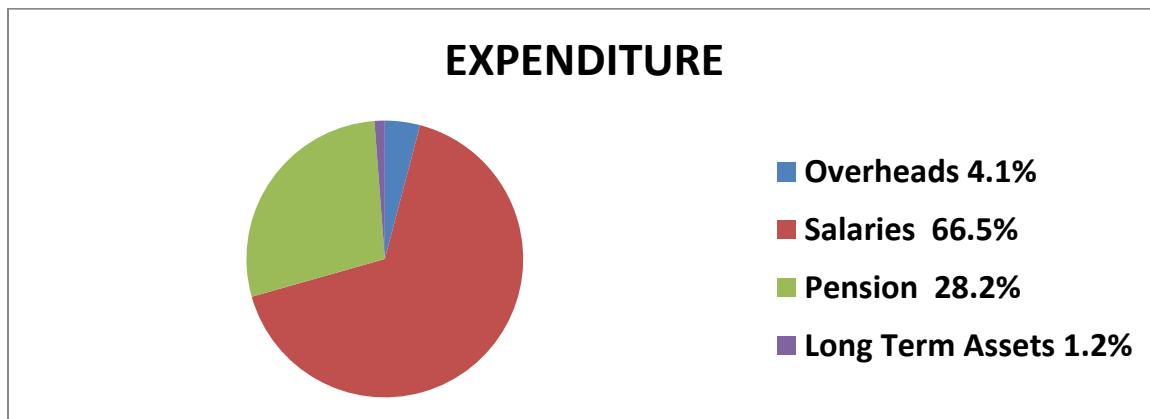
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦2,140,977,996.21 realized by the Local Government during the year under review, a sum of ₦45,492,515.66 only was generated internally. This represented 2.1% of the total revenue while the total sum of ₦2,069,685,480.55 statutory allocation and ₦25,800,000.00 aids and grant received from the State Joint Account Allocation Committee represented 96.7% and 1.2% 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 ₦2,203,947,643.34. Out of this, a sum of ₦90,614,027.47 was expended on overhead which represented 4.1% of the total expenditure for the year. Also, a sum of ₦1,466,377,330.01 was expended on salaries and allowances representing 66.5% of the total expenditure for the year while ₦621,103,785.86 was expended on pensions and this represented 28.2% of the total expenditure for the year. The sum of ₦25,852,500.00 was expended on long term assets and this represented 1.2% of 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 according to the Statement of Financial Position as at 31st December, 2020 was ₦259,009,048.30. The liabilities are highlighted bellow:

S/NO	ITEMS	AMOUNT (₦)
1	5% VAT	16,481,111.63
2	5% DEVELOPMENT LEVY	1,939,692.15
3	7.5% PENSION FUND	92,272,903.48
4	PAYE	69,714,789.76
5	NULGE	5,407,226.83
6	Loan	1,126,894.35
7	Payables	47,836,167.62
8	OTHERS	<u>28,695,664.31</u>
	Total	<u>259,009,048.30</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 and regulations.

(7) ADVANCE

The sum of ₦8,273,344.86 highlighted in the Statement of Financial Position as the Advance was dormant during the year.

(8) INVESTMENTS

The sum of ₦550,000,000.00 shown in the Statement of Financial Position represents the investment as at December, 2020 but this could not be verified because the Local Government could not produce fixed deposit certificate or other evidences to confirm its existence.

SAGAMU 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. Ekemode, Ebenezer Olurotimi,
Director, Finance and Supplies

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 Sagamu Local Government as at 31st December, 2020 and its operations for the year ended on the date.



Mr. Ekemode, Ebenezer Olurotimi,
Director, Finance and Supplies



Hon. Gbenga Banjo
Transition Chairman

SAGAMU LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2020

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	19,739,089.48	12,693,743.97
INVENTORIES		3,378,540.00	4,443,536.00
RECEIVABLES		2,635,500.00	5,645,000.00
PREPAYMENT			
ADVANCE		8,273,344.86	8,233,344.86
TOTAL CURRENT ASSET (A)		<u>34,026,474.34</u>	<u>31,015,624.83</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	531,384,716.82	525,907,842.42
INVESTMENT PROPERTY	11	429,881,600.00	438,420,800.00
BIOLOGICAL ASSET	12		
INVESTMENT		550,000.00	550,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>961,816,316.82</u>	<u>964,878,642.42</u>
TOTAL ASSET (C=A+B)		<u>995,842,791.16</u>	<u>995,894,267.25</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT		1,126,894.35	2,262,832.35
UNREMITTED DEDUCTIONS	9	210,045,986.33	156,426,850.65
ACCRUED EXPENSES, PAYABLES		47,836,167.62	45,373,537.62
DEFERRED INCOME			
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		<u>259,009,048.30</u>	<u>204,063,220.62</u>
NON-CURRENT LIABILITY			
PUBLIC FUND		8287873.29	8,287,873.29
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		<u>8,287,873.29</u>	<u>8,287,873.29</u>
TOTAL LIABILITY (F=D+E)		<u>267,296,921.59</u>	<u>212,351,093.91</u>
NET ASSETS (G= C-F)		<u>728,545,869.57</u>	<u>783,543,173.34</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		728,545,869.57	783,543,173.34
TOTAL NET ASSET/EQUITY		<u>728,545,869.57</u>	<u>783,543,173.34</u>

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

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	2,069,685,480.55	1,317,833,142.20
NON-TAX REVENUE:	2	45,300,500.00	43,226,780.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	25,800,000.00	
OTHER REVENUE		192,015.66	4,718,095.08
TOTAL REVENUE (A)		<u>2,140,977,996.21</u>	<u>1,365,778,017.28</u>
EXPENDITURE			
SALARIES & WAGES	4	1,466,377,330.01	1,060,170,141.04
NON- REGULAR ALLOWANCE	5	-	
SOCIAL BENEFIT	6	621,103,785.86	271,268,201.56
OVERHEAD COST	7	60,299,201.87	52,186,128.93
SUBVENTION TO PARASTALS		1,400,000.00	1,100,000.00
DEPRECIATION	10 & 11	28,914,825.60	24,344,325.60
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		<u>2,178,095,143.34</u>	<u>1,409,068,797.13</u>
SURPLUS / DEFICIT (C=A-B)		<u>-37,117,147.13</u>	<u>-43,290,779.85</u>

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

	₦
Balance 1/1/2019	-118,413,038.89
Prior Year Adjustment	945,246,992.08
Adjusted Balance	826,833,953.19
Surplus/ (deficit) for the year	-43,290,779.85
Balance 31/12/2019	783,543,173.34
Prior Year Adjustment	-17,880,156.64
Adjusted Balance	<u>765,663,016.70</u>
Surplus/ (deficit) for the year	-37,117,147.13
Balance at 31 December 2020	<u>728,545,869.57</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	2,067,685,480.55	1,317,833,142.20
LICENCES, FINES, ROYALTIES, FEES ETC	36,416,050.00	33,354,770.00
EARNINGS & SALES	10,317,550.00	9,075,510.00
RENT OF GOVERNMENT PROPERTIES	3,576,400.00	1,562,395.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	11,000,000.00	
OTHER REVENUE	192,015.66	2,624,095.08
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>2,129,187,496.21</u>	<u>1,364,449,912.28</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	1,466,377,330.01	1,060,170,141.04
SOCIAL BENEFIT	621,103,785.86	271,268,201.56
OVERHEADS	57,524,075.87	48,816,452.93
SUBVENTION TO PARASTATALS	1,400,000.00	1,100,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>2,146,405,191.74</u>	<u>1,381,354,795.53</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>-17,217,695.53</u>	<u>-16,904,883.25</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 10,300,000.00	-73,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	- 40,000.00	1,243,410.08
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-10,340,000.00</u>	<u>1,170,410.08</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	35,738,979.04	26,477,113.73
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER	- 1,135,938.00	-300,000.00
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>34,603,041.04</u>	<u>26,177,113.73</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>7,045,345.51</u>	<u>10,442,640.56</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	<u>12,693,743.97</u>	<u>2,251,103.41</u>
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>19,739,089.48</u>	<u>12,693,743.97</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	156,055,558.44
FEBRUARY	195,761,228.12
MARCH	153,896,569.76
APRIL	161,032,501.98
MAY	153,326,164.13
JUNE	163,250,316.37
JULY	179,815,400.33
AUGUST	172,158,534.19
SEPTEMBER	177,564,857.19
OCTOBER	180,593,984.15
NOVEMBER	181,840,560.61
DECEMBER	194,389,805.28
TOTAL	<u>2,069,685,480.55</u>

2. NON-TAX REVENUE

LICENCES	10,582,350.00
FEES	20,278,000.00
FINES	546,200.00
EARNINGS	7,435,035.00
RENT OF GOVERNMENT PROPERTIES	3,576,400.00
SALES	2,882,515.00
TOTAL	<u>45,300,500.00</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	11,000,000.00
NON-GOVERNMENT ORGANISATION	14,800,000.00
TOTAL	<u>25,800,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	503,814,211.11
PRIMARY SCHOOL TEACHERS	705,152,856.10
TRADITIONAL COUNCIL	245,107,673.30
POLITICAL FUNCTIONARIES	12,302,589.50
TOTAL	<u>1,466,377,330.01</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	621,103,785.86
TOTAL	621,103,785.86

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	13,576,500.00
HOLGA	915,000.00
INTERNAL AUDIT	687,600.00
ADMINISTRATIVE	9,423,138.90
FINANCE	11,219,227.79
INFORMATION	606,500.00
P H C	4,438,277.81
AGRIC	915,000.00
WORKS	11,017,997.37
PLANNING	3,387,400.00
WES	3,248,960.00
COMMUNITY	863,600.00
TOTAL	60,299,201.87

8. CASH & CASH EQUIVALENTS

CASH AT HAND	2,239.99
CASH IN BANKS	19,736,849.49
TOTAL	19,739,089.48

9. UNREMITTED DEDUCTIONS

5% VAT	15,928,357.26
5% DEVELOPMENT LEVY	1,868,642.15
7.5% PENSION FUND	75,430,430.88
PAYE	51,028,663.15
NULGE	5,407,226.83
OTHERS	53,832,285.68
TOTAL	210,045,986.33

NOTE 10	SAGAMU LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT							TOTAL
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	
BAL AS AT 01/01/2020	515,180,000.00		6,528,000.00	12,949,478.02	1,058,000.00	9,971,650.00		545,687,126.02
ADDITION DURING THE YEAR				19,852,500.00			6,000,000.00	25,852,500.00
LEGACY								0.00
DISPOSAL DURING THE YEAR								-
BAL C/F	515,180,000.00	-	6,528,000.00	32,801,978.02	1,058,000.00	9,971,650.00	6,000,000.00	571,559,628.02
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	10,303,600.00		652,800.00	4,719,893.60	467,000.00	3,635,990.00		19,779,285.60
ADDITION DURING THE YEAR	10,303,600.00		652,800.00	6,560,393.60	264,500.00	1,994,330.00	600,000.00	20,375,625.60
DISPOSAL DURING THE YEAR								-
BAL C/F	20,607,200.00	-	1,305,600.00	11,280,287.20	731,500.00	5,630,320.00	600,000.00	40,154,911.20
AS AT 31/12/2020	494,572,800.00	-	5,222,400.00	21,521,686.82	326,500.00	4,341,330.00	5,400,000.00	531,384,716.82
AS AT 31/12/2019	504,876,400.00	-	5,875,200.00	8,229,582.42	591,000.00	6,335,660.00	-	525,907,842.42
NOTE 11	SAGAMU LOCAL GOVERNMENT INVESTMENT PROPERTY							
	LAND & BUILDING 2%	LAND	BIOLOGICAL ASSET 4%	TOTAL				
BAL AS AT 01/01/2020	426,960,000.00	20,000,000.00		446,960,000.00				
ADDITION DURING THE YEAR				0.00				
LEGACY				0.00				
DISPOSAL DURING THE YEAR				-				
BAL C/F	426,960,000.00	20,000,000.00	-	446,960,000.00				
ACCUMULATED DEPRECIATION								
BAL AS AT 01/01/2020	8,539,200.00			8,539,200.00				
ADDITION DURING THE YEAR	8,539,200.00			8,539,200.00				
DISPOSAL DURING THE YEAR								
BAL C/F	17,078,400.00	-	-	17,078,400.00				
AS AT 31/12/2020	409,881,600.00	20,000,000.00	-	429,881,600.00				
AS AT 31/12/2019	418,420,800.00	20,000,000.00	-	438,420,800.00				

The Chairman,
Transition Committee,
Sagamu Local Government,
Sagamu.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF SAGAMU LOCAL
GOVERNMENT SAGAMU FOR THE PERIOD 1ST JANUARY 2020 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. AUDIT QUERY

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

S/N	Query Number	Subject	Amount (₦)
1.	OGLG/ AQ/SGM/157/2020	Doubtful Expenditure	200,000.00
2.	OGLG/ AQ/SGM/158/2020	Job Not Done to Specification	435,000.00
3.	OGLG/ AQ/SGM/159/2020	Unreceipted Expenditure	250,000.00
4.	OGLG/ AQ/SGM/160/2020	Doubtful Expenditure	400,000.00

3. DOUBTFUL EXPENDITURE

Observation: A sum of ₦200,000.00 was released to Mr. Ogunyanwo Olasupo (Chief Admin Officer) to provide light entertainment during the meeting of committee on revenue contractors comprising the politicians and career officers of the Local Government through PV. No. 13/February, 2020. Neither was the photocopy of the attendance list nor the extract of the minute of the meeting was attached to the payment voucher. The cash receipt attached to the PV. No. 13/February, 2020 was not dated.

Another was a sum of ₦165,000.00 paid to Mr. R. O. Lawal (Principal Environmental Health Officer) to take care of burial expenses of paupers found at various locations within the Local Government.

There was neither police warrant nor photographs of the deceased paupers as well as official printed receipts of items purchased for the burials were attached to the payment vouchers. This is contrary to Chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: Evidence of expenditure should be provided or recover the money involved. This has been made subject of audit queries.

4. JOB NOT DONE TO SPECIFICATION

Observation: During the period under review, a sum of ₦1,500,000.00 was released to Mr. Sanusi Sulaimon (Principal Technical Officer II) to sink a borehole at Sotubo Health Centre. The payment was made through PV No. 1/July and 1/August, 2020.

Audit verification visit to the borehole site at Sotubo revealed that there was no new stanchion at the health centre as claimed, the one at the health centre was old, constructed long ago and it can collapse at any time due to its long existence. To Audit, it appears that the stanchion was constructed years back whereas a sum ₦435,000.00 was approved for a new stanchion in 2020.

Recommendation: Mr. Sanusi Sulaimon should either construct a new stanchion or refund the sum of ₦435,000.00 meant for the new stanchion. Audit query has been raised accordingly.

5. UNRECEIPTED EXPENDITURE

Observation: It was observed that a sum of ₦250,000.00 was paid to Mr. T. A. Akinyele (Director, General Services and Administration) through PV No. 55/December, 2020 for Extended Security Meeting held in November, 2019.

The meeting comprises of CDA Excocs, Community Leaders, Religious bodies (representative) etc. The official printed receipt in respect of sitting arrangement, entertainment, other logistics etc were not attached to the payment voucher as evidence contrary to Chapter 14:17 of the Model Financial Memoranda for Local Governments. Also, the payment voucher was prepared in November, 2019 but paid in December, 2020. The time lag between the time in which the payment voucher was prepared and the time of payment calls for suspicion, more so that the voucher was not revalidated for payment.

6. BANK RECONCILIATION

DORMANT BANK BALANCES:

Observation: It appears that the management of the Local Government did not take seriously, the advice given on dormant bank accounts in the last audit inspection report No.OGLG/SAG/I/Vol.IV/197 of 22nd September, 2020. In the report, the Local Government was advised to either reactivate or close the bank accounts that had been dormant for several years.

At the time of this audit exercise, the dormant bank account has increased from eight (8) accounts in year 2019 to eleven (11) accounts in year 2020. The issue was discussed with the Treasurer and he promised to inform the management for necessary action.

Details of the dormant bank accounts are highlighted below:

NO	NAME OF BANKS	ACCOUNTS NOS	AMOUNT ₦
1.	Sagamu Community Bank, Ogijo	3703834	35,020
2.	Access Bank Plc	0043237517	18,621.82
3.	Oceanic Bank Plc	4762014294	81,521.63
4.	Access Bank Plc	0043248267	62,090.95
5.	UBA Sagamu Account	0139006000012	6,255.84
6.	Union Bank Account	0010294210	11,825.61
7.	Union Bank Account	0010235105	1,143.40
8.	Wema Bank	4110000113	252.01
9.	Wema Bank (Salary)	0120643462	58,027.87
10.	Eso-E Community Bank (current)	1100060662	35,982.26
11.	Sagamu Community Sagamu	1100076142	17,693.98
	TOTAL		328,435.37

Recommendation: The treasurer is advised to abide by his promise to discuss the dormant bank accounts with the management for possible reactivation or closure of those bank accounts. This is in the interest of the Local Government to avoid unnecessary bank charges on them.

7. STATE OF ACCOUNT

Observation: In the course of scrutinising the accounting ledgers, a lot of unpardonable errors were observed to have been made by the officer in-charge of those ledgers. Such errors were wrong postings, misclassification, omission etc. For instance, RV 224 and 227/January, 2020,

RV 163 and 168/June, 2020 and RV 162, 180, 181/July, 2020 etc were not posted into DVRA ledger. Revenue head for marriage certificate (12020418) were lumped with certificate of origin (indigenship 12020476). Overhead expenditure were posted into capital expenditure ledger (e.g. Maintenance of roads, repair of grader, procurement of laboratory reagent, renovation of toilet facilities, purchase of Ileya ram and rice during festive period etc). Also, it was observed that the cash and bank balances from the LCDAs were not brought into the accounts (cashbook) of the main Sagamu Local Government.

Similarly, the Local Government salaries and allowances between the months of August and December, 2020 were not posted into the cashbook but only posted into the DVEA ledger. The reason given by the Treasurer for not posting the salaries and allowances into the cashbook was the inability of the Local Government to operate the salary account as a result of Garnishee order placed on the account (salary account). Though the Local Government did not operate the salary account during the period because arrangement was made with Ikenne Local Government for lodgement of monthly statutory allocation into their (Ikenne) account where the staff salaries and allowances could be paid for those period (August to December, 2020). However, adjustment vouchers had been raised by the Audit Team to correct the postings of the salaries and allowances in the expenditure ledger and revenue ledger.

Recommendation: The treasurer is advised to step up his supervisory roles on officers in-charge of the accounting ledgers.

8. REVENUE GENERATION PERFORMANCE

Observation: Between January and December, 2020 it was observed that the Local Government budgeted a sum of ₦106,250,000.00 to be generated internally but at the end of the financial year 2020, the Local Government was able to generate a sum of ₦51, 285,318.66 as its independent revenue. This is 48% revenue generation performance for the year 2020 which appears low because of the abundant sources of revenue in the Local Government especially at Ogijo area but which were not harnessed.

The Local Government can still perform better if all leakages are blocked; all hands are on deck and also look into the direction of sources of revenue at Ogijo area of the Local Government in the next financial year, 2021.

Recommendation: Concerted efforts should be intensified towards enhanced revenue generation. Emphasis should be paid to Temidire market, Ogijo, as well as embarking on poultry business.

9. LOCK-UP SHOPS AND OPEN-STALLS

Observation: During the period under review, available records revealed that the Local Government has a total number of 2,128 lock-up shops and 837 open stalls as detail below:

S/N	LOCATION	LOCK-UP SHOP	OPEN STALL
1	Temidire Alaba Market, Ogijo	784	80
2	Awolowo Maket Sagamu	491	223
3	Oja Oba Market	196	-
4	Falawo Market	82	124
5	Ijoko Motor Park	14	-
6	Ijoko Eleja Shopping Complex	37	-
7	Sabo Market	524	410
	TOTAL	2,128	837

Out of these shops and stalls, five hundred and twenty-four (524) lock-up shops and four hundred and Ten (410) open stalls at sabo markets got burnt in January, 2020. During audit exercise, it was observed that Awolowo and Falawo markets maintained comprehensive and up-to-date market ledgers while Ijoko Eleja market, Ijoko motor park, Temidire Market Ogijo and Oja Oba market did not maintain a proper market ledgers. The non-maintenance of market ledgers made it difficult for the Audit Team to ascertain the receivables on those shops and stalls as at 31st December, 2020.

Also observed was the reconstruction of Sabo markets by Ogun State Government and Oja-Oba market by Senator Lekan Mustapha representing Ogun East district in the National Assembly, Abuja. The re-construction works were on-going when Auditors visited the markets in March, 2021.

It was disheartening to mention that the situations at Temidire Alaba market, Ogijo remained as it was reported in the previous report Nos OGLG/SSLCDA/1/1 of 5th December, 2018 OGLG/SSLCDA/1/30 of 26th June, 2019 and OGLG/SSLCDA/1/55 of 28th January, 2020. In the reports, the Council was advised to conspicuously and alphabetically number the shops for easy identification, maintain market register for those shops, review upward the sum of ₦6,000.00 per annum being currently charged on each shop etc.

Also, in the last audit inspection report No. OGLG/SSLCDA/1/ of 22nd September, 2020 the Local Government was advised to pay special attention to this market (Temidire Alaba market, Ogiyo) but all these appear not have been attended to at the time of this audit exercise.

Recommendation: The Local Government is once again advised to:

- (i) keep comprehensive and up-to-date market ledgers for all its shops and stalls
- (ii) (ii) the situation of lock-up shops and open stalls at Temidire Alaba market should be looked into in order to know the actual number of lock-up shops and open stalls that belong to the Local Government and the situation of the rest shops and stalls. The Temidire Alaba markets, Ogiyo belong to the Government and not to individuals or group of persons.

10. FIXED ASSETS REGISTER/CAPITAL EXPENDITURE REGISTER

Observation: It was observed that the Fixed Assets Register kept was not properly maintained by the Local Government. The purpose of this document (asset register) is to show at a glance the total number, types, locations and the cost of those assets of the Local Government. This is in compliance with Chapter 26 of the Model Financial Memoranda for Local Government. Also, if there were pilferages, it might be easily noticed especially during this period of IPSAS accrual.

It was also observed that the Independent Corrupt Practices and Other Related Offences Commission (ICPC), Assets Release and Management Unit, released a 1995 Model Volvo 580 ambulance with chassis number TCILW412252166314 to Sagamu Local Government as asset recovered from Late Senator Buruji Kashamu which was a constituency vehicle expected to be distributed among Local Governments in Ogun East Senatorial District. Also, a Toyota Ambulance Bus was given to the Local Government by Shell Oil Petroleum Company. These two vehicles were not captured in the Fixed Asset Register.

At the instance of Audit Team, the two vehicles had been captured in the Local Government Fixed Asset Register.

The two vehicles were valued for ₦10,000,000.00 (Toyota Hiace Ambulance) and ₦4,800,000.00 (1995 Model Volvo 850 Ambulance) for accounting purpose.

Recommendation: The Local Government is advised to always comply with the financial regulation by ensuring that a comprehensive Capital Expenditure Register is properly maintained for all its property.

11. HEALTH FACILITIES WITHIN THE LOCAL GOVERNMENT AREA

Observation: During the audit exercise, available records revealed that the Local Government has over twenty-three (23) health centres within its locality. Due to insufficient time, the audit team was only able to visit few of these health centres. The health centres visited include: Ogijo, Legacy, Batoro, Ipoji, Sabo-Agura, Ajaka, Makun etc. At Batoro health centre, it was observed that the scanner machine there was working and generating revenue to the Local Government while the scanners at Ogijo, Ipoji and Sabo-Agura appeared to have been abandoned and did not generate any revenue to the Local Government during the year. The Director of Health Department, Dr. Oyedele attributed the abandonment of the scanner to non-availability of operators that can operate the scanner machines in those health centres.

Recommendation: The management is advised to provide operators for the operation of scanner machines at Ogijo health centre, Ipoji health centre and Sabo-Agura health centre in order to generate revenue from the operations of those machines. Scanner ledgers should be opened in each health centre for proper monitoring of activities.

12. LOCAL GOVERNMENT CONSTITUENCY GRADER (TL1AGPNG TY)

Observation: During the period under review, available record revealed that the Local Government Constituency Grader was under repair. Out of the sum of ₦435,375.00 approved for the repair, a sum of ₦208,700.00 had been released. The money was paid via PV. 32/September, 2020 to Mr. Oloaku Theophilus (Chief Plant Operator) in September, 2020.

Recommendation: The management is advised to release the remaining money in order to complete the repair of the grader on time for the benefit of the Local Government and its environs.

13. KOMATSU MOTOR GRADER

Observation: I wish to refer to the last Audit Inspection Report No. OGLG/SSLCD/1/55 of 28th January 2020, where the Council (Sagamu South) was advised to withdraw the Grader from the operator and get the Grader repaired in order to generate revenue.

At the time of writing this report, the grader was located at Sagamu West LCDA Secretariat, Makun but not functioning let alone generates revenue for the Local Government. At the monthly meeting of Finance and General Purpose Committee for November, 2020 the management proposed to engaged a company or individual on a Public-Private Partnership arrangement to carry out the repair of the grader which can help to improve the present financial situation of the Local Government.

Recommendation: The repair of this grader is very necessary so that it can be used by the Local Government for grading of its roads and for rentage for revenue purpose hence, should be repaired as soon as possible.

14. LOSS OF FUND BY REVENUE COLLECTOR

Observation: In the last audit inspection report No OGLG/SSLCDA/I/ of September, 2020, (Sagamu South) Local Government was advised to recover the sum of ₦40,000.00 from either the former Executive Chairman (Barrister Hassan Gbenga) or Mr Lamidi Adekunle (Senior Executive Officer) on certificate of Origin not paid for. At the time of this audit exercise, it appears that the money has not been recovered from either of them.

Recommendation: The Treasurer is hereby instructed to stop Mr. Lamidi Adekunle's monthly salary immediately this report gets to the Local Government until the sum of ₦40,000.00 is recovered from him. Evidence of recovery should be communicated to this Office.

15. PURCHASE OF MOTOR-VEHICLE FOR OFFICE OF THE EXECUTIVE CHAIRMAN

Observation: It was observed that the official vehicle (Toyota Venza 2019 Model) taken away by the former Executive Chairman, Sagamu South (Barrister Olugbenga Hassan) had neither been recovered nor the part payment sum of ₦1,000,000.00 paid on the vehicle refunded by him (Barr. 'Gbenga Hassan) as at the time of this audit exercise. It was highlighted in the audit report No. OGLG/SSLCDA/1/55 of 28th January, 2020 that a sum of ₦1,000,000.00 out of ₦3,950,000.00 cost of the vehicle was released to the former Executive Chairman (Barrister Olugbenga Hassan). The vehicle could not be located nor the ₦1,000,000.00 refunded.

Recommendation: This Office would report the matter to the Public Account Committee of the Ogun State House of Assembly for further necessary action at appropriate time.

16. AGRICULTURE AND NATURAL RESOURCES DEPARTMENT

Observation: The audit advice given to the management of the Local Government in the last audit inspection report No. OGLG/SAG/1/Vol.IV/197 of 22nd September, 2020 that the agric department should be made functional was not adhered to because there was no project in the department that generated revenue to the Local Government during the period under review. In the audit report, the Local Government was advised to rehabilitate its collapsed poultry pen building at Makun and embark on agriculture project such as: Poultly, Piggery, Fishery, Snail rearing, Nursing of Oil Palm seedling, Arable farming etc. It was observed that the Local Government generated a sum of ₦51,285,318.66 internally during the year, if political will or attention had been channelled towards agriculture department, part of the internally generated

revenue could have been used for some agriculture project. Now the staffs in the department are drawing their monthly salaries and allowances without being active.

Recommendation: The management is once again advised to repair its poultry pen at Makun and engage in poultry, piggery, fish pond, snail rearing, arable farming etc in order to enhance its revenue generation in the next financial year.

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

RE: AUDIT INSPECTION REPORT ON THE ACCOUNTS OF SAGAMU LOCAL GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2020

Please find below my response to the report of the audit team from your office.

1. **DESTRUCTION OF EXHAUSTED RECEIPT BOOKS**

The process to destroy those exhausted receipts is on-going. As at the time of writing this report, the Treasurer to Local government has written to seek an approval from the Finance and General Purpose Committee (F&GPC) meeting for the destruction of receipts and also to invite the staff of Auditor General for Local Government for supervision.

2. **AUDIT QUERIES**

On this, I wish to confirm that all Audit Queries sent from the office of the Auditor General for Local government had been distributed to the staff concerned. Responses to such queries are expected to have been received by your office for further necessary action sir.

3. **BANK RECONCILIATION**

3.1 **DORMANT BANK BALANCES**

I wish to inform you that the Treasurer to Local Government had sought for an approval from the Finance and General Purposes Committee (F&GPC) meeting for the closure of all Dormant Accounts in various bank as itemized in your report and the funds therein transferred to other functional Local Government Bank Accounts.

The Request has since been approved by Finance and General Purposes Committee (F&GPC) to reduce the Local Government Accounts into only four accounts in four banks.

However, at the ebb of implementing the approval, it was communicated to the Local Government by her bankers that one of the Creditors in person of Nugadex Electrical Company has won a case against the Local Government at Sagamu High Court and by implication, a Garnishee Nisi Order has been placed on all the Accounts of the Local Government in various banks. Because of this, no transaction could occur on the accounts until the legal tussle in the issue concluded. Hence, the reason why these dormant accounts are still in existence.

3.2 **DIRECT CREDIT**

To prevent further occurrence of this issue, the Director of Primary Health Care Department in person of Dr. Mayomi Oyedele has been instructed to call a meeting of all Revenue Collectors in his department and intimate them with the importance of getting back to the cash office of the Local government to obtain Treasury Receipt (TR) in

exchange for teller taken from the bank after the payment of revenue in their possession to the bank.

3.3 **DIRECT DEBIT**

This is to inform you that the sum of One Million and Fifty Thousand Naira only (₦1,050,000.00) which was spent by the Sagamu West Local Council Development Area (SWLCDA) but not captured in their cashbook had been written back to the cashbook of Sagamu Local Government. Since Sagamu Local Government is still making use of the same Bank Account.

4. **UNREMITTED CHEQUES**

The advice given on this issue by the audit team from your office has been complied with.

5. **UNRECIPTED EXPENDITURE**

The audit queries issued by the audit team in respect of this expenditure had been given to Mr. T. A. Akinleye. It is hoped that by now, response to the query have been submitted to your office sir.

6. **DOUBTFUL EXPENDITURE**

In the same manner, Audit query in respect of this expenditure has since been dispatched to Mr. Ogunyanwo and by now, it is hoped that answers to the query should have been submitted to your office sir.

7. **JOB NOT DONE TO SPECIFICATION**

On this issue, I wish to confirm that the Stanchion commented upon has been replaced with the new one. Your office may wish to pay a working visit to the site for confirmation.

8. **STATE OF ACCOUNT**

All the observations raised under heading have been noted by the Treasurer to the Local Government for his future endeavor on the job.

9. **REVENUE GENERATION PERFORMANCE**

The abysmal perform on revenue generated as noticed by the team of auditors is noted. All suggestions by the Auditors would be looked into with a view to improving on the revenue generation in the current year.

10. **LOCK UP SHOPS AND OPEN STALLS**

On this, the Treasurer has been mandated to direct all the staff heading all the markets to ensure that they maintain a market register for each of the market. All other observations and advice offered by the team of Auditors are noted for further necessary actions.

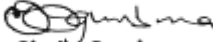
11. **FIXED ASSET REGISTER/CAPITAL EXPENDITURE REGISTER**

All the observations and recommendations by the team of Auditors in your office are noted for further actions.

12. **REVENUE CONTRACTORS**

In response to comments of your officers, the Local Government at one of her Finance and General Purposes Committee Meetings has terminated all the contracts awarded to the Revenue Consultants/Contractors.

13. **HEALTH FACILITIES WITHIN THE LOCAL GOVERNMENT AREA**
All the opinions and recommendations of the Team of Auditors are taken into consideration for future endeavor.
14. **LOCAL GOVERNMENT CONSTITUENCY GRADER (TLIAGPNGTY)**
All the recommendations and advice of the team of auditors from your office are noted.
15. **LOSS OF FUND BY REVENUE COLLECTOR**
All efforts to recover the sum of forty Thousand Naira (₦40,000.00) only from Fomer Executive Chairman in person of Barrister Hassan Gbenga proved abortive. Hence, Mr. Lamidi Adekunle (Senior Executive Officer) has been asked to pay for the certificate of Origin not paid.
However, I am reporting that Mr. Adekunle Lamidi is no longer a staff of Sagamu Local Government as he has been posted to Ogun Waterside Local Government.
Your Office may wish to wade into the issue at the Local Government Service Commission with a view to putting an embargo on his salary.
16. **AGRICULTURE AND NATURAL RESOURCES DEPARTMENT**
All efforts of the Local Government at yielding to the advice of Audit team have proved abortive due to paucity of fund.
However, the management is not resting on its oars. As soon as fund is available, the Agricultural Department would be made functional.
17. **CONCLUSION**
At this juncture, I wish to express my thanks to your office and you in particular for all your efforts geared towards making the Local Governments in Ogun State an enviable one in the Committee of Local Governments in Nigeria.
Thank you and God bless.


Engr. Olanike Ogunbona
Acting Head of Local Government Administration
Sagamu Local Government.