

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

YEWA SOUTH LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2020

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ACKNOWLEDGEMENT

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

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

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

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

Thank you and God bless you all.



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



OFFICE OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

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

AUDIT CERTIFICATE

I have examined the accounts of Yewa South 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 YEWA SOUTH LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER, 2020

The accounts of Yewa South 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 YEWA SOUTH LOCAL GOVERNMENT, ILARO 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 accounts of Yewa South Local Government, Ilaro 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 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 some improvement in record keeping and accounting during the year.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Independent Revenue	45,188,841.94
Statutory Allocation	2,062,761,409.79
Aids and Grants	<u>9,800,000.00</u>
Total	<u>2,117,750,251.73</u>

EXPENDITURE	
Salaries & Allowances	1,557,688,492.40
Pensions	466,968,243.62
Overhead Expenses	89,192,817.83
Long Term Assets	<u>6,384,587.65</u>
Total	<u>2,120,234,141.50</u>

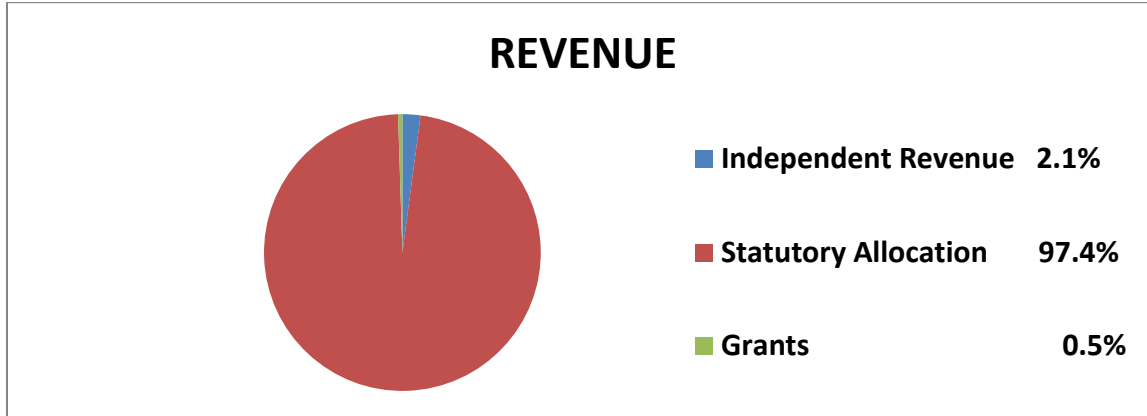
(4) BUDGET PERFORMANCE:

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦73,652,000.00, a sum of ₦45,188,841.94 only was actually generated internally representing 61.4% of the budget. This represents an increase of 10.4% in revenue performance when compared with the sum of ₦40,938,350.00 generated internally in year 2019

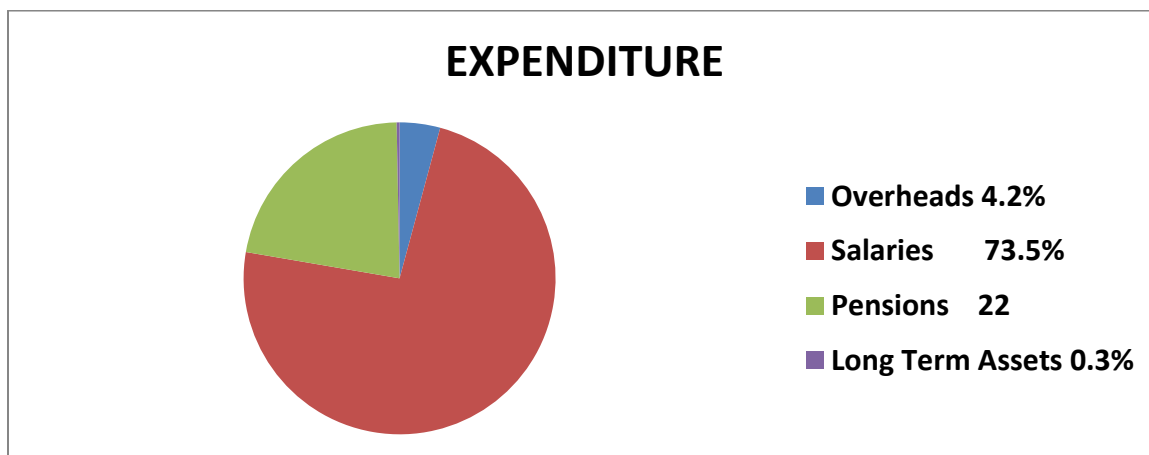
(ii) **PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the revenue of ₦2,117,750,251.73 realized by the Local Government during the year under review, a sum of ₦45,188,841.94 only was generated internally. This represented 2.1% of the total revenue while the sum of ₦2,062,761,409.79 statutory allocation and ₦9,800,000.00 aids and grant received from the State Joint Account Allocation Committee represented 97.4% and 0.5% 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**

The expenditure profile of the Local Government revealed a total expenditure of ₦2,120,234,141.50. Out of this, a sum of ₦89,192,817.83 was expended on overhead which represented 4.2% of the total expenditure for the year. Also, a sum of ₦1,557,688,492.40 was expended on salaries and allowances representing 73.5% of the total expenditure for the year while ₦466,968,243.62 was expended on pensions and this represented 22% of the total expenditure for the year and the sum of ₦6,384,587.65 was expended on long term assets representing 0.3% of the expenditure for the year. This pattern of expenditure does not augur well for meaningful development in the Local Government.



(6) DEBT PROFILE

The total debt profile of the Local Government as revealed by the Statement of Financial Position as at 31st December, 2020 was ₦122,181,830.62. The liabilities are highlighted bellow:

ITEMS	AMOUNT(₦)
5K CONTRACT	2,161,499.87
2.5% WHT	1,120,998.96
VAT	4,540,466.85
5% DEVELOPMENT FUND	4,985,495.12
PAYE	67,976,344.14
PENSION	62,286,370.04
LOAN	13,540,318.86
PAYABLE	3,122,960.41
OTHERS	44,361,496.49
TOTAL	<u>204,095,950.74</u>

It was observed that the amounts highlighted above represented Pension fund and other deductions made from various contracts, salaries and allowances of workers but not remitted to appropriate agencies. This is against the extant rules and regulations.

(7) REVIEW OF STATEMENT OF FINANCIAL POSITION:

(i) ADVANCE

The sum of ₦602,528.92 highlighted in the Statement of Financial Position as the advance balance was dormant during the year. Effort should be intensified to recover the advances.

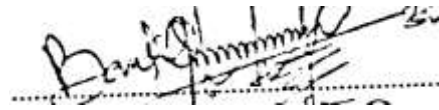
(ii) INVESTMENTS: The investment sum of ₦583,200.00 shown in the Statement of Financial Position as at December, 2020 could not be verified because the investment certificate was not produced on demand for audit scrutiny, also evidence of beneficial ownership such as dividends were not seen.

YEWA SOUTH 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.

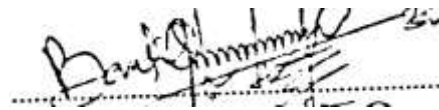
The Treasurer is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public financial resources by the Local Government. To the best of my knowledge,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



Mr. Omitogun Bankole O
Treasurer

We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Finance (Control and Management) Act Cap 144 LFN 1990 as amended.

In our opinion, these financial statements fairly reflect the financial position of Yewa South Local Government as at 31st December, 2020 and its operations for the year ended on the date.



Mr. Omitogun Bankole O
Treasurer

Date 09-02-2021



Alh. Fagbero Rahmon Alani
Chairman

Date 15/2/2021

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

	NOTES	2020	2019
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	104,602,275.63	23,905,642.39
INVENTORIES		7,693,395.00	5,567,662.25
RECEIVABLES		2,965,200.00	885,800.00
PREPAYMENT			
ADVANCE		602,528.92	602,528.92
TOTAL CURRENT ASSET (A)		<u>115,863,399.55</u>	<u>30,961,633.56</u>
NON-CURRENT ASSET	-		
PROPERTY PLANT & EQUIPMENT	10	457,789,296.96	463,209,463.98
INVESTMENT PROPERTY	11	595,358,163.37	607,764,008.35
BIOLOGICAL ASSET	12		
INVESTMENT		583,200.00	583,200.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		<u>1,053,730,660.34</u>	<u>1,071,556,672.33</u>
TOTAL ASSET (C=A+B)		<u>1,169,594,059.89</u>	<u>1,102,518,305.89</u>
CURRENT LIABILITY	-		
DEPOSIT			
LOAN & DEBT			
UNREMITTED DEDUCTIONS	9	187,432,671.47	120,189,738.90
ACCRUED EXPENSES, PAYABLES		3,122,960.41	
DEFERRED INCOME			
CURRENT PORTION OF BORROWING		5,450,000.00	5,450,000.00
TOTAL CURRENT LIABILITY (D)		<u>196,005,631.88</u>	<u>125,639,738.90</u>
NON-CURRENT LIABILITY			
PUBLIC FUND		5,608,476.65	5,608,476.65
BORROWING		8,090,318.86	8,090,318.86
TOTAL NON CURRENT LIABILITY (E)		<u>13,698,795.51</u>	<u>13,698,795.51</u>
TOTAL LIABILITY (F=D+E)		<u>209,704,427.39</u>	<u>139,338,534.41</u>
NET ASSETS (G= C-F)		<u>959,889,632.50</u>	<u>963,179,771.48</u>
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		959,889,632.50	963,179,771.48
TOTAL NET ASSET/EQUITY		<u>959,889,632.50</u>	<u>963,179,771.48</u>

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

	NOTES	2020	2019
REVENUE		₦	₦
STATUTORY ALLOCATION	1	2,062,761,409.79	1,123,977,531.24
NON-TAX REVENUE:	2	37,593,365.00	40,672,850.00
INVESTMENT INCOME			
INTEREST EARNED			
AIDS & GRANTS	3	9,800,000.00	
OTHER REVENUE		7,595,476.94	265,500.00
TOTAL REVENUE (A)		<u>2,117,750,251.73</u>	<u>1,164,915,881.24</u>
EXPENDITURE			
SALARIES & WAGES	4	1,557,688,492.40	975,285,397.63
NON- REGULAR ALLOWANCE	5	-	
SOCIAL BENEFIT	6	466,968,243.62	151,452,080.59
OVERHEAD COST	7	63,382,218.19	29,788,927.36
SUBVENTION TO PARASTALS		1,600,000.00	925,000.00
DEPRECIATION	10 & 11	24,210,599.64	23,979,907.73
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		<u>2,113,849,553.85</u>	<u>1,181,431,313.31</u>
SURPLUS / DEFICIT (C=A-B)		<u>3,900,697.88</u>	<u>-16,515,432.07</u>

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

	₦
Balance 1/1/2019	-105,355,770.13
Prior Year Adjustment	1,085,050,973.68
Adjusted Balance	979,695,203.55
Surplus/ (deficit) for the year	-16,515,432.07
Balance 31/12/2019	963,179,771.48
Prior Year Adjustment	-7,190,836.86
Adjusted Balance	<u>955,988,934.62</u>
Surplus/ (deficit) for the year	3,900,697.88
Balance at 31 December 2020	<u>959,889,632.50</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
INFLOWS	₦	₦
STATUTORY ALLOCATION	2,060,761,409.79	1,123,977,531.24
LICENCES, FINES, ROYALTIES, FEES ETC	21,594,310.00	21,608,820.00
EARNINGS & SALES	11,442,055.00	16,141,030.00
RENT OF GOVERNMENT PROPERTIES	4,477,600.00	3,154,300.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS	9,800,000.00	
OTHER REVENUE	7,595,476.94	265,500.00
TOTAL INFLOW FROM OPERATING ACTIVITIES A	<u>2,115,670,851.73</u>	<u>1,165,147,181.24</u>
OUTFLOW		
PERSONNEL EMOLUMENTS	1,557,688,492.40	975,285,397.63
SOCIAL BENEFIT	466,968,243.62	151,452,080.59
OVERHEADS	62,384,990.53	22,666,995.61
SUBVENTION TO PARASTATALS	1,600,000.00	925,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	<u>2,088,641,726.55</u>	<u>1,150,329,473.83</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	<u>27,029,125.18</u>	<u>14,817,707.41</u>
CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/ CONSTRUCTION OF ASSETS	- 6,384,587.65	-2,890,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS		
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>-6,384,587.65</u>	<u>-2,890,000.00</u>
CASH FLOW FROM FINANCIAL ACTIVITIES		
DEPOSIT/ UNREMITTED DEDUCTIONS	60,052,095.71	10,965,833.60
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	<u>60,052,095.71</u>	<u>10,965,833.60</u>
NET CASH FLOW FROM ALL ACTIVITIES	<u>80,696,633.24</u>	<u>22,893,541.01</u>
CASH & ITS EQUIVALENT AS AT 1/1/2020	<u>23,905,642.39</u>	<u>1,012,101.38</u>
CASH & ITS EQUIVALENT AS AT 31/12/2020	<u>104,602,275.63</u>	<u>23,905,642.39</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	157,543,506.64
FEBRUARY	176,409,268.99
MARCH	154,974,146.25
APRIL	152,798,348.57
MAY	150,614,315.49
JUNE	165,196,893.61
JULY	175,302,919.75
AUGUST	177,456,945.41
SEPTEMBER	176,195,965.56
OCTOBER	186,575,518.89
NOVEMBER	190,294,745.44
DECEMBER	199,398,835.19
TOTAL	<u>2,062,761,409.79</u>

2. NON-TAX REVENUE

LICENCES	10,300,140.00
FEES	11,080,170.00
FINES	214,000.00
EARNINGS	8,239,120.00
RENT OF GOVERNMENT PROPERTIES	4,557,000.00
SALES	3,202,935.00
TOTAL	<u>37,593,365.00</u>

3. AIDS & GRANTS

OGUN STATE GOVERNMENT	9,800,000.00
NON-GOVERNMENT ORGANISATION	0.00
TOTAL	<u>9,800,000.00</u>

4. SALARIES & WAGES

LOCAL GOVERNMENT STAFF	371,524,554.19
PRIMARY SCHOOL TEACHERS	939,083,569.13
TRADITIONAL COUNCIL	240,698,170.26
POLITICAL FUNCTIONARIES	6,382,198.82
TOTAL	<u>1,557,688,492.40</u>

5. NON- REGULAR ALLOWANCE

LEAVE BONUS	
TOTAL	

6. SOCIAL BENEFIT

GRATUITY	-
PENSION	466,968,243.62
TOTAL	466,968,243.62

7. OVERHEAD COST BY DEPARTMENT

CHAIRMAN & COUNCIL	16,725,000.00
HOLGA	815,000.00
INTERNAL AUDIT	842,500.00
ADMINISTRATIVE	5,796,777.66
FINANCE	7,069,872.29
INFORMATION	6,694,000.00
P H C	7,330,718.60
AGRIC	810,500.00
WORKS	7,581,349.64
PLANNING	2,097,500.00
WES	5,530,500.00
COMMUNITY	2,088,500.00
TOTAL	63,382,218.19

8. CASH & CASH EQUIVALENTS

CASH AT HAND	231,454.36
CASH IN BANKS	104,370,821.27
TOTAL	104,602,275.63

9. UNREMITTED DEDUCTIONS

5K CONTRACT	2,161,499.87
2.5% WHT	1,120,998.96
VAT	4,540,466.85
5% DEVELOPMENT FUND	4,985,495.12
PAYE	67,976,344.14
PENSION	62,286,370.04
OTHERS	44,361,496.49
TOTAL	187,432,671.47

NOTE 10 YEMA SOUTH LOCAL GOVERNMENT SCHEDULE OF PROPERTY PLANT & EQUIPMENT									
	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL	
BAL AS AT 01/01/2020	463,149,645.65		460,000.00	8,587,000.00	402,200.00	2,235,600.00		474,834,445.65	
ADDITION DURING THE YEAR	5,734,587.65		140,000.00			510,000.00		6,384,587.65	
LEGACY								0.00	
DISPOSAL DURING THE YEAR									
BAL C/F	468,884,233.30	-	600,000.00	8,587,000.00	402,200.00	2,745,600.00	-	481,219,033.30	
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	9,276,911.67		83,000.00	1,717,400.00	100,550.00	447,110.00		11,624,981.67	
ADDITION DURING THE YEAR	9,377,694.67		60,000.00	1,717,400.00	100,550.00	549,110.00		11,804,754.67	
DISPOSAL DURING THE YEAR									
BAL C/F	18,654,596.34	-	143,000.00	3,434,800.00	201,100.00	996,240.00	-	23,429,736.34	
AS AT 31/12/2020	450,229,636.96	-	457,000.00	5,152,200.00	201,100.00	1,749,360.00	-	457,789,296.96	
AS AT 31/12/2019	453,872,733.98	-	377,000.00	6,869,600.00	301,650.00	1,788,480.00	-	463,209,463.98	
NOTE 11 YEMA SOUTH LOCAL GOVERNMENT INVESTMENT PROPERTY									
	LAND & BUILDING 2%	LAND	TOTAL						
BAL AS AT 01/01/2020	620,292,248.83		620,292,248.83						
ADDITION DURING THE YEAR			0.00						
LEGACY			0.00						
DISPOSAL DURING THE YEAR			-						
BAL C/F	620,292,248.83	-	620,292,248.83						
ACCUMULATED DEPRECIATION									
BAL AS AT 01/01/2020	12,528,240.48		12,528,240.48						
ADDITION DURING THE YEAR	12,405,844.98		12,405,844.98						
DISPOSAL DURING THE YEAR									
BAL C/F	24,934,085.46	-	24,934,085.46						
AS AT 31/12/2020	595,358,163.37	-	595,358,163.37						
AS AT 31/12/2019	607,764,008.35	-	607,764,008.35						

The Chairman,
Transition Committee,
Yewa South Local Government,
Ilaro.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF YEWA SOUTH LOCAL GOVERNMENT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 2020.

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

2. AUDIT QUERIES

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

S/N	Query Numbers	Subject	Amount (₦)
1.	OGLG/AQ/LAR/280/2020	Non-Deduction of Statutory Payments	134,000.00
2.	OGLG/AQ/LAR/281/2020	Non-Deduction of Statutory Payments	29,000.00
3.	OGLG/AQ/LAR/282/2020	Questionable Expenditure	130,000.00

3. NON-DEDUCTION OF STATUTORY PAYMENTS

Observation: Audit examination of the payment vouchers revealed that a sum of One Million, Five Hundred and Forty-Two Thousand Naira (₦1,542,000.00) only was paid to Mrs. Ibrahim, Basirat A. (Chief Pharmacy Technician) for the printing of 20,000 copies of General Out-patient Treatment cards, 5,000 copies of Ante-Natal cards, 1,000 copies of Tally cards and transportation. The payment was made vide PV. 26/March, 2020. However, it was observed that out of the sum of ₦1,542,000.00 released for the printing of those items, ₦202,000.00 was recovered leaving a balance of ₦1,340,000.00 that was actually expended on the items printed.

Further observation however revealed that the printing job was awarded to Easyway Printers-Division of Samtum Ventures of No. 1, Folasade Road Owode-Yewa, Ogun State but the statutory payments of 5% Value Added Tax and 5% Development Levy, all amounting to ₦134,000.00 was not deducted before payment was effected.

Also, official printed receipt from the printer was not attached to the payment voucher contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments.

Recommendation: The career officials who are fond of aiding and abetting contractors in avoiding and evading tax payment are advised to desist from this criminal act and allow the names of the registered contractors be used in the preparation of payment vouchers for a particular project. The officials should ensure strict compliance with the existing regulations.

4. **QUESTIONABLE EXPENDITURE**

Observation: A sum of One Hundred and Thirty Thousand Naira (₦130,000.00) only was released to Mr. Sanni Musibau (Senior Administrative Officer) to provide entertainment/light refreshment during the hosting of All Progressive Congress (APC) Party leaders across the Local Government on Thursday, 10th December, 2020. The payment was made vide PV.7/December, 2020. It was observed that apart from the fact that official printed receipts for the expenditure were not attached to the payment voucher contrary to the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Governments, the expenditure was questionable because public funds should not have been expended to take care of a particular political party.

Recommendation: The officials are enjoined to always expend public funds for the development of the Local Governments and the expenditure should be supported with official printed receipts.

5. **BANK RECONCILIATION STATEMENTS**

Dormant Bank Accounts

Observation: As it was emphasized in the year 2018 Audit Inspection Report with reference No. OGLG/LAR/1/VOL.IV/346 dated 24th October, 2019 and year 2019 report of 22nd September, 2020 that your Local Government should either close down the dormant bank accounts if they were no longer necessary or activate and merge them with the existing bank accounts for the use of the Local Government. On this issue, the Director of Finance and Supply of the Local Government has written letters to the banks involved for the re-activation of dormant bank accounts since December, 2020 but the letters were not attended to. During the visitation made by the Audit Team to the banks, the management of the banks promised to treat those letters urgently.

The detailed of the dormant accounts still remained as below:

S/N	NAME OF BANK	ACCOUNT NO.	AMOUNT (₦)
1	Zenith bank	601402235	70,043.69
2	Zenith bank	1012809047	4,517.78
3	First bank	009	63,000.71
4	Oceanic bank	5304	5,527.51
5	Wema bank Plc,Owode	033115550413	1,624.49
6	Wema bank Plc, Owode	0331000068318	17,230.69
7	Wema bank Plc, Ilaro	14410400017	51,527.59
8	Union bank Plc Ilaro	0012392110	12,770.72
	Total		226,243.18

Recommendation: The Local Government should ensure that the dormant bank accounts issue is attended to as promised by the bank. This Office should also be informed of the progress made on the dormant bank accounts.

6. **MODE OF GENERATING REVENUE ON MARRIAGE, CERTIFICATE OF ORIGIN AND HALL RENTAGE**

Observation: It was observed that one (1) General Revenue Receipts (GRR) was being used for all revenue received from marriage registry, certificate of origin and Local Government hall which have different revenue heads in the accounts ledger. This made the checking of revenue on these items cumbersome and more tedious for the audit team. The situation as noticed is not tidy enough for proper accountability and sensitivity of the job.

Recommendation: The Local Government is advised that each revenue item should have its separate receipts for easy checking and proper accountability.

7. **INDEBTEDNESS OF THE REVENUE CONTRACTORS AS AT 31ST DECEMBER, 2020**

Observation: During the period under review, it was observed that the Local Government engaged the services of some revenue contractors. It is disheartening to observe that the Local Government has not complied with the various circulars issued in respect of this engagement. The record of these revenue contractors made available to the audit team revealed that as at December, 2020 the total amount owed by revenue contractors engaged by the Local Government was One Million, Four Hundred and Fifty Thousand Naira (₦1,450,000.00) only.

The defence given by the Director of Finance and Supply for engaging the revenue contractors was that the Local Government was short-staffed. Even, if for this reason, the treasurer should be able to monitor them seriously.

Recommendation: Necessary legal steps should be taken to recover the outstanding debt in the hands of those contractors. This Office should be informed of the action taken.

8. **AUDIT TEAM VISITATION TO MARKET**

It was observed with dismay that almost all the markets in the Local Government has one problems or the other and this had hindered the revenue generation.

i. **OWODE MARKET, OWODE**

Observation: In this market as big as it is, the Local Government has 30 lock up shops and 50 open shops, only 29 of the lock up shops were available and accessible by the Local Government. On investigation, it was discovered that there was persistence problem between the Local Government and Iyaloja in the market. The Iyaloja did not allow the Local Government Staff to operate maximally and she has been threatening the Staff of the Local Government with various charms.

Also, the Iyaloja did not allow revenue contractors engaged to collect some revenue whereas they had paid the agreed advance payment into the Local Government purse.

Recommendation: The Local Government is advised to take legal action against this Iyaloja, as an individual cannot threaten the whole Local Government authority.

ii. **SABO MARKET, ILARO**

Observation: Audit visitation to this market revealed that the Local Government has about 10 lock up shops and about 205 open stalls. It was observed that all the lock up shops and the 205 open stalls were in bad situation. Even the refuse dumped in the market has almost overtaken the activities in the market and it was gathered that a developer has approached the Local Government for developing the markets and evacuation of the refuse dumping area. Investigation revealed that the efforts of the Local Government and the private developer were truncated by particular traditional leader in the area who has prevented activities of rebuilding the market.

Recommendation: The Local Government is advised to proceed on the agreement with the developer to give the market a face lift.

9. **LOAN ACCOUNTS**

Observation: During the examination of the payment vouchers, it was observed that the Local Government raised some payment vouchers for re-payment of loans but our investigation

revealed that the Local Government did not keep a loan account at all. This prompted the audit team to visit Wema bank Plc, Ilaro for in-depth investigation.

It was from the bank that the team discovered that the loan was an overdraft facility of ₦10,000,000.00 obtained by the Local Government in June, 2015 which should have been liquidated since August, 2015 (90 days duration).

Further investigation however revealed that there was no Statutory Allocation paid into the account since then, which made it difficult for the bank to recover their overdraft within the spate of 90 days duration.

As at August 2016, the ₦10,000,000.00 overdraft had attracted a sum of ₦4,140,318.86 as interest. However, the Local Government sensing the imminent danger in their financial status held a meeting with the bank management where it was agreed that the overdraft facility together with the accrued interest be converted to loan all amounted to ₦14,140,318.86k and pleaded that the interest rate be stopped. At the meeting, the Local Government suggested a loan re-payment of ₦100,000.00 monthly which was agreed upon by the management of the bank.

In line with the agreement reached between the Local Government and the bank management, the amount paid to date was ₦1,349,780.00 naira only leaving a balance of ₦12,790,538.86 as loan outstanding. Based on this, the audit team then mandated the Director of Finance and Supplies to open the loan account ledger which was implemented immediately.

Recommendation: The Director of Finance and Supplies is advised to obtain the bank statement regularly from the bank for proper monitoring of the loan repayment. This advice should be complied with.

10. **CAPITAL EXPENDITURE REGISTER**

Observation: Chapter 26 of Financial Memoranda for Local Governments provides that the Treasury should maintain a Capital Expenditure register for the recording of expenditure on capital items which its benefit and use will last five years or beyond.

This register is supposed to be a permanent record of expenditure on project (assets) containing details of each project on a separate folio and containing information like the type, location and cost of contract, progress of payment, stage of completion etc.

The concluding part of Chapter 26:4 of the Model Financial Memoranda for Local Governments and International Public Sector Accounting Standards (IPSAS) states that the Capital Expenditure register shall be regarded as one of the most important accounting record kept by the Local Government in view of the fact that it should contain vital information of assets owned, time acquired or constructed, location and stage of payment for on-going projects.

It is saddening to observe that despite the fact that this issue was raised in the year 2019 Audit Inspection Report dated 22nd September, 2020 yet the Local Government did not maintain this important document.

Recommendation: The Local Government is advised to commence the use and maintenance of Capital Expenditure register immediately. It should be noted that it is a permanent record and not an annual record, hence it is suggested that a responsible officer be saddled with the responsibility of keeping it. The Treasurer shall be responsible for any lapse, omission or outright absence of this important document as duly imposed on him by Chapter 1:14 of the Model Financial Memoranda for Local Governments.

11. **NAMING OF STREET**

Observation: It was observed that the Local Government did not have a database for the street naming in the Local Government. During the year under review, two people only came to obtain form for street naming. The officer in-charge of this duty told the audit team that the inhabitants of the Local Government seems not to understand the importance of street naming.

Recommendation: In view of this, the Local Government is advised to intensify efforts towards publicity on this revenue yielding item.

12. **LOCAL GOVERNMENT STAFF QUARTERS**

Observation: It was observed that the Local Government did not collect rent from the staff that occupy the quarters. The rent if collected from the staff can be utilized to renovate the buildings to make it better than its present condition.

Recommendation: In view of the above, the Director of Finance and Supplies is advised to take a proactive action towards ensuring that the occupants of the various quarters begin to pay rent into the Local Government coffers to enable the Local Government pay more attention to the maintenance of the quarters. A reasonable amount should be collected from the occupants, this will also serve as the internally generated revenue.

13. **AGRICULTURE AND NATURAL RESOURCES DEPARTMENT**

Observation: Audit verification visit was made to the Oil Palm plantation at Local Government staff quarters, Gbogidi, Ilaro and the poultry pen at Oke-Odan. Audit observation revealed that the poultry farm had stopped operation for a while and very little operations were carried out at the Oil Palm plantation. In the previous audit report, it was reported that the Local Government had not recorded the Oil Palm as part of its legacy assets and that proper records should be kept and monitored by the Internal Auditor. Sadly enough, during the recently concluded audit exercise, it was observed that the records were still not kept and the Oil Palm plantation had not

been valued and recognized as biological assets of the Local Government. The team then requested the Director of Agriculture and Natural Resources to provide the team with number of Oil Palms trees that were on the farm. He responded that the Local Government has 262 older palm trees while 1000 palm trees had just been planted in year 2020 out of which 32 died up due to drought of the year. The Director thereafter promised that the 32 dead trees will be planted as soon as the rain starts.

Recommendation: Considering the agrarian nature of the area and the positive efforts of the State Government towards agriculture. The Local Government is advised to make funds available for the department to embark on massive agricultural activities. Also, priority should be given to poultry farming, oil palm and piggery to complement the existing plantation in order to boost the internally generated revenue of the Local Government.

**MANAGEMENT LETTER IN RESPECT OF AUDIT INSPECTION REPORT ON THE
ACCOUNTS OF YEWA SOUTH LOCAL GOVERNMENT FOR THE PERIOD 1ST
JANUARY TO DECEMBER, 2020**

1. DESTRUCTION OF EXHAUSTED RECEIPT BOOKS

Efforts are ongoing to identify the receipt books that have been exhausted prior to 31st December, 2020 for immediate destruction. This will be presented to F&GPC for approval after which the Auditor General office would be invited to witness the destruction of such exhausted receipt books.

2. AUDIT QUERIES

The audit queries number OGLG/AQ/LAR/280-282/2020 (3 queries) that were enclosed with the report had since been dispatched to the officers concerned for their immediate attention.

3. DORMANT BANK ACCOUNTS

The Local Government had written the affected banks and efforts is ongoing to close down the dormant bank accounts which are no more in use by the Local Government. The case would be reported to the office of Auditor-General when finalized.

4. REVENUE GENERATION PERFORMANCE

The Local Government is making frantic efforts to widen its revenue base and has been making strategic steps to increase her revenue generation so that there could be more funds to provide dividends of democracy for her citizens.

5. MODE OF GENERATING REVENUE ON MARRIAGE/CERTIFICATE OF ORIGIN AND HALL RENTAGE

The Local Government has yielded to the Auditor General's Advice by issuing separate receipt for each revenue head to make checking and accountability easy.

6. INDEBTEDNESS OF THE REVENUE CONTRACTORS AS AT 31ST DECEMBER, 2020

1. Tranopotion Limited

i. Tranopotion limited engaged in collecting revenue on building materials, lotto, betting shops, cash centers (POS/PAGA) was not successful due to the interception of the item of revenue by another contractor. Even the contractor was claiming the amount paid to the Local Government.

ii. Marca Ventures

Marca ventures was not owing the Local Government in year 2020.

iii. **Home Kit Ventures**

The contractor was not successful in collecting the revenue due to opposition from Iyaloja of Owode market.

iv. **Hadjirab concept**

The contractor was not successful in collecting the revenue items due to the problem of double taxation. The tax payers refused to pay because they have been paying certain fee on the same items to the state Government.

v. **Samsak Enterprises**

The contractors were not successful due to opposition raised against the type of such revenue in the Local Government area. The item of the revenue is new in the Local Government but effort is being made to allow them see the reason why they should accept and help the Local Government.

7. **OWODE MARKET, OWODE**

The major problem of this market is Iyaloja and non-readiness of people to do the needful, which has the backing of the said Iyaloja. This needs the wisdom of God to handle because there has been loss of lives when the contractor who handled the construction of shops commenced his job in the market. The Chairman has been making political efforts at gaining the favour of Iyaloja who claimed the land which the market is situated belongs to her father.

8. **SABO MARKET, ILARO**

The market is in deplorable condition and the paucity of fund could not allow the Local Government to effect any reconstruction work. The contractors that came for reconstruction is backing out due to inadequate of funding from those had earlier promised to assist.

9. **LOAN ACCOUNT**

The advice of the Auditor General on the above subject matter has been carried out.

10. **CAPITAL EXPENDITURE REGISTER**

The Treasurer has been directed to maintain a register for all capital expenditures as instructed by the External Auditor in year 2020 Audit Inspection report.

11. **NAMING OF STREET**

The Local Government is planning to set up committee on the naming of street, this committee would also be saddled with the responsibility of creating awareness on the importance of naming of street in order to attract many people.

12. QUESTIONABLE EXPENDITURE

The audit query in respect of the above had been dispatched to the concerned officers while the Local Government is ready to comply with the provisions of Chapter 14:17 of the Model Financial Memoranda for Local Government.

13. NON-DEDUCTION OF STATUTORY PAYMENTS

The query in respect of the above had been dispatched to the concerned officers and the Local Government is ready to always follow the path of the Model Financial Memoranda for Local Governments in her disbursement of fund.

14. LOCAL GOVERNMENT STAFF QUARTERS

Most of the quarters occupied by staff are not in good condition. The staff used their personal money to carry out little repairs to make it habitable. However, arrangement has been made by the management to start to collect rent from the occupiers.

15. AGRICULTURAL AND NATURAL RESOURCES DEPARTMENT

Internal Auditor has been directed to make a proper record of the oil palm as part of the Local Government legacy assets. The Local Government is willing to embark on massive agricultural activities but curtailed by paucity of funds. Furthermore, I need to inform your office that the Local Government planted only one hundred palm trees and not one thousand as claimed in your report.



Omitogun Bankole Olamide
Ag Head of Local Government Administration