

CERTIFICATE

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF ITESIWAJU LOCAL GOVERNMENT, OTU FOR THE YEAR ENDED 31ST DECEMBER, 2021

In compliance with the provision of Part VII, Section 66 (Subsections 2, 3 and 5) of Oyo State Local Government Law 2001, Section 5 (Subsection 4) of the State Joint Local Government Account (Distribution) Law 2002 and the provisions of Model Financial Memoranda, the Book of Accounts and General Purpose Financial Statements of Itesiwaju Local Government, Otu for the year ended 31st December, 2020 have been audited.

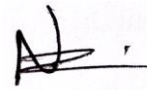
2. The General Purpose Financial Statements consisting of (a) Responsibility Statement (b) Cash Flow Statement (c) Statement of Financial Position (d) Statement of Consolidated Revenue Fund (e) Statement of Capital Development Fund and (f) Notes to the Accounts were prepared in line with IPSAS Cash by the management of the Local Government.

3. The audit inspection was planned and performed in accordance with the Generally Accepted Auditing Standards. As a result of the Audit, I have obtained sufficient evidence to State that:

- (a) The revenues from Federation Account were understated due to deductions by the State Joint Local Governments Account Allocation Committee in compliance with the underlisted laws
 - (i) Oyo State Compulsory and Free Universal Basic Education Law, 2005
 - (ii) Primary Health Care Board Law, 2016
 - (iii) Oyo State Local Government Law, 2001
 - (iv) State Joint Local Government (Distribution) Law, 2002

- (b) The expenditures of Local Government were understated due to expenditures incurred centrally by the State Joint Local Government Account Allocation Committee majorly on Universal Basic Education, Primary Health Care and Sundries.
- (c) Some projects and programmes were verified in line with the prevailing administrative guidelines

4. In my opinion, without prejudice to the comments in paragraph 3 above, the SAR and observations contained in the Domestic Report, the year 2021 General Purpose Financial Statements did not show the true and fair view of the financial transactions of the Local Government.



Olusola Olanrewaju Akinola
Auditor-General for Local Governments,
Oyo State

REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF ITESIWAJU LOCAL GOVERNMENT, OTU FOR THE YEAR ENDED 31ST DECEMBER, 2021

The attached General Purpose Financial Statements of Itesiwaju Local Government, Otu have been examined in accordance with the Oyo State Local Government Law 2001, Part VII Section 66 Sub-sections (2) (3) & (5), State Joint Local Government (Distribution) Law 2002, Oyo State Audit Law 2021, Section 27, 34 and 35 and the provisions of Model Financial Memoranda for Local Governments.

2. The General Purpose Financial Statements were prepared by the management of Itesiwaju Local Government, Otu and the management is therefore responsible for the contents and the information therein.

3. I have obtained all the information and explanations that I required and in my opinion, the Financial Statements are correct subject to the observations in this Report.

4. COMPLIANCE AUDIT

(A) **Violation of Appropriation Law:** All expenditures shown in the Statement of Actual Expenditure for the year have been authorized as provided by the Law except as follows:

Audit Query No. LQ/ITE/MA/04/2021: Excess Expenditures Disclosed by the Statement

Economic Code	Final Approved Provision (₦)	Actual Expenditure (₦)	Excess Disclosed (₦)
22020409	2,000,000.00	3,068,225.81	1,068,225.81
22020301	800,000.00	937,000.00	137,000.00
22020305	500,000.00	537,000.00	137,000.00
22020601	2,000,000.00	49,050,000.00	47,050,000.00
22020103	2,000,000.00	9,125,400.00	7,125,400.00
22040111	500,000.00	3,500,000.00	3,000,000.00
23010113	100,000.00	4,412,780.11	4,312,780.11

22021002	300,000.00	2,083,000.00	1,783,000.00
22021006	300,000.00	582,559.52	282,559.52
22021029	2,000,000.00	3,450,000.00	1,450,000.00
22021030	1,000,000.00	1,150,000.00	150,000.00
22020904	250,000.00	411,265.78	161,265.78
22021014	450,000.00	722,500.00	272,500.00
12020447	100,000.00	123,000.00	23,000.00
22020201	1,600,000.00	2,600,000.00	1,000,000.00
22020413	5,000,000.00	5,780,000.00	780,000.00
22020404	200,000.00	3,500,000.00	3,300,000.00
22020601	2,000,000.00	7,659,281.55	5,659,281.55
22021032	500,000.00	750,000.00	250,000.00
23050110	32,000,000.00	97,850,750.00	65,850,750.00
22021029	200,000.00	6,327,938.69	6,127,938.69
22020605	3,000,000.00	4,404,000.00	1,404,000.00
Total	56,800,000.00	208,024,701.46	151,224,701.46

(B) Violation of Provisions of Model Financial Memoranda

(i) Payment Not Supported by Proper Records/Accounts: The underlisted payments were not supported with evidence of payment e.g. official printed receipts/Invoice etc.

S/N	Query No.	Amount (₦)	Details	Reasons
1	LQ/ITE/MA/01/2021	97,850,750	Payment made to TECH U and Ladoke Akintola University	Expenditure not supported by proper Records or Accounts
2	LQ/ITE/MA/02/2021	5,101,483.50	Payment made to Ideal Konsult and Isbari Ventures	Expenditure not supported by proper Records or Accounts
3	LQ/ITE/MA/03/2021	180,000.00	Payment made to NAFAAL Consult Ibadan	Expenditure not supported by proper Records or Accounts
4	LQ/ITE/MA/04/2021	240,225.00	7.5% VAT of Payment made to Mr. Oyedotun Moses Alaba, Cherith Pearl Eye Foundation Skyline Specialist Hospital	Non-deduction of 7.5% VAT and 10% WHT

5	LQ/ITE/MA/05/2021	320,310.00	10% VAT of Payment made to Mr. Oyedotun Moses Alaba, Cherith Pearl Eye Foundation Skyline Specialist Hospital	Non-deduction of 7.5% VAT and 10% WHT
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5. FINANCIAL AUDIT

The General Purpose Financial Statements consisting (a) Responsibility Statement (b) Cash Flow Statement (c) Statement of Financial Position (d) Statement of Consolidated Revenue Fund and (e) Notes to the Accounts were prepared under IPSAS Cash.

a. **Notes to the Accounts and Basis of the Accounts:** There would appear to be no obvious effort to transit to IPSAS Accrual from IPSAS Cash.

6. COMPLETENESS

a. Revenue:

- (i) The revenues from Federation Account Allocation Committee (FAAC) would appear understated by deductions effected by the State Joint Local Government Account Allocation Committee (SJLGAAC) in compliance with the provisions of the State Joint Local Government (Distribution) Law, 2002, Oyo State Compulsory, and Free Universal Basic Education Law, 2005, Primary Health Care Board Law, 2016 and Oyo State Local Government Law, 2001.
- (ii) There would appear to be non- payment of Ten Percent State Internal Generated Revenue to the Local Government by the State Government.
- (iii) There would appear to be non-payment of Local Government share of amount realized by the State Government on Land Use Charge as contained in Oyo State Land Use Charge Law 2011.
- (iv) There would appear to be absence of Revenue Laws (Bye Laws) thus making collection of revenue difficult and unenforceable.


b. Expenditure:

- (i) The expenditures incurred centrally by the State Joint Local Government Account Allocation Committee on Universal Basic Education, Primary Health Care and others would appear unaccounted for in the General Purpose Financial Statement of the Local Government.

8. **DISALLOWANCE:** Allowance of conducts and expenditures highlighted in paragraphs 4, 5 and 6 of this report have been reserved pending satisfactory explanations and answers to the queries or sanction of the Public Accounts Committee of the House of Assembly/the State Executive Council.

9. **STATE OF ACCOUNTS:** The Accounts of the Local Government have been examined up to 31st December, 2021 and below is the summary of my recommendations to the Chairman and management of the Local Government.

- (a) Proper implementation of International Public Sector Accounting Standard (IPSAS) Accrual.
- (b) Minimum cash holding
- (c) Prompt preparation of Bank Reconciliation
- (d) Improvement on Independent Revenue
- (e) Adequate record keeping
- (f) Maintenance of capital projects
- (g) Prompt remittance of deposits
- (h) Recovery of stagnant Advances
- (i) Adequate Internal Control System
- (j) Servicing of Audit Queries and outstanding issue in the previous report.
- (k) Passage of Revenue Laws (Bye Laws)



Olusola Olanrewaju Akinola
Auditor-General for Local Governments,
Oyo State

The Chairman,
Itesiwaju Local Government,
Otu.

Office of The Auditor General
for Local Governments,
Ibadan.

Please furnish an early reply to the query. You should type your reply on the original copy of the query and return it to the above address. No covering letter is necessary and the duplicate copy should be retained for your office records. Please note the copy to this Query should be self-contained, that is reference should not be made to the copy on another Query.

2021 ACCOUNTS

Subject: EXCESS EXPENDITURE DISCLOSED BY THE STATEMENT

Authorizing Officer: Mrs. Oladiran O. O. – HLGA
Alh. Bello K. A. – D.F&S
Alh. Olayiwola S. K. – DAGS

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