

CERTIFICATE

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF IBADAN NORTH EAST LOCAL GOVERNMENT, AGODI 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 Ibadan North East Local Government, Agodi 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 and (e) Notes to the Accounts were prepared in line with IPSAS Accrual by the management of the Local Government.

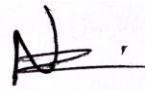
3. The audit inspection was planned and performed in accordance with the Generally Accepted Auditing Standards. As a result of the Audit, I have obtained sufficient evidence to State that:

- (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 IBADAN NORTH EAST LOCAL GOVERNMENT, AGODI FOR THE YEAR ENDED 31ST DECEMBER, 2021

The attached General Purpose Financial Statements of Ibadan North East Local Government, Iwo Road 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, Sections 27, 34 & 35 and the provisions of Model Financial Memoranda for Local Governments.

2. The General Purpose Financial Statements were prepared by the management of Ibadan North East Local Government, Agodi 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 Provisions of Model Financial Memoranda

(i) Unvouched Payment: The Bank Reconciliation Statement/Cash Order Forms as at 31st December, 2021 showed that the underlisted bank charges made without raising Payment Vouchers.

Audit Query No. LQ/IBNE/MA/01/2021: Unvouched Payments

a. S/N	Date Cheque Issue	Bank Code	Bank	Amount (₦)	Date Presented
1	12/2021	31010312	Zenith Bank	25.50	12/2021
2	12/2021	31010308	Zenith Bank	9,148.80	12/2021
3	12/2021	31010306	Sterling Bank	21.50	12/2021
4	12/2021	31010304	Wema Bank	49,980.87	12/2021
5	12/2021	31010314	FBN Plc.	1,661.56	12/2021
6	12/2021	31010329	Sterling Bank	234.70	12/2021

7	12/2021	31010325	FCMB	21.50	12/2021
8	12/2021	31010309	FBN Plc.	79.00	12/2021
9	12/2021	31010330		71.50	12/2021
	Total			61,244.93	

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 Accrual.

a. **Cash Flow Statement:** The Cash Flow Statement as at 31st December, 2021 contains the following errors.

Items	Amount shown in the Statement (₦)	Correct Amount (₦)
Sterling Bank Stat Allocation	223,354,574.92	209,416,460.07
Wea Bank Plc 0123096753	1,970,060.90	1,968,398.69
Zenith Bank IGR A/c	667,021.82	288,605.45
Zenith Bank 1017774225	94,741,125.13	3,720,370.33
Zenith Bank VAT A/c	233.50	208.00

b. **Statement of Consolidated Revenue Fund:** The Statement Consolidated Revenue Fund for the year ended 31st December, 2021 contained the following errors:

Items	Amount shown in the Statement (₦)	Correct Amount (₦)
Capital Expenditure	129,208,269.15	Nil

c. **Statement of Capital Development:** The Statement of Capital Development Fund for the year contained the following errors:

Items	Amount shown in the Statement (₦)	Correct Amount (₦)
Capital Expenditure	Nil	129,208,269.15

d. **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:**

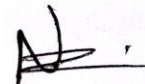
- (i) The expenditures incurred centrally by the State Joint Local Government Account Allocation Committee on Universal Basic Education, Primary Health Care and sundries would appear unaccounted for in the General Purpose Financial Statement of the Local Government.

7. **DISALLOWANCE:** Allowance of conducts and expenditures highlighted in paragraphs 4, 5, 6 and 7 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.

8. **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 the management of the Local Government.

- (a) The Management of the Local Government is hereby advised to specify minimum cash holding which will be enough to run the day to day activities of the Local Government.

- (b) Director of Finance and Supplies is hereby advised to sustain prompt preparation of Bank Reconciliation Statements.
- (c) Director of Finance and Supplies should give proper attention and quick responses to any issue raised on the Bank Reconciliation Statement
- (d) Passage of Revenue Laws (Bye-Laws)
- (e) The management of the Local Government is also hereby advised to ensure judicious use of security funds in order to serve the intended purposes.
- (f) The Local Government is strongly advised to remit all accumulated deduction amount as deposit to the relevant and appropriate Local Government and other State Agencies with immediate effect to avoid being sanctioned for non-compliance of financial regulations.
- (g) The Director of Estate Valuation is strongly advised to take proactive measure to ensure all that all shops are numbered and registered in the appropriate Local Government records.
- (h) The Director of Estate Valuation and Director of Finance and Supplies should adequately monitor and supervise the collation of shops, leases and space, ground rents and make a broad comprehensive list of markets, leases and shops.



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