

CERTIFICATE

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF ISEYIN LOCAL GOVERNMENT, ISEYIN 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 Iseyin Local Government, Iseyin 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 Financial Performance and (e) 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 ISEYIN LOCAL GOVERNMENT, ISEYIN FOR THE YEAR ENDED 31ST DECEMBER, 2021

The attached General Purpose Financial Statements of Iseyin Local Government, Iseyin 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, Oyo 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 Iseyin Local Government, Iseyin 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/ISY/MA/09/2021: Excess Expenditures Disclosed by the
Statement

Economic Code	Final Approved Provision (₦)	Actual Expenditure (₦)	Excess Disclosed (₦)
22020101	NIL	62,000.00	62,000.00
22021001	NIL	121,000.00	121,000.00
22021007	2,000,000.00	2,125,000.00	125,000.00

22021029	NIL	4,000.00	4,000.00
22020103	NIL	25,000.00	25,000.00
22020101	NIL	1,023,000.00	1,023,000.00
2200065	NIL	150,000.00	150,000.00
220204031	NIL	161,800.00	161,800.00
220202109	NIL	344,000.00	344,000.00
22020102	800,000	801,000.00	1,000.00
22020401	500,000	1,056,000.00	556,000.00
22020408	NIL	76,000.00	76,000.00
22020305	NIL	50,000.00	50,000.00
22021029	NIL	150,000.00	150,000.00
22020603	NIL	714,500.00	714,500.00
22020702	NIL	35,000.00	35,000.00
22020801	NIL	10,000.00	10,000.00
22020406	NIL	30,600.00	30,600.00
22020415	NIL	150,000.00	150,000.00
23010112	<u>2,000,000</u>	<u>280,000.00</u>	<u>280,000.00</u>
	<u>₦3,300,000</u>	<u>₦7,088,900.00</u>	<u>₦3,788,900.00</u>

(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.

SN	Query No.	Amount (₦)	Details	Reasons
1	LQ/ISY/MA/01/21	55,000	Provision of souvenir fuelling and entertaining during the office of operation burst commandant and LS men to the Local Government	Expenditure not supported by proper Records
2	LQ/ISY/MA/02/21	150,000	Organisation of a three days sensitization programme for various Association	Expenditure not supported by proper Records

3	LQ/ISY/MA/03/21	110,000.00	Servicing of meeting with the Chief Security Officer Fulani/Bororo leader aid other shareholder in Iseyin	Expenditure not supported by proper Records
4	LQ/ISY/MA/04/21	1,986,250.00	Production of	Expenditure not supported by proper Records
5	LQ/ISY/KS/01/21	100,000.00	Clearing blocked drainage of town planning Iseyin South LCDA premises	Expenditure not supported by proper Records
6	LQ/ISY/AW/01/21	20,000.00	Awareness programme	Expenditure not supported by proper Records
7	LQ/ISY/AW/02/21	20,700.00	Production of staff identity card	Expenditure not supported by proper Records
8	LQ/ISY/AW/03/21	200,000.00	Sensitization programme	Expenditure not supported by proper Records
9	LQ/ISY/MA/09/21	4,405,150.00	Violation of appropriation Law	Excess expenditure disclosed by statement

5. FINANCIAL AUDIT

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

a. **Statement of Financial Performance:** The Statement of Financial Performance contained the following errors.

Economic code	Note	Amount shown in the Statement (₺)	Correct Amount (₺)
Personal cost	22	472,300,700.97	463,933,720.51
Social benefits		463,933,720.51	72,367,974.35

REVENUE: The Statement of Actual Revenue for the year ended 31st December, 2021 contained the following errors.

Economic code	Amount Shown in the Statement (₺)	Correct Amount (₺)
120101	271,062.00	402,422.00
120201	3,261,900.00	3,250,000.00
120204	8,827,789.00	7,152,369.00
120207	8,215,900.00	6,937,400.00

EXPENDITURE: The Statement of Actual Expenditure for the year ended 31st December, 2021 contained the following errors.

Economic code	Amount Shown in the Statement (₺)	Correct Amount (₺)
1100100100	64,3865,968.47	12,953,568.79
12500100100	29,371,939.00	11,371,939.00
23400100100	263,253,205.53	171,991,331.50
5100300100	4,375,678.41	2,375,678.41
52100100100	18,882,965.00	5,882,965.00
234001100100	10,953,040.00	4,953,040.00
3500100100	72,947,614.53	91,947,614.53

f. **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 underpayment/non- payment of Ten Percent State Internal Generated Revenue to the Local Government by the State Government.
- (iii) There would appear to be underpayment/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) to make Collection of revenue legal and enforceable.

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.

7. **LOSS:** No loss or deficiency was reported or discovered during year under review except as stated in paragraphs 4, 5 and 6.

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 the management of the Local Government.

- (a) Timely preparation of Bank Reconciliation Statement
- (b) Timely preparation of books of Accounts
- (c) Passage of Revenue Laws (Bye Laws) by the Legislative Council
- (d) Proper recruitment procedure for Adhoc workers.
- (e) Improvement on Independent Revenue Generation
- (f) Proper maintenance of Assets



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