

**OGUN STATE GOVERNMENT, NIGERIA**

**STATUTORY REPORT**

**AND**

**DOMESTIC REPORT**

**OF THE**

**AUDITOR-GENERAL FOR LOCAL GOVERNMENTS**

**ON THE ACCOUNTS**

**OF**

**IKENNE LOCAL GOVERNMENT**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

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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 immediate past Head of Service Mr Kolawole Peter Fagbohun and the current Head of Service Mr Kehinde Olufemi Onasanya for their 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.

20<sup>th</sup> June, 2024.



## **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 Ikenne Local Government for the year ended 31<sup>st</sup> December, 2023 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 Organization 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 31<sup>st</sup> December, 2023 subject to the observations in the inspection reports.

L. A. Mulero (CNA)  
Auditor-General for Local Governments, Ogun  
State.  
20<sup>th</sup> June, 2024.

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF IKENNE  
LOCAL GOVERNMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

The accounts of Ikenne Local Government for the year ended 31<sup>st</sup> December, 2023 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 Organization 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 Organization 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.



**L. A. Mulero (CNA)**  
Auditor-General for Local Governments Ogun  
State.  
20<sup>th</sup> June, 2024.

**STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IKENNE LOCAL GOVERNMENT, IKENNE FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

In compliance with the provisions of Section 123 of Decree Number 12 of 1989, Section 315(1) of the Constitution of the Federal Republic of Nigeria and Sections 135-145 of Ogun State Local Government Law 2006, the accounts of Ikenne Local Government, Ikenne for the year ended 31<sup>st</sup> December, 2023 had 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 Financial Statement was prepared under the International Public Sector Accounting Standards (IPSAS) Accrual Basis as applicable to 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 improvements in record keeping during the year under review. However, some transactions were not properly posted to the cashbook.

**(3) FINANCIAL REVIEW:**

<b>REVENUE</b>	<b>AMOUNT (₦)</b>
Internally Generated Revenue	47,670,985.00
Statutory Allocation	<u>2,371,027,726.59</u>
<b>Total</b>	<b><u>2,418,698,711.59</u></b>
<b>EXPENDITURE</b>	
Overhead Expenses (including Depreciation & Loss on Disposal of Assets)	289,870,982.79
Salaries and Allowances	1,672,418,398.59
Pension	456,394,511.13
Long Term Assets	<u>26,226,081.00</u>
<b>Total</b>	<b><u>2,444,909,973.51</u></b>

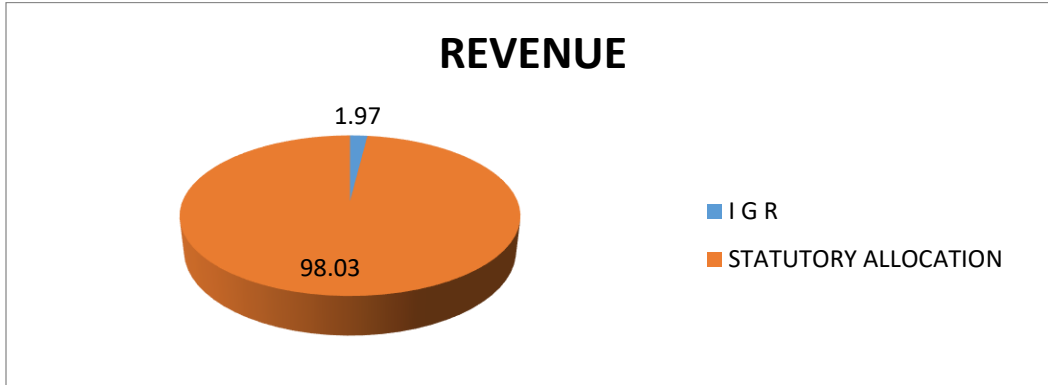
**(4) REVENUE PERFORMANCE:**

**(i) STATEMENT OF ACTUAL REVENUE**

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦85,345,000.00, a sum of ₦47,670,985.00 only was actually generated representing 55.86% of the budget. This represents a decrease of 25.81% when compared with the sum of ₦64,251,478.55 generated in year 2022. This revenue performance does not reflect the Local Government's Internally Generated Revenue (IGR) potentials. There are leakages which has not been identified and blocked.

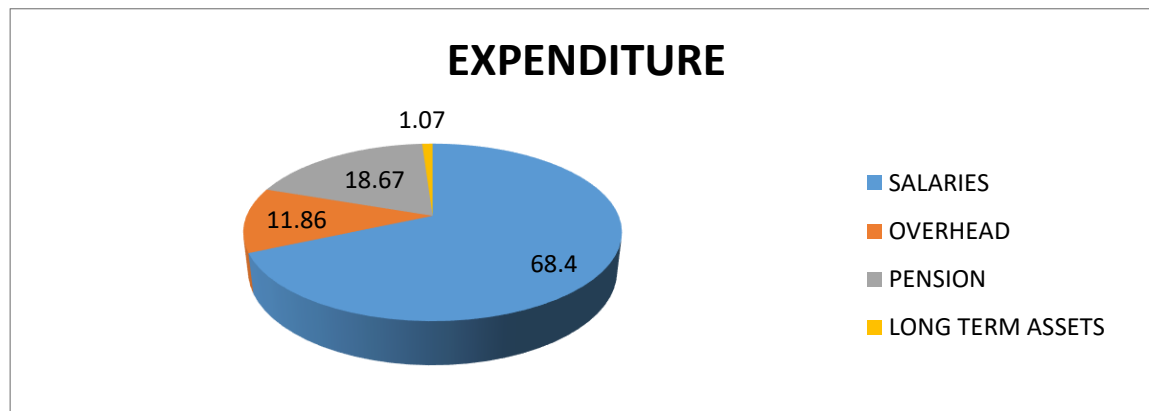
**(ii) PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE**

The Audit exercise revealed that out of the total revenue of ₦2,418,698,711.59 realized by the Local Government during the year under review, a sum of ₦47,670,985.00 only was generated internally. This represented 1.97% of the total revenue while the sum of ₦2,371,027,726.59 statutory allocation represented 98.03%. 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 ₦2,444,909,973.51. Out of this, a sum of ₦289,870,982.79 was expended on overhead which represents 11.86% of the total expenditure for the year. Also, a sum of ₦1,672,418,398.59 was expended on salaries and allowances which represented 68.40% of the total expenditure for the year while the sum of ₦456,394,511.13 was paid to pensioners which represented 18.67%. The sum of ₦26,226,081.00 was expended on long term assets which represented 1.07% of the total expenditure for the year.



**(6) DEBT PROFILE**

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31<sup>st</sup> December, 2023 was ₦142,153,344.98. The liabilities are highlighted below:

S/N	ITEMS	AMOUNT (₦)
1	PAYE	-
2	PENSION	48,547,112.66
3	NULGE	4,552,783.48
4	5% TAX	1,663,624.63
5	7.5% TAX	15,819,504.91
6	NHF	500,920.51
7	COOP	-
8	5% DEVELOPMENT LEVY	4,445,844.22
9	ACCRUED EXPENSES & PAYABLES	60,709,000.00
10	OTHERS	5,914,554.57
	<b>Total</b>	<b>142,153,344.98</b>

It was observed that the above amount had been deducted from various contracts, salaries and allowances of workers and had not been remitted to the appropriate agencies as required by regulations.

(7) **ADVANCES**

The sum of ₦2,654,048.29 highlighted in the Statement of Financial Position as the advances balance was stagnant during the year. Efforts should be intensified to recover the advances.

(8) **INVESTMENT**

The sum of ₦1,177,000.00 highlighted in the Statement of Financial Position as the investment could not be verified because evidence of existence and ownership like share certificate or circumstantial evidence like dividend or interest received were not available.

# Ikenne Local Government

P.M.B. 2003, Ikenne-Remo, Ogun State. Tel: 037-630634, 630644.



IKLG.213/30

Ref: \_\_\_\_\_

Date: 31<sup>st</sup> January, 202

## RESPONSIBILITY FOR FINANCIAL STATEMENT

These financial statement has been prepared by me in accordance with the provision of finance (Control and Management) Act CAP 144 LFN 1990 as amended. The financial statements comply with the 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 Council. To the best of my knowledge, this system of internal control has operated adequately through the reporting period.

Mrs. Jinadu .O.F<sup>FCNA</sup>  
Director, Finance & Supplies

We accept responsibility for the integrity of these financial statements. The information they contained 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 Ikenne Local Government as at 31<sup>st</sup> December, 2023 and its operations for the year ended on the date.

Mrs. Jinadu .O.F<sup>FCNA</sup>  
Director, Finance & Supplies

Hon. Segun Ogunleye  
Executive Chairman

**IKENNE LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER, 2023**

	NOTES	2023	2022
<b>CURRENT ASSET</b>		₦	₦
CASH & CASH EQUIVALENTS	8	7,455,860.35	12,115,982.22
INVENTORIES		3,410,914.51	1,953,710.00
RECEIVABLES		6,952,000.00	6,493,740.00
PREPAYMENT			
ADVANCE		2,654,048.29	2,680,298.29
<b>TOTAL CURRENT ASSET (A)</b>		<b>20,472,823.15</b>	<b>23,243,730.51</b>
<b>NON CURRENT ASSET</b>			
PROPERTY PLANT & EQUIPMENT	10	255,705,377.34	245,426,576.20
INVESTMENT PROPERTY	11	484,985,954.39	495,256,262.82
BIOLOGICAL ASSET	12	2,265,540.00	2,375,520.00
INVESTMENT		1,177,000.00	1,177,000.00
LOAN GRANTED			
<b>TOTAL NON CURRENT ASSET (B)</b>		<b>744,134,871.73</b>	<b>744,235,359.02</b>
<b>TOTAL ASSET (C=A+B)</b>		<b>764,607,694.88</b>	<b>767,479,089.53</b>
<b>CURRENT LIABILITY</b>			
DEPOSIT			
LOAN & DEBT		0.00	
UNREMITTED DEDUCTIONS	9	81,444,344.98	136,907,558.71
ACCRUED EXPENSES, PAYABLES		60,709,000.00	3,841,000.00
DEFERRED INCOME		10,794,500.00	16,090,500.00
CURRENT PORTION OF BORROWING			
<b>TOTAL CURRENT LIABILITY (D)</b>		<b>152,947,844.98</b>	<b>156,839,058.71</b>
<b>NON CURRENT LIABILITY</b>			
PUBLIC FUND			
BORROWING			
<b>TOTAL NON CURRENT LIABILITY (E)</b>		-	-
<b>TOTAL LIABILITY (F=D+E)</b>		<b>152,947,844.98</b>	<b>156,839,058.71</b>
<b>NET ASSETS (G= C-F)</b>		<b>611,659,849.90</b>	<b>610,640,030.82</b>
<b>NET ASSET/EQUITY</b>			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		611,659,849.90	610,640,030.82
<b>TOTAL NET ASSET/EQUITY</b>		<b>611,659,849.90</b>	<b>610,640,030.82</b>

**IKENNE LOCAL GOVERNMENT**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

	NOTES	2023	2022
<b>REVENUE</b>		₦	₦
STATUTORY ALLOCATION	1	2,371,027,726.59	1,601,017,128.33
NON TAX REVENUE:	2	47,670,985.00	57,953,248.75
INVESTMENT INCOME			
INTEREST EARNED			
GAIN ON DISPOSAL ON ASSET			2,390,000.00
AIDS & GRANTS	3		220,691,666.67
OTHER REVENUE			3,908,229.80
<b>TOTAL REVENUE (A)</b>		<b>2,418,698,711.59</b>	<b>1,885,960,273.55</b>
<b>EXPENDITURE</b>			
SALARIES & WAGES	4	1,666,065,967.65	1,172,299,540.45
NON- REGULAR ALLOWANCE	5	6,352,430.94	
SOCIAL BENEFIT	6	456,394,511.13	345,272,293.00
OVERHEAD COST	7	260,544,414.50	128,148,629.83
SUBVENTION TO PARASTATALS		3,000,000.00	400,000.00
DEPRECIATION	10&11	26,326,568.29	26,119,965.63
LOSS ON DISPOSAL ON ASSET			
<b>TOTAL EXPENDITURE (B)</b>		<b>2,418,683,892.51</b>	<b>1,672,240,428.91</b>
<b>SURPLUS / DEFICIT (C=A-B)</b>		<b>14,819.08</b>	<b>213,719,844.64</b>

**IKENNE LOCAL GOVERNMENT**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

	₦
<b>Balance 1/1/2022</b>	<b>389,726,186.18</b>
Prior Year Adjustment	7,194,000.00
<b>Adjusted Balance</b>	<b>396,920,186.18</b>
Surplus/ (deficit) for the year	213,719,844.64
<b>Balance 31/12/2022</b>	<b>610,640,030.82</b>
Prior Year Adjustment	1,005,000.00
<b>Adjusted Balance</b>	<b>611,645,030.82</b>
Surplus/ (deficit) for the year	14,819.08
<b>Balance at 31 December 2023</b>	<b>611,659,849.90</b>

**IKENNE LOCAL GOVERNMENT**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2023</b>	<b>2022</b>
<b><u>INFLOWS</u></b>	<b>₦</b>	<b>₦</b>
STATUTORY ALLOCATION	2,371,027,726.59	1,601,017,128.33
LICENCES, FINES, ROYALTIES, FEES ETC	34,761,195.00	43,005,660.00
EARNINGS & SALES	6,640,530.00	7,856,648.75
RENT OF GOVERNMENT PROPERTIES	515,000.00	4,252,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS		16,691,666.67
OTHER REVENUE		3,908,229.80
<b>TOTAL INFLOW FROM OPERATING ACTIVITIES A</b>	<b>2,412,944,451.59</b>	<b>1,676,731,333.55</b>
<b><u>OUTFLOW</u></b>		
PERSONNEL EMOLUMENTS	1,639,588,398.59	1,172,299,540.45
SOCIAL BENEFIT	456,394,511.13	345,272,293.00
OVERHEADS	236,958,619.01	126,368,153.19
SUBVENTION TO PARASTATALS	3,000,000.00	400,000.00
INTEREST PAYMENT		
<b>TOTAL OUTFLOW FROM OPERATING ACTIVITIES B</b>	<b>2,335,941,528.73</b>	<b>1,644,339,986.64</b>
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B</b>	<b>77,002,922.86</b>	<b>32,391,346.91</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
PURCHASE/ CONSTRUCTION OF ASSETS	26,226,081.00	-19,855,500.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE	26,250.00	
PROCEED FROM SALE OF ASSETS		2,720,000.00
DEFERRED INCOME		6,960,000.00
DIVIDEND RECEIVED		
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-26,199,831.00</b>	<b>-10,175,500.00</b>
<b><u>CASH FLOW FROM FINANCIAL ACTIVITIES</u></b>		
DEPOSIT/ UNREMITTED DEDUCTIONS	-55,463,213.73	-15,679,171.06
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
REPAYMENTS OF LOAN		
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-55,463,213.73</b>	<b>-15,679,171.06</b>
<b>NET CASH FLOW FROM ALL ACTIVITIES</b>	<b>-4,660,121.87</b>	<b>6,536,675.85</b>
<b>CASH &amp; ITS EQUIVALENT AS AT 1/1/2023</b>	<b>12,115,982.22</b>	<b>5,579,306.37</b>
<b>CASH &amp; ITS EQUIVALENT AS AT 31/12/2023</b>	<b>7,455,860.35</b>	<b>12,115,982.22</b>

## ACCOUNTING POLICY

S/N	
1	<p><b>Basis of Preparation</b> 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><b>Accounting period</b> Reporting period runs from 1<sup>st</sup> January to 31<sup>st</sup> December.</p>
3	<p><b>Reporting Currency</b> The reporting currency is Naira (₦).</p>
4	<p><b>Revenue</b></p> <ul style="list-style-type: none"> <li>a) Revenues from non-exchange transactions such as fees, and fines are recognized when the event occurs and the asset recognition criteria are met.</li> <li>b) Other non-exchange revenues are recognized 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.</li> </ul>
5	<p><b>Other revenue</b></p> <ul style="list-style-type: none"> <li>a) Other revenue consists of gains on disposal of property, plant and equipment.</li> <li>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.</li> </ul>
6	<p><b>Aids and Grants</b> Aid and grants to a Local Government is recognized as income on entitlement, while aid and grants to other governments/agencies are recognized as expenditure on commitment.</p>
7	<p><b>Expenses</b> All expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.</p>
8	<p><b>Property, Plant &amp; Equipment (PPE)</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Where an asset (Other than land) is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially recognized at fair value, where fair value can be reliably determined and as income in the statement of financial performance.</li> </ul>
9	<p><b>Depreciation</b> 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"> <li>a) Lease properties over the term of the lease</li> <li>b) Buildings 2%</li> <li>c) Plant and Machinery 10%</li> <li>d) Motor vehicles 20%</li> <li>e) Office Equipment 25%</li> <li>f) Furniture and Fittings 20%</li> </ul> <p>i. The full depreciation charge is applied to PPE in the year of acquisition and non</p>

	<p>in the year of disposal, regardless of the day of the month the transactions were carried out</p> <p>ii. Fully depreciated assets that are still in use are carried in the books at a net book value of ₦100.00</p> <p>iii. 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><b>Disposal</b> Gains or losses on the disposal of fixed assets are included in the income statement as either an income or expenses respectively.</p> <p><b>Impairment</b> Entities shall test for impairments of its PPE where it suspects that impairment has occurred.</p>
11	<p><b>Investment Property</b> 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><b>Unremitted Deductions</b></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><b>Payable/Accrued Expenses</b></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><b>Current Portion of Borrowings</b> 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 31<sup>ST</sup> DECEMBER, 2023**

**1. SHARE OF STATUTORY ALLOCATION FROM JAAC**

<b>NOTE</b>	<b>DETAILS</b>	<b>2023</b>	<b>2022</b>
		₦	₦
	JANUARY	277,332,122.30	116,414,239.78
	FEBRUARY	127,966,194.33	-
	MARCH	143,390,623.64	111,696,636.48
	APRIL	126,275,757.19	233,091,701.39
	MAY	207,096,339.11	-
	JUNE	131,935,245.03	117,174,770.55
	JULY	202,698,871.89	120,661,841.43
	AUGUST	184,814,815.57	125,715,589.36
	SEPTEMBER	164,454,001.36	127,168,623.87
	OCTOBER	332,065,545.92	127,049,727.19
	NOVEMBER	284,451,135.61	397,147,502.96
	DECEMBER	188,547,074.64	124,896,495.32
	<b>TOTAL</b>	<b>2,371,027,726.59</b>	<b>1,601,017,128.33</b>

**2 NON-TAX REVENUE**

	LICENCES	5,908,300.00	5,281,800.00
	FEES	33,533,155.00	40,545,300.00
	FINES	74,000.00	17,500.00
	EARNINGS	2,151,900.00	1,530,540.00
	RENT OF GOVERNMENT PROPERTIES	515,000.00	4,252,000.00
	SALES	5,488,630.00	6,326,108.75
	<b>TOTAL</b>	<b>47,670,985.00</b>	<b>57,953,248.75</b>

**3 AIDS & GRANTS**

	OGUN STATE GOVERNMENT		
	NON GOVERNMENT ORGANISATION		220,691,666.67
	<b>TOTAL</b>	<b>0.00</b>	<b>220,691,666.67</b>

**4 SALARIES & WAGES**

	LOCAL GOVERNMENT STAFF	416,751,146.44	388,447,659.73
	PRIMARY SCHOOL TEACHERS	932,541,041.17	568,303,509.01
	TRADITIONAL COUNCIL	196,003,840.24	153,860,532.40
	POLITICAL FUNCTIONARIES	120,769,939.80	61,687,839.31
	<b>TOTAL</b>	<b>1,666,065,967.65</b>	<b>1,172,299,540.45</b>

**5 NON- REGULAR ALLOWANCE**

	LEAVE BONUS	6,352,430.94	
	<b>TOTAL</b>	<b>6,352,430.94</b>	

<b>6</b>	<b>SOCIAL BENEFIT</b>		
	GRATUITY	96,085,195.37	-
	PENSION	360,309,315.76	345,272,293.00
	<b>TOTAL</b>	<b>456,394,511.13</b>	<b>345,272,293.00</b>

**7 OVERHEAD COST BY DEPARTMENT**

	CHAIRMAN & COUNCIL	38,835,000.00	38,315,000.00
	HOLGA	900,000.00	1,080,000.00
	INTERNAL AUDIT	1,211,000.00	495,000.00
	ADMINSTRATIVE	63,781,173.97	36,397,331.98
	FINANCE	10,694,890.53	9,760,297.87
	INFORMATION	1,866,000.00	890,500.00
	P H C	14,953,350.00	3,003,500.00
	AGRIC	640,000.00	369,000.00
	WORKS	110,493,000.00	29,794,999.98
	PLANNING	1,751,000.00	1,694,000.00
	WES	9,800,000.00	4,482,000.00
	COMMUNITY	5,619,000.00	1,867,000.00
	<b>TOTAL</b>	<b>260,544,414.50</b>	<b>128,148,629.83</b>

**8 CASH & CASH EQUIVALENTS**

	CASH AT HAND	45.00	795.00
	CASH IN BANKS	7,455,815.35	12,115,187.22
	<b>TOTAL</b>	<b>7,455,860.35</b>	<b>12,115,982.22</b>

**9 UNREMITTED DEDUCTIONS**

1	PAYE	-	57,785,831.31
2	PENSION	48,547,112.66	49,356,467.24
3	NULGE	4,552,783.48	4,445,844.22
4	5% TAX	1,663,624.63	1,663,624.63
5	7.5% TAX	15,819,504.91	12,687,532.91
6	NHF	500,920.51	500,920.51
7	COOP	-	
8	5% DEVELOPMENT LEVY	4,445,844.22	3,561,000.00
9	OTHERS	5,914,554.57	6,906,337.89
	<b>Total</b>	<b>81,444,344.98</b>	<b>136,907,558.71</b>

## NOTE 10

## SCHEDULE OF PROPERTY, PLANT &amp; EQUIPMENT

	LAND & BUILDING 2%	LAND	PLANT & MACHINERY 10%	TRANSPORTATION EQUIPMENT	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUCTURE 10%	TOTAL
BAL AS AT 01/01/2023	222,028,610.00	0	18,746,300.00	28,398,800.00	7,081,500.00	5,847,000.00	19,807,500.00	301,909,710.00
ADDITIONAL DURING THE YEAR	7,567,568.00				1,145,000.00		17,513,513.00	26,226,081.00
ADJUSTMENT								
DISPOSAL DURING THE YEAR								-
BAL. C/F	229,596,178.00	-	18,746,300.00	28,398,800.00	8,226,500.00	5,847,000.00	37,321,013.00	328,135,791.00
ACCUMULATED DEPRECIATION								
BAL. AS AT 01/01/2023	17,278,088.80	0	7,481,520.00	16,090,500.00	6,365,175.00	4,504,100.00	4,763,750.00	56,483,133.80
ADDITIONAL DURING THE YEAR	4,591,923.56		1,874,630.00	4,147,200.00	532,125.00	1,069,300.00	3,732,101.30	15,947,279.86
ADJUSTMENT								-
DISPOSAL DURING THE YEAR								-
BAL. C/F	21,870,012.36	-	9,356,150.00	20,237,700.00	6,897,300.00	5,573,400.00	8,495,851.30	72,430,413.66
AS AT 31/12/2023	207,726,165.64	-	9,390,150.00	8,161,100.00	1,329,200.00	273,600.00	28,825,161.70	255,705,377.34
AS AT 31/12/2022	204,750,521.20	-	11,264,780.00	12,308,300.00	716,325.00	1,342,900.00	15,043,750.00	245,426,576.20

## NOTE 10

## SCHEDULE OF INVESTMENT PROPERTY

	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2023	513,515,421.68	10,000,000.00	523,515,421.68
ADDITIONAL DURING THE YEAR			-
ADJUSTMENT			-
DISPOSAL DURING THE YEAR			-
BAL. C/F	513,515,421.68	10,000,000.00	523,515,421.68
ACCUMULATED DEPRECIATION			-
BAL. AS AT 01/01/2023	28,259,158.86		28,259,158.86
ADDITIONAL DURING THE YEAR	10,270,308.43	-	10,270,308.43
ADJUSTMENT			-
DISPOSAL DURING THE YEAR			-
BAL. C/F	38,529,467.29	-	38,529,467.29
AS AT 31/12/2023	474,985,954.39	10,000,000.00	484,985,954.39
AS AT 31/12/2022	485,256,262.82	10,000,000.00	495,256,262.82

## NOTE 11

## SCHEDULE OF BIOLOGICAL ASSET

	BIOLOGICAL ASSET 4%
BAL AS AT 01/01/2023	2,724,500.00
ADDITIONAL DURING THE YEAR	
ADJUSTMENT	
DISPOSAL DURING THE YEAR	
BAL. C/F	2,724,500.00
ACCUMULATED DEPRECIATION	
BAL. AS AT 01/01/2023	348,980.00
ADDITIONAL DURING THE YEAR	108,980.00
ADJUSTMENT	
DISPOSAL DURING THE YEAR	
BAL. C/F	457,960.00
AS AT 31/12/2023	2,266,540.00
AS AT 31/12/2022	2,375,520.00

**The Executive Chairman,**  
Ikenne Local Government,  
Ikenne.

**AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IKENNE LOCAL GOVERNMENT,  
IKENNE FOR THE PERIOD 1<sup>ST</sup> JULY TO 31<sup>TH</sup> DECEMBER, 2023**

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.

**2. AUDIT QUERY**

Audit Queries listed below were issued for the year. You are to attend to them in accordance with law.

S/N	Query Number	Subject	Amount(₦)
1.	OGLG/AQ/KNN/236/2023	Doubtful Expenditure	200,000.00
2.	OGLG/AQ/KNN/237/2023	Doubtful Expenditure	900,000.00
3.	OGLG/AQ/KNN/238/2023	Failure of Revenue Contractors to comply with contract term.	4,035,500.00
4.	OGLG/AQ/KNN/239/2023	Failure to recover Government Property	2,325,000.00

**3. INTERNALLY GENERATED REVENUE**

**Observation:** During the period covered by this report, a sum of Eighty- Five Million, Three Hundred and Forty-Five Thousand Naira (₦85,345,000.00) only was the total revenue budgeted to be generated in the year, but the sum of Forty-Seven Million, Two Hundred Thousand, Seven Hundred and Twenty-Five Naira. (₦47,200,725.00) only was generated. The amount generated represented 55.31% of the revenue budget and 73.46% of the sum of Sixty-Four Million, Two Hundred and Fifty-One Thousand, Four Hundred and Seventy-Eight Naira, Fifty-Five Kobo (₦64,251,478.55) that was generated in year 2022. This shows a downward trend in performance.

A close look at the performance on each items of revenue showed that, on some items of revenue, the Local Government generated revenue above the amounts realized in year 2022. However, there was a drop in some revenue items when compared to the amounts generated in year 2022. The table below contains some revenue heads where the Local Government either did not collect any revenue at all while revenue was collected in the year 2022 and those that the collections were less than those of the previous year:

**IKENNE LOCAL GORVERNMENT INDEPENDENT REVENUE FOR YEAR 2022 AND 2023**

<b>ECONOMIC CODE</b>	<b>DETAILS OF REVENUE</b>	<b>2022 (₦)</b>	<b>2023 (₦)</b>
	<b><i>LIECENCE 120201</i></b>		
12020109	REG. OF VOLUNTARY ORG	133,000.00	114,000.00
12020128	BOREHOLE DRILLING LICENSES	60,000.00	
12020131	LIQUOR LICENCE	57,500.00	38,000.00
12020137	TRADE PERMIT	2,256,450.00	1,393,300.00
	<b><i>FEES GENERAL 12020400</i></b>		
12020418	MARRIAGE & DIVOCE FEE	1,818,000.00	1,310,000.00
12020442	ASSOCIATION FEES	144,000.00	123,000.00
12020448	DEVELOPMENT LEVIES	7,163,000.00	4,679,000.00
12020472	SEWAGE MANEGEMENT FEES	44,000.00	
12020474	OTHER CONTRACT FEES	244,500.00	83,000.00
12020490	TENEMENT RATE	3,433,000.00	1,685,000.00
12020493	STREET NAMING FEES	3,366,500.00	2,552,500.00
12020495	STALLS LOCK-UP-SHOP & SHOPPING,	10,158,400.00	5,073,000.00
12020454	PARKING FEES	10,000.00	
12020464	MOTOR PARK FEES/REGISRATION OF DOCUMENT	57,000.00	
12020492	SQUATTER FEES	8,294,350.00	
	<b><i>FINES GENERAL 120207</i></b>		
12020602	SALES OF MEDICAL CARDS	377,170.00	119,050.00
12020612	PROCEED FROM SALES OF DRUGS & MEDICATION	5,945,438.75	5,328,580.00
	<b><i>EARNING GENERAL 12020700</i></b>		
12020702	EARNING FROM LABORATORY SERVICES	110,000.00	
12020705	EARNING FROM THE USE OF GOVT. HALLS	10,000.00	
12020707	EARNING FROM MEDICAL SERVICES, DELIVERY & OTHERS	186,900.00	71,900.00
12020717	EARNING FROM PLANTATION SCHEME	380,000.00	
	<b><i>RENT ON GOVT. LAND &amp; OTHERS 12020900</i></b>		
12020905	RENT ON PLOT/LEASE RENTAL	4,000,000.00	

**Recommendation:** The Local Government is advised to put all necessary machineries in place which focus on each item of revenue to ensure that all revenue sources are efficiently harnessed. It is by doing this that the Local Government can embark on developmental projects for the benefit of her citizens. Also, revenue loopholes or leakages should be blocked.

#### 4. **DORMANT ADVANCE BALANCE**

**Observation:** I wish to refer to paragraph 10 of previous audit inspection report No OGLG/KNN/1/VOL.III/482 where it was reported that the Local Government should recover the dormant advances granted to the members of staff which had been on for years. You were advised to take advantage of the Central Salary Platform for Local Government Staff domiciled at the Local Government Service Commission to effect deduction of these advances and also liaise with the Bureau of Local Government Pension for the recovery of outstanding advances from retired staff.

During the period under review it was discovered that only a sum of Twenty-Six Thousand Naira (₦26,250.00) only was recovered against the sum of Two Million, Six Hundred and Eighty Thousand, Two Hundred and Ninety-Eight Naira, Twenty-Nine Kobo (₦2,680,298.29) reported in the previous audit inspection report leaving Two Million, Six Hundred and Fifty-Four Thousand, Forty-Eight Naira, Twenty-Nine Kobo (₦2,654,048.29) only.

**Recommendation:** The Local Government management was once again advised to recover all advances due without further delay.

#### 5. **RENAULT COMPACTOR**

**Observation:** I wish to refer to paragraph 6 of the previous Inspection Report OGLG/KNN/I/VOL.III/497 dated 22<sup>nd</sup> January, 2024 that a sum of Two Million, Three Hundred and Twenty-Five Thousand Naira (₦2,325,000.00) only was released since year 2012 to Mr. Ola Akinyemi, Managing Director of Olart Global Autos of 222, Herbert Macaulay Way Alagomeji Ebute Metta, Lagos to supply a Renault Compactor which was not delivered neither was the money involved refunded to the Local Government Treasury. The report noted that despite the fact that Mr. Ola Akinyemi admitted through a letter from his lawyer to have defaulted on the supply of the Renault Compactor, you did not take cogent steps to compel him to either honour the terms of the contract or refund the money received from your Local Government. The Local was advised to make frantic effort to recover the money with the contractor with accrued interest and inform this Office of action taken.

During the just concluded audit exercise, it was sad to note that nothing appreciable has been done to effect recovery of the sum of ₦2,325,000.00 involved contrary to the provisions of Chapter 1:4(12)b of Model Financial Memoranda for Local Governments which requires that you ensure that funds released has satisfactorily achieved the purpose for which it was intended.

**Recommendation:** You are once again huddled to ensure that Mr. Ola Akinyemi either execute the contract or refund the amount involved.

6. **NAMING OF STREET**

**Observation:** I wish to refer to paragraph 7 of the previous Inspection Report OGLG/KNN/I/VOL.III/497 dated 22<sup>nd</sup> January, 2024 where it was reported that recovery of an outstanding sum of Four Million and Thirty-Five Thousand, Five Hundred Naira (₦4,035,500.00) on renewal of street name was contracted to ISOBOL INTERGRATED SERVICES LTD to collect the outstanding amount on behalf of the Local Government for a rebate of 30% of the amount collected but the contractor failed to remit any amount to the treasury.

During the just concluded audit exercise, the arrears of street naming is yet to be recovered to the Treasury. It was gathered that the contract has been terminated without ensuring that the amounts already collected by the contractor was recovered. This is a violation of the provisions of Chapter 6:3 which requires that a revenue collector shall pay all Local Government monies he has collected into the Treasury. This again goes to vindicate the stance of this Office that engaging revenue contractor is not only illegal but is not in the best interest of the Local Government. Revenue contractors have been known to default in payment of required fund.

**Recommendation:** You are advised to recover amounts collected by the revenue contractor on behalf of the Local Government.

7. **STATE OF ACCOUNT**

**Observation:** During the just concluded audit exercise, the examination of the accounting document of your Local Government revealed that there was improvement in the book keeping. However, it was observed that there were still some wrong postings in the cashbook. Instances of these were the payment for leave bonus that was posted twice in the cashbook. PV 77/March and 49/September 2023 with a sum of ₦141,836.81 were posted to the cashbook in respect of payment of leave bonus to same officers for just one transaction. Also in the month of December, 2023 a contra entry of ₦5,000.00 was wrongly posted to the debit side and credit side of the cashbook in the bank column instead of debit side of the cash column and credit side of the bank column.

**Recommendation:** The Treasurer is hereby advised to ensure that postings to accounting documents are correctly recorded.

8. **DOUBTFUL EXPENDITURE**

**Observation: (A)** A sum of Two Hundred Thousand Naira (₦200,000.00) only was released to Mrs Omotayo Olufunke M. (Deputy Director, water supply and environmental sanitation) for Environmental Sanitation for the month of November, 2023.

It was observed that no evidence of expenditure was attached to the payment voucher. Neither sub-receipt nor official receipt was attached to the payment voucher contrary to the provisions of Chapter 14:17 of Model Financial Memoranda for Local Governments.

**(B)** During the examination of vouchers, it was observed that a sum of Nine Hundred Thousand Naira (₦900,000.00) only was released to Mrs Ibraheem B. A. (Deputy Director, water supply and environmental sanitation) for evacuation and clearing of dotted refuse sites within Ikenne Local Government.

Audit observation on the vouchers and the attachments revealed that the official receipt attached to the payment vouchers appears to be written by the same person though from different vendors. The receipts were also not dated and duly signed. All these observations made the expenditure doubtful.

**Recommendation:** You are hereby advised to always attach valid receipt to payment vouchers.



# Ikenne Local Government

P.M.B. 2003, Ikenne-Remo, Ogun State. Tel: 037-630634, 630644.

Ref: IKLG 589/VOL. VI/174

Date: 10<sup>th</sup> June, 2024

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

## **MANAGEMENT LETTER ON THE ACCOUNT OF IKENNE LOCAL GOVERNMENT FOR THE PERIOD OF 1<sup>ST</sup> JULY TO 31<sup>ST</sup> DECEMBER, 2023**

Reference to your letter dated 21<sup>st</sup> May, 2024 on the above subject, the Management wishes to express its gratitude on your report and to submit the position of the Management on the issues raised in the reports as follows:

### **1. DESTRUCTION OF EXHAUSTED RECEIPT BOOKS**

1.1 Necessary action will be taken on it as instructed.

### **2. INTERNALLY GENERATED REVENUE**

2.1 The reasons for the drop in the internally generated revenue for the year 2023 compared to year 2022 were:

- i. Crisis of cashless policy for the first four months in the year.
- ii. Unfavourable economic situations in the country among other issues.

However, all necessary machineries have been put in place to boost the internally generated revenue as advised by your office.

### **3. DORMANT ADVANCE BALANCE**

3.1 As suggested by your agency, we would liaise with the Integrated Payroll & Personnel Management System (IPPMS) of the Local Government Service Commission and that of the Bureau of Local

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Government Pension to recover the outstanding advances from serving and retired staff members respectively.

**4. RENAULT COMPACTOR**

4.1 All efforts to get in touch with the Contractor proved abortive. Meanwhile, efforts will be intensified on the issue for him to refund the money.

**5. NAMING OF STREET**

5.1 We are stating categorically that the contract with the Contractor has been terminated and that no revenue was generated through the said Contractor before the termination of the contract.

However, it should be noted that the list attached to the previous audit inspection report was the list of defaulters which has not been worked on by the Contractor.

Moreover, the eighty (8) man committee is working tirelessly in recovering the revenue and it's yielding expected result.

**6. STATE OF ACCOUNT**

6.1 Necessary action will be taken according to the instruction. The Director, Finance and Supplies will ensure compliance.



**MR R.A. OLALEYE**

*Head of Local Government Administration*