

OGUN STATE GOVERNMENT, NIGERIA

STATUTORY REPORT

AND

DOMESTIC REPORT

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS

OF

IMEKO AFON LOCAL GOVERNMENT

FOR THE YEAR ENDED 31ST 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 n 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.
20th 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 Imeko/Afon Local Government for the year ended 31st 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 31st December, 2023 subject to the observations in the inspection reports.

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

**STATEMENT OF OPINION OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
IMEKO/AFON LOCAL GOVERNMENT FOR THE YEAR ENDED 31ST DECEMBER,
2023**

The accounts of Imeko/Afon Local Government for the year ended 31st 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.

20th June, 2024.

STATUTORY REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS ON THE ACCOUNTS OF IMEKO/AFON LOCAL GOVERNMENT, IMEKO FOR THE YEAR ENDED 31ST DECEMBER, 2023

In compliance with the provisions of Section 123 of Decree 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 Imeko/Afon Local Government, Imeko for the year ended 31st December, 2023 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 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 slight improvement in the accounts and record keeping. The cashbook and ledgers were not properly maintained as there were many errors. Required books like assets register, receivable and payable ledgers were not maintained.

(3) FINANCIAL REVIEW:

REVENUE	AMOUNT (₦)
Internally Generated Revenue	13,064,540.46
Statutory Allocation	<u>2,679,408,348.09</u>
Total	<u>2,692,472,888.55</u>
EXPENDITURE	
Salaries and Allowances	1,898,567,182.09
Overhead Expenses (including Depreciation & Loss on Disposal of Assets)	176,101,258.82
Pensions	547,368,402.18
Long Term Assets	<u>3,230,000.00</u>
Total	<u>2,625,266,843.09</u>

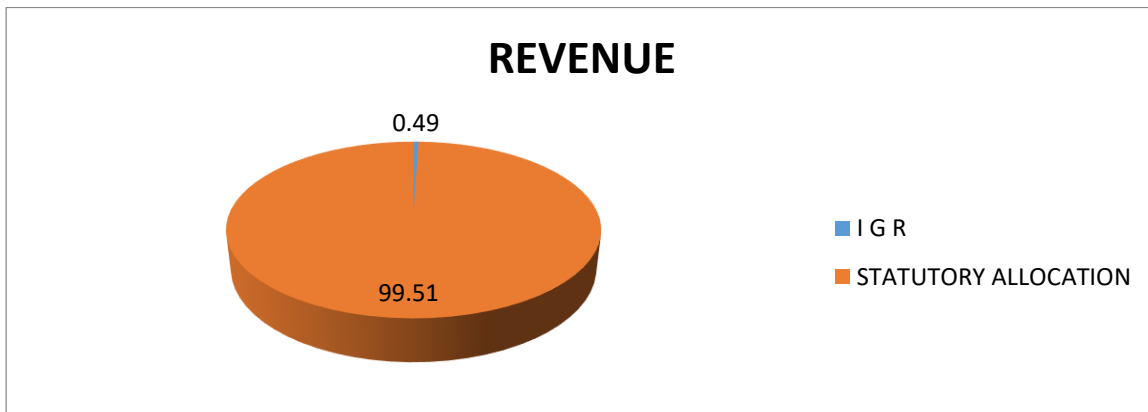
(4) REVENUE PERFORMANCE

(i) STATEMENT OF ACTUAL REVENUE

Audit examination of the revenue profile revealed that out of the estimated Internally Generated Revenue of ₦32,460,000.00, a sum of ₦13,064,540.46 only was actually generated internally and this represented 40.25% of the budget. This amounted to a decrease of 17.77% when compared with the sum of ₦15,887,187.57 generated in year 2022. This revenue performance does not reflect the Internally Generated Revenue (IGR) potentials of the Local Government. There are still leakages which has not been identified and blocked.

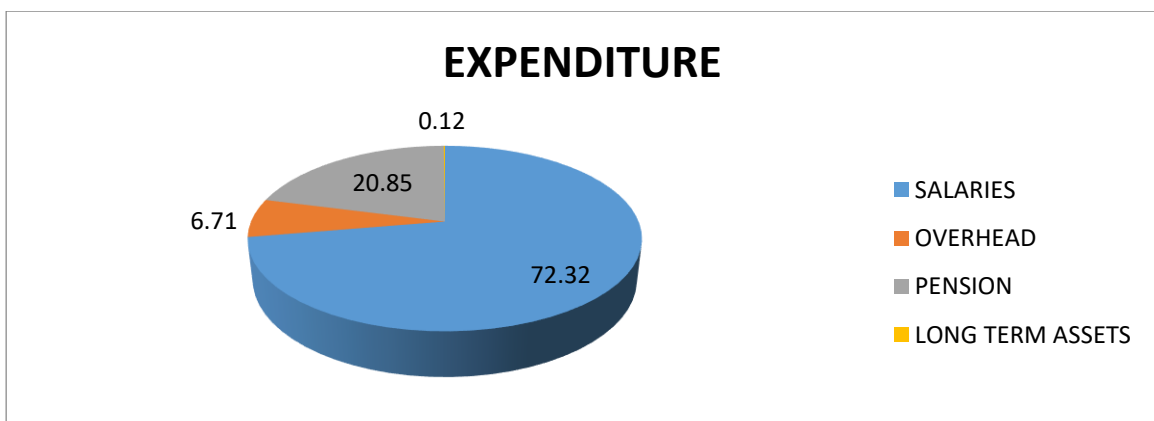
(ii) PERCENTAGE OF INTERNALLY GENERATED REVENUE EFFORTS TO TOTAL REVENUE

The Audit exercise revealed that out of the total revenue of ₦2,692,472,888.55 realized by the Local Government during the year under review, a sum of ₦13,064,540.46 only was generated internally. This represented 0.49% of the total revenue while the sum of ₦2,679,408,348.09 statutory allocation represented 99.51%. 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

Out of ₦2,625,266,843.09 total expenditure for the period, a sum of ₦176,101,258.82 was expended on overhead which represented 6.71% of the total expenditure. A sum of ₦1,898,567,182.09 was expended on Salaries and Allowances which represented 72.32% of expenditure. Also, the sum of ₦547,368,402.18 was expended on pensions and this represents 20.85% of the total expenditure. The sum of ₦3,230,000.00 was expended on long term assets which represented 0.12% of the total expenditure. The pattern of expenditure does not augur well for meaningful development in the Local Government.



(6) DEBT PROFILE/STATE OF INDEBTEDNESS

The total debt profile of the Local Government according to the General Purpose Financial Statement as at 31st December, 2023 was ₦121,170,171.17. The liabilities are highlighted below:

S/N	ITEMS	AMOUNT ₦
1	PAYE	-
2	PENSION	64,356,838.58
3	NULGE	3,285,343.51
4	5% TAX	1,201,032.71
5	7.5% TAX	7,279,490.95
6	NHF	1,611,976.14
7	COOP	2,052,630.00
8	5% DEVELOPMENT LEVY	527,432.96
9	ACCRUED EXPENSES & PAYABLES	35,458,736.08
9	OTHERS	5,396,690.24
	Total	121,170,171.17

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.

IMEKO/AFON 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. R. A. Yusuf
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 Imeko/Afon Local Government as at 31st December, 2023 and its operations for the year ended on the date.


Mr. R. A. Yusuf
Treasurer


Alh. Fadipe Yaya
Chairman

IMEKO/AFON LOCAL GOVERNMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

	NOTES	2023	2022
CURRENT ASSET		₦	₦
CASH & CASH EQUIVALENTS	8	26,017,840.47	-36,300,030.98
INVENTORIES		1,338,476.00	1,245,846.00
RECEIVABLES		3,446,650.00	3,446,650.00
PREPAYMENT			
ADVANCE			
TOTAL CURRENT ASSET (A)		30,802,966.47	-31,607,534.98
NON CURRENT ASSET			
PROPERTY PLANT & EQUIPMENT	10	178,063,258.74	181,702,864.84
INVESTMENT PROPERTY	11	47,153,386.40	48,200,128.32
BIOLOGICAL ASSET			
INVESTMENT		50,000.00	50,000.00
LOAN GRANTED			
TOTAL NON CURRENT ASSET (B)		225,266,645.14	229,952,993.16
TOTAL ASSET (C=A+B)		256,069,611.61	198,345,458.18
CURRENT LIABILITY			
DEPOSIT			
LOAN & DEBT		0.00	
UNREMITTED DEDUCTIONS	9	85,711,435.09	132,774,063.20
ACCRUED EXPENSES, PAYABLES		35,458,736.08	1,000,000.00
DEFERRED INCOME			108,000.00
CURRENT PORTION OF BORROWING			
TOTAL CURRENT LIABILITY (D)		121,170,171.17	133,882,063.20
NON CURRENT LIABILITY			
PUBLIC FUND		44,385.00	44,385.00
BORROWING			
TOTAL NON CURRENT LIABILITY (E)		44,385.00	44,385.00
TOTAL LIABILITY (F=D+E)		121,214,556.17	133,926,448.20
NET ASSETS (G= C-F)		134,855,055.44	64,419,009.98
NET ASSET/EQUITY			
RESERVE			
ACCUMULATED SURPLUS/ DEFICIT		134,855,055.44	64,419,009.98
TOTAL NET ASSET/EQUITY		134,855,055.44	64,419,009.98

IMEKO/AFON LOCAL GOVERNMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2023

	NOTES	2023	2022
REVENUE		₦	₦
STATUTORY ALLOCATION	1	2,679,408,348.09	1,831,964,945.97
NON TAX REVENUE:	2	11,334,500.00	14,318,900.00
INVESTMENT INCOME			
INTEREST EARNED			
GAIN/LOSS ON DISPOSAL ON ASSET			
AIDS & GRANTS	3		35,455,796.81
OTHER REVENUE		1,730,040.46	1,568,287.57
TOTAL REVENUE (A)		2,692,472,888.55	1,883,307,930.35
EXPENDITURE			
SALARIES & WAGES	4	1,869,419,556.69	1,274,249,679.94
NON- REGULAR ALLOWANCE	5	29,147,625.40	
SOCIAL BENEFIT	6	547,368,402.18	422,225,604.80
OVERHEAD COST	7	163,784,910.80	86,405,153.00
SUBVENTION TO PARASTATALS		2,400,000.00	300,000.00
DEPRECIATION	10&11	9,916,348.02	9,050,370.02
GAIN/LOSS ON DISPOSAL ON ASSET			
TOTAL EXPENDITURE (B)		2,622,036,843.09	1,792,230,807.76
SURPLUS / DEFICIT (C=A-B)		70,436,045.46	91,077,122.59

IMEKO/AFON LOCAL GOVERNMENT
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2023

	₦
Balance 1/1/2022	-26,658,112.61
Prior Year Adjustment	
Adjusted Balance	-26,658,112.61
Surplus/ (deficit) for the year	91,077,122.59
Balance 31/12/2022	64,419,009.98
Prior Year Adjustment	
Adjusted Balance	64,419,009.98
Surplus/ (deficit) for the year	70,436,045.46
Balance at 31 December 2023	134,855,055.44

IMEKO/AFON LOCAL GOVERNMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
<u>INFLOWS</u>	₦	₦
STATUTORY ALLOCATION	2,679,408,348.09	1,831,964,945.97
LICENCES, FINES, ROYALTIES, FEES ETC	7,070,100.00	11,683,250.00
EARNINGS & SALES	4,136,400.00	2,344,650.00
RENT OF GOVERNMENT PROPERTIES	20,000.00	19,000.00
INVESTMENT INCOME		
INTEREST & REPAYMENT GENERAL		
DOMESTIC AIDS & GRANTS		31,655,796.81
OTHER REVENUE	1,730,040.46	1,568,287.57
TOTAL INFLOW FROM OPERATING ACTIVITIES A	2,692,364,888.55	1,879,235,930.35
<u>OUTFLOW</u>		
PERSONNEL EMOLUMENTS	1,878,608,446.01	1,274,249,679.94
SOCIAL BENEFIT	547,368,402.18	422,225,604.80
OVERHEADS	151,377,540.80	90,359,915.28
SUBVENTION TO PARASTATALS	2,400,000.00	300,000.00
INTEREST PAYMENT		
TOTAL OUTFLOW FROM OPERATING ACTIVITIES B	2,579,754,388.99	1,787,135,200.02
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES C=A-B	112,610,499.56	92,100,730.33
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
PURCHASE/ CONSTRUCTION OF ASSETS	3,230,000.00	6,594,000.00
PURCHASE OF FINANCIAL MARKET INSTRUMENTS		
ADVANCE		
PROCEED FROM SALE OF ASSETS		
DEFERRED INCOME		108,000.00
DIVIDEND RECEIVED		
NET CASH FLOW FROM INVESTING ACTIVITIES	-3,230,000.00	-6,486,000.00
<u>CASH FLOW FROM FINANCIAL ACTIVITIES</u>		
DEPOSIT/ UNREMITTED DEDUCTIONS	-47,062,628.11	-54,135,344.54
PUBLIC FUND		
PROCEEDS FROM DOMESTIC LOANS & OTHER		
REPAYMENTS OF LOAN		
NET CASH FLOW FROM FINANCIAL ACTIVITIES	-47,062,628.11	-54,135,344.54
NET CASH FLOW FROM ALL ACTIVITIES	62,317,871.45	31,479,385.79
CASH & ITS EQUIVALENT AS AT 1/1/2023	-36,300,030.98	-67,779,416.77
CASH & ITS EQUIVALENT AS AT 31/12/2023	26,017,840.47	-36,300,030.98

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 recognized when the event occurs and the asset recognition criteria are met. 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.
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 recognized as income on entitlement, while aid and grants to other governments/agencies are recognized as expenditure on commitment.</p>
7	<p>Expenses 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>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 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.
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%

	<p>f) Furniture and Fittings 20%</p> <p>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</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>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, 2023

SHARE OF STATUTORY ALLOCATION FROM JAAC

NOTE 1

DETAILS	2023	2022
	₦	₦
JANUARY	309,467,735.42	128,115,759.62
FEBRUARY	150,907,799.44	
MARCH	153,337,012.02	126,015,144.98
APRIL	144,403,311.77	259,419,700.31
MAY	229,214,675.02	563,221.60
JUNE	146,381,167.64	126,597,958.00
JULY	231,415,709.15	131,913,301.27
AUGUST	215,027,621.49	157,265,000.56
SEPTEMBER		150,359,565.91
OCTOBER	393,176,956.97	147,380,629.72
NOVEMBER	206,276,879.63	428,183,434.10
DECEMBER	499,799,479.54	176,151,229.90
TOTAL	2,679,408,348.09	1,831,964,945.97

2 NON-TAX REVENUE

LICENCES	884,700.00	4,417,490.00
FEES	6,184,200.00	7,533,760.00
FINES	1,200.00	4,000.00
EARNINGS	2,638,900.00	2,272,150.00
RENT OF GOVERNMENT PROPERTIES	128,000.00	19,000.00
SALES	1,497,500.00	72,500.00
TOTAL	11,334,500.00	14,318,900.00

3 AIDS & GRANTS

OGUN STATE GOVERNMENT		
NON GOVERNMENT ORGANISATION		35,455,796.81
TOTAL	0.00	35,455,796.81

4 SALARIES & WAGES

LOCAL GOVERNMENT STAFF	335,632,449.85	317,022,398.28
PRIMARY SCHOOL TEACHERS	1,207,971,265.76	741,270,059.11
TRADITIONAL COUNCIL	209,845,901.28	155,306,004.50
POLITICAL FUNCTIONARIES	115,969,939.80	60,651,218.05
TOTAL	1,869,419,556.69	1,274,249,679.94

5 NON- REGULAR ALLOWANCE

	LEAVE BONUS	29,147,625.40	
	TOTAL	29,147,625.40	

6 SOCIAL BENEFIT

	GRATUITY	96,085,195.37	-
	PENSION	451,283,206.81	422,225,604.80
	TOTAL	547,368,402.18	422,225,604.80

7 OVERHEAD COST BY DEPARTMENT

	CHAIRMAN & COUNCIL	42,540,000.00	39,210,000.00
	HOLGA	480,000.00	393,000.00
	INTERNAL AUDIT	335,000.00	345,000.00
	ADMINSTRATIVE	46,814,757.23	19,669,773.91
	FINANCE	4,508,453.57	3,925,554.09
	INFORMATION	1,400,000.00	172,000.00
	P H C	155,000.00	1,227,315.00
	AGRIC	141,000.00	355,000.00
	WORKS	61,072,700.00	18,512,510.00
	PLANNING	1,845,000.00	1,409,000.00
	WES	821,000.00	260,000.00
	COMMUNITY	3,672,000.00	926,000.00
	TOTAL	163,784,910.80	86,405,153.00

8 CASH & CASH EQUIVALENTS

	CASH AT HAND	5,600.00	9,739.54
	CASH IN BANKS	26,012,240.47	- 36,309,770.52
	TOTAL	26,017,840.47	- 36,300,030.98

9 UNREMITTED DEDUCTIONS

1	PAYE	-	42,801,756.77
2	PENSION	64,356,838.58	65,669,380.70
3	NULGE	3,285,343.51	3,280,968.82
4	5% TAX	1,201,032.71	1,201,032.71
5	7.5% TAX	7,279,490.95	7,279,490.95
6	NHF	1,611,976.14	2,325,968.23
7	COOP	2,052,630.00	786,520.00
8	5% DEVELOPMENT LEVY	527,432.96	527,432.96
9	OTHERS	5,396,690.24	8901512.06
	Total	85,711,435.09	132,774,063.20

NOTE 10

SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

	LAND & BUILDING 2%	LAND	PLANT & MACHNERY 10%	TRANSPORTATI ON EQUIPMENT 20%	OFFICE EQUIPMENT 25%	FURNITURE & FITTINGS 20%	INFRASTRUSURE 10%	TOTAL
BAL AS AT 01/01/2023	173,474,086.00	0	17,865,887.68	11,370,938.06	1,388,350.00	2,649,350.00	3,000,000.00	209,748,611.74
ADDITIONAL DURING THE YEAR			620,000.00	4,500,000.00	110,000.00			5,230,000.00
ADJUSTMENT								0.00
DISPOSAL DURING THE YEAR								-
BAL. C/F	173,474,086.00	-	18,485,887.68	15,870,938.06	1,498,350.00	2,649,350.00	3,000,000.00	214,978,611.74
ACCUMULATED DEPRECIATION								
BAL. AS AT 01/01/2023	13,089,926.88	0	7,189,355.08	3,996,750.44	1,386,512.50	2,233,202.00	150,000.00	28,045,746.90
ADDITIONAL DURING THE YEAR	3,349,481.72		1,848,588.77	3,173,287.61	27,500.00	170,748.00	300,000.00	8,869,606.10
ADJUSTMENT								-
DISPOSAL DURING THE YEAR								-
BAL. C/F	16,439,408.60	-	9,037,943.85	7,170,038.05	1,414,012.50	2,403,950.00	450,000.00	36,915,353.00
AS AT 31/12/2023	157,034,677.40	-	9,447,943.83	8,700,900.01	84,337.50	245,400.00	2,550,000.00	178,063,258.74
AS AT 31/12/2022	160,384,159.12	-	10,676,532.60	7,374,187.62	1,837.50	416,148.00	2,850,000.00	181,702,864.84

NOTE 11

SCHEDULE OF INVESTMENT PROPERTY

	LAND & BUILDING 2%	LAND	TOTAL
BAL AS AT 01/01/2023	52,337,096.00		52,337,096.00
ADDITIONAL DURING THE YEAR			0.00
ADJUSTMENT			0.00
DISPOSAL DURING THE YEAR			-
BAL. C/F	52,337,096.00	-	52,337,096.00
ACCUMULATED DEPRECIATION			
BAL. AS AT 01/01/2023	4,136,967.68		4,136,967.68
ADDITIONAL DURING THE YEAR	1,046,741.92	-	1,046,741.92
ADJUSTMENT			
DISPOSAL DURING THE YEAR			
BAL. C/F	5,183,709.60	-	5,183,709.60
AS AT 31/12/2023	47,153,386.40	-	47,153,386.40
AS AT 31/12/2022	48,200,128.32	-	48,200,128.32

The Executive Chairman,
Imeko Afon Local Government,
Imeko.

AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IMEKO-AFON LOCAL GOVERNMENT, IMEKO FOR THE PERIOD 1ST JANUARY TO 31ST 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. BANK RECONCILIATION STATEMENT

The bank reconciliation statement prepared by the Local Government for the period 1st January, 2023 to October, 2023 were examined and the following were observed:

(a) **DORMANT BANK BALANCE**

Observation: It was reported in the last audit report OGLG/IAF/1/VOL.III/281 of 25th May, 2023 that Seven (7) bank accounts of your Local Government had remained dormant for over two years and you were advised to either reactivate the bank accounts or close them down if they are no longer necessary. It was observed during the recent Audit exercise that the issue had remained the same. The cashier upon interrogation however said that concerted effort is being taken by the treasurer on the matter.

During the investigation the cashier said the account has not been re activated because it has not been discussed in the F & GPC meeting due to the transfer of the Treasurer.

Details of the dormant bank accounts are as listed:-

S/N	BANK	ACCOUNT NO	BALANCE (₦)
1	Wema Bank (PTF Drug)	120058880	2,652.45
2	Oceanic Bank	0271310091050	3,256.36
3	Zenith Bank (Pension A/c)	1011545089	8,923.11
4	Zenith Bank (investment A/C	1011486531	2,166.01
5	Zenith Bank	5086	(40,208,481.41)
6	Unity Bank	0014493515	192.18
7	Wema Bank		8,790.34
	TOTAL		(40,182,500.96)

Recommendation: The Local Government is once again advised to either reactivate the dormant bank accounts or close them so that the financial statement can reflect the true position of the Accounts of your Local Government.

(b) **DIRECT DEBT**

Observation: A sum of ₦174,900,846.83 was observed as direct debt in the bank reconciliation statement during the period under review. Audit investigation revealed that payment vouchers were not raised for the following transactions:

L.G Palliatives	(2 nd Sept, 2023)	3,120,000.00
Traditional Council	(29 th April, 2023)	2,400,000.00
Traditional Council	(29 th April, 2023)	8,577,427.04
SUBEB Salary	(29 th April, 2023)	54,867,287.92
SUBEB Salary	(2 nd Sept, 2023)	65,399,851.37
Pensions	(2 nd Sept, 2023)	36,806,274.50
Pensions	(2 nd Sept, 2023)	<u>3,730,000.00</u>
		<u>174,900,846.83</u>

Recommendation: The Treasurer is hereby advised to seek the approval of the Management at the F & GPC meeting and to raise the payment vouchers for the expenditure and eliminate the direct debit in the bank Reconciliation Statement.

3. **REPAIR OF KOMATSU GRADER MACHINE**

Observation: A total sum of (₦4,218,500.00) only was approved for the overhauling of Komatsu grader machine on 8th Nov. 2022. It was observed that only a sum of ₦2 Million was released, thereby leaving a balance of ₦2,218,500.00 yet to be released.

Examination of payment voucher however revealed that another sum of ₦2.5 Million was approved on 31st January 2023 at the F & GPC meeting for the same grader instead of the Local Government to pay up the balance of ₦2,218,000 which have already been approved in the previous F & GPC meeting.

This shows the weakness in the internal control system and lack of consistency of the officer.

Recommendation: Both the DGSA and the Internal Auditor must be alive to their responsibility in order to avoid double approval of project.

4. **MATTERS EMANATED FROM PREVIOUS AUDIT REPORT**

(i) **OFFICIAL VEHICLES TAKEN AWAY WITHOUT PROPER DOCUMENTATION**

Observation: It was reported in the previous report that four (4) vehicles were taking away by some Political Functionaries without obtaining official approval and without paying a dime into the coffers of the Local Government.

The Audit team was informed during the recent audit exercise, that all efforts to retrieve the vehicle from the Political Functionaries proved abortive.

Details of the vehicles and their custodians are as follows:

S/N	TYPE	MODEL	COST OF PURCHASE	CUSTODIANS
1	Toyota Camry	2004 MODEL	₦1,250,000.00	Hon. (Prince) Tosin Adeluyi (Chairman)
2	Toyota Camry	2004 MODEL	₦1,350,000.00	Hon. Olusoji Taiwo (vice Chairman)
3	Honda Accord	2004 MODEL	₦2,200,000.00	Mr. Dopemu Felix (Secretary)
4	Toyota Camry		₦1,500,000.00	Hon. Ogundeji Opeyemi (Leader of the Legislative Council)

Recommendation: The Local Government is once again advised to do all that is necessary to recover the four (4) vehicles taken away without following the due process.

(iv) LOSS OF REVENUE

Observation: I wish to refer to paragraph 6 of the last Audit report, of 25th May, 2023 where it was reported that Mrs. Adebia Adebimpe (Chief Clerical Officer, GL. 07) former Revenue Collector for Marriage Certificate had an unpaid balance of ₦111,000.00 collected on behalf of Local Government. During the recent audit exercise, it was observed that she had paid a sum of ₦60,000 out of the outstanding balance of ₦111,000.00. Please see below the details of payment made.

<i>Analysis of payment</i>			₦
(1)	RV 4/May, 2023	- 009990 - (08/5/2023)	20,000.00
(2)	RV 15/June, 2023	- 009792 - (15/6/2023)	10,000.00
(3)	RV 37/June, 2023	- 009873 - (30/6/2023)	10,000.00
(4)	RV 16/March, 2024	-010433 - (20/3/2024)	<u>20,000.00</u>
			<u>60,000.00</u>

However, the balance of ₦51,000.00 should be recovered from her.

5. PAYABLES

Observation: A total sum of ₦35,458,736.08 represents the payable balance as at 31st December, 2023.

Out of the sum mentioned above, a total sum of ₦31,098,736.08 represents end of the year 2023 bonus paid to Local Government staff, Political functionaries and Primary School Teachers. The payments were made in January and February, 2024 through payments vouchers. (see the attached appendix).

The Audit viewed the transactions as items of year 2023 accounts and therefore considered them as year 2023 expenditures and charged them to payable account.

Recommendation: The Local Government (the finance department) is advised to treat the above as payables and not expenditures in the year 2024 accounts. The remaining sum of ₦4,360,000.00 represents the value of services enjoyed or obligations owed to creditors but have not been paid.

They are:

	₦
Repair of Grader	2,200,000.00
Purchase of Motor Vehicle for The Vice Chairman	2,000,000.00
Supplies of portrait of President Tinubu, Gov. Dapo Abiodun & Executive Chairman	<u>160,000.00</u>
	<u>4,360,000.00</u>

6. **WEAKNESS IN SALARY PAYMENTS**

Observation: A review of the salary payment process revealed some weaknesses. It was observed that draft salary is generated by the IPPMS platform at the Local Government Service Commission (LGSC) and forwarded to the IPPMS Officer of the Local Government. The IPPMS Officer carries out checks and then communicates the corrections required to the Commission. The IPPMS Officials at the commission effect corrections and then upload the salary through Veripay to the internal Auditor (Scheduler). The Internal Auditor check the salary and then passes it to the HOLGA for approval who also authorized the Treasurer to the transfer total salary to the central salary platform from where the individual bank accounts of each members of staff will be credited. Once payment of salaries are effected, copies of the salary print out of the salaries paid is then forwarded to the various departments for them to control the payment voucher and for the Internal Auditor to do the usual audit check and pass.

From the salary process highlighted above, the following weaknesses were observed:

- i. Salary preparation or variation is not initiated by the Local Government. The monthly salaries are determined by the central salary payment platform and forwarded to the IPPMS Officer and the Treasurer. There was no evidence that the IPPMS Officer and Treasurer communicated with the Head of Departments to confirm the position of staff in their departments.
- ii. Salary payments vouchers are sighted by the heads of departments and Internal Auditor for their expected check, that is, to control the voucher and for the internal auditor to check and pass such vouchers after payment has been made. This is the exact opposite of what it should be, which is to check the vouchers before payment. Under the current arrangement, where there are errors or fraud, payment would have been made before it is detected.

- iii. The IPPMS Officer and the Treasurer appears to be the only two officers that carry out prepayment check. Meanwhile, the regulations require the heads of departments and Internal Auditor to play their role. The Procedure in place at the moment appears to have sidelined these officers in preference for the IPPMS Officer who is relatively Junior Officer that lack the experience and competence to handle such matters.
- iv. It may be argued that the Internal Auditor serves as the scheduler in the payment platform and the Treasurer serves as authorizer; the Internal Auditor actually do not have the opportunity to carry out extensive check at this point. She gets payment information from the central salary platform when salaries are due for payment. At this point, she is mostly under pressure to authorize the salary payment without delay; else, she would be drawn against expectant staff for delaying salary payment. As a matter of fact, it is envisaged that the Internal Auditor and treasurer had previously checked salary vouchers and determined amounts to be paid before the payment procedure. However, this is not usually the case; the Internal Auditor gets to know what is to be paid when salaries are due for payment.
- v. The IPPMS Officers are relatively Junior Officers. They are responsible to their superiors at the Local Government in the performance of their duties on salary payment. They are responsible to the central salary platform at the commission. This appears to be an aberration and a crack in the salary control procedure.
- vi. The eventual payment of salary to staff account is done by the central salary payment platform. This is a fundamental internal control loophole where the preparer of salary is the same person(s) that is responsible for paying into individual bank accounts. This leaves a lot of opportunities for manipulation and unhealthy practices.

The analysis of the salaries and allowances for the twelve months under review revealed that there are some noticeable anomalies in the salaries paid which is still under investigation. This appears to point to weaknesses in salary payment procedure.

Recommendation: In view of the above, you are advised to urgently initiate steps to review the salary payment procedure to block identified loopholes. Monthly salaries draft should be checked by the respective heads of department and the Internal Auditor ahead of authorization for the release of fund. The current practice where the preparer of the salary is the same person that eventually transmits payments to staff account appears to be a fundamental error and must be stopped immediately.



IMEKO/AFON LOCAL GOVERNMENT

P.M.B. 001. IMEKO, OGUN STATE.

Your Ref: _____ Our Ref: IALG. 690/30 Date: 19th June, 2024

The Auditor- General For Local Government,
Oke-Mosan,
Abeokuta

RE: AUDIT INSPECTION REPORT ON THE ACCOUNTS OF IMEKO – AFON LOCAL GOVERNMENT, IMEKO FOR THE PERIOD 1ST JANUARY TO 31 DECEMBER, 2023.

Sequel to the Letter Ref no. OGLG/IAF/1VOL.III/294 Audit Inspection Report on the account of Imeko Afon Local Government, for the period of 1st January to December 31st, 2023, as follow

BANK RECONCILIATION/DORMANT BANK BALANCE:

In a bid to close down the dormant accounts, the Local Government is making effort to request for the old signatories to the dormant accounts. As soon as the banks are able to furnish the Local Government with this information, efforts shall be made to contact the former signatories who have retired from the service since the banks have insisted that the dormant accounts can not be revalidated by the present signatories.

REPAIR OF KOMATSU GRADER MACHINE: This is well noted

MATTERS EMANATED FROM PREVIOUS REPORT.

OFFICIAL VEHICLE TAKEN AWAY:

All efforts aimed at retrieving these Vehicles still proved abortive as many holders of these Vehicles were nowhere to be found. Security operatives at the Local Government have been informed and letters shall be writing to the effect.

i. LOSS OF REVENUE:

On the issue of loss of revenue all concerned officers have made good their indebtedness except Mrs. Adebias Adebimpe (Chief Clerical officer, GL 07) who is having outstanding debt of N51,000. She promised to pay up the balance in two installments from her July and August 2024 Salaries respectively.

PAYABLES:

The last audit conducted shows that out of 35,458,736.08 of the total payable, N31,098,736.08 have been cleared in 2023. This represents the payable balance of N4,360,000 that will remain in payable account ledger for 2023 which have been noted by the Treasurer

WEAKNESS IN SALARY PAYMENTS:

This observation are well noted and we promise that from our end here we shall do the needful as advised. However we use this opportunity to plead that Auditor General Should please find a way of communicating same to the IPPMS unit of the Local Government Service Commission for effectiveness.

HEAD OF LOCAL GOVERNMENT
ADMINISTRATION