

STATE GOVERNMENT OF OSUN, NIGERIA.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF
ATAKUNMOSA EAST LOCAL GOVERNMENT

IPERINDO

FOR THE YEAR ENDED

31ST DECEMBER, 2020.

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LIST OF ABBREVIATIONS

1. AGLG - AUDITOR-GENERAL FOR LOCAL GOVERNMENTS
2. AO - AREA OFFICE/ADMINISTRATIVE OFFICE
3. FAAC - FEDERATION ACCOUNTS ALLOCATION COMMITTEE
4. F.M - FINANCIAL MEMORANDUM
5. FOR - FISCAL OPERATION REPORT
6. GPFS - GENERAL PURPOSE FINANCIAL STATEMENTS
7. IGR - INTERNALLY GENERATED REVENUE
8. ISSAI - INTERNATIONAL STANDARDS OF SUPREME AUDIT INSTITUTIONS
9. IPSAS - INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD
- 10.JAAC - JOINT ACCOUNTS ALLOCATION COMMITTEE
- 11.LGA - LOCAL GOVERNMENT AREA
- 12.LCDA -LOCAL COUNCIL DEVELOPMENT AREA
- 13.LGSC - LOCAL GOVERNMENT SERVICE COMMISSION
- 14.LGSPB - LOCAL GOVERNMENTS STAFF PENSION BOARD
- 15.LGLB - LOCAL GOVERNMENT LOANS BOARD
- 16.NCOA - NATIONAL CHART OF ACCOUNTS
- 17.NBV - NET BOOK VALUE
- 18.MLGCA- MINISTRY OF LOCAL GOVERNMENT AND CHIEFTAINCY AFFAIRS
- 19.PPE - PROPERTY, PLANTS AND EQUIPMENT
- 20.PSE - PUBLIC SECTOR ENTITIES
- 21.PHCB - PRIMARY HEALTH CARE BOARD
- 22.VAT - VALUE ADDED TAX

STATEMENT OF RESPONSIBILITY FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Preparation and Presentation of the Financial Statements are responsibilities of the Head of Finance and Supplies, and the Chairman of a Local Government, in compliance with the provisions of the Financial Control and Management Act 1958 (as amended) and the Model Financial Memoranda.

Consequently, the General Purpose Financial Statement of Atakunmosa East Local Government, and Atakunmosa East Central LCDA have been prepared by the respective Heads of Finance and Supplies and subsequently Consolidated by the Head of Finance and Supplies of Atakunmosa East Local Government.

We hereby claim responsibility for the contents and correctness of the Financial Statements of the underlisted LG/LCDA, for the Accounting period ended 31st December, 2020.




.....
Chairman,
Atakunmosa East Local Govt,
Date **06/04/2021**


.....
Head of Finance & Supplies,
Atakunmosa East Local Govt,
Date **06/04/2021**

.....
Chairman,
Atakunmosa East Local Govt,



.....
Chairman,
Atakunmosa East Central LCDA
Date **06/04/2021**


.....
Head of Finance & Supplies
Atakunmosa East Central LCDA
Date **06/04/2021**

.....
Chairman,
Atakunmosa East Central LCDA

STATEMENT OF FINANCIAL RESPONSIBILITY

In compliance with the provisions of Finance Control and Management Act 1958 (as amended), the Model Financial Memoranda (1991 as amended), the Laws of Osun State 2002 (as amended) and with the provisions of the Constitution of the Federal Republic of Nigeria, 1999, the Heads of Finance of main Local Governments in the State of Osun are responsible for the preparation of the respective Local Government GPFS as well as with the Financial Statement of LCDA, Area/Administrative offices, as may be applicable, while both the Head of Finance and Chairman of a Local Government, (the Accounting Officer) are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions and Financial Statements give a fair presentation of the financial operations of the Local Government.

The acknowledgment of responsibility for the preparation of Financial Statement signed by Heads of Finance and Chairmen of the Atakunmosa East Local Government and subsidiary LCDAs is attached to this report.

AUDIT CERTIFICATE

I have audited the accounts of Atakunmosa East Local Government, Iperindo for the Year ended 31st December, 2020.

I have obtained all necessary information and explanations required for my audit opinion except where reservations are expressed in this report.

Having regard to the basis of Audit opinion as stated below, I certify that the Financial Statements comprising of Consolidated Statement of Financial Position, Consolidated Statement of Financial Performance, Consolidated Statements of Cash Flow, Consolidated Statement of Net Assets and Equity of the Local Governments and Notes to the Account, give a true and fair view of the state of affairs of Atakunmosa East Local Government, Iperindo for the accounting year ended 31st December, 2020, subject to the observations and comments, and resulting reservations, and disallowances as contained in this report.



**Emmanuel Oluseun Kolapo FCA, CISA
Auditor-General for Local Governments,
State of Osun.**

STATEMENT OF RESPONSIBILITY OF THE AUDITOR-GENERAL.

It is my responsibility as Auditor-General for Local Governments, to Audit the accounts of the Local Governments, the State Joint Local Government Account, and all offices of the Local Government as stipulated by the Laws of Osun State and the Financial Memoranda; and to form an independent opinion based on the Audit of the Financial Statements and accompany notes submitted by the Head of Finance and Supply of Local Governments, the Head of Accounts in the Ministry of Local Governments and various Institutions and all agencies, handling projects and programmes funded by Local Governments in the state.

BASIS OF AUDIT OPINION

In the course of auditing the accounts of Atakunmosa East Local Governments in the State of Osun, I have complied with the requirement and stipulations of the International Standards on Auditing, the Generally Acceptable Auditing Standards, International Standards of Supreme Audit Institutions (ISSAI,) Laws of Osun State, International Public Sector Accounting Standards and Audit Guide of the Office of the Auditor-General for Local Governments, Osun State.

I have conducted Financial and Compliance audit on the Finances of Atakunmosa East Local Governments Projects and Programmes were reasonably evaluated and verified on the principle of Performance Auditing. All items of Revenue and Expenditure were captured in the course of the Audit and Audit Tests were conducted on procedures, transactions and balances. Consequently 100% Substantive Test was done on all items of Revenue and Expenditure; and Assets and Liabilities, and appropriate Audit Tests of Control were conducted on procedures and transactions.

Where paucity of available Audit resources warranted sampling, objective statistical sampling techniques were applied to ensure representativeness, completeness, relevance, and timeliness in the determination of sampling elements. This ensured reliability of Audit Opinion, giving due recognition to principle of materiality. For example, multi-layered and structural sampling method was applied for verification of numbers and Emoluments of Teaching and Non-Teaching staff of the State Universal Basic Education Board (SUBEB), Staffers of Local Governments and the State Primary Health Care Board within the geographical boundary of the Local Government.

STATEMENT OF COMPLIANCE

The Accounting Policies have been consistently applied on preparation of the Financial Statements of Atakunmosa East Local Government in the year under review. These have been prepared on the basis of Historical Cost and in accordance with IPSAS Accruals and other applicable standards. The Cash Flow Statement was prepared using the Direct Method. The basis of measurement is Naira and kobo which is the functional and reporting currency of the Federal Republic of Nigeria of which Osun State and Atakumosa East Local Governments are constituents.

The accounts of Atakumosa East Local Governments have been audited and reported upon.

Audit noted some instances of non-compliance in the Local Governments, with the due process in revenue collection and payment procedure contrary to the provision of Financial Memoranda and relevant Guidelines. The associated internal control weaknesses have been addressed. The inspection reports (letters of Internal Control weaknesses) for the year 2020 have been issued and forwarded to the appropriate quarters for responses and Audit Recommendations were made for compliance as required.

The queries were replied and appropriate recommendations were made as contained in the Management letter included.

STATEMENT OF ACCOUNTING POLICIES

1. Basis of Preparation (IPSAS 1)

The General Purposes Financial Statements were prepared under the historical cost convention and in accordance with IPSAS Accrual Basis and other applicable standards and conventions as may be defined by relevant Statutes.

2. Accounting Period

The accounting year (fiscal year) to which the report relates is 1st January to 31st December, 2020.

3. Reporting Currency

The General Purposes Financial Statements are prepared in the Nigerian Naira (NGN).

4. Principal Statements in the General Purposes Financial Statements

- a. Statements of Financial Performance. (Aggregate and Consolidated)
- b. Statements of Financial Position. (Aggregate and Consolidated)
- c. Statements of Cash flow.(Aggregate and Consolidated)
- d. Statementsof Comparison of Budgeted and Actual Amounts (Aggregate and Consolidated)
- e. Statements of Changes in Net Asset/Equity. (Aggregate and Consolidated)
- f. Notes to the GPFS.
- g. Financial Statement of Joint Accounts Allocation Committee (JAAC)

5. Consolidation Policy- IPSAS 6

The Heads of Finance of the 69 Local Governments, LCDAs, and A/Cs and A/Os are required to prepare their individual GPFS at the end of the financial year on Accrual Basis of Accounting.

Each Local Government is a creation of the Constitution and none is subservient to the other. However in this situation, there are subsidiary entities such as LCDAs and Area offices, which are consolidated with the main Local Government. Consequently, the Heads of Finance of the 30 main Local Governments consolidate the GPFS of their respective main Local Government with the subsidiary LCDAs, AOs, and Ad. Os.

The duty of the Auditor-General for Local Governments is not to prepare or consolidate Local Governments' accounts, but to Audit and Aggregate the prepared Financial Statements in line with the Fiscal Operation Report Guideline.

6. **Statement of Cash Flow** was prepared using the direct method (IPSAS 2) and it consists of Operating, Investing and Financing activities.

7. **Inventories (IPSAS 12)** - Inventories were measured initially at cost, and subsequently measured using the FIFO method.

8. PROPERTY, PLANT & EQUIPMENT (PPE) – IPSAS 17

All PPEs were stated at historical cost less accumulated depreciation and impairment losses.

9. DEPRECIATION

The cost of PPE shall be 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:

a. Furniture & Fittings	-	20%
b. Motor Vehicle	-	20%
c. Plant & Equipment	-	20%
d. Infrastructural Asset	-	10%
e. Building	-	2%
f. Office Equipment	-	20%

10. REVALUATION

a. The Assets' residual values and useful lives are reviewed at the end of the year.

11. IMPAIRMENT

Test for Impairment are done on Property, Plants and Equipments, where it is suspected that Impairment has occurred.

12. INVESTMENT PROPERTIES – IPSAS 16

The Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated the same way as PPE.

13. INDEPENDENT REVENUE FROM NON-EXCHANGE TRANSACTION (IPSAS 23)

1. Fees; taxes and fines: The Local Government recognised revenue from fees, taxes, and fines when the event occurred, and the asset recognition criteria are met.

14. OTHER REVENUE

Other Revenues are proceeds that arise outside the Ordinary course of governmental business. These include:

1. Gain on disposal of Property, Plant and Equipment
2. Disposal of Investment such as Shares, bond etc

Gain on disposal is recognized at the date of control of the asset is passed to the buyer and is determined after deducting the carrying value of the Asset at that time.

15. UNREMITTED DEDUCTION

Unremitted deductions are monies owned to the third parties such as tax authorities, associations and other Government Agencies. These include tax deductions and other deductions at source

This amount shall be stated in GPFS at their repayment value, which shall be treated as current liabilities in the Statement of Financial Position.

16. RESERVE

Reserves shall be classified under Equity in the Statement of Financial Position which includes Accumulated Surplus/Deficit and the Additional Reserve.

17. CONTINGENT LIABILITY IPSAS 19

Contingent liabilities are only disclosed in the Notes to GPFS. Contingent liability is possible obligation arising from past events whose exigencies will be confirmed only by uncertain future event(s) or present obligation arising from the past events that are not recognized because of either an outflow of economic benefit is not probable or this amount of obligation.

GENERAL COMMENTS

I have audited the accounts of Atakunmosa East Local Government, Iperindo for the financial year ended 31st December 2020, as required by Cap 72, Part 10 of the Laws of Osun State 2002, (as amended).

AUTHORITY FOR DISBURSEMENTS FROM JAAC ACCOUNT: Disbursements from JAAC accounts were made in consonance with the prescriptions of the House of Assembly while monthly distributions were collectively decided by all the members of the Joint Account Allocation Committee, inclusive of the Chairman of Atakunmosa East Local Government.

FULL ADOPTION OF IPSAS ACCRUALS: 2020 GPFS were prepared in compliance with IPSAS Accrual which was fully adopted by Local Governments in the State of Osun in 2017.

The previous accounting training on conversion to IPSAS Accruals, severally sponsored by the EU/SLOGOR, LGSC, SUBEB in collaboration with Office of the Auditor-General for Local Governments, with the approval of Mr. Governor, for upgrades and re-training in 2020 have collectively enhanced the proficiency of operators of Local Government accounts in the State

SCOPE OF AUDIT COVERAGE: The Audit scope has 100% coverage on all aspects of Revenue and Expenditure, as well as verification of Assets and Liabilities including JAAC Accounts. Revenue covered included all Allocations and VAT from the Federation Accounts and other dependent and Independent Revenue sources of the Local Governments while Expenditure covered included all Capital and Recurrent Expenditure Items in all Local Governments, and LCDAs, all centrally executed Projects and programmes of Local Governments, and Statutory remittances to Traditional Councils.

BUDGET PREPARATION / EXECUTION

The Budget for 2020 for Atakunmosa East Local Governments was prepared in compliance with new National Chart of Accounts. The 2020 Budget was an improvement on the previous Budget of 2019 as some of the obvious shortcomings observed by the Audit have been addressed.

PROCUREMENT PRACTICES

Osun State Public Procurement Law 2015 has been in force in line with global best practice. Procurement Officers was posted to the Local Governments and performed his duties. The Audit observed that the Offices need to be strengthened to further assist in promoting sound and transparent procurement practices in the Local Governments.

VALUATION AND REVALUATION OF ASSETS

The office of the Auditor-General for Local Governments embarked on verification exercise on valuation and Revaluation of Assets during the year. This involved Constitution of a standing multi-disciplinary team comprising seasoned and qualified professionals in the fields of valuation, engineering, town planning, medicine, etc. and others as were necessary. Consequently, the realism of the values of non-current asset is enhanced for the year under review. The verification exercise is continuous and value of the Local Governments non-current Assets is being updated monthly.

INTERNALLY REVENUE GENERATION AND FINANCIAL VIABILITY

The Total Internally Revenue generated by the Local Government for 2020 was ₦18,466,591.80 representing 1.3% the Total Revenue. More efforts at blocking leakages coupled with adequate research by the relevant unit of the Auditor-General for Local Government on comparative revenue advantages of individual Local Government's office will assist in curbing this unwholesome situation.

INTERNAL CONTROL WEAKNESS IN THE LOCAL GOVERNMENT AND RELATED AGENCIES

At the conclusion of the Audit, 66 nos of Audit Queries were issued in respect of 2020 Accounts, involving a total sum of ₦32,706,037.67.

Queries were issued in respect of irregularities observed in fund management by beneficiary agencies of transfers from Local Governments fund and this had been forwarded to the respective Accounting Officers for response.

The identified internal control weaknesses, the inherent risks, the management Responses and Audit Recommendations are highlighted in Management Letter contained in this Report.

COMMENTS ON FINANCIAL STATEMENTS

A. STATEMENT OF FINANCIAL PERFORMANCE

Share of FAAC and VAT: The total sum of ~~₦~~941,736,548.50 was Share of FAAC and VAT amounted to ~~₦~~405,443,101.05.

THE CONCEPT OF DEPENDENT REVENUE. The term Independent Revenue or synonymous with Internally Generated Revenue in the IPSAS. However, the term Dependent Revenue is used in proportion in the Report as it depicts the items of Revenue other than Internally Generated Revenue (IGR), i.e. the revenue over which the reporting entirely has no control on its generation or collection.

Essentially the proportion of Dependent Revenue is a measure of the extent of its vulnerability or dependently of the Local Government on finances from sources over which it has no control.

EXPENDITURE: As part of the disclosure requirements, expenditures that were Jointly incurred at JAAC level were separately disclosed from those expended at each Local Government Level.

SUMMARY OF REVENUE FROM JAAC

LOCAL GOVERNMENT	STATUTORY ALLOCATION	VAT	EX RATE GAIN	FEDERAL GOVT INTERVENTION	EXCESS BANK	FOREX EQUALISATION	ECO	ADD FUND FRM SOLID MIN	NON-OIL EXCESS REVENUE	TOTAL
Atakumosa East	845,951,123.04	405,443,101.05	27,433,380.56	22,977,524.36	696,291.66	12,270,384.96	19,068,153.90	1,418,081.75	11,921,608.27	1,347,179,649.55

INDEPENDENT REVENUE FROM NON-EXCHANGE TRANSACTION (IPSAS 23)

Fees; taxes and fines: The Local Government recognised revenue from fees, taxes, and fines when the event occurs, and the asset recognition criteria are met. The Local Government earned and recognised. #18,466,591.80.

SALARIES AND WAGES – ₦730,410,199.00

Salaries and Wages which amounted to ₦730,410,199.00 comprised of salaries of Staff of the Local Governments, Teaching and Non-Teaching Staff of SUBEB, staff of Local Government Loans Board and the Primary Health Care Board. Salary Payment was centralised in the State of Osun for the year 2020.

COMMENTS ON ITEMS OF FINANCIAL POSITION

CASH AND CASH EQUIVALENTS - ₦9,106,001.29

The Aggregate closing cash and cash equivalents amounted to **₦9,106,001.29** for the Local Governments. The Bank Statements and Bank Reconciliation Statements of all Local Governments and Local Government Development Areas as at 31st December, 2020 were verified/examined to ascertain the bank balances. This balance does not include the balance in JAAC account which essentially should be a zero-balance account. Moreover any undistributed amount in the JAAC Account is treated as Receivable to the Local Governments.

RECEIVABLES - ₦127,378,688.83

A total sum of One Hundred and Twenty-Seven Million, Three Hundred and Seventy-Eight Thousand, Six Hundred and Eighty-Eight Naira, Eighty-Three Kobo only (₦127,378,688.83k) was standing as Receivables as at 31st December, 2020. The Receivables include, Revenue Recognised in December 2020 but received in January, 2020 from Joint Allocation Account Committee (JAAC).

INVENTORIES - ₦6,721,530.00

The sum of ₦6,721,530.00 represents inventories valued at historical cost in the Thirty (30) Local Governments as at 31st December, 2020. These include unallocated stores both expendable and non-expendable; and consumable items.

INVESTMENTS - ₦51,257,085.33

All the Investments are classified as held-for-sale, while Equity Method is adopted in Recognition and Measurement. Most of the investments were in unquoted companies except for the Preference shares.

PROPERTY, PLANT AND EQUIPMENT(PPE)

Items of Property, Plant and Equipment or other Non -Current Assets are stated at Historical Cost Less accumulated Depreciation. Depreciation on Non - Current Assets are calculated to write off cost on valuation in a straight-line basis over the expected useful life on the assets, as follows:

Particulars	Rate%
Fixture and fitting	20
Motor Vehicle	20
Plant and Equipment	20
Infrastructural Asset	10
Buildings	2
Office Equipment	20

There is need to make adequate provision for depreciation. Accounting for PPE is an area of Audit emphasis where there seems to be a gap in knowledge exhibited by the operators of the Account vis-à-vis expectation.

PAYABLES - ₦310,879,877.77

These comprised largely of commitments all over the Local Governments such as allowances, sundry overheads, and unpaid salary and wages, arrears of salaries, unremitted deductions etc. outstanding as at 31stDecember 2020.

INVESTMENT PROPERTY - (₦65,524,437.99)

The carrying amount of Investment Properties of the Local Governments and Area Councils stood at ₦65,524,437.99 in the Statement of Financial Position. However, there is no restriction on title or property pledge as securities for liabilities. Straight Line Method of depreciation was applied.

LONG – TERM BORROWINGS - ₦963,712,394.18

These are the cumulative amount of various outstanding loans obtained from different sources to finance the under-listed projects:

- a. Construction of over 10 kilometers of roads, (tagged 10KM roads/Local Government), across all the main Local Governments across the state.
- b. Environmental Projects – includes channelization, chlorination, etc aimed at preserving lives and environments
- c. Intervention Projects including Grading, access to rural areas, etc..
- d. Repayment of Bail Out.

UNREMITTED DEDUCTIONS - ₦168,956,282.16

These include deductions received from Joint Accounts Allocation Committee (JAAC) and deposits which ought to have been remitted to the appropriate quarters on or before 31st December, 2020. The management of the Local Councils are hereby advised to ensure that all deposits/deductions received are remitted promptly to avert the possibility of unnecessary accumulation of liabilities on Councils financial position

DISCLOSURES: In the statement of Financial Performance the amounts jointly expended by the Local Government is separated from the amount spent in individual Local Government.

TRANSFER FROM MAIN COUNCILS TO LOCAL COUNCIL DEVELOPMENT AREAS:

Transfer from main councils to the tune of ₦49,456,078.07 was made to the Local Council Development Areas and Area Offices in the period under review and was set off in the Consolidated Account.

ATAKUMOSA EAST LOCAL GOVERNMENT, IPERINDO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

FINANCIAL POSITION				
PARTICULAR		ATAKUMOSA EAST	ATAKUMOSA EAST LCDA	ATAKUMOSA EAST CONSOLIDATED
ASSETS	NOTE			
Current Assets				
Cash & Cash Equivalents	1	5,531,319.18	3,574,682.11	9,106,001.29
Receivables	2	127,378,688.83		127,378,688.83
Prepayment/Advance	3	1,050,000.00		1,050,000.00
Inventories	4	6,421,530.00	300,000.00	6,721,530.00
Total Current Asset		140,381,538.01	3,874,682.11	144,256,220.12
Non Current Asset:				-
Long Term Loan Granted				-
Investments	5	38,507,085.33	12,750,000.00	51,257,085.33
Property, Plant & Equipment	6	1,031,854,448.68	645,746,161.32	1,677,600,610.00
Investment Property	7	39,314,662.80	26,209,775.19	65,524,437.99
Biological Asset	8	21,055,000.00		21,055,000.00
Assets Under Construction(WIP)	9			-
Total Non-Current Asset		1,130,731,196.81	684,705,936.51	1,815,437,133.32
Total Asset		1,271,112,734.82	688,580,618.62	1,959,693,353.44
LIABILITIES				-
Current Liabilities:				-
Deposit				-
Unremitted Deductions	10	163,705,502.10	5,250,780.06	168,956,282.16
Short Term Loan & Debts	11	16,502,398.74		16,502,398.74
Payables	12	284,150,822.58	26,729,055.19	310,879,877.77
				-
Short Term Provisions				-
Total Current Liability		464,358,723.42	31,979,835.25	496,338,558.67
Non Current Liabilities:				-
Long Term Borrowing	13	558,003,792.71	405,708,601.47	963,712,394.18
Total Liabilities		1,022,362,516.13	437,688,436.72	1,460,050,952.85
Net Assets		248,750,218.69	250,892,181.90	499,642,400.59
Financed by				-
Reserve	14	57,821,714.18	207,327,382.42	265,149,096.60
Net Surplus/Deficit	15	190,928,504.51	43,564,799.48	234,493,303.99
Total		248,750,218.69	250,892,181.90	499,642,400.59

ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER 2020

PERFORMANCE				
PARTICULAR	NOTE	ATAKUNMOSA EAST	ATAKUNMOSA EAST LCDA	ATAKUNMOSA EAST CONSOLIDATED
Government Share of FAAC(Statutory Revenue)	16	845,951,123.04		845,951,123.04
Government Share of VAT	17	405,443,101.05		405,443,101.05
Additional Fund	18	1,418,081.75		1,418,081.75
Revenue Furniture Allowance	19			-
Ex Rate Gain	20	27,433,380.56		27,433,380.56
Augmentation	21			-
Federal Govt Intervention Fund	22	22,977,524.36		22,977,524.36
ECO	23	19,068,153.90		19,068,153.90
Solid Minerals	24			-
Non-Oil Revenue	25	11,921,608.27		11,921,608.27
Distributable from Goods & Valuables	26			-
Forex Equalisation	27	12,270,384.96		12,270,384.96
10% IGR	28			-
Excess Bank Charges	29	696,291.66		696,291.66
Aids & Grants				-
Overpayment Recovery				-
Sub-Total Dependent Revenue		1,347,179,649.55	-	1,347,179,649.55
Transfer from Main Council	30		49,456,078.07	-
Tax Revenue	31	244,400.00	705,600.00	950,000.00
Non-Tax Revenue	32	8,909,266.80	684,325.00	9,593,591.80
Other Income	33	7,911,000.00	12,000.00	7,923,000.00
Sub-Total Independent Revenue		17,064,666.80	1,901,925.00	18,466,591.80
Total Revenue		1,364,244,316.35	50,858,003.07	1,365,646,241.35
EXPENDITURE				-
JOINTLY EXPENDED				-
Salaries & Wages	34	730,410,199.00		730,410,199.00
Social Benefits	35	51,837,578.07	2,629,250.00	54,466,828.07
Overhead Cost	36	38,186,256.72	5,391,270.00	43,577,526.72
Grants & Social Contribution	37	20,239,658.94	29,341,254.38	49,580,913.32
Transfer to Other Agencies	38	437,061,149.69		437,061,149.69
Allowances	39			-
Public Debt Charge		150,000,000.00	-	150,000,000.00
L/GOVERNMENT EXPENDITURE				-
Social Benefits	40			-
Overhead Cost	41	30,000.00	41,400.00	71,400.00
Grants & Social Contribution	42			-
Depreciation	43	47,525,631.14	71,299,891.90	118,825,523.04
Transfer to LCDA	44	49,456,078.07		-
Allowances	45	6,148,515.56	3,977,600.00	10,126,115.56
Impairment				-

Tax Expenses				
Bail-Out Repayment				-
Audit Fees	49			-
Stabilization Fund	50			-
Revenue Refunded				
Total Expenditures		1,530,895,067.19	112,680,666.28	1,594,119,655.40
Net Surplus/Deficit	51	(166,650,750.84)	(61,822,663.21)	(228,473,414.05)
Net Surplus/Deficit 31/12/2019		357,579,255.35	105,387,462.69	462,966,718.04
Net Surplus/Deficit 31/12/2020	52	190,928,504.51	43,564,799.48	234,493,303.99

**ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO
CONSOLIDATED STATEMENT OF CASHFLOW AS AT 31ST DECEMBER 2020**

Operating Activities	NOTE	ATAKUMOSA EAST	ATAKUMOSA EAST LCDA	ATAKUMOSA EAST CONSOLIDATED
INFLOW				
Statutory Revenue(JAAC)	53	920,449,441.62		920,449,441.62
Value Added Tax	54	350,477,047.36		350,477,047.36
Additional Fund	55	1,418,081.75		1,418,081.75
Furniture Allowance				-
Exchange Rate Gain	56	26,813,619.13		26,813,619.13
Others(Augmentation				-
Federal Govt Intervention Fund	57	22,977,524.36		22,977,524.36
Excess Crude Oil	58	19,068,153.90		19,068,153.90
Solid Minerals	59			-
Non-Oil Revenue	60	11,921,608.27		11,921,608.27
Distributable Good & Valuable				-
Forex Equalisation	61	11,169,818.13		11,169,818.13
10% IGR				-
Excess Bank Charges	62	696,291.66		696,291.66
Sub Total Dependent Revenue		1,364,991,586.18		1,364,991,586.18
Transfer from Main Council	63		49,456,078.07	-
Tax Revenue	64	244,400.00	705,600.00	950,000.00
Non-Tax Revenue	65	8,909,266.30	684,325.00	9,593,591.30
Other Income	66	7,923,000.00		7,923,000.00
Sub Total Independent Revenue		17,076,666.80	1,389,925.00	18,466,591.80
Total Inflow Operating Activities		1,382,068,252.98	50,846,003.07	1,383,458,177.98
OUTFLOW				-
Salaries & Wages	67	690,772,113.80		690,772,113.80
Overheads Cost	68	36,526,596.43	5,432,670.00	41,959,266.43
Allowances	69	6,125,899.87	3,977,600.00	10,103,499.87
Social Benefits	70	51,837,578.07	2,629,250.00	54,466,828.07
Social Contributions	71	84,042,260.81	29,341,254.38	113,383,515.19
Tax Expenses	72			
Transfer to LCDA	73	49,456,078.07		-

Audit Fee				-
Transfer to Other Govt Agencies	74	437,381,241.17		437,381,241.17
Revenue Refunded				
Total Outflow from Operating Activities		1,356,141,768.22	41,380,774.38	1,348,066,464.53
Net Cashflow from Operating Activities		25,926,484.76	9,465,228.69	35,391,713.45
INVESTING ACTIVITIES				-
Proceed from Disposal of Asset		911,000.00		911,000.00
Total Inflow from Investing Activities		911,000.00		911,000.00
CashFlow from Investing Activities:				-
Administrative Sector	76	-	-	-
Economic Sector	77	18,220,000.00	9,706,000.00	27,926,000.00
Total Outflow from Investing Activities		18,220,000.00	9,706,000.00	27,926,000.00
Net Cashflow from Investing Activities		(17,309,000.00)	(9,706,000.00)	(27,015,000.00)
Inflow from Financing Activities				-
Bank Overdraft	78			-
Soft Loan (Bank)		33,004,787.48		33,004,787.48
Total Inflow from Financing Activities		33,004,787.48		33,004,787.48
OUTFLOW(REPAYMENT)				-
Bail-Out Repayment	79	16,405,729.08		16,405,729.08
10km Road	80	23,077,820.40		23,077,820.40
Water Project	81			-
Environmental Sanitation Loan	82	3,886,086.72		3,886,086.72
Loan Repayment (Inherited)	83			-
Bank Loan	84	16,502,398.74		16,502,398.74
Intervention Loan	85	7,189,473.28		7,189,473.28
Total Outflow from Financing Activities		67,061,508.22	-	67,061,508.22
Net Cashflow from Financing Activities	86	(34,056,720.74)	-	(34,056,720.74)
Cash and Cash Equivalent for the year		(25,439,235.98)	(240,771.31)	(25,680,007.29)
Cash and Cash Equivalent 01/01/2020		30,970,555.16	3,815,453.42	34,786,008.58
Cash and Cash Equivalent 31/12/2020	87	5,531,319.18	3,574,682.11	9,106,001.29

ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO

CONSOLIDATED STATEMENT OF COMPARISM OF BUDGET AND ACTUAL AS AT 31ST DECEMBER 2020

		ATAKUNMOSA EAST			ATAKUNMOSA EAST CENTRAL			ATAKUNMOSA EAST CONSOLIDATED		
PARTICULAR	NOTE	ACTUAL	FINAL BUDGET	VARIANCE	ACTUAL	FINAL BUDGET	VARIANCE	ACTUAL	FINAL BUDGET	VARIANCE
Government Share of FAAC(Statutory Revenue)		845,951,123.04	1,035,509,479.35	(189,558,356.31)	-	345,169,826.46	(345,169,826.46)	845,951,123.04	1,380,679,305.81	(534,728,182.77)
Government Share of VAT		405,443,101.05	409,612,416.75	(4,169,315.70)	-	46,537,472.25	(46,537,472.25)	405,443,101.05	456,149,889.00	(50,706,787.95)
Additional Fund		1,418,081.75	-	1,418,081.75			-	1,418,081.75	-	1,418,081.75
Exchange Rate Gain		27,433,380.56	-	27,433,380.56			-	27,433,380.56	-	27,433,380.56
Forex Equalisation		12,270,384.96		12,270,384.96			-	12,270,384.96	-	12,270,384.96
Augmentation		-		-			-	-	-	-
ECO		19,068,153.90	112,500,000.00	(93,431,846.10)			-	19,068,153.90	112,500,000.00	(93,431,846.10)
Federal Govt Intervention Fund		22,977,524.36		22,977,524.36		37,500,000.00	(37,500,000.00)	22,977,524.36	37,500,000.00	(14,522,475.64)
Non-Oil Revenue		11,921,608.27		11,921,608.27			-	11,921,608.27	-	11,921,608.27
Excess Bank Charges		696,291.66		696,291.66			-	696,291.66	-	696,291.66
Sub-Total Dependent Revenue		1,347,179,649.55	1,557,621,896.10	(210,442,246.55)	-	429,207,298.71	(429,207,298.71)	1,347,179,649.55	1,986,829,194.81	(639,649,545.26)
Transfer from Main Council		-	-	-	49,456,078.07	-	49,456,078.07	-	-	49,456,078.07
Tax Revenue		244,400.00	712,500,000.00	(712,255,600.00)	705,600.00	237,500,000.00	(236,794,400.00)	950,000.00	950,000,000.00	(949,050,000.00)
Non-Tax Revenue		8,909,266.80	48,856,875.00	(39,947,608.20)	684,325.00	16,285,625.00	(15,601,300.00)	9,593,591.80	65,142,500.00	(55,548,908.20)

Other Income		7,911,000.00		7,911,000.00	12,000.00	-	12,000.00	7,923,000.00	-	7,923,000.00
Sub-Total Independent Revenue		17,064,666.80	761,356,875.00	(744,292,208.20)	1,401,925.00	253,785,625.00	(252,383,700.00)	18,466,591.80	1,015,142,500.00	(996,675,908.20)
Total Revenue		1,364,244,316.35	2,318,978,771.10	(954,734,454.75)	50,858,003.07	682,992,923.71	(632,134,920.64)	1,365,646,241.35	3,001,971,694.81	(1,586,869,375.39)
EXPENDITURE								-	-	-
JOINTLY EXPENDED								-	-	-
Salaries & Wages		730,410,199.00	648,929,002.50	(81,481,196.50)	-	216,309,667.50	216,309,667.50	730,410,199.00	865,238,670.00	134,828,471.00
Social Benefits		51,837,578.07		(51,837,578.07)	2,629,250.00		(2,629,250.00)	54,466,828.07	-	(54,466,828.07)
Overhead Cost		38,186,256.72	18,208,658,925.00	18,170,472,668.28	5,391,270.00	6,069,552,975.00	6,064,161,705.00	43,577,526.72	24,278,211,900.00	24,234,634,373.28
Grants & Social Contribution		20,239,658.94	98,996,248,357.50	98,826,008,698.56	29,341,254.38	32,998,749,453.00	32,969,408,198.62	199,580,913.32	131,994,997,810.50	131,795,416,897.18
Transfer to Other Agencies		437,061,149.69	-	(437,061,149.69)			-	437,061,149.69	-	(437,061,149.69)
Allowances		-	-	-			-	-	-	-
Stationaries				-			-	-	-	-
Public Debt Charge		150,000.00		-			-	150,000.00	-	-
L/GOVERNMENT EXPENDITURE				-			-	-	-	-
Social Benefits				-			-	-	-	-
Overhead Cost		30,000.00	14,625,000.00	14,595,000.00	41,400.00	4,875,000.00	4,833,600.00	71,400.00	19,500,000.00	19,428,600.00
Grants & Social Contribution		-	-	-					-	-
Depreciation		47,525,631.14	-	(47,525,631.14)	71,299,891.90		(71,299,891.90)	118,825,523.04	-	(118,825,523.04)

Transfer to LCDA		49,456,078.07	-	(49,456,078.07)			-			
Unpaid Contract				-			-	-	-	-
Legal Fees				-			-	-	-	-
Allowances		6,148,515.56	7,390,554.00	1,242,038.44	3,977,600.00	246,351,800.00	242,374,200.00	10,126,115.56	253,742,354.00	243,616,238.44
Stationaries										
Assets Devaluation				-			-	-	-	-
Impairment				-			-	-	-	-
Tax Expenses				-			-	-	-	-
Bail-Out Repayment				-			-	-	-	-
Audit Fees				-			-	-	-	-
Stabilization Fund				-			-	-	-	-
Disposal of Assets				-			-	-	-	-
Revenue Refunded				-			-	-	-	-
Total Expenditures		1,530,895,067.19	117,875,851,839.00	116,344,956,771.81	112,680,666.28	39,535,838,895.50	39,423,158,229.22	1,594,119,655.40	157,411,690,734.50	155,768,115,001.03
Net Surplus/Deficit		(166,650,750.84)	(115,556,873,067.90)	115,390,222,317.06	(61,822,663.21)	(38,852,845,971.79)	38,791,023,308.58	(228,473,414.05)	(154,409,719,039.69)	154,181,245,625.64
Net Surplus/Deficit 31/12/2019		357,579,255.35	99,842,326.00	257,736,929.35	105,387,462.69	(409,397,614.00)	514,785,076.69	462,966,718.04	(309,555,288.00)	772,522,006.04
Net Surplus/Deficit 31/12/2020		190,928,504.51	(115,457,030,741.90)	115,647,959,246.41	43,564,799.48	(39,262,243,585.79)	39,305,808,385.27	234,493,303.99	(154,719,274,327.69)	154,953,767,631.68

ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO
CONSOLIDATED STATEMENT OF NET ASSET/EQUITY AS AT 31ST DECEMBER 2020

PARTICULAR	ATAKUMOSA EAST			ATAKUMOSA EAST LCDA			ATAKUMOSA EAST CONSOLIDATED		
	RESERVE	ACCUMULATED SURPLUS	TOTAL	RESERVE	ACCUMULATED SURPLUS	TOTAL	RESERVE	ACCUMULATED SURPLUS	TOTAL
OPENING BALANCE AS AT 1/1/2020	57,821,714.18	357,579,255.35	415,400,969.53	207,327,382.42	105,387,462.69	312,714,845.11	265,149,096.60	462,966,718.04	728,115,814.64
Adjusted Reserve		-	-	-	-	-	-	-	-
Adjusted Balance	57,821,714.18	357,579,255.36	415,400,969.53	207,327,382.42	105,387,462.69	312,714,845.11	265,149,096.60	462,966,718.04	728,115,814.64
NET SURPLUS FOR THE YEAR	-	(166,650,750.84)	(166,650,750.84)	-	(61,822,663.21)	(61,822,663.21)	-	(228,473,414.05)	(228,473,414.05)
CLOSING BALANCE AS AT 31/12/2020	57,821,714.18	190,928,504.51	248,750,218.69	207,327,382.42	43,564,799.48	250,892,181.90	269,149,096.60	234,493,303.99	499,642,400.59

NOTES TO THE ACCOUNT

ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO

NOTE 1

CASH AND CASH EQUIVALENT	#
Guaranty Trust	2,778.82
FCMB Bank	2,219.40
Zenith Bank	3,671,207.04
Wema Bank	<u>5,429,796.03</u>
	<u>9,106,001.29</u>

NOTE 2

	#
JAAC	70,692,306.88
VAT	54,966,053.69
FOREX EQUALIZATION	1,100,566.83
EXCHANGE RATE GAIN	<u>619,761.43</u>
	<u>127,378,688.83</u>

NOTE 3

PREPAYMENT/ADVANCES	#
Housing Loan	750,000.00
Vehicle Loan	<u>300,000.00</u>
	<u>1,050,000.00</u>

NOTE 4

INVENTORIES	#
Work Materials	3,653,130.00
Finance Materials	<u>3,068,400.00</u>
	<u>6,721,530.00</u>

NOTE 5

INVESTMENT	#
Omoluabi	13,132,942.00
Kajola integrated	9,523,810.00
Osicol	267,000.00
Preference shares	<u>28,333,333.83</u>
	<u>51,257,085.33</u>

NOTE 6

PROPERTY, PLANTS AND EQUIPMENT	#
Building	603,712,709.66
Infrastructural facilities	617,401,961.32
Plant & machinery	37,446,422.20
Motor vehicles	40,569,233.60
Equipment	41,317,551.20
Furniture & fittings	26,275,599.02
Land	<u>310,877,133.00</u>
	<u>1,677,600,610.00</u>

	NOTE 7	
INVESTMENT PROPERTY	#	
Petrol Station	12,000,000.00	
Open Market	16,500,000.00	
Lock Up Stall	9,700,000.00	
Shopping Complex	<u>27,324,437.99</u>	
	<u>65,524,437.99</u>	
	NOTE 8	
BIOLOGICAL ASSETS	#	
Palm Oil Plantation	21,055,000.00	
	NOTE 10	
UNREMITTED DEDUCTION	#	
Balance as at 1 st January, 2020	162,386,927.01	
Unpaid Deductions	<u>6,569,335.15</u>	
	<u>168,956,282.16</u>	
	NOTE 11	
	#	
Bank Loan	16,502,398.74	
	NOTE 12	
	#	
Payables	310,879,877.77	
	NOTE 13	
LONG-TERM LOAN	#	
Balance as at 1 st January, 2020	1,014,271,503.66	
10km	(23,077,820.40)	
Intervention	(7,189,473.28)	
Environment	(3,886,086.72)	
Bailout	(13,671,440.90)	
December Payables (Bailout)	<u>(2,734,288.18)</u>	
	<u>963,712,394.18</u>	
	NOTE 14	
RESERVES	#	
B/F	265,149,096.60	
	NOTE 15	
ACCUMULATED SURPLUS/DEFICIT	#	
Net Surplus/Deficit for the year	(228,473,414.05)	
Net Surplus (1 st January 2020)	462,966,718.04	
Net Surplus/Deficit 31/12/2020	<u>234,491,303.99</u>	

STATUTORY ALLOCATION JAAC	NOTE 16	# 845,951,123.04
Value Added Tax (VAT)	NOTE 17	# 405,443,101.05
Additional Fund	NOTE 18	# 1,418,081.75
Revenue Furniture Allowance	NOTE 19	# NIL
Ex-Rate Gain	NOTE 20	# 27,433,380.56
Federal Government Intervention Fund	NOTE 21	# 22,977,524.36
ECO	NOTE 22	# 19,068,153.90
Non-Oil Revenue	NOTE 24	# 11,921,608.27
Forex-Equalisation	NOTE 26	# 12,270,384.96
Excess Bank Charges	NOTE 28	# 696,291.66
Community Tax	NOTE 30 - TAX REVENUE	# 950,000.00

NOTE 31 NON-TAX REVENUE

	#
Licence Fees	9,593,591.80

NOTE 32

	#
Other Income	7,923,000.00

NOTE 34

	#
Dependent Revenue	1,347,179,649.55
Independent Revenue	<u>18,466,591.80</u>
	<u>1,365,646,241.35</u>

NOTE 34

	#
TOTAL REVENUE	
Dependent Revenue	1,347,179,649.55
Independent Revenue	<u>18,466,591.80</u>
	<u>1,365,646,241.35</u>

NOTE 35

	#
SALARY AND WAGES	
Local Government Staff	296,130,312.20
Teaching & Non-Teaching Staff Elementary	282,778,773.22
Local Government Staff Loans Board	803,604.83
Local Government Pension Board	1,094,377.13
PHC Staff	<u>149,603,131.62</u>
	<u>730,410,199.00</u>

NOTE 36

	#
SOCIAL BENEFIT	
Training Workshop	54,166,828.07

NOTE 37

	#
OVERHEAD	
General Expenses	43,577,526.72

NOTE 38

	#
GRANTS & SOCIAL CONTRIBUTION	
FAAC Distribution	174,718.11
Grading (Joint Project)	4,000,000.00
Stabilization Fund	15,808,796.81
Christian Welfare	<u>29,597,398.40</u>
	<u>49,580,913.32</u>

	NOTE 39	
TRANSFER TO OTHER AGENCIES		#
Traditional Council		41,684,199.73
Training Fund (LGSC)		8,336,839.91
SUBEB		45,273,865.21
O'Meal		21,481,092.00
O'YES		40,000,000.00
O'HIS		7,593,518.90
O'RAM		11,079,423.09
SUBEB (ADM)		407,600.04
Pension		208,126,109.76
SUBEB Contract		271,388.28
Local Statutory Deduction		33,135,417.05
Audit Fees		<u>19,671,695.72</u>
		<u>437,061,149.69</u>

	NOTE 45	
DEPRECIATION		#
Buildings		12,320,667.44
Infrastructural Facilities		68,600,217.93
Plant & Machinery		9,361,605.55
Motor Vehicles		10,142,308.40
Equipment		10,329,887.60
Furniture & Fittings		5,341,151.00
Investment Property		2,730,184.92
Biological Asset		-
		<u>118,825,523.04</u>

	NOTE 46	
ALLOWANCES		#
Committee Allowances		9,864,727.28
Casual Workers		<u>261,388.28</u>
		<u>10,126,115.56</u>

	NOTE 48	
Stabilization Fund		NIL

	NOTE 49	
Revenue Refunded		NIL

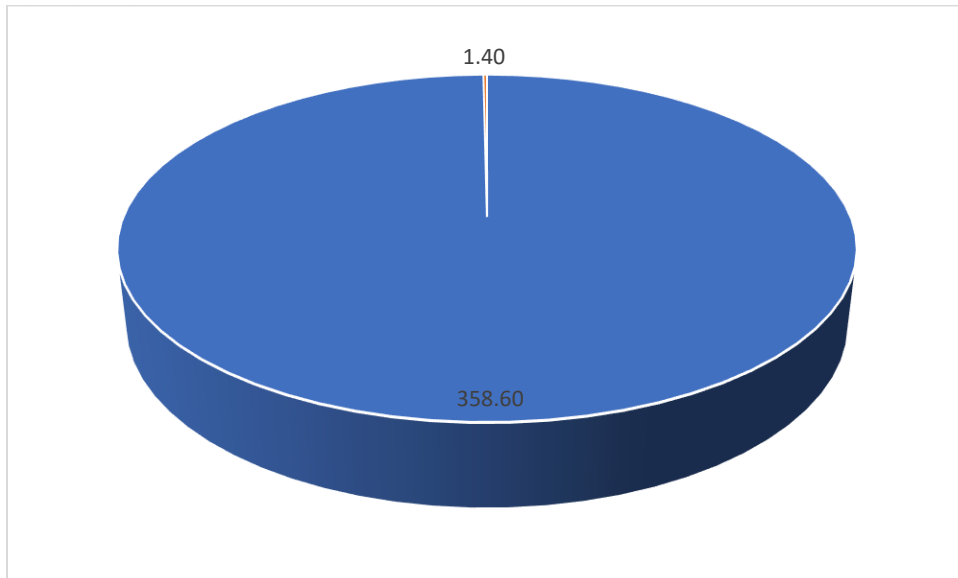
	NOTE 50-51	
NET SURPLUS/DEFICIT		#
Total Revenue		1,365,646,241.35
Total Expenditure		1,594,119,655.40
Net Surplus/Deficit		(228,473,414.05)
Net Surplus/Deficit 1/1/2020		<u>462,966,718.04</u>
Net Surplus/Deficit		<u>234,493,303.99</u>

ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO
STATUTORY FISCAL OPERATIONS REPORT FOR THE YEAR ENDED 31ST DECEMBER,
2020

STATEMENT OF CASHFLOW RATIO

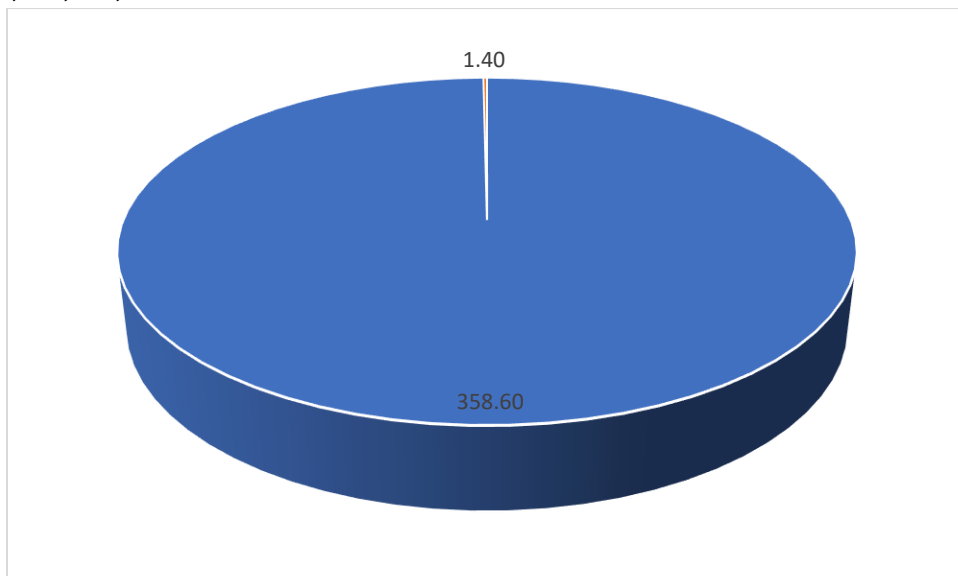
1. FEDERAL STATUTORY ALLOCATION + STATE STATUTORY ALLOCATION: TOTAL REVENUE

$$\frac{1,364,991,586.18}{1,383,458,177.98} \times \frac{100}{1} = 98.67\%$$



2. TOTAL INDEPENDENT REVENUE = TOTAL REVENUE

$$\frac{18,466,591.80}{1,383,458,177.98} \times \frac{100}{1} = 1.33\%$$



3. **PERSONNEL: TOTAL RECURRENT EXPENDITURE**

$$\frac{690,772,113.80}{1,348,066,464.53} * \frac{100}{1} = 51.24\%$$

4. CURRENT RATIO = $\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$ = $\frac{144,256,220.12}{496,338,558.67} = 0.29:1$

5 TOTAL ASSET: TOTAL LIABILITIES = $\frac{1,959,693,353.44}{1,460,050,952.85} = 1.34:1$

6 EQUITY : TOTAL ASSET = $\frac{499,642,400.59}{1,959,693,353.44} = 0.25:1$



**ATAKUNMOSA EAST CENTRAL LOCAL
COUNCIL DEVELOPMENT AREA**

OFFICE: LOCAL GOVERNMENT SECRETARIAT IWARA, STATE OF OSUN

All correspondence should
be addressed to the office
of the chairman

Our Ref: AEC/AD/A/23 Your Ref: LC/AUD/ATEC/DA/13-08 ²⁰²⁰ Date: 15th April, 2021

The Auditor General for Local Governments,
Office of the AGLG,
Osogbo,
Attention:
The Director,
Local Government Audit,
Office of the AGLG,
Osogbo,

MANAGEMENT LETTER

ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2020

**1. EXPENDITURE NOT SUPPORTED BY PROPER RECORDS OR ACCOUNTS
TOTTALLING ₦9,250, 000:00:** It was observed that the Total sum of Nine Million, Two Hundred and Fifty Thousand Naira only (₦9,250, 000:00) was expended without supporting the Payment Vouchers with the required official receipts and sub-receipts in order to authenticate the payment contrary to Financial Memoranda 14:17 which states that, “An official printed receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a Commercial firm. If the printed receipt covers more than one payment voucher, reference to the number of the payment voucher to which the receipt is attached, shall be entered on the other vouchers”. Therefore, efforts should be made to recover the sum of ₦ 9,250,000:00 involve from the recipient

without further delay and forward to this Office of the treasury receipts particulars of recovery within 21 days of the receipt of this report.

RISK:

Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.

MANAGEMENT RESPONSE:

It was an oversight and the receipt would be produced.

RECOMMENDATION:

The recipient/authorizing officer should ensure that all supporting documents were collected while incurring the expenditure.

2. DOUBTFUL EXPENDITURE (N3, 195, 000:00): It was observed that the payments purportedly made in respect of sensitizing Artisans, Youth against terrorism, purchase of food for Widows and Elderly appeared to be doubtful as there were no genuine and concrete evidence that the Programmes were executed.

RISK:

The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.

MANAGEMENT RESPONSE: *The effect of the work done had been eroded with the passage of time before inspection was done supporting evidences such as sub-receipts, photographs, video tapes would be presented.*

RECOMMENDATION:

The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure. However, such occurrences should be guided against in the future by notifying Audit at the instance of the exercise.

3. UNREASONABLE EXPENDITURE (N1, 288,500): It was observed that sensitization programme on how to use treated mosquito nets and bush burning appeared unreasonable since there were no enough justification for the expended amount.

RISK:

Unreasonable expenditure was an indication of financial indiscipline and lack of prudence in the management of Local Government.

MANAGEMENT RESPONSE:

Sensitization was done due to low literacy of the people of the rural community involved.

RECOMMENDATION

Expenditure incurred should be justified and reasonable as there should not be frivolous expenses so as to exhibit financial discipline.

4. IRREGULAR PAYMENT ₦240, 000:00: It was observed that a reasonable number of Payment Vouchers were not controlled by the officer with Authority to Incurred Expenditure (A.I.E) neither were they checked and passed by the Internal Auditor. They were not also supported with proper records or Accounts contrary to Financial Memoranda 14:10 which states that, "Before any payment is made, a prepayments audit of vouchers and supporting documents shall be made by the Internal Auditor on all payment vouchers to verify that the provision of these financial memoranda have been followed in all respects, the payment is one properly authorized and correctly charged to the stated sub-head or account, and that sufficient funds are available to meet it".

RISK:

Not subjecting payment vouchers to Internal Audit check before payment was an indication of weak Internal Control System which could result to misappropriation of public fund.

MANAGEMENT RESPONSE:

It was an oversight and the receipt would be produced.

RECOMMENDATION:

The signatories to the cheque should explain the rationale behind making payment without Internal Auditor's involvement.

5. UNRETIRED IMPREST TALLING ₦450, 000:00: it was observed that the sum of four Hundred and Fifty Thousand Naira Only representing payments made in the month of December, 2020 were not retired contrary to provision of Financial Memoranda 14:27 which states that: Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each financial year.

RISK:

Government Fund might not have been used for official purpose.

MANAGEMENT RESPONSE:

It was an oversight, and the receipt would be produced.

RECOMMENDATION:

Proper recording of petty cash book should be done and all payments must be retired immediately and presented for audit verification.

6. NUGATORY PAYMENT AMOUNTING TO ₦350, 000:00: It was observed that the sum (₦350, 000:00) made for the maintenance law and order during the End Sars protest in Atakunmosa East Local Government, Iperindo. The expenditure should have been incurred from the Chairman's security vote if there was any need for such and during the period under

review, there was no protest in the Local Government. Also the expenditure was not properly accounted for as the request was raised through memo.

MANAGEMENT RESPONSE:

The expenditure was incurred at the instant of the Executive Chairman of the Local Government.

7. BANK RECONCILIATION: Bank Reconciliation was prepared up to December, 2020. The following are the observation arising from the Audit Scrunity of the Bank Reconciliation statement of the Council.

i. **BANK CHARGES:** It was observed that a total sum of ₦932,824.40 appeared as Bank Charges to date which was yet to be brought into Accounts Contrary to Financial Memoranda 19:27, which states that the Receipt and Payment Vouchers shall be made out where any credit or charges shown in the bank statement have not been brought to account in the cashbook and are positively identified as being items due from or to the Local Government, such receipts and payments shall be entered at once into the cashbook for the next month.

ii. **DEBIT IN BANK NOT IN CASHBOOK:** It was observed that the sum of ₦283,016,074.75 appeared debit in Bank not in Cash Book contrary to the existing regulation.

RISK:

Non-preparation of Bank Reconciliation Statement by the Head of Finance could conceal fraud, errors perpetrated in the Bank transactions through extraneous debits in the Bank Statements, and Cashbook collusion between the signatories.

MANAGEMENT RESPONSE: *Payment vouchers in respect of the transactions were not ready as at the time of Audit exercise.*

RECOMMENDATION:

The Head of Finance should ensure that payments are not effected until payment vouchers are completely processed.

**ATAKUNMOSA EAST CENTRAL LOCAL COUNCIL DEVELOPMENT AREA, IWARA
OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED
31ST DECEMBER, 2020**

**1. EXPENDITURE NOT SUPPORTED WITH PROPER RECORDS OR ACCOUNTS
TALLING (N1,432,000:00):** The total sum of One Million, Four Hundred and Thirty Two Thousand Naira Only represents the payment for the purchase of Tyre and servicing of Chairman's official, settlement of boundary disputes, procurement of office equipment for the use of Cashier's office, printing of Cashbook for the use of Office was observed to have been made without attaching proper records such as official receipts and bills e.t.c to authenticate the genuineness of the expenditure which is Contrary to the provision of Financial Memoranda No. 14:16:17 particularly 14:16 states that , "Payment Vouchers shall be receipted by the payee or his authorized agent, and receipt must state clearly in words and figure the actual amount received and not simply "Received the above amount" while paragraph 14:17 stipulate that "An official receipt must be obtained and attached to the payment voucher in respect of a payment to Government, another Local Government or a commercial firm."

RISK:

Payments made without supporting documents could imply non-execution of all or part of the services/purchases, or conceal inflation of prices.

MANAGEMENT RESPONSE:

It was an oversight and the receipt would be produced.

RECOMMENDATION:

The Recipient/Authorizing Officer should present official and verifiable receipts and other necessary documents to prove the authenticity of the expenditure, or should make a refund.

2. UNRETIRED IMPREST TOTALLING ₦1,620, 000:00: The sum of (₦1,620, 000:00) One Million Six Hundred and Twenty Thousand Naira Only representing payment made in the month of November and December, 2020, was not retired contrary to the provision of Financial Memoranda 14:27 which states that, "Imprest shall be retired when the purpose for which the imprest was granted is completed or at such intervals as prescribed when the imprest is approved. However, all imprests shall automatically be retired at the end of each Financial year". This had been made a subject of Audit Query No. LQ/AUD/ATEC/LCDA/04/2020.

RISK:

Government Fund might not have been used for official purpose.

MANAGEMENT RESPONSE:

It was an oversight, and the receipt were eventually presented..

RECOMMENDATION-

Proper recording of petty cash should be done and all payments must be retired immediately and presented for audit verification

3. DOUBTFUL EXPENDITURE (₦3,050, 000:00): It was observed that the payments purportedly made in respect of Sensitization on Marriage Registration among couple and Vigilante group Local hunters, appeared to be doubtful as there were no genuine and concrete evidence that the Programmes were executed.

RISK:

The implication of this expenditure was that the services might not have been performed, thus the public fund might have been diverted for personal purposes.

MANAGEMENT RESPONSE: *The effect of the work done had been eroded with the passage of time before inspection was done supporting evidences would be presented.*

RECOMMENDATION:

The recipients must attach all necessary supporting evidence such as sub-receipts, evidence of participation, or video coverage to prove genuineness of the expenditure.

4. NUGATORY PAYMENT AMOUNTING TO ₦1,145, 000:00: It was observed that the sum (₦1,145, 000:00) was made for Fumigation of Secretariat and three Health Centres,

purchase of Sanitaries equipment to all the Health Centres in Atakumosa East LCDA which was not properly accounted for.

MANAGEMENT RESPONSE: *No response*

5. UNCLAIMED ALLOWANCE TALLING (N160,000:00): One Hundred and sixty Thousand Naira Only observed to have been made that the payment sub-receipt attached to the payment vouchers were not signed by some of the recipients to authenticate the genuineness of the payment which is contrary to Financial Memoranda 14:13 which states that, "Payment shall as far as possible, be made to the person to whom it is due, payment for a third party shall only be made on production of a written authority from the person to whom payment is due, such authority being attached to the payment voucher after payment".

RISK:

This was an indication that purported items might not have been purchased thereby resulting to loss of Local Government fund.

MANAGEMENT RESPONSE:

Action had been taken, sub-receipt attached.

RECOMMENDATION:

An official printed receipt must be obtained and attached to the payment voucher as this proved the authenticity that the expenditure was carried out.

6. BANK RECONCILIATION: Bank Reconciliation was prepared up to December, 2020. The following are the observation arising from the Audit Scrunity of the Bank Reconciliation statement of the Council.

i. **BANK CHARGES:** It was observed that a total sum of N13,055.64 appeared as Bank Charges to date which was yet to be brought into Accounts Contrary to Financial Memoranda 19:27, which states that the Receipt and Payment Vouchers shall be made out where any credit or charges shown in the bank statement have not been brought to account in the cashbook and are positively identified as being items due from or to the Local Government, such receipts and payments shall be entered at once into the cashbook for the next month.

RECOMMENDATION:

The Head of Finance should raise and process payment voucher to wipe off the accumulated bank charges. The Head of Finance should ensure that payments are not made until payment vouchers are completely processed.

ii. **DEBIT IN BANK NOT IN CASHBOOK:** It was observed that the sum of N5,838,672.46 as appeared debit in Bank not in Cash Book contrary to the existing regulation.

RISK:

It could conceal fraud and misappropriation of government fund while unprocessed accumulated bank charges will give unreliable cashbook balance.

MANAGEMENT RESPONSE: *Payment vouchers in respect of the transactions were not ready as at the time of Audit exercise.*

RECOMMENDATION:

The Head of Finance should ensure that payments are not effected until payment vouchers are completely processed.

INTERNAL AUDITORS REPORT:

1. The Internal Control is observed to be weak. Checking of Revenue Collectors was not thorough and there's possibility of leakages in the Revenue collection since the checking was not regular and thorough.
2. The Internal Control Unit is not very effective. The activities of the Local Government were not thoroughly monitored by the Internal Auditor. The quarterly report was not given priority and submitted very lately.

LIST OF PROJECTS EXECUTED BY ATAKUNMOSA EAST LOCAL GOVERNMENT, IPERINDO [JANUARY - DECEMBER 2020]

S/ N	DESCRIPTION	LOCATION	MODE OF EXECUTION	PROJECT COST	AMT RELEASED	BALANCE	REMARK
1.	Replacement of spare part/ servicing of grading machine of the local government	Secretariat Iperindo	Direct Labour	196,000.00	196,000.00	—	Completed
2	Latering and grading of Igbagiri Road junction	Igbagiri	Direct Labour	664,000.00	664,000.00	—	Completed
3	Grading and latering filling of Ilesa boundary Oke-Alaba Odogbo and village around	Oke-Alaba Odogbo	Direct Labour	2,600,000.00	2,600,000.00	—	Completed
4	Grading of Odogbo-Itapa-Eti-Oni and village around	Odogbo-Itapa-Eti-Oni	Direct Labour	400,000.00	400,000.00	—	Completed
5	Sand filling of potholes in Iperindo market and repair of wheel barrow	Iperindo Market	Direct Labour	20,700.00	20,700.00	—	Completed
6	Latering filling of gully eroded areas, depression road in Local Government areas	Local Government Area	Direct Labour	2,230,000.00	2,230,000.00	—	Completed
7	Latering filling of gully eroded areas, depression road in Local Government areas	Local Government Areas	Direct Labour	2,345,000.00	2,345,000.00	—	Completed
8	Latering and grading of Igbagiri road junction and Owasere area	Igbagiri and Owasere area	Direct Labour	475,000.00	475,000.00	—	Completed
9	Construction of Atakunmosa East Local Government Secretariat frontage wall fence and gate house	Secretariat	Direct Labour	8,739,220.00	8,039,220.00	700,000.00	About 100 meters length of block wall including plastering and painting outstanding
10	Purchase of official cars (2) Almera Tino attached to the political functionaries	Councilors	Direct Labour	5,250,000.00	4,750,000.00	500,000.00	Uncompleted
11	Fencing of police station	Iperindo	Direct Labour	2,980,000.00	550,000.00	2,430,000.00	Only block wall in place at four side of the police station
12	Grading and latering of Ipole-Ilaye Road		Direct Labour	400,000.00	400,000.00	—	Completed
13	Grading of Odogbo-Araromi Town		Direct Labour	120,000.00	120,000.00	—	Completed
14	Maintenance of earth road idiroko junction	Idiroko to Oke-Opo	Direct Labour	1,648,000.00	1,648,000.00	—	Completed

	wuse village, oke-odo in Atakunmosa						
15	Grading of Sokoto to Ogundele Road	Sokoto to Ogundele	Direct Labour	739,000.00	739,000.00	—	Completed
16	Maintenance of Earth road of Revenue junction, Alaka, Labosipo in Atakunosa East Local Government	Alaka, Labosipo	Direct Labour	1,810,000.00	1,810,000.00	—	Completed
17	Grading of Iperindo Junction to Ita Merin road	Iperindo Junction to Ita-Merin	Direct Labour	616,000.00	616,000.00	—	Completed
18	Latering and grading of Express to Samuaje Roads Area in Atakunmosa East Local Government	Express to Samuaje Roads	Direct Labour	2,237,000.00	2,237,000.00	—	Completed
19	Latering and grading of Ajebamidele Adedara Road in Atakunmosa East Local Government	Ajebamidele Adedara	Direct Labour	2,200,000.00	2,200,000.00	—	Completed
20	Grading of Akanni, Oke-Odo-Jegede roads in Atakunmosa East Local Government	Akanni Oke-Odo Jegede	Direct Labour	1,840,000.00	1,840,000.00	—	Completed
21	Grading of Odo Township Imogbara roads	Odo Township Imogbara	Direct Labour	100,000.00	100,000.00	—	Completed
22	Re-grading of Odogbo-Itapa-Eti-Oni and other villages	Odogbo Itapa, Eti-Oni	Direct Labour	2,198,000.00	2,198,000.00	—	Completed
23	Grading of Olowu junction pama Akanni-Aguda Gbese Alawin at Atakunmosa East Local Government	Olowu Junction, Gbese Alawin	Direct Labour	1,002,000.00	1,002,000.00	—	Completed
24	Construction of Temporary of collapse bridge of Eti-Oni community	Eti-Oni Community	Direct Labour	500,000.00	500,000.00	—	Completed
25	Construction of double cell culvert with retaining works and reinforced line drain at Iperindo along secretariat route	Iperindo	Direct Labour	12,025,000.00	12,025,000.00	—	Complete roofing completed plus other concrete works
26	Construction of box culvert at faro village (2m x 3m x 7m)	Faro	Direct Labour	2,640,000.00	300,000.00	2,340,000.00	Latering fillings of approaches outstanding
27	Grading exercise from Ilesa-Eti-Oni-Aladura-Igbo Ipere to Itapa, Eti-Oni roads and latering	Aladura-Igbo Ipere to Ijapa/Eti-Oni roads and latering	Direct Labour	300,000.00	300,000.00	—	Completed

28	Latering and grading of Ajebamidele-Adedara road in Atakunmosa East Local Government	Ajebamidele-Adedara	Direct Labour	470,000.00	470,000.00	—	Completed
29	Balance payment on construction of bridge along secretariat	Iperindo	Direct Labour	12,025,000.00	12,025,000.00	—	Completed
30	Extension of 33KVA power line electricity network Akure Express to Idado Junction via Ipole town	Akure Express to Ikoromaja to Idado Junction	Direct Labour	18,000,000.00	13,792,725.00	4,207,275.00	Completed yet to commission
31	Repair and placement of doors and keys at the parliamentary building of the local government	Legislative building Iperindo	Direct Labour	460,000.00	460,000.00	—	Completed
32	Provision of borehole with reservoir generating house in two platform for fetching water at Alonge and Arewa Township	Alonge and Arewa Township	Direct Labour	3,269,400.00	2,000,000.00	1,269,400.00	Generating house plus generator outstanding
33	Construction of modern health center at ipaula village in Atakunmosa East Local Government	Ipaula	Direct Labour	4,995,719	2,000,000.00	2,995,719.00	Uncompleted
34	Provision of borehole with water reservoir generating house platform for fetching water at two different areas		Direct Labour	3,269,400.00	2,000,000.00	1,269,400.00	Generating house plus generator outstanding
35	Re-construction of maternity centre at Ogundele village in A.E.L.G	Ogundele	Direct Labour	3,974,700.00	2,000,000.00	1,974,700.00	Not completed
36	Extension of 415V electricity from Ipole to Ilaye town in ward 03 in A.E.L.G	Ipole to Ilaye town	Direct Labour	3,958,000.00	2,000,000.00	1,958,000.00	Not yet completed
37	Extension of 415V of electricity from Oke-Ayo in Onibudo River	Oke Ayo to Onibudo River	Direct Labour	620,000.00	500,000.00	120,000.00	Completed
38	Grading and maintenance of Eti-Oni junction Aladodo-Owode-Aribifo-Olowu-faro road	Eti-Oni junction Aladodo-owode-Aribifo-Olowu- Faro road	Direct Labour	1,810,000.00	1,810,000.00	—	Completed

39	Maintenance of earth road Alaka-onigbogi road in A.E.L.G	Alaka-Onigbogi	Direct Labour	1,538,000.00	1,538,000.00	—	Completed
40	Grading of Temidire-ilaro road	Temidire-Ilaro	Direct Labour	938,000.00	938,000.00	—	Completed
41	Widening and grading of Eti-Oni to Oko-Ago road	Eti-Oni to	Direct Labour	1,026,000.00	1,026,000.00	—	Completed
42	Grading of Olowu road junction-Pama-Akanni-Aguda-Gbese alawin at A.E.L.G	Olowu road junction Pama-Akanni-Aguda-Gbese alawin at A.E.L.G	Direct Labour	188,000.00	188,000.00	—	Completed
43	Grading of Owada-Sokoto-Onigbogi road in AELG	Owada-Sokoto-Onigbogi road in AELG	Direct Labour	2,400,000.00	2,400,000.00	—	Completed
44	Grading of Express Ajebamidele Aje-Imogbara road	Express Ajebamidele Aje-Imogbara road	Direct Labour	750,000.00	750,000.00	—	Completed
45	Erection of car park of chairman, executive office block	Local government secretariat	Direct Labour	426,000.00	—	426,000.00	Uncompleted
46	Grading of express Ajebamidele-Imogbara road	Express Ajebamidele Aje-Imogbara road	Direct Labour	471,000.00	471,000.00	—	Completed
47	Scarification of rocky area along the Eti-Oni to Oko-Ago road	Eti-Oni to Oko-Ago road	Direct Labour	1,100,000.00	1,100,000.00	—	Completed
48	Grading of Iperindo Bayo-Oriade L.G boundary	Iperindo Bayo-Oriade L.G Boundary	Direct Labour	1,050,000.00	1,050,000.00	—	Completed
49	Scarification of rocky area along the Eti-Oni to Oko-Ago road	Eti-Oni to Oko-Ago road	Direct Labour	458,298.75	458,298.75	—	Completed
50	Purchase of two T.V.S motorcycles with the helmet	Officers	Direct Labour	460,000.00	100,000.00	360,000.00	Not Completed
51	Grading of Earth roads Ijemba road to Ipole roads	Ijemba road to Ipole roads	Direct Labour	200,000.00	200,000.00	—	Completed
				116,863,037.75	99,581,943.75	17,281,094.00	

**LIST OF PROJECTS EXECUTED BY ATAKUNMOSA EAST CENTRAL LOCAL COUNCIL DEVELOPMENT AREA,
IWARA [JANUARY – DECEMBER 2020]**

S/N	DESCRIPTION	LOCATION	MODE OF EXECUTION	PROJECT COST	AMT RELEASED	BALANCE	REMARK
1	Grading and extension of roads width	Ayinrin, Adedeji and Oke-Odo Road	Direct	1,000,000.00	1,000,000.00	-----	Completed
2	Bulldozing and grading of earth road in ward 01 AND 02 of LCDA	Ayegbaju-Ilota road Orogoji, Iwara and Igangan	Direct	3,000,000.00	3,000,000.00	-----	Completed
3	Grading of Earth road in ward 10	Erinburo, Araromi, Olorunsogo, Ajebamidele community	Direct	2,800,000.00	2,800,000.00	-----	Completed
4	Erection of reinforced concrete files (electrical)	Otunrarebi/ Ajebamidele Community A.E.C.L.G LCDA Iwara	Direct	947,000.00	947,000.00	-----	Completed
5	Clearing, pilling and grading of proposed sport Centre	Atorin-Jesa A.E.C LCDA	Direct	1,630,000.00	380,000.00	1,250,000.00	Completed
6	Supply and spreading of mixed gravall on Ilesa, Iwara Road	Iwara-Ilesa Road	Direct	62,000.00	62,000.00	-----	Completed
7	Supply of mixed gravel in pot holes of road	Orogoji-Ijesa	Direct	130,000.00	60,000.00	70,000.00	Completed
8	Construction of noggin and iron burglary's in 1 st Unit of office complex	Permanent Site of LCDA Secretarial, Iwara	Direct	542,000.00	542,000.00	-----	Completed
9	Provision of Absetors celling and Condit pipes in 1 st unit of office Complex	Permanent Site of LCDA Secretarial, Iwara	Direct	400,000.00	400,000.00	-----	Completed
				10,511,000.00	9,191,000.00	1,320,000.00	