STATE GOVERNMENT OF OSUN, NIGERIA.

REPORT OF

THE

AUDITOR-GENERAL

FOR

LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

OSOGBO LOCAL GOVERNMENT

OSOGBO

FOR THE YEAR ENDED

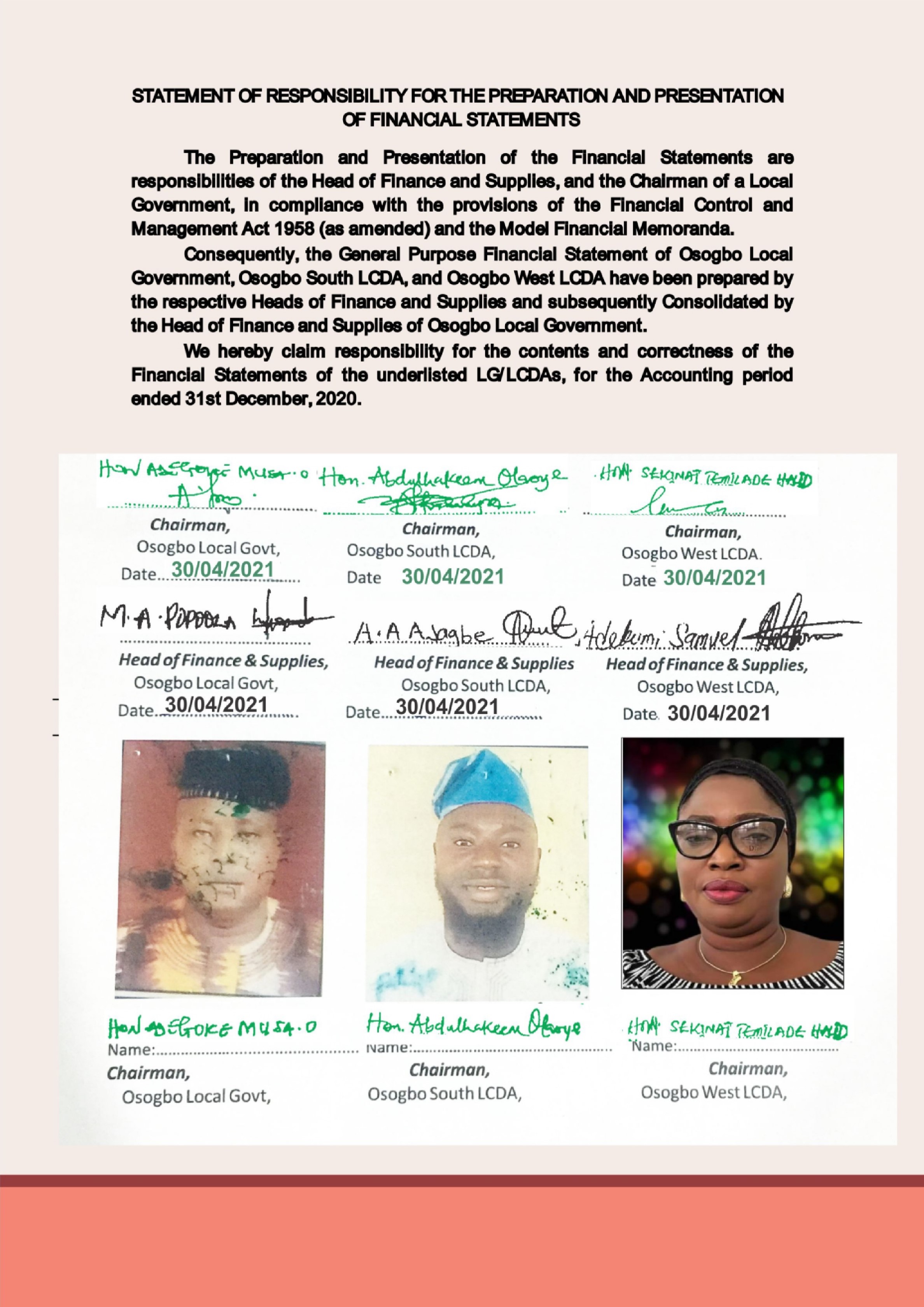
31ST DECEMBER, 2020.

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**LIST OF ABBREVIATIONS**

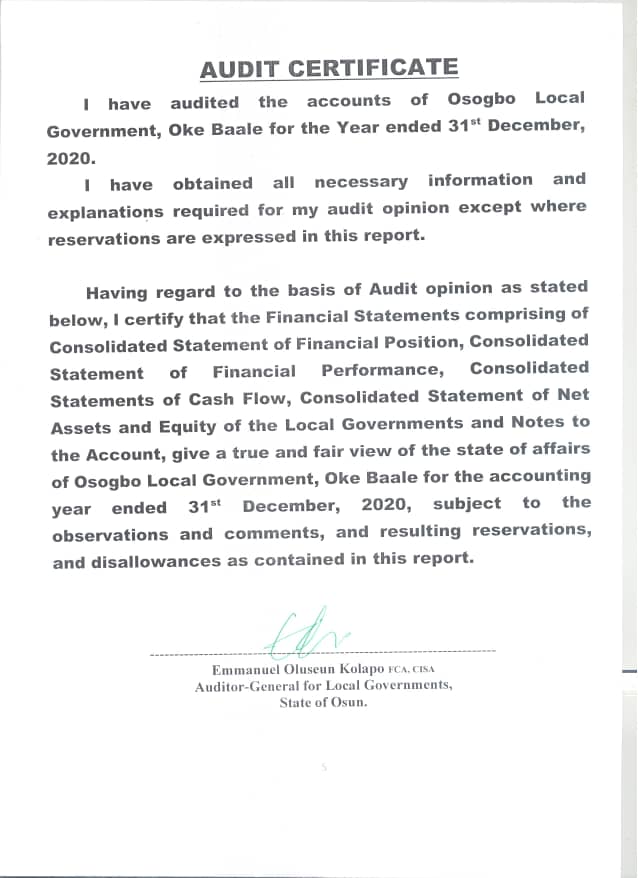
1. AGLG - AUDITOR-GENERAL FOR LOCAL GOVERNMENTS
2. AO - AREA OFFICE/ADMINISTRATIVE OFFICE
3. FAAC - FEDERATION ACCOUNTS ALLOCATION COMMITTEE
4. F.M - FINANCIAL MEMORANDUM
5. FOR - FISCAL OPERATION REPORT
6. GPFS - GENERAL PURPOSE FINANCIAL STATEMENTS
7. IGR - INTERNALLY GENERATED REVENUE
8. ISSAI - INTERNATIONAL 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 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 Osogbo Local Government and subsidiary LCDAs is attached to this report.

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**STATEMENT OF RESPONSIBILITY OF THE AUDITOR-GENERAL.**

It is my responsibility as Auditor-General for Local Governments, to Audit the accounts of the Local Government, 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 Osogbo Local Government 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 Osogbo Local Government 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 Osogbo 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 Osogbo Local Governments are constituents.

The accounts of Osogbo 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.

1. **Accounting Period**

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

1. **Reporting Currency**

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

1. **Principal Statements in the General Purposes Financial Statements**
2. Statements of Financial Performance. (Aggregate and Consolidated)
3. Statements of Financial Position. (Aggregate and Consolidated)
4. Statements of Cash flow.(Aggregate and Consolidated)
5. Statementsof Comparison of Budgeted and Actual Amounts (Aggregate and Consolidated)
6. Statements of Changes in Net Asset/Equity. (Aggregate and Consolidated)
7. Notes to the GPFS.
8. Financial Statement of Joint Accounts Allocation Committee (JAAC)
9. **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. Consequentrly, 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.***

1. **Statement of Cash Flow** was prepared using the direct method (IPSAS 2) and it consists of Operating, Investing and Financing activities.
2. **Inventories (IPSAS 12) -** Inventories were measured initially at cost, and subsequently measured using the FIFO method.
3. **PROPERTY, PLANT & EQUIPMENT (PPE) – IPSAS 17**

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

1. **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:

1. Furniture & Fittings - 20%
2. Motor Vehicle - 20%
3. Plant & Equipment - 20%
4. Infrastructural Asset - 10%
5. Building - 2%
6. Office Equipment - 20%
7. **REVALUATION**
8. The Assets’ residual values and useful lives are reviewed at the end of the year.
9. **IMPAIRMENT**

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

1. **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.

1. **INDEPENDENT REVENUE FROM NON-EXCHANGE TRANSACTION (IPSAS 23)**
2. Fees; taxes and fines: The Local Government recognised revenue from fees, taxes, and fines when the event occured, and the asset recognition criteria are met.
3. **OTHER REVENUE**

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

1. Gain on disposal of Property, Plant and Equipment

2. Dsiposal 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.

1. **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. CONTIGENT LIABILITY IPSAS 19**

Contigent 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 COMMENT**

I have audited the accounts of Osogbo Local Government, Oke Baale (including elements of Local Government fund in various Agencies and Institutions of Government, comprising Traditional Councils, LGSPB, LGSC, SUBEB, O’Meals and other Jointly executed programmes and projects of Local Governments) 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 the Chairmen of Osogbo Local Government and other Chairmen, all of whom were members of the Joint Account Allocation Committee.

**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 Osogbo 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**

Of concern to the Audit is the paltry amount of revenue that was generated in the Financial Year 2020. Audit examination showed that none of the Local Governments improved significantly on their revenue drive. The Total Internally Revenue generated by the Local Government for 2020 was N22,618,527.20 representing 20% 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, 45 nos of Audit Queries were issued in respect of 2020 Accounts, involving a total sum of N7,145,666.71.

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**

1. **STATEMENT OF FINANCIAL PERFORMANCE**

**Share of FAAC and VAT:** To ensure completeness of Revenue, the total Allocation received from the Federation Account in respect of Osogbo Local Government as contained in JAAC Account was confirmed from the Accountant General of the State and further reference was made to data released by office of Accountant General of the Federation. The total sum of N1,138,024,059.25 was Share of FAAC and VAT amounted to N503,632,497.80.

THE CONCEPT OF **DEPENDENT REVENUE.** The term IndependentRevenue 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** |
| Osogbo | 1,022,484,147.52 | 503,632,497.77 | 33,091,155.06 | 27,716,337.04 | 839,892.67 | 14,800,990.80 | 23,000,710.25 | 1,710,542.49 | 14,380,283.42 | 1,641,656,557.02 |

**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. #133,219,297.10.

**SALARIES AND WAGES – N880,092,516.45**

Salaries and Wages which amounted to N880,092,516.45 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 - ₦17,756,630.03**

The Aggregate closing cash and cash equivalents amounted to **₦17,756,630.03** 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 - ₦198,495,410.60**

A total sum of N198,495,410.60k 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 - ₦55,001,340.00**

The sum of ₦6,721,530.00represents 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 - ₦292,455,121.46**

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 - ₦863,532,086.78**

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 - (₦9,984,100.39)**

The carrying amount of Investment Properties of the Local Governments and Area Councils stood at N9,984,100.39 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 - ₦2,866,832,780.57**

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

* 1. Construction of over 10 kilometers of roads, (tagged 10KM roads/Local Government), across all the main Local Governments across the state.
  2. Environmental Projects – includes channelization, chlorinization, etc aimed at preserving lives and environments
  3. Intervention Projects including Grading, access to rural areas, etc..
  4. Repayment of Bail Out

**UNREMITTED DEDUCTIONS - ₦85,038,019.92**

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 COUNCIL TO LOCAL COUNCIL DEVELOPMENT AREAS:**

Transfer from main councils to the tune of #87,982,242.70 was made to the Local Council Development Areas and Area Offices in the period under review and was set off in the Consolidated Account.

**OSOGBO LOCAL GOVERNMENT, OKE-BAALE**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **FINANCIAL POSITION** | | | | | |
| **PARTICULAR** |  | **OSOGBO** | **OSOGBO SOUTH LCDA** | **OSOGBO WEST LCDA** | **OSOGBO CONSOLIDATED** |
| **ASSETS** | **NOTE** |  |  |  |  |
| **Current Assets** |  |  |  |  |  |
| **Cash & Cash Equivalents** | **1** | 10,094,870.68 | 3,946,125.37 | 3,715,633.98 | 17,756,630.03 |
| **Receivables** | **2** | 156,246,665.77 | 11,957,333.76 | 30,291,411.07 | 198,495,410.60 |
| **Prepayment/Advance** | **3** | 5,650,000.00 |  |  | 5,650,000.00 |
| **Inventories** | **4** | 53,924,490.00 | 550,400.00 | 526,450.00 | 55,001,340.00 |
| **Total Current Asset** |  | **225,916,026.45** | **16,453,859.13** | **34,533,495.05** | **276,903,380.63** |
| **Non Current Asset:** |  |  |  |  | - |
| **Long Term Loan Granted** |  |  |  |  | - |
| **Investments** | **5** | 275,455,121.46 | 8,500,000.00 | 8,500,000.00 | 292,455,121.46 |
| **Property,Plant & Equipment** | **6** | 2,319,339,838.54 | 448,130,289.60 | 3,241,194,517.34 | 6,008,664,645.48 |
| **Investment Property** | **7** | 5,190,766.56 |  | 4,793,333.83 | 9,984,100.39 |
| **Biological Asset** | **8** |  |  |  | - |
| **Assets Under Construction(WIP)** | **9** |  | 12,000,000.00 | 28,000,000.00 | 40,000,000.00 |
| **Total Non-Current Asset** |  | 2,599,985,726.56 | 468,630,289.60 | 3,282,487,851.17 | 6,351,103,867.33 |
| **Total Asset** |  | 2,825,901,753.01 | 485,084,148.73 | 3,317,021,346.22 | 6,628,007,247.96 |
| **LIABILITIES** |  |  |  |  | - |
| **Current Liabilities:** |  |  |  |  | - |
| **Deposit** |  |  |  |  | - |
| **Unremitted Deductions** | **10** | 52,657,604.07 | 10,470,399.46 | 21,910,016.39 | 85,038,019.92 |
| **Short Term Loan & Debts** | **11** |  |  |  | - |
| **Payables** | **12** | 586,475,979.47 | 56,938,226.57 | 220,117,880.74 | 863,532,086.78 |
|  |  |  |  |  | - |
| **Short Term Provisions** |  |  |  |  | - |
| **Total Current Liability** |  | 639,133,583.54 | 67,408,626.03 | 242,027,897.13 | 948,570,106.70 |
| **Non Current Liabilities:** |  |  |  |  | - |
| **Long Term Borrowing** | **13** | 2,485,253,474.64 | 95,797,210.24 | 285,782,095.69 | 2,866,832,780.57 |
| **Total Liabilities** |  | 3,124,387,058.18 | 163,205,836.27 | 527,809,992.82 | 3,815,402,887.27 |
| **Net Assets** |  | (298,485,305.17) | 321,878,312.46 | 2,789,211,353.40 | 2,812,604,360.69 |
| **Financed by** |  |  |  |  | - |
| **Reserve** | **14** | 250,416,302.44 | 161,952,487.92 | 3,405,298,513.82 | 3,817,667,304.18 |
| **Net Surplus/Deficit** | **15** | (548,901,607.61) | 159,925,824.54 | (616,087,160.42) | (1,005,062,943.49) |
| **Total** |  | (298,485,305.17) | 321,878,312.46 | 2,789,211,353.40 | 2,812,604,360.69 |

**OSOGBO LOCAL GOVERNMENT, OKE-BAALE**

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER 2020**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PERFORMANCE** | | | | | |
| **PARTICULAR** | **NOTE** | **OSOGBO** | **OSOGBO SOUTH LCDA** | **OSOGBO WEST LCDA** | **OSOGBO CONSOLIDATED** |
| **Government Share of FAAC(Statutory Revenue)** | **16** | 1,022,484,147.52 |  |  | 1,022,484,147.52 |
| **Government Share of VAT** | **17** | 503,632,497.80 |  |  | 503,632,497.80 |
| **Additional Fund** | **18** | 1,710,542.49 |  |  | 1,710,542.49 |
| **Revenue Furniture Allowance** | **19** |  |  |  | - |
| **Ex Rate Gain** | **20** | 33,091,155.06 |  |  | 33,091,155.06 |
| **Augmentation** | **21** |  |  |  | - |
| **Federal Govt Intervention Fund** | **22** | 27,716,337.04 |  |  | 27,716,337.04 |
| **ECO** | **23** | 23,000,710.25 |  |  | 23,000,710.25 |
| **Solid Minerals** | **24** |  |  |  | - |
| **Non-Oil Revenue** | **25** | 14,380,283.42 |  |  | 14,380,283.42 |
| **Distributable from Goods & Valuables** | 26 |  |  |  | - |
| **Forex Equalisation** | **27** | 14,800,990.80 |  |  | 14,800,990.80 |
| **10% IGR** | **28** |  |  |  | - |
| **Excess Bank Charges** | **29** | 839,892.67 |  |  | 839,892.67 |
| **Aids & Grants** | 30 |  |  |  | - |
| **Overpayment Recovery** | 31 |  |  |  | - |
| **Sub-Total Dependent Revenue** |  | 1,641,656,557.05 | - | - | 1,641,656,557.05 |
| **Transfer from Main Council** | **32** |  | 35,879,521.75 | 52,102,720.95 |  |
| **Tax Revenue** | **33** | 69,100.00 | 99,700.00 | 137,850.00 | 306,650.00 |
| **Non-Tax Revenue** | **34** | 7,953,891.00 | 6,848,708.00 | 7,509,278.20 | 22,311,877.20 |
| **Other Income** | **35** |  |  |  | - |
| **Sub-Total Independent Revenue** |  | 8,022,991.00 | 6,948,408.00 | 7,647,128.20 | 22,618,572.20 |
| **Total Revenue** |  | 1,649,679,548.05 | 42,827,929.75 | 59,749,849.15 | 1,664,275,084.25 |
| **EXPENDITURE** |  |  |  |  | - |
| **JOINTLY EXPENDED** |  |  |  |  | - |
| **Salaries & Wages** | **36** | 880,092,516.45 |  |  | 880,092,516.45 |
| **Social Benefits** | **37** |  |  |  | - |
| **Overhead Cost** | **38** |  |  |  | - |
| **Grants & Social Contribution** | **39** |  |  |  | - |
| **Transfer to Other Agencies** | **40** | 584,408,613.42 |  |  | 584,408,613.42 |
| **Allowances** | **41** |  |  |  | - |
| **Public Debt Charge** |  |  |  |  | - |
| **L/GOVERNMENT EXPENDITURE** |  |  |  |  | - |
| **Social Benefits** | **42** | 1,631,800.00 | 150,000.00 | 20,000.00 | 1,801,800.00 |
| **Overhead Cost** | **43** | 20,506,718.30 | 9,856,100.01 | 9,371,531.62 | 39,734,349.93 |
| **Grants & Social Contribution** | **44** | 35,894,000.00 | 26,791,818.23 | 23,786,248.69 | 86,472,066.92 |
| **Depreciation** | **45** | 259,497,180.38 | 49,681,921.07 | 360,035,390.82 | 669,214,492.27 |
| **Transfer to LCDA** | **46** | 87,982,242.70 |  |  | - |
| **Unpaid Contract** |  |  |  |  | - |
| **Legal Fees** |  |  |  |  | - |
| **Allowances** | **47** | 19,316,740.37 | 2,598,666.14 | 25,607,000.00 | 47,522,406.51 |
| **Stationaries** |  |  |  |  | - |
| **Assets Devaluation** |  |  |  |  | - |
| **Impairment** | **48** |  |  |  | - |
| **Tax Expenses** |  |  |  |  |  |
| **Bail-Out Repayment** |  |  |  |  | - |
| **Audit Fees** | **49** |  |  |  | - |
| **Stabilization Fund** | **50** |  |  |  | - |
| **Disposal of Assets** |  |  |  |  |  |
| **Revenue Refunded** |  |  |  |  |  |
| **Total Expenditures** |  | 1,889,329,811.62 | 89,078,505.45 | 418,820,171.13 | 2,309,246,245.50 |
| **Net Surplus/Deficit** | **51** | (239,650,263.57) | (46,250,575.70) | (359,070,321.98) | (644,917,161.25) |
| **Net Surplus/Deficit 31/12/2019** |  | (309,251,344.04) | 206,176,400.24 | (257,016,838.44) | (360,091,782.24) |
| **Net Surplus/Deficit 31/12/2020** | **52** | (548,901,607.61) | 159,925,824.54 | (616,087,160.62) | 1,005,062,943.49 |

**OSOGBO LOCAL GOVERNMENT, OKE-BAALE**

**CONSOLIDATED STATEMENT OF CASHFLOW AS AT 31ST DECEMBER 2020**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CASHFLOW STATEMENT** | | | | | |
| **OPERATING ACTIVITIES** | **NOTE** | **OSOGBO** | **OSOGBO SOUTH LCDA** | **OSOGBO WEST LCDA** | **OSOGBO CONSOLIDATED** |
| **INFLOW** |  |  |  |  |  |
| **Statutory Revenue(JAAC)** | **53** | 1,085,129,773.68 |  |  | 1,085,129,773.68 |
| **Value Added Tax** | **54** | 447,913,073.26 |  |  | 447,913,073.26 |
| **Additional Fund** | **55** | 1,710,542.49 |  |  | 1,710,542.49 |
| **Furniture Allowance** |  |  |  |  | - |
| **Exchange Rate Gain** | **56** | 32,343,575.97 |  |  | 32,343,575.97 |
| **Others(Augmentation** |  |  |  |  | - |
| **Federal Govt Intervention Fund** | **57** | 27,716,337.04 |  |  | 27,716,337.04 |
| **Excess Crude Oil** | **58** | 23,000,710.25 |  |  | 23,000,710.25 |
| **Solid Minerals** | **59** |  |  |  |  |
| **Non-Oil Revenue** | **60** | 14,380,283.42 |  |  | 14,380,283.42 |
| **Distributable Good & Valuable** |  |  |  |  | - |
| **Forex Equalisation** | **61** | 13,473,446.45 |  |  | 13,473,446.45 |
| **10% IGR** | **62** |  |  |  | - |
| **Excess Bank Charges** | **63** | 1,621,664.86 |  |  | 1,621,664.86 |
| **Sub Total Dependent Revenue** |  | 1,647,289,407.42 |  |  | 1,647,289,407.42 |
| **Transfer from Main Council** | **64** |  | 35,879,521.75 | 52,102,720.95 | 87,982,242.70 |
| **Tax Revenue** | **65** | 69,100.00 | 99,700.00 | 137,850.00 | 306,650.00 |
| **Non-Tax Revenue** | **66** | 7,953,891.00 | 6,848,708.00 | 7,509,278.20 | 22,311,877.20 |
| **Aids and Grants** | **67** |  |  |  | - |
| **Overpayment Recovery** |  |  |  |  | - |
| **Sub Total Independent Revenue** |  | 8,022,991.00 | 6,948,408.00 | 7,647,128.20 | 22,618,527.70 |
| **Total Inflow Operating Activities** |  | **1,655,312,398.42** | **42,827,929.75** | **59,749,849.15** | **1,669,907,934.62** |
| **OUTFLOW** |  |  |  |  | - |
| **Salaries & Wages** | **68** | 804,937,769.37 |  |  | 804,937,769.37 |
| **Overheads Cost** | **69** | 27,222,624.68 | 934,100.01 | 9,171,531.62 | 37,328,256.31 |
| **Allowances** | **70** | 47,522,406.51 |  |  | 47,522,406.51 |
| **Social Benefits** | **71** | 1,631,800.00 | 150,000.00 | 20,000.00 | 1,801,800.00 |
| **Social Contributions** | **72** | 53,266,886.40 | 37,802,484.37 | 44,055,248.69 | 135,124,619.46 |
| **Inventories** | **73** | 742,500.00 | 3,984,400.00 | 5,966,000.00 | 10,692,900.00 |
| **Transfer to LCDA** | **74** | 87,982,242.70 |  |  | - |
| **Audit Fee** | **75** |  |  |  | - |
| **Transfer to Other Govt Agencies** | **76** | 532,370,521.46 |  |  | 532,370,521.46 |
| **Revenue Refunded** |  |  |  |  |  |
| **Total Outflow from Operating Activities** |  | **1,555,676,751.12** | **42,870,984.38** | **59,212,780.31** | **1,569,778,273.11** |
| **Net Cashflow from Operating Activities** |  | **99,635,647.30** | **(43,054.63)** | **537,068.84** | **100,129,661.51** |
| **INVESTING ACTIVITIES** |  |  |  |  | - |
| **Total Inflow from Investing Activities** |  |  |  |  | - |
| **CashFlow from Investing Activities:** |  |  |  |  | - |
| **Administrative Sector** | **77** |  |  |  |  |
| **Economic Sector** | **78** | 8,220,000.00 |  |  | 8,2220,000.00 |
| **Total Outflow from Investing Activites** |  | 8,220,000.00 | - | - | 8,220,000.00 |
| **Net Cashflow from Investing Activities** |  | (8,220,000.00) | - | - | (8,220,000.00) |
| **Inflow from Financing Activities** |  |  |  |  | - |
| **Bank Overdraft** | **79** |  |  |  | - |
| **Total Inflow from Financing Activities** |  |  |  |  |  |
| **OUTFLOW(REPAYMENT)** |  |  |  |  | - |
| **Bail-Out Repayment** | **80** | 13,671,440.90 |  |  | 13,671,440.90 |
| **10km Road** | **81** | 24,359,282.48 |  |  | 24,359,282.48 |
| **Water Project** | **82** |  |  |  | - |
| **Enviromental Sanitation Loan** | **83** | 44,642,032.40 |  |  | 44,642,032.40 |
| **Loan Repayment (Inherited)** | **84** |  |  |  | - |
| **Bank Loan** | **85** |  |  |  | - |
| **Intervention Loan** | **86** | 3,886,086.72 |  |  | 3,886,086.72 |
| **Total Outflow from Financing Activities** |  | **86,558,842.50** | **-** | **-** | **86,558,842.50** |
| **Net Cashflow from Financing Activities** | **87** | **(86,558,842.50)** | **-** | **-** | **(86,558,842.50)** |
| **Cash and Cash Equivalent for the year** |  | **4,856,804.80** | **(43,054.63)** | **537,068.84** | **5,350,819.01** |
| **Cash and Cash Equivalent 01/01/2020** |  | **5,238,065.88** | **3,989,180.00** | **3,178,565.14** | **12,405,811.02** |
| **Cash and Cash Equivalent 31/12/2020** | **88** | **10,094,870.68** | **3,946,125.37** | **3,715,633.98** | **17,756,630.03** |

**OSOGBO LOCAL GOVERNMENT, OKE-BAALE**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **OSOGBO** | | | **OSOGBO SOUTH** | | | **OSOGBO WEST** | | | **OSOGBO CONSOLIDATED** | | |
| **PARTICULAR** | **NOTE** | **ACTUAL** | **FINAL BUDGET** | **VARIANCE** | **ACTUAL** | **FINAL BUDGET** | **VARIANCE** | **ACTUAL** | **FINAL BUDGET** | **VARIANCE** | **ACTUAL** | **FINAL BUDGET** | **VARIANCE** |
| **Government Share of FAAC(Statutory Revenue)** |  | 1,022,484,147.52 | 540,139,346.73 | 482,344,800.79 |  | 270,069,673.36 | (270,069,673.36) |  | 270,069,673.36 | (270,069,673.36) | **1,022,484,147.52** | **1,080,278,693.45** | **(57,794,545.93)** |
| **Government Share of VAT** |  | 503,632,497.80 | 223,956,536.58 | 279,675,961.22 |  | 111,978,268.29 | (111,978,268.29) |  | 111,978,268.29 | (111,978,268.29) | **503,632,497.80** | **447,913,073.16** | **55,719,424.64** |
| **Additional Fund** |  | 1,710,542.49 | 855,721.24 | 854,821.25 |  | 427,635.62 | (427,635.62) |  | 427,635.62 | (427,635.62) | **1,710,542.49** | **1,710,992.48** | **(449.99)** |
| **Exchange Rate Gain** |  | 33,091,155.06 | 16,171,787.98 | 16,919,367.08 |  | 8,085,893.99 | (8,085,893.99) |  | 8,085,893.99 | (8,085,893.99) | **33,091,155.06** | **32,343,575.96** | **747,579.10** |
| **Forex Equalisation** |  | 14,800,990.80 | 6,736,723.22 | 8,064,267.58 |  | 3,368,361.61 | (3,368,361.61) |  | 3,368,361.61 | (3,368,361.61) | **14,800,990.80** | **13,473,446.44** | **1,327,544.36** |
| **Revenue Furniture Allowance** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **ECO** |  | 23,000,710.25 | 11,500,370.12 | 11,500,340.13 |  | 5,750,185.06 | (5,750,185.06) |  | 5,750,185.06 | (5,750,185.06) | **23,000,710.25** | **23,000,740.24** | **(29.99)** |
| **Federal Govt Intervention Fund** |  | 27,716,337.04 | 13,858,168.52 | 13,858,168.52 |  | 6,929,084.26 | (6,929,084.26) |  | 6,929,084.26 | (6,929,084.26) | **27,716,337.04** | **27,716,337.04** | **-** |
| **Non-Oil Revenue** |  | 14,380,283.42 | 7,190,141.71 | 7,190,141.71 |  | 3,595,070.85 | (3,595,070.85) |  | 3,595,070.85 | (3,595,070.85) | **14,380,283.42** | **14,380,283.41** | **0.01** |
| **Excess Bank Charges** |  | 839,892.67 | 419,696.33 | 420,196.34 |  | 209,848.16 | (209,848.16) |  | 209,848.16 | (209,848.16) | **839,892.67** | **839,392.65** | **500.02** |
| **Sub-Total Dependent Revenue** |  | **1,641,656,557.05** | **820,828,492.43** | **820,828,064.62** | **-** | **410,414,021.20** | **(410,414,021.20)** | **-** | **410,414,021.20** | **(410,414,021.20)** | **1,641,656,557.05** | **1,641,656,534.83** | **22.22** |
| **Transfer from Main Council** |  |  |  | **-** | **35,879,521.75** |  | **35,879,521.75** | **52,102,720.95** | **-** | **52,102,720.95** | **87,982,242.70** | **-** | **87,982,242.70** |
| **Tax Revenue** |  | 69,100.00 | 153,325.00 | (84,225.00) | 99,700.00 | 76,662.50 | 23,037.50 | 137,850.00 | 76,662.50 | 61,187.50 | **306,650.00** | **306,650.00** | **-** |
| **Non-Tax Revenue** |  | 7,953,891.00 | 11,155,938.60 | (3,202,047.60) | 6,848,708.00 | 5,577,969.30 | 1,270,738.70 | 7,509,278.20 | 5,577,969.30 | 1,931,308.90 | **22,311,877.20** | **22,311,877.20** | **-** |
| **Other Income** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Sub-Total Independent Revenue** |  | **8,022,991.00** | **11,309,263.60** | (3,286,272.60) | **6,948,408.00** | **5,654,631.80** | 1,293,776.20 | **7,647,128.20** | **5,654,631.80** | 1,992,496.40 | **22,618,527.20** | **22,618,527.20** | **-** |
| **Total Revenue** |  | **1,649,679,548.05** | **832,137,756.03** | 817,541,792.02 | **42,827,929.75** | **416,068,653.00** | (373,240,723.25) | **59,749,849.15** | **416,068,653.00** | (356,318,803.85) | **1,752,257,326.95** | **1,664,275,062.03** | **87,982,264.92** |
| **EXPENDITURE** |  |  |  |  |  |  |  |  |  |  | **-** | **-** | **-** |
| **JOINTLY EXPENDED** |  |  |  |  |  |  |  |  |  |  | **-** | **-** | **-** |
| **Salaries & Wages** |  | 880,092,516.45 | 440,046,258.22 | (440,046,258.23) |  | 220,023,129.11 | 220,023,129.11 |  | 220,023,129.11 | 220,023,129.11 | **880,092,516.45** | **880,092,516.44** | **(0.01)** |
| **Social Benefits** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Overhead Cost** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Grants & Social Contribution** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Transfer to Other Agencies** |  | 584,408,613.42 | 309,145,695.71 | (275,262,917.71) |  | 154,572,847.86 | 154,572,847.86 |  | 154,572,847.86 | 154,572,847.86 | **584,408,613.42** | **618,291,391.43** | **33,882,778.01** |
| **Allowances** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Stationaries** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Public Debt Charge** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **L/GOVERNMENT EXPENDITURE** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Social Benefits** |  | 1,631,800.00 | 900,900.00 | (730,900.00) | 150,000.00 | 450,450.00 | 300,450.00 | 20,000.00 | 450,450.00 | 430,450.00 | **1,801,800.00** | **1,801,800.00** | **-** |
| **Overhead Cost** |  | 20,506,718.30 | 19,289,524.33 | (1,217,193.97) | 9,856,100.01 | 9,644,762.17 | (211,337.84) | 9,371,531.62 | 9,644,762.17 | 273,230.55 | **39,734,349.93** | **38,579,048.67** | **(1,155,301.26)** |
| **Grants & Social Contribution** |  | 35,894,000.00 | 43,236,033.46 | 7,342,033.46 | 26,791,818.23 | 21,618,016.73 | (5,173,801.50) | 23,786,248.69 | 21,618,016.73 | (2,168,231.96) | **86,472,066.92** | **86,472,066.92** | **-** |
| **Depreciation** |  | 259,497,180.38 | 334,607,246.13 | 75,110,065.75 | 49,681,921.07 | 167,303,623.06 | 117,621,701.99 | 360,035,390.82 | 167,303,623.06 | (192,731,767.76) | **669,214,492.27** | **669,214,492.25** | **(0.02)** |
| **Transfer to LCDA** |  | 87,982,242.70 | 38,954,194.99 | (49,028,047.71) |  | 194,770,097.49 | 194,770,097.49 |  | 194,770,097.49 | 194,770,097.49 | **87,982,242.70** | **428,494,389.97** | **340,512,147.27** |
| **Unpaid Contract** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Legal Fees** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Allowances** |  | 19,316,740.37 | 23,761,203.25 | 4,444,462.88 | 2,598,666.14 | 11,880,601.62 | 9,281,935.48 | 25,607,000.00 | 11,880,601.62 | (13,726,398.38) | **47,522,406.51** | **47,522,406.49** | **(0.02)** |
| **Stationaries** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Assets Devaluation** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Impairment** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Tax Expenses** |  | - | 57,650.64 | 57,650.64 | - | 28,825.32 | 28,825.32 | - | 28,825.32 | 28,825.32 | **-** | **115,301.28** | **115,301.28** |
| **Bail-Out Repayment** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Audit Fees** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Stabilization Fund** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Disposal of Assets** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Revenue Refunded** |  |  |  | - |  |  | - |  |  | - | **-** | **-** | **-** |
| **Total Expenditures** |  | **1,889,329,811.62** | **1,209,998,706.73** | **(679,331,104.89)** | **89,078,505.45** | **780,292,353.36** | **691,213,847.91** | **418,820,171.13** | **780,292,353.36** | **361,472,182.23** | **2,397,228,488.20** | **2,770,583,413.45** | **373,354,925.33** |
| **Net Surplus/Deficit** |  | **(239,650,263.57)** | **(377,860,950.70)** | **138,210,687.13** | **(46,250,575.70)** | **(364,223,700.36)** | **317,973,124.66** | **(359,070,321.98)** | **(364,223,700.36)** | **5,153,378.38** | **(644,971,161.25)** | **(1,106,308,351.42)** | **461,337,190.17** |
| **Net Surplus/Deficit 31/12/2019** |  | (309,251,344.04) | 1,004,332,918.37 | (1,313,584,262.41) | 206,176,400.24 | 1,360,154,764.34 | (1,153,978,364.10) | (257,016,838.44) | 864,633,642.00 | (1,121,650,480.44) | (360,091,782.24) | 3,229,121,324.71 | (3,589,213,106.95) |
| **Net Surplus/Deficit 31/12/2020** |  | **(548,901,607.61)** | **626,471,967.67** | **(1,175,373,575.28)** | **159,925,824.54** | **995,931,063.98** | **(836,005,239.44)** | **(616,087,160.42)** | **500,409,941.64** | **(1,116,497,102.06)** | **(1,005,062,943.49)** | **2,122,812,973.29** | **3,127,875,916.78** |

**OSOGBO LOCAL GOVERNMENT, OKE-BAALE**

**CONSOLIDATED STATEMENT OF NET ASSET/EQUITY AS AT 31ST DECEMBER 2020**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **PARTICULAR** | **OSOGBO** | | | **OSOGBO LCDA** | | | **OSOGBO AREA OFFICE** | | | | **OSOGBO CONSOLIDATED** | | | |
|  | **RESERVE** | **ACCUMULATED SURPLUS** | **TOTAL** | **RESERVE** | **ACCUMULATED SURPLUS** | **TOTAL** | | **RESERVE** | **ACCUMULATED SURPLUS** | **TOTAL** | | **RESERVE** | **ACCUMULATED SURPLUS** | **TOTAL** |
| **OPENING BALANCE AS AT 1/1/2020** | **250,416,302.44** | **(309,251,344.04)** | **(58,835,041.60)** | **161,952,487.92** | **206,176,400.24** | **368,128,888.16** | | **3,405,298,513.82** | **(257,016,838.44)** | **3,148,281,675.38** | | **3,817,667,304.18** | **(360,091,782.24)** | **3,457,575,521.94** |
| **Adjusted Reserve** |  | **-** | **-** |  | **-** | **-** | |  | **-** | **-** | | **-** | **-** | **-** |
| **Adjusted Balance** | **250,416,302.44** | **(309,251,344.04)** | **(58,835,041.60)** | **161,952,487.92** | **206,176,400.24** | **368,128,888.16** | | **3,405,298,513.82** | **(257,016,838.44)** | **3,148,281,675.38** | | **3,817,667,304.18** | **(360,091,782.24)** | **3,457,575,521.94** |
| **NET SURPLUS FOR THE YEAR** | **-** | **(239,650,263.57)** | **(239,650,263.57)** | **-** | **(46,250,575.70)** | **(46,250,575.70)** | | **-** | **(359,070,321.98)** | **(359,070,321.98)** | | **-** | **(644,971,161.25)** | **(644,971,161.25)** |
| **CLOSING BALANCE AS AT 31/12/2020** | **250,416,302.44** | **(548,901,607.61)** | **(298,485,305.17)** | **161,952,487.92** | **159,925,824.54** | **321,878,312.46** | | **3,405,298,513.82** | **(616,087,160.42)** | **2,789,211,353.40** | | **3,817,667,304.18** | **(1,005,062,943.49)** | **2,812,604,360.69** |

**NOTES TO THE ACCOUNTS**

NOTE 1 CASH & CASH EQUIVALENTS

UNITY BANK 9,713,802.38

FCMB 5,312.80

ZENITH BANK 159,554.62

HERITAGE BANK 1,267.58

ACCESS BANK 47,782.25

UNION BANK 442,200.23

POLARIS BANK 3,685,790.37

UBA 2,184,198.11

KAJOLA 2,423.58

MICROFINANCE BANK 448,266.57

WEMA BANK 1,066,031.54

**17,756,630.03**

NOTE 2 RECEIVABLES

JAAC 198,495,410.60

NOTE 3 PREPAYMENT/ADVANCES

HOUSING LOAN 4,450,000.00

VEHICLE LOAN 1,200,000.00

5,650,000.00

NOTE 4 INVENTORIES

WORK MATERIALS 30,000,000.00

FINANCE MATERIALS 10,000,000.00

OFFICE MATERIALS 15,001,340.00

55,001,340.00

NOTE 5 INVESTMENTS

OMOLUABI 13,132,942.00

KAJOLA INTEGRATED 9,523,810.00

OSICOL 267,000.00

PREFERENCE SHARES 28,333,333.33

OTHERS 241,198,036.12

292,455,121.46

NOTE 6 PROPERTY,PLANT & EQUIPMENT

BUILDING 86,747,971.87

INFRASTRUCTURAL FACILITIES 5,863,957,743.42

PLANTS & MACHINERY 2,448,000.00

MOTOR VEHICLE 38,213,748.85

EQUIPMENTS 8,736,933.34

FURNITURE & FITTINGS 8,560,248.00

**6,008,664,645.48**

NOTE 7 INVESTMENT PROPERTY

OTHERS(NBV) 4,793,333.83

OPEN MARKET(NBV) 5,190,766.56

9,984,100.39

NOTE 8 BIOLOGICAL ASSETS

OTHERS(NBV) NIL

NOTE 9 ASSETS UNDER CONSTRUCTION

LOCAL GOVERNMENT SECRETARIAT 40,000,000.00

NOTE 10 UNREMITTED DEDUCTION

AS AT 1ST JAN 2020 104,664,539.76

UNPAID DEDUCTIONS (19,626,519.84)

85,038,019.92

NOTE 11 SHORT TERM BORROWING

NIL

NOTE 12 PAYABLE

PAYABLE 863,532,086.78

NOTE 13 LONG TERM LOAN

BAL B/F 2,956,125,911.25

10 KM (24,359,282.48)

INTERVENTION (44,642,032.40)

ENVIRONMENTAL (3,886,086.72)

BAIL-OUT (13,671,440.90)

DECEMBER PAYABLES (2,734,288.18)

2,866,832,780.57

NOTE 14 RESERVES

BAL B/F 3,817,667,304.18

NOTE 15 ACCUMULATED SURPLUS/(DEFICIT)

NET DEFICIT(1ST JAN 2020) (654,490,279.79)

ADDITIONAL NET SURPLUS FOR THE YEAR (662,531,052.83)

(1,317,021,332.62)

NOTE 16 STATUTORY ALLOCATION

JAAC 1,022,484,147.52

NOTE 17 VAT

VAT 503,632,497.80

NOTE 18 ADDITIONAL FUND

ADDITIONAL FUND 1,710,542.49

NOTE 19 REVENUE FURNITURE ALLOWANCE

NIL

NOTE 20 EXCHANGE RATE GAIN

EXCHANGE RATE GAIN 33,091,155.06

NOTE 21 FEDERAL GOVT INTERVENTION FUND

FEDERAL GOVT INTERVENTION FUND 27,716,337.04

NOTE 22 ECO

ECO 23,000,710.25

NOTE 23 SOLID MINERALS

NIL

NOTE 24 NON-OIL REVENUE

NON-OIL REVENUE 14,380,283.42

NOTE 25 DIDTRIBUTABLE FROM GOODS & VALUABLES

NIL

NOTE 26 FOREX EQUALISATION

FOREX EQUALISATION 14,800,990.80

NOTE 27 10% IGR

NIL

NOTE 28 EXCESS BANK CHARGES

EXCESS BANK CHARGES 839892.67

NOTE 29 DEPENDENT REVENUE

JAAC 1,022,484,147.52

VAT 503,632,497.80

ADDITIONAL FUND 1,710,542.49

EXCHANGE RATE GAIN 33,091.155.06

FEDERAL GOVT INTERVENTION FUND 27,716,337.04

ECO 23,000,710.25

NON-OIL REVENUE 14,380,283.42

FOREX EQUALISATION 14,800,990.80

EXCESS BANK CHARGES 839,892.67

1,641,656,557.05

NOTE 30 TAX REVENUE

COMMUNITY TAX 306,650.00

NOTE 31 NON-TAX REVENUE

LICENSE FEE 22,311,877.20

NOTE 32 OTHER INCOME

OTHER INCOME NIL

NOTE 33 INDEPENDENT REVENUE

TAX REVENUE 306,650.00

NON-TAX REVENUE 22,311,877.20

TOTAL 22,618,527.20

NOTE 34 TOTAL REVENUE

DEPENDENT REVENUE 1,641,656,557.05

INDEPENDENT REVENUE 22,618,527.20

1,664,275,084.25

NOTE 35 SALARY & WAGES

LOCAL GOVT STAFF 331,992,711.81

TEACHING & NON-TEACHING STAFF:ELEMENTARY 244,014,835.97

MIDDLE 146,764,848.57

LOCAL GOVT STAFF LOANS BOARD 803,604.83

LOCAL GOVERNMENT PENSION BOARD 1,094,377.13

PHC STAFF 155,422,138.14

880,092,516.45

NOTE 36 SOCIAL BENEFITS

HUMAN RESOURCES

TRAINING & WORKSHOP

NIL

NOTE 37 OVERHEAD

RUNNING COST(ALGON SECRETARIAT) NIL

NOTE 38 GRANTS & CONTRIBUTION

FAAC DISTRIBUTION NIL

NOTE 39 TRANSFER TO OTHER AGENCIES

TRADITIONAL COUNCIL 51,670,320.40

TRAINING FUND 10,334,064.00

SUBEB 45,273,865.21

OMEAL 21,481,092.00

OYES 40,000,000.00

OHIS 15,210,896.45

ORAMP 11,079,423.09

SUBEB(ADMIN) 407,600.04

PENSION 330,870,687.93

SUBEB(CONTRACT) 271,388.28

LOCAL STATUTORY DEDUCTIONS 33,135,417.05

AUDIT FEES 24,673,858.97

584,408,613.42

NOTE 40 ALLOWANCE

O’CLEAN ALLOWANCE NIL

NOTE 41 PUBLIC DEBT CHARGES

FINANCE COST NIL

LOCAL GOVERNMENT EXPENDITURE

NOTE 42 SOCIAL BENEFITS

TRAINING & WORKSHOP 1,000,000.00

FINANCIAL ASSISTANCE 801,800.00

1,801,800.00

NOTE 43 OVERHEAD COST

REPAIR & MAINTENANCE 39,000,000.00

IMPREST 734,349.43

39,734,349.93

NOTE 44 GRANT & SOCIAL CONTRIBUTION

ILEYA GIFT & OTHERS 28,000,000.00

EASTER CELEBRATION -

RAMADAN -

CHRISTMAS CELEBRATION 18,000,000.00

GRADING -

CLEARING OF DEBRIS -

SENSITISATION & TRAINING 22,472,066.92

PALLIATIVE MATERIAL(COVID 19) 18,000,000.00

86,472,066.92

NOTE 45 DEPRECIATION

BUILDING 1,758,999.43

INFRASTRUCTURAL FACILITIES 650,753,749.28

PLANT & MACHINERY 592,000.00

MOTOR VEHICLE 11,583,916.29

EQUIPMENT 2,184.233.33

FURNITURE & FITTINGS 2,125,312.00

INVESTMENT PROPERTY 216,281.94

669,214,492.27

NOTE 46 ALLOWANCE

COMMITTEE ALLOWANCE 47,522,406.51

NOTE 47 IMPAIRMENT COST

NIL

NOTE 48 STABILISATION FUND

NIL

NOTE 49 REVENUE REFUNDED

NIL

NOTE 50-51 NET SURPLUS/DEFICIT

TOTAL REVENUE 1,664,275,084.25

TOTAL EXPENDITURE 2,309,246,245.50

NET SURPLUS/DEFICIT (644,971,161.25)

NET SURPLUS/DEFICIT 1/1/2020 (360,091,782.24)

NET SURPLUS/DEFICIT (1,005,062,943.49)

**OSOGBO LOCAL GOVERNMENT, OSOGBO**

**STATUTORY FISCAL OPERATIONS REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2020**

**STATEMENT OF CASHFLOW RATIO**

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

1,647,289,407.44 X 100

1,669,907,934.62 1 = **98.65%**

2. TOTAL INDEPENDENT REVENUE = TOTAL REVENUE

22,618,527.20 \* 100

1,669,907,934.64 1 = **1.35%**

3. PERSONNEL: TOTAL RECURRENT EXPENDITURE

804,937,769.37 \* 100

1,569,778,273.11 1 = **51.28%**

**STATEMENT OF FINANCIAL POSITION RATIO**

4. CURRENT RATIO = CURRENT ASSETS = 276,777,382.11

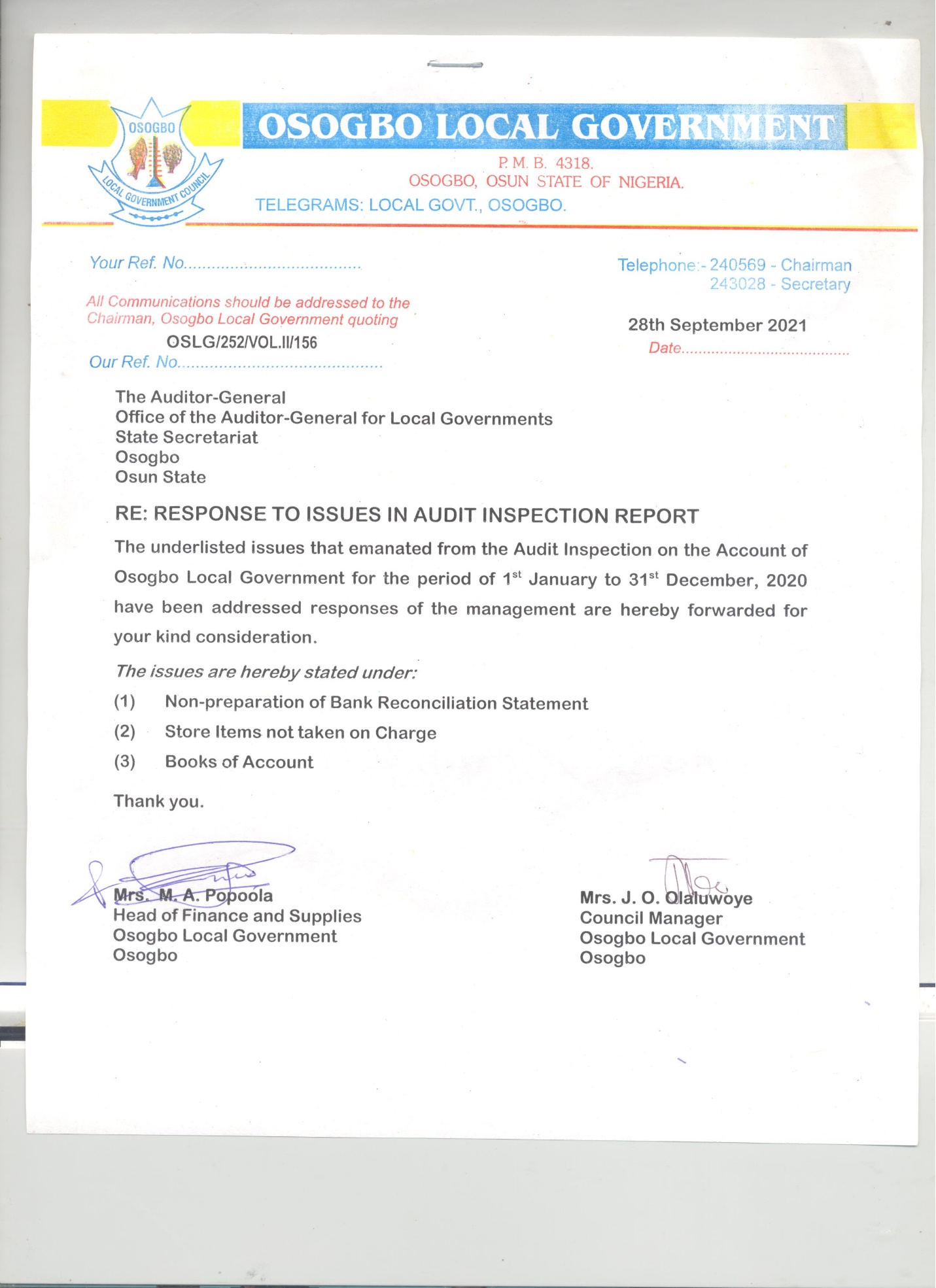
CURRENT LIABILITIES 948,444,108.18 = **0.29:1**

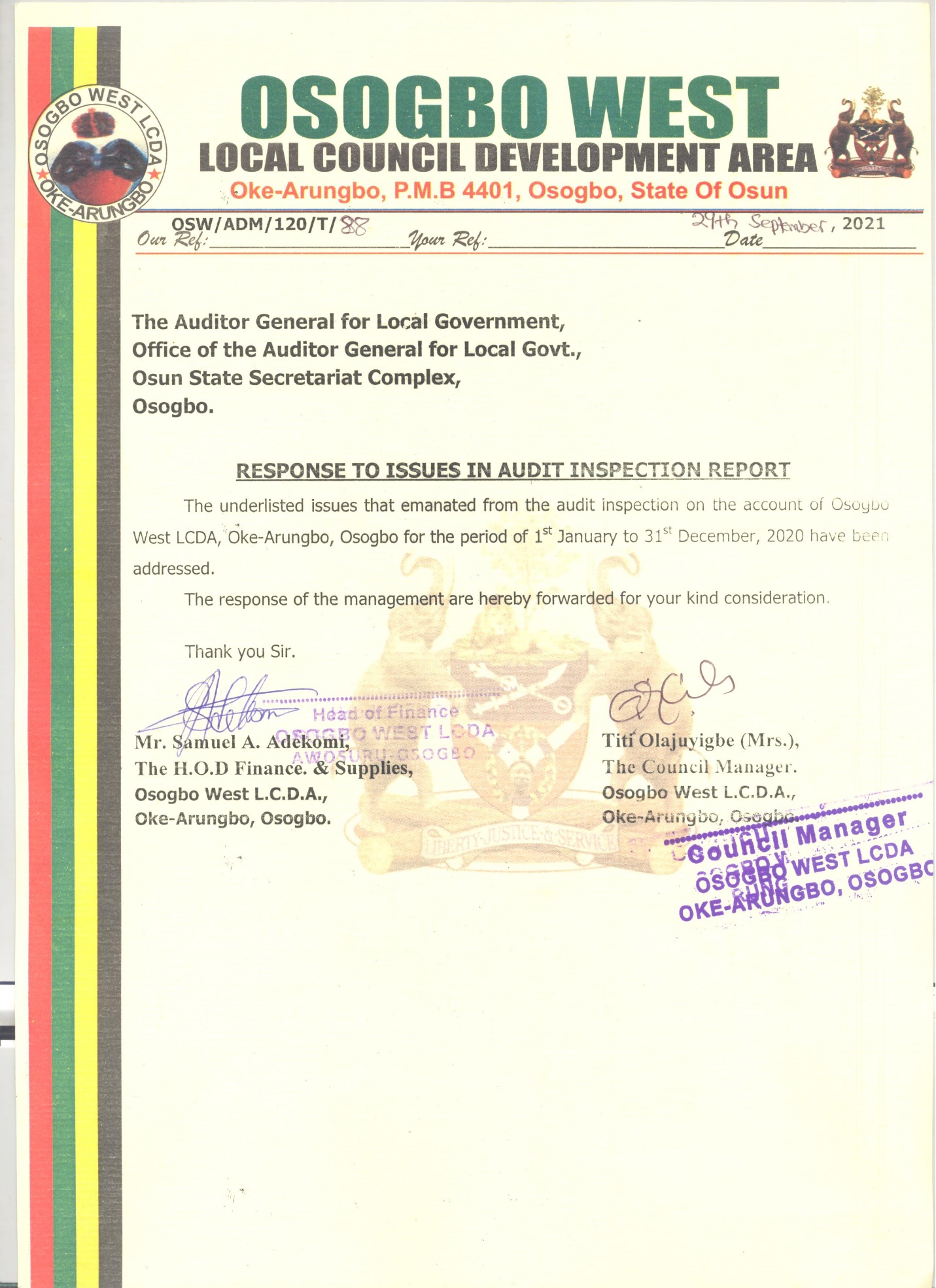
5. TOTAL ASSET: TOTAL LIABILITIES = 6,628,007,247.96

3,815,402,887.27 = **1.71:1**

6. EQUITY : TOTAL ASSET = 2,812,604,360.69

6,628,007,247.76 = 0.42:1

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**MANAGEMENT LETTER**

**OSOGBO LOCAL GOVERNMENT, OKE BALE, OSOGBO**

**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2020**

**1.** **BOOKS OF ACCOUNT:** It was observed that most of the subsidiary books were not maintained. The posting and balancing of these ledgers were updated at the instance of Audit team. The Head of Finance had been admonished to ensure adequate supervision of his subordinate henceforth.

**2.** **BANK RECONCILIATION STATEMENT:** The Bank Reconciliation Statements for the period under review were not prepared and presented for Audit Scrutiny. It was last prepared on 31st December 2018 and all efforts made to obtain them proved fruitless. Meanwhile, the accuracy of the Bank Balances with the cash book balance could not be established.

***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:*** *Bank Statements were not readily available as at the time of Audit exercise.*

***RECOMMENDATION:***

*The Head of Finance should ensure that Bank Statements are collected at Bank prepared and submitted for Auditing on a monthly basis.*

**3.** **UNRECEIPTED EXPENDITURE (N520,000.00):** It was observed that the total sum of Five Hundred and Twenty Thousand Naira was spent on various programmes such as hosting of a meeting on how to improve IGR, measurement and paper work of proposed 5km road, payment of water bill, entertainment etc. between July to December 2020. Further observation shows that all the expenditure could not be accounted for and were not attached with official receipt, invoice etc., to authenticate the payment made which is contrary to the provision of 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”.

***RISK:***

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

***MANAGEMENT RESPONSE:***

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

***RECOMMENDATION-***

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

**4.** **DOUBTFUL EXPENDITURE AMOUNTING N1,735,000.00:** The Local Government spent a total sum of N1,735,000.00 on enlightenment, sanitization programmes, training of selected youths during the Christmas provision of social welfare packages for artisians and seminar for farmers in the Council. The expenditure appeared doubtful because tangible evidence such as letter of invitation, list of participants, names of resource persons etc. could not be produced at the time of Audit Inspection to authenticate the payment and all efforts made to retrieve them proved abortive.

***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.*

**5.** **STORE ITEMS NOT TAKEN ON CHARGE WORTH N1,472,000.00:** It was observed that store items worth One Million, Four Hundred and Seventy two Thousand Naira were not charged to the Store before usage which is contrary to the Financial Memoranda 34:17 (1-2) which states that, “All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights, etc. against the Local Purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger.

***RISK:***

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

***MANAGEMENT RESPONSE:*** *Store ledgers were not updated as at the time of audit inspection.*

***RECOMMENDATION-***

*The Internal Auditor should be alive to his responsibilities and audit attachments to payment vouchers and reflect in the internal Auditor’s Report. The Internal Auditor should audit Stores to ascertain receipt and distribution of items.*

**6.** **IRREGULAR PAYMENTS AMOUNTING TO N1,291,047.01:** The examination of the payment vouchers showed that payment made to some people for service rendered to the Local Government totaling N1,291,047.01 were irregular and not checked and passed by the Internal Auditor before payments were effected 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:*** *The voucher was lost in transit as at the time of Audit. However, it has been found and represented for Auditing.*

***RECOMMENDATION:***

*The Head of Department should ensure that payment voucher is properly processed before any payment*

**OSOGBO SOUTH LOCAL COUNCIL DEVELOPMENT AREA, ISALE-OSUN, OSOGBO**

**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2020**

**1**. **BANK RECONCILIATION STATEMENT:** It was observed during Audit Inspection that preparation of Bank Reconciliation Statements was not done as at when due as preparation was only made to 31st December, 2018. All efforts made to obtain the Bank Reconciliation Statement proved abortive. Hence, the accuracy of the Bank balance with the Cash book could not be ascertained at the time of this report. The Head of Finance is hereby charged to be alive to his responsibility in ensuring timely preparation of the arrears.

***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:*** *Bank Statements were not readily available as at the time of Audit exercise.*

***RECOMMENDATION:***

*The Head of Finance should ensure that Bank Statements are collected at Bank prepared and submitted for Auditing on a monthly basis.*

**2**. **UNRETIRED IMPREST TOTALLING (N40,000.00):** The recent Audit Inspection revealed that imprest made to some officers were not retired before subsequent ones were paid to them 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 are prescribed when the imprest is approved. However, all impests shall be 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 should be done and all payments must be retired immediately and presented for audit verification.*

**3.** **UNRECEIPTED EXPENDITURE AMOUNTING TO (N43, 000.00):** Payment vouchers amounting (N43,000.00) were not supported with required official receipts and document which is contrary to the provision of 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”. All efforts of the inspecting officers to get these document properly receipted prove abortive.

***RISK:***

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

***MANAGEMENT RESPONSE:***

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

***RECOMMENDATION-***

*All necessary supporting documents such as store receipt voucher and store issued vouchers should be attached to the payment vouchers before put into use.*

**4.** **STORE ITEMS NOT TAKEN ON CHARGE AMOUNTING N494,000.00:** Audit verification revealed that payments were made to various officers of the Local Government for the production and printing of documents and purchase of Desktop computer and other accessories. It was observed that the materials could not be traced to the store to show that the items were actually produced or purchased which is contrary to the Financial Memoranda 34:17 (1-2) which states that, “All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights, etc. against the Local Purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger”.

***RISK:***

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

***MANAGEMENT RESPONSE:*** *Store ledgers were not updated as at the time of audit inspection.*

***RECOMMENDATION-***

*The Internal Auditor should be alive to his responsibilities and audit attachments to payment vouchers and reflect in the internal Auditor’s Report. The Internal Auditor should audit Stores to ascertain receipt and distribution of items.*

**5.** **FIXED ASSET REGISTER:** The Fixed Asset Register was not maintained by the Local Government during Audit Inspection despite the procurement of additional asset. The Asset schedule collated during the first time adoption of IPSAS Acrual in 2017 was not detailed enough and could not be accepted in lieu of Asset Register. A very good fixed asset register should contain, serial number, identification codes, date of acquisition, and description of asset, cost of acquisition, depreciation rate method, amount as well as salvage value and net book value. Meanwhile the specimen of the Asset Register was given to the Head of Finance and supplies for opening and updating of it as a matter of urgency and inform this office of compliance with this instruction.

**6**. **IRREGULAR PAYMENT AMOUNTING N179,000.00:** The examination of the payment vouchers showed that payments made to some members staff for various job done totaling N179,000.00 were irregular and not checked and passed by the Internal Auditor before payments were made 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”. This had been made subject of Audit Query No. LQ/AUD/OSOS/07/2020.

***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:*** *The voucher was lost in transit as at the time of Audit. However, it has been found and represented for Auditing.*

***RECOMMENDATION:***

*The Head of Department should ensure that payment voucher is properly processed before any payment*

**7.** **DOUBTFUL EXPENDITURE WORTH N2,250,000.00:** The expenditure incurred by the Local Council Development Area on distribution of food items to the Aged and Widows appeared doubtful because tangible evidence that would justified the payment such as list of beneficiaries, their addresses and video clips could not be produced for Audit scrutiny which made the genuineness of the programme/expenditure doubtful.

***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.*

**OSOGBO WEST LOCAL COUNCIL DEVELOPMENT AREA, OKE-ARUGBO, OSOGBO**

**OBSERVATIONS AND INTERNAL CONTROL REVIEW FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2020**

**1**. **BOOKS OF ACCOUNTS:** The Books of Account were updated in arrears at the instance of Audit team despite my comment in the previous year report. In the same vein, Revenue and Expenditure Analysis was not prepared as and when due which made the Audit exercise to be unduly prolonged. The Head of Finance is admonished to ensure proper and adequate supervision of his subordinates to ensure comprehensive and timely report of Financial Statement.

**2.** **BANK RECONCILIATION STATEMENT:** The Bank Reconciliation Statements were not prepared as at when due, as the preparation was only brought up to 31st September, 2020 as at the time of this report. Meanwhile, a total sum of #334,937.64 was floating as Bank charges as from previous months to date which was yet to be brought into Account contrary to financial memoranda 19:27 which states that “Receipt and Payment vouchers shall be made out where any credit or charges shown in the Bank Statement have been not been brought to Account in the Cash Book. The Head of Finance is admonished to bring the bank charges to the account in their Cash book and prepare the outstanding Reconciliation Statement for audit scrutiny.

***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:*** *Bank Statements were not readily available as at the time of Audit exercise.*

***RECOMMENDATION:***

*The Head of Finance should ensure that Bank Statements are collected at Bank prepared and submitted for Auditing on a monthly basis.*

**3.** **INTERNALLY GENERATED REVENUE:** The Revenue Generated by the Local Government was far below expectation. Most of the Local Council Development Area Revenue points were not fully tapped. The Revenue collectors needed to be motivated by providing them with adequate incentives when targets are met to serve as morale booster’ for their efforts to put in their best in the area of Revenue Generation for the Local Government.

***RISK:***

*The implication of this was that the Local Government is susceptible to financial crisis in the event of none on low allocation from Federation Account.*

***RECOMMENDATION:***

*The Local Council is therefore advised to increase revenue drive in order to enhance its revenue to meet its enormous responsibilities, by tapping into other sources of revenue such as crop and livestock farming.*

**4.** **OLAGUNSOYE OYINLOLA SHOPPING COMPLEX:** Audit investigation revealed that nothing was generated from the investment property for past years and no effort was made by the successive Rate Officers and the Head of Finance towards its collection. The attention of the Council Manager and Head of Finance was drawn to it and they have been admonished to inform their legal retainer to take legal action against the debtors to recover the outstanding rents or in the alternative eject the present occupants and admit new tenants with concrete agreement to forestall repeat performance.

**5.** **DOUBTFUL EXPENDITURE TOTALLY N750,000.00:** It was observed that the total sum of #750,000.00 was expended on clearing of illegal dumpsite, purchase of materials, entertainments and enlightenment campaign. The expenditure appeared doubtful and could not be proved with tangible evidence of performance such as list of participant/beneficiaries, letter of invitation and evidence of payment of honorarium to the resource person to justify the payment made.

***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.*

**6.** **STORE ITEMS NOT TAKEN ON CHARGE (N502,000.00):** Audit Inspection revealed that the Local Council Development Area did not have a good store to safeguard materials purchased or donated. It was observed that the Printing of Budget Clearance Certificate, Ledger Account Books, Purchase of Damaged Spare parts and Purchase of Stationeries etc were not taken on charge in the Store which is contrary to the Financial Memoranda 34:17 (1-2) which states that, “All stores should be examined immediately they are received by the store keeper or other official responsible for the stores. The stores must be checked for quantities, weights, e.t.c. against the Local Purchase order, invoice of Government store issue voucher; if the stores delivered are found to be correct and in good condition, they will be taken on charge and entered as a receipt in the appropriate stores ledger”. This has also been made a subject of query No. LQ/AUD/OSW/06/2020.

***RISK:***

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

***MANAGEMENT RESPONSE:*** *Store ledgers were not updated as at the time of audit inspection.*

***RECOMMENDATION-***

*The Internal Auditor should be alive to his responsibilities and audit attachments to payment vouchers and reflect in the internal Auditor’s Report. The Internal Auditor should audit Stores to ascertain receipt and distribution of items.*

**INTERNAL AUDITOR’S REPORT**

1. The Internal Control unit should try to improve on its daily activities. The Lock up, open shops, marriage unit and the Rate Section should strive more to improve on the monthly IGR of the Council. The urban nature of the Seat of the Council should assist the IGR particularly the Parks which need to be thoroughly monitored and controlled.

2. The Internal Control mechanism seems to be waking-up gradually. The Internal Auditor should x-ray the functional Revenue items and revive the abandoned to improve on the monthly IGR of the Council. The marriage unit of the Council, WES, and Town Planning activities be monitored thoroughly.

3. The Internal Control unit is weak. There is no impact of Internal Control mechanism on the administration of the Council particularly, Revenue generation. The IGR is going down and the Council is only rely on monthly State allocation. The Shopping Complex, Lock up and Open Shops available within the locality were not properly monitored and the Revenue generated from them be monitored.

**LIST OF PROJECTS EXECUTED BY OSOGBO WEST LOCAL COUNCIL DEVELOPMENT AREA, AWOSURU [JANUARY – DECEMBER 2020]**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **S/N** | **DESCRIPTION** | **LOCATION** | **MODE OF EXECUTION** | **PROJECT COST** | **AMOUNT RELEASED** | **BALANCE** |
| 1. | Grading of Road | DSS Junction Ogo-Oluwa | Direct Labour | 120,000.00 | 120,000.00 | Nil |
| 2. | Constriction of Phase II Office Complex | Local Government Premises | Direct Labour | 26,151,190.80 | 200,000.00 | 25,951,191.00 |
|  |  |  |  | **26,271,191.00** | **320,000.00** | **25,951,191.00** |