

# **CERTIFICATE**

## **OF THE**

### **AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF KAJOLA LOCAL GOVERNMENT, OKEHO FOR THE YEAR ENDED 31ST DECEMBER, 2021**

In compliance with the provision of Part VII, Section 66 (Subsections 2, 3 and 5) of Oyo State Local Government Law 2001, Section 5 (Subsection 4) of the State Joint Local Government Account (Distribution) Law 2002 and the provisions of Model Financial Memoranda, the Book of Accounts and General Purpose Financial Statements of Kajola Local Government, Okeho for the year ended 31st December, 2020 have been audited.

2. The General Purpose Financial Statements consisting of (a) Responsibility Statement (b) Cash Flow Statement (c) Statement of Financial Position (d) Statement of Consolidated Revenue Fund (e) Statement of Capital Development Fund and (f) Notes to the Accounts were prepared in line with IPSAS Cash by the management of the Local Government.

3. The audit inspection was planned and performed in accordance with the Generally Accepted Auditing Standards. As a result of the Audit, I have obtained sufficient evidence to State that:

- (a) The revenues from Federation Account were understated due to deductions by the State Joint Local Governments Account Allocation Committee in compliance with the underlisted laws
  - (i) Oyo State Compulsory and Free Universal Basic Education Law, 2005
  - (ii) Primary Health Care Board Law, 2016
  - (iii) Oyo State Local Government Law, 2001
  - (iv) State Joint Local Government (Distribution) Law, 2002

- (b) The expenditures of Local Government were understated due to expenditures incurred centrally by the State Joint Local Government Account Allocation Committee majorly on Universal Basic Education, Primary Health Care and Sundries.
- (c) Some projects and programmes were verified in line with the prevailing administrative guidelines

4. In my opinion, without prejudice to the comments in paragraph 3 above, the SAR and observations contained in the Domestic Report, the year 2021 General Purpose Financial Statements showed the true and fair view of the financial transactions of the Local Government.



**Olusola Olanrewaju Akinola**  
Auditor-General for Local Governments,  
Oyo State

# **REPORT**

## **OF THE**

### **AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF KAJOLA LOCAL GOVERNMENT, OKEHO FOR THE YEAR ENDED 31ST DECEMBER, 2021**

The attached General Purpose Financial Statements of Kajola Local Government, Okeho have been examined in accordance with the Oyo State Local Government Law 2001, Part VII Section 66 Sub-sections (2) (3) & (5), State Joint Local Government, Oyo State Joint Local Government Distribution Law 2002, Oyo State Audit Law 2021 Section 27, 34 & 35 and the provisions of Model Financial Memoranda for Local Governments.

2. The General Purpose Financial Statements were prepared by the management of Kajola Local Government, Okeho and the management is therefore responsible for the contents and the information therein.

3. I have obtained all the information and explanations that I required and in my opinion, the Financial Statements are correct subject to the observations in this report.

#### **4. COMPLIANCE AUDIT**

(A) **Violation of Appropriation Law:** All expenditures shown in the Statement of Actual Expenditure for the year have been authorized as provided by the Law except as follows:

Audit Query No. LQ/KAJ/03/2021: Excess Expenditures Disclosed by the Statement

<b>Economic Code</b>	<b>Final Approved provision (₦)</b>	<b>Actual Expenditure (₦)</b>	<b>Excess Disclosed (₦)</b>
22020407	600,000.00	661,290.32	61,290.32
22020409	1,000,000.00	1,289,354.84	289,354.84
2200601	100,000,000.00	101,796,258.06	1,796,258.06
2200604	2,000,000.00	2,550,000.00	550,000.00
22021029	2,000,000.00	2,615,000.00	615,000.00

22020407	50,000.00	225,000.00	175,000.00
22020409	15,000.00	175,000.00	160,000.00
21010101	3,500,000.00	4,847,227.00	1,347,227.00
22020803	380,000.00	420,000.00	40,000.00
22021020	Nil	455,000.00	455,000.00
22021029	1,000,000.00	1,197,000.00	197,000.00
22021030	Nil	2,085,000.00	2,085,000.00
23010113	200,000.00	2,041,000.00	1,841,000.00
23010146	200,000.00	2,041,000.00	1,841,000.00
22021001	Nil	155,000.00	155,000.00
22021021	Nil	3,010,000.00	3,010,000.00
21010101	40,000,000.00	43,932,906.13	3,932,906.13
22070709	8,000,000.00	10,066,343.78	2,066,343.78
22020402	Nil	22,000.00	22,000.00
22020706	Nil	150,000.00	150,000.00
21010101	44,300,000.00	49,453,722.56	5,153,722.56
22020304	Nil	58,000.00	58,000.00
23050110	28,000,000.00	50,025,150.50	22,025,150.50
23050111	10,000,000.00	13,628,000.00	3,628,000.00
21010101	150,000,000.00	156,117,891.10	6,117,891.10
22021007	<u>7,100,000.00</u>	<u>9,020,000.00</u>	<u>1,920,000.00</u>
	<b><u>398,345,000.00</u></b>	<b><u>460,500,663.31</u></b>	<b><u>62,155,663.31</u></b>

**(B) Violation of Provisions of Model Financial Memoranda**

(i) Non-Maintenance of Register: The underlisted registers were not maintained or presented for audit:

- (a) Personnel Emolument Register
- (b) Asset Register
- (c) Register of Cheque Books
- (d) Register of Audit Correspondence
- (e) Investment Register

(ii) Payment Not Supported by Proper Records/Accounts: The underlisted payments were not supported with evidence of payment e.g. official printed receipts, etc.

SN	Query No	Details	Amount (₦)	Reasons
1	LQ/KAJ/MA/01/2021	Part payment for NDLEA rented apartment	200,000.00	Expenditure nor supported by proper Records or Accounts
2	LQ/KAJ/MA/02/2021	Rent on property	120,000.00	“
3	LQ/AUD/IWA/MA/01/2021	Payment for practical training photovoltaic (PV) renewal Energy	150,000.00	“

**(C) Violation of enabling Circulars and Guidelines**

(i) Failure to constitute Revenue Committee

**5. FINANCIAL AUDIT**

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

a. **Cash Flow Statement:** The Cash Flow Statement as at 31st December, 2021 contained the following errors.

Items	Amount shown in the Statement (₦)	Correct Amount (₦)
Operating activities		
Outflow Purchase/ construction of Assets	130,834,735.02	260,643,640.31

b. **Notes to the Accounts and Basis of the Accounts:** There would appear to be no obvious effort to transit to IPSAS Accrual from IPSAS Cash.

## 6. **COMPLETENESS**

### a. **Revenue:**

- (i) The revenues from Federation Account Allocation Committee (FAAC) would appear understated by deductions effected by the State Joint Local Government Account Allocation Committee (SJLGAAC) in compliance with the provisions of the State Joint Local Government (Distribution) Law, 2002, Oyo State Compulsory, and Free Universal Basic Education Law, 2005, Primary Health Care Board Law, 2016 and Oyo State Local Government Law, 2001.
- (ii) There would appear to be non- payment of Ten Percent State Internal Generated Revenue to the Local Government by the State Government.
- (iii) There would appear to be non-payment of Local Government share of amount realized by the State Government on Land Use Charge as contained in Oyo State Land Use Charge Law 2011.
- (iv) There would appear to be absence of Revenue Laws (Bye Laws) thus making collection of revenue difficult and unenforceable.

### b. **Expenditure:**

- (i) The expenditures incurred centrally by the State Joint Local Government Account Allocation Committee on Universal Basic Education, Primary Health Care and others would appear unaccounted for in the General Purpose Financial Statement of the Local Government.

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

8. **DISALLOWANCE:** Allowance of conducts and expenditures highlighted in paragraphs 4, 5 and 6 of this report have been reserved pending satisfactory explanations and answers to the queries or sanction of the Public Accounts Committee of the House of Assembly/the State Executive Council.

9. **STATE OF ACCOUNTS:** The Accounts of the Local Government have been examined up to 31st December, 2021 and below is the summary of my recommendations to the Chairman and the management of the Local Government.

- (a) Adherence to Appropriation Law
- (b) Promulgation of Revenue Laws
- (c) 10% stabilization must be deducted from statutory Revenue from Federation Account to serve as a back-up for the management.
- (d) Revenue Department should be mobilized by the Management to improve Internally Generated Revenue.
- (d) Constitution of Revenue Committee



**Olusola Olanrewaju Akinola**  
Auditor-General for Local Governments,  
Oyo State

The Chairman,  
Kajola Local Government,  
Okeho.

Office of the Auditor-General for  
Local Governments, Ibadan,  
Oyo State.

Please furnish an early reply to the query below. You should type your reply on the original copy of the query and return it to the above address. No covering letter is necessary and the duplicate copy should be retained for your office records. Please note the copy to this Query should be self-contained, that is reference should not be made to the copy on another Query

### **2021 ACCOUNTS**

#### **Subject: Excess Disclosed by the Statement**

Authorizing Officer: Mr. Adedokun J. O. (DAGS)  
Mr. Adeniran J.A. (DF)

#### **EXCESS EXPENDITURE**

Please, quote authority under Part VII, Section 66, Sub Sections 2, 3 & 5 of the Oyo State Local Government Law 2001 for the following excess expenditure appearing in the Annual Financial Statements

<b>Economic Code</b>	<b>Final Approved provision (₦)</b>	<b>Actual Expenditure (₦)</b>	<b>Excess Disclosed (₦)</b>
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