

CERTIFICATE

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF LAGELU LOCAL GOVERNMENT, IYANA-OFFA 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 Lagelu Local Government, Iyana-Offa 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 did not show 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 LAGELU LOCAL GOVERNMENT, IYANA-OFFA FOR THE YEAR ENDED 31ST DECEMBER, 2021

The attached General Purpose Financial Statements of Lagelu Local Government, Iyana-Offa 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 (Distribution) Law 2002, Sections 27, 34 & 35 of Oyo State Audit Law 2021 and the provisions of Model Financial Memoranda for Local Governments.

2. The General Purpose Financial Statements were prepared by the management of Lagelu Local Government, Iyana-Offa 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/LAG/MA/01/2021: Excess Expenditures Disclosed by the Statement

Economic Code	Final Approved Provision (₦)	Actual Expenditure (₦)	Excess Disclosed (₦)
22021029	1,000,000.00	170,000.00	70,000.00
22020601	1,300,000.00	18,987,000.00	5,987,000.00
22020801	Nil	300,000.00	300,000.00
22021001	3,600,000.00	5,410,000.00	1,810,000.00
22021007	1,000,000.00	2,745,000.00	1,745,000.00
22020502	Nil	437,500.00	437,500.00

22020101	Nil	149,000.00	149,000.00
22020305	250,000.00	371,000.00	121,000.00
22020709	1,500,000.00	4,522,056.40	3,022,056.40
22020803	150,000.00	2,550,000.00	2,400,000.00
22021007	Nil	75,000.00	75,000.00
22020803	Nil	300,000.00	300,000.00
22020403	300,000.00	658,900.00	358,900.00
22020412	300,000.00	610,000.00	310,000.00
22020406	Nil	30,000.00	30,000.00
22020501	Nil	150,000.00	150,000.00
22021029	1,000,000.00	1,197,910.00	197,900.00
22021032	1,000,000.00	1,800,000.00	800,000.00
23010112C	Nil	133,900.00	133,900.00
23010112C	800,000.00	3,214,625.00	2,414,625.00
23010105	25,000,000.00	39,794,189.98	14,794,189.98
23930121	100,000.00	528,700.00	428,700.00
2305011	65,000,000.00	73,800,375.00	8,800,375.00
23010122	3,000,000.00	5,760,000.00	2,760,000.00
Total	105,300,000.00	163,695,156.38	47,595,146.38

(B) Violation of Provisions of Model Financial Memoranda

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

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

(ii) Unvouched Payment: The Bank Reconciliation Statement/Cash Order Forms as at 31st December, 2021 showed that the underlisted payments were made without raising Payment Vouchers.

Audit Query No. LQ/LAG/MA/02/2021: Unvouched Payments

a. S/N	Date Cheque Issue	Cheque No.	Bank	Amount (₦)	Date Presented
1.	30/10/2021	Not stated	Union	208,268.00	Not stated
2.	07/09/2021	Not stated	Not stated	830,000.00	Not stated
3.	08/04/2021	Not stated	Union	3,000.00	Not stated
4.	26/03/2021	Not stated	Union	90,000.00	Not stated
5.	16/06/2021	Not stated	UBA	995,000.00	Not stated
6.	19/11/2021	Not stated	Not stated	250,000.00	Not stated
7.	19/11/2021	Not stated	Not stated	260,000.00	Not stated
8.	12/2021	Not stated	UBA	27,934,623.07	Not stated

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

S/N	Query No.	Amount (₦)	Details	Reasons
1	LQ/LAG/MA/01/2021	Nil	Abandonment of 5 vehicles at various mechanic workshop	
2	LQ/LAG/MA/02/2021	17,878,787.00	Procurement of one (1) Fidson pick up vehicles	Expenditure not supported by proper Records or Accounts

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 contains the following errors.

Items	Amount shown in the Statement	Correct Amount
Inflow	(₦)	(₦)
Special JAAC Allocation by the State	528,477,772.94	436,950,582.84
Overhead	65,681,921.00	75,689,921.97
Investing Activities		
Outflow		
Acquisition PPE	Nil	183,022,153.98
Financing Activities		
Inflow		
Capital Grant	183,022,153.98	Nil

b. **Statement of Financial Position:** The Statement of Financial Position as at 31st December, 2021 contained the following errors:

Items	Amount Shown in the Statement (₦)	Correct Amount (₦)
Cash & Bank Equivalent	134,235,235.06	146,682,382.36
Prepayment (Advance)	197,479,579.37	6,244,471.16
Total Current Asset	342,741,320.39	163,953,359.46
Total Assets	382,201,130.35	203,413,169.44
Unremitted Deduction	2,122,327.00	1,781,245.55
Total Liabilities	382,201,130.37	163,953,359.46

c. **Statement of Consolidated Revenue Fund:** The Statement of Consolidated Revenue Fund for the year ended 31st December, 2021 contained the following errors.

Items	Amount Shown in the Statement (₦)	Correct Amount (₦)
<u>Revenue</u>		
Total Consolidated Revenue	1,332,437,986.25	1,240,910,796.15
Total Revenue	1,348,496,031.25	1,256,965,841.15
<u>Expenditure</u>		
Transfer to Capital Devt. Fund	470,569,570.10	379,034,381.00

d. **Statement of Capital Development Fund:** The Statement of Capital Development Fund for the year ended 31st December, 2021 contained the following errors:

Items	Amount Shown in the Statement (₦)	Correct Amount (₦)
Transfer to Capital Dev. Fund	470,569,570.10	379,034,381.00
Construction & provision of Road	11,033,000.00	21,033,000.00

e. **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.

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.

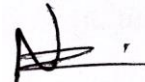
7. **LOSS:** No loss or deficiency was reported or discovered during year under review except as stated in paragraphs 4, 5 and 6.

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 in the management report forwarded to the Chairman.

- (a) The Management of the Local Government is hereby advised to specify minimum cash holding which will be enough to run the day to day activities of the Local Government.
- (b) Director of Finance and Supplies is hereby advised to ensure prompt preparation of Bank Reconciliation Statement upon receiving monthly Bank Statement as at when due, on no account they should leave any arrear unprepared.
- (c) Director of Finance and Supplies should give proper attention and quick responses at any issue raised on the Bank Reconciliation Statement
- (d) The Local Government is hereby advised to ensure that all Revenue Collectors are legally bonded for proper accountability and transparency in line with the provision of Model Financial Memorandum Chapter 43 paragraph 3. The Local Government management is hereby advised to make use Revenue Consultants to collect revenue on their behalf to the barest minimum at least two Revenue Consult. The Legislative Council of the Local should pass Revenue Laws (Bye Laws) to make collection of Revenue Legally enforceable. The normal due process should be on the appointment of contracts and Revenue Consult. The Director of Finance and Supplies is hereby mandated to maintain Revenue Collector Chart which will assist the management in planning and effective decision on the spot assessment of Revenue Collector.
- (e) The management of the Local Government is also hereby advised to ensure judicious use of security funds in order to serve the intended purposes.

- (f) The Local Government is hereby advised to ensure proper maintenance on the Security, Assets and Equipment procured for security services.
- (g) The Local Government is strongly advised to remit all accumulated deduction amount as deposit to the relevant and appropriate Local Government and other State Agencies with immediate effect to avoid being sanctioned for non-compliance of financial regulations.
- (h) The Director of Estate Valuation is strongly advised to take proactive measure to ensure all that all numberless shops are numbered and registered in the appropriate Local Government records.
- (i) The Director of Estate Valuation and Director of Finance and Supplies should adequately monitor and supervised the collation of shops, leases and space ground rents and make a broad comprehensive list of markets, leases shops.
- (j) Adherence to Appropriation Law
- (k) Passage of Revenue Laws (Bye-Laws).



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

The Chairman,
Lagelu Local Government,
Iyana-Offa.

Office of The Auditor General
for Local Governments,
Ibadan.

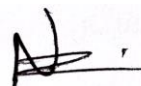
Please furnish an early reply to the query. You should type your reply on the original copy of the query and return it to the above address. No covering letter is necessary and the duplicate copy should be retained for your office records. Please note the copy to this Query should be self-contained,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

2021 ACCOUNTS

Subject: EXCESS EXPENDITURE DISCLOSED BY THE STATEMENT

Authorizing Officer: Oyedokun A. A. – DAGS

Economic Code	Final Approved Provision (₦)	Actual Expenditure (₦)	Excess Disclosed (₦)
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