

CERTIFICATE

OF THE

AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, OYO STATE ON THE ACCOUNTS OF ONA-ARA LOCAL GOVERNMENT, AKANRAN 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 Ona-Ara Local Government, Akanran 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 ONA-ARA LOCAL GOVERNMENT, AKANRAN FOR THE YEAR ENDED 31ST DECEMBER, 2021

The attached General Purpose Financial Statements of Ona-Ara Local Government, Akanran 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, of Oyo State Audit Law 2021, Sections 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 Ona-Ara Local Government, Akanran 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/ONA/MA/06/2021: Excess Expenditures Disclosed by the Statement

Economic Code	Final Approved Provision (₦)	Actual Expenditure (₦)	Excess Disclosed (₦)
22020102	Nil	36,000.00	36,000.00
22020601	15,000,000.00	25,421,000.00	10,421,000.00
22020604	6,000,000.00	21,500,000.00	15,500,000.00
22021029	750,000.00	1,125,000.00	375,000.00
22021007	2,000,000.00	3,007,000.00	1,007,000.00

22020401	500,000.00	599,500.00	99,500.00
220289	300,000.00	500,000.00	200,000.00
22020404	Nil	28,500.00	28,500.00
22021001	500,000.00	1,060,000.00	560,000.00
220202	Nil	23,006.36	23,006.36
22020604	Nil	51,500.00	51,500.00
22020803	100,000.00	210,000.00	110,000.00
22021002	Nil	54,000.00	54,000.00
22021033	Nil	21,000.00	21,000.00
22020102	1,000,000.00	1,069,000.00	69,000.00
22020407	1,000,000.00	1,028,000.00	28,000.00
22021007	Nil	400,000.00	400,000.00
22020102	250,000.00	271,000.00	21,000.00
22020301	50,000.00	170,000.00	120,000.00
22021033	Nil	9,000.00	9,000.00
22020401	200,000.00	360,000.00	160,000.00
22020404	Nil	28,500.00	28,500.00
22021007	Nil	400,000.00	400,000.00
22021003	5,000,000.00	5,536,326.00	536,326.00
22021032	1,000,000.00	10,149,225.00	9,149,225.00
220203001	500,000.00	565,000.00	65,000.00
220210	500,000.00	1,200,000.00	700,000.00
22021007	250,000.00	400,000.00	150,000.00
22021007	Nil	400,000.00	400,000.00
22020401	400,000.00	443,000.00	43,000.00
22020404	Nil	28,500.00	28,500.00
220210	500,000.00	1,060,000.00	560,000.00
22021007	Nil	400,000.00	400,000.00
22020706	500,000.00	5,211,987.00	4,711,987.00
230101-40	30,000.00	60,000.00	30,000.00
23050113	Nil	100,000.00	100,000.00
23030121	5,000,000.00	5,782,000.00	782,000.00
23010122	1,000,000.00	4,043,040.00	3,043,040.00
23050111	2,000,000.00	2,500,000.00	500,000.00
23010112	2,500,000.00	3,470,000.00	970,000.00
Total	46,830,000.00	98,929,084.00	52,099,084.00

(B) Violation of Provisions of Model Financial Memoranda

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

Audit Query No. LQ/ONA/MA/07/2021: Unvouched Payments

a. S/N	Date Cheque Issue	Cheque No.	Bank	Amount (₦)	Date Presented
1	01/06/2021	00685353		100,000.00	
2	01/06/2021	0068355 & 0065457855		88,000.00	
3	09/10/2020	Bank Transfer		50,000.00	
4	30/11/2020	Bank Transfer		80,000.00	
5	01/12/2020	00000061		150,000.00	
6	02/12/2020	00000062		25,000.00	
7	14/04/2021			500.00	
8	November			1,000.00	
	Total			394,500.00	

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

- (a) Register of Cheque Books
- (b) Register of Audit Correspondence

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

S/N	Query No.	Amount (₦)	Details	Reasons
1	LQ/ONA/MA/01/2021	1,030,000.00	Osunbunmi O. A. (Estab. Officer) Payment for renovation and for entertainment of Operation Burst Officer	Expenditure not supported by proper Records/Accounts
2	LQ/ONA/MA/02/2021	2,500,000.00	Mrs. Olagunju Kafayat (I/O) Payment for Production of 320 Benches and Chairs for the use of Primary School within the Local Government	Expenditure not supported by proper Records/Accounts

3	LQ/ONA/MA/03/2021	17,878,787.00	Elizade Nig.Ltd Payment for purchase of Fidson Pick-Up 4x4 for the use of Local Government	Expenditure not supported by proper Records/Accounts
4	LQ/ONA/MA/04/2021	1,200,000.00	Mr. Osunbunmi O. A. (Estab. Officer) Payment in respect of Production of 600 customized school bag for primary school pupils within the Local Government	Expenditure not supported by proper Records/Accounts
5	LQ/ONA/MA/05/2021	75,000.00	Cherith Pearl Eye Foundation 5% Withholding Tax Payment to Oyo State Board of Internal Revenue and Federal Inland Revenue Service	Expenditure not supported by proper Records/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 Financial Performance (e) Statement of Capital Development Fund and (f) Notes to the Accounts were prepared under IPSAS Cash Transition/adoption of IPSAS Accrual would appear overdue.

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 (₦)
Fees	9,062,150.00	9,471,600.00
Fine	90,705.00	565,705.00
Licences	560,900.00	876,700.00
Interest Received		480,500.00
Earnings	25,909,740.33	10,195,779.39
Independent Revenue	73,728,243.66	59,695,032.72
Salaries & Wages	496,569.503.00	542,128,279.16

b. **Statement of Financial Performance:** The Statement of Financial Performance for the year ended 31st December, 2021 contained the following errors.

Items	Amount Shown in the Statement (₦)	Correct Amount (₦)
<u>Revenue</u>		
Independent Revenue	73,728,243.66	59,695,032.72

Expenditure

Personnel (Sal & Wages)	496,569,503.00	542,128,279.16
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c. **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 i.e. (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) Proper implementation of International Public Sector Accounting Standards (IPSAS)
- (b) Prompt rendition of General Purpose Financial Statements
- (c) The Management of the Local Government to put in more synergy towards ensuring efficiency in government business by ensuring that relevant documents, information etc. are made available readily to the Auditor General or his staff as the case may be.
- (d) The Legislative Council of the Local Government should pass Revenue Laws (Bye Laws) to make collection of revenue legal and enforceable.
- (e) Maintenance of minimum cash holding
- (f) Adequate Internal Control System
- (g) Proper Maintenance of Capital Projects executed
- (h) Empowerment of Agricultural Department to avoid idleness
- (i) General overhauling of dilapidated shops and stalls
- (j) Effort should be made by the Local Government to improve on the quality of record keeping
- (k) Recovery of dormant advances
- (l) Timely remittance of Statutory Deduction
- (m) Timely preparation of Bank Reconciliation Statement.

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

The Chairman,
Ona-Ara Local Government,
Akanran.

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 not 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: Mrs. Adekunle M. O. (DAGS)

Economic Code	Final Approved Provision (₦)	Actual Expenditure (₦)	Excess Disclosed (₦)
22020102	Nil	36,000.00	36,000.00
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22021007	Nil	400,000.00	400,000.00
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Total	46,830,000.00	98,929,084.00	52,099,084.00

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Auditor-General for Local Governments,
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The Chairman,
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2021 ACCOUNTS

Subject: UNVOUCHED PAYMENT

Authorizing Officer: Mrs. Adekunle M. O. (DAGS)

S/N	Date Cheque Issue	Cheque No.	Bank	Amount (₦)	Date Presented
1	01/06/2021	00685353		100,000.00	
2	01/06/2021	0068355 & 0065457855		88,000.00	
3	09/10/2020	Bank Transfer		50,000.00	
4	30/11/2020	Bank Transfer		80,000.00	
5	01/12/2020	00000061		150,000.00	
6	02/12/2020	00000062		25,000.00	
7	14/04/2021			500.00	
8	November			1,000.00	
	Total			394,500.00	

The above represents payment made to sundry persons for which no payment vouchers were raised contrary to the provision of Model Financial Memoranda Chapter 14 paragraph 3.

2. Please, explain or recover the sum of Three Hundred and Ninety Four Thousand, Five Hundred Naira (N394,500.00) representing Unvouched Payments and informs this office of the Treasury Receipt particulars of recovery.

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