

EDO STATE LOCAL GOVERNMENT COUNCILS AUDITED FINANCIAL STATEMENTS FOR YEAR 2022

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EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of the Eighteen Local Government Councils of Edo State ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of the Eighteen Local Government Councils of Edo State are responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. They are to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

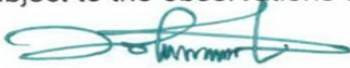
It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of the 18 Local Government Councils of Edo State for the year ended 31st December 2022 show a true and fair view of the Councils' state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

**REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS,
EDO STATE**
**GENERAL DISCLOSURES AND OBSERVATIONS ON THE CONSOLIDATED
ACCOUNTS OF THE 18 LOCAL GOVERNMENT COUNCILS OF EDO STATE
FOR THE YEAR ENDED 31ST DECEMBER 2022**

1. REVENUE

During the year ended 31st December 2022, the 18 Local Government Councils realized as revenue a total sum of ₦45,010,943,703.31. Of this amount, the sum of ₦42,768,907,813.91 was received as statutory allocations from the federation account representing approximately 95% of the total revenue accrued to the Councils while the balance sum of ₦2,242,035,889.40 which is approximately 5% of total revenue represents the independent revenue. See **Notes 1** and **2** for details.

RECOMMENDATION

There is still over-dependence of Local Government Councils on Statutory Allocations from the Federation Account for the period under review. Local Government Councils are advised to look inwards and develop strategies to boost internally generated revenue in order to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦42,768,907,813.91 accrued from the federation account to the Local Government Councils as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), was completely received by the Local Government Councils and included in the Councils' respective Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, the expenditures of the Local Government Councils are broken into Salaries and Wages (₦8,791,586,592.40) which is 18% of total expenditures, Overhead(₦3,524,747,933.00) computed as 7% of total expenditures, transfers to SUBEB and Other Local Governments Entities (₦29,440,245,648.14) and Capital expenditures(₦7,752,831,355.45) and they represent 59% and 16% of the entire expenditures respectively.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of the Eighteen (18) Local Government Councils as at 31st December, 2022 amounted to ₦11,541,651,876.29. During the period under review, ten (10) Local Government Councils prepared bank reconciliation statements while eight (8) did not.

The Local Government Councils are hereby advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to ascertain final balances between the cashbooks and the bank balances at year end. It is quite commendable that efforts have been made by those Councils who prepared and present Bank Reconciliation Statements.

RECOMMENDATION

You are generally advised that in subsequent audit exercises, the preparation of Bank Reconciliation Statements and presentation of the Bank Statements will be a basis for accepting the Council's financial records for audit.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ~~N~~8,661,691,022.52. In spite of the reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not fully retired as at 31st December, 2022 contrary to F.M. 16.16. However, it is pertinent to state that almost all the Councils have taken steps to reduce advances in their Councils by retiring them.

Analysis has shown that the total advances represent 38.96% of the entire assets of the Councils in the State. Advances that are regarded as Intangible assets are not recognized by IPSAS Accrual, but they are only prepayments that with overtime, has depicted a misleading status of the financial positions of all the Councils in Edo State.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16 so as to ascertain the true financial position of the Councils.

6. GENERAL INVESTMENTS

The investments held by the Local Government Councils as 31st December 2022 stood at ~~N~~68,001,845.17. Issues in my last report revealed that investments held by various Councils were not properly documented in investment Registers/Ledgers hence, it was difficult to verify the investments and ascertain their current values.

RECOMMENDATION

It is also re-instated that investigation into the current status of the investments should be carried out by the various Local Government Councils to establish their existence, viability and values. Action should be taken to re-evaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦7,067,683,145.77 was outstanding in Deposits Accounts of the Councils. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc. Five year financial highlights revealed that some deposit had been held for a period of five years or three years respectively without any effort to refund them to the various beneficiaries.

RECOMMENDATION

The Councils are to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose +owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5). All Councils should endeavor to prepare an analysis of the components of all deposits with them and present them to this Office in the next bi-annual audit that will be conducted very soon.

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by some Local Government Councils stood at the total sum of ₦487,148,610.20.

8. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of the 18 Local Government Councils of Edo State is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	51,776,294,268.15	42,768,907,813.91	83%
Independent Revenue	2,790,584,602.25	2,242,035,889.40	80%
<u>EXPENDITURE</u>			
Salary and Wages	14,064,061,407.55	8,791,586,592.40	63%
Overhead Cost	5,741,671,538.00	3,524,747,933.00	61%
Transferred to SUBEB and other Local Government Entities	24,052,296,156.57	29,440,245,648.14	122%
Capital Expenditure	12,151,838,919.71	7,752,831,355.45	64%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low, relative to figures in previous year. In spite of the low percentage, the Office of the Auditor-General for Local Governments could not still ascertain whether or

not the Councils obtained value for money for the above expenditure as relevant contract documents were not forwarded to the Office of the Auditor-General for Local Governments to enable the office monitor and audit project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8).

RECOMMENDATIONS

- i) The Local Government Councils should always comply with F.M. 1.4(12)(g) and F.M. 39.1(8) in the execution of capital projects.
- ii) Efforts should be made by the Local Government Councils to curtail spending on recurrent expenditure and increase capital expenditure in order to improve the economy and social wellbeing of the people of the Local Government Areas.
- iii) An explanation should be given to state why there was an excess expenditures of 22% over and above the budgeted figures in respect of Transfer made to SUBEB and other government entities.

9. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended. This is a positive development aimed at ensuring proper authorization, accountability and validity of expenditures incurred in the Councils

10. VALUATION OF ASSETS

All the Local Government Councils with the exception of Owan East Local Government Council are yet to carry out the valuation of their assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Councils should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

The Local Government Councils are to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦535,321,528.43 attached to Audit Inspection Reports on the 2022 accounts for the Local Government Councils have already been forwarded to the Chairmen for their necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 9** to this report.

13. DISALLOWED EXPENDITURES

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 9** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are highlighted below:

a) Rendition of Annual Financial Statements

The rendition of Local Government Councils' 2022 Financial Statements was not impressive enough, compared with last year performances. All the Councils in Edo State met up with the deadline for submission which was on or before 31st March 2021 as stipulated in extant laws. In this year under review, only thirteen Councils could meet up with the deadline while others could not. It is our expectation that commendable actions be sustained in subsequent years. See **Note 10**.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or updated. Councils need to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. This action spanning across the entire Local Government Councils has not enable account officers ascertain balances at year end assertively. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

Nevertheless, it is expedient to commend some Local Government councils that have considerably improved on their record keeping and update, while others that could not, are encouraged to improve on the record keeping.

iii) Bank Reconciliation

Local Government Councils in Edo State have continuously failed to prepare bank reconciliation statements as required by Financial Memoranda 19.23 – 24 with the exception of few ones who prepared those statements.. Local Government Councils are to comply with F.M. 19.23 – 24 without further delay by preparing monthly bank reconciliation statements.

d) Response to Audit Queries

Some Local Government Councils are yet to respond to audit queries within the stipulated time limit. The Chairmen/Heads of Local Government Administration and Treasurers to Local Government Councils are to ensure that audit queries are responded to promptly. See details in **Note 9** to the accounts.

e) Adoption of IPSAS

The Local Government Councils are yet to fully adopt the International Public Sector Accounting Standards (IPSAS) accrual accounting. There is the need, as a matter of urgency, to value Local Government Councils' assets and liabilities and reflect them in the books of accounts in line with IPSAS requirements.

Accounting Policies (IPSAS Accrual)

- 1. Measurement Basis**

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.
- 2. Basis of Accounting**

These GPFS have been prepared under Accrual Basis of Accounting.
- 3. Accounting Period**

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.
- 4. Reporting Currency**

The GPFS were prepared in the Nigerian Naira (₦).
- 5. Comparative Information**

The General Purpose Financial Statements disclosed all numerical information relating to previous period.
- 6. Budget Figures**

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.
- 7. Revenue:**
 - Fees, Taxes and Fines*

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.
 - Other Operating Revenues*

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.
 - Sales of Goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

**REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022**

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	6	11,541,651,876.29		10,374,823,274.66	
Receivables	310601	6	-		-	
Prepayments	310801	6	163,519,279.06		185,464,180.78	
Inventories	310501	6	914,750.00		2,505,548.28	
Total Current Assets: A				11,706,085,905.35		10,562,793,003.72
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	6	23,729,606.00		22,272,059.55	
Investments	310901	6	68,001,845.17		34,755,408.52	
Property, Plant and Equipment (PPE)	320101	6	4,075,437,800.19		2,461,953,648.89	
Investment Properties	320201	6	275,238,227.70		14,245,020.00	
Intangible Assets (Advances)	320301	6	8,661,691,022.52		15,688,857,012.72	
Total Non-Current Assets: B				13,104,098,501.58		18,222,083,149.68
Total Assets: C = A+B				24,810,184,406.93		28,784,876,153.40
LIABILITIES						
Current Liabilities:						
Deposits	410101	7	7,067,683,145.77		6,312,275,758.54	
Short Term Loans and Debts	410201	7	487,148,610.20		517,583,646.94	
Payables (Accrued Expenses)	410401	7	517,573,892.32		718,770,313.51	
Total Current Liabilities: D				8,072,405,648.29		7,548,629,718.99
Non-Current Liabilities:						
Long Term Borrowing	420301	7	174,643,785.25		174,643,785.25	
Total Non-Current Liabilities: E				174,643,785.25		174,643,785.25
Total Liabilities: F = D+E				8,247,049,433.54		7,723,273,504.24
Net Assets: G = C-F				16,563,134,973.39		21,061,602,649.16
NET ASSETS/EQUITY						
Reserves: H	430301	8	21,061,602,649.16		27,183,684,570.56	
Accumulated Surpluses/(Deficits): I	430201	8	- 4,498,467,675.77		- 6,122,081,921.40	
Total Net Assets/Equity: G = H+I				16,563,134,973.39		21,061,602,649.16

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
27,183,684,370.56	Net Assets/Equity As At 1/1/2022 – A			-	21,061,602,649.16	
	REVENUE					
	<u>Statutory Allocation:</u>					
21,416,629,548.03	Share of Federation Account	110101	1	34,504,683,806.26	24,016,697,963.76	70%
13,439,277,698.24	Share of Value Added Tax (VAT)	110102	1	13,297,636,023.83	16,376,112,962.45	123%
1,708,289,140.28	Excess Crude Oil and Others	110103	1	3,973,974,438.06	2,376,096,887.70	60%
36,564,196,386.55	Sub-Total Statutory Allocation – B			51,776,294,268.15	42,768,907,813.91	83%
	<u>Independent Revenue:</u>					
177,289,475.46	Licences General	120201	2	404,212,371.20	111,663,938.05	28%
1,268,080,923.21	Fees General	120204	2	1,539,356,994.63	1,374,341,588.49	89%
100,487,021.52	Fines General	120205	2	61,788,157.36	140,277,235.22	227%
20,545,691.13	Sales General	120206	2	99,474,648.44	43,973,403.79	44%
463,386,866.41	Earnings General	120207	2	665,991,030.62	554,481,617.21	83%
3,719,367.00	Rent on Government Building General	120208	2	4,440,400.00	2,615,000.00	59%
1,910,000.00	Rent on Land and Others General	120211	2	-	-	-
6,619,144.15	Repayment General	120213	2	14,100,000.00	68,610.53	0%
20,168,254.25	Investment Income	120214	2	1,221,000.00	14,614,496.11	1197%

2,062,206,743.13	Sub-Total Independent Revenue – C			2,790,584,602.25	2,242,035,889.40	80%
65,810,087,500.24	Total Receipts (A+B+C)			54,566,878,870.40	66,072,546,352.47	121%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
8,558,209,791.98	Salaries and Wages	210101	3	14,064,061,407.55	8,791,586,592.40	63%
3,530,965,160.64	Overhead Cost	220201	3	5,741,671,538.00	3,524,747,933.00	61%
23,723,414,450.47	SUBEB and other Transfers to Local Govt. Entities	220701	4	24,052,296,156.57	29,440,245,648.14	122%
-	Depreciation			-	-	-
35,812,589,403.09	Sub-Total Recurrent Expenditure: E			43,858,029,102.12	41,756,580,173.54	95%
	<u>Capital Expenditure:</u>					
2,844,509,732.43	Land and Building General	320101	5	4,342,968,838.66	1,958,879,274.27	45%
1,894,947,839.89	Infrastructure General	320102	5	2,235,036,218.73	2,029,268,557.32	91%
390,131,100.74	Furniture and Fittings General	320106	5	998,404,370.55	221,942,263.84	22%
3,806,306,774.63	Intangible Assets	320301	5	4,575,429,491.77	3,542,741,260.02	77%
8,935,895,447.69	Sub-Total Capital Expenditure: F			12,151,838,919.71	7,752,831,355.45	64%
44,748,484,850.78	Total Expenditure: G = E + F			56,009,868,021.83	49,509,411,528.99	88%
21,061,602,649.16	Net Assets/Equity As At 31/12/2022				16,563,134,973.39	
65,810,087,499.94					66,072,546,502.38	

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	24,016,697,963.76		21,416,629,548.03	
110102	Share of Value Added Tax (VAT)	1	16,376,112,962.45		13,439,277,698.24	
110103	Excess Crude Oil and Others	1	2,376,096,887.70		1,708,289,140.28	
	Sub-Total Statutory Revenue – A			42,768,907,813.91		36,564,196,386.55
	<u>Independent Revenue</u>					
120201	Licences General	2	111,663,938.05		177,289,475.46	
120204	Fees General	2	1,374,341,588.49		1,268,080,923.21	
120205	Fines General	2	140,277,235.22		100,487,021.52	
120206	Sales General	2	43,973,403.79		20,545,691.13	
120207	Earnings General	2	554,481,617.21		463,386,866.41	
120208	Rent on Government Buildings General	2	2,615,000.00		3,719,367.00	
120209	Rent on Land and Others General	2	-		1,910,000.00	
120210	Repayments General	2	68,610.53		6,619,144.15	
120211	Investment Income	2	14,614,496.11		20,168,254.25	
	Sub-Total Independent Revenue – B			2,242,035,889.40		2,062,206,743.13
	Total Inflow from Operating Activities C = A+B			45,010,943,703.31		38,626,403,129.68
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	8,791,586,592.40		8,558,209,791.98	
220201	Overhead Cost	3	3,524,747,933.00		3,530,965,160.94	

220701	SUBEB and other Transfers to Local Government Entities	4	29,440,245,648.14		23,723,414,450.47	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			41,756,580,173.54		35,812,589,403.39
	Net Cashflow from Operating Activities – E = C-D			3,254,363,529.77		2,813,813,726.29
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	5	1,958,879,274.27		2,844,509,732.43	
320102	Infrastructure General	5	2,029,268,557.32		1,894,947,839.89	
320106	Furniture and Fittings General	5	221,942,263.84		390,131,000.74	
320301	Intangible Assets	5	3,542,741,260.02		3,929,974,247.68	
	Total Outflow from Investing Activities – F			7,752,831,355.45		9,059,562,820.74
	Net Cashflow from Investing Activities – G = E - F			- 4,498,467,825.68		- 6,245,749,094.45
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 5,487,074,467.52		- 6,032,063,531.04	
410101	Deposits		229,077,912.05		67,175,021.07	
410102	Other Accounts – Loan		- 16,152,249.16		-	
	Other Accounts – Investment		34,703,703.10		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 5,665,296,427.31		- 6,099,238,552.11
	Net Cashflow from all Activities – I = G - H			1,166,828,601.63		- 146,510,542.34
	Cash and Cash Equivalent As At 1/1/2022			10,374,823,274.66		10,521,333,817.00
	Cash and Cash Equivalent As At 31/12/2022			11,541,651,876.29		10,374,823,274.66

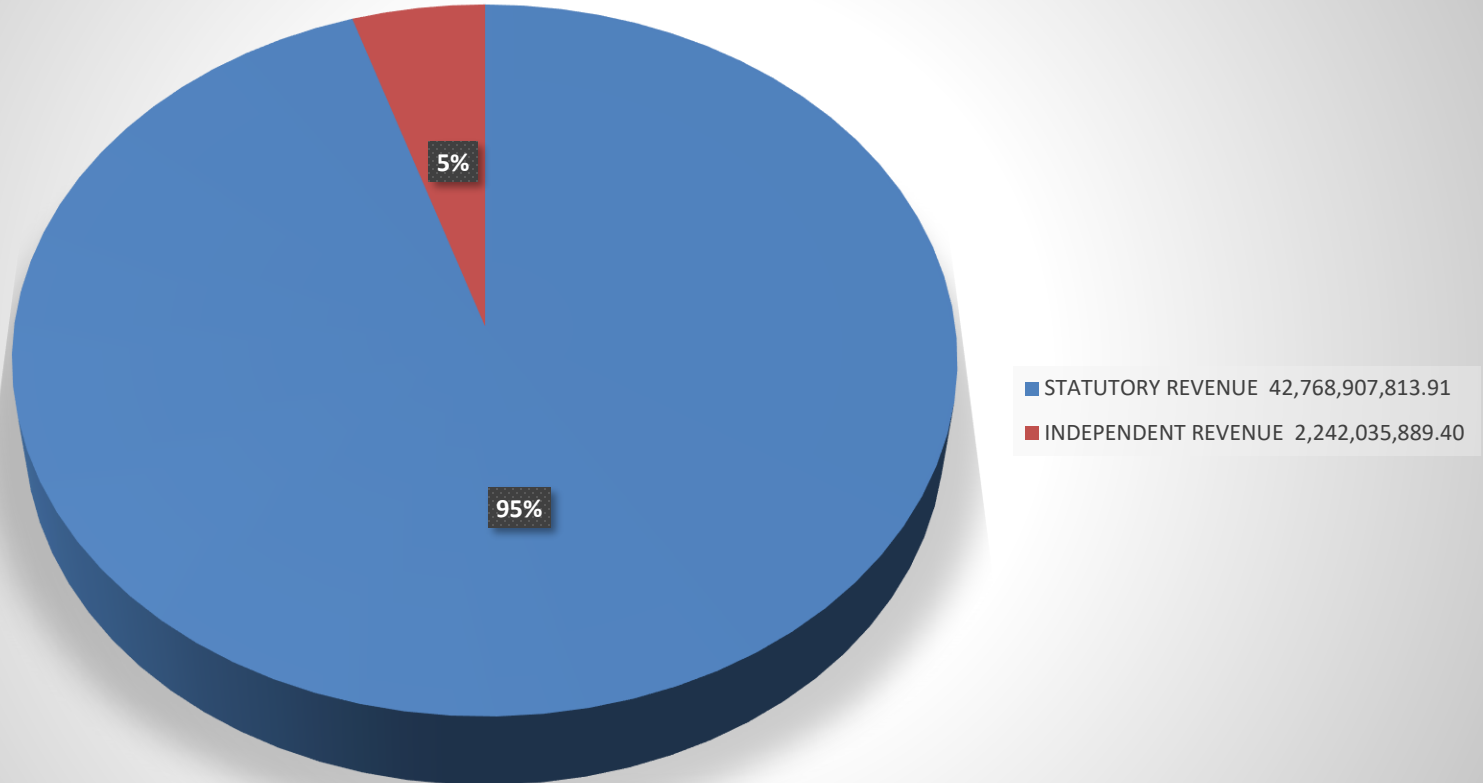
REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE
NOTES TO THE ACCOUNTS

NOTE 1: SCHEDULE OF STATUTORY ALLOCATION TO LOCAL GOVERNMENT COUNCILS IN EDO STATE				
FOR THE YEAR ENDED 31ST DECEMBER, 2022				
Local Government Council	Federation Account	Value Added Tax	Others	Total
	₦	₦	₦	₦
Akoko-Edo	1,667,669,913.74	1,053,081,045.33	160,357,615.79	2,881,108,574.86
Egor	1,583,856,786.15	1,186,875,630.82	162,032,920.37	2,932,765,337.34
Esan Central	1,046,617,399.33	783,390,073.57	108,427,184.75	1,938,434,657.65
Esan North East	1,078,592,229.74	807,531,543.42	110,722,682.91	1,996,846,456.07
Esan South East	1,291,709,221.29	890,734,992.17	127,702,797.05	2,310,147,010.51
Esan West	1,097,706,711.23	818,704,455.15	112,517,042.90	2,028,928,209.28
Etsako Central	1,098,717,585.70	764,926,217.80	109,455,730.20	1,973,099,533.70
Etsako East	1,274,816,780.94	853,368,688.86	125,041,543.68	2,253,227,013.48
Etsako West	1,403,226,088.37	942,141,393.73	137,910,028.61	2,483,277,510.71
Igueben	1,020,690,881.40	722,037,713.63	102,537,097.44	1,845,265,692.47
Ikpoba-Okha	1,752,343,284.71	1,240,550,670.08	175,177,931.67	3,168,071,886.46
Oredo	1,803,478,784.55	1,246,682,355.73	179,165,409.19	3,229,326,549.47
Orhionmwon	1,413,292,417.15	916,527,631.29	137,644,624.76	2,467,464,673.20
Ovia North East	1,347,760,369.70	866,875,597.03	130,733,930.86	2,345,369,897.59
Ovia South West	1,471,091,062.45	835,068,230.06	136,548,654.40	2,442,707,946.91
Owan East	1,290,289,240.89	867,797,499.84	126,867,333.13	2,284,954,073.86
Owan West	1,057,973,305.70	769,764,487.54	107,295,307.00	1,935,033,100.24
Uhunmwode	1,316,865,900.72	810,054,736.40	125,959,052.99	2,252,879,690.11
Total	24,016,697,963.76	16,376,112,962.45	2,376,096,887.70	42,768,907,813.91

NOTE 2: SCHEDULE OF INDEPENDENT REVENUE OF THE 18 LOCAL GOVERNMENT COUNCILS FOR THE YEAR 2022

Local Government Council	Licence General	Fees General	Fines General	Sales General	Earnings General	Rent on Building General	Rent on Land General	Investment Income	Repayment General	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Akoko-Edo	5,754,107.00	32,854,334.00	1,375,700.00		5,528,179.00	-	-	-	-	45,512,320.00
Egor	3,934,430.00	134,415,700.92	21,761,800.00	8,530,000.00	31,500,231.07	-	-	13,457,601.11	-	213,599,763.10
Esan Central	5,150,000.00	29,557,850.00	-	9,883,735.00	-	-	-	-	-	44,591,585.00
Esan North East	1,660,920.00	92,751,543.53	-	-	37,549,842.27	-	-	-	-	131,962,305.80
Esan South East	3,573,823.05	29,804,110.00	-	390,000.00	11,933,400.00	-	-	-	-	45,701,333.05
Esan West	11,398,000.00	159,776,210.00	6,085,400.00	-	18,279,480.00	-	-	-	-	195,539,090.00
Etsako Central	1,034,500.00	27,754,533.27	432,700.00	-	2,754,312.12	-	-	1,156,895.00	-	33,132,940.39
Etsako East	3,745,700.00	52,094,012.02	2,103,400.00	-	37,475,601.07	-	-	-	-	95,418,713.09
Etsako West	12,241,610.00	16,803,436.00	1,527,450.00	-	260,351,973.00	-	-	-	-	290,924,469.00
Igubeben	4,446,500.00	7,435,028.00	-	960,000.00	4,003,430.00	-	-	-	-	16,844,958.00
Ikpoba-Okha	6,486,000.00	226,398,528.11	62,000.00	9,141,200.00	-	-	-	-	68,610.53	242,156,338.64
Oredo	14,508,858.00	284,960,539.50	100,240,968.65	-	23,364,680.00	-	-	-	-	423,075,046.15
Orhionmwon	360,000.00	54,092,142.86	2,050,816.57	3,690,418.79	750,000.00	2,615,000.00	-	-	-	63,558,378.22
Ovia North East	530,000.00	98,744,495.37	-	-	2,147,700.00	-	-	-	-	101,422,195.37
Ovia South West	8,637,540.00	27,843,105.04	3,102,300.00	-	14,870,087.00	-	-	-	-	54,453,032.04
Owan East	3,433,850.00	38,166,982.82	1,534,700.00	-	32,182,472.70	-	-	-	-	75,318,005.52
Owan West	3,187,600.00	8,973,284.05	-	11,378,050.00	35,115,004.98	-	-	-	-	58,653,939.03
Uhunmwode	21,580,500.00	51,915,753.00	-	-	36,675,224.00	-	-	-	-	110,171,477.00
Total	111,663,938.05	1,374,341,588.49	140,277,235.22	43,973,403.79	554,481,617.21	2,615,000.00	-	14,614,496.11	68,610.53	2,242,035,889.40

REVENUE (%)



NOTE 3: SCHEDULE OF RECURRENT EXPENDITURE OF THE 18 LOCAL GOVERNMENT COUNCILS FOR THE YEAR 2022

Local Government Council	Salaries/Wages	Overhead Cost	Total
Akoko-Edo	500,183,397.80	233,691,095.96	733,874,493.76
Egor	467,147,746.18	465,770,637.54	932,918,383.72
Esan Central	343,475,854.24	132,447,214.87	475,923,069.11
Esan North East	472,796,375.85	160,758,051.27	633,554,427.12
Esan South East	596,675,709.52	95,886,350.34	692,562,059.86
Esan West	451,143,119.53	298,255,819.63	749,398,939.16
Etsako Central	524,033,206.12	63,056,370.92	587,089,577.04
Etsako East	368,492,679.49	152,305,262.30	520,797,941.79
Etsako West	642,624,549.74	265,465,165.54	908,089,715.28
Igueben	414,950,940.11	252,570,373.23	667,521,313.34
Ikpoba-Okha	585,117,385.84	206,038,715.00	791,156,100.84
Oredo	577,497,616.54	182,244,245.17	759,741,861.71
Orhionmwon	482,112,251.71	169,332,578.97	651,444,830.68
Ovia North East	420,593,957.36	136,793,386.00	557,387,343.36
Ovia South West	554,329,590.44	102,374,300.00	656,703,890.44
Owan East	521,401,532.23	152,978,053.43	674,379,585.66
Owan West	528,059,574.00	183,492,287.63	711,551,861.63
Uhunmwode	340,951,105.70	271,288,025.20	612,239,130.90
Total	₦ 8,791,586,592.40	₦ 3,524,747,933.00	₦ 12,316,334,525.40

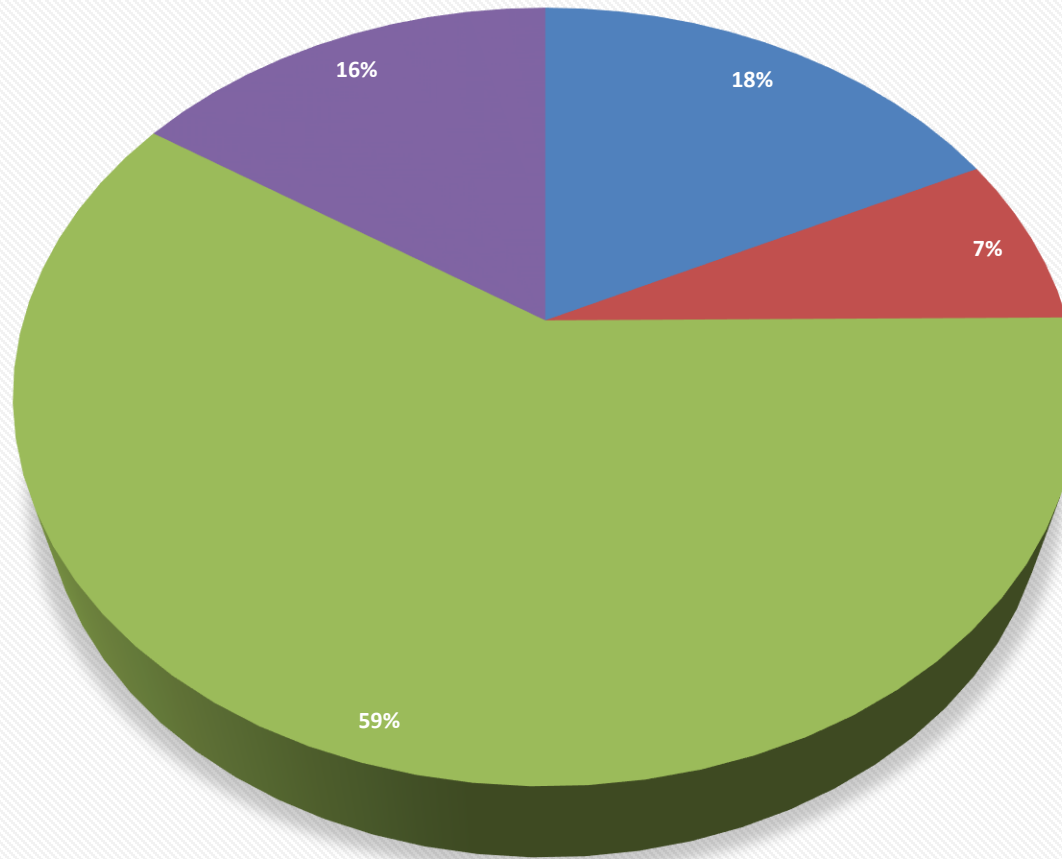
NOTE 4: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN EDO STATE FOR THE YEAR ENDED 31ST DECEMBER, 2022

S /No	Local Government Councils	Subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	Total
1	Akoko-Edo	8,085,929.40	862,002,993.89	144,713,171.98	1,033,483,449.94	2,048,285,545.21
2	Egor	5,822,223.36	879,186,154.44	147,293,221.67	1,043,619,983.21	2,075,921,582.68
3	Esan Central	3,488,389.20	580,362,947.19	97,287,098.21	582,263,654.74	1,263,402,089.34
4	Esan North East	4,616,897.28	597,831,369.61	96,713,079.12	674,740,479.35	1,373,901,825.36
5	Esan South East	4,386,674.16	691,608,899.52	116,001,755.08	626,577,379.89	1,438,574,708.65
6	Esan West	3,909,388.32	607,424,708.83	101,841,459.00	702,046,965.66	1,415,222,521.81
7	Etsako Central	3,388,272.24	590,605,729.96	95,696,079.08	559,845,244.10	1,249,535,325.38
8	Etsako East	5,632,600.80	674,369,565.58	113,123,052.23	643,522,539.79	1,436,647,758.40
9	Etsako West	6,689,827.32	743,187,136.01	124,698,450.92	835,660,319.94	1,710,235,734.19
10	Igueben	3,264,394.68	552,311,675.90	92,617,369.92	537,129,654.80	1,185,323,095.30
11	Ikpoba-Okha	7,496,300.04	948,469,662.58	160,687,705.03	1,128,569,342.76	2,245,223,010.41
12	Oredo	10,950,568.20	966,562,686.06	158,238,471.44	1,281,261,777.83	2,417,013,503.53
13	Orhionmwon	6,026,609.64	738,201,609.18	123,902,328.19	955,279,696.54	1,823,410,243.55
14	Ovia North East	4,338,922.68	701,695,862.53	117,757,771.50	831,831,740.10	1,655,624,296.81
15	Ovia South West	5,078,727.48	730,484,115.78	122,651,040.90	853,560,322.41	1,711,774,206.57
16	Owan East	4,019,194.08	579,288,200.94	97,115,143.61	585,798,856.34	1,266,221,394.97
17	Owan West	5,001,909.60	683,851,027.29	114,719,583.23	701,251,564.42	1,504,824,084.54
18	Uhunmwode	4,631,199.72	673,837,505.43	113,102,452.71	827,533,563.58	1,619,104,721.44
	Total	₦ 96,828,028.20	₦12,801,281,850.72	₦ 2,138,159,233.82	₦ 14,403,976,535.40	₦ 29,440,245,648.14

NOTE 5: SCHEDULE OF CAPITAL EXPENDITURE OF THE 18 LOCAL GOVERNMENT COUNCILS FOR THE YEAR 2022

Local Government Councils	Land and Building General	Infrastructure General	Furniture and Fitting General	Intangible Assets	Total
Akoko-Edo	109,438,905.07	33,172,691.01	3,757,304.00	291,128,774.31	437,497,674.39
Egor	-	87,549,876.00	-	71,617,425.95	159,167,301.95
Esan Central	37,135,700.00	-	12,500,000.00	103,051,044.96	152,686,744.96
Esan North East	70,969,228.02	518,922,415.29	48,146,169.46	100,404,700.00	738,442,512.77
Esan South East	24,264,000.00	36,530,000.00	550,000.00	162,228,275.00	223,572,275.00
Esan West	6,306,762.20	28,535,900.00	-	3,898,750.00	38,741,412.20
Etsako Central	473,780,743.37	227,450,000.00	52,596,811.07	605,754,343.48	1,359,581,897.92
Etsako East	642,753,542.27	427,745,731.21	35,754,470.00	742,303,493.40	1,848,557,236.88
Etsako West	105,840,000.00	183,821,538.75	-	38,366,975.00	328,028,513.75
Igueben	8,000,000.00	-	2,931,972.26	48,500,000.00	59,431,972.26
Ikpoba-Okha	60,500,000.00	-	20,037,085.00	191,000,000.00	271,537,085.00
Oredo	67,250,000.00	351,432,169.12	5,533,105.30	488,717,120.81	912,932,395.23
Orhionmwon	13,353,952.98	26,976,491.66	10,904,296.75	28,745,175.42	79,979,916.81
Ovia North East	218,707,910.00	94,365,200.00	8,857,250.00	420,500,000.08	742,430,360.08
Ovia South West	38,167,833.21	12,766,544.28	6,147,800.00	70,600,704.45	127,682,881.94
Owan East	41,799,197.15	-	-	101,391,416.55	143,190,613.70
Owan West	10,050,000.00	-	6,643,000.00	58,279,560.61	74,972,560.61
Uhunmwode	30,561,500.00	-	7,583,000.00	16,253,500.00	54,398,000.00
Total	₦ 1,958,879,274.27	₦ 2,029,268,557.32	₦ 221,942,263.84	₦ 3,542,741,260.02	₦ 7,752,831,355.45

EXPENDITURE (%)



■ SALARIES/WAGE 8,791,586,592.40 ■ OVERHEADS COST 3,524,747,933.00 ■ SUBEB/OTHER TRANSFER 29,440,245,648.14 ■ CAPITAL 7,752,831,355.45

NOTE 6: SCHEDULE OF ASSETS OF THE 18 LOCAL GOVERNMENT COUNCILS AS AT 31ST DECEMBER, 2022

Local Government Council	Cash and Cash Equivalent	Inventories	Prepayment	Loan Fund	Investment	Property, Plant and Equipment	Investment Properties	Advances	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦
Akoko-Edo	1,240,096,862.34	858,000.00	-	437,736.92	1,278,588.59	-	-	552,786,412.56	1,795,457,600.41
Egor	929,959,003.24	-	-	-	-	-	-	-	929,959,003.24
Esan Central	427,242,772.54	-	-	1,020,035.00	103,199.98	-	-	855,705,349.93	1,284,071,357.45
Esan North East	205,413,943.45	-	-	30,120.00	40,967.56	-	-	-	205,485,031.01
Esan South East	130,339,536.56	-	-	-	516,662.89	1,004,500,000.00	-	805,306,488.07	1,940,662,687.52
Esan West	1,632,393,045.70	-	-	572,970.07	28,685.43	-	359,984.00	387,832,966.70	2,021,187,651.90
Etsako Central	801,932,072.90	-	-	-	35,021,514.25	-	-	-	836,953,587.15
Etsako East	496,384,032.77	-	-	200,157.27	-	-	-	401,512,802.00	898,096,992.04
Etsako West	342,587,899.59	-	471,138.28	-	1,024,375.21	133,920,785.05	-	500,483,676.85	978,487,874.98
Igueben	788,111,310.79	-	-	-	80,355.50	-	-	1,093,803,897.20	1,881,995,563.49
Ikpoba-Okha	- 14,604,003.81	-	-	-	-	-	-	1,407,086,981.06	1,392,482,977.25
Oredo	958,989,985.36	-	-	1,706,198.77	385,910.69	-	-	-	961,082,094.82
Orhionmwon	471,744,774.24	-	-	-	537,849.07	-	-	780,284,970.76	1,252,567,594.07
Ovia North East	282,982,501.81	-	-	37,567.00	-	-	-	-	283,020,068.81
Ovia South West	- 194,582,041.37	-	1,119,660.00	1,257,389.18	-	608,984,151.30	260,993,207.70	-	677,772,366.81
Owan East	872,755,603.10	56,750.00	161,928,480.78	-	27,883,736.00	2,328,032,863.84	13,885,036.00	-	3,404,542,469.72
Owan West	2,070,044,496.56	-	-	30,561.00	1,100,000.00	-	-	1,071,306,824.63	3,142,481,882.19
Uhunmwode	99,854,162.52	-	-	18,436,870.79	-	-	-	805,580,652.76	923,871,686.07
Total	11,541,645,958.29	914,750.00	163,519,279.06	23,729,606.00	68,001,845.17	4,075,437,800.19	275,238,227.70	8,661,691,022.52	24,810,178,488.93

NOTE 7: SCHEDULE LIABILITIES OF THE 18 LOCAL GOVERNMENT COUNCILS AS AT 31ST DECEMBER, 2022

Local Government Council	Deposits	Short Term Loan	Payables (Accrued Expenses)	Long Term Borrowings	Total
Akoko-Edo	676,602,463.83	-	-	-	676,602,463.83
Egor	417,592,374.82	-	338,147,252.57	-	755,739,627.39
Esan Central	486,152,554.14	56,907,781.29	-	-	543,060,335.43
Esan North East	279,332,894.42	38,324,609.30	175,604,239.59	-	493,261,743.31
Esan South East	232,614,103.35	810,186.42	-	-	233,424,289.77
Esan West	1,045,596,977.38	800,000.00	-	-	1,046,396,977.38
Etsako Central	360,869,605.78	-	-	-	360,869,605.78
Etsako East	266,734,941.23	1,966,883.97	-	-	268,701,825.20
Etsako West	408,993,827.14	67,522,988.40	-	-	476,516,815.54
Igueben	311,988,909.82	103,722,966.29	-	-	415,711,876.11
Ikpoba-Okha	276,126,638.16	-	-	-	276,126,638.16
Oredo	48,674,916.88	19,841,095.25	-	-	68,516,012.13
Orhionmwon	538,973,562.88	-	-	-	538,973,562.88
Ovia North East	77,612,515.09	99,940,000.00	-	-	177,552,515.09
Ovia South West	608,680,268.89	19,770,479.20	-	-	628,450,748.09
Owan East	272,032,279.36	75,941,620.08	3,822,400.16	174,643,785.25	526,440,084.85
Owan West	491,785,945.19	800,000.00	-	-	492,585,945.19
Uhunmwode	267,318,367.41	800,000.00	-	-	268,118,367.41
Total	₦ 7,067,683,145.77	₦ 487,148,610.20	₦ 517,573,892.32	₦ 174,643,785.25	₦ 8,247,049,433.54

NOTE 8: CONSOLIDATED SCHEDULE OF CHANGES IN NET ASSETS OF THE 18 LOCAL GOVERNMENT COUNCILS FOR THE YEAR 2022				
Local Government Council	Reserves	General Revenue Balance	Net Assets	
	₦	₦	₦	
Akoko-Edo	1,411,891,955.08	-	293,036,818.50	1,118,855,136.58
Egor	195,867,541.76	-	21,642,167.91	174,225,373.85
Esan Central	649,996,682.78		91,014,339.24	741,011,022.02
Esan North East	231,963,457.41	-	617,090,003.47	385,126,546.06
Esan South East	1,706,099,097.70		1,139,300.05	1,707,238,397.75
Esan West	953,686,248.41		21,104,426.11	974,790,674.52
Etsako Central	1,666,058,227.62	-	1,189,974,326.25	476,083,901.37
Etsako East	2,086,752,427.34	-	1,457,357,260.50	629,395,166.84
Etsako West	674,123,042.95	-	172,151,983.51	501,971,059.44
Igueben	1,516,449,417.81	-	50,165,730.43	1,466,283,687.38
Ikpoba-Okha	1,014,044,310.24		102,312,028.85	1,116,356,339.09
Oredo	1,427,202,081.30	-	437,286,164.85	989,915,916.45
Orhionmwon	737,405,970.81	-	23,811,939.62	713,594,031.19
Ovia North East	614,117,461.01	-	508,649,907.29	105,467,553.72
Ovia South West	48,321,618.72		1,000,000.00	49,321,618.72
Owan East	2,840,224,589.39		37,877,795.48	2,878,102,384.87
Owan West	2,708,954,714.94	-	59,058,777.94	2,649,895,937.00
Uhunmwode	578,444,003.89		77,309,314.77	655,753,318.66
Total	21,061,602,849.16	-	4,498,467,875.77	16,563,134,973.39

NOTE 9: AUDIT QUERIES ISSUED TO LOCAL GOVERNMENT COUNCILS IN RESPECT OF 2022 ACCOUNTS

S/N	Local Govt. Council	Outstanding Queries		Current Queries		Response to Queries		Queries Resolved		Unresolved Queries	
		No.	Amount (₦)	No.	Amount (₦)	No.	Amount (₦)	No.	Amount (₦)	No.	Amount (₦)
1	Akoko-Edo	-	-	4	16,681,000.00	3	11,600,000.00	3	11,600,000.00	1	5,081,000.00
2	Egor	-	-	8	69,612,394.77	8	69,612,394.77	8	69,612,394.77	-	-
3	Esan Central	3	17,250,000.00	4	17,700,000.00	-	-	-	-	7	34,950,000.00
4	Esan North East	5	372,736,222.98	5	25,963,750.00	-	-	-	-	10	398,699,972.98
5	Esan South East	6	52,251,000.00	3	12,705,000.00	2	4,500,000.00	2	4,500,000.00	7	60,456,000.00
6	Esan West	-	-	3	5,200,000.00	-	-	-	-	3	5,200,000.00
7	Etsako Central	-	-	3	5,500,000.00	3	5,500,000.00	3	5,500,000.00	-	-
8	Etsako East	-	-	4	41,480,000.00	-	-	-	-	4	41,480,000.00
9	Etsako West	-	-	3	5,030,000.00	-	-	-	-	3	5,030,000.00
10	Igueben	5	74,630,730.00	4	9,050,000.00	9	83,680,730.00	9	83,680,730.00	-	-
11	Ikpoba-Okha	-	-	3	57,401,500.00	3	57,401,500.00	3	57,401,500.00	-	-
12	Oredo	-	-	3	6,312,000.00	3	6,312,000.00	3	6,312,000.00	-	-
13	Orhionmwon	3	28,205,000.00	3	9,000,000.00	-	-	-	-	6	37,205,000.00
14	Ovia North East	-	-	2	19,951,640.00	2	19,951,640.00	2	19,951,640.00	-	-
15	Ovia South West	-	-	6	87,290,000.00	6	87,290,000.00	6	87,290,000.00	-	-
16	Owan East	5	25,309,755.06	8	63,053,243.66	13	88,362,998.72	13	88,362,998.72	-	-
17	Owan West	-	-	6	12,310,000.00	6	12,310,000.00	6	12,310,000.00	-	-
18	Uhunmwode	3	18,235,000.00	5	71,081,000.00	8	89,253,000.00	-	89,253,000.00	-	-
	Total	30	588,617,708.04	77	535,321,528.43	66	535,774,263.49	58	535,774,263.49	41	588,101,972.98

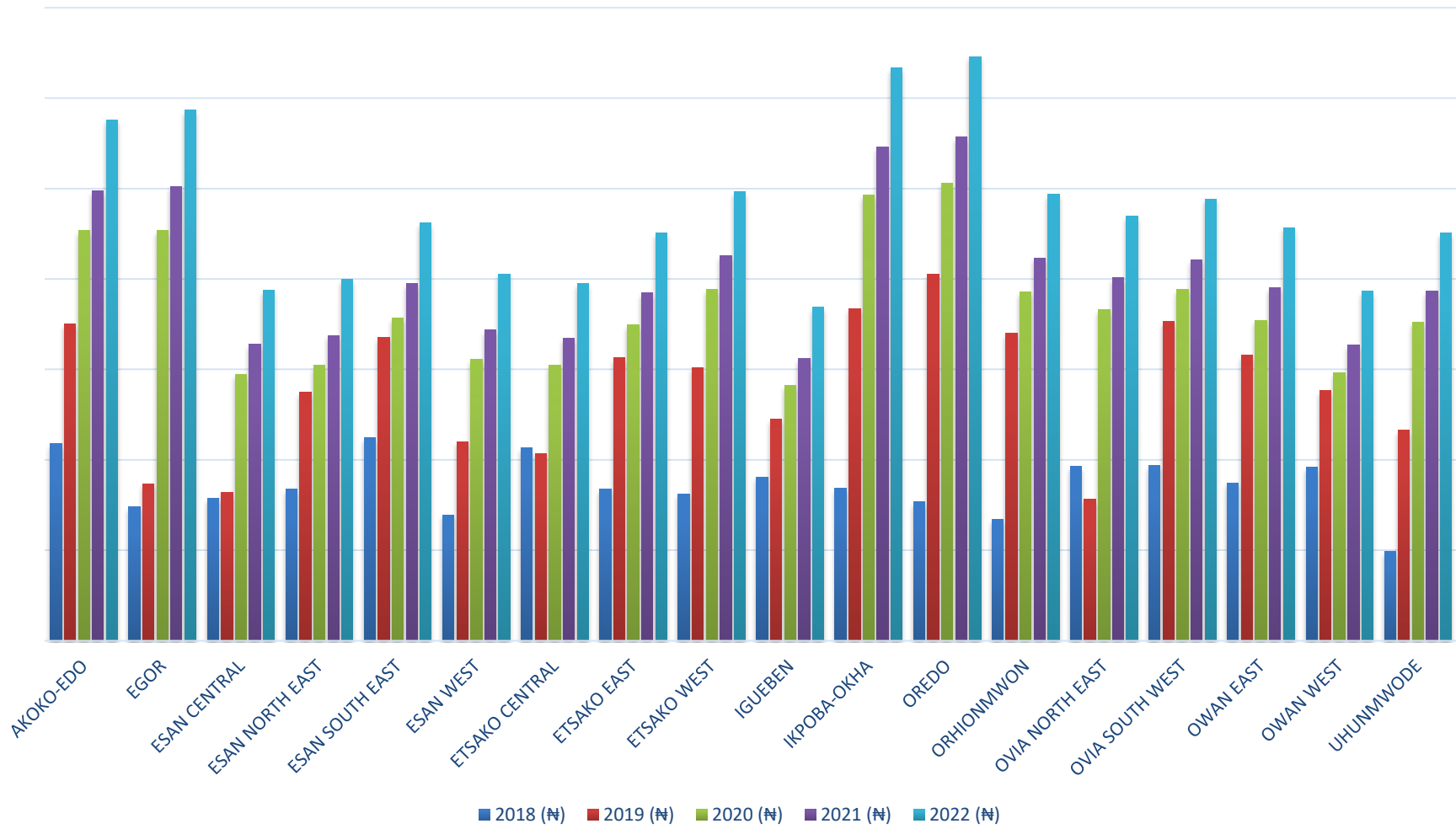
NOTE 10: DATE OF SUBMISSION OF 2022 ANNUAL FINANCIAL STATEMENTS BY LOCAL GOVERNMENT COUNCILS TO THE OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)

S/No.	Local Government Council	Date of Submission of Financial Statements
1	Akoko-Edo	31st March, 2023
2	Egor	28th March, 2023
3	Esan Central	31st March, 2023
4	Esan North East	10th March, 2023
5	Esan South East	5th April, 2023
6	Esan West	4th April, 2023
7	Etsako Central	24th March, 2023
8	Etsako East	27th March, 2023
9	Etsako West	27th March, 2023
10	Igueben	6th April, 2023
11	Ikpoba-Okha	31st March, 2023
12	Oredo	4th April, 2023
13	Orhionmwon	4th April, 2023
14	Ovia North East	31st March, 2023
15	Ovia South West	30th March, 2023
16	Owan East	28th March, 2023
17	Owan West	30th March, 2023
18	Uhunmwode	31st March, 2023

FIVE YEARS SUMMARY OF STATUTORY ALLOCATION

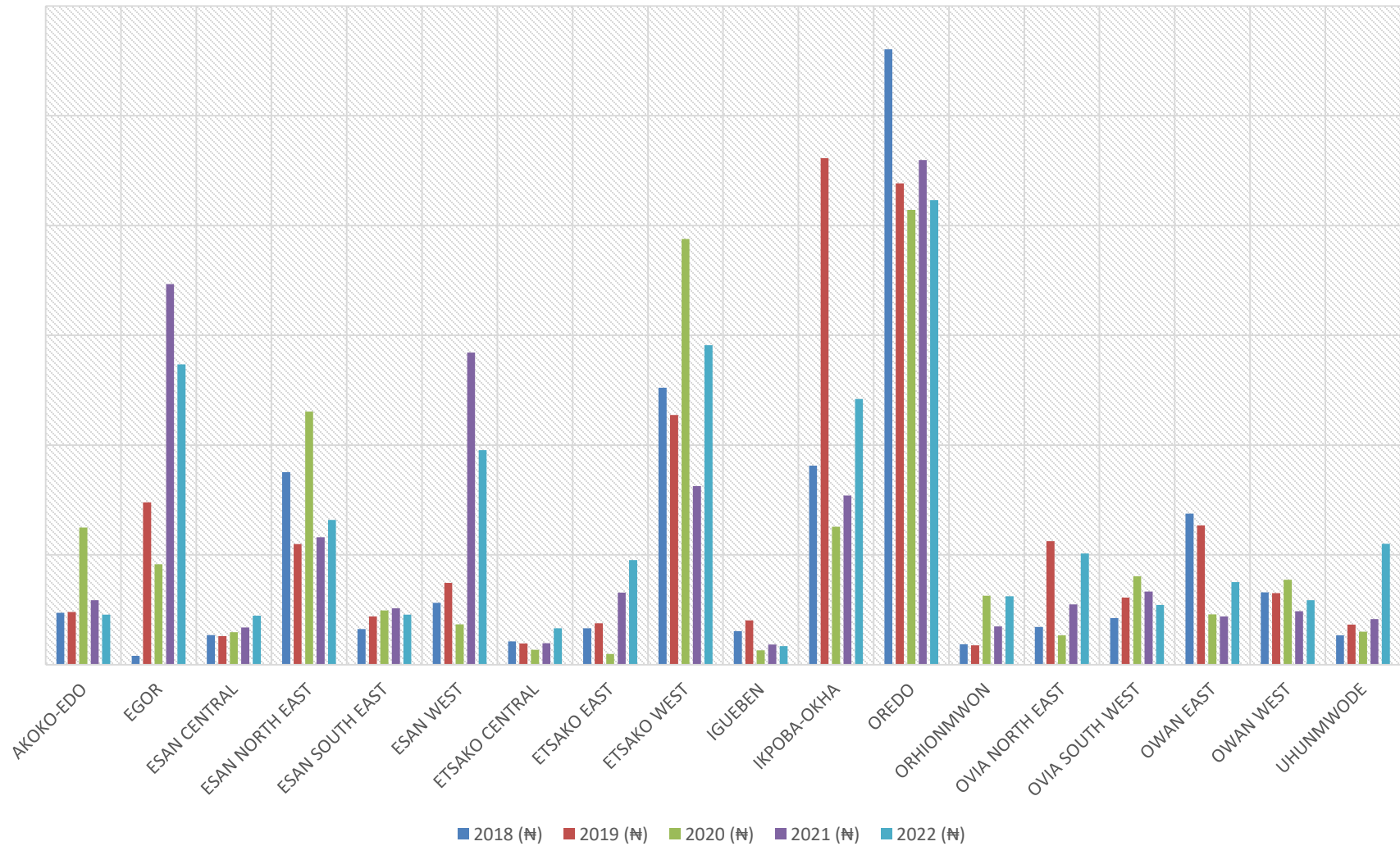
S/N	COUNCIL	2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	AKOKO-EDO	1,091,042,249.61	1,751,717,142.16	2,267,600,764.27	2,486,156,600.81	2,881,108,574.86	10,477,625,331.71
2	EGOR	739,561,601.20	869,318,590.22	2,266,821,179.67	2,512,590,658.78	2,932,765,337.34	9,321,057,367.21
3	ESAN CENTRAL	788,437,660.95	819,012,014.88	1,472,967,544.16	1,637,571,799.09	1,938,434,657.65	6,656,423,676.73
4	ESAN NORTH EAST	839,084,444.62	1,374,087,994.35	1,520,974,512.51	1,688,807,716.85	1,996,846,456.07	7,419,801,124.40
5	ESAN SOUTH EAST	1,124,180,382.79	1,674,865,531.88	1,785,466,340.48	1,972,604,538.07	2,310,147,010.51	8,867,263,803.73
6	ESAN WEST	695,742,756.67	1,101,254,527.67	1,554,666,852.10	1,717,337,426.83	2,028,928,209.28	7,097,929,772.55
7	ETSAKO CENTRAL	1,064,772,428.33	1,032,225,546.29	1,523,536,575.04	1,673,773,679.86	1,973,099,533.70	7,267,407,763.22
8	ETSAKO EAST	836,878,229.22	1,562,755,367.54	1,745,936,669.93	1,924,600,043.24	2,253,227,013.48	8,323,397,323.41
9	ETSAKO WEST	812,772,898.01	1,510,919,325.90	1,940,943,587.87	2,127,629,125.70	2,483,277,510.71	8,875,542,448.19
10	IGUEBEN	906,244,024.82	1,225,471,527.88	1,413,274,698.87	1,559,567,836.10	1,845,265,692.47	6,949,823,780.14
11	IKPOBA-OKHA	841,448,212.02	1,837,296,042.79	2,463,256,206.63	2,726,920,929.82	3,166,071,886.46	11,034,993,277.72
12	OREDO	767,523,237.27	2,027,321,085.64	2,529,364,184.81	2,783,548,358.05	3,229,326,549.47	11,337,083,415.24
13	ORHIONMWON	670,351,635.06	1,698,804,047.47	1,926,512,733.86	2,116,541,842.24	2,467,464,673.20	8,879,674,931.83
14	OVI NORTH EAST	964,421,594.94	784,166,924.19	1,831,962,028.72	2,009,323,994.76	2,345,369,897.59	7,935,244,440.20
15	OVI SOUTH WEST	970,332,559.31	1,764,759,727.88	1,941,887,290.03	2,107,271,777.10	2,442,707,946.91	9,226,959,301.23
16	OWAN EAST	873,793,532.03	1,578,887,370.38	1,772,128,590.94	1,952,157,796.09	2,284,954,073.86	8,461,921,363.30
17	OWAN WEST	957,576,847.73	1,381,338,901.76	1,480,075,844.84	1,636,714,726.63	1,935,033,100.24	7,390,739,421.20
18	UHUNMWODE	494,198,901.01	1,163,238,966.63	1,762,802,942.72	1,931,077,536.53	2,252,879,690.11	7,604,198,037.00
	TOTAL	<u>15,438,363,195.59</u>	<u>25,157,440,635.51</u>	<u>33,200,178,547.45</u>	<u>36,564,196,386.55</u>	<u>42,766,907,813.91</u>	<u>153,127,086,579.01</u>

5 YEARS SUMMARY OF STATUTORY ALLOCATION



FIVE YEARS SUMMARY OF INDEPENDENT REVENUE							
S/N	COUNCIL	2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	AKOKO-EDO	47,274,738.24	47,955,298.81	124,960,187.80	58,689,434.18	45,512,320.00	324,391,979.03
2	EGOR	8,132,212.95	147,960,032.29	91,427,551.57	346,637,469.73	273,599,763.10	867,757,029.64
3	ESAN CENTRAL	26,890,204.00	26,000,300.00	29,658,533.42	33,875,441.50	44,591,585.00	161,016,063.92
4	ESAN NORTH EAST	175,375,752.59	109,875,592.15	230,523,016.78	116,188,072.94	131,962,305.80	763,924,740.26
5	ESAN SOUTH EAST	32,506,638.39	43,836,587.40	49,438,942.73	51,368,745.55	45,701,333.05	222,852,247.12
6	ESAN WEST	56,367,504.57	74,588,090.00	36,797,205.08	284,314,855.80	195,539,090.00	647,606,745.45
7	ETSAKO CENTRAL	21,177,925.37	19,230,455.46	13,520,846.19	19,650,954.54	33,132,940.39	106,713,121.95
8	ETSAKO EAST	33,258,497.19	37,820,450.00	9,754,059.93	65,683,402.23	95,418,713.09	241,935,122.44
9	ETSAKO WEST	252,203,948.83	227,363,826.00	387,778,166.67	162,781,708.00	290,924,469.00	1,321,052,118.50
10	IGUEBEN	30,586,411.93	40,402,202.63	13,125,760.00	18,481,881.34	16,844,958.00	119,441,213.90
11	IKPOBA-OKHA	181,287,549.20	461,415,783.00	125,586,470.12	154,031,732.13	242,156,338.64	1,164,477,873.09
12	OREDO	560,510,778.69	438,401,779.75	414,366,454.17	459,689,887.36	423,075,046.15	2,296,043,946.12
13	ORHIONMWON	18,609,325.40	17,616,714.99	62,948,185.17	34,947,426.70	62,311,378.22	196,433,030.48
14	OVI NORTH EAST	34,343,606.01	112,477,778.00	26,636,997.17	54,915,547.35	101,422,195.37	329,796,123.90
15	OVI SOUTH WEST	42,476,720.00	61,222,914.00	80,548,737.11	66,721,266.44	54,453,032.04	305,422,669.59
16	OWAN EAST	137,551,553.51	126,893,142.80	45,984,001.81	43,996,638.65	75,318,005.52	429,743,342.29
17	OWAN WEST	65,986,310.00	65,201,732.00	77,379,175.23	48,743,533.40	58,653,939.03	315,964,689.66
18	UHUNMWODE	26,752,700.00	36,514,250.00	30,160,392.35	41,488,744.99	110,171,477.00	245,087,564.34
	TOTAL	<u>1,751,292,376.87</u>	<u>2,094,776,929.28</u>	<u>1,850,594,683.30</u>	<u>2,062,206,742.83</u>	<u>2,300,788,889.40</u>	<u>10,059,659,621.68</u>

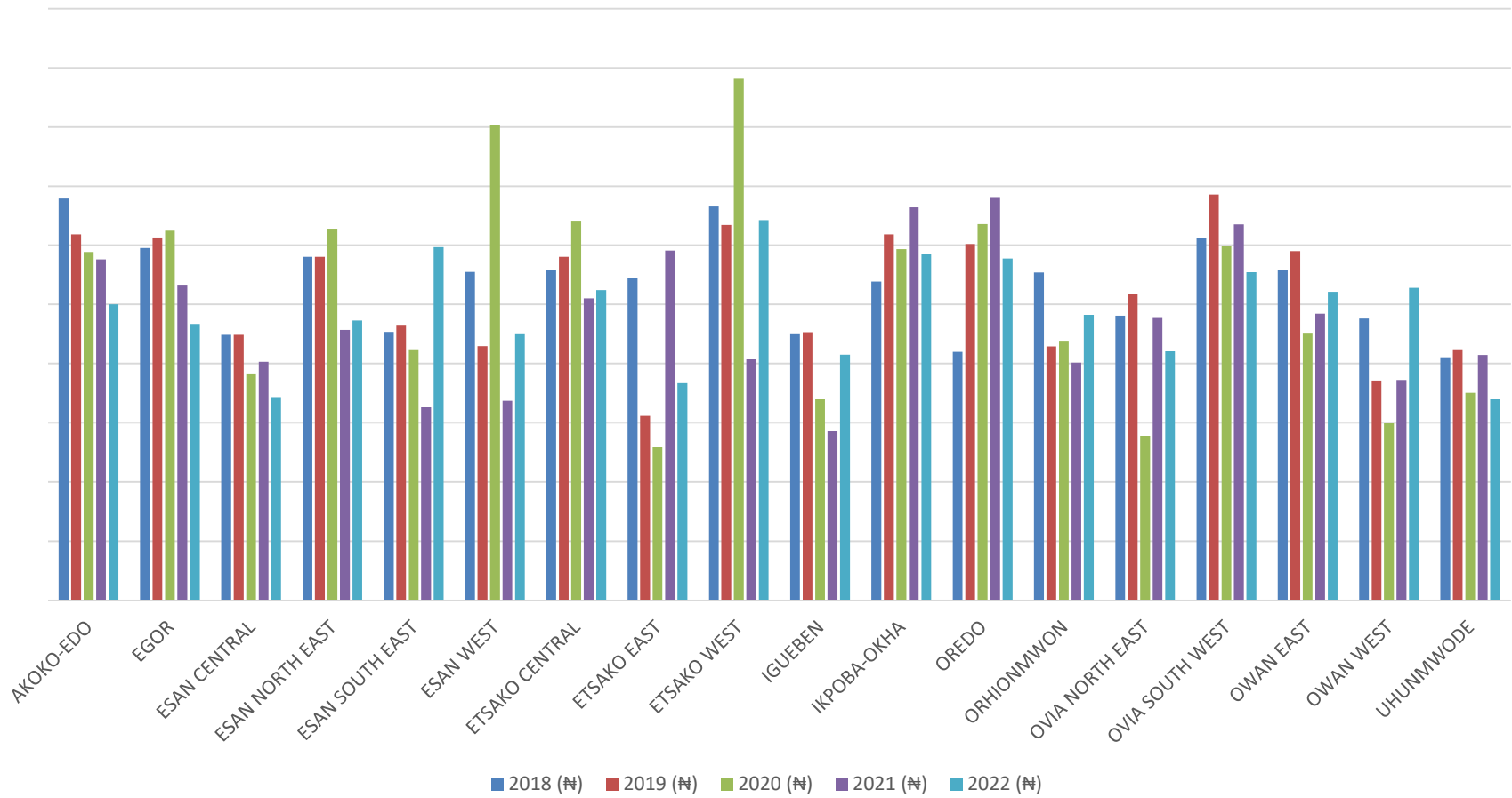
5 YEARS SUMMARY OF INDEPENDENT REVUNUE



FIVE YEARS SUMMARY OF SALARIES AND WAGES

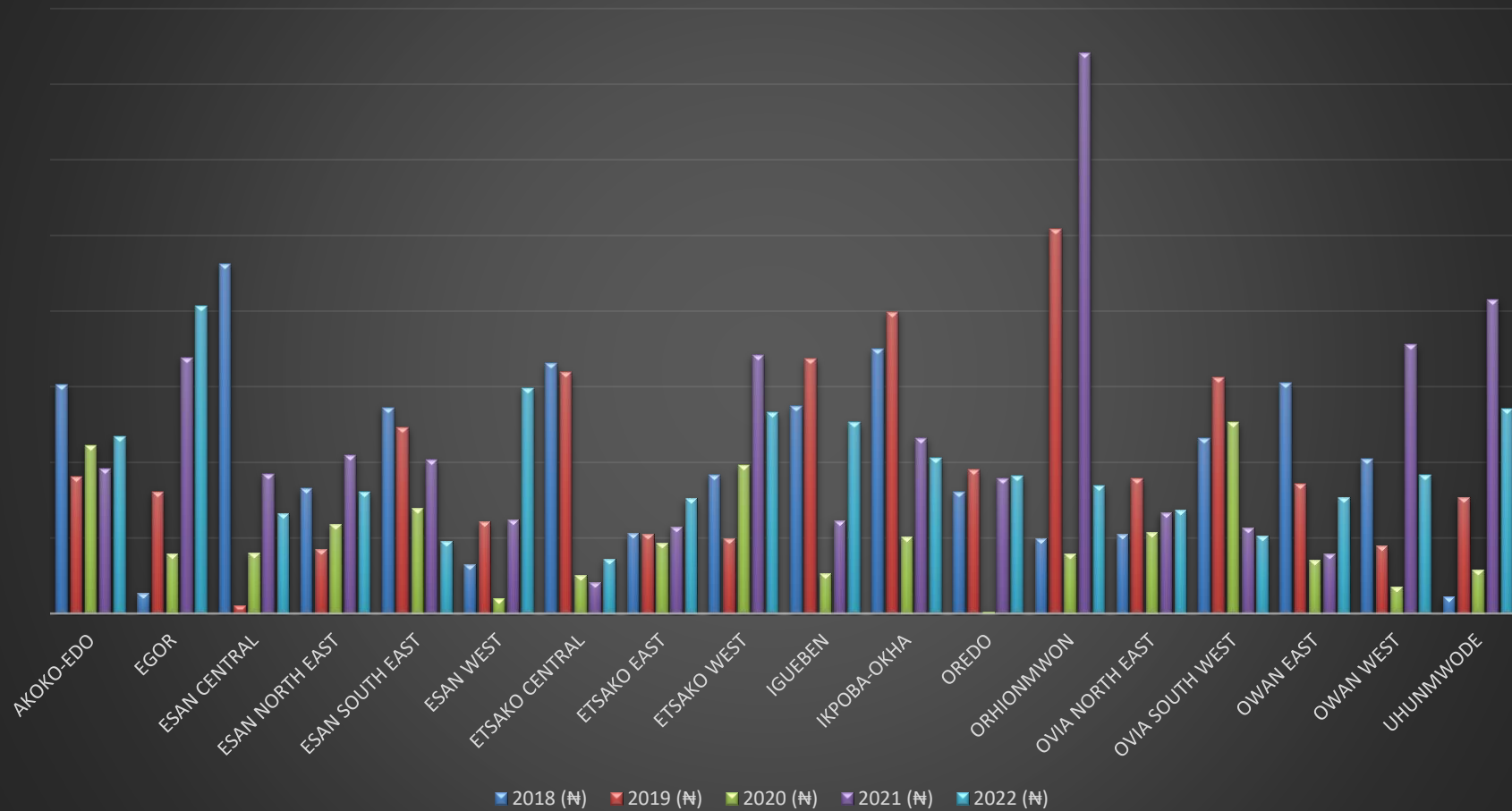
S/N	COUNCIL	2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	AKOKO-EDO	678,954,100.73	618,652,071.38	588,859,090.00	576,122,842.37	500,183,397.80	2,962,771,502.28
2	EGOR	595,345,481.13	613,044,845.40	624,655,912.72	533,504,036.80	467,147,746.18	2,833,698,022.23
3	ESAN CENTRAL	450,040,188.21	450,040,188.21	383,469,929.95	403,021,258.65	343,475,854.24	2,030,047,419.26
4	ESAN NORTH EAST	580,505,094.05	580,505,094.05	628,261,313.15	456,626,839.22	472,796,375.85	2,718,694,716.32
5	ESAN SOUTH EAST	453,598,936.14	465,433,120.27	424,112,573.99	325,785,258.27	596,675,709.52	2,265,605,598.19
6	ESAN WEST	554,885,536.27	429,244,708.58	803,032,020.89	337,002,097.20	451,143,119.53	2,575,307,482.47
7	ETSAKO CENTRAL	558,484,885.22	580,381,240.11	641,687,211.67	510,487,129.25	524,033,206.12	2,815,073,672.37
8	ETSAKO EAST	544,759,085.68	311,432,231.30	259,672,398.82	590,957,421.69	368,492,679.54	2,075,313,817.03
9	ETSAKO WEST	665,777,675.32	634,192,302.47	881,467,492.14	408,093,255.17	642,624,549.74	3,232,155,274.84
10	IGUEBEN	450,947,263.30	452,890,669.28	340,910,408.75	286,119,113.36	414,950,940.11	1,945,818,394.80
11	IKPOBA-OKHA	538,547,003.00	618,436,483.64	593,621,425.22	663,979,618.26	585,117,385.84	2,999,701,915.96
12	OREDO	420,005,778.15	602,122,000.00	635,918,237.39	680,151,674.61	577,497,616.54	2,915,695,306.69
13	ORHIONMWON	553,814,419.90	429,180,498.13	438,745,400.00	401,519,223.15	482,112,251.71	2,305,371,792.89
14	OVI NORTH EAST	480,719,895.80	518,499,744.40	278,106,883.36	478,494,388.40	420,593,957.36	2,176,414,869.32
15	OVI SOUTH WEST	612,654,178.51	685,623,246.21	599,185,661.93	635,513,450.90	554,329,590.44	3,087,306,127.99
16	OWAN EAST	559,052,985.54	590,070,808.63	452,211,503.07	484,159,460.67	521,401,532.23	2,606,896,290.14
17	OWAN WEST	476,068,509.99	371,015,129.42	299,650,672.87	372,158,474.18	528,059,574.00	2,046,952,360.46
18	UHUNMWODE	410,779,822.42	424,380,916.52	350,672,792.87	414,514,249.83	340,951,105.70	1,941,298,887.34
	TOTAL	9,584,940,839.36	9,375,145,298.00	9,224,240,928.79	8,558,209,791.98	8,791,586,592.45	45,534,123,450.58

5 YEARS SUMMARY OF SALARIES & WAGES



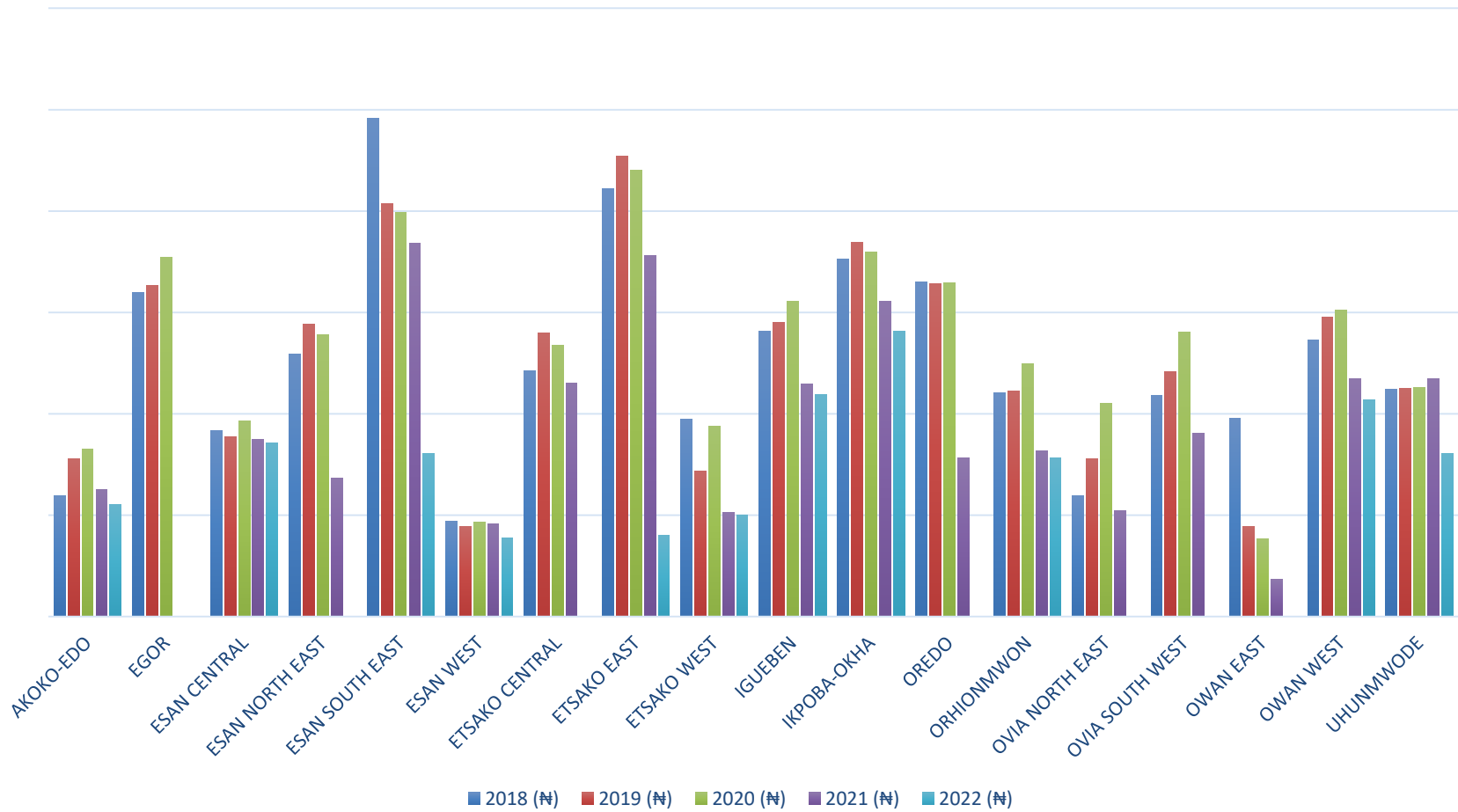
FIVE YEARS SUMMARY OF OVERHEADS COSTS							
S/N	COUNCIL	2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	AKOKO-EDO	302,662,434.12	181,084,803.03	222,801,352.46	191,763,240.36	233,690,095.96	1,132,001,925.93
2	EGOR	26,725,325.14	160,761,926.00	78,915,676.00	338,416,581.57	406,909,962.40	1,011,729,471.11
3	ESAN CENTRAL	462,515,855.72	10,193,566.00	79,691,536.48	183,906,695.00	132,447,214.87	868,754,868.07
4	ESAN NORTH EAST	165,017,339.19	84,587,100.26	117,582,954.00	208,672,366.80	160,758,051.27	736,617,811.52
5	ESAN SOUTH EAST	271,955,818.54	246,166,645.60	139,184,443.68	203,111,344.85	95,886,350.34	956,304,603.01
6	ESAN WEST	65,243,229.50	121,182,954.00	20,299,700.00	123,903,377.63	298,255,819.63	628,885,080.76
7	ETSAKO CENTRAL	330,624,619.88	319,180,159.18	50,103,230.00	41,100,726.65	71,892,840.00	812,901,575.71
8	ETSAKO EAST	106,000,647.49	104,978,110.91	93,677,564.43	114,835,279.66	152,305,262.30	571,796,864.79
9	ETSAKO WEST	183,208,383.23	99,501,574.40	196,407,702.07	341,737,241.53	265,465,165.54	1,086,320,066.77
10	IGUEBEN	274,149,043.75	336,596,857.39	52,748,437.00	122,540,954.86	252,570,373.23	1,038,605,666.23
11	IKPOBA-OKHA	349,648,662.67	398,441,514.69	101,545,800.00	231,603,932.07	206,038,715.00	1,287,278,624.43
12	OREDO	160,630,684.71	189,917,976.00	2,478,855.94	178,757,256.71	182,244,245.17	714,029,018.53
13	ORHIONMWON	99,518,605.40	508,441,921.49	78,754,331.00	741,215,659.82	169,332,578.97	1,597,263,096.68
14	OVIA NORTH EAST	104,521,965.80	178,235,070.60	107,826,565.99	132,950,000.00	136,793,386.00	660,326,988.39
15	OVIA SOUTH WEST	231,974,472.90	311,456,732.10	252,752,009.23	113,377,063.77	102,374,300.00	1,011,934,578.00
16	OWAN EAST	304,380,172.08	171,460,999.26	71,353,762.05	78,643,478.65	152,978,053.43	778,816,465.47
17	OWAN WEST	204,486,794.50	89,071,342.27	35,554,082.73	355,345,959.25	183,492,287.63	867,950,466.38
18	UHUNMWODE	22,129,971.07	153,571,863.62	57,311,748.19	415,097,642.00	271,288,025.20	919,399,250.08
	TOTAL	3,665,394,025.69	3,664,831,116.80	1,758,989,751.25	4,116,978,801.18	3,474,722,726.94	16,680,916,421.86

5 YEARS SUMMARY OF OVERHEAD COSTS



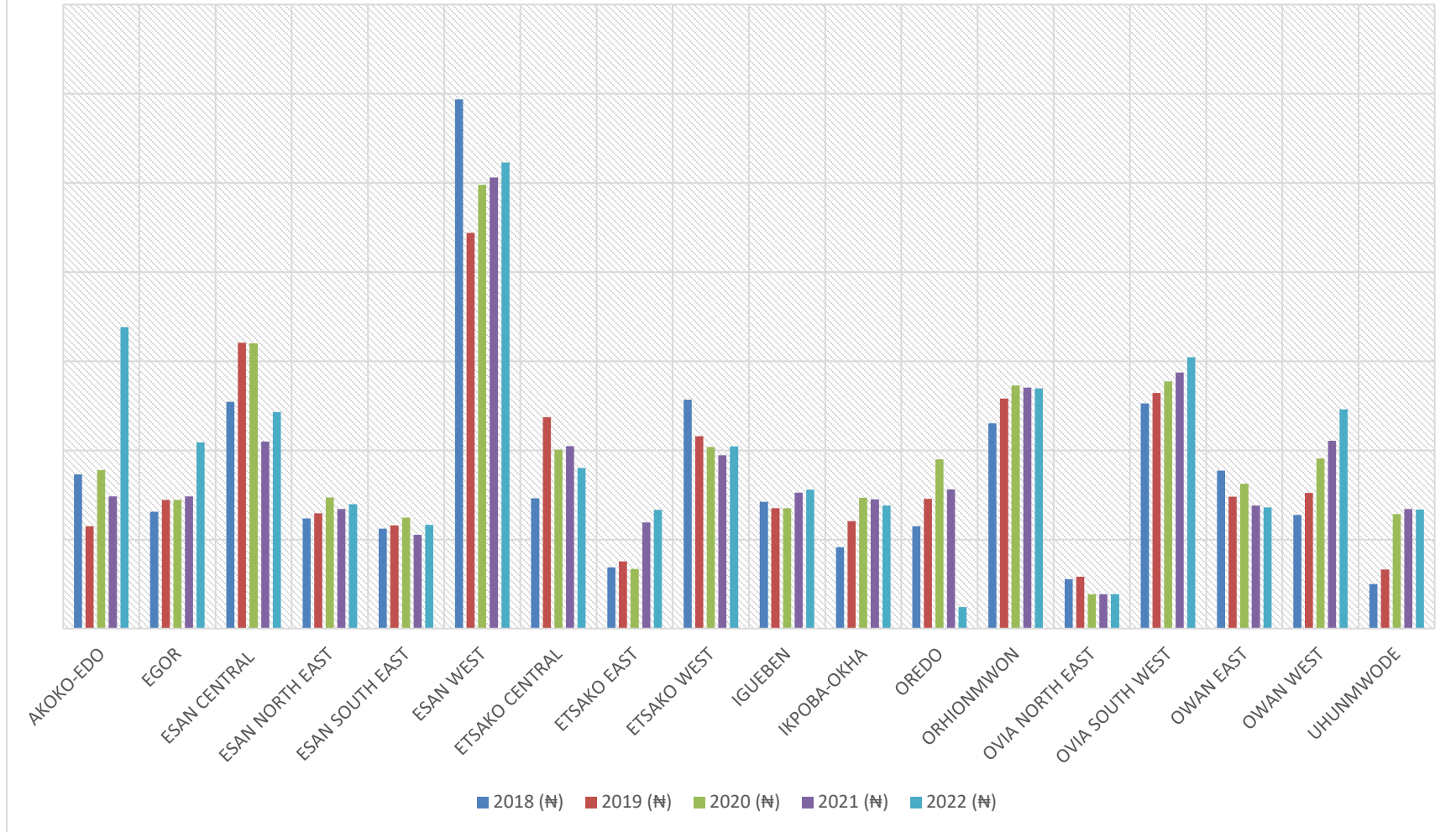
FIVE YEARS SUMMARY OF OUTSTANDING PREPAYMENTS (ADVANCES)						
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)
1	AKOKO-EDO	595,071,134.99	777,724,040.19	824,981,550.19	628,442,050.19	552,786,412.56
2	EGOR	1,599,037,816.67	1,632,023,212.67	1,772,910,683.61	-	-
3	ESAN CENTRAL	916,815,499.43	884,714,499.43	965,404,749.93	872,555,349.93	855,705,349.93
4	ESAN NORTH EAST	1,294,455,942.33	1,441,122,647.25	1,389,663,290.73	681,755,046.26	
5	ESAN SOUTH EAST	2,458,134,516.07	2,035,855,888.07	1,994,134,338.07	1,841,150,288.07	805306488.07
6	ESAN WEST	470,335,178.70	445,467,480.70	463,483,034.26	459,009,366.70	387,832,966.70
7	ETSAKO CENTRAL	1,214,354,801.12	1,399,890,620.12	1,339,484,071.40	1,150,456,721.40	-
8	ETSAKO EAST	2,109,530,634.59	2,268,518,489.88	2,201,383,745.09	1,781,280,780.13	401,512,802.00
9	ETSAKO WEST	975,494,541.84	718,407,707.18	937,443,251.79	513,484,176.85	500,483,676.85
10	IGUEBEN	1,407,994,874.83	1,451,310,259.83	1,557,131,025.20	1,145,193,897.20	1,093,803,897.20
11	IKPOBA-OKHA	1,765,226,580.06	1,846,154,944.06	1,798,984,344.06	1,556,925,639.06	1,407,086,981.06
12	OREDO	1,647,999,584.61	1,643,109,829.97	1,646,618,551.40	785,189,069.40	-
13	ORHIONMWON	1,103,024,263.81	1,110,865,039.06	1,245,760,689.06	819,708,070.76	780,284,970.76
14	OVI NORTH EAST	597,154,096.07	777,438,873.06	1,052,001,918.06	523,271,450.38	-
15	OVI SOUTH WEST	1,089,977,017.00	1,206,801,582.00	1,401,317,202.00	902,697,304.00	-
16	OWAN EAST	977,692,758.29	445,785,798.78	384,436,450.78	185,464,180.78	-
17	OWAN WEST	1,362,692,814.63	1,474,787,412.63	1,511,938,374.63	1,174,541,224.63	1,071,306,824.63
18	UHUNMWODE	1,122,458,250.15	1,125,514,386.90	1,128,772,086.90	1,174,541,224.63	805,580,652.76
	TOTAL	<u>22,707,450,305.19</u>	<u>22,685,492,711.78</u>	<u>23,615,849,357.16</u>	<u>16,195,665,840.37</u>	<u>8,661,691,022.52</u>

5 YEARS SUMMARY OF OUTSTANDING PREPAYMENTS



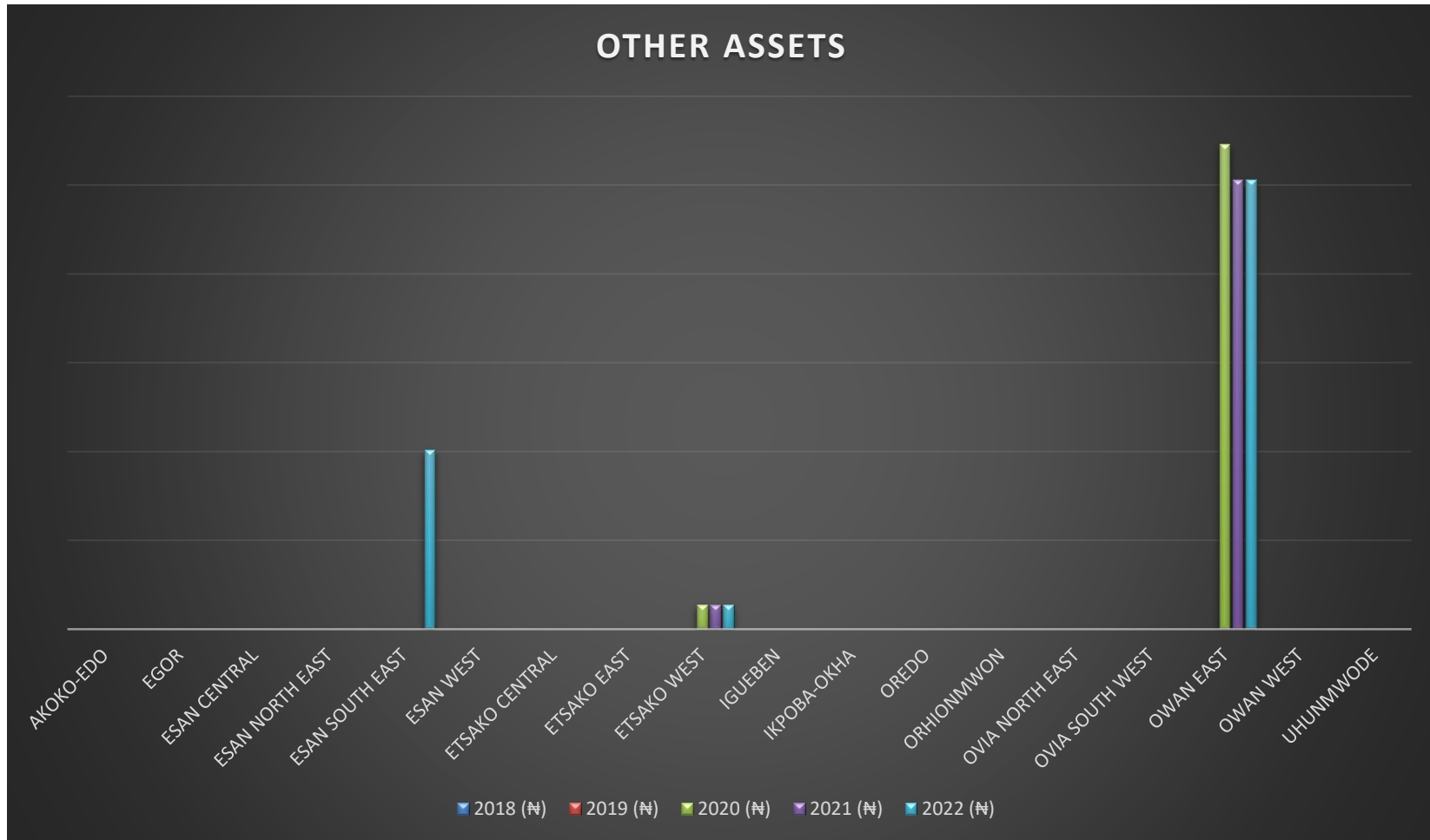
FIVE YEARS FINANCIAL SUMMARY OF DEPOSITS						
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)
1	AKOKO-EDO	345,986,746.67	229,850,573.04	355,530,614.20	296,966,061.02	676,602,463.83
2	EGOR	262,398,494.15	288,802,326.19	288,802,326.19	296,916,655.39	417,592,374.82
3	ESAN CENTRAL	508,913,183.30	641,454,011.59	640,451,778.31	419,652,844.50	486,152,554.14
4	ESAN NORTH EAST	247,209,870.21	259,067,210.55	294,590,485.22	268,347,834.39	279,332,894.42
5	ESAN SOUTH EAST	224,439,034.13	231,482,482.29	249,357,160.77	210,311,068.88	232,614,103.35
6	ESAN WEST	1,187,124,337.85	888,016,969.42	995,560,251.88	1,011,667,073.67	1,045,596,977.38
7	ETSAKO CENTRAL	292,785,505.39	474,485,091.53	401,781,388.98	409,255,593.18	360,869,605.78
8	ETSAKO EAST	137,556,798.09	151,163,303.80	134,138,224.73	238,325,655.85	266,734,941.23
9	ETSAKO WEST	513,576,596.07	431,580,403.33	407,581,775.75	388,660,911.05	408,993,827.14
10	IGUEBEN	284,420,349.49	270,123,027.63	270,123,027.63	304,988,580.62	311,988,909.82
11	IKPOBA-OKHA	182,876,987.34	241,348,578.46	293,793,163.69	289,830,467.32	276,126,638.16
12	OREDO	230,012,769.30	291,595,085.48	379,693,847.39	312,131,773.29	48,674,916.88
13	ORHIONMWON	460,700,709.39	516,243,029.90	545,743,621.43	540,835,281.94	538,973,562.88
14	OVIA NORTH EAST	110,881,053.94	116,602,511.97	77,612,515.09	77,612,515.09	77,612,515.09
15	OVIA SOUTH WEST	505,041,347.62	528,776,584.22	554,694,026.44	574,424,604.34	608,680,268.89
16	OWAN EAST	354,313,253.04	296,249,807.45	325,145,123.08	276,091,205.76	272,032,279.36
17	OWAN WEST	255,001,135.91	304,384,923.02	381,901,184.93	421,627,195.23	491,785,945.19
18	UHUNMWODE	100,595,250.37	133,131,418.76	256,862,618.92	268,651,521.70	267,318,367.41
	TOTAL	<u>6,203,833,422.26</u>	<u>6,294,357,338.63</u>	<u>6,853,363,134.63</u>	<u>6,606,296,843.22</u>	<u>7,067,683,145.77</u>

5 YEARS SUMMARY OF DEPOSITS



FIVE YEARS SUMMARY OF OTHER ASSETS (EXCLUDING ADVANCES AND CASH)							
S/N O	COUNCIL	2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	AKOKO-EDO	858,000.00	858,000.00	858,000.00	858,000.00	858,000.00	4,290,000.00
2	EGOR	-	-	-	-	-	-
3	ESAN CENTRAL	-	-	-	-	-	-
4	ESAN NORTH EAST	-	-	-	-	-	-
5	ESAN SOUTH EAST	-	-	-	-	1,004,500,000.00	1,004,500,000.00
6	ESAN WEST	-	-	359,984.00	359,984.00	359,984.00	1,079,952.00
7	ETSAKO CENTRAL	-	-	-	-	-	-
8	ETSAKO EAST	-	-	-	-	-	-
9	ETSAKO WEST	1,024,375.21	1,024,375.21	134,391,923.33	134,391,923.33	134,391,923.33	405,224,520.41
10	IGUEBEN	-	-	-	-	-	-
11	IKPOBA-OKHA	-	-	-	-	-	-
12	OREDO	-	-	-	-	-	-
13	ORHIONMWON	-	-	-	-	-	-
14	OVIA NORTH EAST	-	-	-	-	-	-
15	OVIA SOUTH WEST	1,119,660.00	1,119,660.00	1,119,660.00	1,119,660.00	1,119,660.00	5,598,300.00
16	OWAN EAST	-	56,750.00	2,726,411,099.62	2,527,438,830.62	2,527,438,830.62	7,781,345,510.86
17	OWAN WEST	-	-	-	-	-	-
18	UHUNMWODE	-	-	-	-	-	-
	TOTAL	<u>3,002,035.21</u>	<u>3,058,785.21</u>	<u>2,863,140,666.95</u>	<u>2,664,168,397.95</u>	<u>3,668,668,397.95</u>	<u>9,202,038,283.27</u>

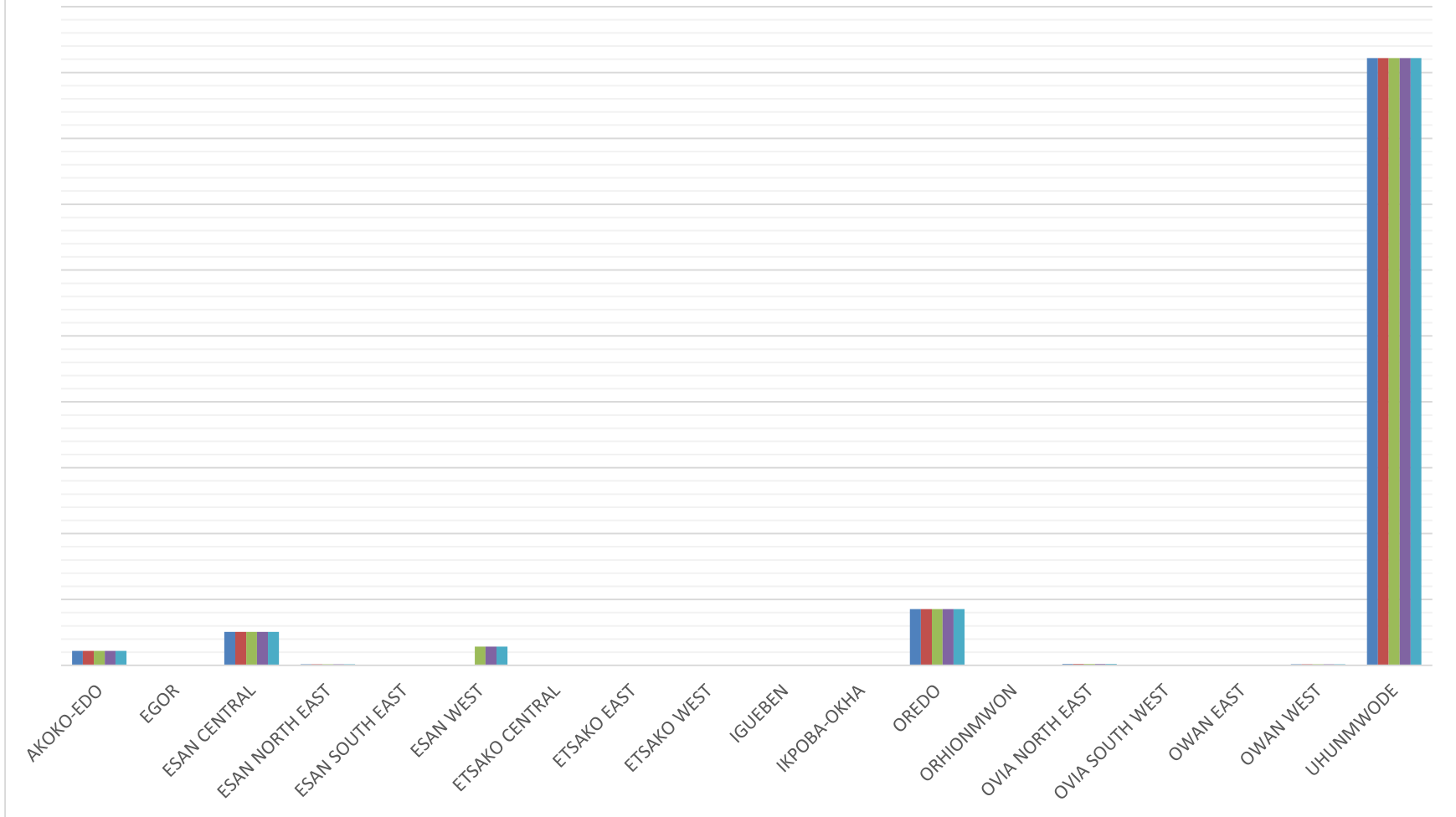
OTHER ASSETS



FIVE YEARS SUMMARY OF LOANS (LONG TERM)							
S/NO	COUNCIL	2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	AKOKO-EDO	437,736.92	437,736.92	437,736.92	437,736.92	437,736.92	2,188,684.60
2	EGOR	-	-	-	-	-	-
3	ESAN CENTRAL	1,020,035.50	1,020,035.50	1,020,035.50	1,020,035.50	1,020,035.50	5,100,177.50
4	ESAN NORTH EAST	30,120.00	30,120.00	30,120.00	30,120.00	30,120.00	150,600.00
5	ESAN SOUTH EAST	-	-	-	-	-	-
6	ESAN WEST	-	-	572,970.07	572,970.07	572,970.07	1,718,910.21
7	ETSAKO CENTRAL	-	-	-	-	-	-
8	ETSAKO EAST	-	-	-	-	-	-
9	ETSAKO WEST	-	-	-	-	-	-
10	IGUEBEN	-	-	-	-	-	-
11	IKPOBA-OKHA	-	-	-	-	-	-
12	OREDO	1,706,198.77	1,706,198.77	1,706,198.77	1,706,198.77	1,706,198.77	8,530,993.85
13	ORHIONMWON	-	-	-	-	-	-
14	OZIA NORTH EAST	37,567.00	37,567.00	37,567.00	37,567.00	37,567.00	187,835.00
15	OZIA SOUTH WEST	-	-	-	-	-	-
16	OWAN EAST	-	-	-	-	-	-
17	OWAN WEST	30,561.00	30,561.00	30,561.00	30,561.00	30,561.00	152,805.00
18	UHUNMWODE	18,436,870.79	18,436,870.79	18,436,870.79	18,436,870.79	18,436,870.79	92,184,353.95
	TOTAL	<u>21,699,089.98</u>	<u>21,699,089.98</u>	<u>22,272,060.05</u>	<u>22,272,060.05</u>	<u>22,272,060.05</u>	<u>110,214,360.11</u>

5 YEARS SUMMARY OF LOANS (LONG TERM)

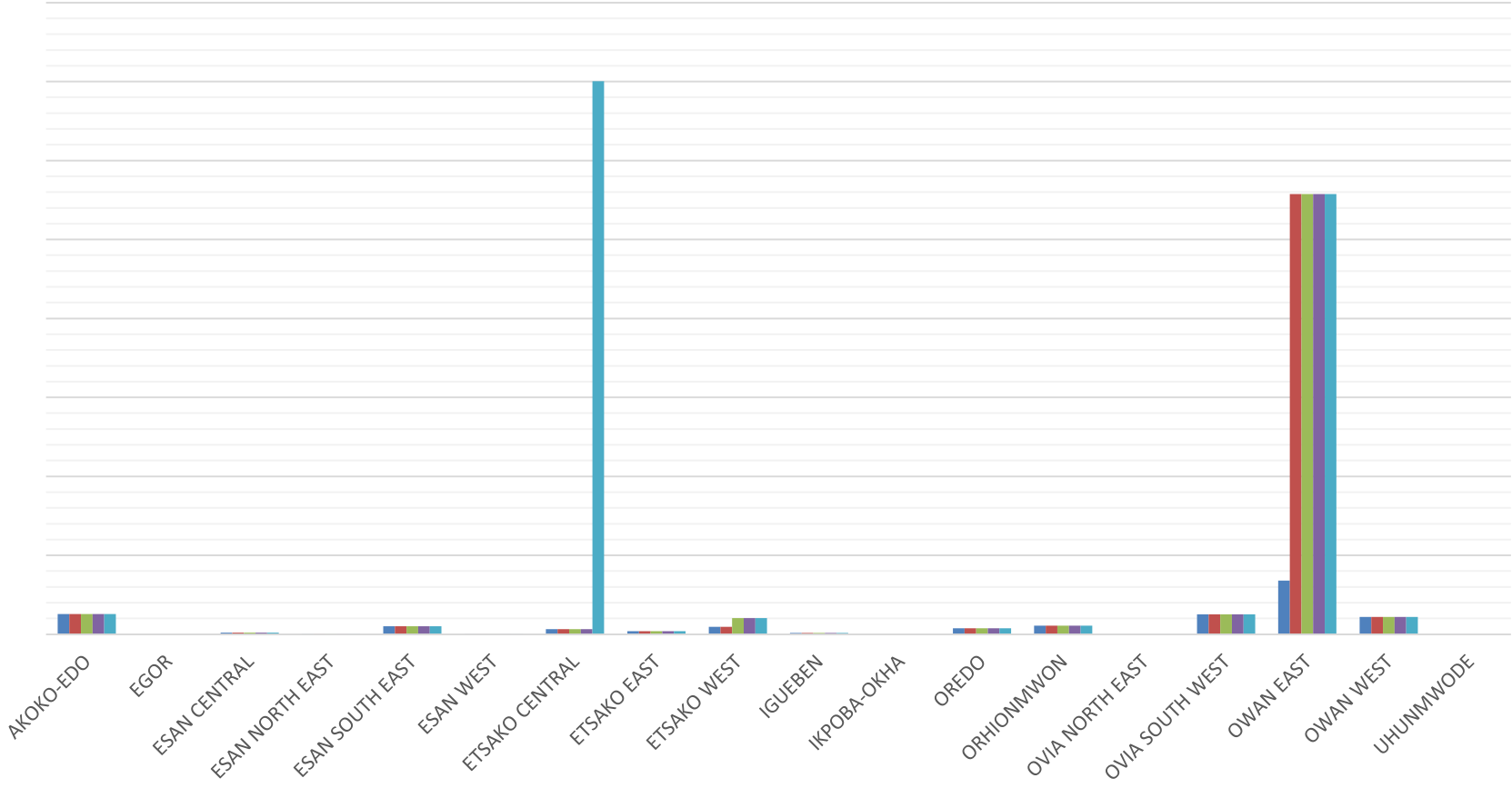
■ 2018 (₦) ■ 2019 (₦) ■ 2020 (₦) ■ 2021 (₦) ■ 2022 (₦)



FIVE YEARS SUMMARY OF INVESTMENT INCOME							
S/NO	COUNCIL	2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	AKOKO-EDO	1,278,588.59	1,278,588.59	1,278,588.59	1,278,588.59	1,278,588.59	6,392,942.95
2	EGOR	-	-	-	-	-	-
3	ESAN CENTRAL	103,199.98	103,199.98	103,199.98	103,199.98	103,199.98	515,999.90
4	ESAN NORTH EAST	40,967.56	40,967.56	40,967.56	40,967.56	40,967.56	204,837.80
5	ESAN SOUTH EAST	516,662.89	516,662.89	516,662.89	516,662.89	516,662.89	2,583,314.45
6	ESAN WEST	28,685.43	28,685.43	28,685.43	28,685.43	28,685.43	143,427.15
7	ETSAKO CENTRAL	317,731.15	317,731.15	317,731.15	317,731.15	35,021,514.25	36,292,438.85
8	ETSAKO EAST	200,157.27	200,157.27	200,157.27	200,157.27	200,157.27	1,000,786.35
9	ETSAKO WEST	471,138.28	471,138.28	1,024,375.21	1,024,375.21	1,024,375.21	4,015,402.19
10	IGUEBEN	80,353.50	80,353.50	80,353.50	80,353.50	80,353.50	401,767.50
11	IKPOBA-OKHA	-	-	-	-	-	-
12	OREDO	385,910.69	385,910.69	385,910.69	385,910.69	385,910.69	1,929,553.45
13	ORHIONMWON	537,649.07	537,649.07	537,649.07	537,849.07	537,849.07	2,688,645.35
14	OVI NORTH EAST	-	-	-	-	-	-
15	OVI SOUTH WEST	1,257,389.18	1,257,389.18	1,257,389.18	1,257,389.18	1,257,389.18	6,286,945.90
16	OWAN EAST	3,407,561.32	27,883,736.00	27,883,736.00	27,883,736.00	27,883,736.00	114,942,505.32
17	OWAN WEST	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00	5,500,000.00
18	UHUNMWODE	-	-	-	-	-	-
	TOTAL	9,725,994.91	34,202,169.59	34,755,406.52	34,755,606.52	69,459,389.62	182,898,567.16

5 YEARS SUMMARY OF INVESTMENT INCOME

■ 2018 (₦) ■ 2019 (₦) ■ 2020 (₦) ■ 2021 (₦) ■ 2022 (₦)



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Akoko-Edo Local Government Council, Igarra in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the Information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Akoko-Edo Local Government Council, Igarra as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: UDUAFEMEH THOMPSON


Signature:

Date... 29/03/23

Name of Chairman: AKHANE DICKSON


Signature

Date... 29/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Akoko-Edo Local Government Council, Igarra for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Akoko-Edo Local Government Council, Igarra is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

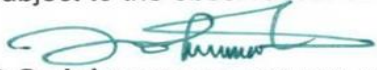
It is my Statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required

OPINION

In my opinion, the Financial Statements of Akoko-Edo Local Government Council, Igarra for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.
27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF AKOKO-EDO LOCAL GOVERNMENT COUNCIL, IGARRA FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Akoko-Edo Local Government Council realized as revenue a total sum of ₦2,926,620,894.86. Of this amount, the sum of ₦2,881,108,574.86 was received as statutory allocations from the federation account while the balance sum of ₦45,512,320.00 represented independent revenue. See **Notes 1 and 2** for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,881,108,574.86 that accrued from the federation account to Akoko-Edo Local Government Councils, Igarra as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Akoko-Edo Local Government Council, Igarra and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Akoko-Edo Local Government Council, Igarra spent the sum of ₦500,183,397.80 on salaries and wages, the sum of ₦233,690,095.96 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦2,048,285,545.21. The capital expenditure for the year stood at ₦437,498,674.39.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Akoko-Edo Local Government Council, Igarra as at 31st December, 2022 amounted to ₦1,240,096,862.34. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ~~₦~~52,786,412.56. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Akoko-Edo Local Government Council, Igarra as 31st December 2022 stood at ~~₦~~1,278,588.59. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ~~₦~~676,602,463.83 was outstanding in the Deposits Accounts of Akoko-Edo Local Government Council, Igarra. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

8. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Akoko-Edo Local Government Council, Igarra is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,848,383,396.57	2,881,108,574.86	101%
Independent Revenue	133,970,000.00	45,512,320.00	34%
<u>EXPENDITURE</u>			
Salary and Wages	843,036,748.41	500,183,397.80	59%
Overhead Cost	290,325,000.00	233,690,095.96	80%
Transferred to SUBEB and other Local Government Entities	824,000,000.00	2,048,285,545.21	249%
Capital Expenditure	184,400,000.00	437,498,674.39	237%

OBSERVATION

As can be seen from the above, should performance for capital projects for the year 2022 was very high with an increase of 137% over and above the threshold. Commitment to SUBEB in form of salaries of teachers and overhead was very high as well. It exceeded the budgeted amount by 149% and it is about 69.99% of all revenue accrued to the Council.

In view of money spent on capital project, the Office of the Auditor-General for Local Governments should be convinced that the Councils obtained value for money for the above expenditure by proving that relevant contract documents were forwarded to the Office of the Auditor-General for Local Governments in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8).

RECOMMENDATIONS

(i) The Local Government Council should always comply with F.M. 1.4(12)(g) and F.M. 39.1(8) in the execution of capital projects.

9. **AUTHORIZATION**

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. **REVALUATION OF ASSETS**

Akoko-Edo Local Government Council, Igarra is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Akoko-Edo Local Government Council, Igarra is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦16,681,000.00 attached to Audit Inspection Reports on the 2022 accounts for Akoko-Edo Local Government Council, Igarra have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2021 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

the

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Akoko-Edo Local Government Council, Igarra prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Response To Audit Queries

Note 10 to the accounts shows the level of response to audit queries issued to Akoko-Edo Local Government Council, Igarra. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to reevaluate the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cash flow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.
- (c) The following constitute expenditure on PPE:
 - i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the

revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source.

The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

AKOKO-EDO LOCAL GOVERNMENT COUNCIL, IGARRA.
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
ASSETS						
<u>Current Assets:</u>						
Cash and Cash Equivalent	310101	7	1,240,096,862.34		1,077,841,690.40	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	858,000.00		858,000.00	
Total Current Assets: A				1,240,954,862.34		1,078,699,690.40
<u>Non-Current Assets:</u>						
Loan Granted (Local Govt. Loan Fund)	311001	7	437,736.92		437,736.92	
Investments	310901	7	1,278,588.59		1,278,588.59	
Property, Plant & Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	552,786,412.56		628,442,050.19	
Total Non-Current Assets: B				554,502,738.07		630,158,375.70
Total Assets: C = A+B				1,795,457,600.41		1,708,858,066.10
LIABILITIES						
<u>Current Liabilities:</u>						
Deposits	410101	8	676,602,463.83		296,966,111.02	
Short Term Loans and Debts	410201	8	-		-	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				676,602,463.83		296,966,111.02
<u>Non-Current Liabilities:</u>						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				676,602,463.83		296,966,111.02
Net Assets: G = C-F				1,118,855,136.58		1,411,891,955.08
NET ASSETS/EQUITY						
Reserves: H	430301	9	1,411,891,955.08		1,517,628,776.84	
Accumulated Surpluses/(Deficits): I	430201	9	- 293,036,818.50		- 105,736,821.76	
Total Net Assets/Equity: G = H+I				1,118,855,136.58		1,411,891,955.08

AKOKO-EDO LOCAL GOVERNMENT COUNCIL, IGARRA
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
1,517,628,776.84	Net Assets/Equity As At 1/1/2022 – A			-	1,411,891,955.08	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,502,143,847.50	Share of Federation Account	110101	1	1,829,883,396.57	1,667,669,913.74	91%
865,421,217.63	Share of Value Added Tax (VAT)	110102	1	920,000,000.00	1,053,081,045.33	114%
118,591,535.68	Excess Crude Oil and Others	110103	1	98,500,000.00	160,357,615.79	163%
2,486,156,600.81	Sub-Total Statutory Allocation – B			2,848,383,396.57	2,881,108,574.86	101%
	<u>Independent Revenue:</u>					
10,409,000.00	Licences General	120201	2	14,050,000.00	5,754,107.00	41%
32,724,172.12	Fees General	120204	2	104,570,000.00	32,854,334.00	31%
1,675,454.06	Fines General	120205	2	3,000,000.00	1,375,700.00	46%
-	Sales General	120206	2	3,850,000.00	-	0%
13,680,806.00	Earnings General	120207	2	8,500,000.00	5,528,179.00	65%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	

-	Investment Income	120214	2	-	-	
58,489,432.18	Sub-Total Independent Revenue – C			133,970,000.00	45,512,320.00	34%
4,062,274,809.83	Total Receipts (A+B+C)			2,982,353,396.57	4,338,512,849.94	145%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
576,122,842.37	Salaries and Wages	210101	3	843,036,748.41	500,183,397.80	59%
191,763,240.36	Overhead Cost	220201	4	290,325,000.00	233,690,095.96	80%
1,664,188,237.20	SUBEB and other Transfers to Local Govt. Entities	220701	5	824,000,000.00	2,048,285,545.21	249%
-	Depreciation			-	-	
2,432,074,319.93	Sub-Total Recurrent Expenditure: E			1,957,361,748.41	2,782,159,038.97	142%
	<u>Capital Expenditure:</u>					
137,350,794.00	Land and Building General	320101	6	119,000,000.00	109,438,905.07	92%
12,322,000.00	Infrastructure General	320102	6	3,050,000.00	33,172,691.01	1088%
8,240,000.00	Furniture and Fittings General	320106	6	13,000,000.00	3,757,304.00	29%
60,595,742.82	Intangible Assets	320301	6	49,350,000.00	291,129,774.31	590%
218,508,536.82	Sub-Total Capital Expenditure: F			184,400,000.00	437,498,674.39	237%
2,650,582,856.75	Total Expenditure: G = E + F			2,141,761,748.41	3,219,657,713.36	150%
1,411,891,955.08	Net Assets/Equity As At 31/12/2022				1,118,855,136.58	
4,062,474,811.83					4,338,512,849.94	

AKOKO-EDO LOCAL GOVERNMENT COUNCIL, IGARRA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,667,669,913.74		1,502,143,847.50	
110102	Share of Value Added Tax (VAT)	1	1,053,081,045.33		865,421,217.63	
110103	Excess Crude Oil and Others	1	160,357,615.79		118,591,535.68	
	Sub-Total Statutory Revenue – A			2,881,108,574.86		2,486,156,600.81
	<u>Independent Revenue</u>					
120201	Licences General	2	5,754,107.00		10,409,000.00	
120204	Fees General	2	32,854,334.00		32,724,174.12	
120205	Fines General	2	1,375,700.00		1,875,454.06	
120206	Sales General	2	-		-	
120207	Earnings General	2	5,528,179.00		13,680,806.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			45,512,320.00		58,689,434.18
	Total Inflow from Operating Activities C = A+B			2,926,620,894.86		2,544,846,034.99

	OUTFLOWS:				
210101	Salaries and Wages	3	500,183,397.80		576,122,842.37
220201	Overhead Cost	4	233,691,095.96		191,763,240.36
220701	SUBEB and other Transfers to Local Government Entities	5	2,048,285,545.21		1,664,188,237.20
	Depreciation		-		-
	Total Outflow from Operating Activities – D			2,782,160,038.97	2,432,074,319.93
	Net Cashflow from Operating Activities – E = C-D			144,460,855.89	112,771,715.06
	CASHFLOW FROM INVESTING ACTIVITIES:				
320101	Land and Building General	6	109,438,905.07		137,350,794.00
320102	Infrastructure General	6	33,172,691.01		12,322,000.00
320106	Furniture and Fittings General	6	3,757,304.00		8,240,000.00
320301	Intangible Assets	6	291,128,774.31		60,595,742.82
	Total Outflow from Investing Activities – F			437,497,674.39	218,508,536.82
	Net Cashflow from Investing Activities – G = E - F			- 293,036,818.50	- 105,736,821.76
	CASHFLOW FROM FINANCIAL ACTIVITIES:				
301801	Advances		- 75,655,637.63		- 196,539,610.00
410101	Deposits		379,636,352.81		- 59,564,553.18
410102	Other Accounts – Loan		-		-
	Other Accounts – Investment		-		-
420301	Proceeds from Borrowings		-		-
	Payment/Charges on Borrowings		-		-
	Net Cashflow from Financing Activities – H			- 455,291,990.44	- 136,975,056.82
	Net Cashflow from all Activities – I = G - H			162,255,171.94	31,238,235.06
	Cash and Cash Equivalent As At 1/1/2022			1,077,841,690.40	1,046,603,455.34
	Cash and Cash Equivalent As At 31/12/2022			1,240,096,862.34	1,077,841,690.40

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO AKOKO-EDO LOCAL GOVERNMENT COUNCIL, IGARRA FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	146,358,246.66	86,594,016.27	1,447,197.15	234,399,460.08
February	72,183,672.43	79,684,025.95	34,964,455.04	186,832,153.42
March	97,174,916.38	76,222,560.05	24,783,059.92	198,180,536.35
April	143,593,931.19	93,507,565.03	-	237,101,496.22
May	127,850,582.41	80,524,878.34	2,754,426.64	211,129,887.39
June	108,905,954.46	90,642,522.77	44,413,120.19	243,961,597.42
July	172,174,594.82	91,021,736.06	-	263,196,330.88
August	223,481,996.62	84,437,458.25	-	307,919,454.87
September	127,499,301.95	95,434,238.24	6,195,764.98	229,129,305.17
October	136,970,911.04	87,745,520.32	4,838,745.19	229,555,176.55
November	121,478,292.61	95,669,407.81	32,570,516.86	249,718,217.28
December	189,997,513.17	91,597,116.24	8,390,329.82	289,984,959.23
Total	₦1,667,669,913.74	₦1,053,081,045.33	₦160,357,615.79	₦2,881,108,574.86

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF AKOKO EDO LOCAL GOVERNMENT COUNCIL, IGARRA FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	525,781.00	2,900,100.00	200,000.00	-	390,000.00	-	-	-	-	4,015,881.00
February	585,870.00	2,900,000.00	-	-	360,000.00	-	-	-	-	3,845,870.00
March	625,700.00	2,800,101.00	-	-	370,000.00	-	-	-	-	3,795,801.00
April	404,700.00	2,677,434.00	450,200.00	-	361,000.00	-	-	-	-	3,893,334.00
May	584,450.00	2,814,150.00	-	-	390,000.00	-	-	-	-	3,788,600.00
June	343,710.00	2,941,000.00	470,900.00	-	420,000.00	-	-	-	-	4,175,610.00
July	261,296.00	2,950,500.00	-	-	424,101.00	-	-	-	-	3,635,897.00
August	451,000.00	2,998,110.00	-	-	384,500.00	-	-	-	-	3,833,610.00
September	431,500.00	2,901,100.00	-	-	481,176.00	-	-	-	-	3,813,776.00
October	385,000.00	2,770,434.00	-	-	387,100.00	-	-	-	-	3,542,534.00
November	500,100.00	2,790,100.00	200,000.00	-	536,200.00	-	-	-	-	4,026,400.00
December	205,000.00	2,462,607.00	-	-	477,400.00	-	-	-	-	3,145,007.00
Total	5,304,107.00	33,905,636.00	1,321,100.00	-	4,981,477.00	-	-	-	-	45,512,320.00

**NOTE 3: SCHEDULE OF SALARIES AND WAGES OF AKOKO EDO LOCAL GOVERNMENT COUNCIL,
IGARRA FOR THE YEAR ENDED 2022**

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	87,688,290.86	-	0%
21010102	The Council (Legislative)	67,182,831.10	-	0%
21010103	Personnel Management	188,587,444.77	178,712,118.68	95%
21010104	Internal Audit	1,630,556.40	-	0%
21010105	Information	2,305,966.11	1,538,858.63	67%
21010106	Office of the Head of LGA	2,229,052.74	-	0%
21010107	Agriculture and National Resources	7,175,299.60	6,371,695.06	89%
21010108	Finance and Supply	47,992,906.30	47,086,474.82	98%
21010109	Budget, Planning & Statistics	7,600,310.74	6,558,765.20	86%
2101010	Revenue	27,311,814.87	10,028,187.80	37%
2101011	Works and Housing	46,719,989.98	47,824,549.31	102%
2101012	Procurement	3,923,704.41	3,502,058.73	89%
2101013	Legal Services	2,075,838.53	3,572,902.18	172%
2101014	Youth, Women & Social Development	32,017,021.82	30,248,450.68	94%
2101015	Primary Health Care	276,808,889.60	138,823,168.72	50%
2101016	Environment	24,279,479.54	18,366,956.31	76%
2101017	Water and Sanitary Hygiene	8,753,675.52	7,549,211.68	86%
	Total	834,283,072.89	500,183,397.80	60%

**NOTE 4: SCHEDULE OF OVERHEAD COST OF AKOKO EDO LOCAL GOVERNMENT COUNCIL, IGARRA
FOR THE YEAR 2022**

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	61,745,000.00	71,960,685.85	117%
22020102	The Council (Legislative)	4,320,000.00	49,000.00	1%
22020103	Personnel Management (Admin)	35,070,000.00	32,262,352.29	92%
22020104	Internal Audit	2,490,000.00	-	0%
22020105	Information	10,890,000.00	7,361,000.00	68%
22020106	Office of the Head of LGA	3,990,000.00	-	0%
22020107	Agriculture and National Resources	2,135,000.00	602,000.00	28%
22020108	Finance and Supply	50,290,000.00	12,934,000.00	26%
22020109	Budget, Planning & Statistics	8,655,000.00	45,000.00	1%
22020110	Procurement	2,050,000.00	760,000.00	37%
22020111	Revenue	4,250,000.00	2,064,437.22	49%
22020112	Works & Housing	18,630,000.00	17,927,704.70	96%
22020113	Legal Services	5,470,000.00	789,320.40	14%
22020114	Social Development	17,030,000.00	17,678,545.50	104%
22020115	Primary Health Care	7,850,000.00	16,242,550.00	207%
22020116	Environment	36,480,000.00	43,771,000.00	120%
22020117	Water and Sanitary Hygiene	4,490,000.00	242,500.00	5%
22020118	Contribution to LG Service Commission	10,000,000.00	9,000,000.00	90%
	Total	285,835,000.00	233,690,095.96	82%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN AKOKO-EDO LOCAL GOVERNMENT COUNCIL, IGARRA

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	673,827.45	73,844,072.16	11,719,973.00	72,921,818.23	159,159,690.84
February	673,827.45	71,525,095.65	9,341,607.67	56,067,426.40	137,607,957.17
March	673,827.45	69,414,744.03	9,909,026.82	66,913,172.82	146,910,771.12
April	673,827.45	66,507,520.93	11,855,074.81	72,886,557.06	151,922,980.25
May	673,827.45	65,877,870.18	10,556,494.37	63,867,431.06	140,975,623.06
June	673,827.45	63,483,861.67	12,198,079.87	89,185,000.74	165,540,769.73
July	673,827.45	64,484,242.64	13,159,816.54	95,628,093.71	173,945,980.34
August	673,827.45	64,920,163.08	15,395,972.74	115,896,399.38	196,886,362.65
September	673,827.45	81,174,960.98	11,456,465.26	88,810,978.48	182,116,232.17
October	673,827.45	79,784,498.87	12,135,502.08	104,975,008.02	197,568,836.42
November	673,827.45	82,219,650.01	12,485,910.86	100,167,204.61	195,546,592.93
December	673,827.45	78,766,313.69	14,499,247.96	106,164,359.43	200,103,748.53
Total	₦8,085,929.40	₦862,002,993.89	₦144,713,171.98	₦1,033,483,449.94	₦2,048,285,545.21

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF AKOKO EDO LOCAL GOVERNMENT COUNCIL, IGARRA FOR
THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	12,143,840.00	5,754,000.00	-	24,742,261.42	42,640,101.42
February	5,948,400.00	-	-	30,659,214.63	36,607,614.63
March	3,627,286.00	3,714,515.00	-	20,968,071.42	28,309,872.42
April	1,787,700.00	-	1,843,150.00	28,792,311.42	32,423,161.42
May	3,454,345.00	2,434,000.00	-	35,836,061.42	41,724,406.42
June	9,475,734.07	4,343,700.00	-	8,763,145.48	22,582,579.55
July	7,340,500.00	-	-	17,792,212.00	25,132,712.00
August	3,345,400.00	7,311,544.01	1,914,154.00	21,259,670.84	33,830,768.85
September	27,010,000.00	-	-	37,502,369.68	64,512,369.68
October	13,750,700.00	4,110,587.00	-	28,903,272.00	46,764,559.00
November	14,555,000.00	1,750,000.00	-	26,017,572.00	42,322,572.00
December	7,000,000.00	3,754,345.00	-	9,892,612.00	20,646,957.00
Total	₦109,438,905.07	₦33,172,691.01	₦3,757,304.00	₦291,128,774.31	₦437,497,674.39

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	1,240,096,862.34
Inventories	858,000.00
Loans Granted	437,736.92
Investments	1,278,588.59
Advances	552,786,412.56
Property, Plant and Equipment (PPE)	-
Investment Properties	-
Prepayments	-
Total Assets	₦1,795,457,600.41

NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	676,602,463.83
Loans/Debts	-
Payables	-
Long Term Borrowings	-
Total Liabilities	₦676,602,463.83

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	1,411,891,955.08
Accumulated Surpluses/Deficits for the Year	- 293,036,818.50
Net Assets/Equity as at 31/12/2022	₦1,118,855,136.58

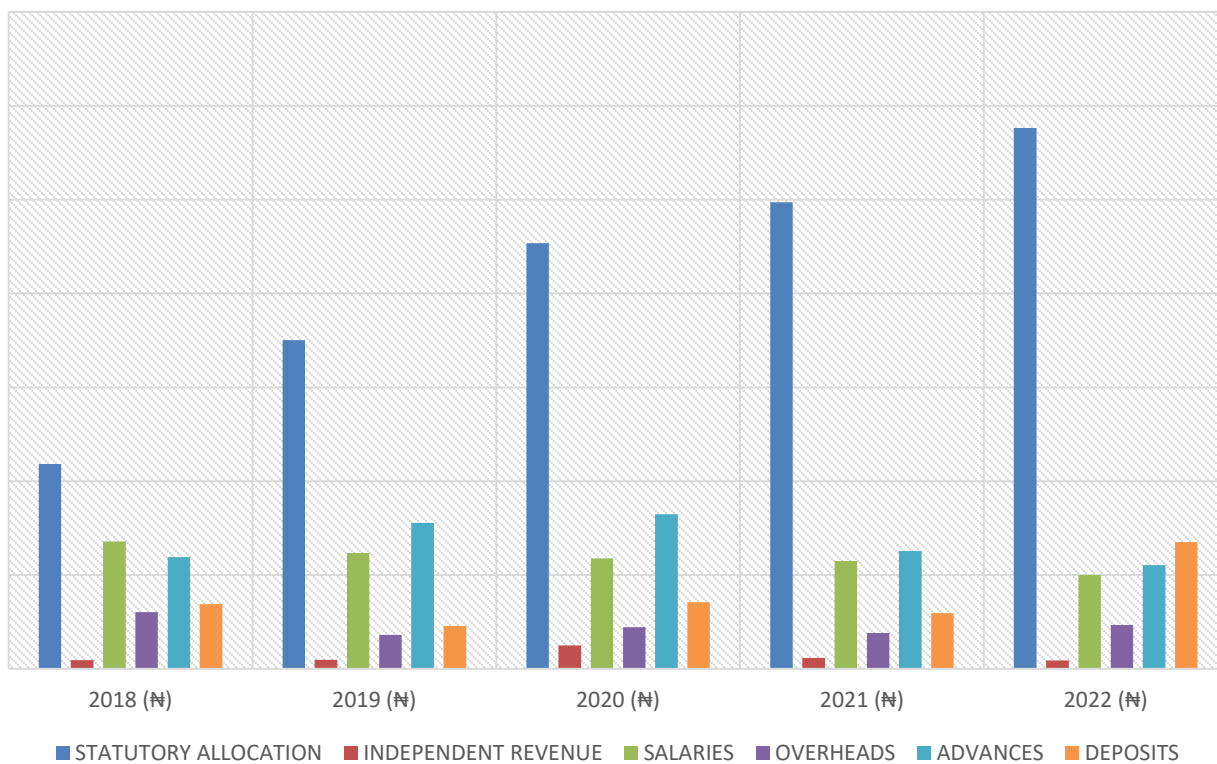
NOTE 10:					
DETAILS OF AUDIT QUERIES ISSUED TO AKOKO EDO LOCAL GOVERNMENT COUNCIL, IGARRA IN RESPECT OF 2022 ACCOUNTS					
S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/AELG/IGR/1	2/Jan/2022	Irregular Expenditure	6,500,000.00	Resolved
2	AQ/AELG/IGR/2	1/Jan/2022	Irregular Expenditure	2,600,000.00	Resolved
3	AQ/AELG/IGR/3	43/June/2022	Irregular Expenditure	2,500,000.00	Resolved
4	AQ/AELG/IGR/4	Various	Irregular Expenditure	5,081,000.00	Unresolved
	Total			₦ 16,681,000.00	

AKOKO-EDO LOCAL GOVERNMENT COUNCIL, IGARRA

FIVE YEARS FINANCIAL SUMMARY ANALYSES

S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	1,091,042,249.61	1,751,717,142.16	2,267,600,764.27	2,486,156,600.81	2,881,108,574.86	10,477,625,331.71
2	INDEPENDENT REVENUE	47,274,738.24	47,955,298.81	124,960,187.80	58,689,434.18	45,512,320.00	324,391,979.03
3	SALARIES	678,954,100.73	618,652,071.38	588,859,090.00	576,122,842.37	500,183,397.80	2,962,771,502.28
4	OVERHEADS	302,662,434.12	181,084,803.03	222,801,352.46	191,763,240.36	233,690,095.96	1,132,001,925.93
5	ADVANCES	595,071,134.99	777,724,040.19	824,981,550.19	628,442,050.19	552,786,412.56	3,379,005,188.12
6	DEPOSITS	345,986,746.67	229,850,573.04	355,530,614.20	296,966,061.02	676,602,463.83	1,904,936,458.76
	TOTAL	3,060,991,404.36	3,606,983,928.61	4,384,733,558.92	4,238,140,228.93	4,889,883,265.01	20,180,732,385.83

FIVE YEARS FINANCIAL SUMMARY ANALYSES



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS


These Financial Statements have been prepared by the Treasurer of Egor Local Government Council, Uselu in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Egor Local Government Council, Uselu as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: _____

 Mrs O GIEVA - I. ESTHER

Signature: _____



Date... 27/3-2023

Name of Chairman: _____

Dr Igbinigie O. Osaheni

Signature _____



Date... 27-3-2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Egor Local Government Council, Uselu for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Egor Local Government Council, Uselu is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Egor Local Government Council, Uselu for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

**REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS,
EDO STATE**
**GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF
EGOR LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR ENDED
31ST DECEMBER 2022**

1. REVENUE

During the year ended 31st December 2022, Egor Local Government Council realized as revenue a total sum of ₦3,146,365,100.44. Of this amount, the sum of ₦2,932,765,337.34 was received as statutory allocations from the federation account while the balance sum of ₦213,599,763.10 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,932,765,337.34 that accrued from the federation account to Egor Local Government Councils, Uselu as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Egor Local Government Council, Uselu and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Egor Local Government Council, Uselu spent the sum of ₦467,147,746.18 on salaries and wages, the sum of ₦465,770,637.54 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦2,075,921,582.68. The capital expenditure for year stood at ₦159,167,301.95.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Egor Local Government Council, Uselu as at 31st December, 2022 amounted to ₦929,959,003.24. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦417,592,374.82 was outstanding in the Deposits Accounts of Egor Local Government Council, Uselu. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

6. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Egor Local Government Council, Uselu is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,536,302,422.00	2,874,765,336.34	81%
Independent Revenue	278,760,000.00	273,599,763.10	98%
<u>EXPENDITURE</u>			
Salary and Wages	973,640,000.01	467,147,746.18	48%
Overhead Cost	376,000,000.00	465,770,637.54	124%
Transferred to SUBEB and other Local Government Entities	1,697,000,000.00	2,075,921,582.68	122%
Capital Expenditure	760,500,000.00	159,167,301.95	21%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital

project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.

- ii) The Local Government Council is also advised to always make adequate budgetary provision for Overhead Cost and Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

7. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

8. REVALUATION OF ASSETS

Egor Local Government Council, Uselu is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

9. BUDGET PREPARATION

Egor Local Government Council, Uselu is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

10. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦69,612,394.77 attached to Audit Inspection Reports on the 2022 accounts for Egor Local Government Council, Uselu have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

11. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 10 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

12. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

- a) Rendition of Annual Financial Statements
The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.
- b) Record Keeping
- i) Subsidiary Books/Ledgers
In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.
- ii) Cash Books
Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.
- c) Reconciliation of Financial Statements with Underlying Records
- i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.
- ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.
The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.
- iii) Bank Reconciliation
Egor Local Government Council, Uselu prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.
- d) Adoption of IPSAS
The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

EGOR LOCAL GOVERNMENT COUNCIL, USELU
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	929,959,003.24		953,630,884.09	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				929,959,003.24		953,630,884.09
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	-		-	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	-		-	
Total Non-Current Assets: B				-		-
Total Assets: C = A+B				929,959,003.24		953,630,884.09
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	417,592,374.82		301,486,715.34	
Short Term Loans and Debts	410201	8	-		14,282,787.58	
Payables (Accrued Expenses)	410401	8	338,141,254.57		441,993,840.00	
Total Current Liabilities: D				755,733,629.39		757,763,342.92
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				755,733,629.39		757,763,342.92
Net Assets: G = C-F				174,225,373.85		195,867,541.17
NET ASSETS/EQUITY						
Reserves: H	430301	9	195,867,541.17		754,307,975.74	
Accumulated Surpluses/(Deficits): I	430201	9	- 21,642,167.32		- 558,440,434.57	
Total Net Assets/Equity: G = H+I				174,225,373.85		195,867,541.17

EGOR LOCAL GOVERNMENT COUNCIL, USELU
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
754,307,975.74	Net Assets/Equity As At 1/1/2022 – A			17,578.00	195,867,541.76	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,423,616,227.81	Share of Federation Account	110101	1	2,429,302,422.00	1,525,856,785.15	63%
976,338,277.41	Share of Value Added Tax (VAT)	110102	1	892,000,000.00	1,186,875,630.82	133%
112,636,153.56	Excess Crude Oil and Others	110103	1	215,000,000.00	162,032,920.37	75%
2,512,590,658.78	Sub-Total Statutory Allocation – B			3,536,302,422.00	2,874,765,336.34	81%
	<u>Independent Revenue:</u>					
4,541,387.00	Licences General	120201	2	32,760,000.00	3,934,430.00	12%
238,637,469.73	Fees General	120204	2	198,400,000.00	194,415,700.92	98%
38,879,210.00	Fines General	120205	2	4,000,000.00	21,761,800.00	544%
600,000.00	Sales General	120206	2	7,000,000.00	8,530,000.00	122%
45,607,203.00	Earnings General	120207	2	6,600,000.00	31,500,231.07	477%
	Rent on Government Building General	120208	2	-	-	
	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
18,372,200.00	Investment Income	120214	2	30,000,000.00	13,457,601.11	45%

346,637,469.73	Sub-Total Independent Revenue – C			278,760,000.00	273,599,763.10	98%
3,613,536,104.25	Total Receipts (A+B+C)			3,815,080,000.00	3,344,232,641.20	88%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
533,504,036.80	Salaries and Wages	210101	3	973,640,000.01	467,147,746.18	48%
338,416,581.57	Overhead Cost	220201	4	376,000,000.00	465,770,637.54	124%
1,678,400,610.19	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,697,000,000.00	2,075,921,582.68	122%
-	Depreciation			-	-	
2,550,321,228.56	Sub-Total Recurrent Expenditure: E			3,046,640,000.01	3,008,839,966.40	99%
	<u>Capital Expenditure:</u>					
238,573,405.00	Land and Building General	320101	6	295,743,700.00	-	0%
153,844,629.20	Infrastructure General	320102	6	112,343,000.00	87,549,876.00	78%
17,834,140.00	Furniture and Fittings General	320106	6	133,740,750.00	-	0%
447,095,159.73	Intangible Assets	320301	6	218,672,550.00	71,617,425.95	33%
857,347,333.93	Sub-Total Capital Expenditure: F			760,500,000.00	159,167,301.95	21%
3,407,668,562.49	Total Expenditure: G = E + F			3,807,140,000.01	3,168,007,268.35	83%
195,867,541.76	Net Assets/Equity As At 31/12/2022				174,225,373.85	
3,603,536,104.25					3,342,232,642.20	

EGOR LOCAL GOVERNMENT COUNCIL, USELU
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,583,856,786.15		1,423,616,227.81	
110102	Share of Value Added Tax (VAT)	1	1,186,875,630.82		976,338,277.41	
110103	Excess Crude Oil and Others	1	162,032,920.37		112,636,153.56	
	Sub-Total Statutory Revenue – A			2,932,765,337.34		2,512,590,658.78
	<u>Independent Revenue</u>					
120201	Licences General	2	3,934,430.00		4,541,387.00	
120204	Fees General	2	134,415,700.92		238,637,469.73	
120205	Fines General	2	21,761,800.00		38,879,210.00	
120206	Sales General	2	8,530,000.00		600,000.00	
120207	Earnings General	2	31,500,231.07		45,607,203.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	13,457,601.11		18,372,200.00	
	Sub-Total Independent Revenue – B			213,599,763.10		346,637,469.73
	Total Inflow from Operating Activities C = A+B			3,146,365,100.44		2,859,228,128.51
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	467,147,746.18		533,504,036.80	
220201	Overhead Cost	4	465,770,637.54		338,416,581.57	

220701	SUBEB and other Transfers to Local Government Entities	5	2,075,921,582.68		1,678,400,610.19	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			3,008,839,966.40		2,550,321,228.56
	Net Cashflow from Operating Activities – E = C-D			137,525,134.04		308,906,899.95
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	-		238,573,405.00	
320102	Infrastructure General	6	87,549,876.00		163,844,625.20	
320106	Furniture and Fittings General	6	-		17,834,140.00	
320301	Intangible Assets	6	71,617,425.95		570,762,200.08	
	Total Outflow from Investing Activities – F			159,167,301.95		991,014,370.28
	Net Cashflow from Investing Activities – G = E - F			- 21,642,167.91		- 682,107,470.33
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		-		676,278,507.81	
410101	Deposits		12,253,074.64		8,113,992.20	
410102	Other Accounts – Loan		- 14,282,787.58		-	
	Other Accounts - Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			2,029,712.94		- 684,392,500.01
	Net Cashflow from all Activities – I = G - H			- 23,671,880.85		2,285,029.68
	Cash and Cash Equivalent As At 1/1/2022			953,630,884.09		951,345,854.41
	Cash and Cash Equivalent As At 31/12/20			929,959,003.24		953,630,884.09

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO EGOR LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	139,008,487.00	97,529,852.38	1,374,522.39	237,912,861.77
February	68,558,781.75	90,074,654.65	33,348,069.68	191,981,506.08
March	92,295,025.45	85,887,827.91	23,538,514.17	201,721,367.53
April	136,316,239.30	105,435,014.61	-	241,751,253.91
May	121,430,233.20	90,241,895.40	2,616,105.95	214,288,234.55
June	103,436,958.97	102,226,264.37	50,088,934.28	255,752,157.62
July	163,528,400.15	102,332,079.93	-	265,860,480.08
August	212,259,267.45	94,775,621.02	-	307,034,888.47
September	121,096,593.20	107,995,652.42	5,884,628.54	234,976,874.16
October	130,092,560.83	98,828,363.61	5,315,598.44	234,236,522.88
November	115,377,944.50	108,115,054.96	30,934,903.73	254,427,903.19
December	180,456,294.35	103,433,349.56	8,931,643.19	292,821,287.10
Total	₦1,583,856,786.15	₦1,186,875,630.82	₦162,032,920.37	₦2,932,765,337.34

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF EGOR LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	237,675.00	15,434,437.20	1,667,500.00	-	2,567,105.00	-	-	-	-	19,906,717.20
February	310,500.00	16,608,166.00	1,672,105.00	-	2,401,500.00	-	-	-	-	20,992,271.00
March	327,869.00	16,837,430.00	1,837,400.00	-	2,800,000.00	-	-	-	13,457,601.11	35,260,300.11
April	317,866.00	16,678,343.40	1,987,230.00	-	2,823,700.00	-	-	-	-	21,807,139.40
May	329,200.00	15,945,000.00	1,943,107.00	-	2,779,720.00	-	-	-	-	20,997,027.00
June	322,400.00	16,334,100.00	1,980,066.00	8,530,000.00	2,434,300.00	-	-	-	-	29,600,866.00
July	328,572.00	16,101,300.00	1,998,710.00	-	2,511,000.00	-	-	-	-	20,939,582.00
August	323,574.00	15,431,500.00	1,954,400.00	-	2,670,000.00	-	-	-	-	20,379,474.00
September	327,340.00	16,375,000.00	1,674,541.00	-	2,622,750.00	-	-	-	-	20,999,631.00
October	398,934.00	16,103,451.21	1,789,101.00	-	2,672,345.07	-	-	-	-	20,963,831.28
November	400,500.00	16,263,673.11	1,457,640.00	-	2,674,411.00	-	-	-	-	20,796,224.11
December	310,000.00	16,303,300.00	1,800,000.00	-	2,543,400.00	-	-	-	-	20,956,700.00
Total	3,934,430.00	194,415,700.92	21,761,800.00	8,530,000.00	31,500,231.07	-	-	-	13,457,601.11	273,599,763.10

NOTE: 3 SCHEDULE OF SALARIES AND WAGES OF EGOR LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	67,128,648.04		0%
21010102	The Council (Legislative)	56,907,772.70	-	0%
21010103	Personnel Management	111,725,867.88	112,297,562.81	101%
21010104	Internal Audit	3,134,502.22	1,163,909.75	37%
21010105	Information	5,115,199.08	5,320,143.52	104%
21010106	Office of the Head of LGA	8,534,907.23	-	0%
21010107	Agriculture and National Resources	2,808,273.57	4,526,516.13	161%
21010108	Finance and Supply	28,238,164.95	35,085,546.34	124%
21010109	Budget, Planning & Statistics	7,693,605.78	8,637,682.00	112%
2101010	Revenue	24,598,143.57	30,101,182.10	122%
2101011	Works and Housing	41,320,669.31	48,743,949.35	118%
2101012	Procurement	5,404,475.00	6,351,755.06	118%
2101013	Legal Services	10,655,428.92	10,124,698.11	95%
2101014	Youth, Women & Social Development	38,353,712.05	35,359,359.16	92%
2101015	Primary Health Care	291,256,719.97	125,440,122.09	43%
2101016	Environment	46,678,154.05	39,769,963.70	85%
2101017	Water and Sanitary Hygiene	5,727,823.06	4,225,356.06	74%
	Total	755,282,067.38	467,147,746.18	62%

NOTE: 4 SCHEDULE OF OVERHEAD COST OF EGOR LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	36,080,000.00	9,910,423.00	27%
22020102	The Council (Legislative)	24,600,000.00	700,000.00	3%
22020103	Personnel Management (Admin)	126,900,000.00	82,099,879.93	65%
22020104	Internal Audit	2,450,000.00	1,311,000.00	54%
22020105	Information	6,050,000.00	2,913,000.00	48%
22020106	Office of the Head of LGA	14,600,000.00	10,762,500.00	74%
22020107	Agriculture and National Resources	2,750,000.00	246,890.00	9%
22020108	Finance and Supply	52,400,000.00	45,280,200.19	86%
22020109	Budget, Planning & Statistics	5,900,000.00	2,516,000.00	43%
22020110	Procurement	4,300,000.00	932,000.00	22%
22020111	Revenue	28,750,000.00	62,431,359.00	217%
22020112	Works & Housing	24,980,000.00	155,964,698.40	624%
22020113	Legal Services	5,720,000.00	3,758,800.00	66%
22020114	Social Development	11,200,000.00	7,307,500.00	65%
22020115	Primary Health Care	13,120,000.00	2,968,711.88	23%
22020116	Environment	6,800,000.00	1,220,000.00	18%
22020117	Water and Sanitary Hygiene	9,400,000.00	7,587,000.00	81%
22020118	Contribution to LG Service Commission	10,000,000.00	9,000,000.00	90%
	Total	386,000,000.00	406,909,962.40	105%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN EGOR LOCAL GOVERNMENT COUNCIL, USELU

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	485,185.28	74,950,917.24	11,895,643.09	74,585,636.83	161,917,382.44
February	485,185.28	73,519,289.42	9,599,075.30	57,945,110.16	141,548,660.16
March	485,185.28	70,654,956.09	10,086,068.38	68,710,624.23	149,936,833.98
April	485,185.28	67,811,788.77	12,087,562.70	74,558,264.56	154,942,801.31
May	485,185.28	66,863,354.46	10,714,411.73	65,584,730.13	143,647,681.60
June	485,185.28	66,552,009.70	12,787,607.88	90,684,809.33	170,509,612.19
July	485,185.28	66,134,970.75	13,293,024.01	96,624,897.53	176,538,077.57
August	485,185.28	64,733,665.63	15,351,744.42	116,969,005.96	197,539,601.29
September	485,185.28	83,246,612.98	11,748,843.71	89,637,083.03	185,117,725.00
October	485,185.28	81,411,553.76	12,393,780.93	102,590,032.65	196,880,552.62
November	485,185.28	83,770,312.72	12,694,395.16	101,919,085.61	198,868,978.77
December	485,185.28	79,536,722.92	14,641,064.36	103,810,703.19	198,473,675.75
Total	₦ 5,822,223.36	₦ 879,186,154.44	₦ 147,293,221.67	₦ 1,043,619,983.21	₦ 2,075,921,582.68

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF EGOR LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	-	-	-	13,710,000.00	13,710,000.00
February	-	-	-	6,556,825.95	6,556,825.95
March	-	-	-	780,000.00	780,000.00
April	-	-	-	3,300,000.00	3,300,000.00
May	-	49,233,000.00	-	3,056,100.00	52,289,100.00
June	-	-	-	31,475,000.00	31,475,000.00
July	-	-	-	12,117,000.00	12,117,000.00
August	-	-	-	300,000.00	300,000.00
September	-	-	-	-	-
October	-	38,316,876.00	-	-	38,316,876.00
November	-	-	-	322,500.00	322,500.00
December	-	-	-	-	-
Total		₦ 87,549,876.00		₦ 71,617,425.95	₦ 159,167,301.95

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	929,959,003.24
Inventories	-
Loans Granted	-
Investments	-
Advances	-
Property, Plant and Equipment (PPE)	-
Investment Properties	-
Prepayments	-
Total Assets	₹ 929,959,003.24

NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	417,592,374.82
Loans/Debts	-
Payables	338,141,254.57
Long Term Borrowings	-
Total Liabilities	₹ 755,733,629.39

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	195,867,541.76
Accumulated Surpluses/Deficits for the Year	- 21,642,167.91
Net Assets/Equity as at 31/12/2022	₹ 174,225,373.85

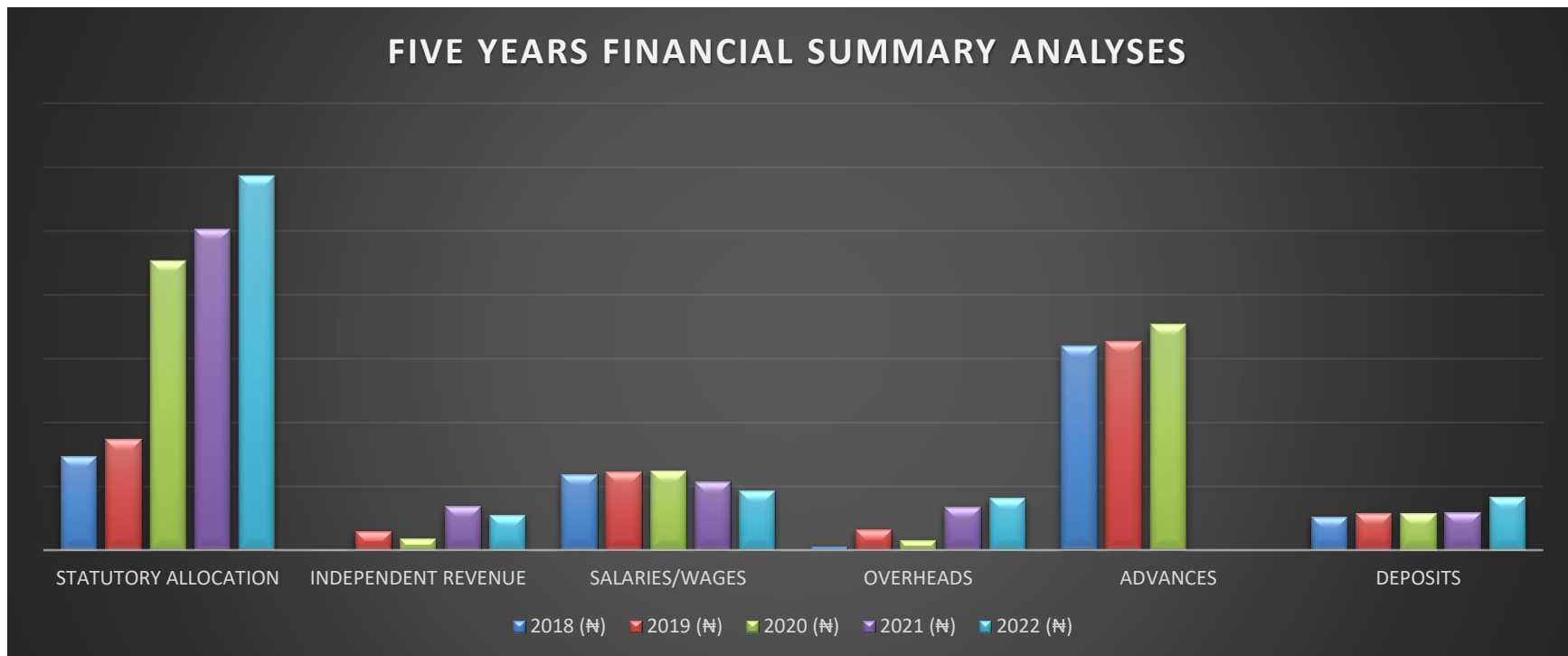
NOTE 10:					
DETAILS OF AUDIT QUERIES ISSUED TO EGOR LOCAL GOVERNMENT COUNCIL, USELU IN RESPECT OF 2022 ACCOUNTS					
S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/ELGA/USL/1	18/April/2022	Irregular Expenditure	3,400,000.00	Resolved
2	AQ/ELGA/USL/2	55/April/2022	Irregular Expenditure	5,200,000.00	Resolved
3	AQ/ELGA/USL/3	18/May/2022	Irregular Expenditure	200,000.00	Resolved
4	AQ/ELGA/USL/4	34/July/2022	Irregular Expenditure	300,000.00	Resolved
5	AQ/ELGA/USL/5	62/July/2022	Irregular Expenditure	1,000,000.00	Resolved
6	AQ/ELGA/USL/6	111/July/2022	Irregular Expenditure	1,400,000.00	Resolved
7	AQ/ELGA/USL/7	Various	Irregular Expenditure	30,647,894.77	Resolved
8	AQ/ELGA/USL/8	Various	Irregular Expenditure	27,464,500.00	Resolved
	Total			₦ 69,612,394.77	

EGOR LOCAL GOVERNMENT COUNCIL, USELU

FIVE YEARS FINANCIAL SUMMARY ANALYSES

S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	739,561,601.20	869,318,590.22	2,266,821,179.67	2,512,590,658.78	2,932,765,337.34	9,321,057,367.21
2	INDEPENDENT REVENUE	8,132,212.95	147,960,032.29	91,427,551.57	346,637,469.73	273,599,763.10	867,757,029.64
3	SALARIES/WAGES	595,345,481.13	613,044,845.40	624,655,912.72	533,504,036.80	467,147,746.18	2,833,698,022.23
4	OVERHEADS	26,725,325.14	160,761,926.00	78,915,676.00	338,416,581.57	406,909,962.40	1,011,729,471.11
5	ADVANCES	1,599,037,816.67	1,632,023,212.67	1,772,910,683.61	-	-	5,003,971,712.95
6	DEPOSITS	262,398,494.15	288,802,326.19	288,802,326.19	296,916,655.39	417,592,374.82	1,554,512,176.74
	TOTAL	3,231,200,931.24	3,711,910,932.77	5,123,533,329.76	4,028,065,402.27	4,498,015,183.84	20,592,725,779.88

FIVE YEARS FINANCIAL SUMMARY ANALYSES



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Esan Central Local Government Council, Irrua in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Esan Central Local Government Council, Irrua as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer:

Osaron Felix

Signature:



Date:

31/3/2023

Name of Chairman:

^A
Charles Okpere

Signature



Date:

31/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Esan Central Local Government Council, Irrua for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Esan Central Local Government Council, Irrua is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Esan Central Local Government Council, Irrua for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

**REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS,
EDO STATE**
**GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF –
ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA FOR THE YEAR
ENDED 31ST DECEMBER 2022**

1. REVENUE

During the year ended 31st December 2022, Esan Central Local Government Council realized as revenue a total sum of ₦1,983,026,242.65. Of this amount, the sum of ₦1,938,434,657.65 was received as statutory allocations from the federation account while the balance sum of ₦44,591,585.00 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦1,938,434,657.65 that accrued from the federation account to Esan Central Local Government Councils, Irrua as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Esan Central Local Government Council, Irrua and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Esan Central Local Government Council, Irrua spent the sum of ₦343,475,854.24 on salaries and wages, the sum of ₦132,447,214.87 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,263,402,089.34. The capital expenditure for year stood at ₦152,686,744.96.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Esan Central Local Government Council, Irrua as at 31st December, 2022 amounted to ₦427,242,772.54. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable

accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦855,705,349.93. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Esan Central Local Government Council, Irrua as 31st December 2022 stood at ₦103,199.98. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦486,152,554.14 was outstanding in the Deposits Accounts of Esan Central Local Government Council, Irrua. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) **SHORT TERM LOANS**

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦56,907,781.29.

8. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Esan Central Local Government Council, Irrua is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,041,751,000.00	1,938,434,657.65	95%
Independent Revenue	24,150,000.00	44,591,585.00	185%
<u>EXPENDITURE</u>			
Salary and Wages	432,585,000.00	343,475,854.24	79%
Overhead Cost	256,257,000.00	132,447,214.87	52%
Transferred to SUBEB and other Local Government Entities	1,078,000,000.00	1,263,402,089.34	117%
Capital Expenditure	381,850,000.00	152,686,744.96	40%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

9. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Esan Central Local Government Council, Irrua is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Esan Central Local Government Council, Irrua is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦17,700,000.00 attached to Audit Inspection Reports on the 2022 accounts for Esan Central Local Government Council, Irrua have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Esan Central Local Government Council, Irrua prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Response To Audit Queries

Note 10 to the accounts shows the level of response to audit queries issued to Esan Central Local Government Council, Irrua. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	427,242,772.54		252,878,723.66	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				427,242,772.54		252,878,723.66
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	1,020,035.00		1,020,035.00	
Investments	310901	7	103,199.98		103,199.98	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	855,705,349.93		872,555,349.93	
Total Non-Current Assets: B				856,828,584.91		873,678,584.91
Total Assets: C = A+B				1,284,071,357.45		1,126,557,308.57
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	486,152,554.14		419,652,844.50	
Short Term Loans and Debts	410201	8	56,907,781.29		56,907,781.29	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				543,060,335.43		476,560,625.79
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				543,060,335.43		476,560,625.79
Net Assets: G = C-F				741,011,022.02		649,996,682.78
NET ASSETS/EQUITY						
Reserves: H	430301	9	649,996,682.78		783,124,107.74	
Accumulated Surpluses/(Deficits): I	430201	9	91,014,339.24		- 133,127,424.96	
Total Net Assets/Equity: G = H+I				741,011,022.02		649,996,682.78

ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
783,124,107.74	Net Assets/Equity As At 1/1/2022 – A			-	649,996,682.73	
	REVENUE					
	<u>Statutory Allocation:</u>					
921,193,709.26	Share of Federation Account	110101	1	969,000,000.00	1,047,617,399.33	108%
641,844,683.97	Share of Value Added Tax (VAT)	110102	1	650,000,000.00	783,390,073.57	121%
74,533,405.86	Excess Crude Oil and Others	110103	1	422,751,000.00	107,427,184.75	25%
1,637,571,799.09	Sub-Total Statutory Allocation – B			2,041,751,000.00	1,938,434,657.65	95%
	<u>Independent Revenue:</u>					
1,342,061.50	Licences General	120201	2	5,750,000.00	5,150,000.00	90%
10,774,500.00	Fees General	120204	2	18,300,000.00	29,557,850.00	162%
-	Fines General	120205	2	-	-	
-	Sales General	120206	2	100,000.00	9,883,735.00	9884%
18,730,268.50	Earnings General	120207	2	-	-	
2,635,600.00	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
393,011.50	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	
33,875,441.50	Sub-Total Independent Revenue – C			24,150,000.00	44,591,585.00	185%
2,454,571,348.33	Total Receipts (A+B+C)			2,065,901,000.00	2,633,022,925.38	127%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					

403,021,258.65	Salaries and Wages	210101	3	432,585,000.00	343,475,854.24	79%
183,906,695.00	Overhead Cost	220201	4	256,257,000.00	132,447,214.87	52%
1,024,137,759.27	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,078,000,000.00	1,263,402,089.34	117%
-	Depreciation			-	-	
1,611,065,712.92	Sub-Total Recurrent Expenditure: E			1,766,842,000.00	1,739,325,158.45	98%
	Capital Expenditure:					
51,785,453.21	Land and Building General	320101	6	226,700,000.00	37,135,700.00	16%
29,434,403.00	Infrastructure General	320102	6	-	-	
9,881,450.00	Furniture and Fittings General	320106	6	39,700,000.00	12,500,000.00	31%
102,407,646.42	Intangible Assets	320301	6	115,450,000.00	103,051,044.96	89%
193,508,952.63	Sub-Total Capital Expenditure: F			381,850,000.00	152,686,744.96	40%
1,804,574,665.55	Total Expenditure: G = E + F			2,148,692,000.00	1,892,011,903.41	88%
649,996,682.78	Net Assets/Equity As At 31/12/2022				741,011,022.02	
2,454,571,348.33					2,633,022,925.43	

ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,047,617,399.33		921,193,709.26	
110102	Share of Value Added Tax (VAT)	1	783,390,073.57		641,844,683.97	
110103	Excess Crude Oil and Others	1	107,427,184.75		74,533,405.86	
	Sub-Total Statutory Revenue – A			1,938,434,657.65		1,637,571,799.09
	<u>Independent Revenue</u>					
120201	Licences General	2	5,150,000.00		1,342,061.50	
120204	Fees General	2	29,557,850.00		10,774,500.00	
120205	Fines General	2	-		-	
120206	Sales General	2	9,883,735.00		-	
120207	Earnings General	2	-		18,730,268.50	
120208	Rent on Government Buildings General	2	-		2,635,600.00	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		393,011.50	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			44,591,585.00		33,875,441.50
	Total Inflow from Operating Activities C = A+B			1,983,026,242.65		1,671,447,240.59
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	343,475,854.24		403,021,258.65	
220201	Overhead Cost	4	132,447,214.87		183,906,695.00	
220701	SUBEB and other Transfers to Local Government Entities	5	1,263,402,089.34		1,024,137,759.27	

	Depreciation		-		-	
	Total Outflow from Operating Activities – D				1,739,325,158.45	1,611,065,712.92
	Net Cashflow from Operating Activities – E = C-D				243,701,084.20	60,381,527.67
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	37,135,700.00		51,785,453.21	
320102	Infrastructure General	6	-		29,434,403.00	
320106	Furniture and Fittings General	6	12,500,000.00		9,881,450.00	
320301	Intangible Assets	6	103,051,044.96		102,407,646.42	
	Total Outflow from Investing Activities – F				152,686,744.96	193,508,952.63
	Net Cashflow from Investing Activities – G = E - F				91,014,339.24	- 133,127,424.96
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 16,850,000.00		- 92,849,400.00	
410101	Deposits		66,499,709.64		- 220,798,933.81	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H				- 83,349,709.64	127,949,533.81
	Net Cashflow from all Activities – I = G - H				174,364,048.88	- 261,076,958.77
	Cash and Cash Equivalent As At 1/1/2022				252,878,723.66	513,955,682.43
	Cash and Cash Equivalent As At 31/12/2022				427,242,772.54	252,878,723.66

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA FOR THE YEAR ENDED 31ST DECEMBER, 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	91,984,461.92	64,550,551.25	909,546.64	157,444,559.81
February	45,366,601.60	58,739,540.50	21,628,314.36	125,734,456.46
March	61,073,308.81	56,740,191.07	15,575,865.95	133,389,365.83
April	89,753,306.40	69,465,295.61	-	159,218,602.01
May	80,352,609.42	60,938,198.03	1,731,125.23	143,021,932.68
June	68,446,130.30	67,293,068.70	32,972,329.73	168,711,528.73
July	108,209,737.56	68,223,372.29	-	176,433,109.85
August	140,455,845.00	63,598,728.83	-	204,054,573.83
September	80,131,833.72	70,114,080.60	3,893,966.49	154,139,880.81
October	86,084,630.27	65,405,731.56	3,877,547.73	155,367,909.56
November	76,347,699.13	70,582,602.83	20,470,192.39	167,400,494.35
December	119,411,235.20	67,738,712.30	6,368,296.23	193,518,243.73
Total	₦ 1,047,617,399.33	₦ 783,390,073.57	₦ 107,427,184.75	₦ 1,938,434,657.65

NOTE 2:**SCHEDULE OF INDEPENDENT REVENUE OF ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA FOR THE YEAR 2022**

Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	329,160.00	2,520,000.00	-	820,000.00	-	-	-	-	-	3,669,160.00
February	420,166.00	3,100,500.00	-	423,644.00	-	-	-	-	-	3,944,310.00
March	400,150.00	2,620,000.00	-	750,500.00	-	-	-	-	-	3,770,650.00
April	429,200.00	2,550,500.00	-	923,644.00	-	-	-	-	-	3,903,344.00
May	415,500.00	1,870,200.00	-	680,500.00	-	-	-	-	-	2,966,200.00
June	320,200.00	2,463,155.00	-	880,700.00	-	-	-	-	-	3,664,055.00
July	280,000.00	2,420,000.00	-	920,900.00	-	-	-	-	-	3,620,900.00
August	250,000.00	1,990,000.00	-	910,900.00	-	-	-	-	-	3,150,900.00
September	350,400.00	2,350,800.00	-	810,300.00	-	-	-	-	-	3,511,500.00
October	370,200.00	3,435,850.00	-	920,882.00	-	-	-	-	-	4,726,932.00
November	785,024.00	1,317,445.00	-	-	-	-	-	-	-	2,102,469.00
December	800,000.00	2,919,400.00	-	1,841,765.00	-	-	-	-	-	5,561,165.00
Total	5,150,000.00	29,557,850.00	-	9,883,735.00	-	-	-	-	-	44,591,585.00

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF ESAN CENTRAL LOCAL GOVERNMENT, IRRUA FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	31,000,000.00	-	0%
21010102	The Council (Legislative)	16,800,000.00	-	0%
21010103	Personnel Management	94,500,000.00	44,078,000.00	47%
21010104	Internal Audit	850,000.00	1,018,700.00	120%
21010105	Information	5,500,000.00	4,950,000.00	90%
21010106	Office of the Head of LGA	18,400,000.00	14,454,000.00	79%
21010107	Agriculture and National Resources	3,600,000.00	3,419,900.00	95%
21010108	Finance and Supply	35,177,000.00	10,535,750.05	30%
21010109	Budget, Planning & Statistics	14,600,000.00	10,950,000.03	75%
2101010	Revenue	15,950,000.00	11,508,000.00	72%
2101011	Works and Housing	88,250,000.00	46,285,839.07	52%
2101012	Procurement	4,350,000.00	4,101,700.00	94%
2101013	Legal Services	3,300,000.00	1,124,000.00	34%
2101014	Youth, Women & Social Development	28,100,000.00	19,397,000.00	69%
2101015	Primary Health Care	109,180,000.00	91,066,714.87	83%
2101016	Environment	14,800,000.00	9,110,000.02	62%
2101017	Water and Sanitary Hygiene	102,500,000.00	71,476,250.20	70%
	Total	586,857,000.00	343,475,854.24	59%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ESAN CENTRAL LOCAL GOVERNMENT, IRRUA FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	11,000,000.00	-	0%
22020102	The Council (Legislative)	12,000,000.00	-	0%
22020103	Personnel Management (Admin)	20,200,000.00	15,037,267.00	74%
22020104	Internal Audit	5,500,000.00	3,002,010.00	55%
22020105	Information	8,200,000.00	7,770,800.00	95%
22020106	Office of the Head of LGA	10,000,000.00	11,037,100.00	110%
22020107	Agriculture and National Resources	13,300,000.00	8,000,800.00	60%
22020108	Finance and Supply	12,700,000.00	9,700,700.00	76%
22020109	Budget, Planning & Statistics	8,500,000.00	6,700,700.00	79%
22020110	Procurement	7,200,000.00	5,710,900.00	79%
22020111	Revenue	18,500,000.00	10,000,700.00	54%
22020112	Works & Housing	16,000,000.00	13,000,000.00	81%
22020113	Legal Services	3,200,000.00	3,500,000.00	109%
22020114	Social Development	8,600,000.00	6,500,000.00	76%
22020115	Primary Health Care	18,800,000.00	15,800,010.87	84%
22020116	Environment	8,600,000.00	3,686,227.00	43%
22020117	Water and Sanitary Hygiene	7,600,000.00	4,000,000.00	53%
22020118	Contribution to LG Service Commission	11,000,000.00	9,000,000.00	82%
	Total	200,900,000.00	132,447,214.87	66%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ESAN CENTRAL LOCAL GOVERNMENT, IRRUA

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	290,699.10	49,600,572.60	7,872,227.99	42,818,410.08	100,581,909.77
February	290,699.10	48,313,520.00	6,286,722.82	30,839,395.44	85,730,337.36
March	290,699.10	46,720,979.04	6,669,468.29	36,537,540.89	90,218,687.32
April	290,699.10	44,661,188.03	7,960,930.10	42,797,229.39	95,710,046.62
May	290,699.10	44,626,463.98	7,151,096.63	35,511,882.09	87,580,141.80
June	290,699.10	43,902,234.88	8,435,576.44	54,766,801.18	107,395,311.60
July	290,699.10	43,226,877.17	8,821,655.49	56,275,389.50	108,614,621.26
August	290,699.10	43,021,822.76	10,202,728.69	67,809,485.28	121,324,735.83
September	290,699.10	54,609,024.93	7,706,994.04	48,516,464.10	111,123,182.17
October	290,699.10	53,999,874.85	8,133,760.81	52,524,670.14	114,949,004.90
November	290,699.10	55,116,563.81	8,370,024.72	56,369,271.24	120,146,558.87
December	290,699.10	52,563,825.14	9,675,912.19	57,497,115.41	120,027,551.84
Total	₦ 3,488,389.20	₦ 580,362,947.19	₦ 97,287,098.21	₦ 582,263,654.74	₦ 1,263,402,089.34

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ESAN CENTRAL LOCAL GOVERNMENT, IRRUA FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	3,094,641.00	-	2,500,000.00	8,500,587.08	14,095,228.08
February	-	-	-	3,300,300.02	3,300,300.02
March	5,575,200.00	-	7,000,000.00	5,300,000.60	17,875,200.60
April	6,620,000.00	-	-	5,875,000.26	12,495,000.26
May	4,550,000.00	-	1,500,000.00	9,900,000.00	15,950,000.00
June	-	-	-	10,200,000.00	10,200,000.00
July	2,000,000.00	-	-	8,800,000.00	10,800,000.00
August	8,595,859.00	-	-	13,000,000.00	21,595,859.00
September	-	-	1,500,000.00	11,100,000.00	12,600,000.00
October	6,700,000.00	-	-	10,100,000.00	16,800,000.00
November	-	-	-	11,000,000.00	11,000,000.00
December	-	-	-	5,975,157.00	5,975,157.00
Total	₦ 37,135,700.00		₦ 12,500,000.00	₦ 103,051,044.96	₦ 152,686,744.96

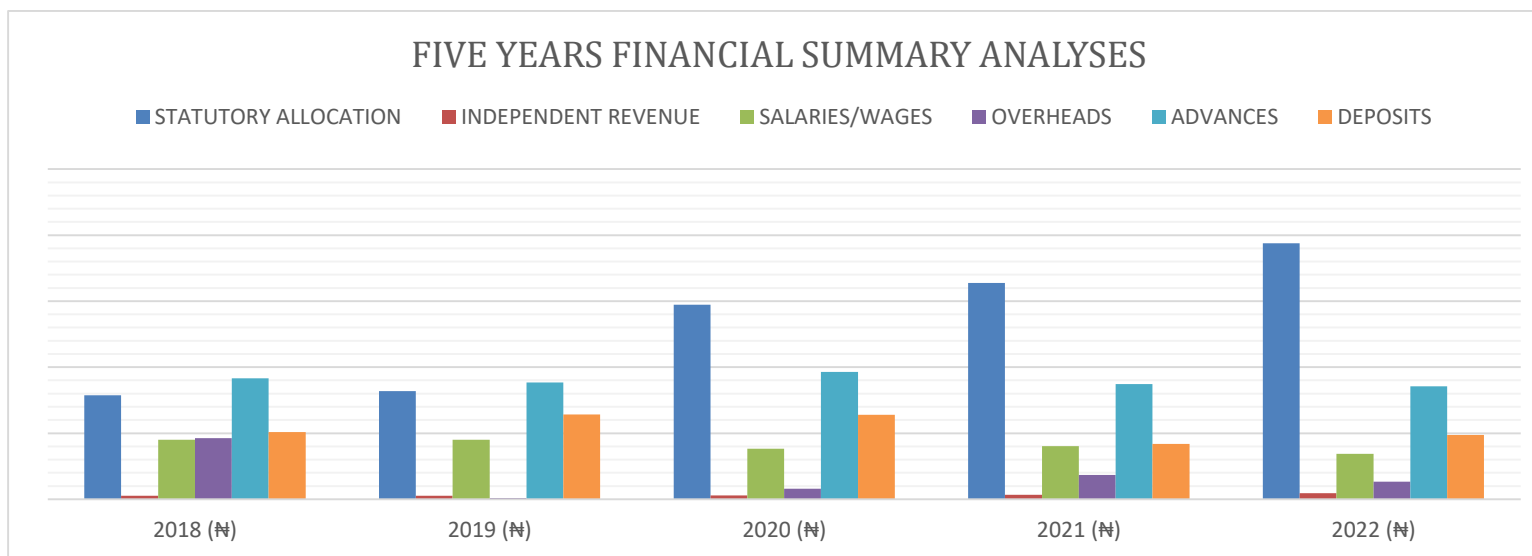
NOTE 7:	
CURRENT AND CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	427,242,772.54
Inventories	-
Loans Granted	1,020,035.00
Investments	103,199.98
Advances	855,705,349.93
Property, Plant and Equipment (PPE)	-
Investment Properties	-
Prepayments	-
Total Assets	₱ 1,284,071,357.45

NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	486,152,554.14
Loans/Debts	56,907,781.29
Payables	-
Long Term Borrowings	-
Total Liabilities	₱ 543,060,335.43

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	649,996,682.78
Accumulated Surpluses/Deficits for the Year	91,014,339.24
Net Assets/Equity as at 31/12/2022	₱ 741,011,022.02

NOTE 10:					
DETAILS OF AUDIT QUERIES ISSUED TO ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA IN RESPECT OF 2022 ACCOUNTS					
S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
	Outstanding:				
1	AQ/ECLG/IRR/2/2021	Various	Irregular Expenditure	3,000,000.00	Unresolved
2	AQ/ECLG/IRR/3/2021	Various	Irregular Expenditure	11,250,000.00	Unresolved
3	AQ/ECLG/IRR/4/2021	82/July/2021	Irregular Expenditure	3,000,000.00	Unresolved
	Sub-Total			17,250,000.00	
	Current:			-	
4	AQ/ECLG/IRR/1	Various	Irregular Expenditure	6,200,000.00	Unresolved
5	AQ/ECLG/IRR/2	02/Feb/2022	Unreasonable Expenditure	2,500,000.00	Unresolved
6	AQ/ECLG/IRR/3	Various	Irregular Expenditure	5,000,000.00	Unresolved
7	AQ/ECLG/IRR/4	21/Aug/2022	Irregular Expenditure	4,000,000.00	Unresolved
	Sub-Total			17,700,000.00	Unresolved
	Total			₦ 34,950,000.00	

ESAN CENTRAL LOCAL GOVERNMENT COUNCIL, IRRUA							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	788,437,660.95	819,012,014.88	1,472,967,544.16	1,637,571,799.09	1,938,434,657.65	6,656,423,676.73
2	INDEPENDENT REVENUE	26,890,204.00	26,000,300.00	29,658,533.42	33,875,441.50	44,591,585.00	161,016,063.92
3	SALARIES/WAGES	450,040,188.21	450,040,188.21	383,469,929.95	403,021,258.65	343,475,854.24	2,030,047,419.26
4	OVERHEADS	462,515,855.72	10,193,566.00	79,691,536.48	183,906,695.00	132,447,214.87	868,754,868.07
5	ADVANCES	916,815,499.43	884,714,499.43	965,404,749.93	872,555,349.93	855,705,349.93	4,495,195,448.65
6	DEPOSITS	508,913,183.30	641,454,011.59	640,451,778.31	419,652,844.50	486,152,554.14	2,696,624,371.84
	TOTAL	3,153,612,591.61	2,831,414,580.11	3,571,644,072.25	3,550,583,388.67	3,800,807,215.83	16,908,061,848.47



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Esan North East Local Government Council, Uromi in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Esan North East Local Government Council, Uromi as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer:

DR Isenmila S.A Adigun

Signature:

Date.....

1-3-2023

Name of Chairman:

Mrs Osabije Enomang Okhiky

Signature

[Signature]

Date.....

1-3-2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Esan North East Local Government Council, Uromi for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Esan North East Local Government Council, Uromi is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

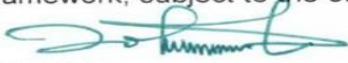
It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Esan North East Local Government Council, Uromi for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Esan North East Local Government Council realized as revenue a total sum of ₦2,128,808,761.87. Of this amount, the sum of ₦1,996,846,456.07 was received as statutory allocations from the federation account while the balance sum of ₦131,962,305.80 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦1,996,846,456.07 that accrued from the federation account to Esan North East Local Government Councils, Uromi as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Esan North East Local Government Council, Uromi and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Esan North East Local Government Council, Uromi spent the sum of ₦472,796,375.85 on salaries and wages, the sum of ₦160,758,051.27 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,373,901,825.36. The capital expenditure for year stood at ₦738,442,512.86.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Esan North East Local Government Council, Uromi as at 31st December, 2022 amounted to ₦205,413,943.45. During the period under review, the Local Government Council did not present bank statements for the Council nor prepare bank reconciliation statements contrary to Financial Memoranda 19:23-30. Non-presentation of these vital documents shows that balances in the cash book and those of their corresponding bank balances were not reconciled.

RECOMMENDATION

The Local Government Council is hereby advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 and forward the prepared documents to this Office without delay.

5. GENERAL INVESTMENTS

The investments held by Esan North East Local Government Council, Uromi as 31st December 2022 stood at ~~N~~40,967.56. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

6. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ~~N~~279,332,894.42 was outstanding in the Deposits Accounts of Esan North East Local Government Council, Uromi. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ~~N~~38,324,609.30.

7. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Esan North East Local Government Council, Uromi is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,733,393,000.00	1,996,846,456.07	73%
Independent Revenue	139,900,000.00	131,962,305.80	94%
<u>EXPENDITURE</u>			
Salary and Wages	820,000,000.00	472,796,375.85	58%
Overhead Cost	262,000,000.00	160,758,051.27	61%
Transferred to SUBEB and other Local Government Entities	1,159,650,000.00	1,373,901,825.36	118%
Capital Expenditure	916,000,000.00	738,442,512.86	81%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was high.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

8. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

9. REVALUATION OF ASSETS

Esan North East Local Government Council, Uromi is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

10. BUDGET PREPARATION

Esan North East Local Government Council, Uromi is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦25,963,750.00 attached to Audit Inspection Reports on the 2022 accounts for Esan North East Local Government Council, Uromi have already been forwarded to the Chairman for necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

- c) Reconciliation of Financial Statements with Underlying Records
- i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.
- ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.
- The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.
- iii) Bank Reconciliation
- Esan North East Local Government Council, Uromi has continuously failed to prepare bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The Local Government Council is to comply with F.M. 19.23 – 24 without further delay by preparing monthly bank reconciliation statements.
- d) Response To Audit Queries
- Note 10 to the accounts shows the level of response to audit queries issued to Esan North East Local Government Council, Uromi. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.
- e) Adoption of IPSAS
- The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.
- (c) The following constitute expenditure on PPE:
 - i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under

reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source.

The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	205,413,943.45		129,763,840.63	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				205,413,943.45		129,763,840.63
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	30,120.00		30,120.00	
Investments	310901	7	40,967.56		40,967.56	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	-		681,755,046.26	
Total Non-Current Assets: B				71,087.56		681,826,133.82
Total Assets: C = A+B				205,485,031.01		811,589,974.45
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	279,332,894.42		268,347,834.39	
Short Term Loans and Debts	410201	8	38,324,609.30		38,324,609.30	
Payables (Accrued Expenses)	410401	8	272,954,073.35		272,954,073.35	
Total Current Liabilities: D				590,611,577.07		579,626,517.04
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				590,611,577.07		579,626,517.04
Net Assets: G = C-F				- 385,126,546.06		231,963,457.41
NET ASSETS/EQUITY						
Reserves: H	430301	9	231,963,457.41		952,140,201.34	
Accumulated Surpluses/(Deficits): I	430201	9	- 617,090,003.47		- 720,176,743.93	
Total Net Assets/Equity: G = H+I				- 385,126,546.06		231,963,457.41

ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
952,140,201.34	Net Assets/Equity As At 1/1/2022 – A			-	231,963,457.41	
	REVENUE					
	<u>Statutory Allocation:</u>					
950,215,173.72	Share of Federation Account	110101	1	2,183,393,000.00	1,078,592,229.74	49%
661,858,205.82	Share of Value Added Tax (VAT)	110102	1	450,000,000.00	807,531,543.42	179%
76,734,337.31	Excess Crude Oil and Others	110103	1	100,000,000.00	110,722,682.91	111%
1,688,807,716.85	Sub-Total Statutory Allocation – B			2,733,393,000.00	1,996,846,456.07	73%
	<u>Independent Revenue:</u>					
20,369,764.00	Licences General	120201	2	6,700,000.00	1,660,920.00	25%
75,445,483.94	Fees General	120204	2	97,200,000.00	92,751,543.53	95%
-	Fines General	120205	2	500,000.00	-	0%
-	Sales General	120206	2	1,000,000.00	-	0%
20,372,825.00	Earnings General	120207	2	28,200,000.00	37,549,842.27	133%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	500,000.00	-	0%
-	Repayment General	120213	2	4,800,000.00	-	0%
-	Investment Income	120214	2	1,000,000.00	-	0%
116,188,072.94	Sub-Total Independent Revenue – C			139,900,000.00	131,962,305.80	94%
2,757,135,991.13	Total Receipts (A+B+C)			2,873,293,000.00	2,360,772,219.28	82%

EXPENDITURE						
	<u>Recurrent Expenditure:</u>					
456,626,839.22	Salaries and Wages	210101	3	820,000,000.00	472,796,375.85	58%
208,672,366.80	Overhead Cost	220201	4	262,000,000.00	160,758,051.27	61%
1,084,062,494.11	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,159,650,000.00	1,373,901,825.36	118%
-	Depreciation			-	-	
1,749,361,700.13	Sub-Total Recurrent Expenditure: E			2,241,650,000.00	2,007,456,252.48	90%
	<u>Capital Expenditure:</u>					
200,058,503.59	Land and Building General	320101	6	88,000,000.00	70,969,228.02	81%
500,200,000.00	Infrastructure General	320102	6	681,000,000.00	518,922,415.29	76%
14,620,000.00	Furniture and Fittings General	320106	6	59,700,000.00	48,146,169.46	81%
60,932,330.00	Intangible Assets	320301	6	87,300,000.00	100,404,700.09	115%
775,810,833.59	Sub-Total Capital Expenditure: F			916,000,000.00	738,442,512.86	81%
2,525,172,533.72	Total Expenditure: G = E + F			3,157,650,000.00	2,745,898,765.34	87%
231,963,457.41	Net Assets/Equity As At 31/12/2022				- 385,126,546.06	
2,757,135,991.13					2,360,772,219.28	

ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,078,592,229.74		950,215,173.72	
110102	Share of Value Added Tax (VAT)	1	807,531,543.42		661,858,205.82	
110103	Excess Crude Oil and Others	1	110,722,682.91		76,734,337.31	
	Sub-Total Statutory Revenue – A			1,996,846,456.07		1,688,807,716.85
	<u>Independent Revenue</u>					
120201	Licences General	2	1,660,920.00		20,369,764.00	
120204	Fees General	2	92,751,543.53		75,445,483.94	
120205	Fines General	2	-		-	
120206	Sales General	2	-		-	
120207	Earnings General	2	37,549,842.27		20,372,825.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			131,962,305.80		116,188,072.94
	Total Inflow from Operating Activities C = A+B			2,128,808,761.87		1,804,995,789.79
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	472,796,375.85		456,626,839.22	

220201	Overhead Cost	4	160,758,051.27		208,672,366.80	
220701	SUBEB and other Transfers to Local Government Entities	5	1,373,901,825.36		1,084,062,494.11	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			2,007,456,252.48		1,749,361,700.13
	Net Cashflow from Operating Activities – E = C-D			121,352,509.39		55,634,089.66
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	70,969,228.02		200,058,503.59	
320102	Infrastructure General	6	518,922,415.29		500,200,000.00	
320106	Furniture and Fittings General	6	48,146,169.46		14,620,000.00	
320301	Intangible Assets	6	100,404,700.09		60,932,330.00	
	Total Outflow from Investing Activities – F			738,442,512.86		775,810,833.59
	Net Cashflow from Investing Activities – G = E - F			- 617,090,003.47		- 720,176,743.93
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 681,755,046.26		- 707,908,244.47	
410101	Deposits		10,985,060.03		- 26,242,650.83	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 692,740,106.29		- 681,665,593.64
	Net Cashflow from all Activities – I = G - H			75,650,102.82		- 38,511,150.29
	Cash and Cash Equivalent As At 1/1/2022			129,763,840.63		168,274,990.92
	Cash and Cash Equivalent As At 31/12/2022			205,413,943.45		129,763,840.63

NOTES TO THE ACCOUNTS

NOTE 1:

**SCHEDULE OF STATUTORY ALLOCATION TO ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI FOR THE YEAR ENDED
31ST DECEMBER 2022**

Month	Federation Account	Value Added Tax	Others	Total
January	94,700,713.73	66,523,778.77	936,405.06	162,160,897.56
February	46,706,253.01	60,614,392.52	22,404,197.89	129,724,843.42
March	62,876,770.85	58,484,161.29	16,035,812.92	137,396,745.06
April	92,442,924.10	71,617,446.72	-	164,060,370.82
May	82,725,378.86	62,691,505.71	1,782,244.42	147,199,128.99
June	70,467,307.80	69,383,202.23	33,996,455.59	173,846,965.62
July	111,405,113.05	70,264,174.80	-	181,669,287.85
August	144,603,430.74	65,464,114.07	-	210,067,544.81
September	82,498,083.77	72,380,622.27	4,008,953.23	158,887,659.27
October	88,626,663.21	67,405,484.56	3,963,589.61	159,995,737.38
November	78,602,205.72	72,828,255.85	21,074,666.19	172,505,127.76
December	122,937,384.90	69,874,404.63	6,520,358.00	199,332,147.53
Total	₦ 1,078,592,229.74	₦ 807,531,543.42	₦ 110,722,682.91	₦ 1,996,846,456.07

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	402,680.00	7,779,000.00	-	-	2,667,600.00	-	-	-	-	10,849,280.00
February	93,840.00	10,273,050.00	-	-	1,638,900.00	-	-	-	-	12,005,790.00
March	725,700.00	11,697,310.00	-	-	6,955,400.00	-	-	-	-	19,378,410.00
April	53,700.00	6,968,000.00	-	-	783,100.00	-	-	-	-	7,804,800.00
May	70,000.00	6,811,000.00	-	-	994,800.00	-	-	-	-	7,875,800.00
June	50,000.00	5,810,130.00	-	-	2,151,116.62	-	-	-	-	8,011,246.62
July	94,000.00	5,518,900.00	-	-	3,422,575.15	-	-	-	-	9,035,475.15
August	3,500.00	10,309,900.00	-	-	4,486,010.50	-	-	-	-	14,799,410.50
September	107,500.00	8,057,210.00	-	-	7,362,940.00	-	-	-	-	15,527,650.00
October	10,000.00	5,862,790.00	-	-	3,187,400.00	-	-	-	-	9,060,190.00
November	50,000.00	7,454,600.00	-	-	1,155,000.00	-	-	-	-	8,659,600.00
December	-	6,209,653.53	-	-	2,745,000.00	-	-	-	-	8,954,653.53
Total	1,660,920.00	92,751,543.53	-	-	37,549,842.27	-	-	-	-	131,962,305.80

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI FOR THE YEAR ENDED 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	36,464,000.00	2,035,147.60	6%
21010102	The Council (Legislative)	89,000,000.00	1,579,417.20	2%
21010103	Personnel Management	95,500,000.00	100,451,818.32	105%
21010104	Internal Audit	4,000,000.00	4,078,808.09	102%
21010105	Information	9,764,000.00	2,770,234.62	28%
21010106	Office of the Head of LGA	-	-	
21010107	Agriculture and National Resources	15,500,000.00	9,221,729.52	59%
21010108	Finance and Supply	34,000,000.00	24,488,779.66	72%
21010109	Budget, Planning & Statistics	14,600,000.00	6,341,006.70	43%
2101010	Revenue	43,000,000.00	36,955,756.54	86%
2101011	Works and Housing	105,000,000.00	81,483,695.56	78%
2101012	Procurement	10,000,000.00	9,646,854.37	96%
2101013	Legal Services	12,000,000.00	3,851,345.31	32%
2101014	Youth, Women & Social Development	17,700,000.00	52,507,310.61	297%
2101015	Primary Health Care	284,000,000.00	106,737,534.66	38%
2101016	Environment	30,500,000.00	13,888,811.20	46%
2101017	Water and Sanitary Hygiene	14,900,000.00	16,758,125.89	112%
	Total	815,928,000.00	472,796,375.85	58%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	86,500,000.00	7,952,482.52	9%
22020102	The Council (Legislative)	32,000,000.00	10,830,000.00	34%
22020103	Personnel Management (Admin)	-	-	
22020104	Internal Audit	3,000,000.00	8,830,000.00	294%
22020105	Information	6,900,000.00	2,150,000.00	31%
22020106	Office of the Head of LGA	31,000,000.00	36,687,718.75	118%
22020107	Agriculture and National Resources	7,600,000.00	14,418,000.00	190%
22020108	Finance and Supply	9,000,000.00	6,829,600.00	76%
22020109	Budget, Planning & Statistics	4,500,000.00	4,440,000.00	99%
22020110	Procurement	2,300,000.00	1,733,000.00	75%
22020111	Revenue	9,000,000.00	6,829,600.00	76%
22020112	Works & Housing	17,850,000.00	12,389,400.00	69%
22020113	Legal Services	10,600,000.00	7,929,000.00	75%
22020114	Social Development	24,050,000.00	19,161,230.00	80%
22020115	Primary Health Care	13,000,000.00	16,483,020.00	127%
22020116	Environment	4,700,000.00	4,095,000.00	87%
22020117	Water and Sanitary Hygiene	-	-	
22020118	Contribution to LG Service Commission	-	-	
	Total	262,000,000.00	160,758,051.27	61%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	384,741.44	51,086,384.83	8,108,044.88	46,930,439.36	106,509,610.51
February	384,741.44	49,794,648.68	6,486,242.17	34,117,755.82	90,783,388.11
March	384,741.44	48,124,604.29	6,869,837.25	40,440,454.22	95,819,637.20
April	384,741.44	46,019,315.44	8,203,018.54	46,908,760.28	101,515,835.70
May	384,741.44	45,929,854.98	7,359,956.45	39,078,814.02	92,753,366.89
June	384,741.44	45,238,581.95	8,692,348.28	62,572,494.21	116,888,165.88
July	384,741.44	44,509,763.49	5,570,255.65	66,034,400.36	116,499,160.94
August	384,741.44	44,289,566.81	10,503,377.24	75,771,057.03	130,948,742.52
September	384,741.44	56,290,047.80	7,944,382.96	62,122,217.11	126,741,389.31
October	384,741.44	55,608,328.77	8,383,751.93	69,632,173.78	134,008,995.92
November	384,741.44	56,797,262.87	8,625,256.39	65,360,238.15	131,167,498.85
December	384,741.44	54,143,009.70	9,966,607.38	65,771,675.01	130,266,033.53
Total	₦ 4,616,897.28	₦ 597,831,369.61	₦ 96,713,079.12	₦ 674,740,479.35	₦ 1,373,901,825.36

NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI FOR THE YEAR ENDED 31ST DECEMBER, 2022

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	15,100,200.00	10,000,000.00	8,100,200.00	14,675,000.00	47,875,400.00
February	8,000,000.00	8,000,000.00	12,000,000.00	9,750,000.00	37,750,000.00
March	3,000,000.00	6,000,000.00	5,000,000.00	6,500,000.00	20,500,000.00
April	1,500,000.00	15,428,400.00	2,758,400.00	14,000,000.00	33,686,800.00
May	3,200,000.00	20,897,165.29	4,260,200.00	6,650,000.00	35,007,365.29
June	4,400,000.00	150,335,650.00	500,000.00	12,450,000.00	167,685,650.00
July	4,828,848.02	12,650,000.00	100,000.00	1,344,253.59	18,923,101.61
August	4,000,000.00	80,000,000.00	500,000.00	5,680,000.00	90,180,000.00
September	6,260,200.00	25,600,000.00	400,000.00	10,378,500.00	42,638,700.00
October	1,000,000.00	11,330,500.00	413,550.00	4,000,000.00	16,744,050.00
November	4,235,680.00	20,000,000.00	7,113,819.46	7,976,946.50	39,326,445.96
December	15,444,300.00	158,680,700.00	7,000,000.00	7,000,000.00	188,125,000.00
Total	₦ 70,969,228.02	₦ 518,922,415.29	₦ 48,146,169.46	₦ 100,404,700.09	₦ 738,442,512.86

NOTE 7:		
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022		
Cash and Cash Equivalent		205,413,943.45
Inventories		-
Loans Granted		30,120.00
Investments		40,967.56
Advances		-
Property, Plant and Equipment (PPE)		-
Investment Properties		-
Prepayments		-
Total Assets	₱	205,485,031.01

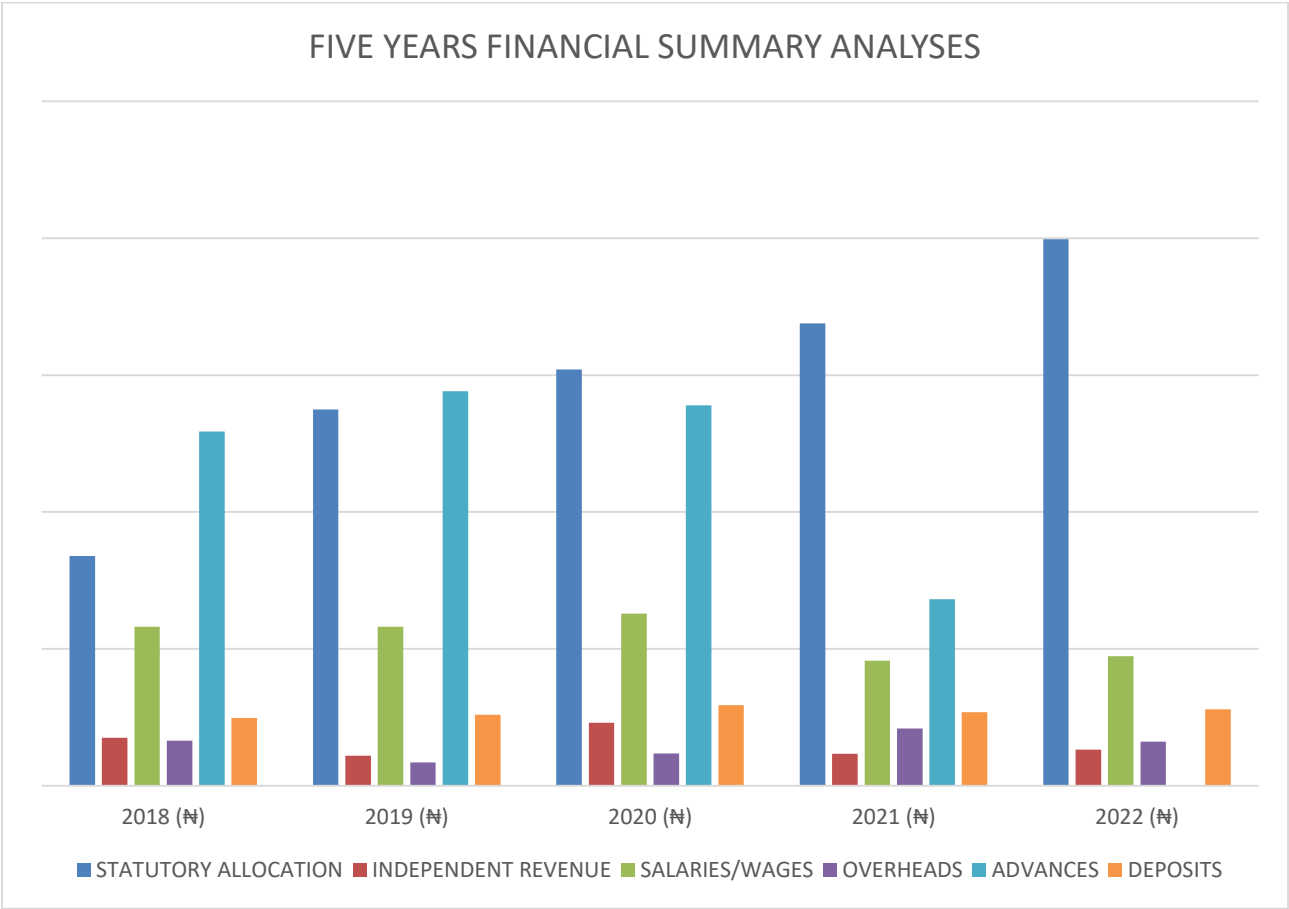
NOTE 8:		
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022		
Deposits		279,332,894.42
Loans/Debts		38,324,609.30
Payables		272,954,073.35
Long Term Borrowings		-
Total Liabilities	₱	590,611,577.07

NOTE 9:		
CAPITAL RESERVES		
Reserves as at 1/1/2022		231,963,457.41
Accumulated Surpluses/Deficits for the Year	-	617,090,003.47
Net Assets/Equity as at 31/12/2022	₱	385,126,546.06

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
	Outstanding:				
1	AQ/ENELG/URM/1/2021	Various	Irregular Expenditure	13,200,000.00	Unresolved
2	AQ/ENELG/URM/2/2021	Various	Unvouched Payment	520,258.78	Unresolved
3	AQ/ENELG/URM/3/2021	Various	Irregular Expenditure	18,827,000.00	Unresolved
4	AQ/ENELG/URM/4/2021	Various	Irregular Expenditure	338,388,964.20	Unresolved
5	AQ/ENELG/URM/5/2021	Various	Irregular Expenditure	1,800,000.00	Unresolved
	Subtotal			372,736,222.98	
	Current:				
1	AQ/ENELG/URM/1	Various	Irregular Expenditure	9,000,000.00	Unresolved
2	AQ/ENELG/URM/2	Various	Irregular Expenditure	7,645,000.00	Unresolved
3	AQ/ENELG/URM/3	84/Aug/2022	Irregular Expenditure	423,000.00	Unresolved
4	AQ/ENELG/URM/4	76/July/2022	Irregular Expenditure	300,000.00	Unresolved
5	AQ/ENELG/URM/5	Various	Irregular Expenditure	8,595,750.00	Unresolved
	Subtotal			25,963,750.00	
	Total			₦ 398,699,972.98	

ESAN NORTH EAST LOCAL GOVERNMENT COUNCIL, UROMI							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	839,084,444.62	1,374,087,994.35	1,520,974,512.51	1,688,807,716.85	1,996,846,456.07	7,419,801,124.40
2	INDEPENDENT REVENUE	175,375,752.59	109,875,592.15	230,523,016.78	116,188,072.94	131,962,305.80	763,924,740.26
3	SALARIES/WAGES	580,505,094.05	580,505,094.05	628,261,313.15	456,626,839.22	472,796,375.85	2,718,694,716.32
4	OVERHEADS	165,017,339.19	84,587,100.26	117,582,954.00	208,672,366.80	160,758,051.27	736,617,811.52
5	ADVANCES	1,294,455,942.33	1,441,122,647.25	1,389,663,290.73	681,755,046.26	-	4,806,996,926.57
6	DEPOSITS	247,209,870.21	259,067,210.55	294,590,485.22	268,347,834.39	279,332,894.42	1,348,548,294.79
	TOTAL	3,301,648,442.99	3,849,245,638.61	4,181,595,572.39	3,420,397,876.46	3,041,696,083.41	17,794,583,613.86



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

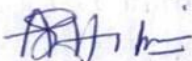
These Financial Statements have been prepared by the Treasurer of Esan South East Local Government Council, Ubiaja in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Esan South East Local Government Council, Ubiaja as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: Adelekun O. Helen

Signature: 

Date: 23/03/2023

Name of Chairman: DR EUNITHOLE O. GREGORY

Signature



Date: 23/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Esan South East Local Government Council, Ubiaja for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Esan South East Local Government Council, Ubiaja is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

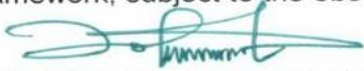
It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Esan South East Local Government Council, Ubiaja for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF EASN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Esan South East Local Government Council realized as revenue a total sum of ₦2,355,848,343.56. Of this amount, the sum of ₦2,310,147,010.51 was received as statutory allocations from the federation account while the balance sum of ₦45,701,333.05 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,310,147,010.51 that accrued from the federation account to Esan South East Local Government Councils, Ubiaja as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Esan South East Local Government Council, Ubiaja and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Esan South East Local Government Council, Ubiaja spent the sum of ₦596,675,709.52 on salaries and wages, the sum of ₦95,886,350.34 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,438,574,708.65. The capital expenditure for year stood at ₦223,572,275.00.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Esan South East Local Government Council, Ubiaja as at 31st December, 2022 amounted to ₦130,339,536.56. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦805,306,488.07. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Esan South East Local Government Council, Ubiaja as at 31st December 2022 stood at ₦516,662.89. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦232,614,103.35 was outstanding in the Deposits Accounts of Esan South East Local Government Council, Ubiaja. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) **SHORT TERM LOANS**

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦810,186.42.

8. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Esan South East Local Government Council, Ubiaja is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,006,860,000.00	2,310,147,010.51	77%
Independent Revenue	98,300,000.00	45,701,333.05	46%
<u>EXPENDITURE</u>			
Salary and Wages	960,600,000.00	596,675,709.52	62%
Overhead Cost	214,150,000.00	95,886,350.34	45%
Transferred to SUBEB and other Local Government Entities	1,141,000,000.00	1,438,574,708.65	126%
Capital Expenditure	277,750,000.00	223,572,275.00	80%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was high.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

9. **AUTHORIZATION**

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Esan South East Local Government Council, Ubiaja is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Esan South East Local Government Council, Ubiaja is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦12,705,000.00 attached to Audit Inspection Reports on the 2022 accounts for Esan North East Local Government Council, Ubiaja have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Esan South East Local Government Council, Ubiaja prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Response To Audit Queries

Note 10 to the accounts shows the level of response to audit queries issued to Esan South East Local Government Council, Ubiaja. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	130,339,536.56		75,553,402.04	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				130,339,536.56		75,553,402.04
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	516,662.89		516,662.89	
Property, Plant and Equipment (PPE)	320101	7	1,004,500,000.00		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	805,306,488.07		1,841,150,288.07	
Total Non-Current Assets: B				1,810,323,150.96		1,841,666,950.96
Total Assets: C = A+B				1,940,662,687.52		1,917,220,353.00
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	232,614,103.35		210,311,068.88	
Short Term Loans and Debts	410201	8	810,186.42		810,186.42	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				233,424,289.77		211,121,255.30
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				233,424,289.77		211,121,255.30
Net Assets: G = C-F				1,707,238,397.75		1,706,099,097.70
NET ASSETS/EQUITY						
Reserves: H	430301	9	1,706,099,097.70		-	
Accumulated Surpluses/(Deficits): I	430201	9	1,139,300.05		1,706,099,097.70	
Total Net Assets/Equity: G = H+I				1,707,238,397.75		1,706,099,097.70

ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
1,692,979,675.44	Net Assets/Equity As At 1/1/2022 – A			-	1,706,099,097.70	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,149,892,366.95	Share of Federation Account	110101	1	1,900,000,000.00	1,291,709,221.29	68%
730,834,703.36	Share of Value Added Tax (VAT)	110102	1	800,000,000.00	890,734,992.17	111%
91,877,467.76	Excess Crude Oil and Others	110103	1	306,860,000.00	127,702,797.05	42%
1,972,604,538.07	Sub-Total Statutory Allocation – B			3,006,860,000.00	2,310,147,010.51	77%
	<u>Independent Revenue:</u>					
4,254,250.00	Licences General	120201	2	10,650,000.00	3,573,823.05	34%
21,047,478.37	Fees General	120204	2	27,950,000.00	29,804,110.00	107%
-	Fines General	120205	2	200,000.00	-	0%
16,217,000.00	Sales General	120206	2	26,300,000.00	390,000.00	1%
5,053,287.00	Earnings General	120207	2	24,200,000.00	11,933,400.00	49%
-	Rent on Government Building General	120208	2	-	-	
50,000.00	Rent on Land and Others General	120211	2	2,000,000.00	-	0%
4,746,730.18	Repayment General	120213	2	6,700,000.00	-	0%
-	Investment Income	120214	2	300,000.00	-	0%

51,368,745.55	Sub-Total Independent Revenue – C			98,300,000.00	45,701,333.05	46%
3,716,952,959.06	Total Receipts (A+B+C)			3,105,160,000.00	4,061,947,441.26	131%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
325,785,258.27	Salaries and Wages	210101	3	960,600,000.00	596,675,709.52	62%
203,111,344.85	Overhead Cost	220201	4	214,150,000.00	95,886,350.34	45%
1,197,197,321.22	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,141,000,000.00	1,438,574,708.65	126%
-	Depreciation			-	-	
1,726,093,924.34	Sub-Total Recurrent Expenditure: E			2,315,750,000.00	2,131,136,768.51	92%
	<u>Capital Expenditure:</u>					
63,303,487.02	Land and Building General	320101	6	107,100,000.00	24,264,000.00	23%
39,320,000.00	Infrastructure General	320102	6	105,450,000.00	36,530,000.00	35%
700,000.00	Furniture and Fittings General	320106	6	19,200,000.00	550,000.00	3%
181,436,450.00	Intangible Assets	320301	6	46,000,000.00	162,228,275.00	353%
284,759,937.02	Sub-Total Capital Expenditure: F			277,750,000.00	223,572,275.00	80%
2,010,853,861.36	Total Expenditure: G = E + F			2,593,500,000.00	2,354,709,043.51	91%
1,706,099,097.70	Net Assets/Equity As At 31/12/2022				1,707,238,397.75	
3,716,952,959.06					4,061,947,441.26	

ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022(₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,291,709,221.29		1,149,892,366.95	
110102	Share of Value Added Tax (VAT)	1	890,734,992.17		730,834,703.36	
110103	Excess Crude Oil and Others	1	127,702,797.05		91,877,467.76	
	Sub-Total Statutory Revenue – A			2,310,147,010.51		1,972,604,538.07
	<u>Independent Revenue</u>					
120201	Licences General	2	3,573,823.05		4,254,250.00	
120204	Fees General	2	29,804,110.00		21,047,478.37	
120205	Fines General	2	-		-	
120206	Sales General	2	390,000.00		16,217,000.00	
120207	Earnings General	2	11,933,400.00		5,053,287.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		50,000.00	
120210	Repayments General	2	-		4,746,730.18	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			45,701,333.05		51,368,745.55
	Total Inflow from Operating Activities C = A+B			2,355,848,343.56		2,023,973,283.62
	<u>OUTFLOWS:</u>					

210101	Salaries and Wages	3	596,675,709.52		325,785,258.27	
220201	Overhead Cost	4	95,886,350.34		203,111,344.85	
220701	SUBEB and other Transfers to Local Government Entities	5	1,438,574,708.65		1,197,197,321.22	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			2,131,136,768.51		1,726,093,924.34
	Net Cashflow from Operating Activities – E = C-D			224,711,575.05		297,879,359.28
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	24,264,000.00		63,303,487.02	
320102	Infrastructure General	6	36,530,000.00		39,320,000.00	
320106	Furniture and Fittings General	6	550,000.00		700,000.00	
320301	Intangible Assets	6	162,228,275.00		181,436,450.00	
	Total Outflow from Investing Activities – F			223,572,275.00		284,759,937.02
	Net Cashflow from Investing Activities – G = E - F			1,139,300.05		13,119,422.26
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 31,343,800.00		- 152,984,050.00	
410101	Deposits		22,303,034.47		- 39,046,091.89	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 53,646,834.47		- 113,937,958.11
	Net Cashflow from all Activities – I = G - H			54,786,134.52		127,057,380.37
	Cash and Cash Equivalent As At 1/1/2022			75,553,402.04		- 51,503,978.33
	Cash and Cash Equivalent As At 31/12/2022			130,339,536.56		75,553,402.04

NOTES TO THE ACCOUNTS

NOTE 1:					
SCHEDULE OF STATUTORY ALLOCATION TO ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA FOR THE YEAR ENDED 31ST DECEMBER 2022					
Month	Federation Account	Value Added Tax	Others	Total	
January	113,389,416.95	73,324,497.01	1,121,199.83	187,835,113.79	
February	55,923,494.00	67,076,060.15	26,527,329.98	149,526,884.13	
March	75,285,181.14	64,494,745.47	19,200,398.87	158,980,325.48	
April	110,948,376.00	79,034,824.16	-	189,983,200.16	
May	99,050,810.75	68,734,271.40	2,133,961.28	169,919,043.43	
June	84,373,671.87	76,586,836.42	37,526,099.97	198,486,608.26	
July	133,390,344.34	77,297,789.90	-	210,688,134.24	
August	173,140,180.85	71,893,154.48	-	245,033,335.33	
September	98,778,660.17	80,192,246.16	4,800,099.72	183,771,006.05	
October	106,116,683.52	74,297,622.86	4,260,132.51	184,674,438.89	
November	94,113,950.43	80,567,887.17	25,233,644.17	199,915,481.77	
December	147,198,451.27	77,235,056.99	6,899,930.72	231,333,438.98	
Total	₦ 1,291,709,221.29	₦ 890,734,992.17	₦ 127,702,797.05	₦ 2,310,147,010.51	

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	250,000.00	2,400,000.00	-	-	800,000.00	-	-	-	-	3,450,000.00
February	300,000.00	2,850,000.00	-	50,000.00	880,000.00	-	-	-	-	4,080,000.00
March	200,000.00	2,560,000.00	-	40,000.00	910,000.00	-	-	-	-	3,710,000.00
April	280,000.00	2,570,000.00	-	-	788,000.00	-	-	-	-	3,638,000.00
May	295,000.00	1,920,000.00	-	-	782,000.00	-	-	-	-	2,997,000.00
June	273,823.05	2,104,110.00	-	30,000.00	890,000.00	-	-	-	-	3,297,933.05
July	275,000.00	2,700,000.00	-	44,000.00	899,000.00	-	-	-	-	3,918,000.00
August	330,000.00	2,850,000.00	-	36,000.00	833,400.00	-	-	-	-	4,049,400.00
September	300,000.00	2,450,000.00	-	30,000.00	1,300,000.00	-	-	-	-	4,080,000.00
October	350,000.00	2,600,000.00	-	49,000.00	1,500,000.00	-	-	-	-	4,499,000.00
November	380,000.00	2,500,000.00	-	60,000.00	1,351,000.00	-	-	-	-	4,291,000.00
December	340,000.00	2,300,000.00	-	51,000.00	1,000,000.00	-	-	-	-	3,691,000.00
Total	3,573,823.05	29,804,110.00	-	390,000.00	11,933,400.00	-	-	-	-	45,701,333.05

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF ESAN SOUTH EAST, LOCAL GOVERNMENT COUNCIL, UBIAJA FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	15,000,000.00	6,759,375.00	45%
21010102	The Council (Legislative)	25,000,000.00	18,782,923.05	75%
21010103	Personnel Management	250,000,000.00	153,468,365.60	61%
21010104	Internal Audit	6,000,000.00	2,349,800.00	39%
21010105	Information	8,000,000.00	5,003,454.00	63%
21010106	Office of the Head of LGA	20,000,000.00	15,787,514.15	79%
21010107	Agriculture and National Resources	10,000,000.00	7,354,718.00	74%
21010108	Finance and Supply	150,000,000.00	45,783,411.00	31%
21010109	Budget, Planning & Statistics	12,000,000.00	8,789,345.00	73%
2101010	Revenue	39,702,000.00	29,109,547.11	73%
2101011	Works and Housing	40,500,000.00	19,075,895.00	47%
2101012	Procurement	8,400,000.00	5,089,105.00	61%
2101013	Legal Services	8,000,000.00	5,723,700.00	72%
2101014	Youth, Women & Social Development	15,300,000.00	6,128,759.21	40%
2101015	Primary Health Care	302,150,000.00	226,147,963.40	75%
2101016	Environment	40,148,000.00	37,576,500.00	94%
2101017	Water and Sanitary Hygiene	10,400,000.00	3,745,334.00	36%
	Total	960,600,000.00	596,675,709.52	62%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	66,400,000.00	23,985,000.00	36%
22020102	The Council (Legislative)	18,200,000.00	752,000.00	4%
22020103	Personnel Management (Admin)	42,100,000.00	17,722,160.00	42%
22020104	Internal Audit	2,900,000.00	1,670,000.00	58%
22020105	Information	15,000,000.00	1,784,750.00	12%
22020106	Office of the Head of LGA	9,300,000.00	9,416,500.00	101%
22020107	Agriculture and National Resources	1,450,000.00	1,706,000.00	118%
22020108	Finance and Supply	10,400,000.00	9,099,800.00	87%
22020109	Budget, Planning & Statistics	3,450,000.00	2,244,000.00	65%
22020110	Procurement	1,000,000.00	1,874,000.00	187%
22020111	Revenue	2,850,000.00	4,564,500.00	160%
22020112	Works & Housing	14,500,000.00	1,911,500.00	13%
22020113	Legal Services	1,950,000.00	736,000.00	38%
22020114	Social Development	11,700,000.00	9,302,520.00	80%
22020115	Primary Health Care	6,950,000.00	4,907,620.34	71%
22020116	Environment	4,000,000.00	3,100,000.00	78%
22020117	Water and Sanitary Hygiene	2,000,000.00	1,110,000.00	56%
22020118	Contribution to LG Service Commission	-	-	
	Total	214,150,000.00	95,886,350.34	45%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	365,556.18	59,174,665.74	9,391,755.69	45,466,390.06	114,398,367.67
February	365,556.18	57,486,555.30	7,476,344.21	33,679,139.20	99,007,594.89
March	365,556.18	55,684,472.37	7,949,016.27	40,226,143.73	104,225,188.55
April	365,556.18	53,290,729.35	9,499,160.01	45,440,319.16	108,595,764.70
May	365,556.18	53,019,043.51	8,495,952.17	39,168,100.53	101,048,652.39
June	365,556.18	51,650,327.42	9,924,330.41	53,731,435.35	115,671,649.36
July	365,556.18	51,619,506.73	10,534,406.72	58,404,017.59	120,923,487.22
August	365,556.18	51,661,575.26	12,251,666.76	71,069,571.87	135,348,370.07
September	365,556.18	65,105,614.65	9,188,550.30	50,180,712.95	124,840,434.08
October	365,556.18	64,185,690.71	9,714,626.50	61,812,096.44	136,077,969.83
November	365,556.18	65,822,113.92	9,995,774.09	63,516,976.71	139,700,420.90
December	365,556.18	62,908,604.56	11,580,171.95	63,882,476.30	138,736,808.99
Total	₦ 4,386,674.16	₦ 691,608,899.52	₦ 116,001,755.08	₦ 626,577,379.89	₦ 1,438,574,708.65

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	2,000,000.00	2,500,000.00	-	12,228,000.00	16,728,000.00
February	3,200,000.00	1,500,000.00	300,000.00	12,500,000.00	17,500,000.00
March	2,064,000.00	3,000,000.00	-	10,500,000.00	15,564,000.00
April	2,300,000.00	3,000,000.00	-	12,500,000.00	17,800,000.00
May	2,500,000.00	3,500,000.00	-	11,500,275.00	17,500,275.00
June	2,200,000.00	3,500,000.00	-	8,000,000.00	13,700,000.00
July	2,000,000.00	2,700,000.00	-	13,800,000.00	18,500,000.00
August	3,000,000.00	3,300,000.00	250,000.00	17,240,000.00	23,790,000.00
September	1,250,000.00	3,700,000.00	-	15,000,000.00	19,950,000.00
October	1,500,000.00	3,630,000.00	-	16,240,000.00	21,370,000.00
November	-	3,100,000.00	-	16,480,000.00	19,580,000.00
December	2,250,000.00	3,100,000.00	-	16,240,000.00	21,590,000.00
Total	₦ 24,264,000.00	₦ 36,530,000.00	₦ 550,000.00	₦ 162,228,275.00	₦ 223,572,275.00

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	130,339,536.56
Inventories	-
Loans Granted	-
Investments	516,662.89
Advances	805,306,488.07
Property, Plant and Equipment (PPE)	1,004,500,000.00
Investment Properties	-
Prepayments	-
Total Assets	₱ 1,940,662,687.52

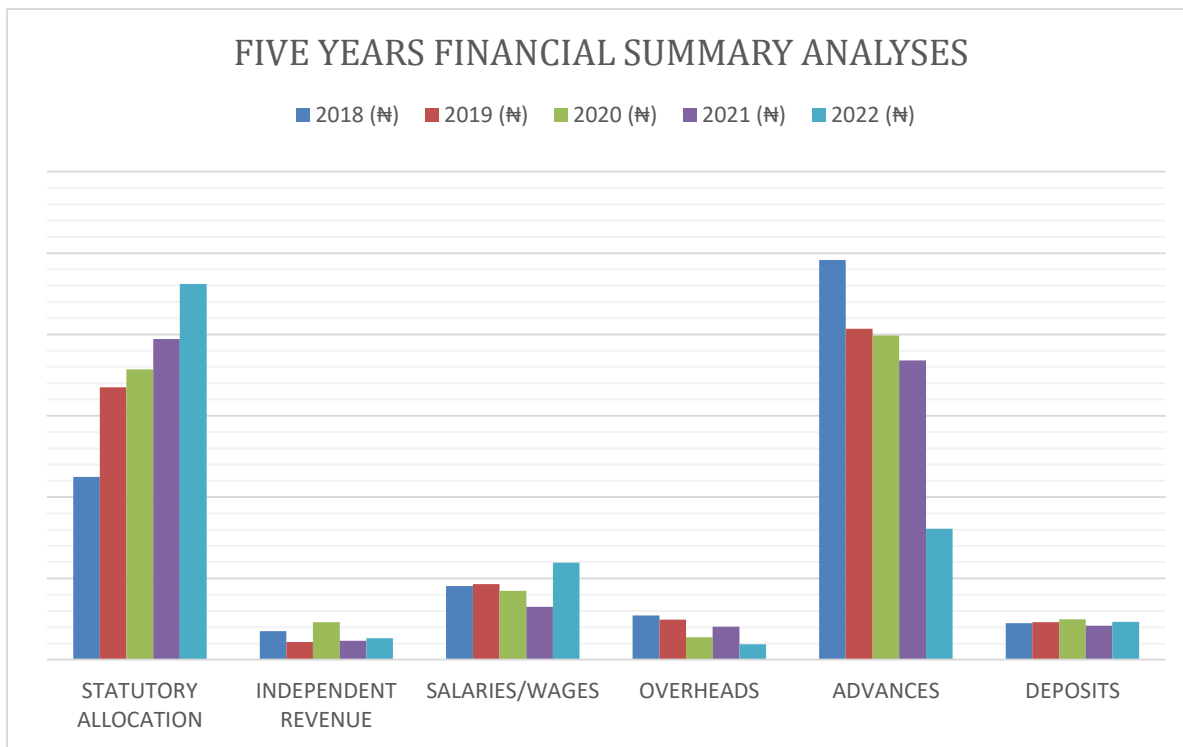
NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	232,614,103.25
Loans/Debts	810,186.42
Payables	-
Long Term Borrowings	-
Total Liabilities	₱ 233,424,289.67

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	1,706,099,097.70
Accumulated Surpluses/Deficits for the Year	1,139,300.05
Net Assets/Equity as at 31/12/2022	₱ 1,707,238,397.75

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
	Outstanding:				
1	AQ/ESELG/UBJ/1/2021	34/Mar/2021	Irregular Expenditure	6,012,000.00	Unresolved
2	AQ/ESELG/UBJ/2/2021	35/Mar/2021	Irregular Expenditure	6,840,000.00	Unresolved
3	AQ/ESELG/UBJ/3/2021	Various	Irregular Expenditure	21,676,000.00	Unresolved
4	AQ/ESELG/UBJ/4/2021	Various	Irregular Expenditure	3,500,000.00	Unresolved
5	AQ/ESELG/UBJ/5/2021	53/Oct/2021	Irregular Expenditure	9,723,000.00	Unresolved
6	AQ/ESELG/UBJ/6/2021	152/Aug/2021	Irregular Expenditure	4,500,000.00	Unresolved
	Subtotal			52,251,000.00	
1	AQ/ESELG/UBJ/1	Various	Irregular Expenditure	8,205,000.00	Unresolved
2	AQ/ESELG/UBJ/2	11/Dec/2022	Unreceipted Payment	2,500,000.00	Resolved
3	AQ/ESELG/UBJ/3	102/July/2022	Irregular Expenditure	2,000,000.00	Resolved
	Subtotal			12,705,000.00	
	Total			64,956,000.00	

ESAN SOUTH EAST LOCAL GOVERNMENT COUNCIL, UBIAJA							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	1,124,180,382.79	1,674,865,531.88	1,785,466,340.48	1,972,604,538.07	2,310,147,010.51	8,867,263,803.73
2	INDEPENDENT REVENUE	175,375,752.59	109,875,592.15	230,523,016.78	116,188,072.94	131,962,305.80	763,924,740.26
3	SALARIES/WAGES	453,598,936.14	465,433,120.27	424,112,573.99	325,785,258.27	596,675,709.52	2,265,605,598.19
4	OVERHEADS	271,955,818.54	246,166,645.60	139,184,443.68	203,111,344.85	95,886,350.34	956,304,603.01
5	ADVANCES	2,458,134,516.07	2,035,855,888.07	1,994,134,338.07	1,841,150,288.07	805,306,488.07	9,134,581,518.35
6	DEPOSITS	224,439,034.13	231,482,482.29	249,357,160.77	210,311,068.88	232,614,103.35	1,148,203,849.42
	TOTAL	4,707,684,440.26	4,763,679,260.26	4,822,777,873.77	4,669,150,571.08	4,172,591,967.59	23,135,884,112.96



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Esan West Local Government Council, Ekpoma in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Esan West Local Government Council, Ekpoma as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: MR IRABOR J. KROMOSELE

Signature:



Date: 15/03/2023

Name of Chairman: MR CHRIS IZE-FYAMU

Signature



Date: 15/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Esan West Local Government Council, Ekpoma for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Esan West Local Government Council, Ekpoma is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Esan West Local Government Council, Ekpoma for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Esan West Local Government Council realized as revenue a total sum of ₦2,224,467,299.28. Of this amount, the sum of ₦2,028,928,209.28 was received as statutory allocations from the federation account while the balance sum of ₦195,539,090.00 represented independent revenue. See **Notes 1** and **2** for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,028,928,209.28 that accrued from the federation account to Esan West Local Government Councils, Ekpoma as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Esan West Local Government Council, Ekpoma and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Esan West Local Government Council, Ekpoma spent the sum of ₦451,143,119.53 on salaries and wages, the sum of ₦298,255,819.63 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,415,222,521.81. The capital expenditure for year stood at ₦38,741,412.20.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Esan West Local Government Council, Ekpoma as at 31st December, 2022 amounted to ₦1,632,393,045.70. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦387,832,966.70. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Esan West Local Government Council, Ekpoma as 31st December 2022 stood at ₦28,685.43. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦1,045,596,977.38 was outstanding in the Deposits Accounts of Esan West Local Government Council, Ekpoma. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) **SHORT TERM LOANS**

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦800,000.00.

8. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Esan West Local Government Council, Ekpoma is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,271,991,498.91	2,028,928,209.28	89%
Independent Revenue	222,474,914.22	195,539,090.00	88%
<u>EXPENDITURE</u>			
Salary and Wages	641,251,422.89	451,143,119.53	70%
Overhead Cost	148,289,503.72	298,255,819.63	201%
Transferred to SUBEB and other Local Government Entities	742,570,655.23	1,415,222,521.81	191%
Capital Expenditure	745,337,611.53	38,741,412.20	5%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Overhead Costs and Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

9. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Esan West Local Government Council, Ekpoma is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Esan West Local Government Council, Ekpoma is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦5,200,000.00 attached to Audit Inspection Reports on the 2022 accounts for Esan West Local Government Council, Ekpoma have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary

books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Esan West Local Government Council, Ekpoma prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Response To Audit Queries

Note 10 to the accounts shows the level of response to audit queries issued to Esan West Local Government Council, Ekpoma. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to reevaluate the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022	2022	2021	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	1,632,393,045.70		1,506,182,315.88	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				1,632,393,045.70		1,506,182,315.88
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	572,970.07		572,970.07	
Investments	310901	7	28,685.43		28,685.43	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	359,984.00		359,984.00	
Intangible Assets (Advances)	320301	7	387,832,966.70		459,009,366.70	
Total Non-Current Assets: B				388,794,606.20		459,971,006.20
Total Assets: C = A+B				2,021,187,651.90		1,966,153,322.08
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	1,045,596,977.38		1,011,667,073.67	
Short Term Loans and Debts	410201	8	800,000.00		800,000.00	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				1,046,396,977.38		1,012,467,073.67
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				1,046,396,977.38		1,012,467,073.67
Net Assets: G = C-F				974,790,674.52		953,686,248.41
NET ASSETS/EQUITY						
Reserves: H	430301	9	953,686,248.41		902,985,564.51	
Accumulated Surpluses/(Deficits): I	430201	9	21,104,426.11		50,700,683.90	
Total Net Assets/Equity: G = H+I				974,790,674.52		953,686,248.41

ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
902,985,564.51	Net Assets/Equity As At 1/1/2022 – A			-	953,686,248.41	
	REVENUE					
	<u>Statutory Allocation:</u>					
968,124,238.55	Share of Federation Account	110101	1	1,541,989,758.70	1,097,706,711.23	71%
671,120,662.22	Share of Value Added Tax (VAT)	110102	1	730,001,740.21	818,704,455.15	112%
78,092,526.06	Excess Crude Oil and Others	110103	1	-	112,517,042.90	
1,717,337,426.83	Sub-Total Statutory Allocation – B			2,271,991,498.91	2,028,928,209.28	89%
	<u>Independent Revenue:</u>					
42,647,228.37	Licenses General	120201	2	68,065,771.20	11,398,000.00	17%
170,588,913.48	Fees General	120204	2	63,785,856.60	159,776,210.00	250%
14,215,742.78	Fines General	120205	2	688,607.36	6,085,400.00	884%
-	Sales General	120206	2	1,299,848.44	-	0%
56,862,971.16	Earnings General	120207	2	88,634,830.62	18,279,480.00	21%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	

284,314,855.79	Sub-Total Independent Revenue – C			222,474,914.22	195,539,090.00	88%
2,904,637,847.13	Total Receipts (A+B+C)			2,494,466,413.13	3,178,153,547.69	127%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
337,002,097.20	Salaries and Wages	210101	3	641,251,422.89	451,143,119.53	70%
123,903,377.63	Overhead Cost	220201	4	148,289,503.72	298,255,819.63	201%
1,114,728,458.99	SUBEB and other Transfers to Local Govt. Entities	220701	5	742,570,655.23	1,415,222,521.81	191%
-	Depreciation			-	-	
1,575,633,933.82	Sub-Total Recurrent Expenditure: E			1,532,111,581.84	2,164,621,460.97	141%
	<u>Capital Expenditure:</u>					
139,787,354.00	Land and Building General	320101	6	249,802,187.25	6,306,762.20	3%
60,008,600.00	Infrastructure General	320102	6	148,660,627.28	28,535,900.00	19%
73,528,316.27	Furniture and Fittings General	320106	6	74,330,313.64	-	0%
101,993,394.64	Intangible Assets	320301	6	272,544,483.36	3,898,750.00	1%
375,317,664.91	Sub-Total Capital Expenditure: F			745,337,611.53	38,741,412.20	5%
1,950,951,598.73	Total Expenditure: G = E + F			2,277,449,193.37	2,203,362,873.17	97%
953,686,248.41	Net Assets/Equity As At 31/12/2022				974,790,674.52	
2,904,637,847.14					3,178,153,547.69	

ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,097,706,711.23		968,124,238.55	
110102	Share of Value Added Tax (VAT)	1	818,704,455.15		671,120,662.22	
110103	Excess Crude Oil and Others	1	112,517,042.90		78,092,526.06	
	Sub-Total Statutory Revenue – A			2,028,928,209.28		1,717,337,426.83
	<u>Independent Revenue</u>					
120201	Licences General	2	11,398,000.00		42,647,228.37	
120204	Fees General	2	159,776,210.00		170,588,913.48	
120205	Fines General	2	6,085,400.00		14,215,742.79	
120206	Sales General	2	-		-	
120207	Earnings General	2	18,279,480.00		56,862,971.16	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			195,539,090.00		284,314,855.80
	Total Inflow from Operating Activities C = A+B			2,224,467,299.28		2,001,652,282.63
	<u>OUTFLOWS:</u>					

210101	Salaries and Wages	3	451,143,119.53		337,002,097.20	
220201	Overhead Cost	4	298,255,819.63		123,903,377.63	
220701	SUBEB and other Transfers to Local Government Entities	5	1,415,222,521.81		1,114,728,458.99	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			2,164,621,460.97		1,575,633,933.82
	Net Cashflow from Operating Activities – E = C-D			59,845,838.31		426,018,348.81
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	6,306,762.20		139,787,354.00	
320102	Infrastructure General	6	28,535,900.00		60,008,600.00	
320106	Furniture and Fittings General	6	-		73,528,316.27	
320301	Intangible Assets	6	3,898,750.00		101,993,394.64	
	Total Outflow from Investing Activities – F			38,741,412.20		375,317,664.91
	Net Cashflow from Investing Activities – G = E - F			21,104,426.11		50,700,683.90
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 71,176,400.00		- 4,473,667.56	
410101	Deposits		33,929,903.71		16,106,821.79	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 105,106,303.71		- 20,580,489.35
	Net Cashflow from all Activities – I = G - H			126,210,729.82		71,281,173.25
	Cash and Cash Equivalent As At 1/1/2022			1,506,182,315.88		1,434,901,142.63
	Cash and Cash Equivalent As At 31/12/2022			1,632,393,045.70		1,506,182,315.88

NOTES TO THE ACCOUNTS

NOTE 1:					
SCHEDULE OF STATUTORY ALLOCATION TO ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA FOR THE YEAR ENDED 31ST DECEMBER 2022					
Month	Federation Account	Value Added Tax	Others	Total	
January	96,376,905.14	67,437,008.04	952,979.32	164,766,892.50	
February	47,532,948.15	61,482,092.64	22,832,818.10	131,847,858.89	
March	63,989,682.25	59,291,288.00	16,319,644.91	139,600,615.16	
April	94,102,679.69	72,613,483.60	-	166,716,163.29	
May	84,189,608.27	63,502,953.90	1,813,789.94	149,506,352.11	
June	71,714,570.80	70,350,536.75	34,470,431.20	176,535,538.75	
July	113,376,970.35	71,208,678.44	-	184,585,648.79	
August	147,162,894.34	66,327,432.86	-	213,490,327.20	
September	83,958,290.09	73,429,600.23	4,079,911.23	161,467,801.55	
October	90,195,344.65	68,330,990.12	4,003,410.65	162,529,745.42	
November	79,993,455.45	73,867,566.35	21,447,685.28	175,308,707.08	
December	125,113,362.05	70,862,824.22	6,596,372.27	202,572,558.54	
Total	₦ 1,097,706,711.23	₦ 818,704,455.15	₦ 112,517,042.90	₦ 2,028,928,209.28	

NOTE 2:**SCHEDULE OF INDEPENDENT REVENUE OF ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA FOR THE YEAR 2022**

Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	949,830.00	10,314,680.00	407,110.00	-	-	1,423,090.00	-	-	-	13,094,710.00
February	920,750.00	12,700,770.00	508,210.00	-	-	1,600,600.00	-	-	-	15,730,330.00
March	833,700.00	13,310,280.00	507,400.00	-	-	1,234,400.00	-	-	-	15,885,780.00
April	983,490.00	11,550,200.00	480,700.00	-	-	1,500,700.00	-	-	-	14,515,090.00
May	880,600.00	12,220,700.00	510,300.00	-	-	1,300,880.00	-	-	-	14,912,480.00
June	1,010,500.00	8,880,400.00	497,200.00	-	-	1,523,290.00	-	-	-	11,911,390.00
July	750,550.00	10,950,790.00	498,400.00	-	-	1,660,200.00	-	-	-	13,859,940.00
August	720,770.00	11,990,220.00	500,500.00	-	-	980,290.00	-	-	-	14,191,780.00
September	810,450.00	9,710,900.00	505,480.00	-	-	1,090,900.00	-	-	-	12,117,730.00
October	770,650.00	12,500,700.00	420,420.00	-	-	1,000,500.00	-	-	-	14,692,270.00
November	1,156,010.00	21,923,385.00	529,580.00	-	-	2,924,430.00	-	-	-	26,533,405.00
December	1,610,700.00	23,723,185.00	720,100.00	-	-	2,040,200.00	-	-	-	28,094,185.00
Total	11,398,000.00	159,776,210.00	6,085,400.00	-	-	18,279,480.00	-	-	-	195,539,090.00

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	-	-	
21010102	The Council (Legislative)	-	-	
21010103	Personnel Management	120,200,000.00	78,000,000.00	65%
21010104	Internal Audit	5,000,000.00	3,570,000.00	71%
21010105	Information	6,000,000.00	4,500,000.00	75%
21010106	Office of the Head of LGA	10,000,000.00	8,540,000.00	85%
21010107	Agriculture and National Resources	15,000,000.00	12,300,070.23	82%
21010108	Finance and Supply	52,000,000.00	46,050,000.30	89%
21010109	Budget, Planning & Statistics	41,000,000.00	36,000,100.00	88%
2101010	Revenue	32,000,000.00	25,600,600.00	80%
2101011	Works and Housing	78,000,000.00	48,000,000.00	62%
2101012	Procurement	9,184,000.00	6,700,200.00	73%
2101013	Legal Services	4,500,000.00	3,800,800.00	84%
2101014	Youth, Women & Social Development	32,000,000.00	26,400,500.00	83%
2101015	Primary Health Care	178,000,000.00	108,000,000.00	61%
2101016	Environment	21,000,000.00	15,000,000.00	71%
2101017	Water and Sanitary Hygiene	37,367,442.80	28,680,849.00	77%
	Total	641,251,442.80	451,143,119.53	70%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	8,500,200.00	-	0%
22020102	The Council (Legislative)	21,000,000.00	-	0%
22020103	Personnel Management (Admin)	19,949,176.98	41,500,000.00	208%
22020104	Internal Audit	1,500,000.00	12,200,000.00	813%
22020105	Information	2,250,000.00	11,800,000.00	524%
22020106	Office of the Head of LGA	3,850,000.00	18,850,000.00	490%
22020107	Agriculture and National Resources	9,450,000.00	17,700,000.00	187%
22020108	Finance and Supply	8,000,000.00	20,900,000.00	261%
22020109	Budget, Planning & Statistics	5,300,000.00	14,100,000.00	266%
22020110	Procurement	4,306,344.00	12,300,000.00	286%
22020111	Revenue	4,700,000.00	13,700,000.00	291%
22020112	Works & Housing	21,678,337.54	24,050,000.00	111%
22020113	Legal Services	6,100,000.00	12,800,000.00	210%
22020114	Social Development	14,650,000.00	15,650,000.00	107%
22020115	Primary Health Care	7,950,201.20	38,950,000.00	490%
22020116	Environment	9,105,244.00	20,100,000.00	221%
22020117	Water and Sanitary Hygiene	-	14,655,819.63	
22020118	Contribution to LG Service Commission	-	9,000,000.00	
	Total	148,289,503.72	298,255,819.63	201%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	325,782.36	51,907,364.87	8,238,344.63	49,470,689.37	109,942,181.23
February	325,782.36	50,596,376.70	6,592,392.94	36,217,226.80	93,731,778.80
March	325,782.36	48,896,532.16	6,980,030.76	42,757,185.96	98,959,531.24
April	325,782.36	46,764,271.40	8,335,808.16	49,348,651.79	104,774,513.71
May	325,782.36	46,649,767.01	7,476,317.61	41,295,104.63	95,746,971.61
June	325,782.36	45,938,204.38	8,826,776.94	68,492,445.33	123,583,209.01
July	325,782.36	45,224,284.57	9,229,282.44	67,320,634.53	122,099,983.90
August	325,782.36	45,011,208.74	10,674,516.36	79,946,683.88	135,958,191.34
September	325,782.36	57,204,129.69	8,073,390.07	55,933,798.24	121,537,100.36
October	325,782.36	56,489,051.94	8,520,535.82	76,776,657.13	142,112,027.25
November	325,782.36	57,720,340.54	8,765,435.35	66,703,685.55	133,515,243.80
December	325,782.36	55,023,176.83	10,128,627.92	67,784,202.45	133,261,789.56
Total	₦ 3,909,388.32	₦ 607,424,708.83	₦ 101,841,459.00	₦ 702,046,965.66	₦ 1,415,222,521.81

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	525,563.52	2,200,000.00	-	324,895.83	3,050,459.35
February	525,563.52	2,300,000.00	-	320,800.17	3,146,363.69
March	525,563.52	2,230,000.00	-	300,000.00	3,055,563.52
April	555,365.25	2,250,000.00	-	400,000.00	3,205,365.25
May	500,500.00	2,060,000.00	-	280,250.00	2,840,750.00
June	550,365.25	2,150,000.00	-	295,100.00	2,995,465.25
July	525,563.00	2,377,990.00	-	340,500.00	3,244,053.00
August	510,510.10	2,280,000.00	-	310,800.00	3,101,310.10
September	521,942.01	2,550,000.00	-	210,500.00	3,282,442.01
October	521,942.01	2,077,100.00	-	303,800.00	2,902,842.01
November	521,942.01	3,060,800.00	-	406,052.00	3,988,794.01
December	521,942.01	3,000,010.00	-	406,052.00	3,928,004.01
Total	₦ 6,306,762.20	₦ 28,535,900.00		₦ 3,898,750.00	₦ 38,741,412.20

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	1,632,393,045.70
Inventories	-
Loans Granted	572,970.07
Investments	28,685.43
Advances	387,832,966.70
Property, Plant and Equipment (PPE)	-
Investment Properties	359,984.00
Prepayments	-
Total Assets	₦ 2,021,187,651.90

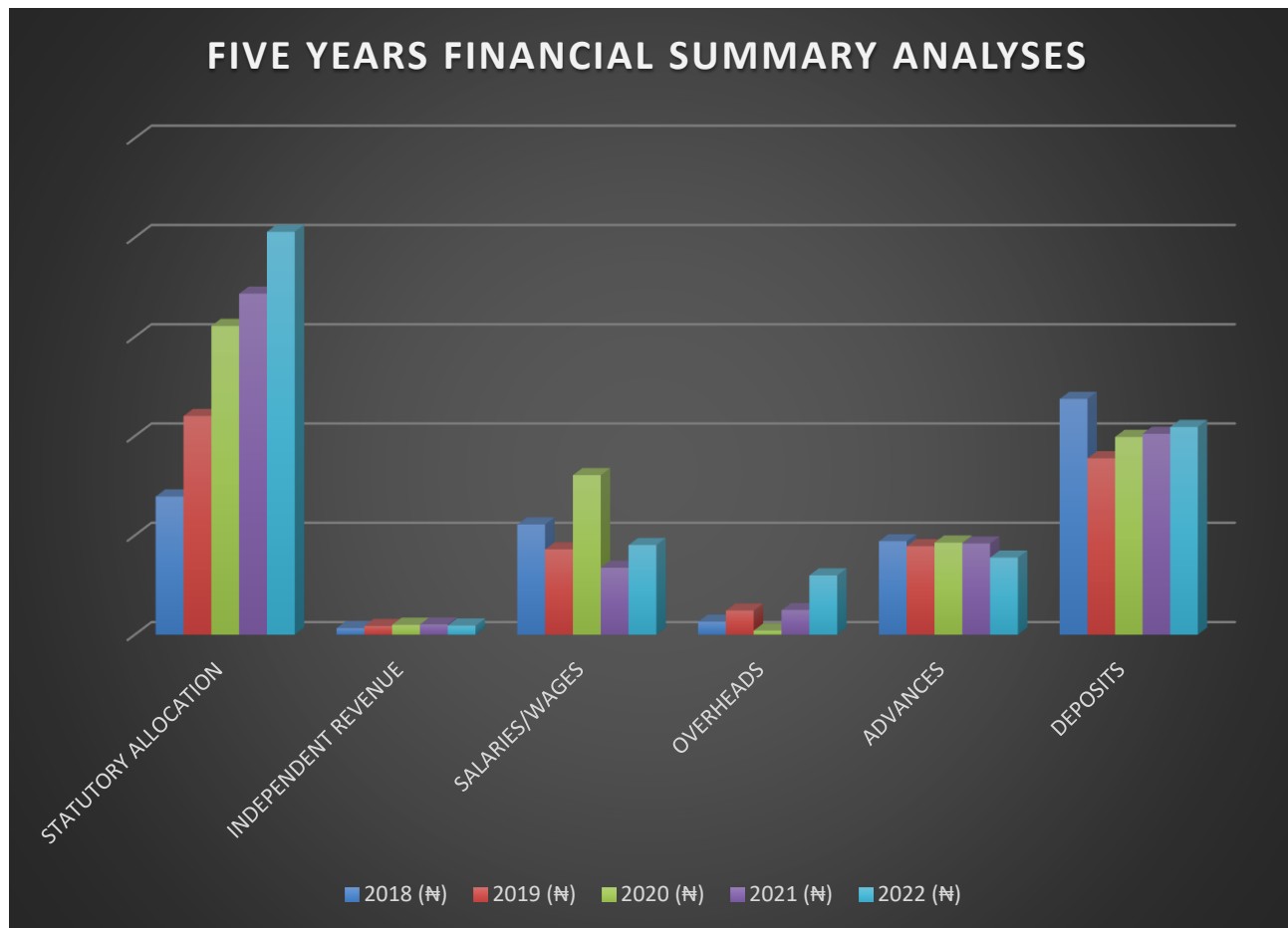
NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	1,045,596,977.38
Loans/Debts	800,000.00
Payables	-
Long Term Borrowings	-
Total Liabilities	₦ 1,046,396,977.38

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	953,686,248.41
Accumulated Surpluses/Deficits for the Year	21,104,426.11
Net Assets/Equity as at 31/12/2022	₦ 974,790,674.52

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/EWLG/EKP/1	42/Mar/2022	Expenditure not supported by proper records or accounts	1,800,000.00	Unresolved
2	AQ/EWLG/EKP/2	Various	Irregular Expenditure	1,400,000.00	Unresolved
3	AQ/EWLG/EKP/3	9/Aug/2022	Irregular Expenditure	2,000,000.00	Unresolved
	Total			₦ 5,200,000.00	

ESAN WEST LOCAL GOVERNMENT COUNCIL, EKPOMA							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	695,742,756.67	1,101,254,527.67	1,554,666,852.10	1,717,337,426.83	2,028,928,209.28	7,097,929,772.55
2	INDEPENDENT REVENUE	32,506,638.39	43,836,587.40	49,438,942.73	51,368,745.55	45,701,333.05	222,852,247.12
3	SALARIES/WAGES	554,885,536.27	429,244,708.58	803,032,020.89	337,002,097.20	451,143,119.53	2,575,307,482.47
4	OVERHEADS	65,243,229.50	121,182,954.00	20,299,700.00	123,903,377.63	298,255,819.63	628,885,080.76
5	ADVANCES	470,335,178.70	445,467,480.70	463,483,034.26	459,009,366.70	387,832,966.70	2,226,128,027.06
6	DEPOSITS	1,187,124,337.85	888,016,969.42	995,560,251.88	1,011,667,073.67	1,045,596,977.38	5,127,965,610.20
	TOTAL	3,005,837,677.38	3,029,003,227.77	3,886,480,801.86	3,700,288,087.58	4,257,458,425.57	17,879,068,220.16



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS


These Financial Statements have been prepared by the Treasurer of Etsako Central Local Government Council, Fugar in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Etsako Central Local Government Council, Fugar as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: ZAKINDA LAWAL

Signature: 

Date: 22/03/2023

Name of Chairman: IGELEKE JULIAN OLUKAYODE

Signature: 

Date: 22/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Etsako Central Local Government Council, Fugar for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Etsako Central Local Government Council, Fugar is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Etsako Central Government Council, Fugar for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.
27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Etsako Central Local Government Council realized as revenue a total sum of ₦2,006,232,474.09. Of this amount, the sum of ₦1,973,099,533.70 was received as statutory allocations from the federation account while the balance sum of ₦33,132,940.39 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦1,973,099,533.70 that accrued from the federation account to Etsako Central Local Government Councils, Fugar as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Etsako Central Local Government Council, Fugar and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Etsako Central Local Government Council, Fugar spent the sum of ₦524,033,206.12 on salaries and wages, the sum of ₦ 63,056,370.92 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,249,535,325.38. The capital expenditure for year stood at ₦1,359,581,897.92

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Etsako Central Local Government Council, Fugar as at 31st December, 2022 amounted to ₦801,932,072.90. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. GENERAL INVESTMENTS

The investments held by Etsako Central Local Government Council, Fugar as 31st December 2022 stood at ₦35,021,514.25. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

6. LIABILITIES:

DEPOSITS

As at 31st December, 2022, a total sum of ₦360,869,605.78 was outstanding in the Deposits Accounts of Etsako Central Local Government Council, Fugar. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

7. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Etsako Central Local Government Council, Fugar is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,202,089,966.90	1,973,099,533.70	62%
Independent Revenue	49,708,000.00	33,132,939.39	67%
<u>EXPENDITURE</u>			
Salary and Wages	1,007,003,072.73	524,033,206.12	52%
Overhead Cost	239,075,000.00	63,056,370.92	26%
Transferred to SUBEB and other Local Government Entities	1,620,000,000.00	1,249,535,325.38	77%
Capital Expenditure	434,256,014.60	1,359,581,897.92	313%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was high.

RECOMMENDATIONS

- i) The Local Government Council should always comply with F.M. 1.4(12)(g) and F.M. 39.1(8) in the execution of capital projects.
- ii) Efforts should be made by the Local Government Council to curtail spending on recurrent expenditure and increase capital expenditure in order to improve the economy and social wellbeing of the people of the Local Government Areas.

8. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

9. REVALUATION OF ASSETS

Etsako Central Local Government Council, Fugar is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

10. BUDGET PREPARATION

Etsako Central Local Government Council, Fugar is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦5,500,000.00 attached to Audit Inspection Reports on the 2022 accounts for Etsako Central Local Government Council, Fugar have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Etsako Central Local Government Council, Fugar prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to reevaluate the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	801,932,072.90		940,691,617.41	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				801,932,072.90		940,691,617.41
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	35,021,514.25		317,731.15	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	-		1,150,456,721.40	
Total Non-Current Assets: B				35,021,514.25		1,150,774,452.55
Total Assets: C = A+B				836,953,587.15		2,091,466,069.96
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	360,869,605.78		409,255,593.18	
Short Term Loans and Debts	410201	8	-		16,152,249.16	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				360,869,605.78		425,407,842.34
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				360,869,605.78		425,407,842.34
Net Assets: G = C-F				476,083,981.37		1,666,058,227.62
NET ASSETS/EQUITY						
Reserves: H	430301	9	1,666,058,227.62		1,728,455,319.37	
Accumulated Surpluses/(Deficits): I	430201	9	- 1,189,974,246.25		- 62,397,091.75	
Total Net Assets/Equity: G = H+I				476,083,981.37		1,666,058,227.62

ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
1,728,455,319.37	Net Assets/Equity As At 1/1/2022 – A			146,236,120.44	1,666,058,227.62	
	REVENUE					
	<u>Statutory Allocation:</u>					
969,071,364.22	Share of Federation Account	110101	1	1,794,319,940.55	1,098,717,585.70	61%
626,537,961.46	Share of Value Added Tax (VAT)	110102	1	997,800,000.00	764,926,217.80	77%
78,164,354.18	Excess Crude Oil and Others	110103	1	409,970,026.35	109,455,730.20	27%
1,673,773,679.86	Sub-Total Statutory Allocation – B			3,202,089,966.90	1,973,099,533.70	62%
	<u>Independent Revenue:</u>					
1,133,850.00	Licences General	120201	2	2,308,000.00	1,034,500.00	45%
10,948,890.84	Fees General	120204	2	12,980,000.00	27,754,533.27	214%
285,400.00	Fines General	120205	2	750,000.00	432,700.00	58%
779,970.00	Sales General	120206	2	20,700,000.00	-	0%
5,494,850.00	Earnings General	120207	2	10,670,000.00	2,754,312.12	26%
-	Rent on Government Building General	120208	2	2,300,000.00	1,156,894.00	50%
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
1,007,993.70	Investment Income	120214	2	-	-	

19,650,954.54	Sub-Total Independent Revenue – C			49,708,000.00	33,132,939.39	67%
3,421,879,953.77	Total Receipts (A+B+C)			3,398,034,087.34	3,672,290,700.71	108%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
510,487,129.25	Salaries and Wages	210101	3	1,007,003,072.73	524,033,206.12	52%
41,100,726.65	Overhead Cost	220201	4	239,075,000.00	63,056,370.92	26%
1,005,922,543.22	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,620,000,000.00	1,249,535,325.38	77%
-	Depreciation			-	-	
1,557,510,399.12	Sub-Total Recurrent Expenditure: E			2,866,078,072.73	1,836,624,902.42	64%
	<u>Capital Expenditure:</u>					
-	Land and Building General	320101	6	101,866,678.65	473,780,743.37	465%
26,501,166.66	Infrastructure General	320102	6	82,868,235.95	227,450,000.00	274%
-	Furniture and Fittings General	320106	6	14,375,400.00	52,596,811.07	366%
171,810,160.37	Intangible Assets	320301	6	235,145,700.00	605,754,343.48	258%
198,311,327.03	Sub-Total Capital Expenditure: F			434,256,014.60	1,359,581,897.92	313%
1,755,821,726.15	Total Expenditure: G = E + F			3,300,334,087.33	3,196,206,800.34	97%
1,666,058,227.62	Net Assets/Equity As At 31/12/2022				476,083,981.37	
3,421,879,953.77					3,672,290,781.71	

ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,098,717,585.70		969,071,364.22	
110102	Share of Value Added Tax (VAT)	1	764,926,217.80		626,537,961.46	
110103	Excess Crude Oil and Others	1	109,455,730.20		78,164,354.18	
	Sub-Total Statutory Revenue – A			1,973,099,533.70		1,673,773,679.86
	<u>Independent Revenue</u>					
120201	Licences General	2	1,034,500.00		1,133,850.00	
120204	Fees General	2	27,754,533.27		10,948,890.84	
120205	Fines General	2	432,700.00		285,400.00	
120206	Sales General	2	-		779,970.00	
120207	Earnings General	2	2,754,312.12		5,494,850.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	1,156,895.00		1,007,993.70	
	Sub-Total Independent Revenue – B			33,132,940.39		19,650,954.54
	Total Inflow from Operating Activities C = A+B			2,006,232,474.09		1,693,424,634.40

OUTFLOWS:						
210101	Salaries and Wages	3	524,033,206.12		510,487,129.25	
220201	Overhead Cost	4	63,056,370.92		41,100,726.65	
220701	SUBEB and other Transfers to Local Government Entities	5	1,249,535,325.38		1,005,922,543.22	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			1,836,624,902.42		1,557,510,399.12
	Net Cashflow from Operating Activities – E = C-D			169,607,571.67		135,914,235.28
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	473,780,743.37		-	
320102	Infrastructure General	6	227,450,000.00		26,501,166.66	
320106	Furniture and Fittings General	6	52,596,811.07		-	
320301	Intangible Assets	6	605,754,343.48		171,810,160.37	
	Total Outflow from Investing Activities – F			1,359,581,897.92		198,311,327.03
	Net Cashflow from Investing Activities – G = E - F			- 1,189,974,326.25		- 62,397,091.75
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 1,150,456,721.40		- 189,027,350.00	
410101	Deposits		- 48,385,987.40		7,474,204.20	
410102	Other Accounts – Loan		- 16,152,249.16		-	
	Other Accounts – Investment		34,703,703.10		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 1,051,214,781.74		- 196,501,554.20
	Net Cashflow from all Activities – I = G - H			- 138,759,544.51		134,104,462.45
	Cash and Cash Equivalent As At 1/1/2022			940,691,617.41		806,587,154.96
	Cash and Cash Equivalent As At 31/12/2022			801,932,072.90		940,691,617.41

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR FOR THE YEAR ENDED 31ST DECEMBER, 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	96,465,550.97	63,041,389.28	953,855.86	160,460,796.11
February	47,576,668.15	57,305,617.98	22,459,645.74	127,341,931.87
March	64,048,538.87	55,406,369.44	16,334,655.44	135,789,563.75
April	94,190,456.31	67,819,289.48	-	162,009,745.79
May	84,267,044.43	59,597,234.94	1,815,458.23	145,679,737.60
June	71,780,532.64	65,694,494.78	32,189,058.78	169,664,086.20
July	113,481,252.55	66,662,527.68	-	180,143,780.23
August	147,298,252.25	62,172,046.68	-	209,470,298.93
September	84,035,513.49	68,380,586.39	4,083,663.86	156,499,763.74
October	90,278,304.79	63,876,282.37	3,811,741.25	157,966,328.41
November	80,067,032.06	68,865,084.64	21,467,412.51	170,399,529.21
December	125,228,439.19	66,105,294.14	6,340,238.53	197,673,971.86
Total	₦ 1,098,717,585.70	₦ 764,926,217.80	₦ 109,455,730.20	₦ 1,973,099,533.70

NOTE 2:**SCHEDULE OF INDEPENDENT REVENUE OF ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR FOR THE YEAR 2022**

Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayme nts General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	89,740.00	2,345,234.00	52,297.00	-	267,800.00	-	-	-	-	2,755,071.00
February	92,700.00	2,234,540.00	26,740.00	-	80,564.00	-	-	-	1,156,895.00	3,591,439.00
March	91,400.00	2,345,400.00	35,000.00	-	229,740.00	-	-	-	-	2,701,540.00
April	84,472.00	2,140,000.00	30,750.00	-	226,700.00	-	-	-	-	2,481,922.00
May	86,324.00	2,157,500.00	31,700.00	-	231,414.00	-	-	-	-	2,506,938.00
June	86,100.00	2,341,100.00	25,785.00	-	271,454.00	-	-	-	-	2,724,439.00
July	67,200.00	2,374,812.21	27,840.00	-	239,400.00	-	-	-	-	2,709,252.21
August	86,210.00	2,370,000.00	31,445.00	-	229,500.00	-	-	-	-	2,717,155.00
September	90,345.00	2,397,240.06	43,140.00	-	277,340.12	-	-	-	-	2,808,065.18
October	86,309.00	2,345,400.00	49,843.00	-	255,700.00	-	-	-	-	2,737,252.00
November	81,700.00	2,357,870.00	33,410.00	-	223,600.00	-	-	-	-	2,696,580.00
December	92,000.00	2,345,437.00	44,750.00	-	221,100.00	-	-	-	-	2,703,287.00
Total	1,034,500.00	27,754,533.27	432,700.00	-	2,754,312.12	-	-	-	1,156,895.00	33,132,940.39

NOTE 3: SCHEDULE OF OVERHEAD COST OF ETSAKO CENTRAL LOCAL GOVERNMENT, FUGAR FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	84,132,771.74	-	0%
21010102	The Council (Legislative)	70,650,977.76	2,520,144.36	4%
21010103	Personnel Management	127,473,880.60	187,637,303.84	147%
21010104	Internal Audit	1,702,251.27	2,376,882.03	140%
21010105	Information	6,278,965.34	6,155,346.32	98%
21010106	Office of the Head of LGA	8,517,891.96	8,623,190.98	101%
21010107	Agriculture and National Resources	23,140,482.98	10,477,989.95	45%
21010108	Finance and Supply	23,193,621.42	22,352,864.86	96%
21010109	Budget, Planning & Statistics	12,880,980.87	9,059,539.28	70%
2101010	Revenue	29,465,119.67	27,121,227.09	92%
2101011	Works and Housing	104,957,306.94	111,840,246.22	107%
2101012	Procurement	6,109,486.70	5,089,144.56	83%
2101013	Legal Services	2,936,082.14	4,862,067.65	166%
2101014	Youth, Women & Social Development	28,154,942.11	27,076,150.88	96%
2101015	Primary Health Care	203,839,166.56	81,793,138.36	40%
2101016	Environment	8,761,667.04	8,537,342.04	97%
2101017	Water and Sanitary Hygiene	81,167,537.08	8,510,627.70	10%
	Total	823,363,132.18	524,033,206.12	64%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ETSAKO CENTRAL LOCAL GOVERNMENT, FUGAR FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	84,950,000.00	22,299,300.00	26%
22020102	The Council (Legislative)	23,850,000.00	355,000.00	1%
22020103	Personnel Management (Admin)	23,810,000.00	4,224,700.00	18%
22020104	Internal Audit	2,510,000.00	505,000.00	20%
22020105	Information	3,065,000.00	1,070,000.00	35%
22020106	Office of the Head of LGA	8,950,000.00	5,360,750.00	60%
22020107	Agriculture and National Resources	3,760,000.00	364,600.00	10%
22020108	Finance and Supply	14,400,000.00	5,641,860.00	39%
22020109	Budget, Planning & Statistics	6,070,000.00	996,800.00	16%
22020110	Procurement	3,110,000.00	544,000.00	17%
22020111	Revenue	9,000,000.00	3,470,000.00	39%
22020112	Works & Housing	12,710,000.00	5,612,480.00	44%
22020113	Legal Services	9,210,000.00	2,388,600.00	26%
22020114	Social Development	8,310,000.00	7,093,500.00	85%
22020115	Primary Health Care	7,560,000.00	1,354,000.00	18%
22020116	Environment	3,910,000.00	692,250.00	18%
22020117	Water and Sanitary Hygiene	3,310,000.00	320,000.00	10%
22020118	Contribution to LG Service Commission	10,000,000.00	9,600,000.00	96%
	Total	238,485,000.00	71,892,840.00	30%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ETSAKO CENTRAL LOCAL GOVERNMENT, FUGAR

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	282,356.02	50,550,793.09	8,023,039.81	38,838,376.90	97,694,565.82
February	282,356.02	48,999,956.43	6,367,096.59	27,829,613.05	83,479,022.09
March	282,356.02	47,561,672.72	6,789,478.19	33,055,896.32	87,689,403.25
April	282,356.02	45,444,110.35	8,100,487.29	38,814,992.66	92,641,946.32
May	282,356.02	45,455,766.40	7,283,986.88	32,433,170.35	85,455,279.65
June	282,356.02	44,150,110.07	8,483,204.31	47,890,957.18	100,806,627.58
July	282,356.02	44,136,007.50	5,674,062.63	54,741,469.19	104,833,895.34
August	282,356.02	44,163,646.64	10,473,514.94	63,051,755.56	117,971,273.16
September	282,356.02	55,444,074.28	7,824,988.18	56,396,446.65	119,947,865.13
October	282,356.02	54,902,984.72	8,272,545.21	54,637,478.72	118,095,364.67
November	282,356.02	56,103,995.16	8,519,976.46	55,823,807.98	120,730,135.62
December	282,356.02	53,692,612.60	9,883,698.59	56,331,279.54	120,189,946.75
Total	₦ 3,388,272.24	₦ 590,605,729.96	₦ 95,696,079.08	₦ 559,845,244.10	₦ 1,249,535,325.38

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ETSAKO CENTRAL LOCAL GOVERNMENT, FUGAR FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	3,344,500.00	23,110,245.00	1,246,926.00	37,234,543.12	64,936,214.12
February	7,454,540.00	15,357,088.00	1,815,754.00	32,972,173.00	57,599,555.00
March	47,010,783.00	18,345,130.00	6,746,700.00	65,700,000.00	137,802,613.00
April	72,343,100.00	26,100,000.00	7,243,242.00	68,345,400.00	174,031,742.00
May	20,740,200.00	17,745,400.00	2,100,000.00	60,345,000.00	100,930,600.00
June	28,440,234.06	27,543,700.00	1,875,540.00	45,454,874.00	103,314,348.06
July	60,478,742.00	27,745,000.00	6,745,710.00	39,645,343.00	134,614,795.00
August	102,343,400.00	21,750,760.00	1,754,500.00	58,343,700.00	184,192,360.00
September	32,454,340.00	27,267,543.00	3,434,500.00	73,787,430.00	136,943,813.00
October	49,375,434.31	11,375,000.00	6,745,145.07	62,345,734.21	129,841,313.59
November	15,450,000.00	6,000,000.00	9,434,454.00	11,234,543.00	42,118,997.00
December	34,345,470.00	5,110,134.00	3,454,340.00	50,345,603.15	93,255,547.15
Total	₦ 473,780,743.37	₦ 227,450,000.00	₦ 52,596,811.07	₦ 605,754,343.48	₦ 1,359,581,897.92

NOTE 7:		
CURRENT AND CURRENT ASSETS AS AT 31ST DECEMBER, 2022		
Cash and Cash Equivalent		801,932,072.90
Inventories		-
Loans Granted		-
Investments		35,021,514.25
Advances		-
Property, Plant and Equipment (PPE)		-
Total Assets	₦	836,953,587.15

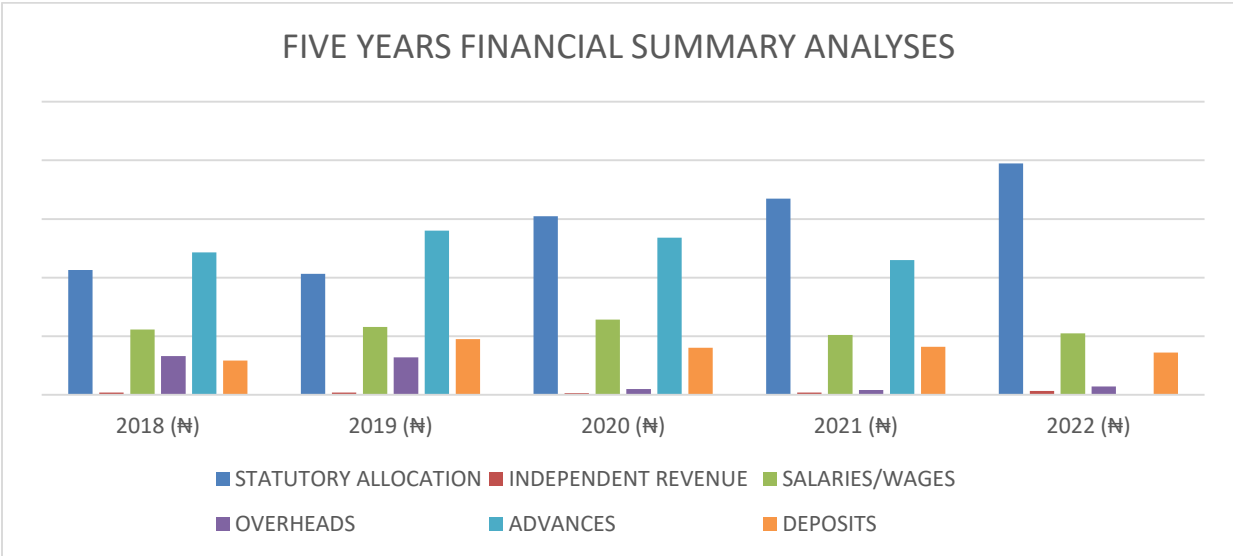
NOTE 8:		
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022		
Deposits		360,869,605.78
Loans/Debts		-
Payables		-
Long Term Borrowings		-
Total Liabilities	₦	360,869,605.78

NOTE 9:		
CAPITAL RESERVES		
Reserves as at 1/1/2022		1,666,058,227.62
Accumulated Surpluses/Deficits for the Year	-	1,189,974,326.25
Net Assets/Equity as at 31/12/2022	₦	476,083,901.37

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/ECLG/FUG/1	34/Mar/2022	Irregular Expenditure	1,000,000.00	Resolved
2	AQ/ECLG/FUG/2	8/Oct/2022	Expenditure contrary to Regulation	2,000,000.00	Resolved
3	AQ/ECLG/FUG/3	36/Nov/2022	Irregular Expenditure	2,500,000.00	Resolved
	Total			₦ 5,500,000.00	

ETSAKO CENTRAL LOCAL GOVERNMENT COUNCIL, FUGAR							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	1,064,772,428.33	1,032,225,546.29	1,523,536,575.04	1,673,773,679.86	1,973,099,533.70	7,267,407,763.22
2	INDEPENDENT REVENUE	21,177,925.37	19,230,455.46	13,520,846.19	19,650,954.54	33,132,940.39	106,713,121.95
3	SALARIES/WAGES	558,484,885.22	580,381,240.11	641,687,211.67	510,487,129.25	524,033,206.12	2,815,073,672.37
4	OVERHEADS	330,624,619.88	319,180,159.18	50,103,230.00	41,100,726.65	71,892,840.00	812,901,575.71
5	ADVANCES	1,214,354,801.12	1,399,890,620.12	1,339,484,071.40	1,150,456,721.40	-	5,104,186,214.04
6	DEPOSITS	292,785,505.39	474,485,091.53	401,781,388.98	409,255,593.18	360,869,605.78	1,939,177,184.86
	TOTAL	3,482,200,165.31	3,825,393,112.69	3,970,113,323.28	3,804,724,804.88	2,963,028,125.99	18,045,459,532.15



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS


These Financial Statements have been prepared by the Treasurer of Etsako East Local Government Council, Agenebode in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Etsako East Local Government Council, Agenebode as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: ALHAJI MURANA A. IZUAGIE

Signature: 

Date: 27/3/2023

Name of Chairman: Dr. Alenoghena Innocent

Signature: 

Date: 27/3/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Etsako East Local Government Council, Agenebode for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Etsako East Local Government Council, Agenebode is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Etsako East Government Council, Agenebode for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Etsako East Local Government Council realized as revenue a total sum of ₦2,348,645,726.57. Of this amount, the sum of ₦2,253,227,013.48 was received as statutory allocations from the federation account while the balance sum of ₦95,418,713.09 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,253,227,013.48 that accrued from the federation account to Etsako East Local Government Councils, Agenebode as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Etsako East Local Government Council, Agenebode and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Etsako East Local Government Council, Agenebode spent the sum of ₦368,492,679.49 on salaries and wages, the sum of ₦152,305,262.30 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,436,647,758.40. The capital expenditure for year stood at ₦1,848,557,286.88 .

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Etsako East Local Government Council, Agenebode as at 31st December, 2022 amounted to ₦496,384,032.77. During the period under review, the Local Government Council did not present bank statements for the Council nor prepare bank reconciliation statements contrary to Financial Memoranda 19:23-30. Non-presentation of these vital documents shows that balances in the cash book and those of their corresponding bank balances were not reconciled.

RECOMMENDATION

The Local Government Council is hereby advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 and forward the prepared documents to this Office without delay.

RECOMMENDATION

Without further delay, the Local Government Council should comply with the provisions on Financial Memoranda 19.23-30 by carrying out bank reconciliation and presenting the outcome of the reconciliation before the Executive Committee of the Local Government Council for deliberation.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦401,512,802.00. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Etsako East Local Government Council, Agenebode as 31st December 2022 stood at ₦200,157.27. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦266,734,941.23 was outstanding in the Deposits Accounts of Etsako East Local Government Council, Agenebode. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦1,966,883.97.

8. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Etsako East Local Government Council, Agenebode is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,732,010,608.15	2,253,227,013.48	82%
Independent Revenue	137,475,000.00	95,418,713.09	69%
<u>EXPENDITURE</u>			
Salary and Wages	694,480,471.04	368,492,679.49	53%
Overhead Cost	163,050,000.00	153,305,262.30	94%
Transferred to SUBEB and other Local Government Entities	1,293,179,528.96	1,436,647,758.40	111%
Capital Expenditure	829,290,000.00	1,848,557,286.88	223%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was high.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.

- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities and Capital Expenditure to avoid extra budgetary expenditure.

9. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Etsako East Local Government Council, Agenebode is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Etsako East Local Government Council, Agenebode is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ~~N~~1,480,000.00 attached to Audit Inspection Reports on the 2022 accounts for Etsako East Local Government Council, Agenebode have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) **Rendition of Annual Financial Statements**

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

- b) Record Keeping
- i) Subsidiary Books/Ledgers
In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.
- ii) Cash Books
Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.
- c) Reconciliation of Financial Statements with Underlying Records
- i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.
- ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.
The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.
- iii) Bank Reconciliation
Etsako East Local Government Council, Agenebode has continuously failed to prepare bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The Local Government Council is to comply with F.M. 19.23 – 24 without further delay by preparing monthly bank reconciliation statements.
- d) Response To Audit Queries
Note 10 to the accounts shows the level of response to audit queries issued to Etsako East Local Government Council, Agenebode. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.
- e) Adoption of IPSAS
The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	496,384,032.77		545,564,029.76	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				496,384,032.77		545,564,029.76
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	200,157.27		200,157.27	
Investments	310901	7	-		-	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	401,512,802.00		1,781,280,780.13	
Total Non-Current Assets: B				401,712,959.27		1,781,480,937.40
Total Assets: C = A+B				898,096,992.04		2,327,044,967.16
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	266,734,941.23		238,325,655.85	
Short Term Loans and Debts	410201	8	1,966,883.97		1,966,883.97	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				268,701,825.20		240,292,539.82
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				268,701,825.20		240,292,539.82
Net Assets: G = C-F				629,395,166.84		2,086,752,427.34
NET ASSETS/EQUITY						
Reserves: H	430301	9	2,086,752,427.34		2,355,601,557.67	
Accumulated Surpluses/(Deficits): I	430201	9	- 1,457,357,260.50		- 268,849,130.33	
Total Net Assets/Equity: G = H+I				629,395,166.84		2,086,752,427.34

ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
2,355,601,557.67	Net Assets/Equity As At 1/1/2022 – A			364,391.85	2,086,752,427.34	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,134,065,214.66	Share of Federation Account	110101	1	1,882,010,608.15	1,274,816,780.94	68%
699,857,661.32	Share of Value Added Tax (VAT)	110102	1	800,000,000.00	853,368,688.86	107%
90,677,167.26	Excess Crude Oil and Others	110103	1	50,000,000.00	125,041,543.68	250%
1,924,600,043.24	Sub-Total Statutory Allocation – B			2,732,010,608.15	2,253,227,013.48	82%
	<u>Independent Revenue:</u>					
2,742,600.00	Licences General	120201	2	18,575,000.00	3,745,700.00	20%
28,388,707.23	Fees General	120204	2	35,900,000.00	52,094,012.02	145%
1,960,000.00	Fines General	120205	2	2,000,000.00	2,103,400.00	105%
-	Sales General	120206	2	-	-	
32,591,995.00	Earnings General	120207	2	77,000,000.00	37,475,601.07	49%
	Rent on Government Building General	120208	2		-	
	Rent on Land and Others General	120211	2	-	-	
	Repayment General	120213	2	-	-	
200,157.27	Investment Income	120214	2	4,000,000.00	-	0%
65,883,459.50	Sub-Total Independent Revenue – C			137,475,000.00	95,418,713.09	69%

4,346,085,060.41	Total Receipts (A+B+C)			2,869,850,000.00	4,435,398,153.91	155%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
590,957,421.69	Salaries and Wages	210101	3	694,480,471.04	368,492,679.49	53%
114,835,279.66	Overhead Cost	220201	4	163,050,000.00	153,305,262.30	94%
1,178,067,634.93	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,293,179,528.96	1,436,647,758.40	111%
-	Depreciation				-	
1,883,860,336.28	Sub-Total Recurrent Expenditure: E			2,150,710,000.00	1,958,445,700.19	91%
	<u>Capital Expenditure:</u>					
129,300,000.00	Land and Building General	320101	6	317,545,340.00	642,753,542.27	202%
25,500,000.00	Infrastructure General	320102	6	153,454,000.00	427,745,731.21	279%
15,734,750.00	Furniture and Fittings General	320106	6	31,954,000.00	35,754,470.00	112%
204,937,546.79	Intangible Assets	320301	6	326,336,660.00	742,303,543.40	227%
375,472,296.79	Sub-Total Capital Expenditure: F			829,290,000.00	1,848,557,286.88	223%
2,259,332,633.07	Total Expenditure: G = E + F			2,980,000,000.00	3,807,002,987.07	128%
2,086,752,427.34	Net Assets/Equity As At 31/12/2022				629,395,166.84	
4,346,085,060.41					4,436,398,153.91	

ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,274,816,780.94		1,134,065,214.66	
110102	Share of Value Added Tax (VAT)	1	853,368,688.86		699,857,661.32	
110103	Excess Crude Oil and Others	1	125,041,543.68		90,677,167.26	
	Sub-Total Statutory Revenue – A			2,253,227,013.48		1,924,600,043.24
	<u>Independent Revenue</u>					
120201	Licences General	2	3,745,700.00		2,742,600.00	
120204	Fees General	2	52,094,012.02		28,388,707.23	
120205	Fines General	2	2,103,400.00		1,960,100.00	
120206	Sales General	2	-		-	
120207	Earnings General	2	37,475,601.07		32,591,995.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			95,418,713.09		65,683,402.23
	Total Inflow from Operating Activities C = A+B			2,348,645,726.57		1,990,283,445.47
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	368,492,679.49		590,957,421.69	
220201	Overhead Cost	4	152,305,262.30		114,835,279.66	
220701	SUBEB and other Transfers to Local Government Entities	5	1,436,647,758.40		1,178,067,634.93	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			1,957,445,700.19		1,883,860,336.28

	Net Cashflow from Operating Activities – E = C-D			391,200,026.38		106,423,109.19
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	642,753,542.27		129,300,000.00	
320102	Infrastructure General	6	427,745,731.21		25,500,000.00	
320106	Furniture and Fittings General	6	35,754,470.00		15,734,750.00	
320301	Intangible Assets	6	742,303,543.40		204,737,489.52	
	Total Outflow from Investing Activities – F			1,848,557,286.88		375,272,239.52
	Net Cashflow from Investing Activities – G = E - F			- 1,457,357,260.50		- 268,849,130.33
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 1,379,767,978.13		- 420,102,964.96	
410101	Deposits		28,409,285.38		104,187,431.12	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 1,408,177,263.51		- 524,290,396.08
	Net Cashflow from all Activities – I = G - H			- 49,179,996.99		255,441,265.75
	Cash and Cash Equivalent As At 1/1/2022			545,564,029.76		290,122,764.01
	Cash and Cash Equivalent As At 31/12/2022			496,384,032.77		545,564,029.76

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	111,908,081.26	70,270,324.32	1,106,552.31	183,284,957.89
February	55,192,901.42	64,174,153.61	26,198,855.11	145,565,910.14
March	74,301,644.68	61,795,418.52	18,949,562.09	155,046,625.29
April	109,481,565.49	75,703,712.54	-	185,185,278.03
May	97,756,796.71	66,020,491.88	2,106,082.90	165,883,371.49
June	83,271,402.06	73,351,715.95	35,940,952.19	192,564,070.20
July	131,647,713.66	74,139,024.25	-	205,786,737.91
August	170,878,252.57	69,005,900.67	-	239,884,153.24
September	97,488,201.51	76,684,080.18	4,737,390.52	178,909,672.21
October	104,730,359.87	71,202,393.84	4,126,956.40	180,059,710.11
November	92,884,432.22	77,092,052.75	24,903,988.20	194,880,473.17
December	145,275,429.49	73,929,420.35	6,971,203.96	226,176,053.80
Total	₦ 1,274,816,780.94	₦ 853,368,688.86	₦ 125,041,543.68	₦ 2,253,227,013.48

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	394,340.00	2,501,267.00	-	-	2,200,951.00	-	-	-	-	5,096,558.00
February	214,000.00	4,100,000.00	-	-	3,000,000.00	-	-	-	-	7,314,000.00
March	287,500.00	5,645,300.00	437,800.00	-	3,430,000.00	-	-	-	-	9,800,600.00
April	373,445.00	4,110,000.00	150,740.00	-	3,304,840.00	-	-	-	-	7,939,025.00
May	271,593.00	4,341,191.00	187,100.00	-	3,334,000.00	-	-	-	-	8,133,884.00
June	273,500.00	4,109,700.00	372,000.00	-	3,101,100.00	-	-	-	-	7,856,300.00
July	434,400.00	4,978,700.00	221,102.00	-	3,124,103.07	-	-	-	-	8,758,305.07
August	373,440.00	4,102,000.00	117,000.00	-	3,145,100.00	-	-	-	-	7,737,540.00
September	212,100.00	4,102,343.00	128,175.00	-	2,984,000.00	-	-	-	-	7,426,618.00
October	374,248.00	4,253,411.02	140,128.00	-	3,403,700.00	-	-	-	-	8,171,487.02
November	238,400.00	4,110,100.00	294,000.00	-	3,102,700.00	-	-	-	-	7,745,200.00
December	298,734.00	5,740,000.00	55,355.00	-	3,345,107.00	-	-	-	-	9,439,196.00
Total	3,745,700.00	52,094,012.02	2,103,400.00	-	37,475,601.07	-	-	-	-	95,418,713.09

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	40,332,544.24	-	0%
21010102	The Council (Legislative)	29,050,000.00	2,972,710.29	10%
21010103	Personnel Management	208,850,379.03	180,197,458.10	86%
21010104	Internal Audit	3,900,000.00	1,252,944.72	32%
21010105	Information	3,531,080.37	2,331,177.32	66%
21010106	Office of the Head of LGA	6,000,000.00	-	0%
21010107	Agriculture and National Resources	5,218,205.31	5,085,502.17	97%
21010108	Finance and Supply	34,011,089.06	25,123,122.57	74%
21010109	Budget, Planning & Statistics	7,282,139.80	5,747,200.63	79%
2101010	Revenue	27,068,802.94	15,962,742.46	59%
2101011	Works and Housing	74,729,523.21	55,547,803.43	74%
2101012	Procurement	4,839,611.49	3,864,630.86	80%
2101013	Legal Services	3,848,135.06	2,822,720.85	73%
2101014	Youth, Women & Social Development	24,965,325.38	21,596,339.08	87%
2101015	Primary Health Care	211,110,959.58	27,938,125.14	13%
2101016	Environment	14,582,287.06	13,314,862.36	91%
2101017	Water and Sanitary Hygiene	6,313,786.08	4,735,339.56	75%
	Total	705,633,868.61	368,492,679.54	52%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	26,200,000.00	-	0%
22020102	The Council (Legislative)	18,300,000.00	-	0%
22020103	Personnel Management (Admin)	98,900,000.00	50,992,230.00	52%
22020104	Internal Audit	1,900,000.00	1,200,000.00	63%
22020105	Information	1,300,000.00	1,605,000.00	123%
22020106	Office of the Head of LGA	8,100,000.00	7,735,000.00	95%
22020107	Agriculture and National Resources	3,600,000.00	2,500,000.00	69%
22020108	Finance and Supply	27,100,000.00	26,134,734.27	96%
22020109	Budget, Planning & Statistics	8,150,000.00	7,700,000.00	94%
22020110	Procurement	3,200,000.00	1,200,000.00	38%
22020111	Revenue	4,600,000.00	3,767,387.03	82%
22020112	Works & Housing	9,400,000.00	8,100,000.00	86%
22020113	Legal Services	5,000,000.00	4,323,311.00	86%
22020114	Social Development	8,200,000.00	7,873,500.00	96%
22020115	Primary Health Care	8,300,000.00	8,101,100.00	98%
22020116	Environment	24,000,000.00	8,900,000.00	37%
22020117	Water and Sanitary Hygiene	3,400,000.00	3,173,000.00	93%
22020118	Contribution to LG Service Commission	10,000,000.00	9,000,000.00	90%
	Total	269,650,000.00	152,305,262.30	56%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	469,383.40	57,741,206.62	9,164,247.89	45,389,213.50	112,764,051.41
February	469,383.40	55,949,343.47	7,278,295.51	33,401,639.53	97,098,661.91
March	469,383.40	54,306,653.95	7,752,331.26	39,927,000.88	102,455,369.49
April	469,383.40	51,944,901.02	9,259,263.90	45,362,353.28	107,035,901.60
May	469,383.40	51,759,811.68	8,294,168.57	38,839,188.21	99,362,551.86
June	469,383.40	50,109,160.31	9,628,203.51	62,230,471.81	122,437,219.03
July	469,383.40	50,418,643.36	10,289,336.89	61,326,203.78	122,503,567.43
August	469,383.40	50,575,948.04	11,994,207.66	73,930,636.27	136,970,175.37
September	469,383.40	63,383,361.85	8,945,483.62	55,669,246.12	128,467,474.99
October	469,383.40	62,581,789.50	9,464,687.07	58,964,631.66	131,480,491.63
November	469,383.40	64,164,338.80	9,744,023.66	62,976,553.03	137,354,298.89
December	469,383.40	61,434,406.98	11,308,802.69	65,505,401.72	138,717,994.79
Total	₦ 5,632,600.80	₦ 674,369,565.58	₦ 113,123,052.23	₦ 643,522,539.79	₦ 1,436,647,758.40

NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE FOR THE YEAR ENDED 31ST DECEMBER, 2022

Month	Land & Building General	Infrastructure General	Furniture & Fittings	Intangible Assets	Monthly Total
	320101	320102	320106	320301	
January	38,740,304.12	38,413,700.00	-	36,883,851.00	114,037,855.12
February	45,374,700.00	23,639,683.00	-	53,675,701.01	122,690,084.01
March	81,846,801.00	42,728,100.00	12,743,430.00	57,500,000.00	194,818,331.00
April	40,754,340.00	41,234,000.00	-	42,163,539.27	124,151,879.27
May	48,374,340.04	21,748,707.06	-	74,434,000.00	144,557,047.10
June	37,101,200.00	34,100,000.00	-	89,454,348.00	160,655,548.00
July	51,345,400.00	31,434,740.00	7,845,300.00	73,373,910.05	163,999,350.05
August	64,500,000.00	39,400,000.00	6,119,000.00	54,745,740.00	164,764,740.00
September	45,375,750.00	41,984,500.00	-	59,110,704.07	146,470,954.07
October	37,545,400.00	43,744,100.00	5,645,100.00	54,111,000.00	141,045,600.00
November	92,341,000.00	37,144,100.00	3,401,640.00	59,450,700.00	192,337,440.00
December	59,454,347.11	32,174,101.15	-	87,400,000.00	179,028,448.26
Total	₦ 642,753,582.27	₦ 427,745,731.21	₦ 35,754,470.00	₦ 742,303,493.40	₦ 1,848,557,276.88

NOTE 7:		
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022		
Cash and Cash Equivalent		496,384,032.77
Inventories		-
Loans Granted		-
Investments		200,157.27
Advances		401,512,802.00
Property, Plant and Equipment (PPE)		-
Investment Properties		-
Prepayments		-
Total Assets	₱	898,096,992.04

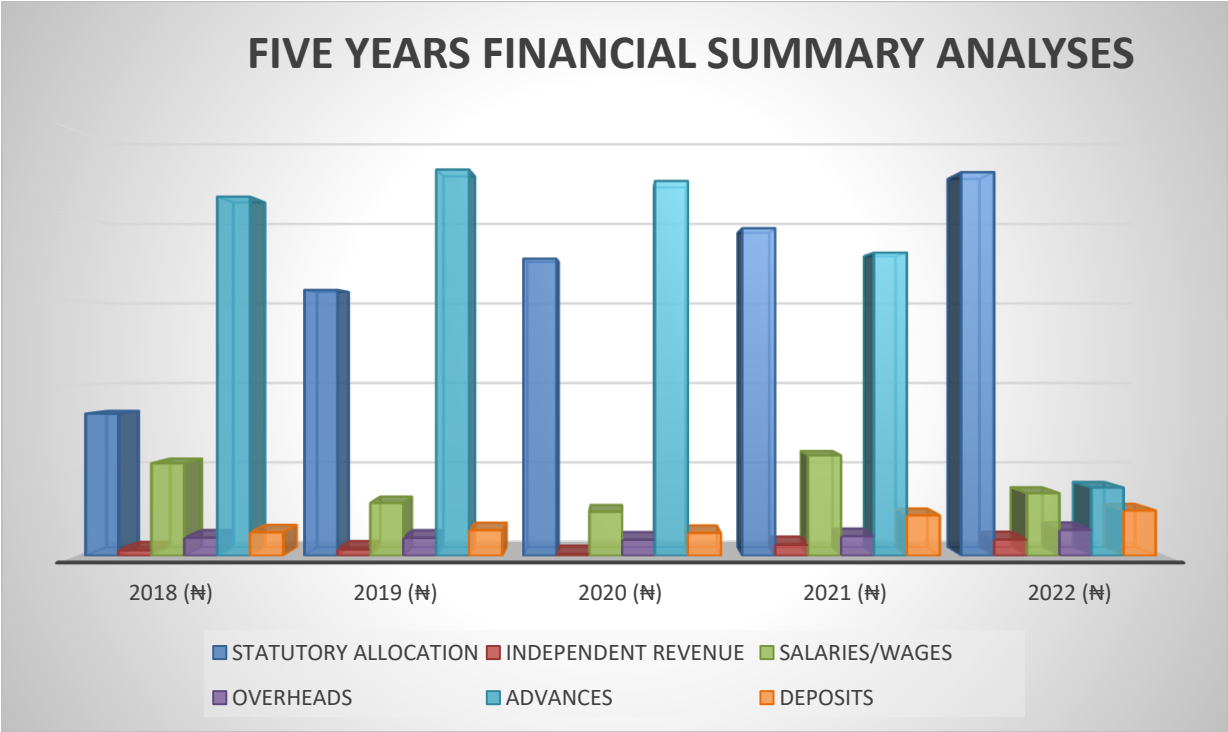
NOTE 8:		
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022		
Deposits		266,734,941.23
Loans/Debts		1,966,883.97
Payables		-
Long Term Borrowings		-
Total Liabilities	₱	268,701,825.20

NOTE 9:		
CAPITAL RESERVES		
Reserves as at 1/1/2022		2,086,752,427.34
Accumulated Surpluses/Deficits for the Year	-	1,457,357,260.50
Net Assets/Equity as at 31/12/2022	₱	629,395,166.84

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/EELG/AGD/1	Various	Unreasonable Expenditure	22,545,000.00	Unresolved
2	AQ/EELG/AGD/2	56/May/2022	Unreasonable Expenditure	1,500,000.00	Unresolved
3	AQ/EELG/AGD/3	Various	Irregular Payment	14,735,000.00	Unresolved
4	AQ/EELG/AGD/4	15/Aug/2022	Irregular Payment	2,700,000.00	Unresolved
	Total			₦ 41,480,000.00	

ETSAKO EAST LOCAL GOVERNMENT COUNCIL, AGENEBODE							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	836,878,229.22	1,562,755,367.54	1,745,936,669.93	1,924,600,043.24	2,253,227,013.48	8,323,397,323.41
2	INDEPENDENT REVENUE	33,258,497.19	37,820,450.00	9,754,059.93	65,683,402.23	95,418,713.09	241,935,122.44
3	SALARIES/WAGES	544,759,085.68	311,432,231.30	259,672,398.82	590,957,421.69	368,492,679.54	2,075,313,817.03
4	OVERHEADS	106,000,647.49	104,978,110.91	93,677,564.43	114,835,279.66	152,305,262.30	571,796,864.79
5	ADVANCES	2,109,530,634.59	2,268,518,489.88	2,201,383,745.09	1,781,280,780.13	401,512,802.00	8,762,226,451.69
6	DEPOSITS	137,556,798.09	151,163,303.80	134,138,224.73	238,325,655.85	266,734,941.23	927,918,923.70
	TOTAL	3,767,983,892.26	4,436,667,953.43	4,444,562,662.93	4,715,682,582.80	3,537,691,411.64	20,902,588,503.06



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

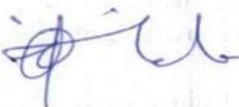
These Financial Statements have been prepared by the Treasurer of Etsako West Local Government Council, Auchi in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Etsako West Local Government Council, Auchi as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: Mr. EMMANUEL EHIWOLE

Signature: 

Date... 23/03/2023

Name of Chairman: DR. MATTHEW B.E.S.

Signature 

Date... 23-03-2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Etsako West Local Government Council, Auchi for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Etsako West Local Government Council, Auchi is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Etsako West Government Council, Auchi for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Etsako West Local Government Council realized as revenue a total sum of ₦2,774,201,979.71. Of this amount, the sum of ₦2,483,277,510.71 was received as statutory allocations from the federation account while the balance sum of ₦290,924,469.00 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,483,277,510.71 that accrued from the federation account to Etsako West Local Government Councils, Auchi as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Etsako West Local Government Council, Auchi and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Etsako West Local Government Council, Auchi spent the sum of ₦642,624,549.74 on salaries and wages, the sum of ₦265,465,165.54 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,710,235,734.19. The capital expenditure for year stood at ₦328,028,513.75.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Etsako West Local Government Council, Auchi as at 31st December, 2022 amounted to ₦342,587,899.59. During the period under review, the Local Government Council did not present bank statements for the Council nor prepare bank reconciliation statements contrary to Financial Memoranda 19:23-30. Non-presentation of these vital documents shows that balances in the cash book and those of their corresponding bank balances were not reconciled.

RECOMMENDATION

The Local Government Council is hereby advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 and forward the prepared documents to this Office without delay.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦500,483,676.85. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Etsako West Local Government Council, Auchi as 31st December 2022 stood at ₦1,024,375.21. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦408,993,827.14 was outstanding in the Deposits Accounts of Etsako West Local Government Council, Auchi. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦67,522,988.40.

8. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Etsako West Local Government Council, Auchi is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,450,000,000.00	2,483,277,510.71	72%
Independent Revenue	301,635,000.00	290,924,469.00	96%
<u>EXPENDITURE</u>			
Salary and Wages	1,022,534,260.85	642,624,549.74	63%
Overhead Cost	647,977,907.12	265,465,165.54	41%
Transferred to SUBEB and other Local Government Entities	1,816,397,832.03	1,710,235,734.19	94%
Capital Expenditure	293,075,000.00	328,028,513.75	112%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was high.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Capital Expenditure.

9. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Etsako West Local Government Council, Auchi is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Etsako West Local Government Council, Auchi is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦5,030,000.00 attached to Audit Inspection Reports on the 2022 accounts for Etsako West Local Government Council, Auchi have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Etsako West Local Government Council, Auchu has continuously failed to prepare bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The Local Government Council is to comply with F.M. 19.23 – 24 without further delay by preparing monthly bank reconciliation statements.

d) Response To Audit Queries

Note 10 to the accounts shows the level of response to audit queries issued to Etsako West Local Government Council, Auchu. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

- 24. Public Funds**
These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.
- 25. Reserves**
Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.
- 26. Borrowings**
Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.
- 27. Transfers to other Government Entities**
Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.
- 28. Advances**
The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	342,587,899.59		481,406,467.01	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	471,138.28		471,138.28	
Total Current Assets: A				343,059,037.87		481,877,605.29
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	1,024,375.21		1,024,375.21	
Property, Plant and Equipment (PPE)	320101	7	133,920,785.05		133,920,785.05	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	500,483,676.85		513,484,176.85	
Total Non-Current Assets: B				635,428,837.11		648,429,337.11
Total Assets: C = A+B				978,487,874.98		1,130,306,942.40
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	408,993,827.14		388,660,911.05	
Short Term Loans and Debts	410201	8	67,522,988.40		67,522,988.40	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				476,516,815.54		456,183,899.45
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				476,516,815.54		456,183,899.45
Net Assets: G = C-F				501,971,059.44		674,123,042.95
NET ASSETS/EQUITY						
Reserves: H	430301	9	674,123,042.95		1,064,458,778.00	
Accumulated Surpluses/(Deficits): I	430201	9	-	172,151,983.51	-	390,335,735.05
Total Net Assets/Equity: G = H+I				501,971,059.44		674,123,042.95

ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
1,064,458,778.00	Net Assets/Equity As At 1/1/2022 – A			-	674,123,042.95	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,254,376,645.00	Share of Federation Account	110101	1	2,310,000,000.00	1,403,226,088.37	61%
773,451,128.32	Share of Value Added Tax (VAT)	110102	1	970,000,000.00	942,141,393.73	97%
99,801,352.38	Excess Crude Oil and Others	110103	1	170,000,000.00	137,910,028.61	81%
2,127,629,125.70	Sub-Total Statutory Allocation – B			3,450,000,000.00	2,483,277,510.71	72%
	<u>Independent Revenue:</u>					
6,470,250.00	Licences General	120201	2	42,470,000.00	12,241,610.00	29%
41,216,018.00	Fees General	120204	2	138,965,000.00	260,351,973.00	187%
150,000.00	Fines General	120205	2	2,500,000.00	1,527,450.00	61%
-	Sales General	120206	2	-	-	
114,885,440.00	Earnings General	120207	2	117,700,000.00	16,803,436.00	14%
-	Rent on Government Building General	120208	2	-	-	
60,000.00	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	

162,781,708.00	Sub-Total Independent Revenue – C			301,635,000.00	290,924,469.00	96%
3,354,869,611.70	Total Receipts (A+B+C)			3,751,635,000.00	3,448,325,022.66	92%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
408,093,255.17	Salaries and Wages	210101	3	1,022,534,260.85	642,624,549.74	63%
341,737,241.53	Overhead Cost	220201	4	647,977,907.12	265,465,165.54	41%
1,378,834,189.78	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,816,397,832.03	1,710,235,734.19	94%
-	Depreciation			-	-	
2,128,664,686.48	Sub-Total Recurrent Expenditure: E			3,486,910,000.00	2,618,325,449.47	75%
	<u>Capital Expenditure:</u>					
138,020,470.57	Land and Building General	320101	6	37,730,000.00	105,840,000.00	281%
193,228,658.79	Infrastructure General	320102	6	39,445,000.00	183,821,538.75	466%
-	Furniture and Fittings General	320106	6	-	-	
220,832,752.91	Intangible Assets	320301	6	215,900,000.00	38,366,975.00	18%
552,081,882.27	Sub-Total Capital Expenditure: F			293,075,000.00	328,028,513.75	112%
2,680,746,568.75	Total Expenditure: G = E + F			3,779,985,000.00	2,946,353,963.22	78%
674,123,042.95	Net Assets/Equity As At 31/12/2022				501,971,059.44	
3,354,869,611.70					3,448,325,022.66	

ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,403,226,088.37		1,254,376,645.00	
110102	Share of Value Added Tax (VAT)	1	942,141,393.73		773,451,128.32	
110103	Excess Crude Oil and Others	1	137,910,028.61		99,801,352.38	
	Sub-Total Statutory Revenue – A			2,483,277,510.71		2,127,629,125.70
	<u>Independent Revenue</u>					
120201	Licences General	2	12,241,610.00		6,470,250.00	
120204	Fees General	2	16,803,436.00		41,216,018.00	
120205	Fines General	2	1,527,450.00		150,000.00	
120206	Sales General	2	-		-	
120207	Earnings General	2	260,351,973.00		114,885,440.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		60,000.00	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			290,924,469.00		162,781,708.00
	Total Inflow from Operating Activities C = A+B			2,774,201,979.71		2,290,410,833.70
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	642,624,549.74		408,093,255.17	
220201	Overhead Cost	4	265,465,165.54		341,737,241.53	

220701	SUBEB and other Transfers to Local Government Entities	5	1,710,235,734.19		1,378,834,189.78	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			2,618,325,449.47		2,128,664,686.48
	Net Cashflow from Operating Activities – E = C-D			155,876,530.24		161,746,147.22
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	105,840,000.00		138,020,470.57	
320102	Infrastructure General	6	183,821,538.75		193,228,658.79	
320106	Furniture and Fittings General	6	-		-	
320301	Intangible Assets	6	38,366,975.00		220,832,752.91	
	Total Outflow from Investing Activities – F			328,028,513.75		552,081,882.27
	Net Cashflow from Investing Activities – G = E - F			- 172,151,983.51		- 390,335,735.05
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 13,000,500.00		- 423,959,074.94	
410101	Deposits		20,332,916.09		- 18,920,864.70	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 33,333,416.09		- 405,038,210.24
	Net Cashflow from all Activities – I = G - H			- 138,818,567.42		14,702,475.19
	Cash and Cash Equivalent As At 1/1/2022			481,406,467.01		466,703,991.82
	Cash and Cash Equivalent As At 31/12/2022			342,587,899.59		481,406,467.01

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	123,168,579.17	77,526,251.37	1,217,896.64	201,912,727.18
February	60,746,562.46	71,068,335.54	29,196,149.30	161,011,047.30
March	81,778,079.85	68,208,323.56	20,856,318.98	170,842,722.39
April	120,631,649.05	83,617,575.11	-	204,249,224.16
May	107,593,353.57	72,467,732.51	2,318,002.74	182,379,088.82
June	91,650,398.80	81,037,528.27	39,706,854.72	212,394,781.79
July	144,894,467.49	81,643,437.20	-	226,537,904.69
August	188,072,490.76	75,865,271.47	-	263,937,762.23
September	107,297,731.58	85,018,578.24	5,214,079.74	197,530,389.56
October	115,268,615.78	78,555,860.15	4,443,348.52	198,267,824.45
November	102,230,718.41	85,349,739.38	27,409,895.77	214,990,353.56
December	159,893,441.45	81,782,760.93	7,547,482.20	249,223,684.58
Total	₦ 1,403,226,088.37	₦ 942,141,393.73	₦ 137,910,028.61	₦ 2,483,277,510.71

NOTE 2:**SCHEDULE OF INDEPENDENT REVENUE OF ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI FOR THE YEAR 2022**

Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	809,810.00	9,582,250.00	1,425,050.00	-	1,441,150.00	-	-	-	-	13,258,260.00
February	518,450.00	16,617,830.00	-	-	1,338,668.00	-	-	-	-	18,474,948.00
March	1,098,400.00	17,163,540.00	102,400.00	-	1,415,050.00	-	-	-	-	19,779,390.00
April	773,650.00	15,189,000.00	-	-	2,198,500.00	-	-	-	-	18,161,150.00
May	1,294,950.00	13,552,500.00	-	-	1,538,768.00	-	-	-	-	16,386,218.00
June	771,800.00	15,686,400.00	-	-	1,356,900.00	-	-	-	-	17,815,100.00
July	724,250.00	1,617,253.00	-	-	1,243,150.00	-	-	-	-	3,584,653.00
August	1,470,800.00	12,543,450.00	-	-	812,400.00	-	-	-	-	14,826,650.00
September	1,589,300.00	119,989,450.00	-	-	1,630,450.00	-	-	-	-	123,209,200.00
October	1,647,700.00	12,752,400.00	-	-	1,581,100.00	-	-	-	-	15,981,200.00
November	963,650.00	13,208,500.00	-	-	1,123,300.00	-	-	-	-	15,295,450.00
December	578,850.00	12,449,400.00	-	-	1,124,000.00	-	-	-	-	14,152,250.00
Total	12,241,610.00	260,351,973.00	1,527,450.00	-	16,803,436.00	-	-	-	-	290,924,469.00

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI FOR THE YEAR ENDED 31ST DECEMBER, 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	31,970,060.00	8,432,275.00	26%
21010102	The Council (Legislative)	32,915,847.00	3,061,723.03	9%
21010103	Personnel Management	240,186,677.00	170,979,215.00	71%
21010104	Internal Audit	1,800,018.39	1,614,801.00	90%
21010105	Information	7,582,963.59	5,861,068.98	77%
21010106	Office of the Head of LGA	-	-	
21010107	Agriculture and National Resources	6,141,832.46	6,126,661.84	100%
21010108	Finance and Supply	52,437,143.25	36,332,456.00	69%
21010109	Budget, Planning & Statistics	12,874,873.18	10,856,319.65	84%
2101010	Revenue	35,089,093.68	25,205,188.80	72%
2101011	Works and Housing	77,944,871.15	79,793,147.46	102%
2101012	Procurement	9,184,157.61	7,623,322.31	83%
2101013	Legal Services	4,127,057.60	3,881,394.52	94%
2101014	Youth, Women & Social Development	48,185,525.28	34,786,074.73	72%
2101015	Primary Health Care	410,365,394.00	208,359,858.38	51%
2101016	Environment	27,732,198.96	20,177,589.00	73%
2101017	Water and Sanitary Hygiene	23,996,547.70	19,533,454.04	81%
	Total	1,022,534,260.85	642,624,549.74	63%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	30,700,000.00	27,445,000.00	89%
22020102	The Council (Legislative)	-	-	
22020103	Personnel Management (Admin)	195,906,103.12	81,186,150.00	41%
22020104	Internal Audit	8,500,000.00	6,030,000.00	71%
22020105	Information	-	-	
22020106	Office of the Head of LGA	-	-	
22020107	Agriculture and National Resources	-	-	
22020108	Finance and Supply	62,439,597.60	7,038,981.76	11%
22020109	Budget, Planning & Statistics	600,000.00	70,000.00	12%
22020110	Procurement	-	-	
22020111	Revenue	117,103,051.60	60,060,623.00	51%
22020112	Works & Housing	8,220,000.00	6,923,000.00	84%
22020113	Legal Services	5,500,000.00	2,186,250.00	40%
22020114	Social Development	61,503,051.60	11,631,750.00	19%
22020115	Primary Health Care	65,803,051.60	13,066,000.25	20%
22020116	Environment	76,703,051.60	30,860,500.00	40%
22020117	Water and Sanitary Hygiene	-	-	
22020118	Contribution to LG Service Commission	15,000,000.00	18,966,910.53	126%
	Total	647,977,907.12	265,465,165.54	41%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	557,485.61	63,609,608.96	10,095,636.36	58,589,037.43	132,851,768.36
February	557,485.61	61,748,655.39	8,050,552.36	44,247,012.32	114,603,705.68
March	557,485.61	59,839,397.26	8,542,136.12	52,626,623.38	121,565,642.37
April	557,485.61	57,292,382.24	10,212,461.21	58,560,072.52	126,622,401.58
May	557,485.61	56,906,893.12	9,118,954.44	50,618,835.29	117,202,168.46
June	557,485.61	55,269,522.29	10,619,739.09	70,937,980.62	137,384,727.61
July	557,485.61	55,502,769.22	11,326,895.23	78,899,290.92	146,286,440.98
August	557,485.61	55,647,287.94	13,196,888.11	95,120,204.02	164,521,865.68
September	557,485.61	69,980,230.83	9,876,519.48	69,722,101.35	150,136,337.27
October	557,485.61	68,910,225.66	10,447,966.61	87,312,179.50	167,227,857.38
November	557,485.61	70,785,511.04	10,749,517.68	85,437,555.06	167,530,069.39
December	557,485.61	67,694,652.06	12,461,184.23	83,589,427.53	164,302,749.43
Total	₦ 6,689,827.32	₦ 743,187,136.01	₦ 124,698,450.92	₦ 835,660,319.94	₦ 1,710,235,734.19

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	-	11,647,500.00	-	-	11,647,500.00
February	400,000.00	6,870,000.00	-	4,500,000.00	11,770,000.00
March	240,000.00	25,100,000.00	-	1,994,600.00	27,334,600.00
April	25,000,000.00	3,250,000.00	-	-	28,250,000.00
May	33,800,000.00	27,771,000.00	-	6,500,000.00	68,071,000.00
June	22,905,800.00	5,680,000.00	-	-	28,585,800.00
July	18,294,200.00	20,595,000.00	-	-	38,889,200.00
August	1,370,000.00	22,735,000.00	-	10,875,375.00	34,980,375.00
September	-	22,100,000.00	-	1,397,000.00	23,497,000.00
October	-	11,785,038.75	-	6,600,000.00	18,385,038.75
November	3,830,000.00	4,000,000.00	-	-	7,830,000.00
December	-	22,288,000.00	-	6,500,000.00	28,788,000.00
Total	₦ 105,840,000.00	₦ 183,821,538.75		₦ 38,366,975.00	₦ 328,028,513.75

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	342,587,899.59
Inventories	471,138.28
Loans Granted	-
Investments	1,024,375.21
Advances	500,483,676.85
Property, Plant and Equipment (PPE)	133,920,785.05
Investment Properties	-
Prepayments	-
Total Assets	₱ 978,487,874.98

NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	408,993,872.14
Loans/Debts	67,522,988.40
Payables	-
Long Term Borrowings	-
Total Liabilities	₱ 476,516,860.54

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	674,123,042.95
Accumulated Surpluses/Deficits for the Year	- 172,151,983.51
Net Assets/Equity as at 31/12/2022	₱ 501,971,059.44

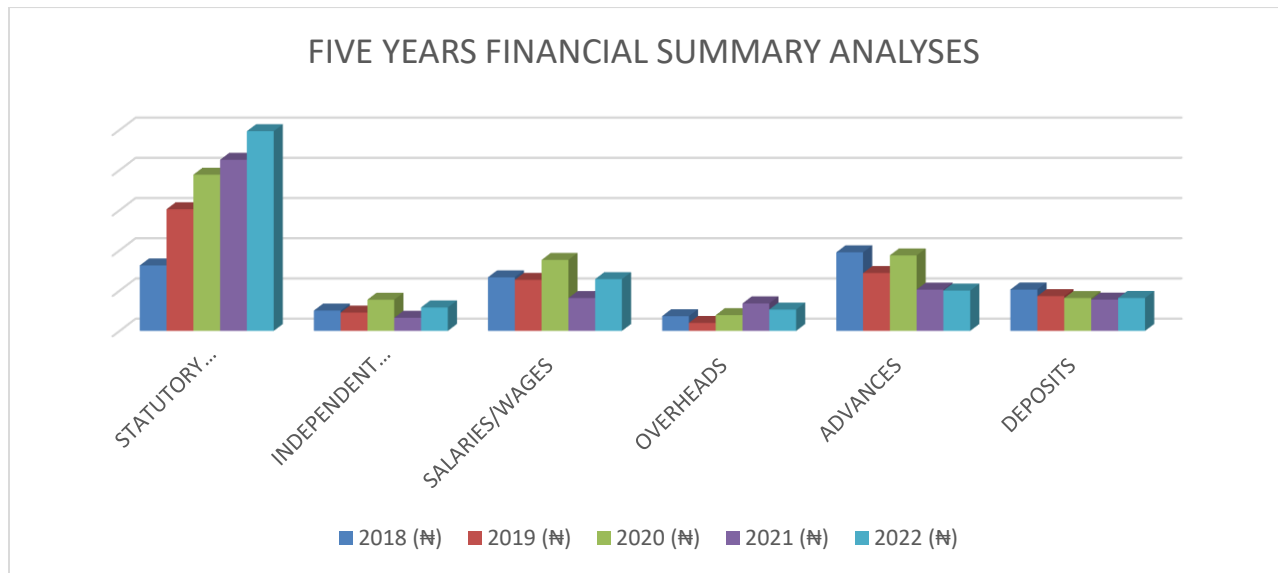
NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/EWLG/AUC/1	84/Jan/2022	Irregular Expenditure	2,200,000.00	Unresolved
2	AQ/EWLG/AUC/2	11/Oct./2022	Irregular Expenditure	1,500,000.00	Unresolved
3	AQ/EWLG/AUC/3	39/Nov/2022	Irregular Expenditure	1,330,000.00	Unresolved
	Total			₦ 5,030,000.00	

ETSAKO WEST LOCAL GOVERNMENT COUNCIL, AUCHI

FIVE YEARS FINANCIAL SUMMARY ANALYSES

S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	812,772,898.01	1,510,919,325.90	1,940,943,587.87	2,127,629,125.70	2,483,277,510.71	8,875,542,448.19
2	INDEPENDENT REVENUE	252,203,948.83	227,363,826.00	387,778,166.67	162,781,708.00	290,924,469.00	1,321,052,118.50
3	SALARIES/WAGES	665,777,675.32	634,192,302.47	881,467,492.14	408,093,255.17	642,624,549.74	3,232,155,274.84
4	OVERHEADS	183,208,383.23	99,501,574.40	196,407,702.07	341,737,241.53	265,465,165.54	1,086,320,066.77
5	ADVANCES	975,494,541.84	718,407,707.18	937,443,251.79	513,484,176.85	500,483,676.85	3,645,313,354.51
6	DEPOSITS	513,576,596.07	431,580,403.33	407,581,775.75	388,660,911.05	408,993,827.14	2,150,393,513.34
	TOTAL	3,403,034,043.30	3,621,965,139.28	4,751,621,976.29	3,942,386,418.30	4,591,769,198.98	20,310,776,776.15



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Igueben Local Government Council, Igueben in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Igueben Local Government Council, Igueben as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: OMORODION U. RYNICE

Signature: 

Date: 31/3/2023

Name of Chairman: Eng. Emmanuel Ighadode

Signature: 

Date: 31/3/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Igueben Local Government Council, Igueben for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Igueben Local Government Council, Igueben is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Igueben Government Council, Igueben for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Igueben Local Government Council realized as revenue a total sum of ₦1,862,110,650.47. Of this amount, the sum of ₦1,845,265,692.47 was received as statutory allocations from the federation account while the balance sum of ₦16,844,958.00 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦1,845,265,692.47 that accrued from the federation account to Igueben Local Government Councils, Igueben as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Igueben Local Government Council, Igueben and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Igueben Local Government Council, Igueben spent the sum of ₦14,950,940.11 on salaries and wages, the sum of ₦252,570,373.23 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,185,323,095.30. The capital expenditure for year stood at ₦59,431,972.26.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Igueben Local Government Council, Igueben as at 31st December, 2022 amounted to ₦788,111,310.79. During the period under review, the Local Government Council did not present bank statements for the Council nor prepare bank reconciliation statements contrary to Financial Memoranda 19:23-30. Non-presentation of these vital documents shows that balances in the cash book and those of their corresponding bank balances were not reconciled.

RECOMMENDATION

The Local Government Council is hereby advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 and forward the prepared documents to this Office without delay.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦1,093,803,897.20. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Igueben Local Government Council, Igueben as 31st December 2022 stood at ₦80,355.50. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦311,988,909.82 was outstanding in the Deposits Accounts of Igueben Local Government Council, Igueben. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) **SHORT TERM LOANS**

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦103,722,966.29.

8. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Igueben Local Government Council, Igueben is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,886,488,607.00	1,845,265,692.47	64%
Independent Revenue	55,440,000.00	16,844,958.00	30%
<u>EXPENDITURE</u>			
Salary and Wages	658,442,000.00	414,950,940.11	63%
Overhead Cost	642,450,000.00	252,570,373.23	39%
Transferred to SUBEB and other Local Government Entities	879,400,000.00	1,185,323,095.30	135%
Capital Expenditure	501,600,000.00	59,431,972.26	12%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

9. **AUTHORIZATION**

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Igueben Local Government Council, Igueben is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Igueben Local Government Council, Igueben is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦9,050,000.00 attached to Audit Inspection Reports on the 2022 accounts for Igueben Local Government Council, Igueben have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

- c) Reconciliation of Financial Statements with Underlying Records
- i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.
- ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.
- The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.
- iii) Bank Reconciliation
- Igueben Local Government Council, Igueben has continuously failed to prepare bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The Local Government Council is to comply with F.M. 19.23 – 24 without further delay by preparing monthly bank reconciliation statements.
- d) Adoption of IPSAS
- The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021(N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	788,111,310.79		779,886,712.02	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				788,111,310.79		779,886,712.02
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	80,355.50		80,355.50	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	1,093,803,897.20		1,145,193,897.20	
Total Non-Current Assets: B				1,093,884,252.70		1,145,274,252.70
Total Assets: C = A+B				1,881,995,563.49		1,925,160,964.72
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	311,988,909.82		304,988,580.62	
Short Term Loans and Debts	410201	8	103,722,966.29		103,722,966.29	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				415,711,876.11		408,711,546.91
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				415,711,876.11		408,711,546.91
Net Assets: G = C-F				1,466,283,687.38		1,516,449,417.81
NET ASSETS/EQUITY						
Reserves: H	430301	9	1,516,449,417.81		1,955,524,383.86	
Accumulated Surpluses/(Deficits): I	430201	9	- 50,165,730.43		- 439,074,966.05	
Total Net Assets/Equity: G = H+I				1,466,283,687.38		1,516,449,417.81

IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
1,955,524,383.86	Net Assets/Equity As At 1/1/2022 – A			-	1,516,449,417.81	
	REVENUE					
	<u>Statutory Allocation:</u>					
895,965,258.52	Share of Federation Account	110101	1	1,800,000,000.00	1,020,690,881.40	57%
590,982,448.44	Share of Value Added Tax (VAT)	110102	1	313,100,000.00	722,037,097.44	231%
72,620,129.14	Excess Crude Oil and Others	110103	1	773,388,607.00	102,537,713.63	13%
1,559,567,836.10	Sub-Total Statutory Allocation – B			2,886,488,607.00	1,845,265,692.47	64%
	<u>Independent Revenue:</u>					
7,949,550.00	Licences General	120201	2	12,090,000.00	4,446,500.00	37%
6,895,600.00	Fees General	120204	2	24,350,000.00	7,435,028.00	31%
-	Fines General	120205	2	-	-	
-	Sales General	120206	2	2,700,000.00	960,000.00	36%
2,683,000.00	Earnings General	120207	2	16,300,000.00	4,003,430.00	25%
-	Rent on Government Building General	120208	2		-	
-	Rent on Land and Others General	120211	2	-	-	
953,731.34	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	

18,481,881.34	Sub-Total Independent Revenue – C			55,440,000.00	16,844,958.00	30%
3,533,574,101.30	Total Receipts (A+B+C)			2,941,928,607.00	3,378,560,068.28	115%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
286,119,113.36	Salaries and Wages	210101	3	658,442,000.00	414,950,940.11	63%
122,540,954.86	Overhead Cost	220201	4	642,450,000.00	252,570,373.23	39%
964,231,570.11	SUBEB and other Transfers to Local Govt. Entities	220701	5	879,400,000.00	1,185,323,095.30	135%
-	Depreciation			-	-	
1,372,891,638.33	Sub-Total Recurrent Expenditure: E			2,180,292,000.00	1,852,844,408.64	85%
	<u>Capital Expenditure:</u>					
193,269,913.55	Land and Building General	320101	6	226,200,000.00	8,000,000.00	4%
64,423,304.52	Infrastructure General	320102	6	-	-	
32,211,652.25	Furniture and Fittings General	320106	6	52,200,000.00	2,931,972.26	6%
354,328,174.84	Intangible Assets	320301	6	223,200,000.00	48,500,000.00	22%
644,233,045.16	Sub-Total Capital Expenditure: F			501,600,000.00	59,431,972.26	12%
2,017,124,683.49	Total Expenditure: G = E + F			2,681,892,000.00	1,912,276,380.90	71%
1,516,449,417.81	Net Assets/Equity As At 31/12/2022				1,466,283,687.38	
3,533,574,101.30					3,378,560,068.28	

IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,020,690,881.40		895,965,258.52	
110102	Share of Value Added Tax (VAT)	1	722,037,097.44		590,982,448.44	
110103	Excess Crude Oil and Others	1	102,537,713.63		72,620,129.14	
	Sub-Total Statutory Revenue – A			1,845,265,692.47		1,559,567,836.10
	<u>Independent Revenue</u>					
120201	Licences General	2	4,446,500.00		7,949,550.00	
120204	Fees General	2	7,435,028.00		6,895,600.00	
120205	Fines General	2	-		-	
120206	Sales General	2	960,000.00		-	
120207	Earnings General	2	4,003,430.00		2,683,000.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		953,731.34	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			16,844,958.00		18,481,881.34
	Total Inflow from Operating Activities C = A+B			1,862,110,650.47		1,578,049,717.44
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	414,950,940.11		286,119,113.36	

220201	Overhead Cost	4	252,570,373.23		122,540,954.86	
220701	SUBEB and other Transfers to Local Government Entities	5	1,185,323,095.30		964,231,570.11	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			1,852,844,408.64		1,372,891,638.33
	Net Cashflow from Operating Activities – E = C-D			9,266,241.83		205,158,079.11
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	8,000,000.00		193,269,913.55	
320102	Infrastructure General	6	-		64,423,304.52	
320106	Furniture and Fittings General	6	2,931,972.26		32,211,652.25	
320301	Intangible Assets	6	48,500,000.00		354,328,174.84	
	Total Outflow from Investing Activities – F			59,431,972.26		644,233,045.16
	Net Cashflow from Investing Activities – G = E - F			- 50,165,730.43		- 439,074,966.05
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 51,390,000.00		- 411,937,128.00	
410101	Deposits		7,000,329.20		34,865,552.99	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 58,390,329.20		- 446,802,680.99
	Net Cashflow from all Activities – I = G - H			8,224,598.77		7,727,714.94
	Cash and Cash Equivalent As At 1/1/2022			779,886,712.02		772,158,997.08
	Cash and Cash Equivalent As At 31/12/2022			788,111,310.79		779,886,712.02

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	89,623,215.65	59,535,803.54	886,198.53	150,045,217.72
February	44,202,038.41	53,974,803.63	20,978,605.96	119,155,448.00
March	59,505,553.55	52,308,076.37	15,176,032.61	126,989,662.53
April	87,415,213.23	63,995,832.65	-	151,411,045.88
May	78,289,953.45	56,482,353.18	1,686,687.14	136,458,993.77
June	66,689,114.31	61,981,216.81	30,369,622.87	159,039,953.99
July	105,431,987.55	63,036,889.93	-	168,468,877.48
August	136,850,335.62	58,858,050.78	-	195,708,386.40
September	78,074,845.07	64,353,906.22	3,794,008.15	146,222,759.44
October	83,874,833.01	60,323,572.09	3,658,881.43	147,857,286.53
November	74,387,849.43	64,875,514.68	19,944,721.42	159,208,085.53
December	116,345,942.12	62,311,077.56	6,042,955.52	184,699,975.20
Total	₦ 1,020,690,881.40	₦ 722,037,097.44	₦ 102,537,713.63	₦ 1,845,265,692.47

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	348,000.00	600,000.00	-	75,000.00	316,800.00	-	-	-	-	1,339,800.00
February	345,000.00	619,628.00	-	79,000.00	322,480.00	-	-	-	-	1,366,108.00
March	363,000.00	614,500.00	-	76,000.00	326,850.00	-	-	-	-	1,380,350.00
April	380,000.00	612,000.00	-	78,000.00	350,000.00	-	-	-	-	1,420,000.00
May	374,000.00	625,000.00	-	68,000.00	365,870.00	-	-	-	-	1,432,870.00
June	336,000.00	616,900.00	-	70,000.00	335,500.00	-	-	-	-	1,358,400.00
July	380,500.00	622,000.00	-	85,000.00	331,000.00	-	-	-	-	1,418,500.00
August	370,000.00	620,000.00	-	77,000.00	328,500.00	-	-	-	-	1,395,500.00
September	369,500.00	621,000.00	-	92,000.00	326,430.00	-	-	-	-	1,408,930.00
October	399,000.00	610,000.00	-	90,000.00	330,000.00	-	-	-	-	1,429,000.00
November	396,500.00	638,000.00	-	84,000.00	334,000.00	-	-	-	-	1,452,500.00
December	385,000.00	636,000.00	-	86,000.00	336,000.00	-	-	-	-	1,443,000.00
Total	4,446,500.00	7,435,028.00	-	960,000.00	4,003,430.00	-	-	-	-	16,844,958.00

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	50,395,877.80	15,742,400.52	31%
21010102	The Council (Legislative)	58,458,652.28	8,009,748.41	14%
21010103	Personnel Management	108,357,230.41	113,350,998.33	105%
21010104	Internal Audit	3,636,384.78	3,325,792.04	91%
21010105	Information	4,041,241.26	3,047,592.04	75%
21010106	Office of the Head of LGA	2,799,000.00	2,400,000.00	86%
21010107	Agriculture and National Resources	10,584,155.44	10,043,129.85	95%
21010108	Finance and Supply	40,952,295.47	29,598,158.07	72%
21010109	Budget, Planning & Statistics	7,815,989.84	6,011,641.11	77%
2101010	Revenue	10,903,413.43	9,382,565.26	86%
2101011	Works and Housing	50,758,728.40	44,090,353.56	87%
2101012	Procurement	4,456,809.99	4,064,744.92	91%
2101013	Legal Services	3,379,865.96	3,357,989.28	99%
2101014	Youth, Women & Social Development	34,209,093.71	33,860,291.97	99%
2101015	Primary Health Care	194,834,398.27	102,718,378.84	53%
2101016	Environment	65,180,643.00	21,032,693.52	32%
2101017	Water and Sanitary Hygiene	7,678,219.96	4,914,462.39	64%
	Total	658,442,000.00	414,950,940.11	63%

NOTE 4: SCHEDULE OF OVERHEAD COST OF IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	68,100,000.00	5,622,000.00	8%
22020102	The Council (Legislative)	39,900,000.00	2,280,228.00	6%
22020103	Personnel Management (Admin)	79,400,000.00	50,629,150.00	64%
22020104	Internal Audit	11,200,000.00	1,550,000.00	14%
22020105	Information	18,700,000.00	3,100,000.00	17%
22020106	Office of the Head of LGA	20,600,000.00	15,913,600.00	77%
22020107	Agriculture and National Resources	28,100,000.00	7,326,800.00	26%
22020108	Finance and Supply	72,500,000.00	30,685,129.26	42%
22020109	Budget, Planning & Statistics	16,800,000.00	7,704,500.00	46%
22020110	Procurement	8,750,000.00	7,030,000.00	80%
22020111	Revenue	18,900,000.00	12,000,000.00	63%
22020112	Works & Housing	46,100,000.00	20,287,750.00	44%
22020113	Legal Services	19,400,000.00	5,407,500.00	28%
22020114	Social Development	78,900,000.00	25,788,750.00	33%
22020115	Primary Health Care	50,800,000.00	21,220,965.97	42%
22020116	Environment	40,350,000.00	20,320,000.00	50%
22020117	Water and Sanitary Hygiene	13,950,000.00	6,704,000.00	48%
22020118	Contribution to LG Service Commission	10,000,000.00	9,000,000.00	90%
	Total	642,450,000.00	252,570,373.23	39%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	272,032.89	47,269,519.65	7,502,260.89	39,704,996.50	94,748,809.93
February	272,032.89	45,809,217.29	5,957,772.40	28,139,714.39	80,178,736.97
March	272,032.89	44,479,418.02	6,349,483.13	33,380,282.95	84,481,216.99
April	272,032.89	42,471,150.38	7,570,552.29	39,682,710.20	89,996,445.76
May	272,032.89	42,578,660.88	6,822,949.69	32,580,659.44	82,254,302.90
June	272,032.89	41,385,490.78	7,951,997.70	49,890,393.40	99,499,914.77
July	272,032.89	41,275,605.69	8,423,443.88	51,361,922.33	101,333,004.79
August	272,032.89	41,262,155.28	9,785,419.32	63,429,633.06	114,749,240.55
September	272,032.89	51,803,180.67	7,311,137.97	45,998,878.19	105,385,229.72
October	272,032.89	51,389,472.84	7,746,949.62	48,510,701.15	107,919,156.50
November	272,032.89	52,419,215.60	7,960,404.27	51,408,211.77	112,059,864.53
December	272,032.89	50,168,588.82	9,234,998.76	53,041,551.42	112,717,171.89
Total	₦ 3,264,394.68	₦ 552,311,675.90	₦ 92,617,369.92	₦ 537,129,654.80	₦ 1,185,323,095.30

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	1,400,000.00	-	235,972.00	4,041,000.00	5,676,972.00
February	880,000.00	-	272,576.20	4,290,000.00	5,442,576.20
March	-	-	350,000.00	3,994,000.00	4,344,000.00
April	2,400,000.00	-	166,460.00	4,500,000.00	7,066,460.00
May	-	-	260,000.00	3,536,000.00	3,796,000.00
June	750,000.00	-	196,999.12	4,123,000.00	5,069,999.12
July	-	-	240,000.00	4,540,000.00	4,780,000.00
August	-	-	173,964.88	3,870,000.00	4,043,964.88
September	900,000.00	-	265,000.00	3,396,000.00	4,561,000.00
October	-	-	190,000.00	3,960,000.00	4,150,000.00
November	-	-	280,000.00	4,000,000.00	4,280,000.00
December	1,670,000.00	-	301,000.00	4,250,000.00	6,221,000.00
Total	₦ 8,000,000.00		₦ 2,931,972.20	₦ 48,500,000.00	₦ 59,431,972.20

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	788,111,310.79
Inventories	-
Loans Granted	-
Investments	80,355.50
Advances	1,093,803,897.20
Property, Plant and Equipment (PPE)	-
Investment Properties	-
Prepayments	-
Total Assets	₱ 1,881,995,563.49

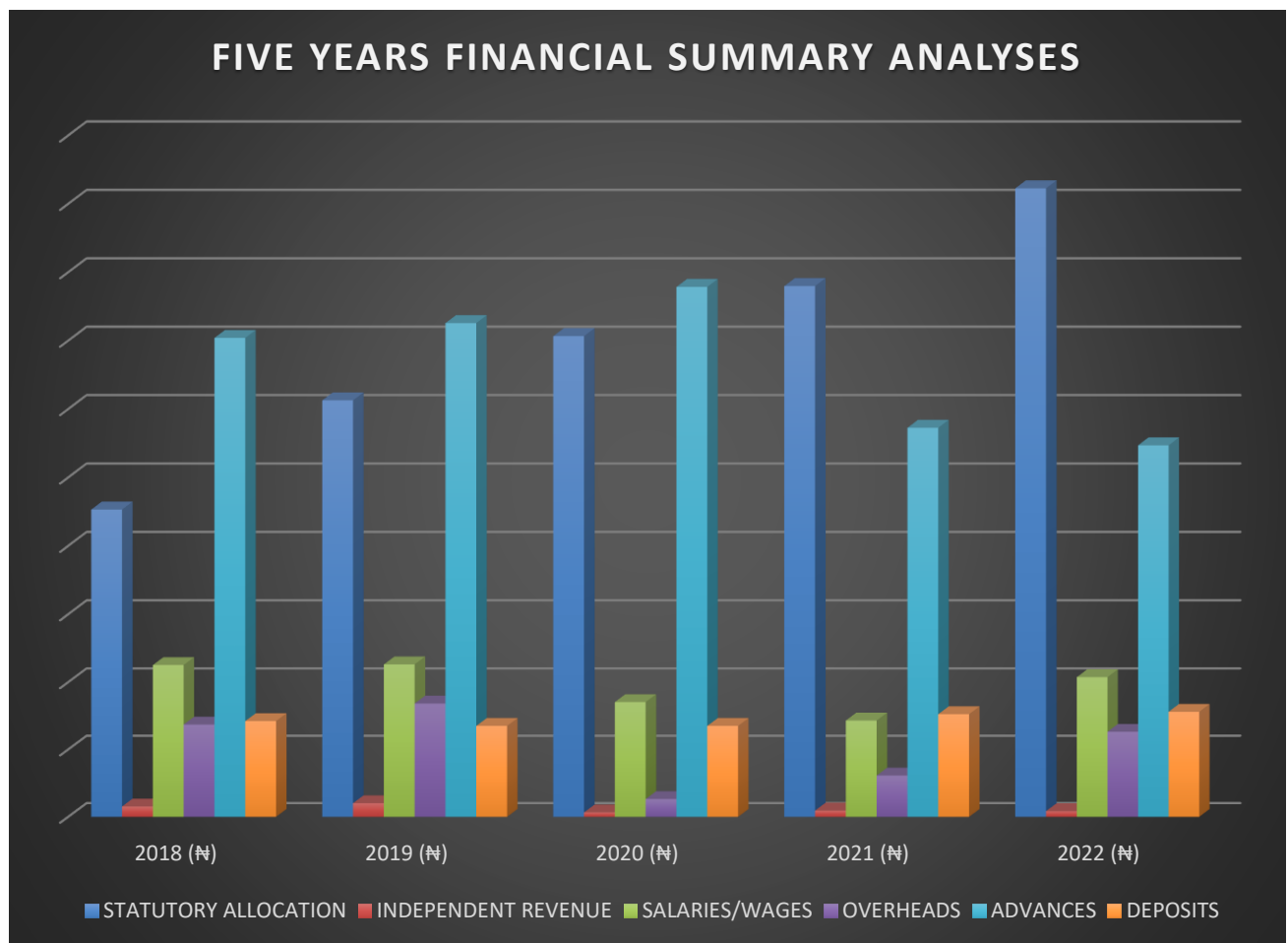
NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	311,988,909.82
Loans/Debts	103,722,966.29
Payables	-
Long Term Borrowings	-
Total Liabilities	₱ 415,711,876.11

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	1,516,449,417.81
Accumulated Surpluses/Deficits for the Year	- 50,165,730.43
Net Assets/Equity as at 31/12/2022	₱ 1,466,283,687.38

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
	Outstanding:				
1	AQ/ILG/IGU/3/2021	Various	Irregular Expenditure	51,047,250.00	Resolved
2	AQ/ILG/IGU/4/2021	74/Sept/2021	Irregular Expenditure	9,780,000.00	Resolved
3	AQ/ILG/IGU/5/2021	64/Sept/2021	Irregular Expenditure	430,000.00	Resolved
4	AQ/ILG/IGU/6/2021	Various	Expenditure not supported by proper records or accounts	3,650,000.00	Resolved
5	AQ/ILG/IGU/7/2021	Various	Irregular Expenditure	9,723,480.00	Resolved
	Subtotal			74,630,730.00	
1	AQ/IGLG/IGU/1	Various	Irregular Expenditure	3,000,000.00	Resolved
2	AQ/IGLG/IGU/2	68/May/2022	Irregular Expenditure	1,000,000.00	Resolved
3	AQ/IGLG/IGU/3	Various	Unreceipted payment	4,600,000.00	Resolved
4	AQ/IGLG/IGU/4	11/Nov/22	Irregular Expenditure	450,000.00	Resolved
	Subtotal			9,050,000.00	
	Total			₦ 83,680,730.00	

IGUEBEN LOCAL GOVERNMENT COUNCIL, IGUEBEN							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	906,244,024.82	1,225,471,527.88	1,413,274,698.87	1,559,567,836.10	1,845,265,692.47	6,949,823,780.14
2	INDEPENDENT REVENUE	30,586,411.93	40,402,202.63	13,125,760.00	18,481,881.34	16,844,958.00	119,441,213.90
3	SALARIES/WAGES	450,947,263.30	452,890,669.28	340,910,408.75	286,119,113.36	414,950,940.11	1,945,818,394.80
4	OVERHEADS	274,149,043.75	336,596,857.39	52,748,437.00	122,540,954.86	252,570,373.23	1,038,605,666.23
5	ADVANCES	1,407,994,874.83	1,451,310,259.83	1,557,131,025.20	1,145,193,897.20	1,093,803,897.20	6,655,433,954.26
6	DEPOSITS	284,420,349.49	270,123,027.63	270,123,027.63	304,988,580.62	311,988,909.82	1,441,643,895.19
	TOTAL	3,354,341,968.12	3,776,794,544.64	3,647,313,357.45	3,436,892,263.48	3,935,424,770.83	18,150,766,904.52



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Ikpoba-Okha Local Government Council, Idogbo in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Ikpoba-Okha Local Government Council, Idogbo as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer:

VERONICA E ADJENE

Signature:



Date: 30-03-2023

Name of Chairman:

Richard Ederomigho

Signature



Date: 30/3/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Ikpoba-Okha Local Government Council, Idogbo for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Ikpoba-Okha Local Government Council, Idogbo is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Ikpoba Okha Government Council, Idogbo for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Ikpoba-Okha Local Government Council realized as revenue a total sum of ₦3,410,228,225.10. Of this amount, the sum of ₦3,168,071,886.46 was received as statutory allocations from the federation account while the balance sum of ₦242,156,338.64 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦3,168,071,886.46 that accrued from the federation account to Ikpoba-Okha Local Government Council, Idogbo as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Ikpoba-Okha Local Government Council, Idogbo and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Ikpoba-Okha Local Government Council, Idogbo spent the sum of ₦585,117,385.84 on salaries and wages, the sum of ₦206,038,715.00 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦2,245,223,010.41. The capital expenditure for year stood at ₦271,537,085.00.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Ikpoba-Okha Local Government Council, Idogbo as at 31st December, 2022 amounted to (₦14,604,003.81). During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦1,407,086,981.06. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. LIABILITIES:

DEPOSITS

As at 31st December, 2022, a total sum of ₦276,126,638.16 was outstanding in the Deposits Accounts of Ikpoba-Okha Local Government Council, Idogbo. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

7. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Ikpoba-Okha Local Government Council, Idogbo is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,420,800,000.00	3,168,071,886.46	93%
Independent Revenue	296,000,000.00	242,156,338.64	82%
<u>EXPENDITURE</u>			
Salary and Wages	577,800,000.00	585,117,385.84	101%
Overhead Cost	413,600,000.00	206,038,715.00	50%
Transferred to SUBEB and other Local Government Entities	1,775,000,000.00	2,245,223,010.41	126%
Capital Expenditure	914,400,000.00	271,537,085.00	30%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

8. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

9. REVALUATION OF ASSETS

Ikpoba-Okha Local Government Council, Idogbo is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

10. BUDGET PREPARATION

Ikpoba-Okha Local Government Council, Idogbo is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦57,401,500.00 attached to Audit Inspection Reports on the 2022 accounts for Ikpoba-Okha Local Government Council, Idogbo have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 11 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Ikpoba-Okha Local Government Council, Idogbo prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash

management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value

can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022(N)	2022 (N)	2021 (N)	2021(N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	- 14,604,003.81		- 253,050,861.50	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				- 14,604,003.81		- 253,050,861.50
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	-		-	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	1,407,086,981.06		1,556,925,639.06	
Total Non-Current Assets: B				1,407,086,981.06		1,556,925,639.06
Total Assets: C = A+B				1,392,482,977.25		1,303,874,777.56
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	276,126,638.16		289,830,467.32	
Short Term Loans and Debts	410201	8	-		-	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				276,126,638.16		289,830,467.32
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				276,126,638.16		289,830,467.32
Net Assets: G = C-F				1,116,356,339.09		1,014,044,310.24
NET ASSETS/EQUITY						
Reserves: H	430301	9	1,014,044,310.24		-	
Accumulated Surpluses/(Deficits): I	430201	9	102,312,028.85		1,014,044,310.24	
Total Net Assets/Equity: G = H+I				1,116,356,339.09		1,014,044,310.24

IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
1,506,359,836.83	Net Assets/Equity As At 1/1/2022 – A			-	1,014,044,310.24	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,581,477,461.10	Share of Federation Account	110101	1	2,500,000,000.00	1,752,343,284.71	70%
1,020,835,425.91	Share of Value Added Tax (VAT)	110102	1	800,000,000.00	1,241,550,670.08	155%
124,608,042.81	Excess Crude Oil and Others	110103	1	120,800,000.00	174,177,931.67	144%
2,726,920,929.82	Sub-Total Statutory Allocation – B			3,420,800,000.00	3,168,071,886.46	93%
	<u>Independent Revenue:</u>					
1,489,500.00	Licences General	120201	2	10,000,000.00	6,486,000.00	65%
150,116,561.00	Fees General	120204	2	200,000,000.00	226,398,528.11	113%
100,000.00	Fines General	120205	2	10,000,000.00	62,000.00	1%
-	Sales General	120206	2	16,000,000.00	9,141,200.00	57%
-	Earnings General	120207	2	44,000,000.00	-	0%
-	Rent on Government Building General	120208	2		-	
1,800,000.00	Rent on Land and Others General	120211	2	1,000,000.00	-	0%
525,671.13	Repayment General	120213	2	-	68,610.53	
-	Investment Income	120214	2	15,000,000.00	-	0%

154,031,732.13	Sub-Total Independent Revenue – C			296,000,000.00	242,156,338.64	82%
4,387,312,498.78	Total Receipts (A+B+C)			3,716,800,000.00	4,424,272,535.34	119%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
663,979,618.26	Salaries and Wages	210101	3	577,800,000.00	585,117,385.84	101%
231,603,032.07	Overhead Cost	220201	4	413,600,000.00	206,038,715.00	50%
1,802,929,819.40	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,775,000,000.00	2,245,223,010.41	126%
-	Depreciation			-	-	
2,698,512,469.73	Sub-Total Recurrent Expenditure: E			2,766,400,000.00	3,036,379,111.25	110%
	<u>Capital Expenditure:</u>					
293,245,000.00	Land and Building General	320101	6	380,200,000.00	60,500,000.00	16%
62,527,700.00	Infrastructure General	320102	6	-	-	
15,757,505.27	Furniture and Fittings General	320106	6	246,500,000.00	20,037,085.00	8%
303,224,613.54	Intangible Assets	320301	6	287,700,000.00	191,000,000.00	66%
674,754,818.81	Sub-Total Capital Expenditure: F			914,400,000.00	271,537,085.00	30%
3,373,267,288.54	Total Expenditure: G = E + F			3,680,800,000.00	3,307,916,196.25	90%
1,014,044,310.24	Net Assets/Equity As At 31/12/2022				1,116,356,339.09	
4,387,311,598.78					4,424,272,535.34	

IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022(N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,752,343,284.71		1,581,477,461.10	
110102	Share of Value Added Tax (VAT)	1	1,241,550,670.08		1,020,835,425.91	
110103	Excess Crude Oil and Others	1	174,177,931.67		124,608,042.81	
	Sub-Total Statutory Revenue – A			3,168,071,886.46		2,726,920,929.82
	<u>Independent Revenue</u>					
120201	Licences General	2	6,486,000.00		1,489,500.00	
120204	Fees General	2	226,398,528.11		150,116,561.00	
120205	Fines General	2	62,000.00		100,000.00	
120206	Sales General	2	9,141,200.00		-	
120207	Earnings General	2	-		-	
120208	Rent on Government Buildings General	2	-			
120209	Rent on Land and Others General	2	-		1,800,000.00	
120210	Repayments General	2	68,610.53		525,671.13	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			242,156,338.64		154,031,732.13
	Total Inflow from Operating Activities C = A+B			3,410,228,225.10		2,880,952,661.95
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	585,117,385.84		663,979,618.26	
220201	Overhead Cost	4	206,038,715.00		231,603,932.07	

220701	SUBEB and other Transfers to Local Government Entities	5	2,245,223,010.41		1,802,929,819.40	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			3,036,379,111.25		2,698,513,369.73
	Net Cashflow from Operating Activities – E = C-D			373,849,113.85		182,439,292.22
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	60,500,000.00		293,245,000.00	
320102	Infrastructure General	6	-		62,527,700.00	
320106	Furniture and Fittings General	6	20,037,085.00		15,757,505.27	
320301	Intangible Assets	6	191,000,000.00		303,224,613.54	
	Total Outflow from Investing Activities – F			271,537,085.00		674,754,818.81
	Net Cashflow from Investing Activities – G = E - F			102,312,028.85		- 492,315,526.59
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 149,838,658.00		- 242,058,705.00	
410101	Deposits		- 13,703,829.16		- 3,962,696.37	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 136,134,828.84		- 238,096,008.63
	Net Cashflow from all Activities – I = G - H			238,446,857.69		- 254,219,517.96
	Cash and Cash Equivalent As At 1/1/2022			- 253,050,861.50		1,168,656.46
	Cash and Cash Equivalent As At 31/12/2022			- 14,604,003.81		- 253,050,861.50

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	153,783,442.98	101,917,036.13	1,520,617.84	257,221,096.95
February	75,845,768.35	95,243,114.84	35,729,659.81	206,818,543.00
March	102,104,893.66	89,765,291.49	26,040,379.47	217,910,564.62
April	150,946,320.05	110,220,008.88	-	261,166,328.93
May	134,336,828.96	94,140,119.45	2,894,167.04	231,371,115.45
June	114,431,082.77	106,873,371.59	52,365,928.85	273,670,383.21
July	180,909,532.52	106,869,506.83	-	287,779,039.35
August	234,819,913.93	98,923,033.20	-	333,742,947.13
September	133,967,726.99	113,034,977.42	6,510,094.87	253,512,799.28
October	143,919,859.44	103,274,522.97	5,506,900.02	252,701,282.43
November	127,641,253.66	113,107,937.12	34,222,917.65	274,972,108.43
December	199,636,661.40	108,181,750.16	9,387,266.12	317,205,677.68
Total	₦ 1,752,343,284.71	₦ 1,241,550,670.08	₦ 174,177,931.67	₦ 3,168,071,886.46

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	200,000.00	12,799,910.00	55,000.00	219,000.00	-	-	-	-	-	13,273,910.00
February	220,000.00	7,180,550.00	-	928,700.00	-	-	-	-	-	8,329,250.00
March	15,000.00	11,487,350.00	-	1,548,000.00	-	-	-	-	-	13,050,350.00
April	-	15,353,000.00	-	118,700.00	-	-	-	-	-	15,471,700.00
May	-	13,155,960.00	-	28,000.00	-	-	-	-	-	13,183,960.00
June	240,000.00	19,562,620.00	-	4,761,000.00	-	-	-	-	-	24,563,620.00
July	250,000.00	30,508,714.26	-	85,000.00	-	-	-	-	-	30,843,714.26
August	450,000.00	16,110,680.50	-	82,000.00	-	-	-	-	-	16,642,680.50
September	450,000.00	22,290,348.45	7,000.00	136,700.00	-	-	-	-	-	22,884,048.45
October	936,000.00	36,045,043.08	-	1,175,100.00	-	-	-	-	-	38,156,143.08
November	1,814,000.00	21,348,101.76	-	29,000.00	-	-	-	68,610.53	-	23,259,712.29
December	1,911,000.00	20,556,250.06	-	30,000.00	-	-	-	-	-	22,497,250.06
Total	6,486,000.00	226,398,528.11	62,000.00	9,141,200.00	-	-	-	68,610.53	-	242,156,338.64

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	88,700,000.00	6,605,824.41	7%
21010102	The Council (Legislative)	26,000,000.00	7,385,920.43	28%
21010103	Personnel Management	133,000,000.00	123,500,000.00	93%
21010104	Internal Audit	11,000,000.00	2,500,000.00	23%
21010105	Information	17,000,000.00	15,700,000.00	92%
21010106	Office of the Head of LGA	6,500,000.00	4,400,000.00	68%
21010107	Agriculture and National Resources	13,500,000.00	10,500,000.00	78%
21010108	Finance and Supply	38,000,000.00	32,800,000.00	86%
21010109	Budget, Planning & Statistics	20,000,000.00	17,700,000.00	89%
2101010	Revenue	65,500,000.00	55,800,800.00	85%
2101011	Works and Housing	33,100,000.00	31,010,900.00	94%
2101012	Procurement	10,000,000.00	9,900,000.00	99%
2101013	Legal Services	4,000,000.00	5,500,000.00	138%
2101014	Youth, Women & Social Development	28,500,000.00	22,000,500.00	77%
2101015	Primary Health Care	17,000,000.00	180,613,441.00	1062%
2101016	Environment	49,000,000.00	39,000,000.00	80%
2101017	Water and Sanitary Hygiene	17,000,000.00	20,200,000.00	119%
	Total	577,800,000.00	585,117,385.84	101%

NOTE 4: SCHEDULE OF OVERHEAD COST OF IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	87,700,000.00	700,000.00	1%
22020102	The Council (Legislative)	42,000,000.00	-	0%
22020103	Personnel Management (Admin)	61,900,000.00	87,406,685.00	141%
22020104	Internal Audit	8,000,000.00	360,000.00	5%
22020105	Information	11,000,000.00	340,000.00	3%
22020106	Office of the Head of LGA	48,500,000.00	1,300,000.00	3%
22020107	Agriculture and National Resources	12,000,000.00	2,200,000.00	18%
22020108	Finance and Supply	32,500,000.00	28,500,000.00	88%
22020109	Budget, Planning & Statistics	13,000,000.00	8,000,000.00	62%
22020110	Procurement	-	500,000.00	
22020111	Revenue	14,000,000.00	11,000,000.00	79%
22020112	Works & Housing	13,000,000.00	14,800,000.00	114%
22020113	Legal Services	8,000,000.00	6,800,000.00	85%
22020114	Social Development	26,500,000.00	18,000,000.00	147%
22020115	Primary Health Care	11,000,000.00	8,500,000.00	77%
22020116	Environment	11,500,000.00	3,332,030.00	29%
22020117	Water and Sanitary Hygiene	6,000,000.00	3,300,000.00	55%
22020118	Contribution to LG Service Commission	7,000,000.00	11,000,000.00	157%
	Total	413,600,000.00	206,038,715.00	50%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	624,691.67	81,033,690.26	12,861,054.85	77,663,434.69	172,182,871.47
February	624,691.67	79,235,525.51	10,340,927.15	60,932,751.01	151,133,895.34
March	624,691.67	76,325,386.66	10,895,528.23	72,285,336.76	160,130,943.32
April	624,691.67	73,257,762.45	13,058,316.45	77,631,930.18	164,572,700.75
May	624,691.67	72,193,645.80	11,568,555.77	69,130,904.76	153,517,798.00
June	624,691.67	71,214,703.20	13,683,519.16	100,228,479.32	185,751,393.35
July	624,691.67	70,507,112.84	14,388,951.97	102,366,816.39	187,887,572.87
August	624,691.67	70,364,656.12	16,687,147.36	124,505,246.68	212,181,741.83
September	624,691.67	89,813,442.12	12,675,639.96	120,221,441.57	223,335,215.32
October	624,691.67	87,829,189.86	13,389,126.37	103,560,162.40	205,403,170.30
November	624,691.67	90,534,486.29	15,278,653.88	108,496,097.20	214,933,929.04
December	624,691.67	86,160,061.47	15,860,283.88	111,546,741.80	214,191,778.82
Total	₦ 7,496,300.04	₦ 948,469,662.58	₦ 160,687,705.03	₦ 1,128,569,342.76	₦ 2,245,223,010.41

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	10,100,000.00	-	-	20,200,000.00	30,300,000.00
February	-	-	2,000,000.00	12,000,000.00	14,000,000.00
March	15,550,000.00	-	-	-	15,550,000.00
April	-	-	3,700,000.00	10,000,000.00	13,700,000.00
May	6,000,000.00	-	6,500,000.00	-	12,500,000.00
June	-	-	4,700,000.00	18,800,000.00	23,500,000.00
July	-	-	-	19,000,000.00	19,000,000.00
August	4,700,000.00	-	-	21,200,000.00	25,900,000.00
September	-	-	3,137,085.00	-	3,137,085.00
October	-	-	-	33,000,000.00	33,000,000.00
November	9,000,000.00	-	-	28,400,000.00	37,400,000.00
December	15,150,000.00	-	-	28,400,000.00	43,550,000.00
Total	₦ 60,500,000.00		₦ 20,037,085.00	₦ 191,000,000.00	₦ 271,537,085.00

NOTE 7:		
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022		
Cash and Cash Equivalent	-	14,604,003.81
Inventories		-
Loans Granted		-
Investments		-
Advances		1,407,086,981.06
Property, Plant and Equipment (PPE)		
Investment Properties		
Prepayments		
Total Assets	₦	1,392,482,977.25

NOTE 8:		
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022		
Deposits		276,126,638.16
Loans/Debts		-
Payables		-
Long Term Borrowings		-
Total Liabilities	₦	276,126,638.16

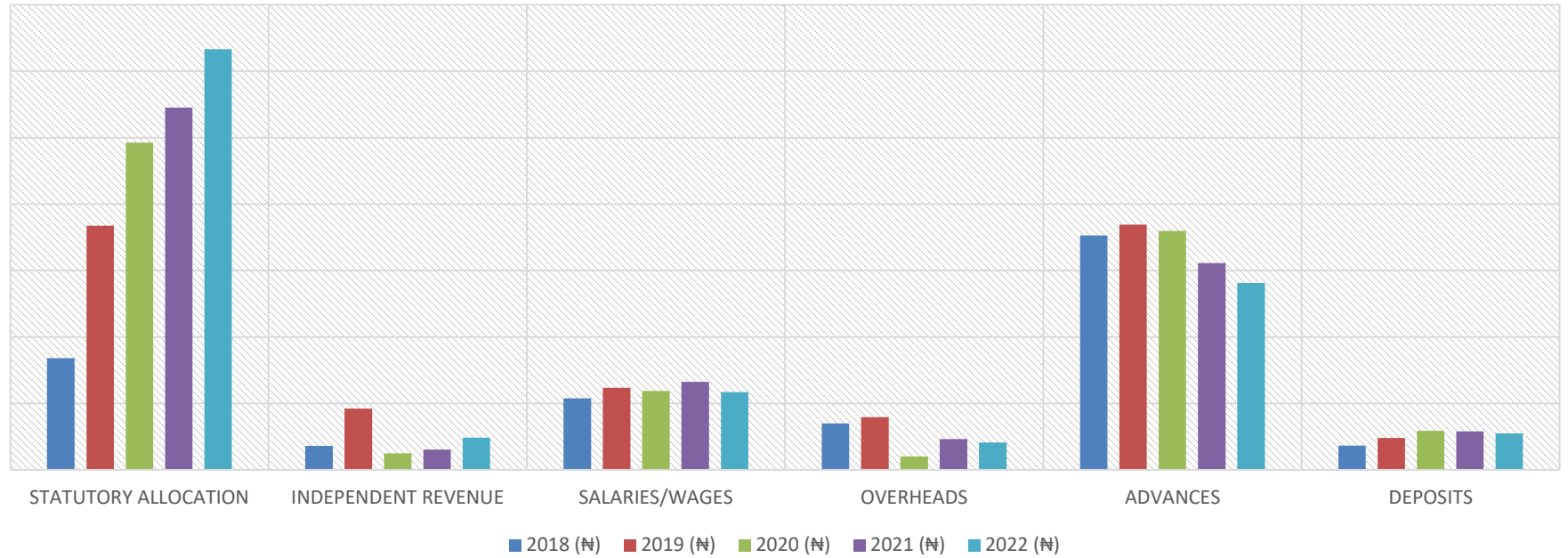
NOTE 9:		
CAPITAL RESERVES		
Reserves as at 1/1/2022		1,014,044,310.24
Accumulated Surpluses/Deficits for the Year		102,312,028.85
Net Assets/Equity as at 31/12/2022	₦	1,116,356,339.09

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/IOLG/DGE/1	Various	Expenditure not supported by proper records or accounts	7,500,000.00	Resolved
2	AQ/IOLG/DGE/2	Various	Irregular Expenditure	6,431,500.00	Resolved
3	AQ/IOLG/DGE/3	Various	Irregular Expenditure	43,470,000.00	Resolved
	Total			₦ 57,401,500.00	

IKPOBA-OKHA LOCAL GOVERNMENT COUNCIL, IDOGBO							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	841,448,212.02	1,837,296,042.79	2,463,256,206.63	2,726,920,929.82	3,166,071,886.46	11,034,993,277.72
2	INDEPENDENT REVENUE	181,287,549.20	461,415,783.00	125,586,470.12	154,031,732.13	242,156,338.64	1,164,477,873.09
3	SALARIES/WAGES	538,547,003.00	618,436,483.64	593,621,425.22	663,979,618.26	585,117,385.84	2,999,701,915.96
4	OVERHEADS	349,648,662.67	398,441,514.69	101,545,800.00	231,603,932.07	206,038,715.00	1,287,278,624.43
5	ADVANCES	1,765,226,580.06	1,846,154,944.06	1,798,984,344.06	1,556,925,639.06	1,407,086,981.06	8,374,378,488.30
6	DEPOSITS	182,876,987.34	241,348,578.46	293,793,163.69	289,830,467.32	276,126,638.16	1,283,975,834.97
	TOTAL	3,859,034,994.29	5,403,093,346.64	5,376,787,409.72	5,623,292,318.66	5,882,597,945.16	26,144,806,014.47

FIVE YEARS FINANCIAL SUMMARY ANALYSES



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

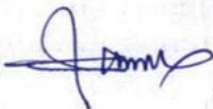
These Financial Statements have been prepared by the Treasurer of Oredo Local Government Council, Benin City in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Oredo Local Government Council, Benin City as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: DR SCOT O. AIGBOVIA

Signature: 

Date: 21/03/2023

Name of Chairman: OSIFO KESSINGTON

Signature: 

Date: 21/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Oredo Local Government Council, Benin City for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Oredo Local Government Council, Benin City is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

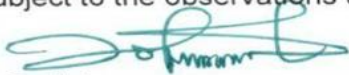
It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Oredo Government Council, Benin City for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Oredo Local Government Council realized as revenue a total sum of ₦3,652,401,595.62. Of this amount, the sum of ₦3,229,326,549.47 was received as statutory allocations from the federation account while the balance sum of ₦423,075,046.15 represented independent revenue. See **Notes 1** and **2** for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦3,229,326,549.47 that accrued from the federation account to Oredo Local Government Councils, Benin City as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Oredo Local Government Council, Benin City and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Oredo Local Government Council, Benin City spent the sum of ₦577,497,616.54 on salaries and wages, the sum of ₦182,244,245.17 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦2,417,013,503.53. The capital expenditure for year stood at ₦912,932,395.23.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Oredo Local Government Council, Benin City as at 31st December, 2022 amounted to ₦958,989,985.36. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. GENERAL INVESTMENTS

The investments held by Oredo Local Government Council, Benin City as 31st December 2022 stood at ₦385,910.69. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

6. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of (₦48,674,916.88) was outstanding in the Deposits Accounts of Oredo Local Government Council, Benin City. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦19,841,095.25.

7. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Oredo Local Government Council, Benin City is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,260,018,718.00	3,229,326,549.47	99%
Independent Revenue	536,093,938.03	423,075,046.15	79%
<u>EXPENDITURE</u>			
Salary and Wages	798,533,607.15	577,497,616.54	72%
Overhead Cost	242,175,000.00	182,244,245.17	75%
Transferred to SUBEB and other Local Government Entities	2,065,157,748.16	2,417,013,503.53	117%
Capital Expenditure	1,098,580,000.00	912,932,395.23	83%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was high.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

8. **AUTHORIZATION**

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

9. **REVALUATION OF ASSETS**

Oredo Local Government Council, Benin City is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

10. BUDGET PREPARATION

Oredo Local Government Council, Benin City is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦6,312,000.00 attached to Audit Inspection Reports on the 2022 accounts for Oredo Local Government Council, Benin City have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books.

Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Oredo Local Government Council, Benin City prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	958,989,985.36		971,893,770.98	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				958,989,985.36		971,893,770.98
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	1,706,198.77		1,706,198.77	
Investments	310901	7	385,910.69		385,910.69	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	-		785,189,069.40	
Total Non-Current Assets: B				2,092,109.46		787,281,178.86
Total Assets: C = A+B				961,082,094.82		1,759,174,949.84
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	- 48,674,916.88		312,131,773.29	
Short Term Loans and Debts	410201	8	19,841,095.25		19,841,095.25	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				- 28,833,821.63		331,972,868.54
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				- 28,833,821.63		331,972,868.54
Net Assets: G = C-F				989,915,916.45		1,427,202,081.30
NET ASSETS/EQUITY						
Reserves: H	430301	9	1,427,202,081.30		2,194,808,850.68	
Accumulated Surpluses/(Deficits): I	430201	9	- 437,286,164.85		- 767,606,769.38	
Total Net Assets/Equity: G = H+I				989,915,916.45		1,427,202,081.30

OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
2,194,808,850.68	Net Assets/Equity As At 1/1/2022 – A			-	1,427,202,081.30	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,629,388,202.51	Share of Federation Account	110101	1	2,140,018,718.00	1,803,478,784.55	84%
1,025,968,655.16	Share of Value Added Tax (VAT)	110102	1	1,100,000,000.00	1,246,682,355.73	113%
128,191,500.38	Excess Crude Oil and Others	110103	1	20,000,000.00	179,165,409.19	896%
2,783,548,358.05	Sub-Total Statutory Allocation – B			3,260,018,718.00	3,229,326,549.47	99%
	<u>Independent Revenue:</u>					
42,951,194.00	Licences General	120201	2	66,100,000.00	14,508,858.00	22%
328,033,797.29	Fees General	120204	2	397,493,938.03	284,960,539.50	72%
9,948,295.00	Fines General	120205	2	30,000,000.00	100,240,968.65	334%
-	Sales General	120206	2	-	-	
78,756,601.00	Earnings General	120207	2	42,500,000.00	23,364,680.00	55%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	

-	Investment Income	120214	2	-	-	
459,689,887.29	Sub-Total Independent Revenue – C			536,093,938.03	423,075,046.15	79%
5,438,047,096.02	Total Receipts (A+B+C)			3,796,112,656.03	5,079,603,676.92	134%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
680,151,674.61	Salaries and Wages	210101	3	798,533,607.15	577,497,616.54	72%
178,757,256.71	Overhead Cost	220201	4	242,175,000.00	182,244,245.17	75%
1,942,917,591.83	SUBEB and other Transfers to Local Govt. Entities	220701	5	2,065,157,748.16	2,417,013,503.53	117%
-	Depreciation			-	-	
2,801,826,523.15	Sub-Total Recurrent Expenditure: E			3,105,866,355.31	3,176,755,365.24	102%
	<u>Capital Expenditure:</u>					
291,950,158.37	Land and Building General	320101	6	140,600,000.00	67,250,000.00	48%
237,287,500.00	Infrastructure General	320102	6	444,530,000.00	351,432,169.12	79%
25,545,400.00	Furniture and Fittings General	320106	6	11,750,000.00	5,533,105.30	47%
654,235,433.27	Intangible Assets	320301	6	501,700,000.00	488,717,120.81	97%
1,209,018,491.64	Sub-Total Capital Expenditure: F			1,098,580,000.00	912,932,395.23	83%
4,010,845,014.79	Total Expenditure: G = E + F			4,204,446,355.31	4,089,687,760.47	97%
1,427,202,081.30	Net Assets/Equity As At 31/12/2022				989,915,916.45	
5,438,047,096.09					5,079,603,676.92	

OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,803,478,784.55		1,629,388,202.51	
110102	Share of Value Added Tax (VAT)	1	1,246,682,355.73		1,025,968,655.16	
110103	Excess Crude Oil and Others	1	179,165,409.19		128,191,500.38	
	Sub-Total Statutory Revenue – A			3,229,326,549.47		2,783,548,358.05
	<u>Independent Revenue</u>					
120201	Licences General	2	14,508,858.00		42,951,194.00	
120204	Fees General	2	284,960,539.50		328,033,797.29	
120205	Fines General	2	100,240,968.65		9,948,295.00	
120206	Sales General	2	-		-	
120207	Earnings General	2	23,364,680.00		78,756,601.07	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			423,075,046.15		459,689,887.36
	Total Inflow from Operating Activities C = A+B			3,652,401,595.62		3,243,238,245.41
	<u>OUTFLOWS:</u>					

210101	Salaries and Wages	3	577,497,616.54		680,151,674.61	
220201	Overhead Cost	4	182,244,245.17		178,757,256.71	
220701	SUBEB and other Transfers to Local Government Entities	5	2,417,013,503.53		1,942,917,591.83	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			3,176,755,365.24		2,801,826,523.15
	Net Cashflow from Operating Activities – E = C-D			475,646,230.38		441,411,722.26
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	67,250,000.00		291,950,158.37	
320102	Infrastructure General	6	351,432,169.12		237,287,500.00	
320106	Furniture and Fittings General	6	5,533,105.30		25,545,400.00	
320301	Intangible Assets	6	488,717,120.81		654,235,433.27	
	Total Outflow from Investing Activities – F			912,932,395.23		1,209,018,491.64
	Net Cashflow from Investing Activities – G = E - F			- 437,286,164.85		- 767,606,769.38
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 785,189,069.40		- 861,429,482.00	
410101	Deposits		- 360,806,690.17		- 67,562,074.10	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 424,382,379.23		- 793,867,407.90
	Net Cashflow from all Activities – I = G - H			- 12,903,785.62		26,260,638.52
	Cash and Cash Equivalent As At 1/1/2022			971,893,770.98		945,633,132.46
	Cash and Cash Equivalent As At 31/12/2022			958,989,985.36		971,893,770.98

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	158,267,628.75	102,418,215.68	1,564,957.68	262,250,802.11
February	78,057,362.19	94,719,308.02	38,269,710.90	211,046,381.11
March	105,082,179.79	90,208,242.03	26,799,693.33	222,090,115.15
April	155,386,536.31	110,766,633.18	-	266,153,169.49
May	138,253,969.10	94,585,441.62	2,978,558.32	235,817,969.04
June	117,767,789.40	107,404,244.06	52,626,046.31	277,798,079.77
July	186,184,690.49	107,387,849.73	-	293,572,540.22
August	241,667,049.71	99,396,821.91	-	341,063,871.62
September	137,874,104.44	113,610,655.74	6,699,923.33	258,184,683.51
October	148,116,432.06	103,782,439.72	5,528,753.78	257,427,625.56
November	131,363,156.87	113,678,309.95	35,220,826.90	280,262,293.72
December	205,457,885.44	108,724,194.09	9,476,938.64	323,659,018.17
Total	₦ 1,803,478,784.55	₦ 1,246,682,355.73	₦ 179,165,409.19	₦ 3,229,326,549.47

NOTE 2:**SCHEDULE OF INDEPENDENT REVENUE OF OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY FOR THE YEAR 2022**

Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investme nt Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	1,687,150.00	18,565,118.00	8,993,800.00	-	-	1,900,000.00	-	-	-	31,146,068.00
February	3,491,920.00	23,513,910.00	8,110,000.00	-	-	1,953,450.00	-	-	-	37,069,280.00
March	1,861,822.00	26,640,824.00	8,270,700.00	-	-	1,843,700.00	-	-	-	38,617,046.00
April	3,026,908.00	29,642,362.00	8,387,273.37	-	-	1,969,556.00	-	-	-	43,026,099.37
May	2,620,818.00	24,316,851.00	8,275,145.00	-	-	2,433,273.00	-	-	-	37,646,087.00
June	150,000.00	22,786,404.00	8,101,175.20	-	-	1,884,400.00	-	-	-	32,921,979.20
July	1,670,240.00	45,118,485.50	8,117,105.08	-	-	1,993,454.00	-	-	-	56,899,284.58
August	-	19,960,477.00	8,353,415.00	-	-	1,995,257.00	-	-	-	30,309,149.00
September	-	19,540,461.00	8,400,000.00	-	-	1,943,100.00	-	-	-	29,883,561.00
October	-	20,961,068.00	8,104,500.00	-	-	1,959,800.00	-	-	-	31,025,368.00
November	-	24,848,639.00	9,127,855.00	-	-	1,543,800.00	-	-	-	35,520,294.00
December	-	9,065,940.00	8,000,000.00	-	-	1,944,890.00	-	-	-	19,010,830.00
Total	14,508,858.00	284,960,539.50	100,240,968.65	-	-	23,364,680.00	-	-	-	423,075,046.15

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	50,015,400.00	32,441,554.17	65%
21010102	The Council (Legislative)	27,705,794.52	7,211,200.00	26%
21010103	Personnel Management	185,020,000.00	163,105,182.41	88%
21010104	Internal Audit	5,493,107.15	6,568,133.58	120%
21010105	Information	12,900,000.00	17,922,786.90	139%
21010106	Office of the Head of LGA	7,920,000.00	7,958,949.92	100%
21010107	Agriculture and National Resources	10,060,000.00	10,325,272.62	103%
21010108	Finance and Supply	35,866,000.00	15,325,272.62	43%
21010109	Budget, Planning & Statistics	16,600,000.00	18,511,510.67	112%
2101010	Revenue	57,766,000.00	36,738,251.54	64%
2101011	Works and Housing	70,460,000.00	63,444,190.32	90%
2101012	Procurement	6,020,000.00	4,328,180.65	72%
2101013	Legal Services	12,900,000.00	11,111,928.99	86%
2101014	Youth, Women & Social Development	44,807,840.00	34,102,352.35	76%
2101015	Primary Health Care	185,055,745.48	70,386,716.31	38%
2101016	Environment	54,164,570.00	67,255,506.50	124%
2101017	Water and Sanitary Hygiene	15,779,150.00	10,760,626.99	68%
	Total	798,533,607.15	577,497,616.54	72%

NOTE 4: SCHEDULE OF OVERHEAD COST OF OREDO LOCAL GOVERNMENT COUNCIL, BENIN FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	42,550,000.00	32,441,554.17	76%
22020102	The Council (Legislative)	13,900,000.00	7,211,200.00	52%
22020103	Personnel Management (Admin)	56,600,000.00	48,017,180.00	85%
22020104	Internal Audit	1,975,000.00	3,160,000.00	160%
22020105	Information	7,800,000.00	11,687,421.00	150%
22020106	Office of the Head of LGA	3,000,000.00	1,098,500.00	37%
22020107	Agriculture and National Resources	3,300,000.00	1,055,000.00	32%
22020108	Finance and Supply	10,850,000.00	9,149,250.00	84%
22020109	Budget, Planning & Statistics	5,000,000.00	5,713,000.00	114%
22020110	Procurement	3,300,000.00	922,000.00	28%
22020111	Revenue	27,500,000.00	18,175,600.00	66%
22020112	Works & Housing	23,600,000.00	13,725,600.83	58%
22020113	Legal Services	6,500,000.00	2,930,000.00	45%
22020114	Social Development	6,500,000.00	10,299,000.00	158%
22020115	Primary Health Care	11,550,000.00	2,389,939.17	21%
22020116	Environment	5,000,000.00	4,449,000.00	89%
22020117	Water and Sanitary Hygiene	3,500,000.00	820,000.00	23%
22020118	Contribution to LG Service Commission	9,750,000.00	9,000,000.00	92%
	Total	242,175,000.00	182,244,245.17	75%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	912,547.35	82,618,224.25	13,112,540.11	89,835,391.60	186,478,703.31
February	912,547.35	80,664,191.42	10,552,319.06	70,160,284.32	162,289,342.15
March	912,547.35	77,789,316.65	11,104,505.76	83,415,389.74	173,221,759.50
April	912,547.35	74,656,582.82	13,307,658.47	89,801,364.80	178,678,153.44
May	912,547.35	73,581,176.70	11,790,898.48	79,132,982.74	165,417,605.27
June	912,547.35	72,288,815.35	13,889,903.99	133,342,060.02	220,433,326.71
July	912,547.35	71,926,545.68	10,678,627.01	116,641,208.67	200,158,928.71
August	912,547.35	71,908,162.40	17,053,193.59	139,362,136.56	229,236,039.90
September	912,547.35	91,468,577.51	12,909,234.17	115,553,558.46	220,843,917.49
October	912,547.35	89,471,883.89	13,643,525.20	116,590,989.29	220,618,945.73
November	912,547.35	92,276,278.25	14,013,114.69	121,877,755.43	229,079,695.72
December	912,547.35	87,912,931.14	16,182,950.91	125,548,656.20	230,557,085.60
Total	₦ 10,950,568.20	₦ 966,562,686.06	₦ 158,238,471.44	₦ 1,281,261,777.83	₦ 2,417,013,503.53

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	2,354,400.00	32,923,900.00	-	21,373,800.00	56,652,100.00
February	8,753,800.00	49,574,843.09	650,000.00	15,454,740.00	74,433,383.09
March	2,234,500.00	22,523,063.00	562,500.00	29,983,740.00	55,303,803.00
April	-	35,754,110.00	-	37,992,000.00	73,746,110.00
May	3,854,500.00	22,343,750.00	-	45,437,811.67	71,636,061.67
June	-	38,013,750.00	-	37,871,300.00	75,885,050.00
July	-	29,517,000.00	882,000.00	34,485,134.14	64,884,134.14
August	6,750,700.00	9,250,000.00	370,000.00	93,169,575.00	109,540,275.00
September	5,789,500.00	33,050,000.00	1,020,000.00	87,103,430.00	126,962,930.00
October	12,613,550.00	42,009,939.21	550,000.00	33,945,545.00	89,119,034.21
November	3,455,000.00	21,650,000.00	-	20,145,345.00	45,250,345.00
December	21,444,050.00	14,821,750.00	1,498,669.12	31,754,700.00	69,519,169.12
Total	₦ 67,250,000.00	₦ 351,432,105.30	₦ 5,533,169.12	₦ 488,717,120.81	₦ 912,932,395.23

NOTE 7:		
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022		
Cash and Cash Equivalent		958,989,985.36
Inventories		-
Loans Granted		1,706,198.77
Investments		385,910.69
Advances		-
Property, Plant and Equipment (PPE)		-
Investment Properties		-
Prepayments		-
Total Assets	₦	961,082,094.82

NOTE 8:		
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022		
Deposits	-	48,674,916.88
Loans/Debts		19,841,095.25
Payables		-
Long Term Borrowings		
Total Liabilities	-₦	28,833,821.63

NOTE 9:		
CAPITAL RESERVES		
Reserves as at 1/1/2022		1,427,202,081.30
Accumulated Surpluses/Deficits for the Year	-	437,286,164.85
Net Assets/Equity as at 31/12/2022	₦	989,915,916.45

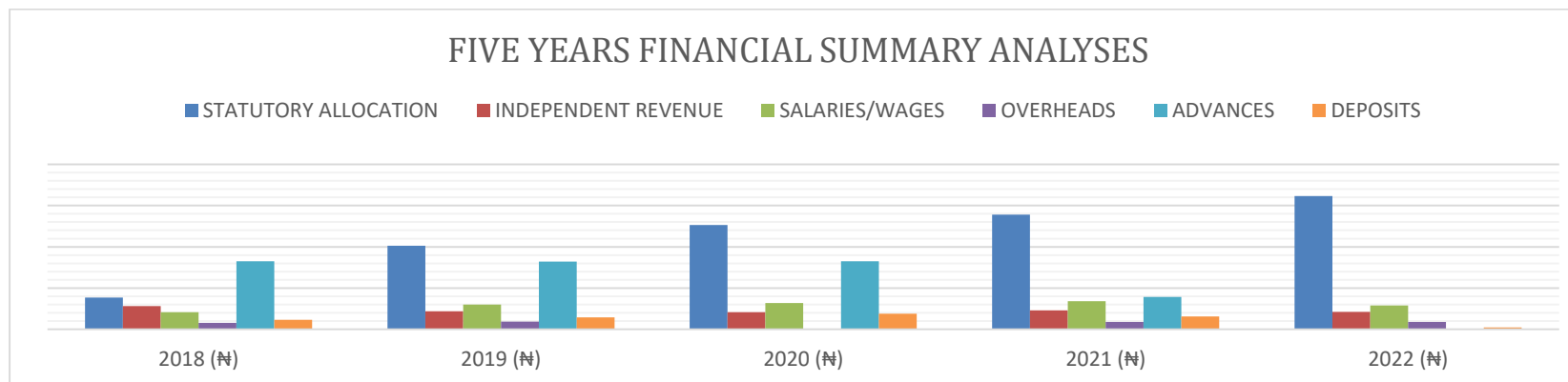
NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/OLG/BEN/1	18/Feb/2022	Irregular Expenditure	1,312,000.00	Resolved
2	AQ/OLG/BEN/2	90/Feb/2022	Irregular Expenditure	900,000.00	Resolved
3	AQ/OLG/BEN/3	51/Nov/2022	Irregular Expenditure	4,100,000.00	Resolved
	Total			₦ 6,312,000.00	

OREDO LOCAL GOVERNMENT COUNCIL, BENIN CITY

FIVE YEARS FINANCIAL SUMMARY ANALYSES

S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	767,523,237.27	2,027,321,085.64	2,529,364,184.81	2,783,548,358.05	3,229,326,549.47	11,337,083,415.24
2	INDEPENDENT REVENUE	560,510,778.69	438,401,779.75	414,366,454.17	459,689,887.36	423,075,046.15	2,296,043,946.12
3	SALARIES/WAGES	420,005,778.15	602,122,000.00	635,918,237.39	680,151,674.61	577,497,616.54	2,915,695,306.69
4	OVERHEADS	160,630,684.71	189,917,976.00	2,478,855.94	178,757,256.71	182,244,245.17	714,029,018.53
5	ADVANCES	1,647,999,584.61	1,643,109,829.97	1,646,618,551.40	785,189,069.40	-	5,722,917,035.38
6	DEPOSITS	230,012,769.30	291,595,085.48	379,693,847.39	312,131,773.29	48,674,916.88	1,262,108,392.34
	TOTAL	3,786,682,832.73	5,192,467,756.84	5,608,440,131.10	5,199,468,019.42	4,460,818,374.21	24,247,877,114.30



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Orhionmwon Local Government Council, Abudu in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

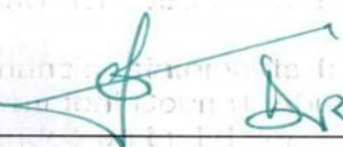
The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Orhionmwon Local Government Council, Abudu as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: AGANBI ENARUNA

Signature:  Date: 31-03-2023

Name of Chairman:  DR ODIGIE FRANCIS

Signature:  Date: 31/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Orhionmwon Local Government Council, Abudu for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Orhionmwon Local Government Council, Abudu is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Orhionmwon Government Council, Abudu for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.
27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Orhionmwon Local Government Council realized as revenue a total sum of ₦2,531,023,051.42. Of this amount, the sum of ₦2,467,464,673.20 was received as statutory allocations from the federation account while the balance sum of ₦63,558,378.22 represented independent revenue. See **Notes 1** and **2** for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,467,464,673.20 that accrued from the federation account to Orhionmwon Local Government Councils, Abudu as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Oredo Local Government Council, Benin City was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Orhionmwon Local Government Council, Abudu spent the sum of ₦482,112,251.71 on salaries and wages, the sum of ₦169,332,578.97 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,823,410,243.55. The capital expenditure for year stood at ₦79,979,916.81.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Orhionmwon Local Government Council, Abudu as at 31st December, 2022 amounted to ₦471,744,774.24. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦780,284,970.76. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Orhionmwon Local Government Council, Abudu as 31st December 2022 stood at ₦537,849.07. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

DEPOSITS

As at 31st December, 2022, a total sum of ₦538,973,562.88 was outstanding in the Deposits Accounts of Orhionmwon Local Government Council, Abudu. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

8. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Orhionmwon Local Government Council, Abudu is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,947,772,629.00	2,467,464,673.20	84%
Independent Revenue	70,000,000.00	63,558,378.22	91%
<u>EXPENDITURE</u>			
Salary and Wages	568,968,722.62	482,112,251.71	85%
Overhead Cost	255,198,312.41	169,332,578.97	66%
Transferred to SUBEB and other Local Government Entities	1,747,492,595.21	1,823,410,243.55	104%
Capital Expenditure	506,165,846.87	79,979,916.81	16%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

9. **AUTHORIZATION**

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Orhionmwon Local Government Council, Abudu is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Orionmwon Local Government Council, Abudu is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦9,000,000.00 attached to Audit Inspection Reports on the 2022 accounts for Orhionmwon Local Government Council, Abudu have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

- c) Reconciliation of Financial Statements with Underlying Records
- i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.
- ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.
- The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.
- iii) Bank Reconciliation
- Orhionmwon Local Government Council, Abudu prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.
- d) Response To Audit Queries
- Note 10 to the accounts shows the level of response to audit queries issued to Orhionmwon Local Government Council, Abudu. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.
- e) Adoption of IPSAS
- The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

ORHINMWON LOCAL GOVERNMENT COUNCIL, ABUDU
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	471,744,774.24		457,995,332.92	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				471,744,774.24		457,995,332.92
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	537,849.07		537,849.07	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	780,284,970.76		819,708,070.76	
Total Non-Current Assets: B				780,822,819.83		820,245,919.83
Total Assets: C = A+B				1,252,567,594.07		1,278,241,252.75
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	538,973,562.88		540,835,281.94	
Short Term Loans and Debts	410201	8	-		-	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				538,973,562.88		540,835,281.94
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				538,973,562.88		540,835,281.94
Net Assets: G = C-F				713,594,031.19		737,405,970.81
NET ASSETS/EQUITY						
Reserves: H	430301	9	737,405,970.81		1,242,319,162.28	
Accumulated Surpluses/(Deficits): I	430201	9	- 23,811,939.62		- 504,913,191.47	
Total Net Assets/Equity: G = H+I				713,594,031.19		737,405,970.81

ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
1,242,318,962.28	Net Assets/Equity As At 1/1/2022 – A			-	737,405,970.81	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,263,808,160.86	Share of Federation Account	110101	1	1,688,398,926.00	1,413,292,417.15	84%
752,217,061.17	Share of Value Added Tax (VAT)	110102	1	1,094,935,662.00	916,527,631.29	84%
100,516,620.21	Excess Crude Oil and Others	110103	1	164,438,041.00	137,644,624.76	84%
2,116,541,842.24	Sub-Total Statutory Allocation – B			2,947,772,629.00	2,467,464,673.20	84%
	<u>Independent Revenue:</u>					
-	Licences General	120201	2	22,580,000.00	660,000.00	3%
5,372,100.00	Fees General	120204	2	26,220,000.00	55,092,142.86	210%
25,656,838.57	Fines General	120205	2	1,300,000.00	2,050,816.57	158%
2,834,721.13	Sales General	120206	2	3,750,000.00	3,690,418.79	98%
-	Earnings General	120207	2	11,800,000.00	1,750,000.00	15%
1,083,767.00	Rent on Government Building General	120208	2	200,000.00	315,000.00	158%
-	Rent on Land and Others General	120211	2	1,300,000.00	-	0%
-	Repayment General	120213	2	2,600,000.00	-	0%
-	Investment Income	120214	2	250,000.00	-	0%

34,947,426.70	Sub-Total Independent Revenue – C			70,000,000.00	63,558,378.22	91%
3,393,808,231.22	Total Receipts (A+B+C)			3,017,772,629.00	3,268,429,022.23	108%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
401,519,223.15	Salaries and Wages	210101	3	568,968,722.62	482,112,251.71	85%
224,526,241.40	Overhead Cost	220201	4	255,198,312.41	169,332,578.97	66%
1,467,303,809.23	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,747,492,595.21	1,823,410,243.55	104%
94,753,937.72	Depreciation			-	-	
2,188,103,211.50	Sub-Total Recurrent Expenditure: E			2,571,659,630.24	2,474,855,074.23	96%
	<u>Capital Expenditure:</u>					
94,845,754.33	Land and Building General	320101	6	111,510,000.00	13,353,952.98	12%
144,751,514.07	Infrastructure General	320102	6	177,160,000.00	26,976,491.66	15%
30,077,331.14	Furniture and Fittings General	320106	6	11,450,000.00	10,904,296.75	95%
198,624,649.37	Intangible Assets	320301	6	206,045,846.87	28,745,175.42	14%
468,299,248.91	Sub-Total Capital Expenditure: F			506,165,846.87	79,979,916.81	16%
2,656,402,460.41	Total Expenditure: G = E + F			3,077,825,477.11	2,554,834,991.04	83%
737,405,770.81	Net Assets/Equity As At 31/12/2022				713,594,031.19	
3,393,808,231.22					3,268,429,022.23	

ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,413,292,417.15		1,263,808,160.86	
110102	Share of Value Added Tax (VAT)	1	916,527,631.29		752,217,061.17	
110103	Excess Crude Oil and Others	1	137,644,624.76		100,516,620.21	
	Sub-Total Statutory Revenue – A			2,467,464,673.20		2,116,541,842.24
	<u>Independent Revenue</u>					
120201	Licences General	2	360,000.00		5,372,100.00	
120204	Fees General	2	54,092,142.86		25,656,838.57	
120205	Fines General	2	2,050,816.57		2,834,721.13	
120206	Sales General	2	3,690,418.79		-	
120207	Earnings General	2	750,000.00		1,083,767.00	
120208	Rent on Government Buildings General	2	2,615,000.00		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			63,558,378.22		34,947,426.70
	Total Inflow from Operating Activities C = A+B			2,531,023,051.42		2,151,489,268.94
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	482,112,251.71		401,519,223.15	
220201	Overhead Cost	4	169,332,578.97		224,526,241.40	

220701	SUBEB and other Transfers to Local Government Entities	5	1,823,410,243.55		1,467,303,809.23	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			2,474,855,074.23		2,093,349,273.78
	Net Cashflow from Operating Activities – E = C-D			56,167,977.19		58,139,995.16
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	13,353,952.98		94,845,754.33	
320102	Infrastructure General	6	26,976,491.66		192,128,482.93	
320106	Furniture and Fittings General	6	10,904,296.75		77,454,300.00	
320301	Intangible Assets	6	28,745,175.42		198,624,649.37	
	Total Outflow from Investing Activities – F			79,979,916.81		563,053,186.63
	Net Cashflow from Investing Activities – G = E - F			- 23,811,939.62		- 504,913,191.47
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 39,423,100.00		- 426,052,618.30	
410101	Deposits		- 1,861,719.06		- 4,908,339.49	
410102	Other Accounts – Loan				-	
	Other Accounts – Investment				-	
420301	Proceeds from Borrowings				-	
	Payment/Charges on Borrowings				-	
	Net Cashflow from Financing Activities – H			- 37,561,380.94		- 421,144,278.81
	Net Cashflow from all Activities – I = G - H			13,749,441.32		- 83,768,912.66
	Cash and Cash Equivalent As At 1/1/2022			457,995,332.92		541,764,245.58
	Cash and Cash Equivalent As At 31/12/2022			471,744,774.24		457,995,332.92

NOTES TO THE ACCOUNTS

NOTE 1:					
SCHEDULE OF STATUTORY ALLOCATION TO ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU FOR THE YEAR ENDED 31ST DECEMBER 2022					
Month	Federation Account	Value Added Tax	Others	Total	
January	124,051,317.94	75,432,684.52	1,226,625.20	200,710,627.66	
February	61,181,927.92	69,079,143.72	29,810,671.56	160,071,743.20	
March	82,364,176.42	66,357,995.50	21,005,794.45	169,727,966.37	
April	121,505,732.16	81,334,172.84	-	202,839,905.00	
May	108,364,466.02	70,607,497.54	2,334,615.66	181,306,579.22	
June	92,307,249.44	78,819,925.79	38,620,271.49	209,747,446.72	
July	145,932,913.86	79,478,174.23	-	225,411,088.09	
August	189,420,390.37	73,886,123.78	-	263,306,514.15	
September	108,066,725.34	82,613,809.19	5,251,448.61	195,931,983.14	
October	116,094,736.18	76,434,150.11	4,352,059.28	196,880,945.57	
November	102,963,397.31	82,967,132.88	27,606,340.16	213,536,870.35	
December	161,039,384.19	79,516,821.19	7,436,798.35	247,993,003.73	
Total	₦ 1,413,292,417.15	₦ 916,527,631.29	₦ 137,644,624.76	₦ 2,467,464,673.20	

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	55,000.00	4,590,000.00	171,000.00	309,660.00	145,000.00	-	-	-	-	5,270,660.00
February	57,000.00	4,600,000.00	169,861.76	311,610.00	151,000.00	-	-	-	-	5,289,471.76
March	49,000.00	4,799,831.81	170,000.00	293,738.27	142,000.00	-	-	-	-	5,454,570.08
April	46,000.00	4,580,011.05	168,550.00	312,780.00	101,000.00	-	-	-	-	5,208,341.05
May	54,500.00	4,395,000.00	176,973.43	306,580.00	140,000.00	-	-	-	-	5,073,053.43
June	51,500.00	4,700,000.00	172,500.00	312,660.70	139,000.00	-	-	-	-	5,375,660.70
July	62,500.00	4,460,000.00	171,800.00	305,610.00	-	-	-	-	-	4,999,910.00
August	49,000.00	4,810,000.00	170,901.38	304,860.00	-	-	-	-	-	5,334,761.38
September	65,000.00	4,000,000.00	171,000.00	307,534.90	-	-	-	-	-	4,543,534.90
October	60,000.00	5,116,300.00	166,760.00	306,580.62	-	-	-	-	-	5,649,640.62
November	52,500.00	3,941,000.00	171,660.00	308,102.75	-	-	-	-	-	4,473,262.75
December	58,000.00	5,100,000.00	169,810.00	310,701.55	-	-	-	-	-	5,638,511.55
Total	660,000.00	55,092,142.86	2,050,816.57	3,690,418.79	818,000.00	-	-	-	-	62,311,378.22

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU FOR THE YEAR ENDED 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	73,970,000.00	5,814,607.62	8%
21010102	The Council (Legislative)	53,486,000.00	10,488,969.10	20%
21010103	Personnel Management	56,900,000.00	69,066,547.18	121%
21010104	Internal Audit	4,000,000.00	1,622,766.58	41%
21010105	Information	6,250,000.00	6,283,551.47	101%
21010106	Office of the Head of LGA	7,397,000.00	-	0%
21010107	Agriculture and National Resources	11,380,000.00	10,352,052.98	91%
21010108	Finance and Supply	23,010,000.00	24,483,290.72	106%
21010109	Budget, Planning & Statistics	5,120,000.00	2,901,756.48	57%
2101010	Revenue	11,138,000.00	8,299,686.30	75%
2101011	Works and Housing	35,961,017.11	33,357,933.83	93%
2101012	Procurement	3,783,000.00	3,301,496.26	87%
2101013	Legal Services	3,983,000.00	4,140,847.20	104%
2101014	Youth, Women & Social Development	20,300,016.69	38,493,581.49	190%
2101015	Primary Health Care	211,577,827.20	219,942,382.79	104%
2101016	Environment	35,000,000.00	34,567,329.76	99%
2101017	Water and Sanitary Hygiene	5,712,861.62	8,995,451.95	157%
	Total	568,968,722.62	482,112,251.71	85%

NOTE 4: SCHEDULE OF OVERHEAD COST OF ORHINMWON LOCAL GOVERNMENT COUNCIL, ABUDU FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	48,700,000.00	-	0%
22020102	The Council (Legislative)	30,800,000.00	-	0%
22020103	Personnel Management (Admin)	51,398,312.41	53,253,500.00	104%
22020104	Internal Audit	1,700,000.00	1,300,000.00	76%
22020105	Information	4,500,000.00	2,270,000.00	50%
22020106	Office of the Head of LGA	10,700,000.00	-	0%
22020107	Agriculture and National Resources	5,100,000.00	3,370,000.00	66%
22020108	Finance and Supply	23,100,000.00	20,100,000.00	87%
22020109	Budget, Planning & Statistics	5,900,000.00	5,400,000.00	92%
22020110	Procurement	5,400,000.00	4,000,000.00	74%
22020111	Revenue	7,100,000.00	6,360,000.00	90%
22020112	Works & Housing	16,300,000.00	20,696,200.00	127%
22020113	Legal Services	3,350,000.00	2,000,000.00	60%
22020114	Social Development	14,800,000.00	12,058,525.00	81%
22020115	Primary Health Care	13,500,000.00	15,000,000.00	111%
22020116	Environment	8,300,000.00	20,000,000.00	241%
22020117	Water and Sanitary Hygiene	4,550,000.00	3,524,353.97	77%
22020118	Contribution to LG Service Commission	-	-	
	Total	255,198,312.41	169,332,578.97	66%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	502,217.47	63,230,905.34	10,035,531.38	69,431,635.48	143,200,289.67
February	502,217.47	61,221,450.84	8,003,587.16	52,514,799.80	122,242,055.27
March	502,217.47	59,448,942.66	8,486,398.32	62,315,120.91	130,752,679.36
April	502,217.47	56,897,064.93	10,141,995.25	69,400,639.69	136,941,917.34
May	502,217.47	56,572,242.98	9,065,328.96	59,400,668.59	125,540,458.00
June	502,217.47	54,580,630.86	10,487,372.34	85,508,437.34	151,078,658.01
July	502,217.47	55,226,694.27	11,270,554.40	88,707,544.72	155,707,010.86
August	502,217.47	55,514,198.82	13,166,325.71	107,968,776.43	177,151,518.43
September	502,217.47	69,413,954.16	9,796,599.16	91,070,528.57	170,783,299.36
October	502,217.47	68,428,200.21	10,372,141.80	87,581,472.16	166,884,031.64
November	502,217.47	70,306,952.12	10,676,843.52	88,791,019.95	170,277,033.06
December	502,217.47	67,360,371.99	12,399,650.19	92,589,052.90	172,851,292.55
Total	₦ 6,026,609.64	₦ 738,201,609.18	₦ 123,902,328.19	₦ 955,279,696.54	₦ 1,823,410,243.55

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	1,710,000.00	2,248,040.00	908,691.39	2,415,228.97	7,281,960.36
February	1,825,000.00	2,126,000.00	910,219.66	2,500,000.00	7,361,219.66
March	-	1,960,550.66	876,281.50	2,292,648.05	5,129,480.21
April	1,200,000.00	2,501,000.00	905,225.33	2,259,620.00	6,865,845.33
May	2,500,000.00	1,980,624.00	901,276.84	2,198,675.00	7,580,575.84
June	-	1,862,580.00	917,994.86	2,392,380.00	5,172,954.86
July	1,450,000.00	2,100,000.00	912,299.37	2,395,431.42	6,857,730.79
August	2,200,000.00	2,774,816.50	909,345.66	2,248,000.00	8,132,162.16
September	-	2,400,000.00	913,445.25	2,315,626.12	5,629,071.37
October	1,112,830.42	2,412,880.50	896,220.19	2,800,000.00	7,221,931.11
November		2,360,000.00	898,480.00	2,400,000.00	5,658,480.00
December	1,356,122.56	2,250,000.00	954,816.70	2,527,565.86	7,088,505.12
Total	₦ 13,353,952.98	₦ 26,976,491.66	₦ 10,904,296.75	₦ 28,745,175.42	₦ 79,979,916.81

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	471,744,774.24
Inventories	-
Loans Granted	-
Investments	537,849.07
Advances	780,284,970.76
Property, Plant and Equipment (PPE)	-
Investment Properties	-
Prepayments	-
Total Assets	₱ 1,252,567,594.07

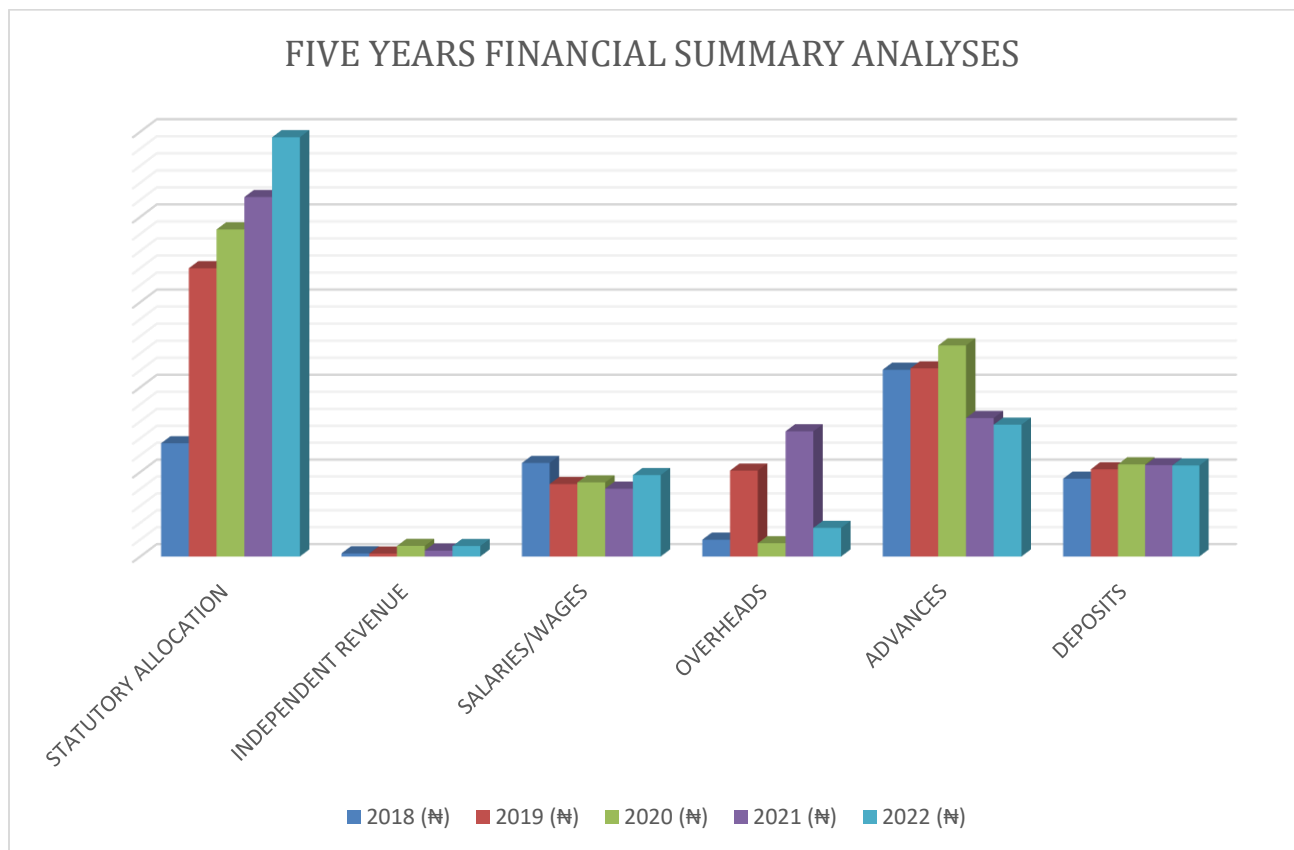
NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	538,973,562.88
Loans/Debts	-
Payables	-
Long Term Borrowings	-
Total Liabilities	₱ 538,973,562.88

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	737,405,970.81
Accumulated Surpluses/Deficits for the Year	- 23,811,939.62
Net Assets/Equity as at 31/12/2022	₱ 713,594,031.19

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
	Outstanding:				
1	AQ/OLGA/ABD/1/2021	198/June/2021	Irregular Expenditure	6,655,000.00	Unresolved
2	AQ/OLGA/ABD/2/2021	Various	Irregular Expenditure	16,550,000.00	Unresolved
3	AQ/OLGA/ABD/3/2021	177/June/2021	Irregular Expenditure	5,000,000.00	Unresolved
	Subtotal			28,205,000.00	
	Current:				
1	AQ/OLGA/ABD/1	54/Feb/2022	Irregular Expenditure	2,000,000.00	Unresolved
2	AQ/OLGA/ABD/2	39/Oct/2022	Irregular Expenditure	1,000,000.00	Unresolved
3	AQ/OLGA/ABD/3	84/Dec/2022	Unreasonable Expenditure	6,000,000.00	Unresolved
	Subtotal			9,000,000.00	
	Total			₦ 37,205,000.00	

ORHIONMWON LOCAL GOVERNMENT COUNCIL, ABUDU							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	670,351,635.06	1,698,804,047.47	1,926,512,733.86	2,116,541,842.24	2,467,464,673.20	8,879,674,931.83
2	INDEPENDENT REVENUE	18,609,325.40	17,616,714.99	62,948,185.17	34,947,426.70	62,311,378.22	196,433,030.48
3	SALARIES/WAGES	553,814,419.90	429,180,498.13	438,745,400.00	401,519,223.15	482,112,251.71	2,305,371,792.89
4	OVERHEADS	99,518,605.40	508,441,921.49	78,754,331.00	741,215,659.82	169,332,578.97	1,597,263,096.68
5	ADVANCES	1,103,024,263.81	1,110,865,039.06	1,245,760,689.06	819,708,070.76	780,284,970.76	5,059,643,033.45
6	DEPOSITS	460,700,709.39	516,243,029.90	545,743,621.43	540,835,281.94	538,973,562.88	2,602,496,205.54
	TOTAL	2,906,018,958.96	4,281,151,251.04	4,298,464,960.52	4,654,767,504.61	4,500,479,415.74	20,640,882,090.87



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Ovia North East Local Government Council, Okada in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Ovia North East Local Government Council, Okada as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: AUDU AYI PRISCILLA, FCA.

Signature: 

Date...31/03/23.....

Name of Chairman: Ahonsi, Mathias O (Gsq)

Signature moahonsi

Date...31/03/2023.....



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Ovia North East Local Government Council, Okada for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Ovia North East Local Government Council, Okada is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

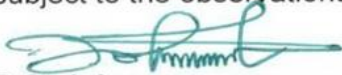
It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Ovia North East Government Council, Okada for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

**REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS,
EDO STATE**
**GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OVIA
NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA FOR THE YEAR
ENDED 31ST DECEMBER 2022**

1. REVENUE

During the year ended 31st December 2022, Ovia North East Local Government Council realized as revenue a total sum of ₦2,446,792,092.96. Of this amount, the sum of ₦2,345,369,897.59 was received as statutory allocations from the federation account while the balance sum of ₦101,422,195.37 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,345,369,897.59 that accrued from the federation account to Ovia North East Local Government Councils, Okada as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Ovia North East Local Government Council, Okada and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Ovia North East Local Government Council, Okada spent the sum of ₦420,593,957.36 on salaries and wages, the sum of ₦136,793,386.00 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,655,624,296.81. The capital expenditure for year stood at ₦742,430,360.08.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Ovia North East Local Government Council, Okada as at 31st December, 2022 amounted to ₦282,982,501.81. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦77,612,515.09 was outstanding in the Deposits Accounts of Ovia North East Local Government Council, Okada. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦99,940,000.00.

6. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Ovia North East Local Government Council, Okada is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,435,388,423.17	2,345,369,897.59	68%
Independent Revenue	110,500,000.00	101,422,195.37	92%
<u>EXPENDITURE</u>			
Salary and Wages	763,279,473.86	420,593,957.36	55%
Overhead Cost	249,640,000.00	136,793,386.00	55%
Transferred to SUBEB and other Local Government Entities	1,466,500,000.00	1,655,624,296.81	113%
Capital Expenditure	804,018,589.33	742,430,360.08	92%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was high.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

7. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

8. REVALUATION OF ASSETS

Ovia North East Local Government Council, Okada is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

9. BUDGET PREPARATION

Ovia North East Local Government Council, Okada is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦19,951,640.00 attached to Audit Inspection Reports on the 2022 accounts for Ovia North East Local Government Council, Okada have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Ovia North East Local Government Council, Okada prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	282,982,501.81		268,360,958.72	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				282,982,501.81		268,360,958.72
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	37,567.00		37,567.00	
Investments	310901	7	-		-	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	-		523,271,450.38	
Total Non-Current Assets: B				37,567.00		523,309,017.38
Total Assets: C = A+B				283,020,068.81		791,669,976.10
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	77,612,515.09		77,612,515.09	
Short Term Loans and Debts	410201	8	99,940,000.00		99,940,000.00	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				177,552,515.09		177,552,515.09
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				177,552,515.09		177,552,515.09
Net Assets: G = C-F				105,467,553.72		614,117,461.01
NET ASSETS/EQUITY						
Reserves: H	430301	9	614,117,461.01		1,195,457,077.40	
Accumulated Surpluses/(Deficits): I	430201	9	- 508,649,907.29		- 581,339,616.39	
Total Net Assets/Equity: G = H+I				105,467,553.72		614,117,461.01

OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
1,195,457,077.40	Net Assets/Equity As At 1/1/2022 – A			-	614,117,461.01	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,202,408,761.33	Share of Federation Account	110101	1	1,976,273,319.42	1,347,760,369.70	68%
711,055,024.34	Share of Value Added Tax (VAT)	110102	1	993,805,369.41	866,875,597.03	87%
95,860,209.09	Excess Crude Oil and Others	110103	1	465,309,734.34	130,733,930.86	28%
2,009,323,994.76	Sub-Total Statutory Allocation – B			3,435,388,423.17	2,345,369,897.59	68%
	<u>Independent Revenue:</u>					
3,787,337.08	Licences General	120201	2	32,000,000.00	530,000.00	2%
42,782,510.27	Fees General	120204	2	43,500,000.00	98,744,495.37	227%
-	Fines General	120205	2	-	-	
-	Sales General	120206	2	-	-	
8,345,700.00	Earnings General	120207	2	35,000,000.00	2,147,700.00	6%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	

54,915,547.35	Sub-Total Independent Revenue – C			110,500,000.00	101,422,195.37	92%
3,259,696,619.51	Total Receipts (A+B+C)			3,545,888,423.17	3,060,909,553.97	86%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
478,494,388.40	Salaries and Wages	210101	3	763,279,473.86	420,593,957.36	55%
63,625,778.18	Overhead Cost	220201	4	249,640,000.00	136,793,386.00	55%
1,331,327,852.47	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,466,500,000.00	1,655,624,296.81	113%
-	Depreciation			-	-	
1,873,448,019.05	Sub-Total Recurrent Expenditure: E			2,479,419,473.86	2,213,011,640.17	89%
	<u>Capital Expenditure:</u>					
394,545,705.00	Land and Building General	320101	6	245,774,193.53	218,707,910.00	89%
83,745,300.00	Infrastructure General	320102	6	100,000,000.00	94,365,200.00	94%
15,375,000.00	Furniture and Fittings General	320106	6	10,645,161.31	8,857,250.00	83%
278,465,134.45	Intangible Assets	320301	6	447,599,234.49	420,500,000.08	94%
772,131,139.45	Sub-Total Capital Expenditure: F			804,018,589.33	742,430,360.08	92%
2,645,579,158.50	Total Expenditure: G = E + F			3,283,438,063.19	2,955,442,000.25	90%
614,117,461.01	Net Assets/Equity As At 31/12/2022				105,467,533.72	
3,259,696,619.51					3,060,909,533.97	

OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,347,760,369.70		1,202,408,761.33	
110102	Share of Value Added Tax (VAT)	1	866,875,597.03		711,055,024.34	
110103	Excess Crude Oil and Others	1	130,733,930.86		95,860,209.09	
	Sub-Total Statutory Revenue – A			2,345,369,897.59		2,009,323,994.76
	<u>Independent Revenue</u>					
120201	Licences General	2	530,000.00		3,787,337.08	
120204	Fees General	2	98,744,495.37		42,782,510.27	
120205	Fines General	2	-		-	
120206	Sales General	2	-		-	
120207	Earnings General	2	2,147,700.00		8,345,700.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			101,422,195.37		54,915,547.35
	Total Inflow from Operating Activities C = A+B			2,446,792,092.96		2,064,239,542.11
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	420,593,957.36		478,494,388.40	
220201	Overhead Cost	4	136,793,386.00		63,625,778.18	
220701	SUBEB and other Transfers to Local Government Entities	5	1,655,624,296.81		1,331,327,852.47	

	Depreciation		-		-
	Total Outflow from Operating Activities – D			2,213,011,640.17	1,873,448,019.05
	Net Cashflow from Operating Activities – E = C-D			233,780,452.79	190,791,523.06
	CASHFLOW FROM INVESTING ACTIVITIES:				
320101	Land and Building General	6	218,707,910.00		394,545,705.00
320102	Infrastructure General	6	94,365,200.00		83,745,300.00
320106	Furniture and Fittings General	6	8,857,250.00		15,375,000.00
320301	Intangible Assets	6	420,500,000.08		278,465,134.42
	Total Outflow from Investing Activities – F			742,430,360.08	772,131,139.42
	Net Cashflow from Investing Activities – G = E - F			- 508,649,907.29	- 581,339,616.36
	CASHFLOW FROM FINANCIAL ACTIVITIES:				
301801	Advances		- 523,271,450.38		- 528,730,467.65
410101	Deposits		-		-
410102	Other Accounts – Loan		-		-
	Other Accounts – Investment		-		-
420301	Proceeds from Borrowings		-		-
	Payment/Charges on Borrowings		-		-
	Net Cashflow from Financing Activities – H			- 523,271,450.38	- 528,730,467.65
	Net Cashflow from all Activities – I = G - H			14,621,543.09	- 52,609,148.71
	Cash and Cash Equivalent As At 1/1/2022			268,360,958.72	320,970,107.43
	Cash and Cash Equivalent As At 31/12/2022			282,982,501.81	268,360,958.72

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA FOR THE YEAR ENDED 31ST DECEMBER, 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	118,304,666.89	71,374,325.16	1,169,802.05	190,848,794.10
February	58,347,688.05	65,223,114.35	28,158,366.34	151,729,168.74
March	78,548,673.36	62,771,152.22	20,032,705.46	161,352,531.04
April	115,815,429.64	76,907,819.31	-	192,723,248.95
May	103,344,505.05	67,001,449.79	2,226,465.09	172,572,419.93
June	88,031,135.66	74,521,124.51	36,513,940.25	199,066,200.42
July	139,172,602.49	75,280,832.61	-	214,453,435.10
August	180,645,530.85	70,049,564.84	-	250,695,095.69
September	103,060,557.14	77,952,187.32	5,008,176.37	186,020,920.83
October	110,716,672.09	72,321,235.42	4,175,095.96	187,213,003.47
November	98,193,639.70	78,348,472.90	26,327,482.29	202,869,594.89
December	153,579,268.78	75,124,318.60	7,121,897.05	235,825,484.43
Total	₦ 1,347,760,369.70	₦ 866,875,597.03	₦ 130,733,930.86	₦ 2,345,369,897.59

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	45,000.00	7,893,900.00	-	-	176,000.00	-	-	-	-	8,114,900.00
February	48,000.00	8,110,395.27	-	-	181,000.00	-	-	-	-	8,339,395.27
March	50,000.00	8,181,384.10	-	-	177,700.00	-	-	-	-	8,409,084.10
April	39,125.00	8,001,245.00	-	-	175,000.00	-	-	-	-	8,215,370.00
May	45,000.00	8,175,535.00	-	-	178,000.00	-	-	-	-	8,398,535.00
June	46,000.00	8,859,500.00	-	-	174,000.00	-	-	-	-	9,079,500.00
July	39,000.00	8,315,307.00	-	-	176,760.00	-	-	-	-	8,531,067.00
August	45,575.00	8,250,000.00	-	-	181,240.00	-	-	-	-	8,476,815.00
September	41,000.00	8,103,450.00	-	-	183,000.00	-	-	-	-	8,327,450.00
October	39,550.00	8,134,745.00	-	-	184,000.00	-	-	-	-	8,358,295.00
November	40,000.00	8,373,800.00	-	-	182,000.00	-	-	-	-	8,595,800.00
December	51,750.00	8,345,234.00	-	-	179,000.00	-	-	-	-	8,575,984.00
Total	530,000.00	98,744,495.37	-	-	2,147,700.00	-	-	-	-	101,422,195.37

NOTE 3: SCHEDULE OF OVERHEAD COST OF OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	47,547,915.16	-	0%
21010102	The Council (Legislative)	42,940,171.68	5,000,000.00	12%
21010103	Personnel Management	109,040,355.91	70,593,175.89	65%
21010104	Internal Audit	1,912,499.30	1,325,856.78	69%
21010105	Information	4,883,752.07	3,385,703.63	69%
21010106	Office of the Head of LGA	3,680,494.40	2,051,534.78	56%
21010107	Agriculture and National Resources	5,690,919.62	3,945,279.56	69%
21010108	Finance and Supply	27,561,967.10	19,107,573.65	69%
21010109	Budget, Planning & Statistics	7,190,933.14	3,985,176.00	55%
2101010	Revenue	60,261,994.13	40,777,151.00	68%
2101011	Works and Housing	55,411,272.76	32,414,347.18	58%
2101012	Procurement	3,936,647.85	2,206,451.08	56%
2101013	Legal Services	3,182,723.94	1,800,000.00	57%
2101014	Youth, Women & Social Development	22,068,511.76	16,499,187.88	75%
2101015	Primary Health Care	307,272,541.97	175,019,364.40	57%
2101016	Environment	43,923,542.91	28,450,378.46	65%
2101017	Water and Sanitary Hygiene	16,773,230.16	14,032,777.07	84%
	Total	763,279,473.86	420,593,957.36	55%

NOTE 4: SCHEDULE OF OVERHEAD COST OF OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	30,100,000.00	-	0%
22020102	The Council (Legislative)	5,000,000.00	5,000,000.00	100%
22020103	Personnel Management (Admin)	40,500,000.00	32,126,833.57	79%
22020104	Internal Audit	1,610,000.00	1,014,384.25	63%
22020105	Information	2,160,000.00	920,320.89	43%
22020106	Office of the Head of LGA	10,000,000.00	10,950,360.17	110%
22020107	Agriculture and National Resources	3,010,000.00	2,855,023.68	95%
22020108	Finance and Supply	13,500,000.00	10,632,500.00	79%
22020109	Budget, Planning & Statistics	12,460,000.00	6,577,750.00	53%
22020110	Procurement	1,360,000.00	100,000.00	7%
22020111	Revenue	26,000,000.00	20,730,191.57	80%
22020112	Works & Housing	23,400,000.00	3,560,385.70	15%
22020113	Legal Services	4,060,000.00	3,033,000.00	75%
22020114	Social Development	30,360,000.00	18,192,567.72	60%
22020115	Primary Health Care	20,860,000.00	5,750,000.00	28%
22020116	Environment	20,860,000.00	3,800,000.00	18%
22020117	Water and Sanitary Hygiene	4,400,000.00	2,550,068.45	58%
22020118	Contribution to LG Service Commission	10,000,000.00	9,000,000.00	90%
	Total	259,640,000.00	136,793,386.00	53%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	361,576.89	60,124,081.00	9,542,439.71	58,901,547.88	128,929,645.48
February	361,576.89	58,130,786.11	7,586,458.44	43,968,130.78	110,046,952.22
March	361,576.89	56,515,406.44	8,067,626.55	52,410,739.91	117,355,349.79
April	361,576.89	54,059,319.39	9,636,162.45	58,871,678.02	122,928,736.75
May	361,576.89	53,846,964.15	8,628,621.00	50,231,057.42	113,068,219.46
June	361,576.89	51,801,149.30	9,953,310.02	74,444,367.86	136,560,404.07
July	361,576.89	52,542,021.76	10,722,671.75	77,700,619.86	141,326,890.26
August	361,576.89	52,855,271.85	12,534,754.78	94,820,672.65	160,572,276.17
September	361,576.89	65,902,704.93	9,301,046.04	78,162,260.50	153,727,588.36
October	361,576.89	65,067,997.55	9,849,926.79	79,545,136.73	154,824,637.96
November	361,576.89	66,794,754.79	10,143,479.75	80,294,071.53	157,593,882.96
December	361,576.89	64,055,405.26	11,791,274.22	82,481,456.96	158,689,713.33
Total	₦ 4,338,922.68	₦ 701,695,862.53	₦ 117,757,771.50	₦ 831,831,740.10	₦ 1,655,624,296.81

NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF OVIA NORHT EAST LOCAL GOVERNMENT COUNCIL, OKADA FOR THE YEAR ENDED 31ST DECEMBER, 2022

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	10,800,000.00	7,863,000.00	738,100.16	105,800,220.00	125,201,320.16
February	11,000,000.00	5,500,000.00	-	45,500,000.00	62,000,000.00
March	15,000,000.00	12,700,000.00	1,818,349.84	20,000,000.00	49,518,349.84
April	18,200,000.00	13,100,000.00	-	15,500,000.00	46,800,000.00
May	13,726,750.00	-	2,800,800.00	130,000,000.00	146,527,550.00
June	22,400,000.00	14,700,000.00	-	55,800,000.00	92,900,000.00
July	19,800,000.00	10,200,200.00	3,500,000.00	13,000,000.00	46,500,200.00
August	21,700,000.00	16,700,700.00	-	12,000,000.00	50,400,700.00
September	26,600,600.00	6,600,000.00	-	-	33,200,600.00
October	18,300,310.00	-	-	-	18,300,310.00
November	27,453,500.00	3,000,300.00	-	-	30,453,800.00
December	13,726,750.00	4,001,000.00	-	22,899,780.08	40,627,530.08
Total	₦ 218,707,910.00	₦ 94,365,200.00	₦ 8,857,250.00	₦ 420,500,000.08	₦ 742,430,360.08

NOTE 7:	
CURRENT AND CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	282,982,501.81
Inventories	-
Loans Granted	37,567.00
Investments	-
Advances	-
Property, Plant and Equipment (PPE)	
Total Assets	₹ 283,020,068.81

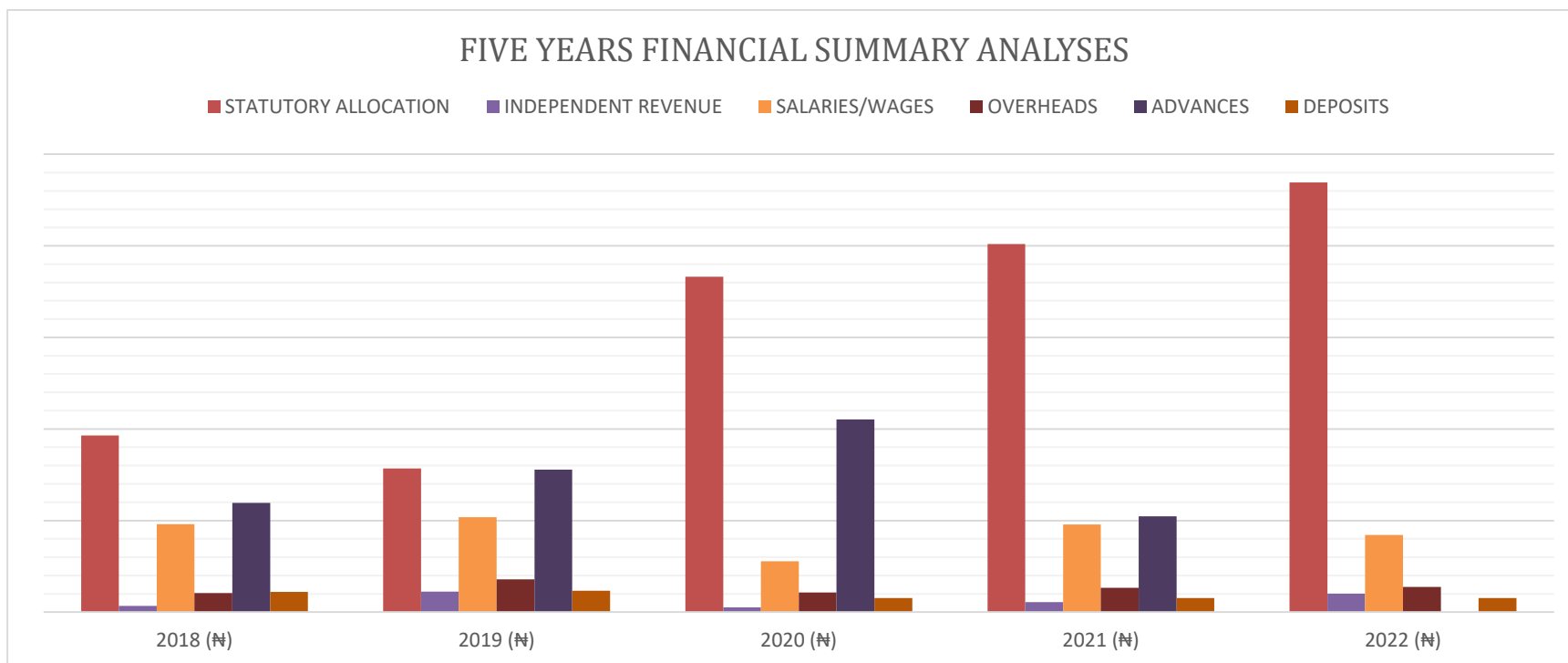
NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	77,612,515.09
Loans/Debts	99,940,000.00
Payables	-
Long Term Borrowings	-
Total Liabilities	₹ 177,552,515.09

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	614,117,461.01
Accumulated Surpluses/Deficits for the Year	- 508,649,907.29
Net Assets/Equity as at 31/12/2022	₹ 105,467,553.72

NOTE 10:**DETAILS OF AUDIT QUERIES ISSUED TO OVIA NORTH EAST LOCAL GOVERNMENT COUNCIL, OKADA IN RESPECT OF 2022 ACCOUNTS**

S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/ONELG/1	58/Dec/2022	Unreceipted Payment	600,000.00	Resolved
2	AQ/ONELG/2	Various	Irregular payment	19,351,640.00	Resolved
	Total			₦ 19,951,640.00	

OVIA NORTH LOCAL GOVERNMENT COUNCIL, OKADA							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	964,421,594.94	784,166,924.19	1,831,962,028.72	2,009,323,994.76	2,345,369,897.59	7,935,244,440.20
2	INDEPENDENT REVENUE	34,343,606.01	112,477,778.00	26,636,997.17	54,915,547.35	101,422,195.37	329,796,123.90
3	SALARIES/WAGES	480,719,895.80	518,499,744.40	278,106,883.36	478,494,388.40	420,593,957.36	2,176,414,869.32
4	OVERHEADS	104,521,965.80	178,235,070.60	107,826,565.99	132,950,000.00	136,793,386.00	660,326,988.39
5	ADVANCES	597,154,096.07	777,438,873.06	1,052,001,918.06	523,271,450.38	-	2,949,866,337.57
6	DEPOSITS	110,881,053.94	116,602,511.97	77,612,515.09	77,612,515.09	77,612,515.09	460,321,111.18
	TOTAL	2,292,042,212.56	2,487,420,902.22	3,374,146,908.39	3,276,567,895.98	3,081,791,951.41	14,511,969,870.56



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Ovia South East Local Government Council, Iguobazuwa in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Ovia South East Local Government Council, Iguobazuwa as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: Eneghomwanjike M Adonis

Signature:  Date: 28/3/23

Name of Chairman: Dr. F. A. Isch

Signature:  Date: 28/3/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Ovia South West Local Government Council, Iguobazuwa for the year ended 31st December 2022as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer ofOvia South West Local Government Council, Okada is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Ovia South West Government Council, Iguobazuwa for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Ovia South West Local Government Council realized as revenue a total sum of ₦2,497,160,978.95. Of this amount, the sum of ₦2,442,707,946.91 was received as statutory allocations from the federation account while the balance sum of ₦54,453,032.04 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,442,707,946.91.10 that accrued from the federation account to Ovia South West Local Government Councils, Iguobazuwa as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Ovia South West Local Government Council, Iguobazuwa and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Ovia South West Local Government Council, Iguobazuwa spent the sum of ₦554,329,590.44 on salaries and wages, the sum of ₦102,374,300.00 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,711,774,206.57. The capital expenditure for year stood at ₦127,682,881.94.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Ovia South West Local Government Council, Iguobazuwa as at 31st December, 2022 amounted to ₦(194,582,041.37). During the period under review, the Local Government Council did not present bank statements for the Council nor prepare bank reconciliation statements contrary to Financial Memoranda 19:23-30. Non-presentation of these vital documents shows that

balances in the cash book and those of their corresponding bank balances were not reconciled.

RECOMMENDATION

The Local Government Council is hereby advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 and forward the prepared documents to this Office without delay.

5. GENERAL INVESTMENTS

The investments held by Ovia South West Local Government Council, Iguobazuwa as 31st December 2022 stood at ₦1,257,389.18. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

6. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦608,680,268.89 was outstanding in the Deposits Accounts of Ovia South West Local Government Council, Iguobazuwa. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦19,770,479.20.

7. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Ovia South West Local Government Council, Iguobazuwa is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,480,604,105.20	2,442,707,946.91	98%
Independent Revenue	67,280,000.00	54,453,032.04	81%
<u>EXPENDITURE</u>			
Salary and Wages	1,139,316,038.40	554,329,590.44	49%
Overhead Cost	394,650,000.00	102,374,300.00	26%
Transferred to SUBEB and other Local Government Entities	923,924,028.40	1,711,774,206.57	185%
Capital Expenditure	920,728,256.15	127,682,881.94	14%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

8. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

9. REVALUATION OF ASSETS

Ovia South West Local Government Council, Iguobazuwa is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

10. BUDGET PREPARATION

Ovia South West Local Government Council, Iguobazuwa is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ~~N~~87,290,000.00 attached to Audit Inspection Reports on the 2022 accounts for Ovia South West Local Government Council, Iguobazuwa have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the

outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Ovia South West Local Government Council, Iguobazuwa has continuously failed to prepare bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The Local Government Council is to comply with F.M. 19.23 – 24 without further delay by preparing monthly bank reconciliation statements.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	- 194,582,041.37		- 262,557,650.92	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	1,119,660.00		1,119,660.00	
Total Current Assets: A				- 193,462,381.37		- 261,437,990.92
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	1,257,389.18		1,257,389.18	
Property, Plant and Equipment (PPE)	320101	7	608,984,151.30		-	
Investment Properties	320201	7	260,993,207.70		-	
Intangible Assets (Advances)	320301	7	-		902,697,304.00	
Total Non-Current Assets: B				871,234,748.18		903,954,693.18
Total Assets: C = A+B				677,772,366.81		642,516,702.26
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	608,680,268.89		574,424,604.34	
Short Term Loans and Debts	410201	8	19,770,479.20		19,770,479.20	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				628,450,748.09		594,195,083.54
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				628,450,748.09		594,195,083.54
Net Assets: G = C-F				49,321,618.72		48,321,618.72
NET ASSETS/EQUITY						
Reserves: H	430301	9	48,321,618.72		556,196,634.62	
Accumulated Surpluses/(Deficits): I	430201	9	1,000,000.00		- 507,875,015.90	
Total Net Assets/Equity: G = H+I				49,321,618.72		48,321,618.72

OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
556,196,634.62	Net Assets/Equity As At 1/1/2022 – A			-	48,321,618.72	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,317,961,849.77	Share of Federation Account	110101	1	2,290,000,000.00	1,471,091,062.45	64%
684,686,396.52	Share of Value Added Tax (VAT)	110102	1	180,000,000.00	835,068,230.06	464%
104,623,530.81	Excess Crude Oil and Others	110103	1	10,604,105.20	136,548,654.40	1288%
2,107,271,777.10	Sub-Total Statutory Allocation – B			2,480,604,105.20	2,442,707,946.91	98%
	<u>Independent Revenue:</u>					
10,124,711.07	Licences General	120201	2	11,360,000.00	8,637,540.00	76%
29,754,373.27	Fees General	120204	2	23,020,000.00	27,843,105.04	121%
3,473,931.10	Fines General	120205	2	3,000,000.00	3,102,300.00	103%
-	Sales General	120206	2	-	-	
23,368,251.00	Earnings General	120207	2	29,900,000.00	14,870,087.00	50%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	

66,721,266.44	Sub-Total Independent Revenue – C			67,280,000.00	54,453,032.04	81%
2,730,189,678.16	Total Receipts (A+B+C)			2,547,884,105.20	2,545,482,597.67	100%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
635,513,450.90	Salaries and Wages	210101	3	1,139,316,038.40	554,329,590.44	49%
113,377,063.77	Overhead Cost	220201	4	394,650,000.00	102,374,300.00	26%
1,355,215,825.77	SUBEB and other Transfers to Local Govt. Entities	220701	5	923,924,028.40	1,711,774,206.57	185%
-	Depreciation			-	-	
2,104,106,340.44	Sub-Total Recurrent Expenditure: E			2,457,890,066.80	2,368,478,097.01	96%
	<u>Capital Expenditure:</u>					
235,754,375.00	Land and Building General	320101	6	187,075,355.50	38,167,833.21	20%
103,345,340.00	Infrastructure General	320102	6	220,095,870.20	12,766,544.28	6%
42,343,000.00	Furniture and Fittings General	320106	6	110,047,935.10	6,147,800.00	6%
196,319,004.00	Intangible Assets	320301	6	403,509,095.35	70,600,704.45	17%
577,761,719.00	Sub-Total Capital Expenditure: F			920,728,256.15	127,682,881.94	14%
2,681,868,059.44	Total Expenditure: G = E + F			3,378,618,322.95	2,496,160,978.95	74%
48,321,618.72	Net Assets/Equity As At 31/12/2022				49,321,618.72	
2,730,189,678.16					2,545,482,597.67	

OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,471,091,062.45		1,317,961,849.77	
110102	Share of Value Added Tax (VAT)	1	835,068,230.06		684,686,396.52	
110103	Excess Crude Oil and Others	1	136,548,654.40		104,623,530.81	
	Sub-Total Statutory Revenue – A			2,442,707,946.91		2,107,271,777.10
	<u>Independent Revenue</u>					
120201	Licences General	2	8,637,540.00		10,124,711.07	
120204	Fees General	2	27,843,105.04		29,734,373.27	
120205	Fines General	2	3,102,300.00		3,492,981.10	
120206	Sales General	2	-		-	
120207	Earnings General	2	14,870,087.00		23,369,201.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			54,453,032.04		66,721,266.44
	Total Inflow from Operating Activities C = A+B			2,497,160,978.95		2,173,993,043.54

OUTFLOWS:					
210101	Salaries and Wages	3	554,329,590.44	635,513,450.90	
220201	Overhead Cost	4	102,374,300.00	113,377,063.77	
220701	SUBEB and other Transfers to Local Government Entities	5	1,711,774,206.57	1,355,215,825.77	
	Depreciation		-	-	
	Total Outflow from Operating Activities – D			2,368,478,097.01	2,104,106,340.44
	Net Cashflow from Operating Activities – E = C-D			128,682,881.94	69,886,703.10
	CASHFLOW FROM INVESTING ACTIVITIES:				
320101	Land and Building General	6	38,167,833.21	235,754,375.00	
320102	Infrastructure General	6	12,766,544.28	103,345,340.00	
320106	Furniture and Fittings General	6	6,147,800.00	42,343,000.00	
320301	Intangible Assets	6	70,600,704.45	196,319,004.00	
	Total Outflow from Investing Activities – F			127,682,881.94	577,761,719.00
	Net Cashflow from Investing Activities – G = E - F			1,000,000.00	- 507,875,015.90
	CASHFLOW FROM FINANCIAL ACTIVITIES:				
301801	Advances		- 32,719,945.00	- 498,619,898.00	
410101	Deposits		34,255,664.55	19,730,577.90	
410102	Other Accounts – Loan		-	-	
	Other Accounts – Investment		-	-	
420301	Proceeds from Borrowings		-	-	
	Payment/Charges on Borrowings		-	-	
	Net Cashflow from Financing Activities – H			- 66,975,609.55	- 518,350,475.90
	Net Cashflow from all Activities – I = G - H			67,975,609.55	10,475,460.00
	Cash and Cash Equivalent As At 1/1/2022			- 262,557,650.92	- 273,033,110.92
	Cash and Cash Equivalent As At 31/12/2022			- 194,582,041.37	- 262,557,650.92

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA FOR THE YEAR ENDED 31ST DECEMBER, 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	129,119,809.77	68,774,517.77	1,276,742.68	199,171,070.22
February	63,681,700.63	62,752,920.66	30,436,007.27	156,870,628.56
March	85,729,413.98	60,473,400.62	21,864,049.72	168,066,864.32
April	126,524,525.09	74,072,272.83	-	200,596,797.92
May	112,792,024.06	64,691,395.71	2,430,003.45	179,913,423.22
June	96,078,741.33	71,767,288.71	35,164,612.83	203,010,642.87
July	151,895,444.47	72,591,992.43	-	224,487,436.90
August	197,159,733.37	67,591,844.03	-	264,751,577.40
September	112,482,118.28	74,965,926.63	5,466,012.43	192,914,057.34
October	120,838,137.79	69,686,479.60	4,061,732.28	194,586,349.67
November	107,170,278.34	75,389,733.84	28,734,280.68	211,294,292.86
December	167,619,135.34	72,310,457.23	7,115,213.06	247,044,805.63
Total	₦ 1,471,091,062.45	₦ 835,068,230.06	₦ 136,548,654.40	₦ 2,442,707,946.91

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	646,851.00	1,834,700.00	220,016.00	-	1,100,000.00	-	-	-	-	3,801,567.00
February	637,500.00	1,667,447.00	403,700.00	-	1,048,629.00	-	-	-	-	3,757,276.00
March	638,103.00	2,610,000.00	150,000.00	-	1,375,700.00	-	-	-	-	4,773,803.00
April	810,187.00	2,303,400.00	75,724.00	-	1,434,105.00	-	-	-	-	4,623,416.00
May	984,345.00	2,575,300.00	67,334.00	-	1,237,000.00	-	-	-	-	4,863,979.00
June	675,750.00	2,701,100.00	270,300.00	-	1,050,000.00	-	-	-	-	4,697,150.00
July	924,101.00	2,273,275.04	215,730.00	-	1,110,953.00	-	-	-	-	4,524,059.04
August	700,000.00	2,374,340.00	223,101.00	-	1,514,500.00	-	-	-	-	4,811,941.00
September	675,103.00	2,340,000.00	283,543.00	-	1,310,700.00	-	-	-	-	4,609,346.00
October	617,800.00	2,294,543.00	374,700.00	-	1,434,400.00	-	-	-	-	4,721,443.00
November	653,700.00	2,894,500.00	342,734.00	-	1,320,000.00	-	-	-	-	5,210,934.00
December	674,100.00	1,974,500.00	475,418.00	-	934,100.00	-	-	-	-	4,058,118.00
Total	8,637,540.00	27,843,105.04	3,102,300.00	-	14,870,087.00	-	-	-	-	54,453,032.04

NOTE 3: SCHEDULE OF OVERHEAD COST OF OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	43,600,000.00	-	0%
21010102	The Council (Legislative)	46,124,028.40	-	0%
21010103	Personnel Management	30,200,000.00	27,375,400.00	91%
21010104	Internal Audit	21,400,000.00	16,137,705.00	75%
21010105	Information	20,500,000.00	18,338,745.13	89%
21010106	Office of the Head of LGA	10,100,000.00	8,754,500.00	87%
21010107	Agriculture and National Resources	42,382,000.00	36,754,700.00	87%
21010108	Finance and Supply	64,260,000.00	52,345,613.21	81%
21010109	Budget, Planning & Statistics	21,350,000.00	17,314,113.00	81%
2101010	Revenue	84,700,000.00	79,545,100.00	94%
2101011	Works and Housing	16,800,000.00	13,460,000.00	80%
2101012	Procurement	14,650,000.00	9,845,340.00	67%
2101013	Legal Services	25,450,000.00	19,147,020.00	75%
2101014	Youth, Women & Social Development	30,200,000.00	28,943,107.10	96%
2101015	Primary Health Care	361,250,010.00	70,874,944.00	20%
2101016	Environment	212,500,000.00	81,148,303.00	38%
2101017	Water and Sanitary Hygiene	93,850,000.00	74,345,000.00	79%
	Total	1,139,316,038.40	554,329,590.44	49%

NOTE 4: SCHEDULE OF OVERHEAD COST OF OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA FOR THE YEAR 2022				
Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	63,900,000.00	-	0%
22020102	The Council (Legislative)	30,550,000.00	-	0%
22020103	Personnel Management (Admin)	18,600,000.00	12,893,540.00	69%
22020104	Internal Audit	5,150,000.00	1,540,000.00	30%
22020105	Information	19,130,000.00	5,454,703.00	29%
22020106	Office of the Head of LGA	10,050,000.00	7,845,887.00	78%
22020107	Agriculture and National Resources	11,900,000.00	3,375,000.00	28%
22020108	Finance and Supply	23,300,000.00	15,744,500.00	68%
22020109	Budget, Planning & Statistics	16,100,000.00	3,140,000.00	20%
22020110	Procurement	11,600,000.00	3,200,000.00	28%
22020111	Revenue	25,200,000.00	4,755,100.00	19%
22020112	Works & Housing	21,150,000.00	4,233,112.00	20%
22020113	Legal Services	9,120,000.00	1,800,000.00	20%
22020114	Social Development	24,200,000.00	8,457,308.00	35%
22020115	Primary Health Care	72,200,000.00	5,345,000.00	7%
22020116	Environment	14,900,000.00	9,610,924.00	65%
22020117	Water and Sanitary Hygiene	7,600,000.00	5,979,226.00	79%
22020118	Contribution to LG Service Commission	10,000,000.00	9,000,000.00	90%
	Total	394,650,000.00	102,374,300.00	26%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	423,227.29	62,745,890.61	9,958,553.51	56,666,756.33	129,794,427.74
February	423,227.29	60,171,981.72	7,843,531.43	42,474,738.98	110,913,479.42
March	423,227.29	58,867,124.81	8,403,343.22	50,687,868.03	118,381,563.35
April	423,227.29	56,267,868.18	10,029,839.90	56,631,570.11	123,352,505.48
May	423,227.29	56,137,543.03	8,995,671.16	48,895,192.07	114,451,633.55
June	423,227.29	52,827,574.94	10,150,532.14	68,413,786.78	131,815,121.15
July	423,227.29	55,000,395.72	11,224,371.84	77,000,686.81	143,648,681.66
August	423,227.29	55,818,868.57	13,237,578.87	94,984,602.27	164,464,277.00
September	423,227.29	68,344,776.17	9,645,702.86	96,682,294.77	175,096,001.09
October	423,227.29	67,630,687.44	10,244,961.05	87,703,183.82	166,002,059.60
November	423,227.29	69,568,584.13	10,564,714.64	84,062,749.78	164,619,275.84
December	423,227.29	67,102,820.46	12,352,240.28	89,356,892.66	169,235,180.69
Total	₦ 5,078,727.48	₦ 730,484,115.78	₦ 122,651,040.90	₦ 853,560,322.41	₦ 1,711,774,206.57

NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA FOR THE YEAR ENDED 31ST DECEMBER, 2022

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	-	2,788,100.00	-	4,345,400.00	7,133,500.00
February	5,345,450.00	1,845,723.45	-	7,107,300.00	14,298,473.45
March	3,454,000.00	-	2,375,600.00	6,103,370.00	11,932,970.00
April	6,101,700.00	2,375,100.00	-	7,853,309.18	16,330,109.18
May	-	1,750,000.00	-	5,354,410.00	7,104,410.00
June	3,375,345.11	373,665.63	-	6,734,605.00	10,483,615.74
July	4,787,100.00	-	2,101,000.00	6,370,300.00	13,258,400.00
August	-	1,943,105.00	325,800.00	5,875,900.00	8,144,805.00
September	-	-	-	7,107,500.00	7,107,500.00
October	8,754,343.10	1,690,850.00	-	3,890,203.00	14,335,396.10
November	-	-	-	6,753,103.27	6,753,103.27
December	6,349,895.00	-	1,345,400.00	3,105,304.00	10,800,599.00
Total	₦ 38,167,833.21	₦ 12,766,544.08	₦ 6,147,800.00	₦ 70,600,704.45	₦ 127,682,881.74

NOTE 7:		
CURRENT AND CURRENT ASSETS AS AT 31ST DECEMBER, 2022		
Cash and Cash Equivalent	-	194,582,041.37
Inventories		-
Loans Granted		-
Investments		1,257,389.18
Advances		-
Property, Plant and Equipment (PPE)		608,984,151.30
Investment Properties		260,993,207.70
Prepayments		-
Receivables		1,119,660.00
Intangibles		-
Total Assets	₱	677,772,366.81

NOTE 8:		
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022		
Deposits		608,680,268.89
Loans/Debts		19,770,479.20
Payables		-
Long Term Borrowings		-
Total Liabilities	₱	628,450,748.09

NOTE 9:		
CAPITAL RESERVES		
Reserves as at 1/1/2022		48,321,618.72
Accumulated Surpluses/Deficits for the Year		1,000,000.00
Net Assets/Equity as at 31/12/2022	₱	49,321,618.72

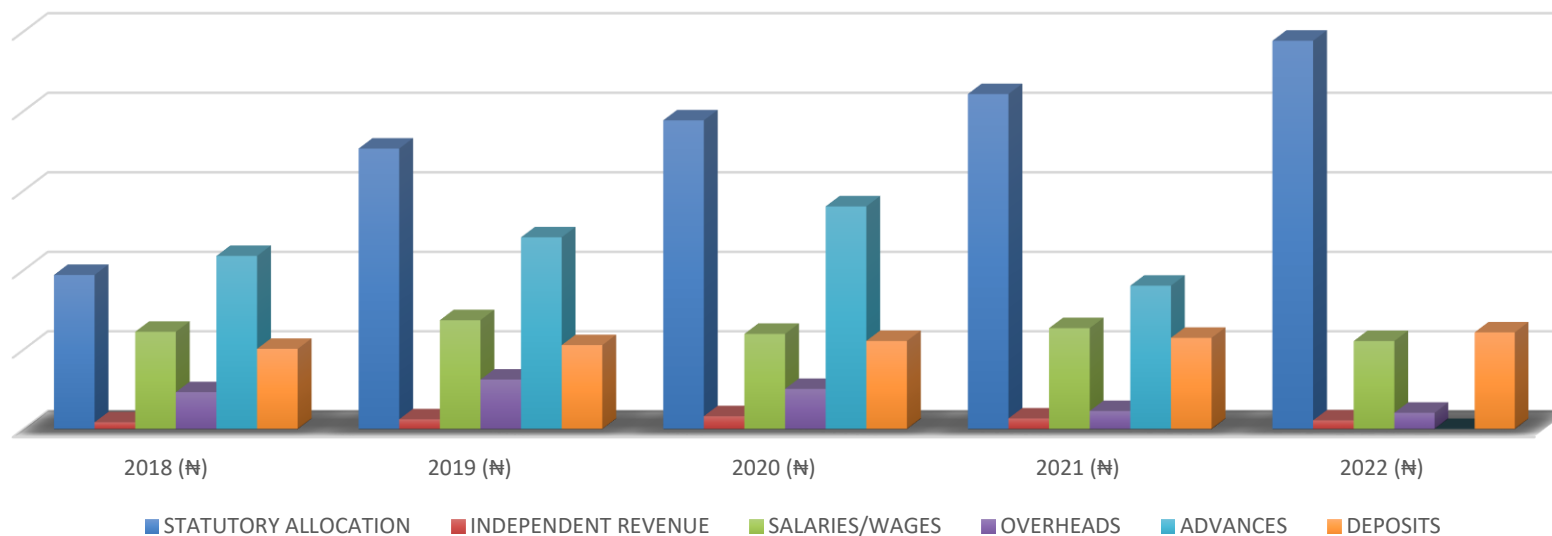
NOTE 10:					
DETAILS OF AUDIT QUERIES ISSUED TO OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA IN RESPECT OF 2022 ACCOUNTS					
S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/OSWLG/GBZ/1	30/Jan/2022	Irregular Expenditure	2,500,000.00	Resolved
2	AQ/OSWLG/GBZ/2	Various	Irregular Expenditure	3,790,000.00	Resolved
3	AQ/OSWLG/GBZ/3	37/Jan/2022	Irregular Expenditure	2,000,000.00	Resolved
4	AQ/OSWLG/GBZ/4	15-Jul-22	Irregular Expenditure	1,500,000.00	Resolved
5	AQ/OSWLG/GBZ/5	Various	Irregular Expenditure	75,500,000.00	Resolved
6	AQ/OSWLG/GBZ/6	57/Sept/2022	Irregular Expenditure	2,000,000.00	Resolved
	Total			₦ 87,290,000.00	

OVIA SOUTH WEST LOCAL GOVERNMENT COUNCIL, IGUOBAZUWA

FIVE YEARS FINANCIAL SUMMARY ANALYSES

S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	970,332,559.31	1,764,759,727.88	1,941,887,290.03	2,107,271,777.10	2,442,707,946.91	9,226,959,301.23
2	INDEPENDENT REVENUE	42,476,720.00	61,222,914.00	80,548,737.11	66,721,266.44	54,453,032.04	305,422,669.59
3	SALARIES/WAGES	612,654,178.51	685,623,246.21	599,185,661.93	635,513,450.90	554,329,590.44	3,087,306,127.99
4	OVERHEADS	231,974,472.90	311,456,732.10	252,752,009.23	113,377,063.77	102,374,300.00	1,011,934,578.00
5	ADVANCES	1,089,977,017.00	1,206,801,582.00	1,401,317,202.00	902,697,304.00	-	4,600,793,105.00
6	DEPOSITS	505,041,347.62	528,776,584.22	554,694,026.44	574,424,604.34	608,680,268.89	2,771,616,831.51
	TOTAL	3,452,456,295.34	4,558,640,786.41	4,830,384,926.74	4,400,005,466.55	3,762,545,138.28	21,004,032,613.32

FIVE YEARS FINANCIAL SUMMARY ANALYSES



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Owan East Local Government Council, Afuze in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Owan East Local Government Council, Afuze as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: OLOGBOSE EKIADO LINDA

Signature:  Date: 28/3/2023

Name of Chairman: OKOJIE, SYLVESTER EDOSUYI

Signature:  Date: 28/3/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS
TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Owan East Local Government Council, Afuze for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Owan East Local Government Council, Afuze is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

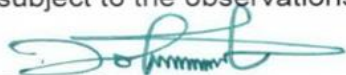
It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Owan East Government Council, Afuze for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Owan East Local Government Council realized as revenue a total sum of ₦2,360,272,079.38. Of this amount, the sum of ₦2,284,954,073.86 was received as statutory allocations from the federation account while the balance sum of ₦75,318,005.52 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,284,954,073.86 that accrued from the federation account to Owan East Local Government Councils, Afuze as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Owan East Local Government Council, Afuze and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Owan East Local Government Council, Afuze spent the sum of ₦521,401,532.23 on salaries and wages, the sum of ₦152,978,053.43 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,504,824,084.54. The capital expenditure for year stood at ₦143,190,613.70.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Owan East Local Government Council, Afuze as at 31st December, 2022 amounted to ₦872,755,603.10. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements.

5. GENERAL INVESTMENTS

The investments held by Owan East Local Government Council, Afuze as 31st December 2022 stood at ₦13,885,036.00. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

6. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦272,032,279.36 was outstanding in the Deposits Accounts of Owan East Local Government Council, Afuze. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) **SHORT TERM LOANS**

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦75,941,620.08.

7. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Owan East Local Government Council, Afuze is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	3,013,034,004.90	2,284,954,073.86	76%
Independent Revenue	96,655,750.00	75,318,005.52	78%
<u>EXPENDITURE</u>			
Salary and Wages	623,143,159.17	521,401,532.23	84%
Overhead Cost	307,321,033.18	152,978,053.43	50%
Transferred to SUBEB and other Local Government Entities	1,300,043,548.42	1,504,824,084.54	116%
Capital Expenditure	369,426,620.00	14,370,895.30	4%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

8. **AUTHORIZATION**

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

9. REVALUATION OF ASSETS

Owan East Local Government Council, Afuze is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

10. BUDGET PREPARATION

Owan East Local Government Council, Afuze is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ~~₦~~63,053,243.66 attached to Audit Inspection Reports on the 2022 accounts for Owan East Local Government Council, Afuze have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 11 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Owan East Local Government Council, Afuze prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Response To Audit Queries

Note 10 to the accounts shows the level of response to audit queries issued to Owan East Local Government Council, Afuze. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	872,755,603.10		815,401,034.00	
Receivables	310601	7	-		-	
Prepayments	310801	7	161,928,480.78		185,464,180.78	
Inventories	310501	7	56,750.00		56,750.00	
Total Current Assets: A				1,034,740,833.88		1,000,921,964.78
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	-		-	
Investments	310901	7	27,883,736.00		27,883,736.00	
Property, Plant and Equipment (PPE)	320101	7	2,328,032,863.84		2,328,032,863.84	
Investment Properties	320201	7	13,885,036.00		13,885,036.00	
Intangible Assets (Advances)	320301	7	-		-	
Total Non-Current Assets: B				2,369,801,635.84		2,369,801,635.84
Total Assets: C = A+B				3,404,542,469.72		3,370,723,600.62
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	272,032,279.36		276,091,205.76	
Short Term Loans and Debts	410201	8	75,941,620.08		75,941,620.08	
Payables (Accrued Expenses)	410401	8	3,822,400.16		3,822,400.16	
Total Current Liabilities: D				351,796,299.60		355,855,226.00
Non-Current Liabilities:						
Long Term Borrowing	420301	8	174,643,785.25		174,643,785.25	
Total Non-Current Liabilities: E				174,643,785.25		174,643,785.25
Total Liabilities: F = D+E				526,440,084.85		530,499,011.25
Net Assets: G = C-F				2,878,102,384.87		2,840,224,589.39
NET ASSETS/EQUITY						
Reserves: H	430301	9	2,840,224,589.39		15,837,386.01	
Accumulated Surpluses/(Deficits): I	430201	9	37,877,795.48		2,824,387,203.38	
Total Net Assets/Equity: G = H+I				2,878,102,384.87		2,840,224,589.39

OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
2,824,387,203.38	Net Assets/Equity As At 1/1/2022 – A			-	2,840,224,589.39	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,138,561,934.73	Share of Federation Account	110101	1	1,897,659,843.20	1,290,289,240.89	68%
711,819,291.04	Share of Value Added Tax (VAT)	110102	1	835,223,905.34	867,797,499.84	104%
91,776,570.32	Excess Crude Oil and Others	110103	1	280,150,256.36	126,867,333.13	45%
1,942,157,796.09	Sub-Total Statutory Allocation – B			3,013,034,004.90	2,284,954,073.86	76%
	<u>Independent Revenue:</u>					
3,824,534.00	Licences General	120201	2	11,570,000.00	3,433,850.00	30%
22,183,175.37	Fees General	120204	2	41,570,000.00	38,166,982.82	92%
1,803,000.00	Fines General	120205	2	1,255,750.00	1,534,700.00	122%
-	Sales General	120206	2	-	-	
16,185,929.28	Earnings General	120207	2	42,260,000.00	32,182,472.70	76%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	

43,996,638.65	Sub-Total Independent Revenue – C			96,655,750.00	75,318,005.52	78%
4,810,541,638.12	Total Receipts (A+B+C)			3,109,689,754.90	5,200,496,668.77	167%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
484,159,460.67	Salaries and Wages	210101	3	623,143,159.17	521,401,532.23	84%
78,643,478.65	Overhead Cost	220201	4	307,321,033.18	152,978,053.43	50%
1,219,297,200.29	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,300,043,548.42	1,504,824,084.54	116%
128,819,718.40	Depreciation			-	128,819,718.40	
1,910,919,858.01	Sub-Total Recurrent Expenditure: E			2,230,507,740.77	2,308,023,388.60	103%
	<u>Capital Expenditure:</u>					
27,123,500.00	Land and Building General	320101	6	120,166,620.00	4,000,000.00	3%
15,734,413.05	Infrastructure General	320102	6	-	-	
5,162,086.95	Furniture and Fittings General	320106	6	-	-	
21,377,190.72	Intangible Assets	320301	6	249,260,000.00	10,370,895.30	4%
69,397,190.72	Sub-Total Capital Expenditure: F			369,426,620.00	14,370,895.30	4%
1,980,317,048.73	Total Expenditure: G = E + F			2,599,934,360.77	2,322,394,283.90	89%
2,840,224,589.39	Net Assets/Equity As At 31/12/2022				2,878,102,384.87	
4,820,541,638.12					5,200,496,668.77	

OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,290,289,240.89		1,148,561,934.73	
110102	Share of Value Added Tax (VAT)	1	867,797,499.84		711,819,291.04	
110103	Excess Crude Oil and Others	1	126,867,333.13		91,776,570.32	
	Sub-Total Statutory Revenue – A			2,284,954,073.86		1,952,157,796.09
	<u>Independent Revenue</u>					
120201	Licences General	2	3,433,850.00		3,824,534.00	
120204	Fees General	2	38,166,982.82		22,183,175.37	
120205	Fines General	2	1,534,700.00		1,803,000.00	
120206	Sales General	2	-		-	
120207	Earnings General	2	32,182,472.70		16,185,929.28	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			75,318,005.52		43,996,638.65
	Total Inflow from Operating Activities C = A+B			2,360,272,079.38		1,996,154,434.74
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	521,401,532.23		484,159,460.67	

220201	Overhead Cost	4	152,978,053.43		78,643,478.65	
220701	SUBEB and other Transfers to Local Government Entities	5	1,504,824,084.54		1,219,297,200.29	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			2,179,203,670.20		1,782,100,139.61
	Net Cashflow from Operating Activities – E = C-D			181,068,409.18		214,054,295.13
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	41,799,197.15		67,123,500.00	
320102	Infrastructure General	6	-		15,734,413.05	
320106	Furniture and Fittings General	6	-		5,162,086.95	
320301	Intangible Assets	6	101,391,416.55		110,196,909.12	
	Total Outflow from Investing Activities – F			143,190,613.70		198,216,909.12
	Net Cashflow from Investing Activities – G = E - F			37,877,795.48		15,837,386.01
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 23,535,700.00		- 198,972,270.00	
410101	Deposits		- 4,058,926.40		- 49,053,917.32	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 19,476,773.60		- 149,918,352.68
	Net Cashflow from all Activities – I = G - H			57,354,569.08		165,755,738.69
	Cash and Cash Equivalent As At 1/1/2022			815,401,034.02		649,645,295.33
	Cash and Cash Equivalent As At 31/12/2022			872,755,603.10		815,401,034.02

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	113,264,895.71	71,449,677.82	1,119,968.56	185,834,542.09
February	55,862,080.31	65,294,710.29	26,645,740.40	147,802,531.00
March	75,202,504.95	62,837,750.11	19,179,313.51	157,219,568.57
April	110,825,075.75	76,990,004.62	-	187,815,080.37
May	98,942,035.81	67,068,404.26	2,131,617.82	168,142,057.89
June	84,281,014.94	74,600,941.52	36,553,049.07	195,435,005.53
July	133,243,858.61	75,358,765.80	-	208,602,624.41
August	172,950,042.90	70,120,799.28	-	243,070,842.18
September	98,670,184.07	78,038,740.91	4,794,828.38	181,503,753.36
October	106,000,149.00	72,397,601.03	4,178,381.69	182,576,131.72
November	94,010,596.99	78,434,228.81	25,205,933.24	197,650,759.04
December	147,036,801.85	75,205,875.39	7,058,500.46	229,301,177.70
Total	₦ 1,290,289,240.89	₦ 867,797,499.84	₦ 126,867,333.13	₦ 2,284,954,073.86

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF OWAN EAST LOCAL GOVERNMENT COUNCIL, USELU FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	200,000.00	2,602,500.00	-	-	2,567,725.00	-	-	-	-	5,370,225.00
February	455,200.00	3,628,660.00	500,000.00	-	2,603,040.00	-	-	-	-	7,186,900.00
March	460,000.00	4,573,600.00	-	-	1,873,950.00	-	-	-	-	6,907,550.00
April	20,000.00	1,105,000.00	200,000.00	-	3,816,800.00	-	-	-	-	5,141,800.00
May	320,000.00	2,490,327.00	-	-	1,805,750.00	-	-	-	-	4,616,077.00
June	300,000.00	4,255,000.00	700.00	-	3,788,650.00	-	-	-	-	8,344,350.00
July	208,000.00	3,712,500.00	300,000.00	-	1,817,647.00	-	-	-	-	6,038,147.00
August	149,750.00	3,543,988.00	34,000.00	-	2,944,700.00	-	-	-	-	6,672,438.00
September	866,000.00	4,922,450.00	-	-	3,692,150.00	-	-	-	-	9,480,600.00
October	158,200.00	3,957,500.00	500,000.00	-	1,255,750.00	-	-	-	-	5,871,450.00
November	110,500.00	1,676,957.82	-	-	4,867,350.00	-	-	-	-	6,654,807.82
December	186,200.00	1,698,500.00	-	-	1,148,960.70	-	-	-	-	3,033,660.70
Total	3,433,850.00	38,166,982.82	1,534,700.00	-	32,182,472.70	-	-	-	-	75,318,005.52

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	-	-	#DIV/0!
21010102	The Council (Legislative)	41,581,596.63	-	0%
21010103	Personnel Management	112,863,364.17	113,766,176.30	101%
21010104	Internal Audit	1,587,072.87	1,488,653.37	94%
21010105	Information	4,490,723.86	5,827,050.84	130%
21010106	Office of the Head of LGA	-	-	
21010107	Agriculture and National Resources	11,325,824.33	11,692,128.41	103%
21010108	Finance and Supply	57,485,454.47	71,704,542.68	125%
21010109	Budget, Planning & Statistics	8,458,524.85	8,968,369.30	106%
2101010	Revenue	26,613,693.45	25,795,131.49	97%
2101011	Works and Housing	67,094,997.94	80,967,240.45	121%
2101012	Procurement	5,263,106.95	5,328,917.43	101%
2101013	Legal Services	3,917,251.66	3,499,859.22	89%
2101014	Youth, Women & Social Development	26,839,269.51	20,085,546.98	75%
2101015	Primary Health Care	255,892,228.80	138,417,346.77	54%
2101016	Environment	29,290,009.00	25,989,854.74	89%
2101017	Water and Sanitary Hygiene	7,778,354.03	7,870,714.25	101%
	Total	660,481,472.52	521,401,532.23	79%

NOTE 4: SCHEDULE OF OVERHEAD COST OF OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	-	-	
22020102	The Council (Legislative)	13,650,000.00	1,034,350.00	8%
22020103	Personnel Management (Admin)	30,640,000.00	58,136,770.96	190%
22020104	Internal Audit	2,250,000.00	1,418,000.00	63%
22020105	Information	6,500,000.00	4,854,000.00	75%
22020106	Office of the Head of LGA	8,165,000.00	2,128,000.00	26%
22020107	Agriculture and National Resources	6,330,000.00	2,153,681.10	34%
22020108	Finance and Supply	10,195,000.00	19,336,191.05	190%
22020109	Budget, Planning & Statistics	5,750,000.00	2,786,187.75	48%
22020110	Procurement	2,880,000.00	2,053,250.00	71%
22020111	Revenue	6,825,000.00	3,353,846.27	49%
22020112	Works & Housing	21,615,000.00	16,527,041.81	76%
22020113	Legal Services	3,050,000.00	1,551,497.71	51%
22020114	Social Development	10,800,000.00	7,699,906.78	71%
22020115	Primary Health Care	28,615,000.00	2,990,430.00	10%
22020116	Environment	12,000,000.00	16,981,400.00	142%
22020117	Water and Sanitary Hygiene	6,680,000.00	973,500.00	15%
22020118	Contribution to LG Service Commission	12,000,000.00	9,000,000.00	75%
	Total	187,945,000.00	152,978,053.43	81%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	416,825.80	58,544,415.30	9,291,727.10	48,652,418.38	116,905,386.58
February	416,825.80	56,760,622.27	7,390,126.55	35,948,619.99	100,516,194.61
March	416,825.80	55,067,749.39	7,860,978.43	42,984,857.45	106,330,411.07
April	416,825.80	52,682,566.69	9,390,754.02	48,625,294.06	111,115,440.57
May	416,825.80	52,464,579.03	8,407,102.89	41,601,049.41	102,889,557.13
June	416,825.80	50,856,237.16	9,771,750.28	56,995,375.62	118,040,188.86
July	416,825.80	51,108,547.76	10,430,131.22	67,183,750.21	129,139,254.99
August	416,825.80	51,247,813.23	12,153,542.11	80,565,156.95	144,383,338.09
September	416,825.80	64,302,381.95	9,075,187.66	68,657,811.99	142,452,207.40
October	416,825.80	63,456,400.31	9,600,686.14	67,312,487.94	140,786,400.19
November	416,825.80	65,076,454.61	9,882,537.95	70,849,987.16	146,225,805.52
December	416,825.80	62,283,259.59	11,465,058.88	71,874,755.26	146,039,899.53
Total	₦ 5,001,909.60	₦ 683,851,027.29	₦ 114,719,583.23	₦ 701,251,564.42	₦ 1,504,824,084.54

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF OWAN EAST LOCAL GOVERNMENT COUNCIL, FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	-	-	-	920,000.30	920,000.30
February	1,000,000.00	-	-	870,500.00	1,870,500.00
March	-	-	-	864,241.00	864,241.00
April	-	-	-	-	-
May	850,000.00	-	-	4,116,154.00	4,966,154.00
June	2,150,000.00	-	-	-	2,150,000.00
July	-	-	-	1,550,000.00	1,550,000.00
August	-	-	-	2,050,000.00	2,050,000.00
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-
Total	₦ 4,000,000.00			₦ 10,370,895.30	₦ 14,370,895.30

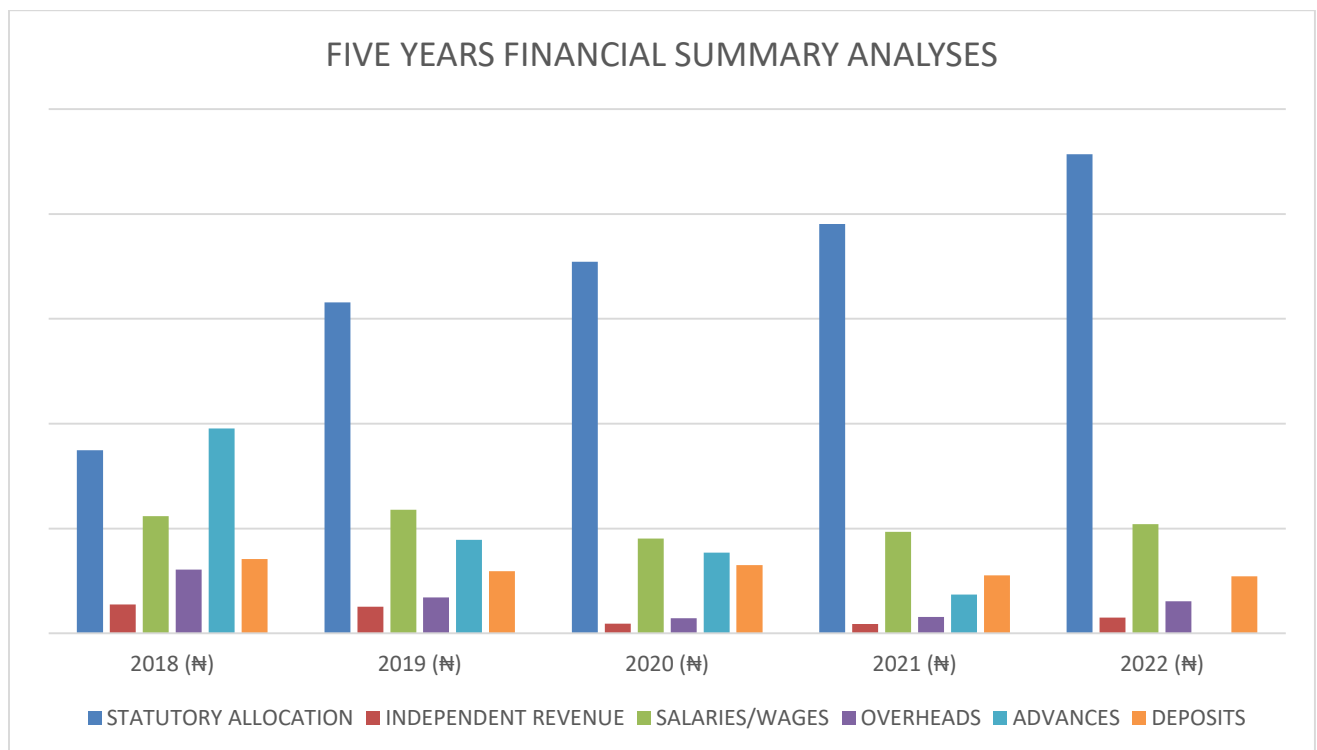
NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	872,755,603.10
Inventories	56,750.00
Loans Granted	-
Investments	27,883,736.00
Advances	-
Property, Plant and Equipment (PPE)	2,328,032,863.84
Investment Properties	13,885,036.00
Prepayments	161,928,480.78
Total Assets	₱ 3,404,542,469.72

NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	272,032,279.36
Loans/Debts	75,941,620.08
Payables	3,822,400.16
Long Term Borrowings	174,643,785.25
Total Liabilities	₱ 526,440,084.85

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	2,840,224,589.39
Accumulated Surpluses/Deficits for the Year	37,877,795.48
Net Assets/Equity as at 31/12/2022	₱ 2,878,102,384.87

NOTE 10:					
DETAILS OF AUDIT QUERIES ISSUED TO OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE IN RESPECT OF 2022 ACCOUNTS					
S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
	Outstanding:				
1	AQ/OELG/AFZ/1/2021	84/Mar/2021	Unreceipted payment	436,405.06	Resolved
2	AQ/OELG/AFZ/2/2021	7/April/2021	Irregular Expenditure	1,400,000.00	Resolved
3	AQ/OELG/AFZ/3/2021	16/May/2021	Irregular Expenditure	3,500,000.00	Resolved
4	AQ/OELG/AFZ/4/2021	1/May/2021	Irregular Expenditure	9,940,000.00	Resolved
5	AQ/OELG/AFZ/5/2021	Various	Expenditure contrary to Regulation	10,033,350.00	Resolved
	Subtotal			25,309,755.06	
	Current:				
1	AQ/OELG/AFZ/1	Various	Irregular Expenditure	8,750,000.00	Resolved
2	AQ/OELG/AFZ/2	Various	Irregular Expenditure	7,199,500.00	Resolved
3	AQ/OELG/AFZ/3	46/May/2022	Irregular Expenditure	1,650,000.00	Resolved
4	AQ/OELG/AFZ/4	Various	Expenditure contrary to Regulation	1,120,000.00	Resolved
5	AQ/OELG/AFZ/5	Various	Irregular Expenditure	4,048,220.00	Resolved
6	AQ/OELG/AFZ/5b	32/June/2022	Irregular Expenditure	5,500,000.00	Resolved
7	AQ/OELG/AFZ/6	18/Oct/2022	Irregular Expenditure	7,809,000.00	Resolved
8	AQ/OELG/AFZ/7	Various	Irregular Expenditure	26,976,523.66	Resolved
	Subtotal			63,053,243.66	
	Total			₪ 88,362,998.72	

OWAN EAST LOCAL GOVERNMENT COUNCIL, AFUZE							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	873,793,532.03	1,578,887,370.38	1,772,128,590.94	1,952,157,796.09	2,284,954,073.86	8,461,921,363.30
2	INDEPENDENT REVENUE	137,551,553.51	126,893,142.80	45,984,001.81	43,996,638.65	75,318,005.52	429,743,342.29
3	SALARIES/WAGES	559,052,985.54	590,070,808.63	452,211,503.07	484,159,460.67	521,401,532.23	2,606,896,290.14
4	OVERHEADS	304,380,172.08	171,460,999.26	71,353,762.05	78,643,478.65	152,978,053.43	778,816,465.47
5	ADVANCES	977,692,758.29	445,785,798.78	384,436,450.78	185,464,180.78	-	1,993,379,188.63
6	DEPOSITS	354,313,253.04	296,249,807.45	325,145,123.08	276,091,205.76	272,032,279.36	1,523,831,668.69
	TOTAL	3,206,784,254.49	3,209,347,927.30	3,051,259,431.73	3,020,512,760.60	3,306,683,944.40	15,794,588,318.52



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Owan West Local Government Council, Sabongida-Ora in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Owan West Local Government Council, Sabongida-Ora as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer: Obisfi Kehinde Andrew

Signature: [Signature] Date: 29/03/2023

Name of Chairman: DR SUNDAY YERUNROT

Signature [Signature] Date: 29/03/2023



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Owan West Local Government Council, Sabongidda-Ora for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Owan West Local Government Council, Sabongidda-Ora is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Owan West Government Council, Sabongidda-Ora for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023.

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Owan West Local Government Council realized as revenue a total sum of ₦1,993,687,039.27. Of this amount, the sum of ₦1,935,033,100.24 was received as statutory allocations from the federation account while the balance sum of ₦58,653,939.03 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦1,935,033,100.24 that accrued from the federation account to Owan West Local Government Council, Sabongidda-Ora as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Owan West Local Government Council, Sabongidda-Ora and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Owan West Local Government Council, Sabongidda-Ora spent the sum of ₦528,059,574.00 on salaries and wages, the sum of ₦183,492,287.63 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,266,221,394.97. The capital expenditure for year stood at ₦74,972,560.61.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Owan West Local Government Council, Sabongidda-Ora as at 31st December, 2022 amounted to ₦2,070,044,496.56. During the period under review, the Local Government Council prepared bank reconciliation statements. However, there were not enough details to enable us ascertain the cash book bank balance for reconciliation purposes.

RECOMMENDATION

The Local Government Council is advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 to enable accurate reconciliation at the year end. Nonetheless, it is commendable that efforts were made to prepare Bank Reconciliation Statements

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦1,071,306,824.63. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. GENERAL INVESTMENTS

The investments held by Owan West Local Government Council, Sabongidda-Ora as 31st December 2022 stood at ₦1,100,000.00. The investments were not properly documented as investment Registers/Ledgers were not maintained by the Council. It was therefore not possible to verify the investments and ascertain their current values.

RECOMMENDATION

Investigation into the status of the investments should be carried out by the Local Government Council to establish their existence, viability and values. Action should be taken to reevaluate and write-off any moribund investment and state the active ones at their appropriate values.

7. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦491,785,945.19 was outstanding in the Deposits Accounts of Owan West Government Council, Sabongidda-Ora. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) **SHORT TERM LOANS**

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦800,000.00.

8. **BUDGET PERFORMANCE**

The budget performance for the year ended 31st December 2022 in respect of Owan West Local Government Council, Sabongidda-Ora is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	1,923,617,667.00	1,935,033,100.24	101%
Independent Revenue	161,600,000.00	58,653,939.03	36%
<u>EXPENDITURE</u>			
Salary and Wages	739,021,578.70	528,059,574.00	71%
Overhead Cost	531,640,000.00	183,492,287.63	35%
Transferred to SUBEB and other Local Government Entities	1,009,786,499.32	1,266,221,394.97	125%
Capital Expenditure	268,500,000.00	74,972,560.61	28%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

9. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

10. REVALUATION OF ASSETS

Owan West Local Government Council, Sabongidda-Ora is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

11. BUDGET PREPARATION

Owan West Local Government Council, Sabongidda-Ora is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

12. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦12,310,000.00 attached to Audit Inspection Reports on the 2022 accounts for Owan West Local Government Council, Sabongidda-Ora have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

13. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 12 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

14. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary

books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Owan West Local Government Council, Sabongidda-Ora prepared bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The effort is commendable and should be sustained.

d) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.

- (c) The following constitute expenditure on PPE:
- i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

23. Payables – Accrued Expenses

These are monies payable to third parties in respect of goods and services received.

24. Public Funds

These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.

25. Reserves

Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

26. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.

27. Transfers to other Government Entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

28. Advances

The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (₱)	2022 (₱)	2021 (₱)	2021 (₱)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	2,070,044,496.56		1,955,710,124.54	
Receivables	310601	7	-		-	
Prepayments	310801	7	-		-	
Inventories	310501	7	-		-	
Total Current Assets: A				2,070,044,496.56		1,955,710,124.54
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	30,561.00		30,561.00	
Investments	310901	7	1,100,000.00		1,100,000.00	
Property, Plant and Equipment (PPE)	320101	7	-		-	
Investment Properties	320201	7	-		-	
Intangible Assets (Advances)	320301	7	1,071,306,824.63		1,174,541,224.63	
Total Non-Current Assets: B				1,072,437,385.63		1,175,671,785.63
Total Assets: C = A+B				3,142,481,882.19		3,131,381,910.17
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	491,785,945.19		421,627,195.23	
Short Term Loans and Debts	410201	8	800,000.00		800,000.00	
Payables (Accrued Expenses)	410401	8	-		-	
Total Current Liabilities: D				492,585,945.19		422,427,195.23
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-		-	
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				492,585,945.19		422,427,195.23
Net Assets: G = C-F				2,649,895,937.00		2,708,954,714.94
NET ASSETS/EQUITY						
Reserves: H	430301	9	2,708,954,714.94		2,785,789,310.76	
Accumulated Surpluses/(Deficits): I	430201	9	- 59,058,777.94		- 76,834,595.82	
Total Net Assets/Equity: G = H+I				2,649,895,937.00		2,708,954,714.94

OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021 (N)	Description	NCOA Code	Note	Annual Budget (N)	Actual Revenue/ Expenditure (N)	Percentage of Budget Performance
2,785,789,310.76	Net Assets/Equity As At 1/1/2022 – A			-	2,708,954,714.94	
	REVENUE					
	<u>Statutory Allocation:</u>					
930,896,541.06	Share of Federation Account	110101	1	1,623,617,667.00	1,057,973,305.70	65%
630,548,935.89	Share of Value Added Tax (VAT)	110102	1	300,000,000.00	769,764,487.54	257%
75,269,249.68	Excess Crude Oil and Others	110103	1	-	107,295,307.00	
1,636,714,726.63	Sub-Total Statutory Allocation – B			1,923,617,667.00	1,935,033,100.24	101%
	<u>Independent Revenue:</u>					
2,345,574.00	Licences General	120201	2	18,400,000.00	3,187,600.00	17%
29,341,170.00	Fees General	120204	2	56,000,000.00	8,973,284.05	16%
-	Fines General	120205	2	-	-	
-	Sales General	120206	2	9,000,000.00	11,378,050.00	126%
17,056,784.40	Earnings General	120207	2	78,200,000.00	35,115,004.98	45%
-	Rent on Government Building General	120208	2	-	-	
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
-	Investment Income	120214	2	-	-	

48,743,528.40	Sub-Total Independent Revenue – C			161,600,000.00	58,653,939.03	36%
4,471,247,565.79	Total Receipts (A+B+C)			2,085,217,667.00	4,702,641,754.21	226%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
372,158,474.18	Salaries and Wages	210101	3	739,021,578.70	528,059,574.00	71%
355,345,959.25	Overhead Cost	220201	4	531,640,000.00	183,492,287.63	35%
1,011,511,186.77	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,009,786,499.32	1,266,221,394.97	125%
-	Depreciation			-	-	
1,739,015,620.20	Sub-Total Recurrent Expenditure: E			2,280,448,078.02	1,977,773,256.60	87%
	<u>Capital Expenditure:</u>					
2,946,779.65	Land and Building General	320101	6	132,000,000.00	10,050,000.00	8%
2,609,041.74	Infrastructure General	320102	6	-	-	
-	Furniture and Fittings General	320106	6	5,500,000.00	6,643,000.00	121%
17,721,414.26	Intangible Assets	320301	6	131,000,000.00	58,279,560.61	44%
23,277,235.65	Sub-Total Capital Expenditure: F			268,500,000.00	74,972,560.61	28%
1,762,292,855.85	Total Expenditure: G = E + F			2,548,948,078.02	2,052,745,817.21	81%
2,708,954,914.94	Net Assets/Equity As At 31/12/2022				2,649,895,937.00	
4,471,247,770.79					4,702,641,754.21	

OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,057,973,305.70		930,896,541.06	
110102	Share of Value Added Tax (VAT)	1	769,764,487.54		630,548,935.89	
110103	Excess Crude Oil and Others	1	107,295,307.00		75,269,249.68	
	Sub-Total Statutory Revenue – A			1,935,033,100.24		1,636,714,726.63
	<u>Independent Revenue</u>					
120201	Licences General	2	3,187,600.00		2,345,574.00	
120204	Fees General	2	8,973,284.05		29,341,170.00	
120205	Fines General	2	-		-	
120206	Sales General	2	11,378,050.00		-	
120207	Earnings General	2	35,115,004.98		17,056,789.40	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		-	
	Sub-Total Independent Revenue – B			58,653,939.03		48,743,533.40
	Total Inflow from Operating Activities C = A+B			1,993,687,039.27		1,685,458,260.03
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	528,059,574.00		372,158,474.18	

220201	Overhead Cost	4	183,492,287.63		355,345,959.25	
220701	SUBEB and other Transfers to Local Government Entities	5	1,266,221,394.97		1,011,511,186.77	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			1,977,773,256.60		1,739,015,620.20
	Net Cashflow from Operating Activities – E = C-D			15,913,782.67		- 53,557,360.17
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	10,050,000.00		2,946,779.65	
320102	Infrastructure General	6	-		2,609,041.74	
320106	Furniture and Fittings General	6	6,643,000.00		-	
320301	Intangible Assets	6	58,279,560.61		17,721,414.26	
	Total Outflow from Investing Activities – F			74,972,560.61		23,277,235.65
	Net Cashflow from Investing Activities – G = E - F			- 59,058,777.94		- 76,834,595.82
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 103,234,400.00		- 337,397,150.00	
410101	Deposits		70,158,749.96		39,726,010.30	
410102	Other Accounts – Loan		-		-	
	Other Accounts – Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 173,393,149.96		- 377,123,160.30
	Net Cashflow from all Activities – I = G - H			114,334,372.02		300,288,564.48
	Cash and Cash Equivalent As At 1/1/2022			1,955,710,124.54		1,655,421,560.06
	Cash and Cash Equivalent As At 31/12/2022			2,070,044,496.56		1,955,710,124.54

NOTES TO THE ACCOUNTS

NOTE 1:				
SCHEDULE OF STATUTORY ALLOCATION TO OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA FOR THE YEAR ENDED 31ST DECEMBER 2022				
Month	Federation Account	Value Added Tax	Others	Total
January	92,892,594.40	63,436,850.17	918,526.29	157,247,970.86
February	45,814,491.21	57,681,363.11	21,755,615.78	125,251,470.10
March	61,676,265.59	55,755,884.13	15,729,641.36	133,161,791.08
April	90,652,534.21	68,250,609.01	-	158,903,143.22
May	81,145,904.42	59,948,620.96	1,748,216.06	142,842,741.44
June	69,121,876.53	66,113,385.18	32,394,307.14	167,629,568.85
July	109,278,056.87	67,071,531.47	-	176,349,588.34
August	141,842,519.57	62,545,894.55	-	204,388,414.12
September	80,922,949.08	68,834,831.31	3,932,410.34	153,690,190.73
October	86,934,515.64	64,277,059.32	3,828,985.19	155,040,560.15
November	77,101,454.96	69,315,143.20	20,672,287.91	167,088,886.07
December	120,590,143.22	66,533,315.13	6,315,316.93	193,438,775.28
Total	₱ 1,057,973,305.70	₱ 769,764,487.54	₱ 107,295,307.00	₱ 1,935,033,100.24

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repaym ents General	120211 Investment Income	Monthly Total
	₱	₱	₱	₱	₱	₱	₱	₱	₱	₱
January	288,000.00	740,512.32	-	926,000.00	2,986,000.00	-	-	-	-	4,940,512.32
February	272,000.00	746,779.70	-	936,365.00	2,786,476.22	-	-	-	-	4,741,620.92
March	225,000.00	738,280.56	-	829,200.00	3,202,000.28	-	-	-	-	4,994,480.84
April	268,000.00	754,222.64	-	996,400.00	2,946,000.00	-	-	-	-	4,964,622.64
May	240,000.00	756,621.79	-	852,400.00	3,246,615.00	-	-	-	-	5,095,636.79
June	265,000.00	739,800.16	-	981,000.00	2,725,870.00	-	-	-	-	4,711,670.16
July	235,000.00	747,773.67	-	948,170.00	2,896,800.00	-	-	-	-	4,827,743.67
August	262,000.00	758,165.40	-	990,625.00	2,619,250.00	-	-	-	-	4,630,040.40
September	276,600.00	750,211.81	-	968,290.00	2,868,700.00	-	-	-	-	4,863,801.81
October	275,000.00	746,770.85	-	969,600.00	2,960,818.03	-	-	-	-	4,952,188.88
November	291,000.00	748,625.29	-	982,000.00	2,950,225.00	-	-	-	-	4,971,850.29
December	290,000.00	745,519.86	-	998,000.00	2,926,250.45	-	-	-	-	4,959,770.31
Total	3,187,600.00	8,973,284.05	-	11,378,050.00	35,115,004.98	-	-	-	-	58,653,939.03

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA FOR THE YEAR ENDED 2022.

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	67,682,541.36	10,690,360.40	16%
21010102	The Council (Legislative)	71,773,255.36	12,219,430.77	17%
21010103	Personnel Management	174,602,846.97	126,625,418.77	73%
21010104	Internal Audit	1,504,771.44	1,500,000.00	100%
21010105	Information	3,900,334.61	1,462,337.42	37%
21010106	Office of the Head of LGA	2,931,890.76	2,921,680.47	100%
21010107	Agriculture and National Resources	7,329,940.01	7,210,100.40	98%
21010108	Finance and Supply	36,225,633.85	30,445,712.23	84%
21010109	Budget, Planning & Statistics	9,867,015.12	7,140,775.21	72%
2101010	Revenue	11,149,004.42	10,169,312.75	91%
2101011	Works and Housing	34,648,031.04	32,192,456.28	93%
2101012	Procurement	1,781,069.16	886,919.62	50%
2101013	Legal Services	4,825,708.80	3,490,819.22	72%
2101014	Youth, Women & Social Development	35,035,851.08	24,667,719.02	70%
2101015	Primary Health Care	228,703,517.00	225,843,198.00	99%
2101016	Environment	26,203,265.68	23,416,670.72	89%
2101017	Water and Sanitary Hygiene	20,856,902.04	7,176,662.72	34%
	Total	739,021,578.70	528,059,574.00	71%

NOTE 4: SCHEDULE OF OVERHEAD COST OF OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA FOR THE YEAR 2022

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	60,450,000.00	15,500,000.00	26%
22020102	The Council (Legislative)	50,500,000.00	20,800,000.00	41%
22020103	Personnel Management (Admin)	60,196,000.00	20,400,000.00	34%
22020104	Internal Audit	5,000,000.00	1,500,000.00	30%
22020105	Information	4,500,000.00	1,000,000.00	22%
22020106	Office of the Head of LGA	4,000,000.00	2,092,287.63	52%
22020107	Agriculture and National Resources	20,000,000.00	8,500,000.00	43%
22020108	Finance and Supply	40,000,000.00	10,000,000.00	25%
22020109	Budget, Planning & Statistics	25,000,000.00	10,000,000.00	40%
22020110	Procurement	8,000,000.00	1,650,000.00	21%
22020111	Revenue	16,500,000.00	8,800,000.00	53%
22020112	Works & Housing	30,000,000.00	10,000,000.00	33%
22020113	Legal Services	7,494,000.00	1,500,000.00	20%
22020114	Social Development	25,000,000.00	11,000,000.00	44%
22020115	Primary Health Care	120,000,000.00	39,000,000.00	33%
22020116	Environment	30,000,000.00	10,000,000.00	33%
22020117	Water and Sanitary Hygiene	15,000,000.00	2,750,000.00	18%
22020118	Contribution to LG Service Commission	10,000,000.00	9,000,000.00	90%
	Total	531,640,000.00	183,492,287.63	35%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA.

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	334,932.84	49,538,640.17	7,862,398.54	41,480,479.51	99,216,451.06
February	334,932.84	48,154,712.59	6,262,573.50	29,841,911.11	84,594,130.04
March	334,932.84	46,641,268.68	6,658,089.55	35,306,820.40	88,941,111.47
April	334,932.84	44,572,701.11	7,945,157.16	41,458,557.46	94,311,348.57
May	334,932.84	44,570,551.77	7,142,137.07	34,449,292.55	86,496,914.23
June	334,932.84	43,620,686.51	8,381,478.44	52,133,793.61	104,470,891.40
July	334,932.84	43,206,414.03	8,817,479.41	55,490,424.74	107,849,251.02
August	334,932.84	43,092,207.94	10,219,447.71	67,764,104.99	121,410,693.48
September	334,932.84	54,448,710.64	7,684,509.53	50,720,591.30	113,188,744.31
October	334,932.84	53,886,100.86	8,115,489.64	56,089,128.51	118,425,651.85
November	334,932.84	55,013,966.88	8,354,444.30	62,070,300.11	125,773,644.13
December	334,932.84	52,542,239.76	9,671,938.76	58,993,452.05	121,542,563.41
Total	₱ 4,019,194.08	₱ 579,288,200.94	₱ 97,115,143.61	₱ 585,798,856.34	₱ 1,266,221,394.97

NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA FOR THE YEAR ENDED 31ST DECEMBER, 2022

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	1,000,000.00	-	643,000.00	2,900,000.00	4,543,000.00
February	1,250,000.00	-	290,000.00	5,600,000.00	7,140,000.00
March	1,750,000.00	-	300,000.00	2,927,560.61	4,977,560.61
April	625,000.00	-	-	3,333,000.00	3,958,000.00
May	500,000.00	-	410,000.00	3,519,000.00	4,429,000.00
June	800,000.00	-	500,000.00	6,500,000.00	7,800,000.00
July	-	-	600,000.00	5,500,000.00	6,100,000.00
August	1,550,000.00	-	800,000.00	7,000,000.00	9,350,000.00
September	1,625,000.00	-	700,000.00	8,800,000.00	11,125,000.00
October	-	-	1,000,000.00	4,900,000.00	5,900,000.00
November	600,000.00	-	700,000.00	4,850,000.00	
December	350,000.00	-	700,000.00	2,450,000.00	3,500,000.00
Total	₱ 10,050,000.00		₱6,643,000.00	₱ 58,279,560.61	₱ 74,972,560.61

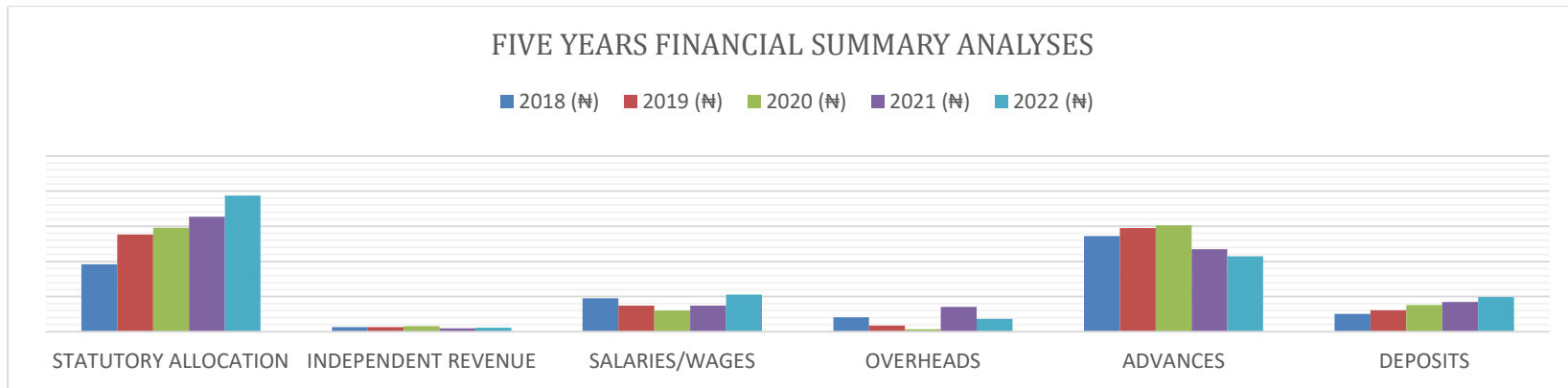
NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	2,070,044,496.56
Inventories	-
Loans Granted	30,561.00
Investments	1,100,000.00
Advances	1,071,306,824.63
Property, Plant and Equipment (PPE)	-
Investment Properties	-
Prepayments	-
Total Assets	₱ 3,142,481,882.19

NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	491,785,945.19
Loans/Debts	800,000.00
Payables	-
Long Term Borrowings	-
Total Liabilities	₱ 492,585,945.19

NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	2,708,954,714.94
Accumulated Surpluses/Deficits for the Year	- 59,058,777.94
Net Assets/Equity as at 31/12/2022	₱ 2,649,895,937.00

NOTE 10:					
DETAILS OF AUDIT QUERIES ISSUED TO OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA IN RESPECT OF 2022 ACCOUNTS					
S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
1	AQ/OWLG/SGD/1	32/June/2022	Irregular Expenditure	4,000,000.00	Resolved
2	AQ/OWLG/SGD/2	140/Aug/2022	Irregular Expenditure	2,800,000.00	Resolved
3	AQ/OWLG/SGD/2b	Various	Irregular Expenditure	3,400,000.00	Resolved
4	AQ/OWLG/SGD/3	5/Oct/2022	Expenditure contrary to Regulation	900,000.00	Resolved
5	AQ/OWLG/SGD/4	Various	Unreceipted payments	110,000.00	Resolved
6	AQ/OWLG/SGD/5	3/Aug/2022	Irregular Expenditure	1,100,000.00	Resolved
	Total			₱ 12,310,000.00	

OWAN WEST LOCAL GOVERNMENT COUNCIL, SABONGIDDA-ORA							
FIVE YEARS FINANCIAL SUMMARY ANALYSES							
S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	957,576,847.73	1,381,338,901.76	1,480,075,844.84	1,636,714,726.63	1,935,033,100.24	7,390,739,421.20
2	INDEPENDENT REVENUE	65,986,310.00	65,201,732.00	77,379,175.23	48,743,533.40	58,653,939.03	315,964,689.66
3	SALARIES/WAGES	476,068,509.99	371,015,129.42	299,650,672.87	372,158,474.18	528,059,574.00	2,046,952,360.46
4	OVERHEADS	204,486,794.50	89,071,342.27	35,554,082.73	355,345,959.25	183,492,287.63	867,950,466.38
5	ADVANCES	1,362,692,814.63	1,474,787,412.63	1,511,938,374.63	1,174,541,224.63	1,071,306,824.63	6,595,266,651.15
6	DEPOSITS	255,001,135.91	304,384,923.02	381,901,184.93	421,627,195.23	491,785,945.19	1,854,700,384.28
	TOTAL	3,321,812,412.76	3,685,799,441.10	3,786,499,335.23	4,009,131,113.32	4,268,331,670.72	19,071,573,973.13



STATEMENT OF FINANCIAL RESPONSIBILITY

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements have been prepared by the Treasurer of Uhumwode Local Government Council, Ehor in accordance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS. The Financial Statements complied with generally accepted accounting practice.

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly recorded the use of all public financial resources by the Local Government Council. To the best of my knowledge, this system of internal control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these Financial Statements, the information they contain and their compliance with the provisions of the Finance (Control and Management) Act 1958 as amended and IPSAS.

In our opinion, these financial statements fairly reflect the financial position of Uhumwode Local Government Council, Ehor as at 31st December 2022 and its operations for the year ended on that date.

Name of Treasurer:

Okochuwa S.M.O.

Signature:



Date.....

30/03/2023

Name of Chairman:

Dr. RAYMOND O. OGIEVA

Signature



Date.....

30/03/23



OFFICE OF THE AUDITOR-GENERAL (LOCAL GOVERNMENTS)
19 BOUNDARY ROAD, G.R.A.,
P.M.B. 1128,
BENIN CITY
EDO STATE OF NIGERIA

REPORT OF THE STATE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

TO THE MEMBERS OF THE EDO STATE HOUSE OF ASSEMBLY

The Financial Statements of Uhumwode Local Government Council, Ehor for the year ended 31st December 2022 as contained in this report prepared under the International Public Sector Accounting Standards (IPSAS) Accrual accounting framework and on the basis of Accounting Policies detailed in the Financial Statements have been audited as required by the Edo State Audit Law 2021 (as Amended) and Sections 136-146 of the Edo State Local Government Law 2000 as amended.

RESPONSIBILITY OF TREASURERS TO LOCAL GOVERNMENT COUNCILS

The Treasurer of Uhumwode Local Government Council, Ehor is responsible for the preparation and presentation of the Financial Statements in accordance with Finance (Control and Management) Act 1958 as amended. He is to ensure that there are no material misstatements in the financial statements.

AUDITOR-GENERAL'S RESPONSIBILITY

It is my statutory responsibility to form an independent opinion based on the audit of the Financial Statements and all underlying records and to report thereon.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing (ISA) as applicable to the public sector, International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards, the provisions of the Edo State Audit Law 2021 and Sections 136-146 of the Edo State Local Government Law 2000 as amended. The audit includes examination on a test basis of evidence relevant to the figures disclosed in the Financial Statements. It also includes an assessment of significant estimates and judgments made by the Council in the preparation of the financial statements and whether the accounting policies were appropriate in the Council's circumstances, consistently applied and adequately disclosed. The audit was planned and performed to obtain all information and explanations considered necessary to have reasonable assurance that the Financial Statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the Financial Statements of Uhunmwode Local Government Council, Ehor for the year ended 31st December 2022 show a true and fair view of the Council's state of financial position, performances and of the cashflow in accordance with all legal and regulatory framework, subject to the observations and comments contained in this report.



S.O. Johnson, FCA, ACTI, FIMC, FCCSA
(FRC/2022/PRO/ICAN/004/188858)
Auditor-General (Local Governments),
Edo State.

27th June, 2023

REPORT OF THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EDO STATE

GENERAL DISCLOSURES AND OBSERVATIONS ON THE ACCOUNTS OF UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR FOR THE YEAR ENDED 31ST DECEMBER 2022

1. REVENUE

During the year ended 31st December 2022, Uhunmwode Local Government Council realized as revenue a total sum of ₦2,363,051,167.11. Of this amount, the sum of ₦2,252,879,690.11 was received as statutory allocations from the federation account while the balance sum of ₦110,171,477.00 represented independent revenue. See Notes 1 and 2 for details.

RECOMMENDATION

The Local Government Council still continue to depend heavily on allocations from the Federation Account during the period under review. The Local Government Council is advised to look inwards and develop ways to boost internally generated revenue to reduce overdependence on statutory allocations.

2. COMPLETENESS OF SLGJAAC ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

During the period under review, the total sum of ₦2,252,879,690.11 that accrued from the federation account to Uhunmwode Local Government Councils, Ehor as statutory allocations transferred through the State-Local Government Joint Account Allocation Committee (SLGJAAC), as obtained from source documents from the Edo State Ministry of Local Government Affairs, was completely received by Ehor Local Government Council, Uhunmwode and was included in the Council's Financial Statements for the year ended 31st December 2022. See **Note 1** for details.

3. EXPENDITURE

During the period under review, Uhunmwode Local Government Council, Ehor spent the sum of ₦340,951,105.70 on salaries and wages, the sum of ₦271,288,025.20 as overhead while transfers to SUBEB and Other Local Governments Entities amounted to the sum of ₦1,619,104,721.44. The capital expenditure for year stood at ₦54,398,000.00.

4. CASH AND CASH EQUIVALENT

The cash and cash equivalents of Uhunmwode Local Government Council, Ehor as at 31st December, 2022 amounted to ₦99,854,162.52. During the period under review, the Local Government Council did not present bank statements for the Council nor prepare bank reconciliation statements contrary to Financial Memoranda 19:23-30. Non-presentation of these vital documents shows that balances in the cash book and those of their corresponding bank balances were not reconciled.

RECOMMENDATION

The Local Government Council is hereby advised to always carry out monthly bank reconciliation statements in line with Financial Memoranda 19:23-30 and forward the prepared documents to this Office without delay.

5. ADVANCES

The unretired advances of the Local Government Councils as at 31st December, 2022 stood at ₦805,580,652.76. In spite of my reminders in previous reports and circular letters, it was observed that advances granted to various Council officials as working advances were not retired as at 31st December, 2022 contrary to F.M. 16.16.

RECOMMENDATION

The Heads of Local Government Administration and the Treasurers to the Local Government Councils are hereby called upon to, without further delay retire ALL outstanding working advances in accordance with F.M. 16.16.

6. LIABILITIES:

(A) DEPOSITS

As at 31st December, 2022, a total sum of ₦267,318,367.41 was outstanding in the Deposits Accounts of Uhumwode Local Government Council, Ehor. The Deposit Accounts represent various deductions from staff salaries as Pay As You Earn (PAYE), union dues (NULGE), Car Refurbishing Loans deducted in respect of loans obtained from other Councils and deductions from payments to contractors as retention fees, Value Added Tax (VAT), Withholding Tax (WT), etc.

RECOMMENDATION

The Council is to ensure that the deposits are refunded to the respective beneficiaries after they have been properly scrutinized and any deposit whose owner cannot be properly identified and have been dormant for upwards of five years from the date repayments were due should be adjusted to revenue in accordance with F.M. 24.25(5).

(B) SHORT TERM LOANS

The consolidated short-term loans and bank overdrafts owned to various banks by the Local Government Council stood at the total sum of ₦800,000.00.

7. BUDGET PERFORMANCE

The budget performance for the year ended 31st December 2022 in respect of Uhumwode Local Government Council, Ehor is summarized below:

Description	Approved Estimate 2022 (₦)	Actual Revenue/Expenditure 2022 (₦)	Percentage Performance
<u>REVENUE</u>			
Statutory Allocation	2,585,788,221.35	2,252,879,690.11	87%
Independent Revenue	66,000,000.00	110,171,477.00	167%
<u>EXPENDITURE</u>			
Salary and Wages	800,425,851.72	340,951,105.70	43%
Overhead Cost	107,872,781.57	271,288,025.20	251%
Transferred to SUBEB and other Local Government Entities	1,513,193,720.84	1,619,104,721.44	107%
Capital Expenditure	1,558,571,603.29	54,398,000.00	3%

OBSERVATION

As can be seen from the above, actual performance for capital projects for the year 2022 was low.

RECOMMENDATION

- i) The Local Government Council should always forward to the Office of the Auditor-General for Local Governments contract agreements and other relevant document to enable the office monitor and audit capital project performance in accordance with F.M. 1.4(12)(g) and F.M. 39.1(8) and ascertain that the Council obtained value for money for the expenditure.
- ii) The Local Government Council is also advised to always make adequate budgetary provision for Overhead Costs and Transfers to SUBEB and other Local Government Entities to avoid extra budgetary expenditure.

8. AUTHORIZATION

All the expenditure shown in the Statements of Actual Expenditure for the year ended 31st December, 2022 were duly authorized as provided for by Sections 92, 93 and 94 of the Edo State Local Government Law 2000 as amended.

9. REVALUATION OF ASSETS

Uhunmwode Local Government Council, Ehor is yet to carry out the revaluation of assets in compliance with IPSAS (Accruals).

RECOMMENDATION

The Local Government Council should as a matter of urgency engage the services of relevant professionals and have their assets revalued in line with IPSAS so as to accurately reflect the assets in the Statement of Financial Position.

10. BUDGET PREPARATION

Uhunmwode Local Government Council, Ehor is to ensure that Annual Budget is prepared on time in accordance with the National Chart of Accounts as recommended by International Public Sector Accounting Standards (IPSAS) and copies of the Approved Budget sent to the Office of the Auditor-General (Local Governments) to enable the office monitor financial performance.

11. AUDIT QUERIES

Audit queries issued on observed irregularities amounting to the sum of ₦71,018,000.00 attached to Audit Inspection Reports on the 2022 accounts for Uhumwode Local Government Council, Ehor have already been forwarded to the Chairman for his necessary action. Details of the audit queries with respect to 2022 accounts are contained in **Note 10** to this report.

12. DISALLOWANCE

Allowance has been reserved in respect of the expenditure mentioned in paragraph 11 above and in **Note 10** to this report pending satisfactory explanations on the issues raised therein.

13. GENERAL STATE OF THE ACCOUNTS AND RECORD KEEPING

The rendering of accounting books and records as observed in the Local Government Councils are as highlighted below:

a) Rendition of Annual Financial Statements

The Local Government Council rendered 2022 Financial Statements within time stipulated in extant laws. The timely rendition of annual financial statements is commendable.

b) Record Keeping

i) Subsidiary Books/Ledgers

In some cases, either subsidiary books were not kept or were not updated. The Local Government Council needs to give attention to proper keeping of subsidiary books of accounts. Registers such as Loans/Overdraft, Investments, Fixed/Movable Assets Registers should be maintained.

ii) Cash Books

Cash books were not balanced promptly at the end of each month and in some cases, balances were written in pencil instead of writing them in ink. Cash books should henceforth be updated promptly.

c) Reconciliation of Financial Statements with Underlying Records

i) A number of entries were omitted in the Departmental Vote Expenditure Account (DVEA)/Departmental Vote Revenue Account (DVRA) Books. Consequently, it became difficult to classify accurately expenditure and revenue into Heads and Sub-Heads.

ii) The advances and deposits ledgers were also not updated during the period reviewed. Some entries were not posted to the ledgers thereby making the

outstanding balances in them unreliable. Consequently, it is not possible to accurately determine outstanding advances and deposits if one should rely on the ledgers.

The Treasurers to the Local Government Councils are advised to supervise staff in the treasury department and ensure that accounting records are updated and reconciled to eliminate omissions and errors in entries.

iii) Bank Reconciliation

Uhunmwode Local Government Council, Ehor has continuously failed to prepare bank reconciliation statements as required by Financial Memoranda 19.23 – 24. The Local Government Council is to comply with F.M. 19.23 – 24 without further delay by preparing monthly bank reconciliation statements.

d) Response To Audit Queries

Note 10 to the accounts shows the level of response to audit queries issued to Uhunmwode Local Government Council, Ehor. The Local Government Council is hereby reminded of the need to always respond to audit queries promptly.

e) Adoption of IPSAS

The Local Government Council is yet to fully adopt the International Public Sector Accounting Standards (IPSAS). There is the need, as a matter of urgency, to revalue the Local Government Council's assets and liabilities and reflect them in the books of accounts in line with IPSAS.

Accounting Policies (IPSAS Accrual)

1. Measurement Basis

These General-Purpose Financial States (GPFS) have been prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as defined by relevant statutes.

2. Basis of Accounting

These GPFS have been prepared under Accrual Basis of Accounting.

3. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/Vol.1/102 of 30th December, 2013. Each accounting year is divided into 12 calendar months (periods) and was set up as such in the accounting system.

4. Reporting Currency

The GPFS were prepared in the Nigerian Naira (₦).

5. Comparative Information

The General Purpose Financial Statements disclosed all numerical information relating to previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Local Government Councils' Appropriation Bye-Law prepared on Cash Basis.

7. Revenue:

Fees, Taxes and Fines

Revenue from non-exchange transactions such as fees, taxes and fines are recognized when they are collected and the asset recognition criteria are met. Other non –exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

Other operating revenues arise from exchange transactions in the ordinary course of the entity's activities. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an entity's activities. Revenue is shown net of tax, returns rebates and discounts.

Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer usually when goods are delivered.

Other Revenue/Income

Other revenue/income consists of fees, fines, debt forgiveness, commissions rentals gains on disposal of assets, etc. Any gain or disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services and properties) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

9. Expenses

All expenses are reported on an accrual basis, that is, all expenses are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

10. Interest on Loans

Interest on loans are treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance). Interest expense is accrued using the effective interest rate method to the principal outstanding to determine interest expense in each period.

11. Statement of Cash Flow

This statement was prepared using the direct method in accordance with the format provided in the GPFS. The cashflow statement consists of three (3) sections:

Operating Activities – These include cash received from all income sources of the Local Government Councils and record the cash payments made for the supply of goods and services.

Investing Activities – These are the activities relating to the acquisition and disposal of non-current assets.

Financial Activities – These comprise the change in equity and debt capital structure of the PSE.

12. Cash and Cash Equivalent

Cash and Cash Equivalent means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.

13. Accounts Receivable:

Receivables from Exchange Transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

Receivables from Non-Exchange Transactions

Receivables from non-exchange transactions comprise – fees, taxes and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. These receivables are initially assessed at nominal amount or face value, that is, the receivable reflect the amount of tax owed, levy, fine charged, etc. these receivables are subsequently adjusted for penalties as they are charged or possible write down as a result of impairment. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

14. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services. They represent payments made early in the year for benefits to be received over the later part of the year or payments made in one year for benefits to be received in subsequent years.

15. Inventories

- (a) Inventories are valued at lower of cost and net realizable value.
- (b) Cost is determined using FIFO method.
- (c) Inventories held for distribution for public benefit purposes are recorded at cost adjusted where applicable for any loss of services potentials
- (d) Inventories are reported under current Assets in the Statement of Financial Position.

16. Loans Granted

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairments.

17. Property, Plant & Equipment (PPE)

- (a) All PPE are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.
- (b) Where an asset is acquired in a non-exchange transaction for nil, or nominal consideration the assets is initially recognized at fair value, where fair value can be reliably determined and as income systematically over the useful life of the PPE in the statement of financial performance.
- (c) The following constitute expenditure on PPE:
 - i) Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working conditions.
 - ii) Construction Cost – including materials labour and overheads.
 - iii) Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE comprises its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Trade discounts and rebates are deducted in arriving at the purchase price. PPE are stated at cost or at their professional valuation less accumulated depreciation and impairment.

Depreciation

The cost of PPE are depreciated from the date they are available for use on a straight line basis over their expected useful lives less any estimated residual value using applicable rates as follow:

No.	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2%
C	Investment property	2%
D	Infrastructure	5%
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialized Assets (e.g., books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, ship and train	5%
L	Specific cultural and heritage assets	Unlimited

Revaluation

The assets' residual values and useful lives are reviewed and adjusted as appropriate at the end of each reporting period. Surplus arising from the revaluation is transferred to the revaluation reserve in the financial position under

reserves. In case of revaluation deficit, it is be set against the respective assets value and the corresponding entry to either the revaluation reserve – if the surplus exists on the same class of asset or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is conducted where there are indications that an item of PPE may have been impaired.

18. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognized at cost. Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.

Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

19. Intangible Assets

These consist of assets that are not physically tangible which have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year. The cost of an item of intangible asset comprises its purchase price including non-recurring cost and any directly attributable costs of bringing the asset to its state of intended use.

20. Deposits

Deposits consist of resource held in custody on behalf of third parties. Deposits also represent payments received in advance for goods/services to be offered later.

21. Loans and Debts

Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorized as either short- or long-term loans.

22. Unremitted Deductions

Unremitted Deductions are monies owed to third parties such as tax authorities, unions, cooperatives, schemes and associations, other government agencies, etc. Unremitted Deductions include tax deductions and other deductions at source. The amounts are stated in the GPFS at their repayment value and treated as Current Liabilities in the Statement of Financial Position.

- 23. Payables – Accrued Expenses**
These are monies payable to third parties in respect of goods and services received.
- 24. Public Funds**
These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position.
- 25. Reserves**
Reserves are classified under equity in the Statement of Financial Position and include: Surpluses/(Deficits) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.
- 26. Borrowings**
Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.
- 27. Transfers to other Government Entities**
Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.
- 28. Advances**
The Edo State Financial Memoranda 16.16 requires that all advances granted to staff of Local Government Councils to execute projects, procure goods or services on behalf of the Local Government Councils are retired before the end of the financial year. However, when circumstances occur where either an advance is given out close to financial year end or an advance already given could not be retired in the financial year, such an advance or outstanding balance is reported in the Statement of Financial Position.

UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR.
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

Description	NCOA Code	Note	2022 (N)	2022 (N)	2021 (N)	2021 (N)
ASSETS						
Current Assets:						
Cash and Cash Equivalent	310101	7	99,854,162.52		-	23,737,922.96
Receivables	310601	7	-			-
Prepayments	310801	7	-			-
Inventories	310501	7	-			-
Total Current Assets: A				99,854,162.52		-
Non-Current Assets:						
Loan Granted (Local Govt. Loan Fund)	311001	7	18,436,870.79			18,436,870.79
Investments	310901	7	-			-
Property, Plant and Equipment (PPE)	320101	7	-			-
Investment Properties	320201	7	-			-
Intangible Assets (Advances)	320301	7	805,580,652.76			853,196,577.76
Total Non-Current Assets: B				824,017,523.55		871,633,448.55
Total Assets: C = A+B				923,871,686.07		847,895,525.59
LIABILITIES						
Current Liabilities:						
Deposits	410101	8	267,318,367.41			268,651,521.70
Short Term Loans and Debts	410201	8	800,000.00			800,000.00
Payables (Accrued Expenses)	410401	8	-			-
Total Current Liabilities: D				268,118,367.41		269,451,521.70
Non-Current Liabilities:						
Long Term Borrowing	420301	8	-			-
Total Non-Current Liabilities: E				-		-
Total Liabilities: F = D+E				268,118,367.41		269,451,521.70
Net Assets: G = C-F				655,753,318.66		578,444,003.89
NET ASSETS/EQUITY						
Reserves: H	430301	9	578,444,003.89			1,171,160,154.10
Accumulated Surpluses/(Deficits): I	430201	9	77,309,314.77			-
Total Net Assets/Equity: G = H+I				655,753,318.66		578,444,003.89

UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31ST DECEMBER, 2022

Previous Year Actual 2021(₦)	Description	NCOA Code	Note	Annual Budget (₦)	Actual Revenue/ Expenditure (₦)	Percentage of Budget Performance
1,171,160,154.70	Net Assets/Equity As At 1/1/2022 – A			-	578,444,003.89	
	REVENUE					
	<u>Statutory Allocation:</u>					
1,173,462,590.48	Share of Federation Account	110101	1	1,748,816,206.67	1,316,865,900.72	75%
663,949,958.26	Share of Value Added Tax (VAT)	110102	1	470,769,346.87	810,054,736.40	172%
93,664,987.79	Excess Crude Oil and Others	110103	1	366,202,667.81	125,959,052.99	34%
1,931,077,536.53	Sub-Total Statutory Allocation – B			2,585,788,221.35	2,252,879,690.11	87%
	<u>Independent Revenue:</u>					
10,906,684.44	Licences General	120201	2	18,783,600.00	21,580,500.00	115%
23,850,000.00	Fees General	120204	2	29,152,200.00	51,915,753.00	178%
2,120,000.00	Fines General	120205	2	2,593,800.00	-	0%
114,000.00	Sales General	120206	2	7,774,800.00	-	0%
3,710,000.00	Earnings General	120207	2	4,534,200.00	36,675,224.00	809%
-	Rent on Government Building General	120208	2	1,940,400.00	-	0%
-	Rent on Land and Others General	120211	2	-	-	
-	Repayment General	120213	2	-	-	
788,060.55	Investment Income	120214	2	1,221,000.00	-	0%

41,488,744.99	Sub-Total Independent Revenue – C			66,000,000.00	110,171,477.00	167%
3,143,726,436.22	Total Receipts (A+B+C)			2,651,788,221.35	2,941,495,171.00	111%
	EXPENDITURE					
	<u>Recurrent Expenditure:</u>					
414,514,249.83	Salaries and Wages	210101	3	800,425,851.72	340,951,105.70	43%
415,097,642.08	Overhead Cost	220201	4	107,872,781.57	271,288,025.20	251%
1,303,140,345.69	SUBEB and other Transfers to Local Govt. Entities	220701	5	1,513,193,720.84	1,619,104,721.44	107%
-	Depreciation			-	-	
2,132,752,237.60	Sub-Total Recurrent Expenditure: E			2,421,492,354.13	2,231,343,852.34	92%
	<u>Capital Expenditure:</u>					
172,649,079.14	Land and Building General	320101	6	1,105,684,684.58	30,561,500.00	3%
82,787,300.00	Infrastructure General	320102	6	-	-	
35,743,500.00	Furniture and Fittings General	320106	6	175,618,745.60	7,583,000.00	4%
141,350,315.07	Intangible Assets	320301	6	277,268,173.11	16,253,500.00	6%
432,530,194.21	Sub-Total Capital Expenditure: F			1,558,571,603.29	54,398,000.00	3%
2,565,282,431.81	Total Expenditure: G = E + F			3,980,063,957.42	2,285,741,852.34	57%
578,444,003.89	Net Assets/Equity As At 31/12/2022				655,753,318.66	
3,143,726,435.70					2,941,495,171.00	

UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2022

NCOA Code	Details	Note	2022 (₦)	2022 (₦)	2021 (₦)	2021 (₦)
	CASH FLOW FROM OPERATING ACTIVITIES:					
	<u>INFLOWS:</u>					
	<u>Statutory Allocations</u>					
110101	Share of Federation Account	1	1,316,865,900.72		1,173,462,590.48	
110102	Share of Value Added Tax (VAT)	1	810,054,736.40		663,949,958.26	
110103	Excess Crude Oil and Others	1	125,959,052.99		93,664,987.79	
	Sub-Total Statutory Revenue – A			2,252,879,690.11		1,931,077,536.53
	<u>Independent Revenue</u>					
120201	Licences General	2	21,580,500.00		10,906,684.44	
120204	Fees General	2	51,915,753.00		23,850,000.00	
120205	Fines General	2	-		2,120,000.00	
120206	Sales General	2	-		114,000.00	
120207	Earnings General	2	36,675,224.00		3,711,000.00	
120208	Rent on Government Buildings General	2	-		-	
120209	Rent on Land and Others General	2	-		-	
120210	Repayments General	2	-		-	
120211	Investment Income	2	-		788,060.55	
	Sub-Total Independent Revenue – B			110,171,477.00		41,489,744.99
	Total Inflow from Operating Activities C = A+B			2,363,051,167.11		1,972,567,281.52
	<u>OUTFLOWS:</u>					
210101	Salaries and Wages	3	340,951,105.70		414,514,249.83	
220201	Overhead Cost	4	271,288,025.20		415,097,642.00	

220701	SUBEB and other Transfers to Local Government Entities	5	1,619,104,721.44		1,303,140,345.69	
	Depreciation		-		-	
	Total Outflow from Operating Activities – D			2,231,343,852.34		2,132,752,237.52
	Net Cashflow from Operating Activities – E = C-D			131,707,314.77		- 160,184,956.00
	CASHFLOW FROM INVESTING ACTIVITIES:					
320101	Land and Building General	6	30,561,500.00		172,649,099.14	
320102	Infrastructure General	6	-		82,787,300.00	
320106	Furniture and Fittings General	6	7,583,000.00		35,743,500.00	
320301	Intangible Assets	6	16,253,500.00		141,350,315.07	
	Total Outflow from Investing Activities – F			54,398,000.00		432,530,214.21
	Net Cashflow from Investing Activities – G = E - F			77,309,314.77		- 592,715,170.21
	CASHFLOW FROM FINANCIAL ACTIVITIES:					
301801	Advances		- 47,615,925.00		- 275,575,509.14	
410101	Deposits		- 1,333,154.29		11,788,902.78	
410102	Other Accounts - Loan		-		-	
	Other Accounts - Investment		-		-	
420301	Proceeds from Borrowings		-		-	
	Payment/Charges on Borrowings		-		-	
	Net Cashflow from Financing Activities – H			- 46,282,770.71		- 287,364,411.92
	Net Cashflow from all Activities – I = G - H			123,592,085.48		- 305,350,758.29
	Cash and Cash Equivalent As At 1/1/2022			- 23,737,922.96		281,612,835.33
	Cash and Cash Equivalent As At 31/12/2022			99,854,162.52		- 23,737,922.96

NOTES TO THE ACCOUNTS

NOTE 1:

SCHEDULE OF STATUTORY ALLOCATION TO UHUNMWONDE LOCAL GOVERNMENT COUNCIL, EHOR FOR THE YEAR ENDED 31ST DECEMBER 2022

Month	Federation Account	Value Added Tax	Others	Total
January	115,595,462.14	66,730,014.50	1,143,013.31	183,468,489.95
February	57,011,512.26	60,810,346.35	27,558,907.44	145,380,766.05
March	76,749,890.25	58,666,435.75	19,573,951.79	154,990,277.79
April	113,132,789.92	71,842,383.00	-	184,975,172.92
May	100,977,891.55	62,874,756.10	2,175,478.51	166,028,126.16
June	86,015,201.90	69,601,656.62	34,103,494.11	189,720,352.63
July	135,985,517.12	70,477,473.27	-	206,462,990.39
August	176,508,705.65	65,659,078.46	-	242,167,784.11
September	100,700,446.12	72,617,514.30	4,893,487.95	178,211,448.37
October	108,181,234.22	67,614,492.69	3,972,582.45	179,768,309.36
November	95,944,982.23	73,062,964.67	25,724,576.75	194,732,523.65
December	150,062,267.36	70,097,620.69	6,813,560.68	226,973,448.73
Total	₦ 1,316,865,900.72	₦ 810,054,736.40	₦ 125,959,052.99	₦ 2,252,879,690.11

NOTE 2:										
SCHEDULE OF INDEPENDENT REVENUE OF UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR FOR THE YEAR 2022										
Month	120201 Licences General	120204 Fees General	120205 Fines General	120206 Sales General	120207 Earnings General	120208 Rent On Govt. Buildings General	120209 Rent On Land & Others General	120210 Repayments General	120211 Investment Income	Monthly Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
January	1,580,000.00	5,915,000.00	-	-	3,100,100.00	-	-	-	-	10,595,100.00
February	1,660,000.00	6,800,000.00	-	-	3,030,100.00	-	-	-	-	11,490,100.00
March	2,200,250.00	3,300,000.00	-	-	2,800,000.00	-	-	-	-	8,300,250.00
April	2,200,000.00	7,200,000.00	-	-	3,020,000.00	-	-	-	-	12,420,000.00
May	2,000,500.00	5,250,250.00	-	-	2,200,000.00	-	-	-	-	9,450,750.00
June	1,100,000.00	4,700,700.00	-	-	2,550,000.00	-	-	-	-	8,350,700.00
July	2,800,000.00	8,800,000.00	-	-	2,700,000.00	-	-	-	-	14,300,000.00
August	2,550,000.00	5,000,000.00	-	-	3,000,500.00	-	-	-	-	10,550,500.00
September	2,000,000.00	2,700,000.00	-	-	1,890,000.00	-	-	-	-	6,590,000.00
October	1,500,000.00	1,100,000.00	-	-	4,184,524.00	-	-	-	-	6,784,524.00
November	880,000.00	600,000.00	-	-	4,200,000.00	-	-	-	-	5,680,000.00
December	1,109,750.00	549,803.00	-	-	4,000,000.00	-	-	-	-	5,659,553.00
Total	21,580,500.00	51,915,753.00	-	-	36,675,224.00	-	-	-	-	110,171,477.00

NOTE 3: SCHEDULE OF SALARIES AND WAGES OF UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR FOR THE YEAR ENDED

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
21010101	Office of the Chairman	57,378,629.38	-	0%
21010102	The Council (Legislative)	34,350,795.35	-	0%
21010103	Personnel Management	29,739,219.01	20,500,000.00	69%
21010104	Internal Audit	-	-	
21010105	Information	31,456,023.40	2,850,000.20	9%
21010106	Office of the Head of LGA	-	-	
21010107	Agriculture and National Resources	4,022,533.44	3,100,050.50	77%
21010108	Finance and Supply	11,630,043.92	9,620,000.00	83%
21010109	Budget, Planning & Statistics	5,601,968.32	4,601,968.00	82%
2101010	Revenue	39,235,456.26	2,823,550.00	7%
2101011	Works and Housing	15,268,800.61	12,200,800.00	80%
2101012	Procurement	2,603,874.50	1,600,875.00	61%
2101013	Legal Services	1,050,747.91	880,200.00	84%
2101014	Youth, Women & Social Development	8,970,601.37	7,700,500.00	86%
2101015	Primary Health Care	600,847,785.94	255,170,708.70	42%
2101016	Environment	20,810,156.98	18,902,453.00	91%
2101017	Water and Sanitary Hygiene	1,081,115.33	1,000,000.30	92%
	Total	864,047,751.72	340,951,105.70	39%

NOTE 4: SCHEDULE OF OVERHEAD COST OF UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR FOR THE YEAR

Economic Code	Details	Approved Budget (₦)	Actual Expenditure (₦)	Percentage of Budget Performance
22020101	Office of the Chairman	51,979,658.52	-	0%
22020102	The Council (Legislative)	20,599,493.16	-	0%
22020103	Personnel Management (Admin)	10,988,335.72	55,880,000.00	509%
22020104	Internal Audit	-	1,580,000.00	
22020105	Information	542,677.32	21,242,670.00	3914%
22020106	Office of the Head of LGA	-	21,588,000.00	
22020107	Agriculture and National Resources	1,240,146.18	11,540,200.00	931%
22020108	Finance and Supply	2,519,168.39	24,519,200.20	973%
22020109	Budget, Planning & Statistics	1,831,237.66	12,850,500.00	702%
22020110	Procurement	1,114,393.80	14,780,000.00	1326%
22020111	Revenue	548,152.38	31,750,700.00	5792%
22020112	Works & Housing	6,671,950.59	32,200,000.00	483%
22020113	Legal Services	564,169.56	1,880,000.00	333%
22020114	Social Development	2,924,362.08	10,582,479.00	362%
22020115	Primary Health Care	2,591,931.92	10,591,931.00	409%
22020116	Environment	2,482,345.53	5,402,345.00	218%
22020117	Water and Sanitary Hygiene	1,274,758.76	4,000,000.00	314%
22020118	Contribution to LG Service Commission	-	10,900,000.00	
	Total	107,872,781.57	271,288,025.20	251%

NOTE 5: SCHEDULE OF TRANSFERS TO SUBEB AND OTHER LOCAL GOVERNMENT ENTITIES IN UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR

Month	Deductions for Mandatory Expenditure				Total
	subvention to LGEA (SUBEB)	Total Salary for Teaching and LGEAs	5% Traditional Council	Other Transfers to Local Govt. Entities	
January	385,933.31	57,799,025.68	9,173,424.50	59,730,684.41	127,089,067.90
February	385,933.31	55,666,574.44	7,269,038.30	44,396,153.02	107,717,699.07
March	385,933.31	54,286,917.67	7,749,513.89	52,802,901.64	115,225,266.51
April	385,933.31	51,885,966.05	9,248,758.65	59,699,795.58	121,220,453.59
May	385,933.31	51,804,978.81	8,301,406.31	50,569,419.86	111,061,738.29
June	385,933.31	49,369,166.09	9,486,017.63	76,816,040.78	136,057,157.81
July	385,933.31	50,584,328.15	10,323,149.52	78,182,325.83	139,475,736.81
August	385,933.31	51,057,417.09	12,108,389.20	94,714,803.35	158,266,542.95
September	385,933.31	63,135,998.06	8,910,572.42	68,906,356.68	141,338,860.47
October	385,933.31	62,480,509.88	9,446,883.67	81,688,139.18	154,001,466.04
November	385,933.31	64,115,626.47	9,736,626.18	78,522,755.50	152,760,941.46
December	385,933.31	61,650,997.04	11,348,672.44	81,504,187.75	154,889,790.54
Total	₦ 4,631,199.72	₦ 673,837,505.43	₦ 113,102,452.71	₦ 827,533,563.58	₦ 1,619,104,721.44

**NOTE 6: SCHEDULE OF CAPITAL EXPENDITURE OF LOCAL GOVERNMENT COUNCIL, EHOR FOR THE YEAR ENDED
31ST DECEMBER, 2022**

Month	Land & Building General 320101	Infrastructure General 320102	Furniture & Fittings 320106	Intangible Assets 320301	Monthly Total
January	3,546,790.00	-	-	1,350,500.00	4,897,290.00
February	4,200,200.00	-	-	1,354,548.00	5,554,748.00
March	-	-	-	-	-
April	3,546,970.00	-	3,200,200.00	2,554,550.00	9,301,720.00
May	6,600,700.00	-	-	1,855,000.00	8,455,700.00
June	4,500,500.00	-	-	3,330,400.00	7,830,900.00
July	-	-	-	-	-
August	4,200,270.00	-	4,382,800.00	1,650,800.00	10,233,870.00
September	2,086,070.00	-	-	1,560,000.00	3,646,070.00
October	1,880,000.00	-	-	2,597,702.00	4,477,702.00
November	-	-	-	-	-
December	-	-	-	-	-
Total	₦ 30,561,500.00		₦ 7,583,000.00	₦ 16,253,500.00	₦ 54,398,000.00

NOTE 7:	
CURRENT AND NON-CURRENT ASSETS AS AT 31ST DECEMBER, 2022	
Cash and Cash Equivalent	99,854,162.52
Inventories	-
Loans Granted	18,436,870.79
Investments	-
Advances	805,580,652.76
Property, Plant and Equipment (PPE)	
Investment Properties	
Prepayments	
Total Assets	₱ 923,871,686.07

NOTE 8:	
CURRENT AND NON-CURRENT LIABILITIES AS AT 31ST DECEMBER, 2022	
Deposits	267,318,367.41
Loans/Debts	800,000.00
Payables	-
Long Term Borrowings	-
Total Liabilities	₱ 268,118,367.41

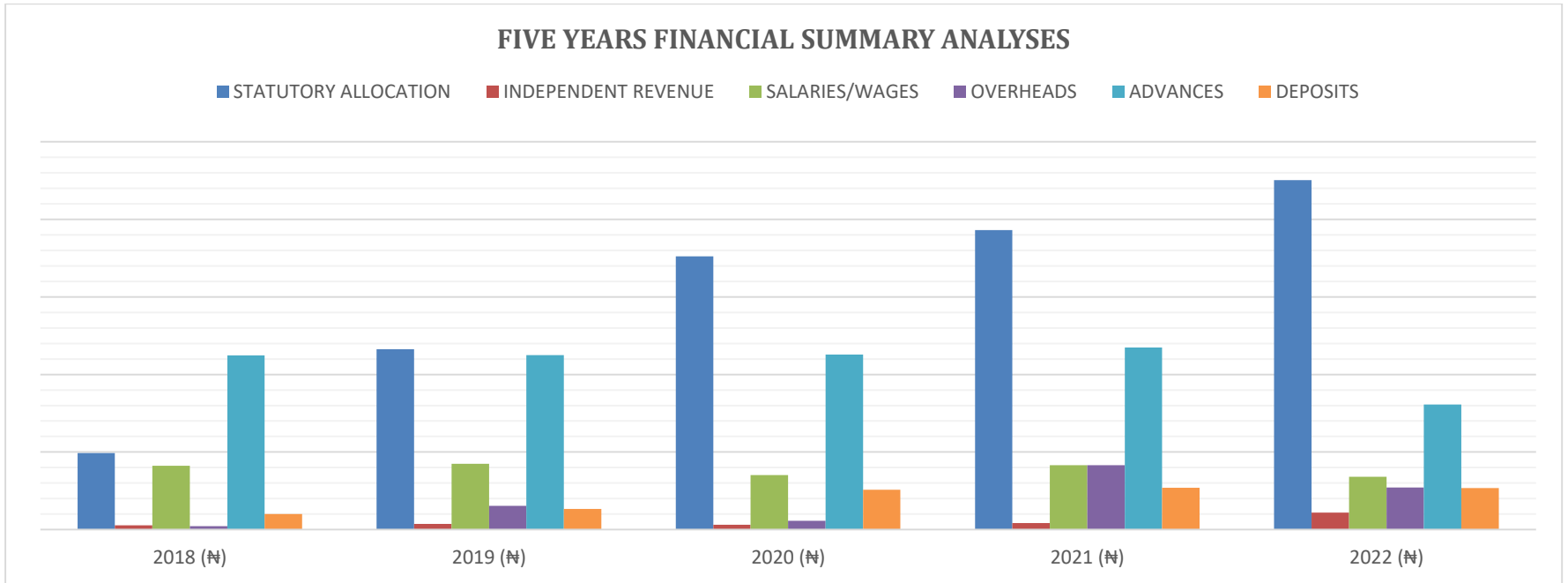
NOTE 9:	
CAPITAL RESERVES	
Reserves as at 1/1/2022	578,444,003.89
Accumulated Surpluses/Deficits for the Year	77,309,314.77
Net Assets/Equity as at 31/12/2022	₱ 655,753,318.66

NOTE 10:					
DETAILS OF AUDIT QUERIES ISSUED TO UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR IN RESPECT OF 2022 ACCOUNTS					
S/No.	Query Number	P.V. No./Date	Reason	Amount	Remark
	Outstanding:				
1	AQ/ULGA/EHR/1/2021	Various	Irregular Expenditure	11,323,000.00	Resolved
2	AQ/ULGA/EHR/2/2021	76/May/2021	Irregular Expenditure	3,300,000.00	Resolved
3	AQ/ULGA/EHR/3/2021	32/Dec/2021	Irregular Expenditure	3,612,000.00	Resolved
	Subtotal			18,235,000.00	
	Current:				
1	AQ/ULG/EHR/1	2/June/2022	Irregular Expenditure	4,700,000.00	Resolved
2	AQ/ULG/EHR/2	Various	Unreceipted Payment	1,500,000.00	Resolved
3	AQ/ULG/EHR/3	Various	Irregular Expenditure	21,758,000.00	Resolved
4	AQ/ULG/EHR/4	19/July/2022	Expenditure not supported by proper records or accounts	1,300,000.00	Resolved
5	AQ/ULG/EHR/5	Various	Expenditure not supported by proper records or accounts	41,760,000.00	Resolved
	Subtotal			71,018,000.00	
	Total			₦ 89,253,000.00	

UHUNMWODE LOCAL GOVERNMENT COUNCIL, EHOR

FIVE YEARS FINANCIAL SUMMARY ANALYSES

S/N		2018 (₦)	2019 (₦)	2020 (₦)	2021 (₦)	2022 (₦)	TOTAL (₦)
1	STATUTORY ALLOCATION	494,198,901.01	1,163,238,966.63	1,762,802,942.72	1,931,077,536.53	2,252,879,690.11	7,604,198,037.00
2	INDEPENDENT REVENUE	26,752,700.00	36,514,250.00	30,160,392.35	41,488,744.99	110,171,477.00	245,087,564.34
3	SALARIES/WAGES	410,779,822.42	424,380,916.52	350,672,792.87	414,514,249.83	340,951,105.70	1,941,298,887.34
4	OVERHEADS	22,129,971.07	153,571,863.62	57,311,748.19	415,097,642.00	271,288,025.20	919,399,250.08
5	ADVANCES	1,122,458,250.15	1,125,514,386.90	1,128,772,086.90	1,174,541,224.63	805,580,652.76	5,356,866,601.34
6	DEPOSITS	100,595,250.37	133,131,418.76	256,862,618.92	268,651,521.70	267,318,367.41	1,026,559,177.16
	TOTAL	2,176,914,895.02	3,036,351,802.43	3,586,582,581.95	4,245,370,919.68	4,048,189,318.18	17,093,409,517.26



NOTES: