



UMUNNEOCHI LOCAL GOVERNMENT ISUOCHI



AUDITED FINANCIAL STATEMENTS REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

**OFFICE OF AUDITOR-GENERAL
FOR LOCAL GOVERNMENTS
ABIA STATE**

**UMUNNEOCHILOCAL GOVERNMENT
ISUOCHI**

2019 AUDIT STATUTORY REPORTS

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AUDIT CERTIFICATE

The attached Financial Statements of **Umunneochi Local Government** have been examined by me, in accordance with Generally Accepted Accounting and Auditing Standards.

2. I have obtained all the information and explanations required for the purpose of the audit; and certify the accounts, subject to the observations made in the Audit Inspection Reports.

3. In my opinion, the **Statement of Financial Performance** represents a **true and fair** view of the financial transactions of the **Local Government** for the year ended December 31, 2019; and that the **Statement of Financial Position** shows a **true and fair** view of the state of affairs of the **Local Government** as at that date.

Chinemeze, Chinemeze

AUDITOR-GENERAL FOR LOCAL GOVTS.

ABIA STATE



GOVERNMENT OF ABIA STATE NIGERIA

UMUNNEOCHI LOCAL GOVERNMENT ISUOCHI

DECLARATION 1

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Treasurer of **Umunneochi Local Government** in accordance with the provisions of the Finance (control and management) Act 1958 as amended. The financial Statements comply with generally accepted accounting practices.

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

Treasurer:

Signed

Name

Date

3. We accept responsibility for the integrity of these financial statements: the information they contain and their compliance with the financial (Control and Management) Act 1958 as amended; International Public Sector Accounting Standards (IPSASs); and other extant financial regulations.

4. In our opinion, these financial statements fairly reflect the financial position of the Local Government as at December 31, 2019; and its operations for the year ended on that date.

Treasurer

Chairman

Sign _____

Name

Name.....

Date

Date

DECLARATION 2

OPINION OF AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

I confirm that I have examined and audited the financial statements of **Umunneochi Local Government**, which have been prepared under the accounting policies set out to this report, which covered the following key areas:

RESPONSIBILITY OF TREASURER

2. The Treasurer is responsible for the compilation and supervision of the accounts of the Local Government, in accordance with the appropriate section of the Finance (Control and Management) Act 1958, as amended. It is my responsibility to audit and form an independent opinion on the financial statements audited.

THE SCOPE OF MY AUDIT

3. I have conducted the audit in accordance with the generally accepted auditing standards. The approach and methodology adopted for the audit are as stated in New Model Financial Memoranda For Local Governments, 2009; and also in compliance to International Public Sector Auditing and Accounting Standards; and other extant financial regulatory Authorities.

OPINION

4. I certify that the financial statements present fairly the performance and financial position of the Local Government, as at December 31, 2019, in accordance with the appropriate sections of the Audit Act 1956 as amended.

Chinemeze, Chinemeze

AUDITOR-GENERAL FOR LOCAL GOVTS.
ABIA STATE

Dated this 21st Day Of December, 2020

ACCOUNTING POLICIES

In line with the adoption of the IPSAS in Nigeria, a NCOA and standardized format of GPFS have been designed and introduced for adoption by all tiers of Government in Nigeria. Consequently, some notable accounting policies were employed in preparing and presenting the attached financial statements. The accounting policies employed are in accordance to New Model Financial Memoranda For Local Governments in Nigeria, 1992, and as amended in 2009. The policies are also in compliance to International Public Sector Accounting Standards. They include:

1. **Basis of Preparation**

The GPFS shall be prepared under the historical cost convention and in accordance with IPSAS and other applicable standards as may be defined by relevant statutes. IPSAS Cash basis accounting method was adopted in the preparation of the financial statements. Under this method, Income and Expenditure are recognized as at when received and paid respectively.

3. **Accounting Period**

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

4. **Reporting Currency**

The GPFS shall be prepared in the Nigerian Naira

7. **Notes to the GPFS**

Notes to the GPFS shall be presented in a systematic manner. The Items in the Statements should cross reference to any related information in the Notes and the financial statements. It shall follow the format provided in the Accounting Manual.

AUDIT REPORT ON THE FINANCIAL STATEMENTS OF UMUNNEOCHILocal GOVERNMENT FOR THE YEAR ENDED DECEMBER 31, 2019

The Accounts of **Umunneochi Local Government** for the year ended December 31, 2019, have been examined by me as provided in Chapter 5 of Abia State Local Government Law No. 2 of 2006, in accordance with New Model Financial Memoranda For Local Governments, 2009; and also in compliance to International Public Sector Auditing Standards; and other extant financial Regulatory Authorities. And I hereby certify that the accounts were prepared on the basis of International Public Sector Accounting Standards pertaining to Local Government systems; subject to observations made in both Audit Inspection Report thereof, and this report hereto.

STATEMENT 1

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

ASSETS

2. The Cash Assets as at December 31, 2019, amounted to ~~N~~44,739,503.45. This figure includes Cash and Cash Equivalents of N22,991,403.45, and the outstanding Receivables of ~~N~~21,748,100.00.

LIABILITIES

3. The Cash liabilities as at December 31, 2019, amounted to ~~N~~838,609.94.

NET ASSETS/EQUITIES

4. Matching liabilities against the assets results in net assets/equities. As at December 31, 2019, the accumulated Reserves stood at ~~N~~142,164,192.18.

STATEMENT 2

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUE

5. Total accrued revenue for the year amounted to ~~₦~~2,327,212,551.05. Over 67.28%% of this amount, that is, ~~₦~~1,656,684,894.09 was realized as statutory revenue from Federal Accounts Allocation Committee (FAAC). A sum of ~~₦~~13,359,200.00 was internally generated. This amount constituted about 0.57% of the total accrued revenue. A sum of ~~₦~~397,146,035.74 representing Value Added Tax. This amount constituted about 17.07% of the total accrued revenue and total Other Capital Receipts of ~~₦~~218,823,529.41 representing 9.40%. The remaining 5.68% was Transfer from Consolidated Revenue Fund, which amounted to ~~₦~~132,198,891.81.

EXPENDITURE

6. Total expenditure incurred during the year amounted to ~~₦~~2,283,311,657.54. This comprises ~~₦~~422,987,844.97 for Salary; ~~₦~~101,424,815.00 for Over Head; and ~~₦~~1,758,898,997.57 being Payments to other Govt Establishments.

ASSETS

7. During the year, the Local Government acquired no non-current assets on Property, Plant and Equipment.

SURPLUS/ (DEFICIT)

8. Surplus/(Deficit) from Operating Activities for the Year amounted to ~~₦~~43,900,893.51.

STATEMENT 4

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2019

9. The total net cash in/(out) flows arising from the year's operating, investing and financing activities amounted to ₱(109,207,488.36).

10. The current year total net Cash Flows from all Activities in cash and cash equivalents of ₱(109,207,488.36) added to cash and cash equivalents of ₱132,198,891.81 at the beginning; and the amount for Certificate of Deposits, summed up to ₱22,991,403.45 being Cash and cash Equivalents at the end.

11. The Cash and Cash Equivalents at the end are in agreement to the Closing Cash Balances and Certificates of Deposits. Vide Note 26 for details.

STATEMENT 5

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

BUDGETED REVENUE

12. The Budgeted Revenue of ₱2,821,270,000.00 fell short of the Actual Revenue of ₱2,327,212,551.05 by ₱494,057,448.95.

13. Significant differences between estimated and actual revenue during the year occurred on the following Heads:

Head/ Sub- Heads	Details of Revenue	Total Approved Estimates	Actual Revenue	Variance
		₦	₦	₦
1101	GOVERNMENT SHARE OF FAAC			
110101	Statutory Allocation	2,400,000,000.00	1,784,508,423.50	615,491,576.50
110102	Value added Tax (VAT)	400,000,000.00	397,146,035.74	2,853,964.26
1201	TAX REVENUE			
120101	Personal Taxes	950,000.00	739,200.00	210,000.00
1202	NON-TAX REVENUE			
120201	Licences	2,600,000.00	1,493,000.00	1,107,000.00
120204	<i>Fees</i>	16,020,000.00	10,522,000.00	5,498,000.00
120207	<i>Earnings</i>	200,000.00	24,000.00	176,000.00
120208	<i>Rent On Government Building</i>	1,500,000.00	581,000.00	919,000.00

BUDGETED EXPENDITURE

14. The total approved expenditure estimates for the year summed up to ₦2,617,969,053.00. Whereas, the total actual expenditure amounted to ₦2,283,311,657.54. The estimated expenditure fell short of the actual Expenditure by ₦334,657,395.46.

15. Significant differences between estimated and actual expenditure during the year occurred on the following Heads:

Head/ Sub- Heads	Details of Expenditure	Total Approved Estimates	Actual Expenditure	Variance
		₦	₦	₦
2101	SALARY			
210101	Salaries And Wages	664,359,053.00	445,145,956.67	219,213,096.33
2202	OVERHEAD COST			
220201	Travel & Transport	27,000,000.00	16,653,435.00	10,346,565.00
220203	Materials & Supplies	8,200,000.00	6,438,000.00	1,762,000.00
220204	Maintenance Services	19,250,000.00	10,090,000.00	9,160,000.00
220205	Training	15,000,000.00	13,252,000.00	1,748,000.00
220206	Other Services	38,000,000.00	25,200,000.00	12,800,000.00
220207	Consulting & Prof. Services	7,250,000.00	--	7,250,000.00
220208	Fuel & Lubricants	3,000,000.00	689,000.00	2,311,000.00
220209	Financial Charges	2,000,000.00	1,790,000.00	209,400.00
220210	Miscellaneous expenses	30,010,000.00	27,311,780.00	2,698,220.00

BUDGETED ASSETS

16. During the year under review, there were no Budgeted Assets.

BUDGETED LIABILITIES/EQUITIES

17. During the year under review, there were no budgeted liabilities.

STATEMENT 6

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

USES

18. Generally, notes to the accounts are made to provide detail explanatory financial, economic and social information relating to the data computed, compiled, collated and generated for the purposes of presenting meaningful financial information as recorded in Statements 1 - 5 to this reports.

ADOPTION

19. In preparing and presenting the financial statements, strict adherence to the prescriptions of International Public Sector Accounting Standards (IPSASs), was employed. However, notes to the accounts, employed in this reports were those related to Third Tier Governments of the Federation, in general; and peculiar to Abia State Local Government systems, in particular.

WORKING CAPITAL

20. The working capital at the end of the financial year stood at **₦43,900,893.51**. This is in agreement with total Net Assets/Equities as per Statement 1 (Statement of Financial Position), and the Net Surplus/ (Deficit) for the Period, as per Statement 2 (Statement of Financial Performance).

GENERAL

21. The preceding comments and certain other matters, which may affect the accuracy of the accounts, are under correspondence.

Chinemeze, Chinemeze

AUDITOR-GENERAL FOR LOCAL GOVTS.

ABIA STATE

Dated this 21st Day Of December, 2020