

REPORT OF THE ACCOUNTANT-GENERAL ON THE GPFS FOR THE YEAR ENDED 31ST, DECEMBER, 2018

A. INTRODUCTION:

I am honoured to present the Report on the Accounts of the Oyo State Government, Nigeria, for the Year ended 31st December, 2018.

The preparation was in accordance with Section 101 of the Financial Regulations, the Provisions of the Finance (Control and Management) Act, 1958 Cap.105, the provisions of the Fiscal Responsibility Act 2007 (Part XI, 49 (1&3)) and the approval of the Federal Executive Council (FEC) for the adoption of the *International Public Sector Accounting Standards (IPSAS)* in Nigeria. Furthermore, in line with the adoption of IPSAS, a standardized National Chart of Accounts (COA) have been adopted and domesticated by the Oyo State Government in the preparation of the General Purpose Financial Statements (GPFS) and the Notes thereon.

B STATEMENT OF ACCOUNTING POLICIES

The Summary of the Significant **Accounting Policies** adopted in the Preparation of the Accounts for Year 2018 is as follows:

1. Basis of Preparation and Legal Provisions

The GPFS were prepared under the Historical Cost Convention and in accordance with IPSAS, also, other applicable Standards as mentioned in the *'INTRODUCTION'* and other known legal requirements were adhered to.

2. Cash Basis of Accounting

The Cash basis of Accounting recognizes transactions and events only when Cash (including Cash equivalents) is received or paid by the entity. **GPFS** prepared under the Cash basis provide information about the sources of Cash raised during the period, the purposes for which Cash was used and the Cash balances at the reporting date. The measurement focus in the **GPFS** was balances of Cash and changes therein.

3. General Purpose Financial Statements (GPFS)

Generally, the **GPFS** comprise of Statement of Cash Receipts and Payments and other Statements that disclose additional information about the Cash Receipts, Payments and Balances controlled by the entity and Accounting policies and notes. The GPFS presented in this Report are:

- (i) Statement 1- Cash Flow Statement
- (ii) Statement 2- Statement of Assets and Liabilities
- (iii) Statement 3- Statement of Consolidated Revenue Fund
- (iv) Statement 4- Statement of Capital Development Fund
- (v) Notes to the Accounts : Additional disclosures to explain the GPFS
- (vi) Accounting policies and explanatory notes.

4. Accounting Period

The accounting year (fiscal year) is from 1st January-31st December.

5. Reporting Currency

The **GPFS** were prepared in Nigerian Naira.

6. Investments

Cash payments made for Investment purposes such as purchase of Government Stock, Treasury Bills and Certificates of Deposit were Capital Costs and disclosed as purchase of Financial Instruments or were given an appropriate name as the case may be.

7. Foreign Currency transactions

Foreign Currency transactions were converted into Nigerian Naira at ruling rate of exchange at the dates of transactions.

8. Inflation

No adjustment was made to reflect the impact of changes in the general price level in the **GPFS**.

9. Depreciation

The **GPFS** were prepared on Cash basis and as such no provisions for depreciation of assets was done. Assets were written off in the year of purchase.

10. Unallocated/Unclassified Credits.

These were Government Revenues, already paid/transferred into Government Accounts by (sometimes) unidentified tax payers but without relevant/adequate descriptions and proper Revenue Codes to enable proper Classification and/or Categorization, thus, it is a lump sum captured as Miscellaneous.

C. THE BUDGET

Nigeria recorded a paltry **1.9% as GDP growth rate** for the year although in comparison to previous year **of 0.82%**, it was a considerable push towards stability in the macroeconomic indices. This was the prevailing economic situation throughout the country, hence, the economic doldrums of the previous years had not actually lifted, and this was part of the underlying considerations for the Oyo State Government budgeting processes for the Year under review.

The 2018 Fiscal Year had approved **Revenue Budget** of Two Hundred and Seventy One Billion, Six Hundred and Fifty Million, One Hundred and Fifty Seven Thousand, Two Hundred and Sixty Naira, and Thirty Kobo Only (**#271,650,157,260.30**). Detailed analysis can be found in (i) and (ii) below:

(i) BUDGETED RECURRENT RECEIPTS

Two Hundred and Nine Billion, Two Hundred and Sixty Million, Two Hundred and Seventy Five Thousand, Seven Hundred and Fifty Three Naira, Eighty Kobo Only (**#209,260,275,753.80**) was **Recurrent Receipt**. The components of the amount were as follows:-

| | | |
|-------|------------------------------|-----------------------------------|
| (i) | Internally Generated Revenue | #108,482,967,148.07 |
| (ii) | Federal Statutory Allocation | #45,000,000,000.00 |
| (iii) | Value Added Tax | #16,000,000,000.00 |
| (iv) | Others | #39,777,308,605.73 |
| | Sub-Total | <u>#209,260,275,753.80</u> |

(ii) BUDGETED CAPITAL RECEIPTS

The total of Sixty-Two Billion, Three Hundred and Eighty Nine Million, Eight Hundred and Eighty One Thousand, Five Hundred and Six Naira, Fifty Kobo Only (**#62,389,881,506.50**) was **Capital Receipts** for the Year 2018. The details were as follow:

| | | |
|-------|----------------------------|----------------------------------|
| (i) | Internal Loans | #15,000,000,000.00 |
| (ii) | External Loans | #5,000,000,000.00 |
| (iii) | Bonds | #4,800,000,000.00 |
| (iv) | Public Private Partnership | <u>#37,589,881,506.50</u> |

| | |
|------------------|-----------------------------------|
| Sub-Total | <u>#62,389,881,506.50</u> |
| TOTAL | <u>#271,650,157,260.30</u> |

As expected, on the other Side was the approved **Expenditure Budget** totaling Two Hundred and Seventy One Billion, Six Hundred and Fifty Million, One Hundred and Fifty Seven Thousand, Two Hundred and Sixty Naira, Thirty kobo Only (**#271,650,157,260.30**) broken down into (iii) and (iv) below:

(iii) BUDGETED RECURRENT EXPENDITURE

In year 2018, **Budgeted Recurrent Expenditure** was One Hundred and Twenty-One Billion, Seven Hundred and Eight Million, One Hundred and Sixty Thousand, Six Hundred and Seventy-Nine Naira, Sixty-Nine Kobo Only (**#121,708,160,679.69**), below is the breakdown of this Figure:

| | |
|---------------------|-----------------------------------|
| (i) Personnel Costs | #43,102,535,491.71 |
| (ii) Overhead Costs | #25,318,136,592.22 |
| (iii) CRFC | <u>#53,287,488,595.76</u> |
| | <u>#121,708,160,679.69</u> |

(iv) BUDGETED CAPITAL EXPENDITURE

Budgeted Capital Expenditure was One Hundred and Forty Nine Billion, Nine Hundred and Forty-One Million, Nine Hundred and Ninety Six Thousand, Five Hundred and Eighty Naira, and Sixty One Kobo Only (**#149,941,996,580.61**).

| | |
|-------------------------------------|-----------------------------------|
| BUDGETED CAPITAL EXPENDITURE | <u>#149,941,996,580.61</u> |
| TOTAL | <u>#271,650,157,260.30</u> |

D. YEAR 2018 BUDGET PERFORMANCE REVIEW

(i) RECURRENT RECEIPTS

Two Hundred and Nine Billion, Two Hundred and Sixty Million, Two Hundred and Seventy Five Thousand, Seven Hundred and Fifty Three Naira, Eighty Kobo Only (**#209,260,275,753.80**) was **budgeted** compared with **Actual Receipt** of Ninety Eight Billion, Thirty Five Million, Five Hundred and Seventy Seven Thousand, Two Hundred and Twenty Two Naira, Eighty Two Kobo Only (**#98,035,577,222.82**), this translated to budget performance of just **46.85%**.

(ii) CAPITAL RECEIPTS

The sum **budgeted as Capital Receipts** was Sixty-Two Billion, Three Hundred and Eighty Nine Million, Eight Hundred and Eighty One Thousand, Five Hundred and Six Naira, Fifty Kobo Only (**#62,389,881,506.50**) while **Actual Capital Receipt** for Year 2018 was Eighteen Billion, Eight Hundred Million, One Hundred and Eighteen Thousand, Nine Hundred and Forty Six Naira, Seventy Kobo Only (**#18,800,118,946.70**). This translated to **30.13%** Budget Performance for the Year.

(iii) RECURRENT EXPENDITURE

The amount **budgeted as Recurrent Receipt** was One Hundred and Twenty-One Billion, Seven Hundred and Eight Million, One Hundred and Sixty Thousand, Six Hundred and Seventy-Nine Naira, Sixty-Nine Kobo Only (**#121,708,160,679.69**), and in comparison with **Actual Expenditure** of Eighty Nine Billion,

Seven Hundred Million, Eight Hundred and Thirteen Thousand, Two Hundred and Three Naira, Ninety Six Kobo Only (#89,700,813,203.96), this indicates that 73.70% budget performance was achieved.

(iv) **CAPITAL EXPENDITURE**

The approved Budgeted **Capital Expenditure** was One Hundred and Forty Nine Billion, Nine Hundred and Forty-One Million, Nine Hundred and Ninety Six Thousand, Five Hundred and Eighty Naira, Sixty One Kobo Only (#149,941,996,580.61). **Actual Capital** expended was Thirty Seven Billion, Five Hundred and Seventy Three Million, Ten Thousand, Five Hundred and Fifty Naira, Seventy Two Kobo Only (#37,573,010,550.72), this represented 25.06% Budget Performance.

E. APPRECIATION

God Almighty had been our sustenance, for this, we are very much thankful and we appreciate Him for His mercies on us.

My deep appreciation goes to his Excellency, Engr. Seyi Makinde, the Executive Governor, Oyo State.

Staff of the Final Accounts Department, Office of the Accountant-General, Oyo State, Nigeria deserves encomium to be poured on them for the achievement of yet another landmark publication which is the fifth in the series of the *International Public Sector Accounting Standards (IPSAS) Cash* compliant Financial reports, this had been done **without any assistance from engaged consultants**, this has also enabled Oyo State Government not to lag behind in the committee of States in Nigeria.

The Director Final Accounts-**Lawal, Abosede Adebola (JP)** on whose shoulders the responsibilities for the Preparation and Publication of the Reports had rested since the adoption of *IPSAS CASH ACCOUNTING* in Oyo State in the last 6 years had always being consistently dutiful, needless to say, she had been equal to the daunting tasks and I therefore commend her greatly.

Ministries, Departments and Agencies and other critical stakeholders have supported us immensely, I thank them all, and wish them success in their future endeavors, Amen.

F. CONCLUSIONS

The financial analysis contained in this report shows clearly Government's efforts at delivering on its promises to the masses and impacting their lives positively.



**Oyadeyi Oludele Funmilayo (FCNA, FCTI),
Permanent Secretary/Accountant-General
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