



OYO STATE OF NIGERIA
OFFICE OF THE PERMANENT SECRETARY/ACCOUNTANT-GENERAL

Your Ref. No.....
All communication should be addressed
to the Hon. Commissioner quoting

Our Ref:.....

8th June, 2022
Date.....

**REPORT OF THE ACCOUNTANT- GENERAL ON THE GPFS FOR THE YEAR ENDED
31ST DECEMBER, 2021**

INTRODUCTION:

I am honoured to present the Report on the Accounts of the Oyo State Government, Nigeria, for the Year Ended 31st December, 2021 with the Notes thereon.

In line with the adoption of the International Public Sector Accounting Standards (IPSAS) in Nigeria, a Standardized Chart of Account (COA) alongside a set of General Purpose Financial Statements (GPFS) have been designed and introduced by FAAC for adoption by all tiers of Government in Nigeria. The COA and the GPFS is hereby adopted by Oyo State Government to comply with FAAC directive to harmonize Public Sector Accounts Reporting in Nigeria. In order to ensure an effective and efficient utilization of the COA and GPFS, the Accounting Policies have been developed as a set of guidelines to direct the Processes and Procedures relating to Financial Reporting in Oyo State.

PRINCIPAL ACTIVITIES

The main activities of the Office of the Accountant General includes the receipts, custody, disbursement of all Government funds, record keeping, preparation and publication of Financial Statements.

2. STATEMENT OF ACCOUNTING POLICIES

The Summary of the Significant **Accounting Policies** adopted by the Oyo State Government in the Preparation of the Accounts for the Year 2021 is as follows:

IPSAS Cash Basis of Accounting

The Financial Statements have been prepared using IPSAS Cash Basis of Accounting. The IPSAS Cash Basis of Accounting recognizes transactions and events only when Cash (including Cash Equivalents) is received or paid by the MDAs. GPFS prepared under the IPSAS Cash Basis provide readers with 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 balances are Cash and changes during the period.

Notes to the GPFS provide additional information about liabilities, including payables and borrowings, and non-cash assets that include receivables, investments etc.

This Accounting Policy addresses the following fundamental accounting issues:

1. Definition of Accounting Terminologies
2. Recognition of Accounting Items
3. Measurement of Accounting Items
4. Treatment of Accounting items

The Accounting Policy is subject to periodic reviews and updates as shall be deemed necessary by the Accountant-General of Oyo State.

A Accounting Terminologies / Definitions

- I. **Accounting Policies:** These are the specific principles, bases, conventions, rules and practices adopted by the Oyo State Government in preparing and presenting its Financial Statements. The objective is to provide information about the financial position, performance and Cash flows that is useful to a wide range of users.
- II. **Cash:** Cash comprises cash in hand, demand deposits in financial institutions and cash equivalents.
- III. **Cash Equivalents:** These are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- IV. **Cash Basis:** This means a basis of accounting that recognizes transactions and other events only when cash is received or paid.
- V. **Cash Flows:** These are inflows and outflows of cash. Cash flows exclude movements between items that constitute cash as these components are part of the cash management of the government rather than increases or decreases in the cash position controlled by government.
- VI. **Cash Receipts:** These are cash inflows.
- VII. **Cash Payments:** These are cash outflows.
- VIII. **Cash Controlled by Oyo State Government:** Cash is deemed to be controlled by Oyo State Government when the government can freely use the available cash for the achievement of its objectives or enjoy benefit from the cash, and can also exclude or regulate the access of others to that benefit. Cash collected by, or appropriated or granted to the government which the government can freely use to fund its operating objectives, such as acquiring of capital assets or repaying its debt is controlled by the Government.

IX. **Notes to the GPFS:** shall include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the GPFS, as well as additional information

B. General Purpose Financial Statements (GPFS)

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 Oyo State Government and Accounting Policies and Notes to the Financial Statements. In Oyo State, the GPFS Accounting Policy include the following:

- I. Statement 1- Cash Flow Statements: Statement of Cash Receipts and Payments which:
 - recognizes all Cash Receipts, Cash Payments and Cash Balances controlled by the State government; and
 - separately identifies payments made by third parties on behalf of the State government.
- II. Statement 2- Statement of Assets and Liabilities: Statement of Financial Position (also known as Balance Sheet);
- III. Statement 3- Statement of Consolidated Revenue Fund: Statement of Recurrent Financial Performance (also known as Profit & Loss Account);
- IV. Statement 4- Statement of Capital Development Fund: Statement of Capital Financial Performance (also known as Capital Expenditure);
- V. Notes to the Accounts: Additional disclosures to explain the GPFS; and Accounting Policies and Explanatory Notes.

C. Fundamental Accounting Concepts

The following fundamental accounting concepts are taken as the basis of preparation of all accounts and reporting in Oyo State:

- Cash Basis of Accounting;
- Understandability;
- Materiality,
- Relevance;
- Going Concern Concept;
- Consistency Concept
- Prudence

Completeness, etc.

D. Accounting Period

The accounting year (2021) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months (periods) and shall be set up as such in the accounting system.

E. Reporting Currency

The General Purpose GPFS are prepared in Nigerian Naira.

F. MDA for Consolidation

The Consolidation of the GPFS are based on the Cash transactions of all Ministries, Department and Agencies (MDAs) of Oyo State Government except Government Business Enterprises (GBEs).

G. Comparative Information

The General Purpose GPFS shall disclose all numerical information relating to previous period (at least one year).

H. Budget Figures

These are figures from the approved annual budget and supplementary budget as approved in accordance with the Appropriation Law of Oyo State.

I. Receipts

These are Cash inflows within the Financial Year. They comprise of receipts from Statutory Allocations (FAAC monthly disbursement), Taxes, External Assistance (from Bilateral and Multilateral Agencies), Other Aid and Grants, Other Borrowings, Capital Receipts (Sale of Government Assets, etc), Receipts from Trading activities and Other Cash Receipts. These items shall be disclosed at the face of the Statement of Cash Receipts and Payment for the year in accordance with the standardized GPFS. Notes shall be provided as per standardized Notes to GPFS.

J. External Assistance

Receipts from Loans are funds received from external sources to be paid back at an agreed period of time. They are categorized either as Bilateral or Multilateral.

External Loans receipts shall be disclosed separately under Statement of Cash Receipts and Payment for the year.

K. Other Borrowings / Grants & Aid Received

These shall be categorized as either Short or Long Term Loans. Short-Term Loans are those repayable within one calendar year (12 months), while Long-Term Loans and Debts shall fall due beyond one calendar year (above 12 months). Loans shall be disclosed separately and Grants shall also be separately disclosed under Statement of Cash Receipts and Payment for the year.

L. Interest Received

Interest actually received during the financial year shall be treated as a receipt under item 'Other Receipts'.

M. Government Business Activities

Cash Receipts from Trading Activities shall be received net (after deducting direct expenses) unless otherwise provided for by law or policy in force. Total receipts from all trading activities shall be disclosed in the Statement of Cash Receipts and Payments under 'Trading Activities' item. Where gross revenue is received, corresponding payments shall be charged under a corresponding payment item head 'Government Business Activities' in the Statement of Receipts and Payments.

N. Payments

These are Recurrent and Capital Cash Outflows made during the financial year and shall be categorized either by Function and/or by Sector in the Statement of Cash Receipts and Payments.

O. Loans Granted:

Payments to other Government and Agencies in form of Loans during the year shall be shown separately in the Statement of Receipts and Payments. Amount disclosed shall be actual amount paid during the year.

P. Loan Repayments

Cash receipts from loans granted to other agencies and government shall be classified under loan repayments in the Statement of Receipts and Payments. Amount disclosed shall be actual amount received during the year

Q. Interest on Loans:

Actual Interest on loans and other bank commissions charged on Bank Accounts during the year shall be treated as payments and disclosed under interest payment in the Statement of Cash Receipts and Payments

R. Foreign Currency Transactions:

These are stated at the Naira value as at 31st December, 2020. The Financial Statements of Government entities are measured using the currency of primary economic environment and are presented in Nigeria naira (NGN) rate of exchange at the date of the transaction. Foreign currency balances as at the year ended are valued at the exchange rate prevailing at that date.

S. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services and are charged directly to the respective expenditure item.

T. Investments:

Cash Payments made for investment purposes such as purchase of Government Stock, Treasury Bills and Certificates of Deposit, are Capital Costs and are disclosed as purchase of Financial Instruments or may be given an appropriate name as the case may be. They are separately disclosed in the GPFS (Statement of Receipts and Payments) under capital payments.

U. Cash Balances

This includes Cash in Hand, at Bank and Cash Equivalents at the end of the financial year.

V. Advances

All Cash Advances shall be retired before the end of the financial year. However, should circumstances occur (including an Emergency) where either an advance is given out close to the financial year end or an advance already given could not be accounted for, such an advance (or balance outstanding) shall be treated as cash equivalent since there shall be no proof that such funds have been utilized.

3. THE BUDGET – Titled “Budget On Continued Consolidation”

The 2021 Fiscal Year had approved **Revenue Budget** of Two Hundred and Sixty-Eight Billion, Six Hundred and Seventy Million, Nine Hundred and Sixty-Four Thousand, Eight Hundred and Sixty Naira Only (**#268,670,964,860.00**). However, Oyo State Government reviewed upward the Year 2021 budget to provide high quality infrastructure to Three Hundred and Eighteen Billion, Six Hundred and Seventy Million, Nine Hundred and Sixty-Four Thousand, Eight Hundred and Sixty Naira Only (**#318,670,964,860.00**). Detailed analysis can be found in (i) and (ii) below:

(i) BUDGETED RECURRENT RECEIPTS

One Hundred and Eighty-Three Billion, One Hundred and Thirteen Million, Five Hundred and Eighty-Two Thousand, Two Hundred and Thirteen Naira, Forty-Six Kobo Only (**#183,113,582,213.46**) was **Recurrent Receipt**. The components of the amount were as follow: -

(i)	Internally Generated Revenue	#103,113,582,213.46
(ii)	Federal Statutory Allocation	#55,000,000,000.00
(iii)	Value Added Tax	#25,000,000,000.00
	Sub-Total	#183,113,582,213.46

(ii) BUDGETED CAPITAL RECEIPTS

The total of One Hundred and Thirty-Five Billion, Five Hundred and Fifty-Seven Million, Three Hundred and Eighty-Two Thousand, Six Hundred and Forty-Six Naira, Fifty-four Kobo Only **135,557,382,646.54**) was **Capital Receipts** for the Year 2021. The details were as follow:

(i)	Loans	#94,761,372,636.54
(ii)	External Loans	#36,296,010,010.00
(iii)	Aid & Grants	#4,500,000,000.00
	Sub-Total	#135,557,382,646.54
	TOTAL	#318,670,964,860.00

As expected, on the other Side was the **Reviewed Expenditure Budget** totaling Three Hundred and Eighteen Billion, Six Hundred and Seventy Million, Nine Hundred and Sixty-Four Thousand, Eight Hundred and Sixty Naira Only (**#318,670,964,860.00**) broken down into (iii) and (iv) below:

(iii) BUDGETED RECURRENT EXPENDITURE

In year 2021, **Reviewed Budgeted Recurrent Expenditure** was One Hundred and Forty-Three Billion, Two Hundred and Two million, Six Hundred and Eighty-One Thousand, Five Hundred and Sixty-Four Naira, Thirty-Seven Kobo Only (**#143,202,681,564.37**), below is the breakdown of this Figure:

(i) Personnel Costs	#65,666,820,844.37
(ii) Overhead Costs	#30,690,860,720.00
(iii) CRFC	<u>#46,845,000,000.00</u>
	<u>#143,202,681,564.37</u>

(iv) BUDGETED CAPITAL EXPENDITURE

Reviewed Budgeted Capital Expenditure was One Hundred and Seventy-Five Billion, Four Hundred and Sixty-Eight Million, Two Hundred and Eighty-Three Thousand, Two Hundred and Ninety-Five Naira, Sixty-Three Kobo Only (**#175,468,283,295.63**).

BUDGETED CAPITAL EXPENDITURE	<u>#175,468,283,295.63</u>
TOTAL	<u>#318,670,964,860.00</u>

4. YEAR 2021 BUDGET PERFORMANCE REVIEW

(i) RECURRENT RECEIPTS

One Hundred and Eighty-Three Billion, One Hundred and Thirteen Million, Five Hundred and Eighty-Two Thousand, Two Hundred and Thirteen Naira, Forty-Six Kobo Only (**#183,113,582,213.46**) was **budgeted** compared with **Actual Receipt** of Two hundred and Eleven Billion, One Hundred and Eighty-Two Million, Nine Hundred and Sixteen Thousand, Three Hundred and Fifty-Seven Naira, Seventy-One Kobo Only (**#211,182,916,357.71**), this translated to budget performance of 115.33%.

(ii) CAPITAL RECEIPTS

The sum **Budgeted as Capital Receipts** was One Hundred and Thirty-Five Billion, Five Hundred and Fifty-Seven Million, Three Hundred and Eighty-Two Thousand, Six Hundred and Forty-Six Naira, Fifty-Four Kobo Only (**#135,557,382,646.54**) while **Actual Capital Receipt** for Year 2021 was Four Billion, One Hundred and Sixty-Eight Million, One Hundred and Fifty-Six Thousand, Eight

Hundred and Eighty-Five Naira, Forty-Six Kobo Only (#4,168,156,885.46). This represented just 3.07% Budget Performance for the Year 2021.

(iii) RECURRENT EXPENDITURE

The amount **Budgeted as Recurrent Expenditure** was One Hundred and Forty-Three Billion, Two Hundred and Two Million, Six Hundred and Eighty-One Thousand, Five Hundred and Sixty-Four Naira, Thirty-Seven kobo only #143,202,681,564.37 and when compared with **Actual Expenditure** of One hundred and Nineteen Billion, One Hundred and Eighty-One Million, Four Hundred and Thirty-One Thousand, One Hundred and Ninety-Nine Naira, Sixty-Eight Kobo Only (#119,181,431,199.68), **this indicates that 83.23% Budget performance was achieved.**

(iv) CAPITAL EXPENDITURE

The approved **Budgeted Capital Expenditure** was One Hundred and Seventy-Five Billion, Four Hundred and Sixty-Eight Million, Two Hundred and Eighty-Three Thousand, Two Hundred and Ninety-Five Naira, Sixty-Three Kobo Only 175,468,283,295.63). **Actual Capital** expended was Sixty Billion, Three Hundred and Sixty-Seven Million, Four Hundred and Ten Thousand, Two Hundred and Seventy-Six Naira, Seven Kobo Only (#60,367,410,276.07), this represented **34.40% Budget Performance.**

5. APPRECIATION

I want to thank Almighty God for His mercy towards achieving this, Glory be to His Holy name.

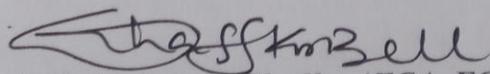
My heart is filled with overflowing gratitude to His Excellency, Engr. Seyi Makinde, the Executive Governor, Oyo State for his unwavering support for the Office of the Accountant-General.

I wish to also appreciate the staff of the Final Accounts Department, Office of the Accountant-General, Oyo State, and members of Financial Statements Reviewed Committee for their time, commitment and dedication to duties during the preparation of this Account.

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.

6. CONCLUSION

The financial analysis contained in this report shows clearly Government's continued efforts at capturing the aspirations of the good people of Oyo State as the "**Budget is of Continued Consolidation**". Therefore, this Financial Statements reflects the TRUE Financial Position of Oyo State Government as at 31st December, 2021.



**Bello Kolawole Ghaffar (FCA, FCIT),
Accountant-General,
Oyo State, Nigeria.**



OYO STATE OF NIGERIA

OFFICE OF THE PERMANENT SECRETARY/ACCOUNTANT-GENERAL

Your Ref. No.....
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to the Hon. Commissioner quoting

Our Ref:.....

Date..... 8th June, 2022.....

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements and the Notes thereon have been prepared by the Accountant-General, Oyo State in accordance with the provisions of the Finance (Control and Management) Act Cap 144 LFN. The Financial Statements comply with the generally accepted accounting practice.

In order to fulfill Accounting and Reporting responsibilities, the Accountant-General is responsible for establishing and maintaining an adequate system of Internal Controls designed to provide reasonable assurance that the transactions recorded were within statutory authority and properly captured the use of all public financial resources of the Oyo State Government. Responsibility for the integrity and objectives of the Financial Statement reflect the financial position of Government as at 31st December, 2021 and its operations for the year ended on that date.

The Financial Statements are prepared in accordance with International Public Sector Accounting Standard (IPSAS) cash basis.

The Accountant-General accepts the responsibility for the Integrity and Objectivity of General Purpose Financial Statements (GPFS) and their compliance with relevant provisions of applicable law.

Bello Kolawole Ghaffar (FCA, FCIT),
Accountant-General,
Oyo State, Nigeria.

OFFICE OF THE PERMANENT SECRETARY/ACCOUNTANT-GENERAL
OYO STATE SECRETARIAT, AGODI, IBADAN.
PRIVATE MAIL BAG NO. 5039, IBADAN



OFFICE OF THE AUDITOR-GENERAL

PRIVATE MAIL BAG NO 5123 IBADAN, OYO STATE OF NIGERIA

Email: oyoaudit@yahoo.com Website: www.oyostate.gov.ng

Your Ref. No:.....

Further communications should be
Addressed to the Auditor-General quoting

Our Ref. No.....

16th June, 2022

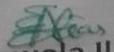
AUDITOR – GENERAL’S CERTIFICATE On the Accounts of Oyo State Government, Nigeria for the year ended 31st December, 2021

The Financial Statements of Government of Oyo State of Nigeria for the year ended 31st December, 2021 have been examined in accordance with the provisions of Section (125) of Constitution of the Federal Republic of Nigeria 1999 as amended; Section 27 (1) (a) of the Oyo State Audit Commission Law 2021 and other general accepted auditing standards.

The audit includes examination of evidence supporting the accounts and disclosure in the Financial Statement. It also includes assessing the Accounting Policies used and significant estimates made by Government as well as evaluating the overall Financial Statements Presentation.

The Public Administration Law of Oyo State of Nigeria (2000) and Section 125 of the Constitution of the Federal Republic of Nigeria 1999 places a responsibility on the Accountant-General of the State to prepare and ensure that the Financial Statements fairly reflect the Financial performance and the position of the State Government.

In my opinion, the Financial Statements which was prepared using the cash basis of Accounting under the International Public Sector Accounting Standard fairly reflect the Financial Position and State of Affairs of the Oyo State Government of Nigeria as at 31st December, 2021.


Adewola Iliasu Aweda
Oyo State Auditor-General

List of Abbreviations / Acronyms

Abbreviation/Term	Description
CBN	Central Bank of Nigeria
COA	Chart of Account
FAAC	Federation Accounts Allocation Committee
FGN	Federal Government of Nigeria
FRC	Financial Reporting Council
FRA	Fiscal Responsibility Act
GAAP	Generally Accepted Accounting Principles
GPFS	General Purpose Financial Statement
IPSAS	International Public Sector Accounting Standards
LFN	Law of the Federal Republic of Nigeria
MDAs	Ministries, Departments and Agencies
NCOA	National Chart of Account
GBEs	Government Business Enterprises
FRCON	Financial Reporting Council of Nigeria
OAG	Office of the Accountant General
PPE	Properties, Plants and Equipment
SFTAS Sustainability	State Fiscal Transparency, Accountability and Program for Results