

EBONYI STATE OF NIGERIA

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF EBONYI STATE OF NIGERIA FOR THE YEAR ENDED 31ST DECEMBER, 2017

TO

EBONYI STATE HOUSE OF ASSEMBLY

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Annexure

Accountant-General's Annual Financial Statements for the year ended 31st December, 2017.

CHAPTER ONE

2.0. INTRODUCTION

The Accounts of the Government of Ebonyi State of Nigeria for the year ended 31st December, 2017 have been audited under my direction in accordance with Section 125 Sub-Section 2 of the Constitution of the Federal Republic of Nigeria.

1.1 RESPONSIBILITY OF THE ACCOUNTANT-GENERAL

In accordance with the provisions of Financial Instruction, the Accountant-General is responsible for the preparation of Financial Statements. The Accountant-General is the Chief Accounting Officer of the receipts and payment of Government of Ebonyi State. He is responsible for the general supervision of accounting activities in all Ministries and Departments within the State and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law. In doing this, he also has responsibilities for:

- Ensuring that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy the financial position of the State.
- Taking such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities.
- Ensuring that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

1.2 RESPONSIBILITY OF THE AUDITOR-GENERAL

The Auditor-General's responsibility is to express an independent opinion on the Financial Statements based on his audit in compliance with Section 125 Sub-Section 2 of the Constitution of the Federal Republic of Nigeria 1999, as amended.

Financial Instruction Section 102 also states that "The Auditor-General is responsible for the audit of accounts of all accounting Officers and all persons entrusted with the collection, receipt, custody and issue or payment of public moneys or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property and for the certification of Accountant-General's Annual Financial Statements and annual appropriation Accounts of all Ministries and Departments".

An Audit in this context involves the examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements prepared by the Accountant-General. It also includes an assessment of the significant estimates and judgments made in the preparation of the Financial Statements and whether the accounting policies are appropriate to Government circumstances, consistently applied and adequately disclosed.

1.3 AUDIT CERTIFICATE

RESPECTIVE RESPONSIBILITIES OF THE ACCOUNTANT GENERAL AND THE AUDITOR-GENERAL

In accordance with the existing law, the Accountant General is responsible for the preparation of the Financial Statements, which he did on Accrual Accounting Basis while it is my responsibility as the Auditor-General of the State to form an independent opinion based on my audit of those Statements.

II BASIS OF OPINION

In compliance with Section 125 (2) of the Constitution of the Federal Republic of Nigeria 1999, as amended, I have examined the Accounts and Financial Statements of Ebonyi State Government of Nigeria for the year ended 31st December, 2017. The audit was conducted in accordance with the National and International Standards on Public Sector Auditing. An Audit includes examination on test basis of evidence to the figures disclosed in the Financial Statements. The audit was planned and performed to obtain information and explanations considered adequate in order to provide sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement.

III OPINION

In my opinion, the Statements give a true and fair view of the financial transactions of the State for the period and financial position as at 31st December, 2017.



Sir I. N. Nweda
Auditor-General

**OFFICE OF THE STATE AUDITOR-GENERAL,
P.M.B. 034,
ABAKALIKI.
2ND OCTOBER, 2018.**

CHAPTER TWO

3.0 GENERAL OBSERVATIONS

2.1 SUBMISSION OF THE 2017 FINANCIAL STATEMENTS

In accordance with the provisions of the Constitution of the Federal Republic of Nigeria, 1999, as amended, the Report of the Accountant General with the Financial Statements for the year ended 31st December, 2017 was submitted to me on 30th July, 2018. There were some corrections made in the Financial Statements thus leading to submission of the corrected Financial Statements on 19th September, 2018.

2.2 OUTSTANDING ISSUES

The following issues raised as audit observations in the course of our verification in both the Financial Statements for the years ended 31st December, 2016 and 31st December, 2017 respectively, are still being discussed.

2016 OUTSTANDING ISSUES

2.2.1 ISSUES RELATED TO CAPITALIZATION OF EXPENSES

Audit had noted that the following expenses classified as recurrent expenditure are actually expenditure for Acquisition/improvement of assets.

| | | |
|---------------------------------------------|---|-------------------|
| (a) Construction of kitchen with cabinet | - | ₦1,200,000 |
| (b) Renovation of PA to Governor's Quarters | - | <u>₦ 400,000</u> |
| | | <u>₦1,600,000</u> |

Improvements to existing Property, Plant and Equipment (PPE) which is made to enhance their useful life are actually additions to the stock of PPE. The capitalization threshold is ₦50,000.00.

2.2.5 ISSUES RELATED TO BUDGET COLUMNS IN THE STATEMENTS

The statements did not show budgets against revenues and expenditures. The Accountant-General pointed out that budget comparison was prepared as a Separate statement, an option allowed under IPSAS. A look at the statement of Budget Comparison shows that it is a summary of expenditures against budget according to the nature of expenditure. Efforts should however be made to disaggregate the expenditures to organization and responsibility Centers to enable performance assessment as envisaged by Financial Instructions (FI) 301 to 303 be easily done.

However, if the Accountant-General prefers to present budget comparison as a separate statement, care needs to be taken to present detailed statements with notes showing budget/actual for Ministries, Departments and Agencies (MDAs) and other responsibility centers. IPSAS is a reporting standard which aims at providing full disclosure of transactions for users of the financial statements, so that it can be used to observe necessary disclosures arising from a governance standard like the Financial Instructions.

2.2.6 ISSUES RELATED TO THE BIOLOGICAL AND INTANGIBLE ASSETS

Audit requested for the valuation certificate for Biological Assets. Audit was informed that the assets were acquired in 2016. The particulars of the acquisition should be presented for Audit confirmation.

2.2.7 ISSUES RELATED TO DETAILS OF PROPERTY, PLANT AND EQUIPMENT (PPE)

Audit had requested that a detailed schedule of Property, Plant and Equipment (PPE) reported in Note 21 to the accounts be provided for confirmation. This is yet to be done as at the time of reporting. It is very necessary especially in the course of transitioning from Cash to Accrual Accounting Basis to provide a basis for confirmation that Property, Plant, and Equipment (PPE) included in the statements is exhaustive.

2.3 INVESTMENTS

Investment in quoted Companies remained at the same **three hundred and ninety-six million, three hundred and seventy-one thousand, nine hundred and thirty-eight naira, seventeen kobo (N396,371,938.17)** since the previous year. No additions were recorded and no sales of part of the holding were reported. The value of investments in quoted Companies cannot be static between years as market prices of the shares change overtime. The Accountant-General is advised to take necessary steps to find out the actual value of investments and adjust same with prices quoted for the securities on the floor of the Stock Exchange on the last day of trading for each year.

2017 OUTSTANDING ISSUES

2.4 2017 SUPPLEMENTARY BUDGET

I have noted that a Supplementary Budget of *eight billion, thirty six million, seven hundred and sixty one thousand, one hundred and fifty seven naira, forty seven kobo (N8,036,761,157.47)* was approved by the State House of Assembly for recurrent expenses for the year ended 31st December, 2017.

The amount of the Supplementary Budget is as shown below:

| Expenditure Item | Amount (₱) |
|-------------------------|-------------------------|
| Personnel Cost | 1,755,082,595.72 |
| Overhead Cost | 4,545,887,558.75 |
| Pension and Gratuities | 1,114,437,866.00 |
| Loan Repayments | 478,353,107.00 |
| Cost of IGR Collection | 143,000,000 |
| Total | 8,036,761,157.47 |

Audit however observed that the Supplementary Budget document did not show what proportion of the supplementary budget allocation to respective MDAs is for Personnel Costs and Overheads. It was not structured to show whether the over expenditures observed in some MDAs were covered by the Supplementary Budget.

2.5 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I have noted the significant accounting policies adopted in the preparation of the financial statements as follows:

- Assets were stated at their net values while liabilities were recognized in full;
- Principal and Interest for Financial Liabilities are accrued for the tenure and reported in full in the Statement of financial position since they are irrevocable loans.

The computation of financial liabilities (current and non-current) is a matter of principle. This is provided for in the standard and cannot be changed by a Statement of accounting policy. The IPSAS I (27) states, “Inappropriate accounting treatments are not rectified either by disclosure of the accounting policies used, or by notes or explanatory material”.

NON DISCLOSURE OF COMPARATIVE FIGURES

2016 Comparative figures were shown only in the Statement of Financial Performance and the Statement of Financial Position. The rest of the Statements and the notes to the account do not have comparative figures. IPSAS provides that comparative information in respect of previous period be disclosed for all **numerical information** in the financial statements after the first year of adoption of the standard. IPSAS I(60).

CHAPTER THREE

3.0 STATEMENT OF FINANCIAL PERFORMANCE

3.1 INTERNALLY GENERATED REVENUE (IGR)

Internally generated revenue for the year ended 31st December, 2017 amounted to **six billion, four hundred and fifty six million, two hundred and ninety one thousand, twenty eight naira, sixteen naira (₦6,456,291,028.16)** or 49.66% of estimated figure of **thirteen billion (₦13,000,000,000.00)** for the year. Performance on IGR heads ranged from far above budget for some heads to as low as 0.37% for other heads as detailed below.

Performance of IGR heads

| S/NO. | HEAD | BUDGET (N) | ACTUAL (N) | PERFORMANCE % |
|--------------|---------------|-----------------------|-------------------------|---------------|
| 1. | Taxes | 1,600,000,000 | 3,656,270,286.47 | 228.52 |
| 2. | Licenses | 1,000,000,000 | 124,719,159.00 | 12.47 |
| 3. | Fines | 1,300,000,000 | 4,863,840.00 | 0.37 |
| 4. | Fees | 2,422,000,000 | 901,700,455.00 | 37.23 |
| 5. | Sales | 1,100,000,000 | 8,641,820.00 | 0.79 |
| 6. | Earnings | 5,000,000,000 | 1,640,805,465.31 | 32.82 |
| 7. | Re-imburement | 10,500,000 | 112,619,002.38 | 1,072.56 |
| 8. | Rent | 67,500,000 | 6,671,000.00 | 9.88 |
| 9. | Interests | 500,000,000 | - | - |
| TOTAL | | 13,000,000,000 | 6,456,291,028.16 | 49.66 |

Interest on Fixed Deposits and Dividends on Shares were classified as ‘Earnings’ leaving the appropriate revenue heads, ‘Interest Earned’ and ‘Investment Income’.

Actually, the sum of **fifty six million, seven hundred and ninety one thousand, three hundred and fifty four naira, twenty kobo (₦56, 791,354.20)** and one

billion, four hundred and nineteen million, eight hundred and thirty one thousand, two hundred and forty five naira, eighteen kobo (₦1, 419,831,245.18) were received as Investment Income and Interest Earned respectively for the year ended 31st December, 2017.

Audit is of the opinion that Interest on fixed deposit (Investment Income) should be reported separately and not as part of the fund invested in the subsequent year account.

3.2 REVENUE PERFORMANCE OF MDAs

The performance of MDAs on relevant revenue heads for the year ended 31st December, 2017 is as detailed below:

| Office of the Accountant-General | | Budget (₦) | Actual (₦) | Performance % |
|------------------------------------------|--------------------|-----------------------------|--------------------------------|-----------------------|
| | Taxes | - | 318,579,144.47 | |
| | Earning | - | 1,579,207,211.31 | |
| | Re- imbursement | - | 112,619,002.38 | |
| | | <u>799,904,690</u> | <u>2,136,394,647.03</u> | <u>267.08%</u> |
| Internal Revenue Board | Taxes | | 3,315,508,142.00 | |
| | License | | 121,663,659.00 | |
| | Fees | | - | |
| | Sales | | - | |
| | | <u>2,419,285,010</u> | <u>2,839,858,841</u> | <u>142.07</u> |
| Ministry of Works & Transport | Taxes | | 22,183,000.00 | |
| | License | | 3,055,500.00 | |
| | Fines | | 617,000.00 | |
| | Fees | | 81,545,340.00 | |

| | | | | |
|---------------------------------------------------------|----------|---------------------------|------------------------------|-----------------------|
| | Earnings | | - | |
| | | <u>56,244,000</u> | <u>107,400,840.00</u> | <u>190.96%</u> |
| Capital Terr. Dev. Board | Fines | 5,000,000 | 960,000.00 | |
| | Fees | 39,500,000 | 78,976,832.00 | |
| | | <u>44,500,000</u> | <u>79,936,832.00</u> | <u>179.63%</u> |
| Ministry of Environment | Fines | 25,000,000.00 | 2,591,500.00 | |
| | Fees | 98,000,000.00 | 5,926,680.00 | |
| | | <u>123,000,000</u> | <u>8,518,180.00</u> | <u>6.93</u> |
| Judiciary High Court | Fines | | 695,340.00 | |
| | Fees | | 23,834,942.00 | |
| | | <u>6,010,000</u> | <u>24,530,282.00</u> | <u>408.16</u> |
| Cabinet Office | Fines | 20,010,000 | - | |
| | Sales | - | 220,000.00 | |
| | | <u>20,010,000</u> | <u>220,000.00</u> | <u>1.10%</u> |
| Liason Office Abuja | Fees | <u>200,000</u> | <u>332,000.00</u> | <u>166%</u> |
| Ministry of Information & State Orientation. | Fees | - | <u>27,241,152.00</u> | <u>100%</u> |
| Ministry of Agriculture & Natural Resources | Fees | <u>265,590,384</u> | <u>76,033,285.00</u> | <u>28.63</u> |
| Ministry of Commerce & Industry | Fees | | 297,986,595.00 | |
| | Rent | | 350,000.00 | |
| | | <u>63,200,000</u> | <u>298,336,595.00</u> | <u>472.05</u> |
| Ministry of Culture & Tourism | Fees | <u>22,035,870</u> | <u>1,473,000.00</u> | <u>6.68%</u> |
| Office of the Surveyor-General | Fees | - | <u>7,366,733.00</u> | <u>100</u> |

| | | | | |
|---------------------------------------|----------|-----------------------------|-----------------------------|----------------------|
| Ministry of Water Resources | Fees | 4,000,000.00 | 518,400.00 | |
| | Sales | 17,500,000 | 18,500.00 | |
| | | <u>21,500,000</u> | <u>536,900.00</u> | <u>2.50%</u> |
| Ministry of Lands & Survey | Sales | 37,000,000 | - | |
| | Fees | 45,400,000 | | |
| | Earnings | 10,000,000 | | |
| | Rent | 39,000.000 | | |
| | | <u>131,400,000</u> | <u>57,579,240.00</u> | <u>43.82%</u> |
| Ministry of Solid Minerals | Fees | 943,635,134 | 59,457,500.00 | |
| | Fines | 2,655,238,925 | - | |
| | | <u>3,598,874,059</u> | <u>59,457,500.00</u> | 1.65 |
| Ebonyi State Fire Service | Fees | - | 1,813,040.00 | |
| | Earnings | - | 2,038,900.00 | |
| | | - | <u>3,851,940.00</u> | 100 |
| Ministry of Justice | Sales | 4,620,000 | - | |
| | Fees | 8,450,000 | 3,397,130.00 | |
| | | <u>13,070,000</u> | <u>3,397,130.00</u> | 26.00 |
| Customary Court of Appeal | Fees | 2,500,000 | 2,252,240.00 | |
| | Fines | 1,000,000 | - | |
| | | <u>3,500,000</u> | <u>2,252,240.00</u> | 64.35 |
| Ministry of Education | Fees | <u>6,500,000.00</u> | <u>39,189,426.10</u> | 602.91 |
| SUBEB HQ | Fees | <u>19,500,000</u> | <u>1,683,000.00</u> | 8.63 |
| Examination | Fees | <u>39,100,000</u> | <u>105,015,800</u> | 268.58 |

| | | | | |
|-----------------------------------------------------|-----------------|--------------------------|-----------------------------|--------|
| Development Centre | | | | |
| Ministry of Youths & Sports | Fees | <u>450,000</u> | <u>331,000.00</u> | 73.56 |
| Ministry of Women Affairs & Social Dev. | Fees | <u>1,302,000</u> | <u>861,300.00</u> | 66.15 |
| Ebonyi State Environmental Protection Agency | Fees | - | <u>4,540,800.00</u> | 100 |
| Ministry of Health | Fee | 2,350,000 | 8,391,520.00 | |
| | Sales | - | 1,062,580.00 | |
| | | <u>2,350,000</u> | <u>9,454,100.00</u> | 402.30 |
| School of Heath Tech. Ngbo | Fee | <u>20,000,000</u> | <u>12,005,000.00</u> | 60.03 |
| State Hospital Mgt. Board | Fee | <u>26,700.0</u> | <u>3,728,500</u> | 13.96 |
| Government Poultry Farm Complex | Sales | - | <u>7,452,940.00</u> | 100 |
| Head of Service | Sales | 140,000 | <u>107,800.00</u> | |
| | Earnings | | <u>725,000.00</u> | |
| | | <u>140,000</u> | <u>832,800.00</u> | 594.86 |
| Ebonyi State Council for Art culture | Earnings | - | <u>406,000.00</u> | 100 |
| Ministry of Finance Economic Dev | Earnings | - | <u>56,791,354.00</u> | 100 |
| Ebonyi State Sport Council | Earnings | 1,200,000 | 1,637,000.00 | |
| | Rent | 1,000,000 | 385,500.00 | 91.91 |
| | | 2,200,000 | <u>2,022,500.00</u> | |
| Tourism Board | Rent | - | <u>5,935,000.00</u> | 100 |

3.3 MDAs THAT DID NOT MEET THEIR REVENUE TARGETS

The following MDAs did not meet their revenue budget during the year:

| S/NO. | MDA | REVENUE PERFORMANCE % |
|--------------|------------------------------------------------|----------------------------------|
| 1. | Ministry of Environment | 6.93 |
| 2. | Cabinet Office | 1.10 |
| 3. | Ministry of Agriculture & Natural Resources | 28.63 |
| 4. | Ministry of Culture & Tourism | 6.68 |
| 5. | Ministry of Water Resources | 2.50 |
| 6. | Ministry of Lands, Survey & Housing | 43.82 |
| 7. | Ministry of Solid Minerals | 1.65 |
| 8. | Ministry of Justice | 26.00 |
| 9. | Customary Court of Appeal | 64.35 |
| 10. | State Universal Basic Education Board | 8.63 |
| 11. | Ministry of Youth & Sports | 73.56 |
| 12. | Ministry of Women Affairs | 66.15 |
| 13. | School of Health Technology Ngbo | 60.03 |
| 14. | State Hospital Management Board | 13.96 |
| 15. | State Sport Council | 91.91 |

3.4 MDAs THAT FAILED TO REPORT THEIR REVENUE

The following MDAs which had revenue budgets as shown against them did not report any revenue for the period ended 2017

| S/ NO. | MDA | REVENUE BUDGET (N) | REVENUE PERFORMANCE % |
|-----------|-----------------------------------------------------------|-----------------------|--------------------------|
| 1. | EBSIEC | 22,000,000 | 0 |
| 2. | Dept of Gen. Service (Cabinet Office) | 150,000 | 0 |
| 3. | Liaison Office Lagos | 200,000 | 0 |
| 4. | Office of the State Auditor-General | 125,000 | 0 |
| 5. | Ministry of Power | 1,500,000 | 0 |
| 6. | State Housing Dev. Corporation | 300,000 | 0 |
| 7. | State Library Board | 1,000,000 | 0 |
| 8. | State College of Education Ikwo | 100, 862,121 | 0 |
| 9. | Ebonyi State University | 2,690,183,668 | 0 |
| 10. | Secondary Education Board | 331,000,00 | 0 |
| 11. | Ministry of Local Govt. Chieftaincy Matters Rural Dev. | 450,000 | 0 |
| 12. | EBROMA | 8,000,000 | 0 |
| 13. | Government Printing Press | 241,000,000 | 0 |
| 14. | State Newspaper & Publishing Cop | 10,100,000 | 0 |
| 15. | EBADEP | 229,500,000 | 0 |
| 16. | Ebonyi State Fertilizer & Chem. Company | 482,148,929 | 0 |
| 17. | Building Maternal Industry Ltd | 17,000,000 | 0 |
| 18. | Dept of Executive Council Matter | 100,000 | 0 |
| 19. | Women's Dev. Center | 80,800,000 | 0 |
| 20. | Ebonyi Rice World | 979,488,000 | 0 |
| 21. | EBBC | 71,613,190 | 0 |
| 22. | EBRUWASA | 600,000 | 0 |

The inspectorate division of the Office of the Accountant-General should check to confirm that these Establishments did not generate revenue in the period.

3.5 RECEIPTS FROM FAAC AND SOURCES OUTSIDE THE STATE

For the year ended 31st December 2017, receipts from Federation Accounts and Allocation Committee (FAAC) is reported to amount **fifty-five billion, four hundred and five million, two hundred and fifty-four thousand, eighty hundred and nineteen naira, ninety kobo (₦55,405,254,819.90)** or 91.89% of the budgeted receipt of **sixty billion, two hundred and ninety four million, seventy four thousand, four hundred and nineteen naira (₦60,294,074,419)** for the year. The details of the actual receipts against budgeted figures for each revenue item are as shown below:

Receipts from FAAC and Sources outside the State.

| | Budget ₦ | Actual ₦ | Performance % |
|-----------------------------|-----------------------|--------------------------|-------------------------|
| Statutory allocation | 25,587,070,430 | 24,251,950,003.81 | 94.78 |
| Value Added Tax | 10,730,045,989 | 8,372,571,061.21 | 78,.02 |
| Share of Excess cover | 501,158,000 | 304,859,030.29 | 60.83 |
| Share of Exchange rate gain | 2,500,000,00 | 1,442,992,952.50 | 57.72 |
| Budget support Allocation | 5,500,000,000 | 8,255,000,000.00 | 150.09 |
| Non-Oil Revenue | 2,000,000,000 | 361,151,823.00 | 18.06 |
| Share of N.N PC Refund | 500,000,000 | - | 0 |
| Paris Club Refund | 6,000,000,000 | 12,247,984,837.20 | 204.13 |
| Forex Equalization | - | 168,745,112.04 | 0 |
| Re- imbursement from FGN | 575,000,000 | - | 0 |
| Grants | 6,400,000,000 | | 0 |
| Total | 60,249,074,419 | 55,405,254,819.90 | 91.89 |

There were no receipts on the following revenue heads in the year:

- Share of NNPC Refund
- Re- imbursement from the Federal Government of Nigeria
- Grants

A total sum of **seven billion, four hundred and seventy-five million naira (₦7,475,000,000)** was budgeted for the above revenue heads that had Zero budget performance in the year. No budget provision was made for “Forex Equalization” which generated *one million six hundred and eight million, seven hundred and forty five thousand, one hundred and twelve naira (N168, 745,112.04)* in the year. Two heads, “Budget support Allocation” and “Paris Club Refund” recorded above budget revenue in the year while other heads recorded revenue ranging from 18.06% (Non- oil Revenue”) to 94.78% (“Statutory Allocation”).

Of the **twelve billion, two hundred and forty-seven million, nine hundred and eighty-four thousand, eighty hundred and thirty-seven naira, twenty kobo (₦12,247,984,837.20)** reported as Paris Club Refund, the sum of **six hundred and sixty-four million, two hundred and thirty-seven thousand, six hundred and forty-four naira, twenty-five kobo (₦664,237,644.25)** represents Bank Interests generated from the Fixed deposits on which the fund was placed on receipt. Actual amount received as Paris Club Refund by the State Government for the year is **eleven billion, five hundred and eighty-three million, seven hundred and forty-seven thousand, one hundred and ninety-three naira (₦11,583,747,193.00)**.

3.6 RECURRENT EXPENDITURE

3.6.1 Personnel Cost

Personnel cost for the year ended 31st December, 2017 amounted to **ten billion, nine hundred and seventy seven million, five hundred and ninety seven thousand, sixty seven naira (₦10,977,597,067)** or 106.83 % of the year's budget of **ten billion, two hundred and seventy five, four hundred and seventy three thousand naira (₦10,275,473,000)**. The sum of **two billion, two hundred and seventy two million naira (₦2,272,000,000)** was provided in the 2017 budget for the salary of Statutory Office Holders only the sum of **one hundred and thirteen million, four hundred and six thousand, four hundred and nine naira, twenty kobo (₦113,406,409.20)** or 0.50% was expended.

3.6.2 OVERHEADS

Overheads for the year ended 31st December 2017 amounted to **twenty seven billion, one hundred and fifty two million, nine hundred and four thousand, eight hundred and ninety one naira (₦27,152,904,891)** or 77.41 % of the **thirty five billion, seventy six million, five hundred and ninety five thousand, six hundred and thirty nine naira (₦35,076,595,639)** provided in the budget.

Table below shows the comparative figures of the actual expenses for 2016 and 2017.

| | 2017 | 2016 | Increase/(Decrease) % |
|-----------------------------------|------------------|------------------|----------------------------------|
| Traveling & Transport | 918,838,684.24 | 447,885,622.04 | 105.15 |
| Utilities General | 140,378,791.49 | 165,068,265.71 | (14.96) |
| Material and Supplies | 296,869,160.00 | 194,417,177.00 | 52.66 |
| Maintenance Services | 843,301,966.26 | 641,440,385.40 | 31.47 |
| Training and Capacity Building | 95,258,500.00 | 80,433,620.00 | 18.45 |
| Security & Safety Services | 3,523,164,127.80 | 2,666,046,514.96 | 32.15 |
| Consulting & Professional Service | 115,195,110.00 | 78,009,525.38 | 47.67 |
| Fuelling and Lubricants | 553,672,592.34 | 247,228,765.40 | 123.95 |
| Financial Charges | 3,797,213.38 | 5,083,109.50 | (25.30) |
| L.G Pension Contribution | - | 42,504,158.22 | (100) |
| Subsidy Fertilizers | 118,227,406.64 | 29,556,851.66 | 300 |
| Loan Repayment | 2,607,597,277.70 | 2,248,356,528.56 | 15.98 |
| Exchange Rate Loss | | 21,044,249.69 | (100) |
| Depreciation/Amortization | 8,001,452,302.9 | 6,881,199,977.40 | 16.42 |
| Others | 9,925,151,758.3 | 12,345,780,32.81 | (19.61) |
| | | | |

There were significant increases on the following recurrent expenditure heads as against expenditure levels in 2016:

| | % increase |
|---------------------------------------|-------------------|
| ❖ Traveling and Transport | 105.15 |
| ❖ Maintenance and supplies | 52.66 |
| ❖ Maintenance Service | 31.47 |
| ❖ Consulting and professional Service | 47.67 |
| ❖ Security & safety Services | 32.15 |
| ❖ Fuelling and Lubricants | 123.95 |
| ❖ Subsidy for Fertilizer | 300.00 |

3.7 BUDGET PERFORMANCE OF MDAs: RECURRENT EXPENDITURE

The budget performance of Ministries, Departments and Agencies as regards Recurrent Expenditure for the year ended 31st December, 2017 is as detailed below:

Recurrent budget performance of MDAs

| | Budget | Actual | Variance |
|----------------------------------------------------|---------------|------------------|------------------|
| Office of the Executive Governor | | | |
| Personnel Cost | 519,462,253 | 907,470,977.80 | (395,791,692.36) |
| Overhead | 4,926,300,000 | 4,523,279,318.88 | |
| Supplementary Appropriation | 2,994,000,000 | | |
| Deputy Governor's Office | | | |
| Personnel Cost | 58,558,273 | 31,821,905.04 | 26,736,367.96 |
| Overhead | 216,440,000 | 159,557,563 | |
| Supplementary Appropriation | 88,450,450 | | |
| Border Peace & Conflict Res. | | | |
| Personnel Cost | 12,952,848 | 13,183,300.76 | (230,452.76) |
| Overhead | 10,000,000 | 2,403,000 | |
| Supplementary Appropriation | 65,000 | | |
| Grant & Donor Agency | - | | |
| State Emergency Mgt Agency | | | |
| Personnel Cost | 13,897,856 | 17,351,099.19 | (3,453,243.19) |
| Overhead | 9,200,000 | - | - |
| Supplementary Appropriation | 6,642,720 | | |
| State Council on Public Procurement | | | |
| Personnel Cost | 7,330,236 | - | 7,330,236.00 |
| Overhead | 4,350,000 | 600,000 | |
| Office of the Secretary to State Government | | | |
| Personnel Cost | 29,523,642 | 26,163,021.13 | 3,360,620.87 |
| Overhead | 1,455,800,000 | 568,654,669.47 | |
| Supplementary Appropriation | 1,213,731,887 | | |
| Dept. of Political Affairs | | | |
| Personnel Cost | 11,480,980 | 26,724,818.45 | (15,243,838.45) |
| Overhead | 461,400,000 | - | |
| Supplementary Appropriation | 504,890 | | |
| Dept of Executive Council Matters | | | |

| | | | |
|---------------------------------------------------------------|---------------|---------------|----------------|
| Personnel Cost | 11,234,109 | 5,629,666.43 | 5,604,442.57 |
| Overhead | 10,550,000 | 1,200,000 | |
| Supplementary Appropriation | 1,003,575 | | |
| Dept of Economic Affairs | | | |
| Personnel Cost | 15,444,807 | 8,416,957.64 | 7,027,849.36 |
| Overhead | 1,060,000 | 550,000 | |
| Supplementary Appropriation | 1,405,966 | | |
| Dept. of General Services | | | |
| Personnel Cost | 43,416,010 | 32,882,005.87 | 10,534,004.13 |
| Overhead | 1,060,000 | - | |
| Dept of Economic Empowerment & Poverty Alleviation | | | |
| Personnel Cost | 27,465,242 | 18,319,971.54 | 9,145,270.46 |
| Overhead | 1,517,669,000 | 1,217,085 | |
| Supplementary Appropriation | | | |
| Liaison Office Lagos | | | |
| Personnel Cost | 20,492,318 | 7,580,315.95 | 12,912,002.05 |
| Overhead | 47,686,000 | 3,187,144.50 | |
| Supplementary Appropriation | | | |
| Liaison Office Abuja's | | | |
| Personnel Cost | 20,492,348 | 12,242,709.56 | 8,249,638.44 |
| Overhead | 60,000,000 | 15,311,195.00 | |
| Supplementary Appropriation | 3,548,627 | | |
| Liaison Office Enugu/Anambra | | | |
| Personnel Cost | - | - | - |
| Overhead | 10,000,000 | - | - |
| Liaison Office Aba P/H | | | |
| Personnel Cost | - | - | |
| Overhead | 10,000,000 | - | |
| Women Dev. Centre | | | |
| Personnel Cost | 24,888,386.03 | 26,165,289.06 | (1,276,903.03) |
| Overhead | 79,300,000 | - | |
| Head of Service | | | |
| Personnel Cost | 23,794,507 | 14,565,892.57 | 9,228,614.43 |
| Overhead | 18,850,000 | 5,980,000 | |
| Admin & General Services | 7,710,000 | 9,912,928.21 | (2,211,928.21) |
| Personnel Cost | 1,680,000 | 500,000.00 | |

| | | | |
|----------------------------------------------------------|-------------|----------------|-----------------|
| Overhead | | | |
| Public Service & Manpower Dev. | | | |
| Personnel Cost | 47,486,823 | 15,928,553.68 | 31,558,269.32 |
| Overhead | 26,545,000 | 1,241,500.00 | |
| Estab, Pension & Management Services | | | |
| Personnel Cost | 15,904,127 | 8,791,595.09 | 7,112,531.91 |
| Overhead | 25,365,000 | 294,580.00 | |
| State House of Assembly | | | |
| Personnel Cost | 196,275,165 | 287,066,211.44 | (90,791,046.44) |
| Overhead | 498,000,000 | 303,724,908.00 | |
| Supplementary Appropriation | 434,075,000 | | |
| Assembly Service Commission | | | |
| Personnel Cost | 238,403,981 | 29,156,020.76 | 209,247,960.24 |
| Overhead | 96,500,000 | 2,419,820 | |
| Supplementary Appropriation | 660,000 | | |
| Ministry of Information and State Orientation | | | |
| Personnel Cost | 48,334,997 | 32,033,976.26 | 16,301,020.74 |
| Overhead | 41,600,000 | 13,308,800 | |
| Supplementary Appropriation | 3,670,000 | | |
| Dept of ICT | | | |
| Personnel Cost | - | - | - |
| Overhead | 5,000,000 | - | |
| Ebonyi State Broadcasting Corporation | | | |
| Personnel Cost | 110,270,759 | 131,093,405.92 | (20,822,646.92) |
| Overhead | 93,030,000 | - | |
| Supplementary Appropriation | 29,581,255 | | |
| Government Printing Press | | | |
| Personnel Cost | 18,484,140 | 10,896,219.09 | 7,587,920.91 |
| Overhead | 76,500,000 | 27,558,210 | |
| Supplementary Appropriation | 256,000 | | |
| Ebonyi State Newspaper and Publishing Corporation | | | |
| Personnel Cost | 55,456,850 | 29,213,280.13 | 26,243,569.87 |
| Overhead | 2,400,000 | | |
| State Audit | | | |

| | | | |
|-----------------------------------------------------|-------------|----------------|-----------------|
| Personnel Cost | 131,272,601 | 99,044,239.12 | 32,228,361.88 |
| Overhead | 35,720,000 | 1,549,810 | |
| Supplementary Appropriation | 392,313 | | |
| Local Government Audit | | | |
| Personnel Cost | 52,072,617 | 69,044,570.63 | (16,971,953.63) |
| Overhead | 21,479,200 | | |
| Civil Service Commission | | | |
| Personnel Cost | 48,519,389 | 10,900,086.38 | 37,619,302.62 |
| Overhead | 12,268,000 | 6,990,300 | |
| LG Service Commission | | | |
| Personnel Cost | 27,292,400 | 35,420,751.62 | (8,128,351.62) |
| Overhead | 12,000,000 | 1,050,000 | |
| Supplementary Appropriation | 5,486,730 | | |
| EBSIEC | | | |
| Personnel Cost | 86,401,106 | 31,125,059.33 | 55,276,046.67 |
| Overhead | 461,120,000 | 49,975,000 | |
| Supplementary Appropriation | 66,573,838 | | |
| Ministry of Agric | | | |
| Personnel Cost | 382,007,548 | 245,163,655.83 | 136,843,892.17 |
| Overhead | 24,220,000 | 53,856,620 | |
| Supplementary Appropriation | 2,170,000 | | |
| EBADEP | | | |
| Personnel Cost | 42,754,074 | 77,619,421.46 | (34,865,347.46) |
| Overhead | 10,000,000 | - | |
| State Fertilizer Coy Ltd | | | |
| Personnel Cost | 26,661,241 | 18,138,970.67 | 8,522,270.33 |
| Overhead | 16,000,000 | 180,000 | |
| Supplementary Appropriation | 1,636,143 | | |
| Ebonyi Rice World | | | |
| Personnel Cost | 6,061,932 | - | - |
| Overhead | 85,815,500 | - | |
| Ministry of Finance and Economic Development | | | |
| Personnel Cost | 52,474,606 | 45,329,619.34 | 7,144,986.66 |
| Overhead | 66,950,000 | 16,854,150 | |
| Supplementary Appropriation | 46,886,260 | | |
| Budget Office | | | |
| | | | |
| | | | |

| | | | |
|--------------------------------------------|---------------|----------------|---------------|
| Office of the Accountant-General | | | |
| Personnel Cost | 94,478,216 | 56,182,765.41 | 38,295,450.59 |
| Overhead | 2,212,250,000 | 28,492,600 | |
| Supplementary Appropriation | 3,004,276 | | |
| BIR | | | |
| Personnel Cost | 151,010,586 | 103,327,469.29 | 47,683,116.71 |
| Overhead | 22,720,000 | 2,569,500 | |
| State Investment Coy | | | |
| Personnel Cost | 7,927,043 | 6,204,731.25 | 1,722,311.75 |
| Overhead | 4,745,000 | - | |
| Ministry of Commerce & Industry | | | |
| Personnel Cost | 96,459,207 | 51,755,555.05 | 44,703,651.95 |
| Overhead | 25,330,000 | 5,577,900 | |
| Industrial Estate Mgt Board | | | |
| Personnel Cost | - | - | - |
| Overhead | 5,000,000 | | |
| Ebonyi Building Material | | | |
| Personnel Cost | 10,112,179 | 5,627,633.18 | 4,484,545.82 |
| Overhead | 50,000,000 | | |
| Ministry of Solid Mineral | | | |
| Personnel Cost | 24,586,559 | 13,690,867.10 | 10,895,691.90 |
| Overhead | 50,000,000 | 2,801,800.00 | |
| Supplementary Appropriation | 178,873 | | |
| Ministry of Works & Transport | | | |
| Personnel Cost | 65,257,880 | 55,198,341.74 | 10,059,538.26 |
| Overhead | 9,793,000 | 853,000.00 | |
| Supplementary Appropriation | 2,490,000 | | |
| EBROMA | | | |
| Personnel Cost | 18,104,341 | 15,343,581.38 | |
| Overhead | 30,000,000 | - | 2,760,759.62 |
| Office of the Surveyor-General | | | |
| Personnel Cost | 47,506,859 | 24,033,237.67 | 23,473,621.33 |
| Overhead | 3,600,000 | 769,000.00 | |
| EBRUWASSA | | | |
| Personnel Cost | 32,864,940 | 12,217,103.41 | 20,647,836.59 |

| | | | |
|------------------------------------------|-------------|----------------|----------------|
| Overhead | 4,000,000 | 769,000 | |
| Ministry of Culture & Tourism | | | |
| Personnel Cost | 37,252,553 | 28,062,110.64 | 9,190,442.36 |
| Overhead | 50,170,000 | 13,970,000 | |
| Supplementary Appropriation | 118,000 | | |
| Council for Art & Culture | | | |
| Personnel Cost | 29,152,025 | 29,413,302.23 | (261,277.23) |
| Overhead | 9,975,689 | | |
| Supplementary Appropriation | 2,643,075 | | |
| State Tourism Board | | | |
| Personnel Cost | 7,943,167 | 4,582,470.23 | 3,360,696.77 |
| Overhead | 1,500,000 | | |
| Ebonyi Hotels Afikpo | | | |
| Personnel Cost | 10,687,070 | 2,095,201.10 | 8,591,868.90 |
| Overhead | - | | |
| State Planning Commission | | | |
| Personnel Cost | 27,634,765 | 26,555,247.36 | 1,079,517.64 |
| Overhead | 15,675,000 | 2,285,500 | |
| State Statistical Bureau | | | |
| Personnel Cost | - | - | - |
| Overhead | 5,000,000 | | |
| Dept of Design Evaluation | | | |
| Personnel Cost | - | - | - |
| Overhead | 5,000,000 | | |
| Fiscal Responsibility Commission | | | |
| Personnel Cost | 39,983,881 | 31,467,731.59 | 8,516,149.41 |
| Overhead | 32,800,000 | 21,664,000 | |
| Supplementary Appropriation | 7,951,975 | | |
| Housing Dev. Corp | | | |
| Personnel Cost | 10,368,850 | 6,927,522.29 | 3,441,327.71 |
| Overhead | 3,600,000 | | |
| Ministry of Lands & Housing | | | |
| Personnel Cost | 56,681,745 | 55,513,951.43 | 1,167,793.57 |
| Overhead | 12,690,000 | 5,053,500 | |
| Ministry of Power | | | |
| Personnel Cost | 67,543,487 | 69,646,578.70 | (2,103,091.70) |
| Overhead | 916,060,750 | 347,011,441.44 | |

| | | | |
|--------------------------------------------------------|-------------|----------------|-----------------|
| Ministry of Water Resources | | | |
| Personnel Cost | 97,842,038 | 68,450,521.67 | 29,391,516.33 |
| Overhead | 79,800,00 | 4,353,620 | |
| Judicial Service Commission | | | |
| Personnel Cost | 12,262,370 | 6,938,145.28 | 5,324,224.72 |
| Overhead | 35,000,000 | 7,647,000.10 | |
| Ministry of Justice | | | |
| Personnel Cost | 65,877,984 | 64,946,249.41 | 931,734.59 |
| Overhead | 184,000,000 | 120,595,400 | |
| Supplementary Appropriation | 18,720,490 | | |
| Judiciary High Court | | | |
| Personnel Cost | 260,821,910 | 323,151,870.11 | (62,329,960.11) |
| Overhead | 107,500,000 | 54,325,999.68 | |
| Supplementary Appropriation | 252,928,488 | | |
| Customary Court of Appeal | | | |
| Personnel Cost | 94,702,110 | 185,046,609.62 | (90,344,499.62) |
| Overhead | 36,200,000 | 25,139,000 | |
| Supplementary Appropriation | 59,477,609 | | |
| Capital Terr. Dev. Board | | | |
| Personnel Cost | 62,825,861 | 53,041,100.82 | 9,784,760.18 |
| Overhead | 10,200,000 | 2,716,300 | |
| Ministry of Youth & Sports | | | |
| Personnel Cost | 32,347,456 | 24,537,548.70 | 7,809,907.30 |
| Overhead | 19,500,000 | 2,483,900 | |
| Supplementary Appropriation | 19,737,333 | | |
| Ministry of Women Affair and Social Development | | | |
| Personnel Cost | 75,577,289 | 78,449,504.11 | (2,872,215.11) |
| Overhead | 48,150,000 | 3,345,645 | |
| Supplementary Appropriation | 6,491,170 | | |
| Dept of Religion & Welfare | | | |
| Personnel Cost | - | | - |
| Overhead | 720,000,000 | | |
| Ebonyi State Sports Council | | | |
| Personnel Cost | 12,612,954 | 15,071,384.68 | (2,458,430.68) |
| Overhead | 13,500,00 | | |
| Supplementary Appropriation | 1,952,163 | | |
| Ministry of Education | | | |
| Personnel Cost | 78,600,937 | 61,527,054.65 | 17,073,882.35 |

| | | | |
|----------------------------------------------|---------------|------------------|-----------------|
| Overhead | 100,000,000 | 13,917,500 | |
| SUBEB HQ | | | |
| Personnel Cost | 187,068,476 | 159,662,528.94 | 27,405,947.06 |
| Overhead | 44,205,000 | 4,365,500 | |
| State Library Board | | | |
| Personnel Cost | 44,742,335 | 25,255,694.63 | 19,486,640.37 |
| Overhead | 20,000,000 | | |
| Supplementary Appropriation | 94,000 | | |
| Examination Dev. Centre | | | |
| Personnel Cost | 7,002,382 | 5,871,699.44 | 1,130,682.56 |
| Overhead | 77,346,000 | 40,155,200 | |
| Supplementary Appropriation | 11,000,000 | | |
| Secondary Education Board | | | |
| Personnel Cost | 2,773,828,013 | 2,657,442,997.60 | 116,385,015.40 |
| Overhead | 481,527,500 | 8,969,700 | |
| Supplementary Appropriation | 200,000 | | |
| State Scholarship Board | | | |
| Personnel Cost | 16,345,975 | 10,283,237.47 | 6,062,737.53 |
| Overhead | 405,400,000 | 166,500 | |
| Ministry of Health | | | |
| Personnel Cost | 189,634,264 | 276,393,175.40 | (86,758,911.40) |
| Overhead | 222,000,000 | 4,259,875 | |
| Supplementary Appropriation | 82,513,437 | | |
| Agency for the Control of Aids | | | |
| Personnel Cost | - | - | - |
| Overhead | 10,000,000 | - | |
| State Hospital and Management Board | | | |
| Personnel Cost | 652,002,123 | 645,129,965.82 | 6,872,157.18 |
| Overhead | 9,000,000 | 183,000 | |
| Supplementary Appropriation | 183,726,080 | | |
| Primary Health Care & Dev. Agency | | | |
| Personnel Cost | 761,607,632 | - | 761,607,632 |
| Overhead | 186,700,000 | - | |
| Ministry of Environment | | | |
| Personnel Cost | 54,633,352 | 52,589,781.97 | 2,043,570.03 |
| Overhead | 13,250,000 | 3,130,100 | |

| | | | |
|-----------------------------------|---------------|---------------|-----------------|
| EBSEPA | | | |
| Personnel Cost | - | 9,344,234.30 | (9,344,234.30) |
| Overhead | - | | |
| MLGCM & RD | | | |
| Personnel Cost | 38,394,245 | 32,652,182.17 | 5,742,062.83 |
| Overhead | 6,500,000 | 1,730,000 | |
| Agency for Mass Literacy | | | |
| Personnel Cost | 2,872,980 | 7,699,424.90 | (4,826,444.90) |
| Overhead | 1,200,000 | | |
| Ebonyi State University | | | |
| Personnel Cost | 2,400,000,000 | 2,568,000,000 | (168,000,000) |
| Overhead | - | | |
| Supplementary Appropriation | 755,160,378 | | |
| State College of Education | | | |
| Personnel Cost | 600,000,000 | 600,720,000 | (720,000) |
| Overhead | - | | |
| School of Health Tech. | | | |
| Personnel Cost | 200,000,000 | 93,204,899.06 | 106,795,100.94 |
| Overhead | 10,000,000 | - | |
| LG Staff Pension Board | | | |
| Personnel Cost | - | | - |
| Overhead | 43,800,000 | - | |
| Supplementary Appropriation | 200,000 | | |
| FADAMA | | | |
| Personnel Cost | 3,000,000 | - | 3,000,000 |
| Overhead | | | |
| EBOTRANS | | | |
| Personnel Cost | 10,000,000 | - | 10,000,000 |
| Overhead | | | |
| State Pension Mgt. Board | | | |
| Personnel Cost | - | 3,543,000 | (3,543,000) |
| Overhead | - | | |
| Revenue Appeal Commission | | | |
| Personnel Cost | - | 16,393,361.01 | (16,393,361.01) |
| Overhead | | | |

3.8 IMPROPER CLASIFICACION OF EXPENSES IN THE STATEMENT OF FINANCIAL PERFORMANCE

The following expenses which are listed in Note 17, “other Recurrent Expenses” are of a non-recurrent in nature

- i. **Acquisition of Land** - ₦28,609,411.00. Land acquired by Government has future economic benefits or service potentials for the State. Acquisition costs should be classified as part of Land & Building stock of the State.

- ii. **Counterpart Fund** – ₦1,264,276,974.12: The payment of counter part fund is usually in fulfillment of the State’s obligations for implementation of a Donor Agency Assisted Project. Project expenses, generally are classified as capital expenditure; it is improper to classify counterpart funds as “other recurrent expenses”. Audit observed that some similar expenditures were properly classified. For example, the following payments of this nature were properly classified as capital expenditure in the account for the year:

| | | |
|-------------------------------------|---|--------------------------|
| Counterpart contribution IFAD VCDP | - | 5,832,000 |
| Counterpart contribution FADAMA III | - | <u>58,744,000</u> |
| | | <u>64,576,000</u> |

I advice that consistency should be observed in item classifications.

3.9 LOAN REPAYMENT:

The sum of *two billion, six hundred and seven million, five hundred and ninety seven thousand, two hundred and seventy seven naira, seventy kobo* (~~₦2,607,597,277.70~~) was debited to the Statement of Financial Performance in respect of loan repayments. Audit verification showed that this amount is made up of repaid principal and interest components of the loan as detailed below:

| | |
|----------------------|-------------------------|
| Excess Crude loan | ₦1,079,671,147.08 |
| Salary Bail out loan | 69,530,822.40 |
| CACS loans | 1,057,180,104.09 |
| External loan | 401,215,204.13 |
| | <hr/> |
| | 2,607,597,277.70 |
| | <hr/> |

The repayment of the principal affects only the cash flow of an entity; it is the borrowing cost (interest on loans) that affects the profitability (Financial Performance) of the entity. Borrowing cost are debited to an “**Interest Expense**” account and closed to the Statement of Financial Performance at the end of the financial year. It is my considered opinion that only the interest component (cost of borrowing) should be debited to the Statement of Financial Performance.

The corrections will show that total Recurrent Expenditure is far less than **thirty eight billion, two hundred and forty three million, nine hundred and eight thousand, three hundred and sixty seven naira, ninety six (₦38,243,908,367.96)** and surplus for the year far more than **twenty three billion, six hundred and seventeen million, six hundred and thirty seven, four hundred and eighty naira, twenty five naira (₦23,617,637,480.25)** as reported in the Statement of Financial Performance for the year ended 31st December, 2017. The Accountant-General needs to effect these corrections to increase the quality of the State’s Financial Statements, in the subsequent years’ Accounts.

CHAPTER FOUR

4.0 STATEMENT OF FINANCIAL POSITION

4.1 RECEIVABLES

Receivables in the account for the year ended 31st December, 2017 represent revenues earned in December, 2017, but actually received in January 2018 as detailed below:

| | | ₦ |
|-----------------------------|---|---------------------------------|
| Statutory Allocation | - | 3,009,812,315.46 |
| Value Added Tax | - | 779,499,166.75 |
| Interest from Fixed Deposit | - | 177,125,570.50 |
| Forex Equalization | - | 168,745,112.04 |
| | - | <u><u>₦4,135,182,164.75</u></u> |

4.2 CASH AND CASH EQUIVALENTS:

The reported cash and cash equivalents of **twenty four billion, nine hundred and forty eight million, four hundred and twenty five thousand, eight hundred and eleven naira, sixty eight kobo (₦24,948,425,811.68)** is made up of:

| | | ₦ |
|-----------------------------|--|---------------------------------|
| Cash held by MDAs | | 10,948,331,833.46 |
| Cash held by Sub treasuries | | 93,978.22 |
| Fixed Deposit A/c balances | | 14,000,000,000.00 |
| | | <u><u>24,948,425,811.68</u></u> |

4.3 PROPERTY, PLANT, AND EQUIPMENT

Property, Plant and Equipment acquired in the year ended 31st December, 2017 amounted to **thirty billion, eight hundred and eighty four million, nine hundred and thirty six thousand, five hundred and thirty three naira, thirty kobo (₦30,884,936,533.30)** out of a total Capital Expenditure Budget of **ninety six**

billion, seven hundred and ninety nine million, nine hundred and fifty three thousand, eight hundred and sixty five naira, eighty kobo (₦96,799,953,865.80).

This represents 31.91% Capital budget performance for the year. The capital budget performance of each MDA for the year under review is as detailed below:

Capital Budget Performance

| MDA | Revised Budget ₦ | Actual ₦ | % Performance |
|-----------------------------------------------|-----------------------------|---------------------|----------------------|
| Office of the Governor | 946,333,199 | 320,108,306.96 | 33.83 |
| Office of the Deputy Governor | 80,000,000 | 96,280,811.35 | 120.35 |
| Dept of Border Peace | 56,000,000 | - | 0 |
| SEMA | 150,000,000 | - | 0 |
| State Council on Public Proc | 26,227,500 | - | 0 |
| Office of the SSG | 1,823,299,500 | 1,339,140,000 | 73.45 |
| Dept of Eco Emp. And Job Creation | 2,520,674,000 | - | 0 |
| CSDA | 65,000,000 | - | 0 |
| Liaison Office Lagos | 150,000,000 | - | 0 |
| Liaison Office Abuja | 301,500,000 | - | 0 |
| WDC | 100,000,000 | - | 0 |
| Liaison Office Enugu/Anambra | 6,500,000 | - | 0 |
| Liaison Office Aba/PH | 6,500,000 | - | 0 |
| Northern Liaison Office | 14,000,000 | - | 0 |
| Liaison Office Owerri | 5,500,000 | - | 0 |
| Office of Religious Welfare | 650,000,000 | - | 0 |
| Office of Sp. Asst on SP. Projects | 141,776,050 | - | 0 |
| Office of Sur SP Asst. on Internal Security | 600,000,000 | - | 0 |
| SDG | 983,872,500 | - | 0 |
| Dept of Inter-party Affairs | 50,000,000 | - | 0 |
| Director of Attitudinal Change | 20,000,000 | - | 0 |
| Dept of Talent Development | 20,000,000 | - | 0 |
| State House of Assembly | 590,000,000 | 75,000,000 | 12.71 |
| House of ASS. Service Commission | 100,000,000 | - | 0 |
| Ministry of Information and State Orientation | 486,712,966.47 | 3,678,000 | 0.76 |
| Ebonyi State Broadcasting Corporation | 200,000,000 | 9,880,000 | 4.94 |
| Government Printing Press | 350,000,000 | - | 0 |
| SA to Governor on ICT | 150,000,000 | - | 0 |
| State Newspaper & Publication | 24,505,000 | - | 0 |

| | | | |
|--------------------------------------------|-------------------|-------------------|--------|
| Coy. | | | |
| Head of Service | 283,125,000 | 1,500,000 | 0.53 |
| State Audit | 18,250,000 | - | 0 |
| L.G. Audit | 15,000,000 | - | 0 |
| Civil Service Commission | 107,462,500 | - | 0 |
| L.G. Service Commission | 7,800,000 | - | 0 |
| EBSIEC | 118,625,000 | - | 0 |
| Ministry of Agriculture | 3,538,628,492.93 | 152,374,273.10 | 4.3 |
| EBADEP | 326,961,600 | - | 0 |
| FADAMA | 160,000,000 | - | 0 |
| Ebonyi Rice World | 1,315,000,000 | 336,019,835.74 | 25.55 |
| State Fertilizer Coy | 441,265,000 | - | 0 |
| Ministry of Finance & Economic Development | 66,650,000 | - | 0 |
| Budget Office | 17,000,000 | - | 0 |
| Office of the Accountant-General | 63,000,000 | 343,323,520.90 | 544.96 |
| BIR | 50,000,000 | - | 0 |
| State Investment Company | 32,000,000 | - | 0 |
| Fiscal Res. Commission | 108,950,000 | - | 0 |
| Ministry of Commerce | 2,345,850,000 | - | 0 |
| Min. of Solid Mineral | 105,800,000 | - | 0 |
| Dept of Cement & Salt Prod. | 1,014,425,000 | - | 0 |
| Ebonyi Building Material Coy | 109,440,000 | - | 0 |
| Ministry of Works & Transport | 39,137,626,914.10 | 20,340,596,376.34 | 51.97 |
| EBOTRANS | 100,000,000 | - | 0 |
| EBROMA | 709,203,765 | 74,000,000 | 10.43 |
| Min. of Culture & Tourism | 400,000,000 | 13,000,000 | 3.25 |
| State Council for Arts & Culture | 10,000,000 | - | 0 |
| State Tourism Board | 2,995,000 | - | 0 |
| State Planning Commission | 264,725,416 | - | 0 |
| State Statistical Bureau | 105,000,000 | - | 0 |
| Ministry of Lands, Survey & Housing | 7,298,706,277 | 3,927,998,536.11 | 53.82 |
| Office of the Surveyor-General | 175,000,000 | - | 0 |
| State Housing Corporation | 130,000,000 | - | 0 |
| Ministry of Power & Energy | 5,429,722,272.70 | 1,545,439,026.05 | 28.46 |
| Ministry of Water Resources | 4,360,035,183 | 1,053,071,510.69 | 24.15 |
| EB-RUWASSA | 263,153,250 | - | 0 |
| Ministry of Justice | 35,379,500 | - | 0 |
| Judiciary High Court | 263,000,000 | 182,800,275.72 | 69.58 |
| Customary Court of Appeal | 80,000,000 | 11,300,000 | 14.13 |
| Judicial Service Commission | 24,000,000 | 12,187,500 | 50.78 |

| | | | |
|----------------------------------------|--------------------------|--------------------------|-------|
| Capital Terr. Dev. Board | 136,220,000 | - | 0 |
| Ministry of Youth & Sports | 1,116,848,347 | 343,659,237.97 | 30.77 |
| MOWA & SD | 385,450,000 | - | 0 |
| Sp. Asst to Governor on Child Dev. | 77,400,000 | - | 0 |
| Ministry of Education | 2,268,000,000 | 22,328,332.50 | 0.98 |
| Universal Basic Education Board | 4,329,780,974.12 | - | 0 |
| State Library Board | 51,220,000 | - | 0 |
| Exam Dev Centre | 33,980,000 | - | 0 |
| Agency for Mass Literacy | 5,629,200 | - | 0 |
| State College of Education Ikwo | 210,000,000 | - | 0 |
| Ebonyi State University | 305,500,000 | 7,627,500 | 2.50 |
| SEB | 188,875,000 | - | 0 |
| Ministry of Health | 4,360,762,500 | 459,298,760.56 | 10.53 |
| School of Health Tech. | 150,000,000 | - | 0 |
| School of Nursing Uburu | 1,157,501,337 | 110,362,031.31 | 9.54 |
| Agency for Control of Aids | 44,330,000 | - | 15 |
| SHMB | 41,672,500 | - | 0 |
| State Primary Health Dev. Agency | 292,275,000 | - | 0 |
| Office of SA on Primary Health | 117,722,500 | - | 0 |
| Ministry of Environment | 1,507,225,621.25 | 103,962,698.00 | 6.89 |
| Ministry of LG and Chieftaincy Affairs | 369,000,000 | - | 0 |
| | 96,799,953,865.80 | 30,884,936,633.30 | 31.91 |

Of the 90 MDAs that had capital budget provisions for the year, 46 MDAs achieved 0% capital budget performance. Three MDAs, Office of the Head of Service, Ministry of Education and Ministry of Information and State Orientation achieved less than 1% capital budget performance. Seven MDAs as detailed below had capital budget performance ranging from, 2.5% to 10.57%

| | | |
|---------------------------------|---|--------|
| Ebonyi Broadcasting Corporation | - | 4.94% |
| EBROMA | - | 10.94% |
| School of Nursing Uburu | - | 9.54% |
| Ministry of Agriculture | - | 6.07% |
| Ministry of Culture & Tourism | - | 3.25% |
| Ebonyi State University | - | 2.50% |
| Ministry of Health | - | 10.53% |
| Ministry of Environment | - | 6.89% |

4.4 MDAs THAT EXCEEDED THEIR CAPITAL BUDGET

Two MDAs, Office of the Deputy Governor and Office of the Accountant-General exceeded their capital budget as detailed below:

| MDA | Revived Capital Budget ₦ | Actual ₦ | Variance ₦ | % Variance |
|-----------------------------|-----------------------------|----------------|------------------|---------------|
| Deputy Governor's Office | 80,000,000 | 96,280,811.35 | (16,280,811.35) | -20.35 |
| Accountant-General's Office | 58,000,000 | 343,323,520.90 | (285,323,520.90) | -491.94 |

4.5 BIOLOGICAL AND INTANGIBLE ASSETS

The value of Biological Assets remained at **eleven million, seven hundred and five thousand, two hundred naira (₦11, 705,200.00)** at the end of the year under review. Explanatory note attached to aid the identification of the assets should be shown to Audit.

4.6 FINANCIAL ASSETS

Financial Assets refer to the value of the State's shares in quoted Companies. The value of Financial Assets remained at **three hundred and ninety six million, three hundred and seventy one thousand, nine hundred and thirty eight naira, seventeen kobo (₦396, 371,938.17)**. The unchanged total value implies that there were no changes in the market price of the shares since the previous trading year ended 31st December, 2016 and that no new Shares were bought during the year.

I had in my report on the Financial Statements for the year ended 31st December, 2016 opined that it is difficult to accept that the market prices of these Shares remain static over the years and suggested that the Accountant-General should report the value of these Shares based on the current market prices on the last day of trading for each year. The value of Finance and Accounts reported for the year ended 31st December, 2017 shows that my advice in the 2016 Account is yet to be taken.

4.7 NON CURRENT FINANCIAL LIABILITIES

This is made up of Internal and Foreign Loans outstanding. The balance as at 31st December, 2017 was reported in the statement as follows:

| | | ₦ |
|----------------|---|---------------------------------|
| Internal Loans | - | 26,737,170,478.15 |
| External Loans | - | 22,734,442,513.05 |
| | - | <u><u>49,471,612,991.20</u></u> |

My review of the loans showed that the balance of Internal Loans represent outstanding Principal **Plus** Interests cumulated to the end of the loans tenure. In my opinion, this form of measurement of liability is improper. The value of a liability ought to be the amount required to settle the present obligation **at the reporting date** NOT at the liabilities' terminal date, that is to say, the balance of Internal Loans for the year ended 31st December, 2017 ought to be the total outstanding Principal as at 31st December, 2017 as illustrated below:-

| Internal Loan Balances as at 1/1/17: | ₦ | ₦ |
|--------------------------------------------------|-------------------------|-------------------------|
| Salary Bail Out Loan | 603,928,125.00 | |
| Excess Crude Loan | 9,416,666,666.62 | |
| CACs Loan I | <u>1,222,222,222.16</u> | 11,242,817,013.70 |
| Add: CACs Loan II (Obtained in June 2017) | | <u>5,000,000,000.00</u> |
| | | 16,242,817,013.70 |

Less: Principal Repayments in 2017:

| | | |
|--------------------------------------|----------------|---------------------------------|
| Salary Bail Out Loan | 732,209,500.00 | |
| Excess Crude Loan | 500,000,000.00 | |
| CACs Loan I | 666,666,666.72 | |
| CACs Loan II | 277,777,777.78 | 2,176,653,944.50 |
| Internal Loan Balance as at 31/12/17 | | <u>14,066,163,069.92</u> |

In my opinion, the State's Internal Loans balance as at 31st December, 2017 should be **fourteen billion, sixty six million, one hundred and sixty three thousand, sixty nine naira, ninety two kobo (N14,066,163,069.92)** and not **twenty six billion, seven hundred and thirty seven million, one hundred and seventy thousand, four hundred and seventy eight naira, fifteen kobo (N26,737,170,478.15)** as reported in the Statement of Financial Position.

In the light of the above, it is my opinion that the state's Non-Current Liabilities as at 31st December, 2017 stands at **thirty six billion, eight hundred million, six hundred and five thousand, five hundred and eighty two naira, twenty kobo (N36,800,605,582.20)** and not the sum of **forty nine billion, four hundred and seventy one million, six hundred and twelve thousand, nine hundred and ninety one naira, twenty kobo (N49,471,612,991.20)** as reported in the Statement of Financial position. This is made up of:

| | | |
|----------------|---|---------------------------------|
| | | N |
| Internal Loans | - | 14,066,163,096.20 |
| Foreign Loans | - | 22,734,442,513.05 |
| | - | <u>36,800,605,582.25</u> |

It is instructive that the balance reported for foreign loans is the aggregation of outstanding Principal on each loan account as at 31st December, 2017 (the reporting date) and does not include any interest/charges elements.

CHAPTER FIVE

5.0 OTHER STATEMENTS

5.1.0 Statement of Cash Flow

I observed the following in the course of examination of the statement of Cash Flow for the period under review.

5.1.1 Absence of comparative year column.

The statement of **Cash Flow** as presented to me has no comparative column for the year 2016. As a result of this omission, opening cash and cash equivalent could not be confirmed from the statement. It was not possible to evaluate performance on Net Cash Flows from different activities of the State between the two years (2016 and 2017).

5.1.2 Cash Flow Figures Referenced to Unclear Notes

The Notes to which figures in the Statement of Cash Flow are referenced to did not fully explain the figures.

For instance, the **forty five billion, seven hundred and twenty four million, four hundred and fifty eight thousand, two hundred and eighty five naira, fifty kobo (N45,724,458,285.50)** reported as Allocations from Federation Accounts in the statement of cash flow is far less than the **fifty five billion, four hundred and five million, two hundred and fifty four thousand, eight hundred and nineteen naira (N55,405,254,819.00)** reported as (Notes 2 & 3) received from the Federation Account in the year. Even with the inclusion of Budget Support Allocation of **eight billion, two hundred and fifty five million naira (N8,255,000,000.00)** which is inexplicably grouped as part of cash flow from investing Activities, the figures still could not add up.

The statement of cash flow reports Internally Generated Revenue (IGR) as **four billion, nine hundred and eighty two million, seven hundred and twelve thousand, six hundred and thirty three naira sixty six kobo (₦4,982,712,633.66)** as against **six billion, four hundred and fifty six million, two hundred and ninety one thousand, twenty nine naira, ten kobo (₦6,456,291,029.10)** reportedly received for the year (Notes 2 & 3). Granted that Interest Received of **one billion, four hundred and nineteen million, eight hundred and thirty one thousand, two hundred and forty naira, eighteen kobo (₦1,419,831,245.18)** was grouped as cash flow from Investing activities, the figures still could not add up considering that part of Interest Received of **one hundred and seventy seven million, one hundred and twenty five thousand, five hundred and seventy naira, fifty kobo (₦177,125,570.50)** was still a receivable as at 31st December, 2017.

I expected that whatever the explanations are should have been properly made through the explanatory notes to the Statement.

5.2 STATEMENT OF CHANGES IN EQUITY/NET ASSETS

I had noted in paragraph 2.11 in the report that the statement of Financial Performance needs to be adjusted to show a more accurate surplus for the year

The required adjustments will lead to adjustments to the statement of changes in Equity/Net Assets.

CHAPTER SIX

6.1 CERTIFICATION OF RETIREMENT BENEFITS (PENSIONS AND GRATUITIES)

In accordance with Pension Act, a total of 348 files of retiring/death benefits of public servants, including recalculation cases, were scrutinized and certified by my office during the year under review.

In the course of audit examination of the files, Audit observed that over payment of *twelve million, two hundred and fifty three thousand, seventy five naira eighty nine kobo (₦12,253,075.89)* was made to the staff during the period. These arose as a result of overstepping during promotions, receipt of salary after retirement/death and/or out right wrong calculation of the retirement/death benefits as the case may be.

The overpayment is to be recovered en-block from their respective gratuities as indicated in Audit certified Pension Form.

6.2 STATE OF BOOK KEEPING

The maintenance of Ledger Accounts in some MDAs and proper Cashbook entries had remained abysmal. Bank transactions were not usually posted in the Cashbooks in line with basic accounting principles. Bank reconciliation was rarely done.

6.4 GENERAL RECOMMENDATIONS

Consequent upon all the audit issues discovered as well as issues that require further investigation, the following recommendations have been made.

6.3.1 Salary to retirees

- The review and process of salary payments should commence on or before 5th of every month.
- The review processes shall entail validating nominal roll, variation advice and variation orders.

The communication gap between the Administration Department and Finance and Accounts Department should be identified and ratified. This is to stop cases of payment of monthly salaries to a retired/deceased officer.

There is a need for the Administration/Accounting Departments in the various MDAs to train officers on the established guidelines for the placement of promoted officers. This is to avoid overpayments which arose from such anomalies. The need for a refresher course is necessary all the officers involved in this issue. Sanctions shall be established against public offices that failed in their responsibilities to report accordingly on pay rolls and salary.

6.3.2 Classification of Expenses

Consistency should be observed in items classification and to appropriate Heads/Sub-Heads.

Let any inappropriate accounting treatment be adjusted accordingly and not to be rectified by disclosing such in the Accounting Policies used.

Let the Comparative Figures be disclosed.

Every expense should be tied to a responsibility centre

6.3.3 Vote Books and other relevant Book of Account.

Knowledge gaps should be identified and all public officers responsible for keeping, recording and preparation of vote books and other books of accounts should be trained appropriately.

Punitive measures and Sanction Code should be institutionalized against offender(s) who failed to carry out their duties in preparation of vote books.

There should be regular internal checks on the data being recorded in the vote book from time to time.

6.3.4 Internal Control

Chapter 20, Regulation 2001 section (1) of Financial Regulation (FR 2006) says *“Internal Audit is a managerial control which functions by measuring and evaluating the effectiveness of Internal Control system in an organization”*.

Regulation 2006 Section (i) says *“The Internal Auditor shall produce, monthly, quarterly and half yearly report to the Accounting Officer on the progress of the audit with copies to the Accountant-General and the Auditor-General”*,

Section (ii) says *“the content of the report shall disclose to what degree his is satisfied with the safeguards against fraud, the controls of the receipts and payments, issues and consumption of stores, verification of cash and stamps held and the accuracy of the accounting records. The report shall also include his observations on the economy of operation, efficiency, and effectiveness of other*

areas of activities and function of the Ministry/Extra-Ministerial Office and other Arms of Government”.

Section (iii) says “*He shall issue special reports, when in his opinion, the attention of the Accounting Officer and that of Director of Finance and Accounts of the Ministry shall be drawn to any irregularity in the accounting procedure. He shall also draw attention to the reports of the Auditor or internal Audit reports earlier issued by him. Copies of these special reports shall be forwarded to the Accountant-General and the Auditor-General*”. The Internal Control System in some MDAs was weak and prone to abuse.

In view of the foregoing; a competent Internal Audit and strong internal control system should be deployed to MDAs to ensure:

- a) Approval and authorization of all expenditures as well as contracts,
- b) Budgetary Control
- c) Integrity and Accuracy of all accounting records,,
- d) Physical control of all assets and stores,
- e) Segregation of duties, and
- f) Proper record keeping.
- g) Disaggregating Revenue into Subheads

ACKNOWLEDGEMENT

My first appreciation goes to God Almighty by whose grace the production and publication of this 2017 edition of the Auditor-General Annual Report on the State activities was made possible.

Then to the Executive Governor, **Engr. (Chief) David Nweze Umahi FNATE, FNSE (Akubaraoha)** for mobilizing us through timely provision of funding and other necessary logistics.

The unquantifiable efforts of my staff especially the management cadre and my Secretary, Plant attendant cannot pass without mentioning as they worked tirelessly even at odd hours and including weekends, just to ensure that our target is met.

Finally, my special thanks are extended to those Offices that partnered with us in various ways and without whose inputs, the production of this Annual Report would have been a mere dream. They are the officers of the Hon. Commissioner for Finance and Economic Development, the Accountant-General, Head of Accounts Production and the State Budget Office.



Sir I. N. Nweda *FCNA, FCAI, KSJI, JP*
Office of the State Auditor-General,
Abakaliki.

2nd October, 2018.