JIGAWA STATE

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MD-YEAR
[January to June]

Budget Implementation Report

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Block A, New State Secretariat Complex
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1.0 – Introduction / Executive Summary

This Report presents an appraisal of the implementation of the 2019 Approved Budget during the first half of the Fiscal year (January to June). It will build on the first quarter report to provide insights into the performance of various income and expenditure components of the budget. This would largely be based on variance analysis comparing outturns and the original approved estimates. In addition, the report will examine revenue and expenditure patterns, composition and trends to better inform its conclusions and recommendations. As usual, the Report will also make an informed analysis of expectations during the subsequent second half of the year based on which recommendations would be proffered towards ensuring that budget implementation is on track to deliver on its objectives by the end of the year.

The First Quarter Report generally observed a "below average" performance particularly on the expenditure side. Total outturn on the income side amounted to almost ₦43.8 billion which, on pro-rata basis, represented about 109% performance compared to the approved estimates (a positive variance of over 9%). This was however, made possible by optimistic assumption that 2019 Board of Survey will confirm the 2019 Estimated Opening of about ₦16.16 billion as the balance brought forward from 2018 Fiscal Year. With the benefit of hindsight, this later turned out to about ₦14.55 billion. Net of the Opening Balance, the aggregate performance of the all other income sources would have been about 67.3% which could be described as "below average". The overall performance on the expenditure side was also very much below expectation at about 60%. This was largely as a result of the very weak performance with regards to Capital Expenditure where the total outturn was reported to be only about ₦8.2 billion equivalent to only about 43% pro-rated performance.

Building on the Q1 performance, the Mid Year report indicated that implementation of the budget during the second quarter of the year, more or less, followed a similar trajectory as that of Q1. Total accrued income at the end of Q2 amounted almost ₦64.38 billion including the, now confirmed, 2019 Opening Balance of ₦14.55 billion. This is equivalent to about 80.4% performance compared to the approved estimates. Net of the Opening Balance, performance would have been about 69.2%. As observed in the report, this scenario indicated an even more weaker performance with variance of over 30% during the second quarter. On the expenditure side, the aggregate performance during the reporting period was equally weak and below expectations compared to the performance outlook during the first quarter. Compared to the total Approved Estimates of ₦160.14 billion, the total outturn was reported to be about ₦52.04 billion equivalent to about 65.0% pro-rated performance – a variance of about 35%. The report concluded on an overall **"below standard performance"** with possibility of derailment of the budget – barring proactive measures to drastically reduce wide variance between approved estimates and outturns for all the components of the budget.

The report had observed, considering the healthy liquidity position of the Treasury, there is adequate capacity to turn budget implementation around as to improve its performance. As mentioned in the report's conclusion, "while continuing to exercise expenditure controls, recurrent funding of key service delivery areas would need to be enhanced relative to previous quarters" to sustain and enhance service delivery. It was observed that, with most of ongoing capital projects across all sectors are progressing satisfactorily, higher budget performance in terms of capital expenditure outturns and sectoral composition, would be recorded by the time issued Due Process Payment Certificates already submitted to the Treasury by the MDAs are cleared in the subsequent quarters. Notwithstanding, there should be deliberate efforts to achieve this. On the income side, data collection has indicated significant discrepancies between figures available from the MDAs and those obtained from the Treasury and Board of Internal Revenue. This suggests issues with recording and reporting including records of the Treasury Single Accounts which is supposed to capture revenue earnings and other incomes by the MDAs including Parastatals and Tertiary Institutions. It is therefore, recommended that both the Treasury and Board of Internal Revenue need to reexamine the recording and reporting process by the MDAs and the consultants supporting the management of the TSA process. This may help improve the outturns reflect higher performance particularly for Internal Revenue and some of the Capital Receipts Items.

Finally, in consideration of the fact that, the Budget Execution Process is the most important segment of the Budget Cycle which largely determine the success or failure of the Budget, the report has recommended for the establishment of High-level Budget Implementation Monitoring Committee under the Chairmanship of His Excellency, the Deputy Governor. Principally, the Committee would, in addition to examining and making further recommendations on issues arising from the quarterly budget implementation reports, it would also periodically advise Government on general issues pertaining to the implementation of the budget with a view to attaining its overall objectives. Other members recommended to be on the Committee include the respective Commissioners for Finance, Health, Education and Works as well as the Accountant General, Chairman of Board of Internal Revenue, the Accountant General, Director General, Due Process and Permanent Secretary, Budget and Economic Planning who also provides the Secretariat of the Committee.

2.0 - The 2019 Approved Budget Profile1

Law No. 10 of 2018 Appropriated the sum of One Hundred and Sixty Billion, One Hundred and Forty Million Naira (₦160,140,000,000) as the total budget size for the 2019 Fiscal year. The Budget was named "*Budget of Sustained Economic Growth and Social Transformation II"* being virtually a continuation of the 2018 Budget in terms of policy objectives and priorities which were linked to the State Development Policy objectives contained in CDF II. These include:

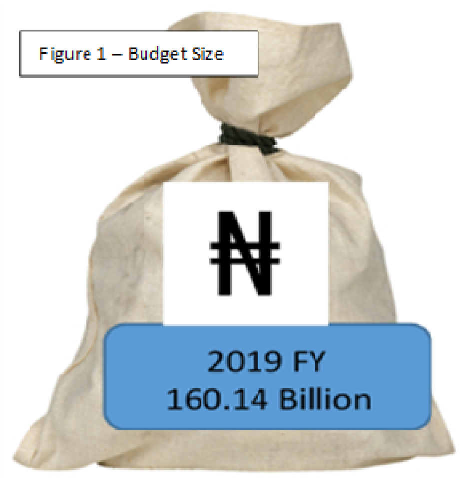


Figure 1 – Budget Size

- ✓ Promoting rapid growth of the real sectors of the state's economy particularly agriculture as leading sector in the socioeconomic transformation agenda of the State;

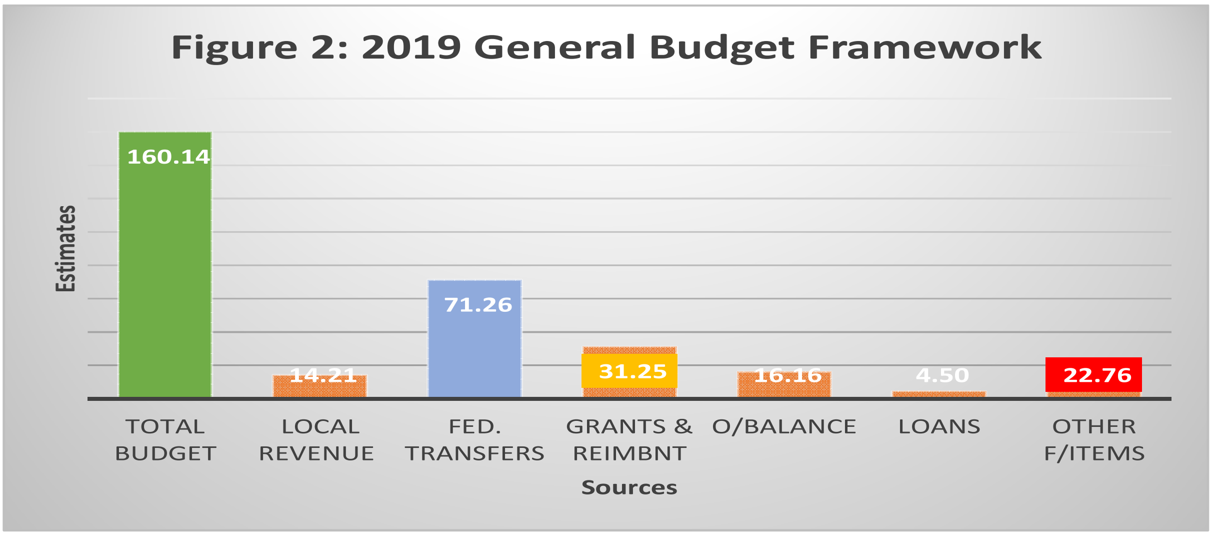


Figure 2: 2019 General Budget Framework

- ✓ Ensuring access, efficiency and quality in the provision of Human Development Services particularly, education, health and other social welfare services;
- ✓ Youths and women empowerment through targeted economic empowerment and other social protection programmes; and
- ✓ Sustaining on-going governance reforms particularly in the area of Public Expenditure and Financial Management and Public Service Management.

1 This section of the report remains as presented in the previous report as the profile of the budget as approved, remains constant

Over 44% of the estimated income for the financing of 2019 Budget was expected to come from Federal Transfers comprising of Statutory Allocation, Value Added Tax and other periodic residual receipts like the Excess Crude Oil Receipts. Income from these three sources amounted to exactly ₦71.26 billion. About 14.2% of the total incomes comes as Financing Items equivalent to ₦22.76 billion being Local Government Contribution for Primary Education and Primary healthcare Staff Salaries. The sum of ₦14.21 billion was estimated as the revenue to be locally generated which would finance less than 9% of the total expenditure outlay. Other incomes for the financing of the budget included the 2019 Opening Balance of ₦16.16 billion equivalent to about 10% of the total estimated income; Capital Grants of about ₦31.25 billion (equivalent to about 20%) and External & Internal Loans of ₦4.5 billion, equivalent to slightly less than 3%. Details of the approved incomes for the financing of the 2019 Budget are presented in Table 1.

Table 1 - 2019 Budget - Sources of Income

1	**Estimated Recurrent Revenue**	**Estimates**	**% of Total**
i.	Local revenue	14,210,000,000	9%
ii.	Statutory Allocation	52,900,000,000	33%
iii.	Excess Crude Oil, etc, etc	4,500,000,000	3%
iv.	Value Added Tax	13,860,000,000	9%
v.	LGCs Contribution for Primary Personnel Cost	21,200,000,000	13%
vi	LGCs Contribution for PHC Staff Cost	1,560,000,000	1%
	Total Recurrent Incomes	**108,230,000,000**	**68%**
2	**Capital Receipts**		
i.	Transfer from General Reserves	16,160,000,000	10%
ii.	Grants & Reimbsnts & Other Capital Receipts	31,250,000,000	20%
iii.	External Loans	3,500,000,000	2%
iv.	Internal Loans	1,000,000,000	1%
	Total Capital Receipts	**51,910,000,000**	**32%**
H	**Total Income Estimates**	**160,140,000,000**	**100%**

On the expenditure side, the profile of the Approved Estimates as presented in Table 2 showed that whereas almost 49% of the total expenditure was earmarked for Recurrent Expenditure, about 48% was for capital expenditure. As much as 3.6% was set aside for Stabilization and Contingency Funds. The Recurrent Expenditure components included Public Debt Charges for Internal / External Loans and contractual liabilities.

Table 2 - 2019 Budget - Expenditure Components

i	Personnel Costs	50,645,000,000	31.6%
ii	Overhead & Other Recurrent Expenditure	21,793,000,000	13.6%
iii	Public Debt Charges	5,355,000,000	3.3%
Iv	Stabilization and Contingency Fund	5,812,000,000	3.6%
	Capital Expenditure	**76,535,000,000**	47.8%
	Total Expendture Outlay	**160,140,000,000**	**100.0%**

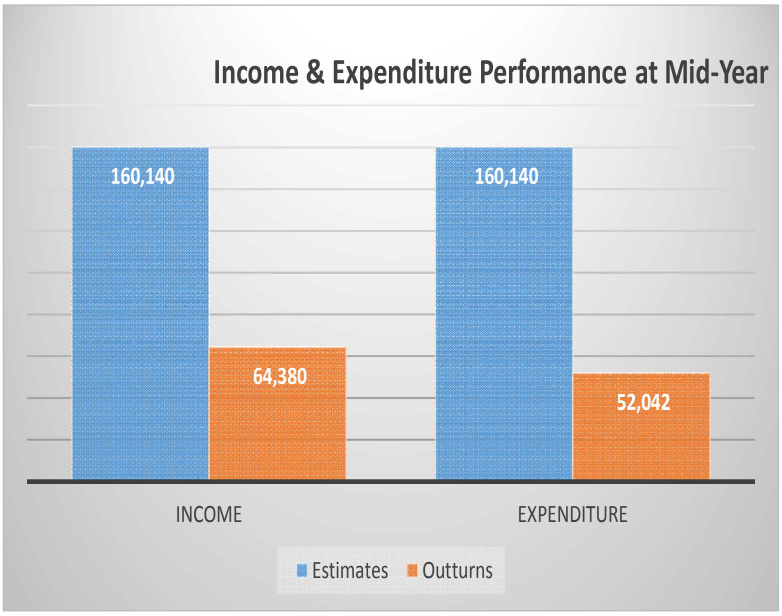
3.0 – Mid-Year Performance Appraisal of the 2019 Budget

Public Expenditure and Financial Management Systems aim to achieve three key desirable budgetary outcomes namely aggregate fiscal discipline, strategic resources allocation and efficient service delivery. One of the key pillars that determines the extent to which these outcomes are achieved is "Budget Reliability" measured by the extent to which the budget is implemented as planned which compares actual revenues and expenditures (Outturns) with the original approved budget including the

Table 3 - Consolidated Revenue and Expenditure Positions at Mid-Year

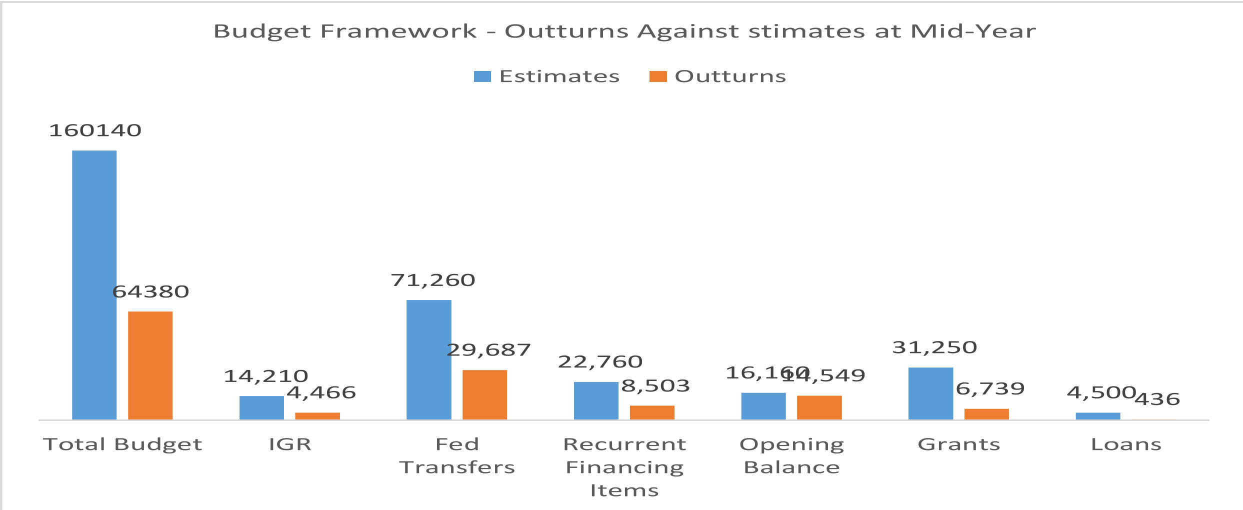
Budget Components	Estimates	Outturns (Jan. - Mar.)	Pro-rated Performance (%)
Income			
(i) Recurrent Incomes	108,230,000,000	42,656,656,197	78.8%
(ii) Capital Receipts	51,910,000,000	21,723,535,029	83.7%
Total Income	**160,140,000,000**	**64,380,191,226**	**80.4%**
Expenditure			
(I) Recurrent Expenditure	83,605,000,000	30,825,591,182	73.7%
(ii) Capital Expenditure	76,535,000,000	21,216,024,933	55.4%
Total Expenditure	**160,140,000,000**	**52,041,616,115**	**65.0%**
End of Quarter Position		**12,338,575,110**	

composition of the expenditure outturns across MDAs and Sectors. This assessment as it relates to outturns of the various income and expenditure components during the first half of the year, is presented in Table 3.



As could be seen in the Table and Chart, actual income that accrued during the period amounted to almost ₦64.38 billion equivalent to about 80.4% performance compared to the approved estimates. This gives a negative variance of almost 20%. Net of 2019 Opening Balance of about ₦14.55 billion as confirmed by the 2019 Board Survey for which ₦16.16 billion was originally envisaged, the total outturns would have been about ₦49.83 billion equivalent to about 69.2% performance. This scenario indicates an even more weaker performance with variance of over 30% compared to Q1. Whichever, according to the basic principles of PFM, this is a below standard performance which could affect the desire to deliver the three key budgetary outcomes as earlier highlighted. The fact is, even when budgetary allocations were strategically made in accordance with Government priorities, an income variances beyond plus or minus 15% means revenues are generally accruing not as envisaged which would significantly affect the ability of the Treasury to fund all the expenditure components.

On the expenditure side, the aggregate performance during the first six months of the year was even more dismal relative to the income side. Out of the total Approved Budget of ₦160.14 billion, the total outturn was reported to be about ₦52.04 billion equivalent to about 65.0% pro-rated



performance. This gives a negative variance of about 35%. Even when the planned expenditure is considered net of the ₦4.182 billion set aside as Contingency Provision, the overall performance still remains at about.67.0% which still gives a negative variance of over 33%. Based on these figures, the overall expenditure performance during the first half of the year could be describe as very unsatisfactory. This level of budget performance is a manifestation of weak aggregate fiscal discipline which if prolonged, could negatively affect service delivery and ultimately militate against the attainment of the ultimate objectives of the budget - improved economic and social wellbeing of the citizens.

In order to have deeper insights into the performance of the budget as to identify specific areas of action in addressing the observed weak performance, it would be appropriate to examine some of the specific income and expenditure components of the approved estimates. This would also involve further scrutiny of the outturns of various income and expenditure compositions across MDAs and Sectors on the basis of which specific recommendations could be made.

3.1 - Revenue Performance

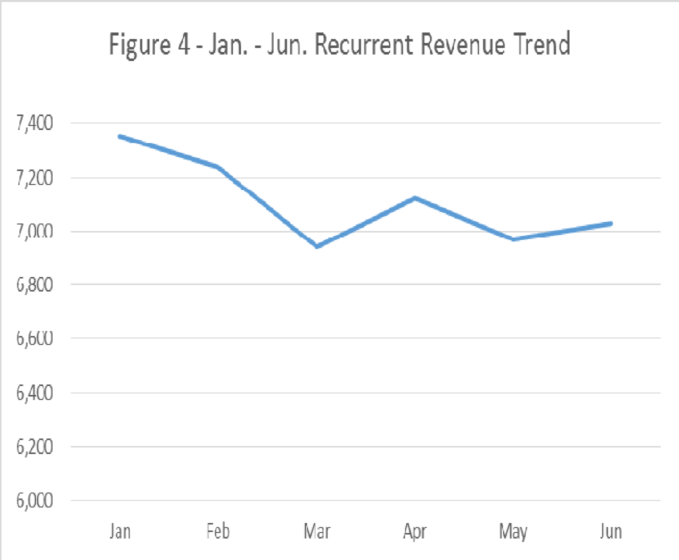
As earlier indicated, the aggregated performance of all the various revenue components during the first half of the year indicated a "below standard" unsatisfactory performance – and this is despite having an opening balance equivalent to more than one-fifth of the total outturn during the period. Details of the various revenue components for both recurrent incomes and capital receipts are presented in Table 4.

On the recurrent revenue side, other than Value Added Tax, outturns from all other sources indicated

Table 4 - Details of Revenue Performance

1	Incomes	Estimates	Outturns	Performance	Variance
i.	Local revenue	14,210,000,000	4,466,191,792	62.9%	-37.1%
ii.	Statutory Allocation	52,900,000,000	21,320,042,307	80.6%	-19.4%
iii.	Excess Crude oil, Etc.	4,500,000,000	1,312,142,074	58.3%	-41.7%
iv.	Value Added Tax	13,860,000,000	7,055,249,144	101.8%	1.8%
v.	LG Contribution for LEA Salaries	21,200,000,000	7,905,314,068	74.6%	-25.4%
v.i	LG PHCDA Deployed Staff	1,560,000,000	597,716,812	76.6%	-23.4%
	Total Recurrent Income	**108,230,000,000**	**42,656,656,197**	**78.8%**	**-21.2%**
2	**Capital Receipts**				
i.	2019 Opening Balance	16,160,000,000	14,548,524,536	180.1%	80.1%
ii.	Grants & Other Capital Receipts	31,250,000,000	6,738,954,976	43.1%	-56.9%
iii.	External Loans	3,500,000,000	436,055,517	24.9%	-75.1%
iv.	Internal Loans	1,000,000,000	-	0.0%	-100.0%
	Total Capital Receipts	**51,910,000,000**	**21,723,535,029**	**83.7%**	**-16.3%**
H	**Total Estimated Financial Res**	**160,140,000,000**	**64,380,191,226**	**80.4%**	**-19.6%**

negative variances ranging from about 20% to 40%. In absolute terms, total recurrent incomes during the period was ₦42.66 billion equivalent to less than 40% of the total approved estimates.



While shortfall of about 10% in revenue accruals may seems not significant enough to completely derail the budget, it certainly constitute a source of concern with less than six months to the end of the year. Federal Transfers (particularly Statutory Allocation), Grants & Reimbursements and Loans under Capital Receipts were the two components with the largest deficits in absolute numbers. Local Revenue performance was also less by about 37%. With respect to Capital Receipts, over 80% of the reported outturns, were from three major sources, viz: 2019 Opening Balance (₦14.55 billion), Federal Reimbursement for the Airport Project in form of discounted promissory notes (₦7.96 billion) and Local Government Capital Contribution to Joint Funded Projects (₦3.5 billion). Fortunately, all these are discretionary incomes into the Capital Development Fund that could finance any capital project from any sector. Even though there were some drawdowns with respect to other capital receipts including TET-Funds, the performance was very dismal. However, being grants tied to specific projects, these would not have a pervasive adverse effects on the entire budget. While no draw-down was reported for Internal loans, less than 25% was reported to have been drawn on External Loans during the period.

As was the case during the first quarter, this observed level and trend of revenue performance during the first half of the year, raises serious concern as budget implementation goes into the third quarter. The trend with respect to the total recurrent revenues, as depicted in Figure 4, followed a down-ward pathway up to the end of Q1 and thereby fluctuated in the Q2 but still far away from its January level.

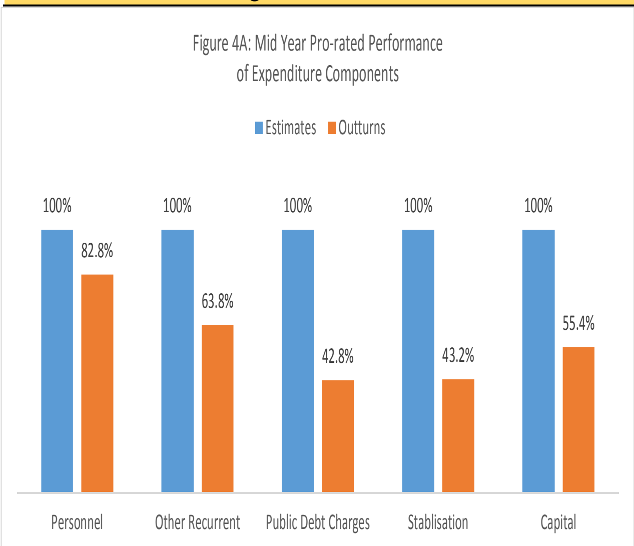
As observed during the first quarter, the level of concern raised by the weak recurrent revenue performance, was compounded by the impending implementation of the new minimum wage expected to come into effect before the end of the year. Relative to the conclusion of Q1, the level of apprehension is higher with regards to the recurrent revenue accruals. More concerted and proactive measures need to be pursued to achieve higher outturns. Though the prospects of achieving the three budgetary outcomes seems more arduous than in Q1, being proactive will improve the prospects and ease the attainment of the objectives of the budget.

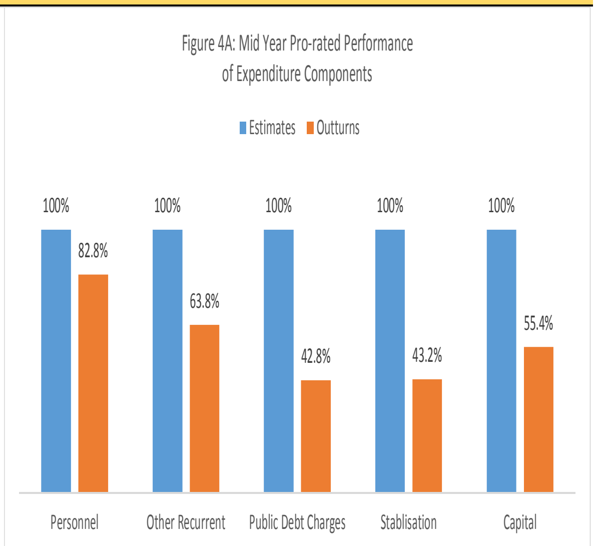
3.2 – *Expenditure Appraisal*

Details of the available records on expenditure during the first half of the year as presented in table 5 indicated an

Table 5: Details of Expenditure Performance

1	Expenditure Components	Estimates	Outturns	Performance	Variance
	Recurrent Expenditure				
i	Personnel Costs (LEAs Inclusive	50,645,000,000	20,973,028,693	82.8%	-17.2%
ii	Other Recurrent Expenditure	26,605,000,000	8,489,681,354	63.8%	-36.2%
iii	Public Debt Charges	5,355,000,000	1,147,047,803	42.8%	-57.2%
iv	Stabilization Fund	1,000,000,000	215,833,332	43.2%	-56.8%
	Total Recurrent Expenditure (	**83,605,000,000**	**30,825,591,182**	**73.7%**	**-26.3%**
ii.	**Capital Expenditure**	**76,535,000,000**	**21,216,024,933**	**55.4%**	**-44.6%**
	Total Budget	**160,140,000,000**	**52,041,616,115**	**65.0%**	**-35.0%**





aggregate expenditure outturn amounting to about ₦52.04 billion. This represents about 65% performance on pro-rata basis – a 5 percentage point improvement over Q1 performance. This is equivalent to about 35% negative expenditure variance which by PFM standards, is an unsatisfactory performance suggesting that budget implementation may not be on tract to deliver its objectives. As with Q1 Report, even though both the Recurrent and Capital Expenditure performance were much below expectation, the concern is more with respect to the Capital Expenditure with a negative variance of over 44% and to lesser extent, Other Recurrent Expenditure with a negative variance of slightly over 36%.

Even though it was posited that slowed budget implementation during the political transition might have accounted for the below average performance during Q1, the trend has apparently extended into Q2 and unless proactively addressed, an extension of similar trend into Q3 means imminent derailment of the budget.

While it was comforting to note that based on the figures available, there was recurrent revenue surplus (transferred to Capital Development Fund) of about ₦11.83 billion, this however, has not translated into higher capital expenditure outturn reported to be only about ₦21.21 billion. This suggests that even as the dreary performance of a number of the revenue sources is contributing to the large negative variance on expenditure outturns (both recurrent and capital), there are other contributing factors. Principally, definite proactive measures would have to be consciously instituted to achieve higher revenue and expenditure outturns during the second half of the year. Given the relatively high recurrent revenue surplus supposedly transferred to the capital development fund, there are potentials for higher capital expenditure outturns during the second half of the year.

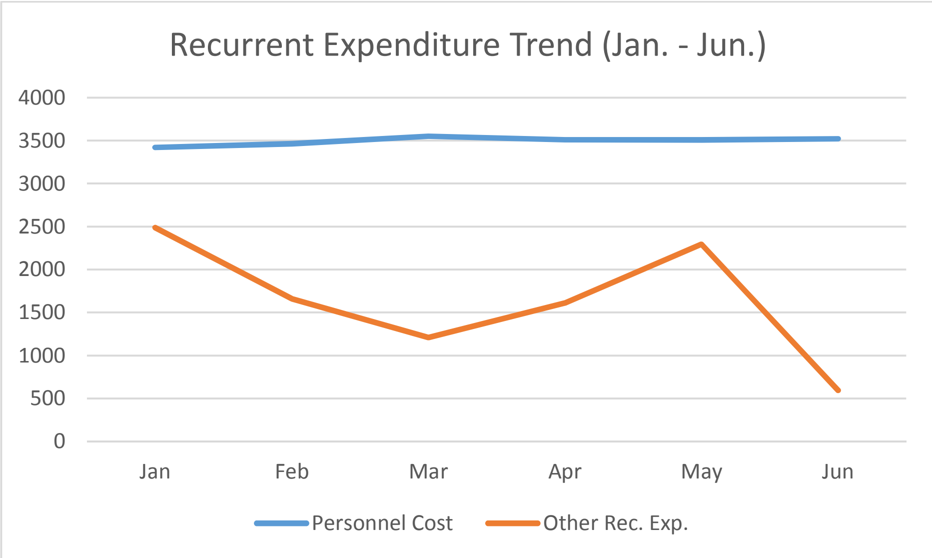
3.3 – Review of Expenditure Trend and Composition

Expenditure composition across MDAs and Sectors is also an important measure of assessing the extent to which budget implementation reflects aggregate fiscal discipline and the extent to which it would deliver on the desired budgetary outcomes and its objectives. Table 6 below gives the expenditure composition of Other Recurrent Expenditure across MDAs. The composition shows that the top dozen MDAs accounted for almost ₦6.4 billion out

Table 6: Composition of Other Recurrent Expenditure Across MDAs

S/N	MDAs	Estimates	Half Year Outturn	Performance	Variance
1	Special Service Directorate	730,100,000	1,380,607,135	378.2%	278.2%
2	State House of Assembly	2,800,000,000	1,198,616,783	85.6%	-14.4%
3	Min. of Edu. Science & Technology	2,584,000,000	1,119,039,435	86.6%	-13.4%
4	Ministry of Works & Transport	1,320,000,000	579,876,277	87.9%	-12.1%
5	Min. of Finance & Economic Planning	1,597,000,000	405,982,280	50.8%	-49.2%
6	Government House	918,000,000	351,800,144	76.6%	-23.4%
7	Ministry of Water Resources	1,110,000,000	307,518,589	55.4%	-44.6%
8	Administration & Finance Directorate	442,500,000	278,285,170	125.8%	25.8%
9	Local Govt. Service Commission	515,000,000	250,995,538	97.5%	-2.5%
10	Science & Technical Education Board	430,000,000	174,787,685	81.3%	-18.7%
11	Islamic Education Bureau	502,744,000	171,940,445	68.4%	-31.6%
12	Sule Lamido University	397,000,000	164,128,323	82.7%	-17.3%
	Total (Top Most 12 MDAs)	**13,346,344,000**	**6,383,577,804**	**95.7%**	**-4.3%**
	All Other 130 MDAs	**13,258,656,000**	**2,106,103,550**	**31.8%**	**-68.2%**
	Total Other recurrent Expenditure	**26,605,000,000**	**8,489,681,354**	**63.8%**	**-36.2%**

of almost ₦8.49 billion, equivalent to almost 75.3% of the total outturn. All other 130 MDAs accounted for the balance about ₦2.1 billion representing less than 25% of the total outturn. Also whereas the top dozen MDAs have a combined negative variance of only about 4.3%, the other 130 MDAs has a combined negative variance of over 68%. On further examination of the variances across the 12 MDAs, it would also be noticed that one Agency stands out conspicuously as an out layer with a positive variance of over 278% - meaning that this Agency has not only exhausted its budgetary provision in six months, but significantly so. Also at least four other MDAs conspicuously stand out as out layers with large negative variances (above -20%) despite being among the topmost spending Agencies - these are Ministries of Finance (-49.2%), Water Resources (-44.6%), Islamic Education Bureau (-31.6%) and Government House (-23%). Overall, the expenditure patterns and composition across MDAs depicts significant skewness which could negatively affects the attainment of set budgetary outcomes and objectives. Being among topmost spending Agencies and still with large negative variance suggests under-funding. It is worthy of note that the expenditure composition highlighting the top-most spending MDAs did not feature any of the Heath Sector MDAs which could constrain service delivery in this particular sector.



Recurrent Expenditure Trend during the period as depicted in the chart above indicated that while Personnel Cost has remained steady with very slight upward trend, funding for Other Recurrent Expenditure (Overheads and other Operations / Maintenance Costs) has plummeted from about ₦2.48 billion in January to an average of ₦1.609 billion during the period of February to May and less than ₦600 million in June. On further scrutiny of the Personnel Cost details, the data showed that the slight upward trend noticed during the period of May and June was attributable to very few MDAs notably the SUBEB / LEAs, Judiciary and some Tertiary Educational Institutions. Other than these, the data for almost all Agencies indicated a decrease from the January to June,

Table 7: Sectoral Pattern of Capital Expenditure

S/N	Sector	Estimates	Mid Year Outturns	Pro-rated Performance	Variance	% of Total
1	Infrastructure	24,670,000,000	11,144,792,366	90.4%	-9.6%	52.5%
2	Health	9,250,000,000	2,650,615,376	57.3%	-42.7%	12.5%
3	Education	15,466,900,000	2,573,457,743	33.3%	-66.7%	12.1%
4	General Administration	5,337,000,000	1,309,100,295	49.1%	-50.9%	6.2%
5	Agriculture	7,857,000,000	1,248,505,919	31.8%	-68.2%	5.9%
6	Water and Sanitation	5,515,000,000	1,165,278,419	42.3%	-57.7%	5.5%
7	Community Development	1,037,000,000	440,875,000	85.0%	-15.0%	2.1%
8	Empowerment	612,500,000	364,608,660	119.1%	19.1%	1.7%
9	Housing	2,142,000,000	105,296,088	9.8%	-90.2%	0.5%
10	Electriification	890,000,000	88,962,618	20.0%	-80.0%	0.4%
11	Lands and Regional Planning / Dev.	565,000,000	74,886,196	26.5%	-73.5%	0.4%
12	Information	294,000,000	24,015,418	16.3%	-83.7%	0.1%
13	Law & Justice	594,000,000	19,143,610	6.4%	-93.6%	0.1%
14	Women and Social Development	910,000,000	2,287,225	0.5%	-99.5%	0.0%
15	Commerce	362,000,000	2,200,000	1.2%	-98.8%	0.0%
16	Environment	1,032,600,000	2,000,000	0.4%	-99.6%	0.0%
		76,535,000,000	21,216,024,933	55.4%	-44.6%	100.0%

Table 7 gives the pattern and composition of capital expenditure outturns across sector. As earlier presented, total capital expenditure outturn at the end of June amounted to about ₦21.22 billion equivalent to less than 28% of the total approved estimates – This represents only about 55% pro-rated performance corresponding a negative variance of approximately 45%. Looking at the expenditure pattern as presented in table 7, almost 53% of the total capital expenditure outturn amounting to over ₦11.14 billion was accounted by the critical infrastructure sector majorly comprising of regional & feeder roads and urban township roads & street lights. The next best performing sector is the Economic Empowerment - though this sector accounted for less than 2% of the total outturn, performance wise, the Sector has recorded slightly over 119%. Education and Health Sectors combined, accounted for less a quarter of the expenditure outturns in six months. The implementation rate for these two sectors was only 57.3% and 33.3% respectively with respective variances of almost 43% and 67%. Overall, this expenditure pattern and composition not only reflected significant skewness but more worrisome, very weak performance rates even among high priority human development sectors such as education and health. Unless there are deliberate and concerted efforts to accelerate budget implementation in the subsequent quarters, the current trend forfends possible derailment of the budget away from the attainment of its objectives.

4.0 - Virements and Contingency Transfers at Mid-Year

The following section presents records Contingency Transfers and Virements executed during the reporting period. The initial Approved Estimates under the Contingency Fund was ₦4.812 billion which was relatively much

2019 Budget Implementation - Records of Contingency Transfers

			Initial Approved Provision	4,812,000,000
			Running Balance	**4,331,800,000**
S/N	**MDAs**	**Period**	**Amount (NGN)**	**Purpose**
1	State Electricity Board	May, 2019	313,000,000	Additional Project Scope (electrification of 17 Towns at a total cost of about ₦943 million
2	Due Process and Project Monitoring Bureau	May, 2019	2,000,000	Publication of annual price data base
3	Ministry of Lands	May, 2019	118,000,000	Payment of Lands & property Compensations with in adequate provision. Required for compensation on ongoing township road projects.
4	High Court of Justice	May, 2019	17,200,000	Settlement of 2018 approved liabilities in respect of renovation of courts and payment for utilities.
5	SSG's Office (Admin. & Finance)	June, 2019	20,000,000	Expenses in respect of Nigeria Governor's Forum
6	SSG's Office (Chieftaincy & Religious Affairs)	June, 2019	10,000,000	
	Total Transfers as at End of June		**480,200,000**	

higher than it used to be. This was made in anticipation of the still-pending commencement of the new Minimum Wage. As of the end of June, six Contingency Transfer Warrants were issued to six MDAs two of which are under the SSG's Office. The total of the six CTs amounted to ₦480 million equivalent to almost 10% of the Contingency Fund Vote provision now reduced to about ₦4.332 billion. As regards Virement which involved transfers of funds from one budget line to another under same Spending Entity, four Virement Warrants were issues to 3 Agencies. Total amount involved amounted to ₦884.24 million representing about 0.55% of the approved estimates.

4.0 Conclusion and Recommendations

Based on the review of revenue and expenditure outturns compared to the approved budget estimates as well as further examination of the composition and pattern of the outturns across MDAs and Sectors, the overall conclusion of this report is that budget implementation was below satisfactory levels and expectations during the period under review. As this is similar to the conclusion of the First Quarter Report, there is now an apprehension as to the extent to which implementation would be on track to achieve set budgetary objectives. Proactive measures are required to prevent a repeat performance in the third quarter which will mean total derailment of the budget. Fortunately, considering the magnitude of Q2 opening balance, there is high potentials for turning budget implementation around to improve its performance going forward.

On the income side, while the State has no control over some of the major external sources of finance, much could be done to improve the recorded performance on local revenues. Based on observed discrepancies between revenue outturns reported by MDAs and those obtained from the Treasury and Board of Internal Revenue covering the same period, it was perceived that there are significant reporting and recording issues. This include records of the Treasury Single Accounts which is supposed to capture revenue earnings and other incomes by the MDAs (including Parastatals and Tertiary Institutions). It is therefore, recommended that both the Treasury and Board of Internal Revenue need to reexamine the reporting and recording process by the MDAs and the consultants supporting the management of the TSA process. This may help improve the factuality of revenue returns including its remittance into the central revenue accounts.

As regards the expenditure components, while continuing to exercise expenditure controls for financial prudence and value for money, this should also be geared towards promoting aggregate fiscal discipline and continued access to quality public services. This would require improved funding of recurrent expenditure in key service delivery areas including education, health, water & sanitation, agriculture as well as maintenance of critical infrastructure. It would also require steps towards addressing manpower gaps in critical areas largely due to staff attrition. Furthermore, as recommended in the Q1 Report, budget implementation in the subsequent quarters would need to focus more on the execution / completion of ongoing capital projects. Given that no issues were observed on the execution of ongoing capital projects in the 2019 Budget, more efforts would need to be geared towards clearing Payment Certificates issued by the Due Process & Project Monitoring Bureau and submitted to the Treasury by the MDAs.

Finally, it is recommended that, a high-level Budget Implementation Monitoring Committee be established under the Chair of His Excellency, the Deputy Governor. This is premise on the fact that the Budget Execution Process is perhaps the most crucial aspect of the Budget Cycle upon which rests the attainment of the overall socioeconomic development objectives of the State Government. Establishing a High-level Budget Implementation Monitoring Committee would be one of the proactive measures aimed at ensuring that the approved budget is implemented to the latter. In addition to examining the quarterly budget implementation reports prepared by the Budget & Economic Planning Directorate, the Committee would be well-informed to advise Government generally on issues pertaining to the implementation of the budget with a view to keeping it on track as to achieve its set objectives. The Committee would also perform other functions relating to resources mobilization and expenditure control and giving periodic advice to the Governor and the State Executive Council. As earlier mentioned, the Committee should be under the Chair of His Excellency, the Deputy Governor while other members would include Commissioners for Finance & Economic Planning; Education; Health; and Works. Others would include the Chairman, Board of Internal Revenue; the Accountant General; Director General, Due Process and Project Monitoring Bureau; Permanent Secretary, Salary and Pensions Directorate; and Permanent Secretary, Budget & Economic Planning and Directorate who would also provide the Secretariat of the Committee.