

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, 2015**

TO

EBONYI STATE HOUSE OF ASSEMBLY

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CHAPTER ONE

1.0 AUDITOR GENERAL'S OPENING REMARKS ON 2015 ANNUAL REPORT

Following the retirement of the former State Auditor-General, Chief (Barr) B. O. Ezaegu, His Excellency, Engr. David Nweze Umahi, *FNSE, FNATE* the Executive Governor of Ebonyi State appointed me as State Auditor-General on 21st March, 2017 and the appointment was consequently confirmed by the Distinguished House of Assembly on 22nd March, 2017 .

With the relentless support of the current administration and indeed the State House of Assembly, we have introduced and implemented many reforms toward repositioning the Office of the State Auditor-General (OSAG) for effective service delivery, especially as regards its Constitutional mandate. With probity, accountability and adherence to the rule of law at the heart of the current Administration, His Excellency, the Executive Governor of the State, Engr. David Nweze Umahi left no stone unturned for the Office of the State Auditor-General to effectively deliver this mandate.

This annual report, my first as Ebonyi State Auditor-General is important for the following reasons.

COMPLIANCE WITH THE LAW

First, it is in compliance with Section 125 (2) of 1999 Constitution which provides that “The public account of a State and of all the Offices and Court of the State shall be audited by the Auditor-General for the State who shall submit his reports to the House of Assembly of the State concerned”

1.2 REVIEW OF STEWARDSHIP

Secondly, it is to report on how well or otherwise, the people who have the stewardship to account for the resources (money, men, machine and materials) of government committed to their cares have fared with those resources.

According to the Financial Regulations, “all officers are personally and pecuniarily responsible for the due performance of the financial duties of their Ministries/Extra-Ministerial offices and other arms of government, for the proper collection and custody of all public moneys receivable by them, and for any inaccuracies in the accounts rendered by them or under their reporting, any shortcomings, in connection with public accounts or finance responsibility for complying or securing compliance with regulations within the scope of his authority”.

This annual audit report has therefore been used to report on how well responsible officers in various Ministries, Departments and Agencies have performed in rendering stewardship as demanded from them by the Financial Regulations.

1.3 **DRIVE FOR VALUE FOR MONEY**

In reviewing the results of our audits this year, we have a frame of mind of getting the stakeholders to see the need to move from the conventional ways of doing things in the past to ensuring value for money. Funding should now be provided based on needs rather than on historical funding patterns; better information is required for decision-making; some services need to be timelier; greater transparency through improved public reporting is needed; and Ministries need to conduct more analysis of underlying issues to better understand and address them.

However, it is the concept of “shared responsibilities” for service delivery and capital projects in the public and broader public sectors that stands out. This concept also extends to the roles of government, Ministries, Agencies, for-profit and not-for-profit organizations, and other stakeholders in protecting our environment.

As a result of this, the audit was conducted in such a way that auditees were educated on the needs to keep proper records, ensure that their services aid decision making by relevant arm of government and ensure there is commensurate value for all resources disbursed.

1.5 TOWARDS BETTER ACCOUNTABILITY

Building and protecting our reputation for transparency and accountability is everyone's responsibility. One key to transparency, and to building public trust in government, is to gather and present sound and integrity based information.

It is also important that we all maintain the best internal controls for sensitive expenditure and conflicts of interest, with robust, workable policies and processes for documenting and dealing with conflicts.

The objective of many of the issues raised and the tone of this report is to move the State towards better accountability. It is to draw the attention of managements in all the Ministries, Departments and Agencies (MDAs) to the fact that the populace must be serviced in a way consistent with the promises of government and in line with the responsibility of the government to its people.

To this end, monitoring of projects and all forms of disbursements must now be done by all responsible officers in a transparent way and in accordance with the applicable laws and regulations.

1.5 QUEST FOR CONTINUED IMPROVEMENTS IN ALL AREAS

Lastly, we performed the audits in a manner to bring out areas where improvements can be made in public administration and service delivery. This is to ensure continued improvement in the way things are done in all the Ministries, Departments and Agencies, including the Judiciary and the House of Assembly of the State.

It is however important to bring to your notice Mr. Speaker and Honourable members of this house, the need to strengthen our institutions by the introduction of additional legislations. To this end, the Office of State Auditor-General (OSAG) will in due course be forwarding State Audit Bill which I believe if passed into law will go a long way to strengthen the Office for effective service delivery. We believe with your cooperation and understanding this Bill will be given quick and favourable consideration when it comes.

Thank you.



Sir I. N. Nweda, *FCNA, FCAI, KSJI, JP*
Auditor-General

CHAPTER TWO

2.0 AUDIT SCOPE, APPROACH AND METHODOLOGY

2.1 SCOPE

The audit engagement covered the period 1st January, 2015 to 31st December, 2015 and the economic events and activities of all the Ministries, Departments and Agencies of Ebonyi State Government.

We relied on the internal documents (such as Payment Vouchers, internal memorandum etc.) as well as, invoices and receipts and other documents from external sources issued to the auditees in forming our opinion.

We equally visited places where certain assets of State Government were claimed to have been deposited during the audit. This was to inspect the assets and confirm their existence.

2.2 OBJECTIVES

The office of the Auditor-General of the State has to audit whether or not Ministries, Departments and Agencies manage their money, prepare and keep the accounts properly; it has to recommend the accounting system for them and inspect whether or not it is applied as prescribed, inspects the work implementation of them and submit the report transparently.

It is part of our audit objective to ensure continued compliance, ensure proper revenue is declared and ensure transparent handling of public assets.

It is also our audit objective to determine whether all government Ministries, Departments and Agencies have effective controls to prevent, detect and respond to fraudulent transactions and other irregularities in the conduct of their operations.

2.3 AUDIT APPROACH AND METHODOLOGY

We conducted the audit of all Ministries, Departments and Agencies in line with International Standard on Auditing. Necessary tests and controls were systematically carried out to ensure that all aspects of the audit were properly covered in line with the provisions of Financial Regulations.

Audit methodologies typically consist of four parts, including a preliminary risk assessment, a planning stage, a testing phase and audit field exit stage.

2.4 THE PRELIMINARY RISK ASSESSMENT STAGE

Every Ministry has its key business areas, such areas also come with high risk. Our approach during 2015 audit was to establish those risk areas through a preliminary risk assessment in all Ministries with an interview of responsible officers and Head of Departments and Agencies. This meeting usually determines the depth and breadth of the audit methodology because management of each MDA will disclose their business's highest risk areas.

2.5 THE PLANNING STAGE

The planning stage of audit methodology introduces auditors to each business area they will be auditing. Walk-throughs often were used during this stage of the audit to familiarize auditors with Ministries schedule officers and their specific responsibilities. Responsible officers usually introduce the auditors to Department managers and Head of Departments, allowing auditors to freely conduct interviews without undue influence. This protects the integrity of the audit methodology. The testing phase normally begins once auditors have finished their audit planning assessment.

The testing phase is the “meat” of the audit methodology process. Auditors actively review financial information or transaction processes to determine any violations of the Generally Accepted Accounting Principles (GAAPs), Financial Regulations and other State Legislation. Transactions are usually tested independently by auditors. Where documents failed the integrity test, the audit methodology may require auditors to obtain corroborative evidences to ascertain his/her opinion.

Once the testing phase is completed, auditors typically have an exit meeting with the management. The exit meeting represents the wrap-up phase of the audit methodology. This meeting allows auditors and management to review the audit results and discuss any major violations or failures discovered during the testing phase. Formal audit opinions are usually filed within a week of the audit exit meeting. Ministries may also choose to dispute audit findings during the exit

meeting if the violations are minor or insignificant compared to the Ministries/Establishments aggregate operations. It is also expected that establishments respond to audit queries sent to them explaining or clarifying audit issues raised in the audit observation. Specifically, the following methodologies were implored during 2015 annual audit:

2.5(a) Interview of Responsible Officers

Interviews were conducted before, during and after the field audit to ensure the integrity of the entire audit process.

Interview during the field audit was meant to get understanding and obtain evidences on selected transactions that required some clarifications.

Interview after the audit was however conducted to give the MDAs' an opportunity to provide additional information and defend issues raised against them by the field auditors. Also, it was an avenue to educate and inform schedule officers on their responsibility to keep proper books of accounts for transactions embarked upon on behalf of their MDAs. Schedule officers were enlightened on how to generally safeguard the assets and funds of their respective MDAs'.

2.5.(b) Review of Financial Transactions Conducted During The Year

As required by the Financial Regulations, all documents that relate with the transactions conducted during the year were reviewed in all the Ministries, Departments and Agencies.

Bank statements were obtained and every item therein validated to source documents to establish if the transactions were genuinely carried out on behalf of the MDAs', if commensurate values were received for payment made, if payments were made to the right persons, if necessary deductions (where applicable) were made and if proper records were kept for such transactions.

2.6 QUERIES BASED ON OBSERVATIONS

In order to fulfill the principle of fairness and fair hearing, responsible officers and Head of Department(s) were given audit queries based on the observation(s) made during the audit. This gives opportunity to the MDAs' to respond and provide necessary additional information or documents to get the issues raised against them discharged or modified.

2.7 AUDIT COVERAGE

The audit covered 2015 financial year, and Ministries, Departments, and Agencies were subjected to systematic and independent examination of books, accounts, statutory records, documents and vouchers of all MDAs to ascertain how far the Financial Statements as well as non-financial disclosures present a true and fair view of the MDAs.

CHAPTER THREE

3.0 STATEMENT OF CONSOLIDATED REVENUE FUND

3.1 ONLY N37,059,406,556.61 OUT OF A BUDGETED REVENUE OF N42,511,483,690.00 RECEIVED IN THE YEAR

Total Recurrent Receipts for the year ended 31ST December, 2015 amounted to *thirty seven billion, fifty nine million, four hundred and six thousand, five hundred and fifty six naira, sixty one kobo (N37,059,406,556.61)* as against the budgeted sum of *forty two billion, five hundred and eleven million, four hundred and eighty three thousand, six hundred and ninety naira (N42,511,483,690.00)*. This implies that 87.18% of budgeted recurrent receipts was achieved. Except for the Sales and Investment Income, Revenue Heads, none of the other revenue subheads met budgetary provisions for the year as detailed below:

HEAD	REVISED BUDGET (₦)	ACTUAL (₦)	PERFORMANCE (%)
Statutory Allocation	34,584,703,690.00	25,181,020,505.76	72.81
Direct Taxes	4,968,150,000.00	2,230,589,292.73	44.90
Licenses	1,635,350,000.00	243,411,033.07	14.88
Fees	523,745,000.00	512,174,611.90	97.79
Fines	24,800,000.00	1,522,932.04	6.14
Earnings	10,130,000.00	1,977,878.97	19.52
Rent on Govt. Property/Building	751,100,000.00	14,153,121.00	18.84

The two Revenue heads that met and over shot their budgetary provisions for the year are as follows:

HEAD	REVISED BUDGET (₦)	ACTUAL (₦)	PERFORMANCE (%)
Sales	4,505,000.00	19,887,880.00	441.46
Investment Income	9,000,000.00	575,126,819.12	639.03

3.2 N2,026,280,324.18 RECEIVED FROM SIX REVENUE POINTS NOT CAPTURED IN THE 2015 APPROPRIATION ACT

Audit observed the following Recurrent receipts which were not provided for in the 2015 appropriation from which a total sum of *two billion, twenty six million, two hundred and eighty thousand, three hundred and twenty four naira, eighteen kobo (N2,026,280,324.18)* was received in the year under review.

ITEM	REVISED BUDGET (₦)	ACTUAL (₦)
Exchange Rate Gain	-	1,351,514,849.79
NNPC Additional Fund	-	80,537,174.65
Excess Bond ISPO Refund	-	365,398,085.64
UBA N6b ISPO Loan Refund	-	43,495,214.10
Non Oil Revenue	-	185,335,000.00
		2,026,280,324.18

This made a positive impact on the State Internally Generated revenue (IGR). Audit urges the relevant Authorities to intensify efforts toward harnessing other potential revenue points.

3.3 REVENUE PERFORMANCE OF MDAs IN THE YEAR

Only 32 Establishments out of 64 in the States revenue budget for 2015 reported independent revenue in the year. Out of these, nine Establishments exceeded their revenue targets during the year while the rest performed below targets.

The performance of each MDA/Revenue Head on relevant subheads in the year ended 31st December, 2015 are shown in the table below:

S/ NO	MDA/HEADS	SUB HEADS	DESCRIPTION	BUDGET (₦)	ACTUAL (₦)	VARIANCE (₦)	PERFORMANCE (%)
1.	Board of Internal Revenue 20008001	12010100	Taxes	4,614,950,000	2,119,736,924	(2,495,213,076)	45.93
		12020100	Licenses	1,575,000,000	242,764,193.07	(1,332,235,806.93)	15.41
2.	Office of the Accountant – General 20007001	1200100	Taxes	353,200,000	110,852,368.73	(242,347,631.27)	31.39
		12020400	Fees	100,000,000	17,934,642.16	(82,065,357.84)	17.94
3.	Ministry of Agric & Natural Resources 15001001	12020100	Licenses	16,350,000	119,800.00	(16,230,200.00)	0.73
		12020400	Fees	38,550,000	17,459,480.00	(21,090,520.00)	45.29
4.	Ministry of Works & Transport 34001001	12020100	Licenses	44,000,000	527,040.00	(43,472,960.00)	1.20
		12020400	Fees	34,700,000	11,503,529.74	(23,196,470.26)	33.15
		12020500	Fines	21,000,000	470,557.04	(20,529,442.96)	2.24
		12020700	Earnings	6,000,000	952,203.97	(5,047,769.03)	15.87

5.	Cabinet Office 11017001	12020400	Fees	505,000	651,800	+146,800.00	129.07
		12020600	Sales	505,000	19,779,800	+19,274,800.00	3916.79
6.	Liaison Office Lagos 11021001	12020400	Fees	200,000	96,000	(104,000.00)	48
7.	Ministry of Finance & Economic Development 2001001	12020400	Fees	-	91,899,556	91,899.06	100
		12021100	Investment & comes	9,000,000	575,126,819	566,126,819	6,390.30
8.	Ministry of Commerce & Industry 22001001	12020400	Fees	90,910,000	57,031,120.61	(33,878,879.39)	62.73
		12020800	Rent	750,000,000	9,531,000.00	(740,469,000)	1.27
9.	Office of the Survey Gen.	12020400	Fees	29,600,000	7,788,822.21	(21,811,177.79)	26.31
10.	Ministry of Water Resources 52001001	12020400	Fees	56,610,000	194,830,875.39	138,220,815.39	344.16
11.	Ministry of Lands, Survey & Housing 60001001	12020400	Fees	100,000	1,065,706.00	965,706	1,065.71
12.	Ebonyi State Fire Service 61008001	12020400	Fees	6500,000	790,940	(5,709,060)	12.17
13.	Abakaliki Capital Territory Dev. Board 63001001	12020400	Fees	33,800,000	9,978,146.00	(23,821,854)	29.52
		12020400	Fines	3,800,000	55,000.00	(3,745,000)	1.45
14.	Ministry of Justice 26001001	12020400	Fees	2,650,000	201,000	(2,449,000)	7.59
15.	Judiciary High Court 26051001	12020400	Fees	-	9,536,376	9,536,376	100
		12020500	Fines	-	997,375	997,375	100
16.	Customary Court of Appeal 26052001	12020400	Fees	-	1,578,620.00	1,578,620	100
17.	Magistrate Court 26054001	12020400	Fees	-	130,060	130,060	

18.	Ministry of Education 17001001	12020400	Fees	13,100,000	4,208,900	(8,891,100)	32.13
19.	Ministry of Youth & Sports 13001001	12020400	Fees	100,000	68,000	(32,000)	68
20	Ministry of Women Affairs & Social Dev. 14001001	12020400	Fees	2,180,000	494,800	(1,685,200)	22.70
21.	Ministry of Environment 35001001	12020400	Fees	4,100,000	15,301,870	11,201,870	373.22
22.	Ebonyi State Environmental protection Agency 35016001	12020400	Fees	73,040,000	54,600,796.33	(18,439,203.67)	74.76
23.	Ministry of Health 21001001	12020400	Fees	8,500,000	973,607.65	(7,526,392.35)	11.45
24.	School of Health Tech. 21026001	12020400	Fees	15,000,000	9,863,237.04	(5,136,762.96)	65.76
25.	State Hospital Mgt. Board 21102001	12120400	Fees	13,400,000	4,070,725.04	(9,329,274.96)	30.38
26.	Mini. Of LG. and C.M 51001001	12020400	Fees	200,000	116,000	(84,000)	58
27.	Ebonyi Hotel, Abakaliki 36052003	12020600	Sales	4,000,000	108,080	(3,891,920)	2.70
28.	Office of the Head of Service 2500100	12020700	Earnings	2,500,000	862,400	(1,637,600)	34.50
29.	Ebonyi State Council for Arts & Culture 36052001	12020700	Earnings	-	104,250	104,250	100
30.	State Housing Dev. Corp. 60010001	12020700	Earnings	1,000,0000	3,125.00	(996,875)	0.31
31.	State Sports Council	12020700	Earnings	630,000	56,000	(574,000)	8.89
		12020800	Rent	400,000	801,065	401,056	200.27
32.	Tourism Board 36052001	12020800	Rent	700,000	3,821,056	3,121,056	545.87

3.4 FOUR ESTABLISHMENTS HAD NIL REVENUE TARGETS SET FOR THEM

No revenue targets were set for the following Establishments in the year:

- (a) Judiciary: High Court of Justice.
- (b) Judiciary: Customary Court of Appeal.
- (c) Magistrate Court.
- (d) Ebonyi State Council for Arts & Culture.

These Establishments are generally known to generate Fines and Fees in the course of their transactions and have always had revenue targets. The non provision of revenue targets for them in the year ended 31st December, 2015 did not encourage the IGR effort of the State.

The non provision of revenue targets for them in the year-ended 31st December, 2015 notwithstanding, the inspectorate division of the Office of the State Accountant-General is advised to confirm if revenues were not received by the above named Establishments. The revenue generated by these Establishment if confirmed, should be reported for adjustment in the subsequent Financial Year.

3.6 12 ESTABLISHMENTS THAT DID NOT REPORT THEIR INDEPENDENT REVENUES

The non reporting of independent revenue by the following Establishments is of particular significance:

S/No.	Establishment	Expected Revenue
1.	Liaison office, Abuja.	Fees
2.	Project Support Unit (MDG)	Tender Fees
3.	Ministry of Information & State Orientation	Adverts on Inauguration Programmes and other States Programmes
4.	EBBC	Adverts
5.	Ebonyi Newspaper & Publishing Company	Adverts
6.	Ebonyi State Fertilizer & Chemical Company	Fertilizer Sales
7.	Library Board	Fees
8.	Examination Development Centre	Exam fees/Certificate fees
9.	Agency for Mass Literacy	School fees
10.	State College of Education Ikwo	School Fees
11.	Ebonyi State University	School fees
12.	Secondary Education Board	Boarding fees of pilot schools

The inspectorate division of the Office of the State Accountant-General is advised to confirm if revenues were not received by the above named Establishments. The revenue generated by these Establishments should be reported for adjustment in the subsequent Financial Year. The failure to report these places the State in an avoidable IGR disadvantaged position.

3.6 REPORTING OF INDEPENDENT REVENUE ON BROAD REVENUE HEAD BASIS

Audit observed that Independent Revenue was reported for Establishments on broad Revenue Head Basis. The revenue generated was not disaggregated into subheads, for instance, it is not possible to determine what proportion of the *four million, seventy thousand, seven hundred and twenty five naira (N4,070,725)* reported as Fees from State Hospital Management Board is for Surgery, Nursing ,or some other activity area of the General Hospitals.

I had in my report on the 2014 Financial Statements noted that some Establishments lumped their revenue under one subhead

This reporting format thus makes it difficult to evaluate performance for duties assigned at revenue subhead levels. Accountant General is advised to disaggregate revenue generated into subheads in subsequent Financial year.

CHAPTER FOUR

4.0 RECURRENT EXPENDITURE

4.1 ONLY N28,873,427,136.60 OUT OF THE BUDGETED FIGURE OF N50,380,045,489.00 RECURRENT EXPENDITURE WAS INCURRED

Total Recurrent Expenditure for the year ended 31st December, 2015, amounted to *twenty eight billion, eight hundred and seventy three million, four hundred and twenty seven thousand, one hundred and thirty six naira, sixty kobo (N28,873,427,136.60)* or 57.31 % of the *fifty billion, three hundred and eighty million, forty five thousand, four hundred and eighty nine naira (N50,380,045,489.00)* contained in the budget provision for the year.

Details of payments on Recurrent Expenditure Heads for the year are as detailed below

Item	Revised Budget ₦	Actual ₦	Performance
Personnel Cost	3,807,843,035.00	3,379,141,469.94	88.74%
Overhead charges	24,390,383,777.00	7,650,317,611.67	31.37%
CRF Charges	221,806,790	101,928,768.52	45.82%
Gratuity and Pension	1,400,000,000	993,865,099.92	70.99%
Subventions to Parastatals	12,210,848,507.00	9,039,880,437.85	74.03%
Repayment of External Loans	1,000,000,000	246,253,021.44	24.63%
2.5% L.G. Pension Contribution	480,000,000	136,901,030.31	28.52%
10% IGR to LGAs	853,163,380	58,151,364.18	6.82%

A total sum of **fifty-eight million, one hundred and fifty-one thousand, three hundred and sixty-four naira, eighteen kobo (N58,151,364.18.18)** was distributed to Local Government Area to support their operation in the year. Below

the line (BTL) payments for the year amounted to *twenty five million, seven hundred and eighteen thousand, one hundred and ninety seven naira, sixty one kobo (N25,718,197.61)*. This is made up of withholding taxes collected on behalf of the Federal Inland Revenue Service (FIRS) amounting to *twenty five million, six hundred and thirty eight thousand, two hundred and forty one naira, seventy nine (N25,638,241.79)* remitted during the year and Cash Advances to Public Servants amounting to *seventy nine thousand, nine hundred and fifty five naira, eighty two kobo (N79,955.82)*

4.2 UTILIZATION OF STABILIZATION FUNDS ON BROAD EXPENDITURE HEADS' BASIS

A stabilization Account is a fund created by government for specific exigencies of government which are not captured in the regular funds. Payments from the Stabilization Fund will be specifically directed by the approving authority and such directive included in the warrant.

The Supplementary Budget presented to Audit did not show additional budget for Expenditure Heads and Subheads. Rather a lump sum provision of *four billion naira (N4,000,000,000.00)* was made in the **Stabilization Fund** with regards to recurrent Expenditure.

Ideally, the request for additional appropriation (supplementary budget) should originate from specific MDAs for activities which fund allocated to such

establishment will be insufficient. Such additional appropriation will be credited to MDA in the Supplementary Budget Document.

This reporting format made it impossible for Audit to ascertain which MDA got this amount under a particular Head or Subhead from the Stabilization Funds. Accountant-General is advised to disaggregate expenditure from stabilization funds into heads/subheads of the concerned MDA in subsequent Financial years.

4.3 ₦140,433,524.19 OVERHEAD COSTS SPENT BY THE JUDICIARY WITHOUT BUDGETARY PROVISIONS

Despite not having Overhead budget provisions in the 2015 appropriation, Judicial Service Commission, Judiciary: High Court and Judiciary Customary Court of Appeal spent a total of *one hundred and forty million, four hundred and thirty three thousand, five hundred and twenty four naira, nineteen (₦140,433,524.19)* on Overhead Costs as detailed below.

S/ NO.	Establishment	Revised Budget ₦	Actual ₦	Variance ₦	% Over- expen- diture
1.	Judicial Service Commission	-	6,583,744.25	-6,583,744.25	100
2.	Judiciary: High Court	-	104,670,556.90	-104,670,556.90	100
3.	Judiciary: Customary Court of Appeal	-	29,779,403.04	-29,779,403.04	100

**4.4 ₦26,743,614.60 CONSOLIDATED REVENUE FUND (CRF) CHARGES
PAID TO JUDICIAL SERVICE COMMISSION (JSC) WITHOUT
BUDGETARY PROVISIONS**

A sum of *twenty six million, seven hundred and forty three thousand, six hundred and fourteen naira sixty kobo (₦26,743,614.60)* was paid to Judicial Service Commission (JSC) as Consolidated Revenue Fund (CRF) charges without budgetary provision. However, the Accountant-General said that items 4.3 and 4.4 were taken care of with the Stabilization Fund provision domiciled in her Office.

CHAPTER FIVE

5.0 STATEMENT OF ASSETS AND LIABILITIES

5.4 LIQUID ASSETS

Liquid Assets for the year are made up of Bank and Treasuries Balances and Fixed Deposit Account Balances. Bank and Treasuries balances dropped from *eight billion, nine hundred and ninety nine million, seven hundred and fifty five thousand, twenty nine naira sixty six kobo (₦8,999,755,029.66)* on 31st December, 2014 to *seven billion, four hundred and forty three million, nine hundred and seventy two thousand, eight hundred and twenty seven naira, sixty three kobo (₦7,443,972,827.63)* (a drop of 17.29%) on 31st December, 2015. This drop is however compensated for by the creation of Fixed Deposit Accounts with a total balance of *eighteen billion, three hundred million naira (N18,300,000,000.00)* as at 31st December, 2015.

Total liquid assets at the end of 2015 therefore amounted to *twenty five billion, seven hundred and forty three million, nine hundred and seventy two thousand, eight hundred and twenty seven naira, sixty three kobo (N25,743,972,827.63)* or 286.05% of what was available to the State at the beginning of the fiscal year 2015. This amount represents approximately 119% of State's debt portfolio (External and Internal Loans). Put differently, the ratio shows that *one hundred and nineteen naira (N119)* is readily available to pay every *one hundred naira (N100)* owed by the State.

5.5 INVESTMENTS

The value of Investments in quoted Companies dropped from *four hundred and eighty four million, thirty four thousand, four hundred and one naira, thirty kobo (N484,034,401.30)* on 31st December, 2014 to *three hundred and ninety six million, three hundred and seventy one thousand, nine hundred and thirty eight naira, seventeen kobo (N396,371,938.17)* on 31st December, 2015. This represents a loss in value by 18.11%. The loss in value was due to the fall in the prices of equity in the State's Investment portfolio as at the closing date, 31st December, 2015.

5.6 LIABILITIES

5.6.1 EXTERNAL LOANS

External Loans increased from *seven billion, five hundred and eighty three million, five hundred and fifty five thousand, four hundred naira, forty six kobo (N7,583,555,400.46)* at the beginning of the year to *nine billion, two hundred and ninety one million, eight hundred and twenty thousand, two hundred and eleven naira, eighty two kobo (N9,291,820,211.82)*. This represents an increase of 22.53% over the balance as at the end of the preceding year.

The loan relates to draw down on the following Donor Agency Assisted Development Projects:

S/N	PROJECT	LOAN SOURCE	LOAN BALANCE (₦)
1	State HIV/AIDS Project	IDA	643,549,917.45
2	State Health System Development Project	IDA	586,071,071.82
3	State Community Based Urban Development Project	IDA	3,196,588,932.72
4	State Universal Basic Education Project	IDA	675,336,738.19
5	State Community Based Poverty Reduction Project	IDA	764,162,454.31
6	Community & Social Development Project	IDA	887,898,447.84
7	Third National Fadama Development Project	IDA	1,121,952,670.34
8	Health System Development Project (Additional Financing)	IDA	296,556,786.80
9	Second HIV/AIDS Project	IDA	344,540,772.21
10	Nigeria Erosion & Water Shed Management Project	IDA	775,162,420.14
	Total		9,291,820,211.82

A total of *two hundred and forty six million, two hundred and fifty three thousand, twenty one naira, forty four kobo (N246,253,021.44)* was paid out as repayments during the year ended 1st December, 2015.

5.6.2 INTERNAL LOANS

Internal loan balance for the year increased from *five billion, nine hundred and sixty four million, five hundred and forty nine thousand, nine hundred and fifty nine naira, fifteen kobo (N5,964,549,959.15)* on 31st December, 2014 to *twelve billion, three hundred and eighty four million, nine hundred and one thousand, nine hundred and forty eight naira, eight kobo (N12,384,901,948.08)* on 31st December, 2015. This represents an increase of 107.64%. Internal Loans outstanding that make up the balance are loans from the Federal Government as detailed below:

LOAN NAME	BALANCE (N)
Salary Bail Out	621,013,059.20
Excess Crude Support Facility	9,875,000,000.00
Agric Loan	1,888,888,888.88
Total	12,384,901,948.08

The Internal Loans outstanding were obtained in the course of the year 2015 as all loans in the State's books from 2014 Fiscal year were liquidated during the year ended 31st December, 2015.

Repayments of Internal Loans amounted to *seven billion, one hundred and ninety seven million, six hundred and seventy thousand, one hundred and seventy two naira, twelve kobo (N7,197,670,172.12)* for the year.

CHAPTER SIX

6.0 STATEMENT OF CAPITAL DEVELOPMENT FUND

6.1 CAPITAL RECEIPTS

Total Capital Receipts for the year ended 31st December, 2015 amounted to *fourteen billion, nine hundred and forty seven million, two hundred and sixty thousand, five hundred and five naira, seventeen kobo (₦14,947,260,505.17)* or 38.02% of budgeted Capital Receipts of *thirty nine billion, three hundred and nine million, one hundred and fifty thousand naira ₦39,309,150,000.00* for the year.

The performance of each Capital Receipt Source is shown as follows:

Source	Revised Budget (₦)	Actual ₦	Performance %
Transfer from CRF	22,809,150,000	4,618,531,949.52	20.25
Value Added Tax	7,500,000,000	7,133,326,338.71	95.11
Excess Crude Receipt	-	85,726,117.63	100
Internal Loans	9,000,000,000	644,190,000.00	7.16
Total	39,309,150,000.00	14,947,260,505.17	

6.2 CAPITAL EXPENDITURE

During the period, Capital Expenditure is reported as *eleven billion, forty eight million, one hundred and seventy thousand, fifty five naira, thirty two kobo (₦11,048,170,055.32)* or 19.59% of the total Capital Budget of *fifty six billion, four hundred and two million, seven hundred thousand naira (₦56,402, 700,000.00)* for the year. This shows an under-performance of 80.41%.

A sectoral analysis of performance for the year showed performance as shown below.

Sector	Revised Budget (₦)	Actual ₦	Performance %
Administrative Sector	6,360,550,000	1,179,602,040.38	18.55
Economic Sector	39,315,750,000	8,858,362,883.56	22.53
Law & Justice Sector	15,000,000	149,653,750.20	997.69 (over expenditure)
Regional Planning Sector	250,000,000	-	0.00
Social Sector	10,461,400,000	860,551,381.18	8.23

The information in the table above disclosed that:

- (i) Law and Justice Sector had a budget over-run of *one hundred and thirty four million, six hundred and fifty three thousand, seven hundred and fifty naira, twenty kobo (N134,653,750.20)* or 897.69% of the *fifteen million naira (N15,000,000.00)* provided in the year.

(ii) No expenditure was recorded in the Regional Planning sector; and

(iii) Administrative, Economic and Social sectors budget performance were 18.55%, 22.53% and 8.23% respectively.

6.3 ESTABLISHMENTS THAT EXCEEDED THEIR CAPITAL BUDGETS

The following Establishments exceeded their Capital Budget for year 2015.

ESTAB	Revised Budget ₦	Actual ₦	Variance ₦	% Over expenditure
Office of the SSG	114,830,000	399,348,000	- 284,518,000	247.77
Ministry of Power	1,870,000,000	2,266,678,868.81	- 838,102,693.81	21.21
Ebonyi State University	90,000,000.00	96,483,244.95	-6,483,244.95	7.20

6.4 ESTABLISHMENTS WITHOUT CAPITAL BUDGETS

The following establishments had no Capital budgets for 2015 but expended the sums of money as shown against their names during the year ended 31st December, 2015.

They are:

ESTAB	Total Budget ₦	Actual ₦	Variance ₦
Judicial Service Comm.	-	10,833,333.36	-10,833,333.36
High Court	-	53,352,006.59	-53,352,006.59
Customary Court of Appeal	-	65,468,410.25	-65,468,410.25

On enquiry, the Accountant-General informed Audit that the Funds paid outside budgetary provisions were paid from the **Stabilization Account** domiciled at the Office of the Accountant-General.

6.5 UN-UTILIZED FUNDS

The following Establishments did not access their capital budgets in the year ended 31st December, 2015. This amounts to funds tied down, as they were un-utilized, and it has negative impact on the percentage assessment of the 2015 Budget performance.

The Establishments are:

ESTABLISHMENT	TOTAL BUDGET (₦)	ACTUAL (₦)
Dept. of Border Security	10,370,000.00	-
Ebonyi SEMA	30,650,000.00	-
Council on Public Procurement	15,000,000.00	-
Liaison Office Lagos	32,500,000.00	-
Liaison Office Abuja	38,000,000.00	-
Women Development Centre	3,000,000.00	-
Liaison Office Enugu	30,000,000.00	-
Liaison Office Port Harcourt	30,000,000.00	-
Project Support Unit	11,150,000.00	-
Directorate of Attitudinal Change	217,550,000.00	-
Dept. of Design, Evaluation & Project Monitoring	150,000,000.00	-
EBBC	316,100,000.00	-
Government Printing Press	168,000,000.00	-

Office of the Head of Service	196,200,000.00	-
Office of the State Auditor-General	4,000,000.00	-
State Civil Service Commission	22,800,000.00	-
Ebonyi Agricultural Development Program	126,200,000.00	-
Ebonyi State Fadama Coordinating Program	36,000,000.00	-
Ebonyi State Fertilizer & Chemical Company	5,000,000.00	-
Budget Office	8,300,000.00	-
Office of the Accountant-General	5,315,900,000.00	-
Board of Internal Revenue	32,000,000.00	-
State Electricity Board	150,000,000.00	-
State Salt and Mineral Industry	158,000,000.00	-
State Road Maintenance Agency	100,000,000.00	-
State Transport Corporation	150,000,000.00	-
State Planning Commission	202,350,000.00	-
EBRUWASA	95,000,000.00	-
Office of the Surveyor-General	45,000,000.00	-
Abakaliki Capital Territory Development Board	250,000,000.00	-
Ministry of Women Affairs & Social Development	118,000,000.00	-
Secondary Education Board	145,200,000.00	-
School of Health Technology	150,000,000.00	-
State Hospital Management Board	200,000,000.00	-
TOTAL	8,562,270,000.00	

6.6 ERRORS OBSERVED IN THE CALLOVER OF BUDGET FIGURES FOR CAPITAL EXPENDITURE TO THE FINANCIAL STATEMENTS

Audit observed some errors in the budget figures called over to the Statements of Capital Development Fund. For instance,

(i) The budget figures for the following MDAs were wrongly picked.

MDA	CAPITAL BUDGET AS REPORTED IN THE FINANCIAL STATEMENT (N)	CAPITAL BUDGET AS PER 2015 BUDGET DOC/UMENTS (N)
Liaison Office Lagos	32,500,000	39,500,000
Directorate of Attitudinal Change	217,559,000	200,000,000
Min. of Agric & Natural Resources	4,131,000,000	3,556,000,000
Office Of The Accountant-General	9,891,400,000	10,315,900,000
Ministry of Power	2,020,000,000	1,870,000,000
State Planning Commission	2,002,350,000	202,350,000
Ministry of Solid Mineral	250,000,000	200,000,000
Ministry of Culture & Tourism	962,000,000	972,000,000
Abakaliki Capital Territory Development Board	250,000,000	257,000,000
Ministry of Women Affairs & Social Development	118,000,000	168,000,000
Ebonyi State Hospitals Management board	200,000,000	16,900,000
TOTAL	20,074,809,000	18,769,650,000

(ii) The establishments as listed below had no Capital Budgets reported for them even when provisions were made for them in 2015 Capital Budgets as shown against them:

MDA	CAPITAL BUDGET AS REPORTED IN FINANCIALS STATEMENT (N)	CAPITAL BUDGET AS PER 2015 BUDGET DOCUMENTS (N)
Ministry of Justice	-	15,000,000
Ebonyi State Sports Council	-	30,500,000
Ministry of Education	-	138,600,000
Ebonyi State Library Board	-	13,000,000
Examination Development Centre	-	2,500,000
Agency for Mass Literacy	-	4,000,000
Ebonyi State College of Education	-	100,000,000
Ebonyi State university	-	90,000,000
Department of Religion and Chieftaincy	-	150,000,000
School of Nursing Uburu	-	200,000,000
TOTAL		743,600,000

The effect of the errors made in the entry of budget figures on the Capital Budget of Sectors of the State is summarized as follows.

SECTORS	CAPITAL BUDGET AS REPORTED IN FINANCIALS STATEMENT (N)	CAPITAL BUDGET AS PER 2015 BUDGET DOCUMENTS (N)	DIFFERENCE
Administrative	6,360,550,000	6,351,000,000	9,550,000
Economic	39,315,750,000	37,175,250,000	2,140,500,000
Law & Justice	-	15,000,000	(15,000,000)
Regional Planning	250,000,000	257,000,000	(7,000,000)
Social	10,461,400,000	11,321,900,000	(860,500,000)
TOTAL	56,387,700,000	55,120,150,000	1,267,550,000

The net effect of the errors is that Capital Budget in the 2015 Financial Statement is overstated by *one billion, two hundred and sixty seven million, five hundred and fifty thousand naira (N1,267,550,000.00)* only.

The implication of erroneous reporting of budget figures is that MDAs are either constrained within an under-reported budget leading to poor project implementation or they have a false sense of budgetary surplus when budgets are over-reported leading to actual over expenditure of the correct budget. Audit advised that concerned officials exercise diligent cares while picking figures.

The Accountant-General has been informed of this issue and the correction to be effected in the subsequent years.

6.7 PRESENTATION OF THE STATEMENT OF CAPITAL DEVELOPMENT FUND

It was not possible for Audit to assess the State's capital Budget performance according to other classifications as provided by IPSAS and contained in the 2015 Capital budget. The Statement of Capital Development Fund does not have Notes showing values for such other classifications as:

- Capital Expenditure by Main Function and Function Classes
- Capital Expenditure by Programme
- Capital Expenditure by Programme Objectives, and
- Capital Expenditure by Geo-location

The Accountant-General is advised to ensure that Capital Expenditure is analyzed according to the classifications in subsequent years to provide adequate information for users of the Financial Statements.

CHAPTER SEVEN

7.0 SUNDRIES

7.1.0 MANNER IN WHICH THE ACCOUNTS HAVE BEEN KEPT AND RENDERED

In accordance with the Provisions of the Constitution of the Federal Republic of Nigeria, 1999, as amended, the Annual Report and Accounts including the related Financial Statements of the Accountant-General on the Accounts of the Government of Ebonyi State for the year ended 31st December, 2015 were received on 17th November, 2017 which was withdrawn and re-submitted on 23rd November, 2017. A series of adjustments led to the submission of the corrected copy of the Financial Statements along with a Supplementary Budget on 25th May, 2018.

7.2 The non-materiality of the following issues to the Accounts not with standing, there is need, in the subsequent years' accounts to effect them for purposes of clarity. They are:-

7.2.1 Notes without Comparative Figures:

The Notes to the Financial Statements do not have comparative figures for previous year (2014).

7.2.2 Costs Not Broken Down to Expenditure Subheads in the Notes

The attached Notes to the accounts did not show details of expenditure according to expenditure subheads in the spirit of full disclosure as required by IPSAS. The accounts include:

- Overhead
- Capital expenditure

In the absence of these details, it was not possible to assess budget performance at expenditure subheads level, for instance, Training, Local Transport and Traveling, Motor Vehicles Fueling etc for overheads and specific capital projects provided for in the budget.

The same absence of details was observed on Revenue Accounts. Revenues are reported at broad heads without an attempt to break them to subhead levels for ease of performance assessment.

On the whole, however, I am happy with the efforts of the State Accountant General to produce a set of Financial Statements that are factual and verifiable. I must also acknowledge the Accountant General's disposition to address issues raised and quick response to observations each time while the verification exercise lasted which helped reduce the length of time that the audit exercise took.

7.3 CERTIFICATION OF RETIREMENT BENEFITS

(PENSIONS AND GRATUITIES)

In accordance with Pension Act, a total of 250 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 files, it was observed that over payment of **twenty-one million, five hundred and twenty-five thousand, two hundred and eighty-six naira, eighty-one kobo (N21,525,286.81)** was made to the staff during the period. These arose as a result of overstepping during promotions, payment 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.

7.4 GENERAL RECOMMENDATIONS

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

7.4.1 Salary to retirees

- The review and process of salary payments should commence on or before 10th of every month.

- The review processes shall entail validating nominal roll, variation advice and variation orders.
- Sanctions shall be established against public offices that failed in their responsibilities to report accordingly on pay rolls and salary

7.4.2 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.

7.4.3 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 he 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”*.

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

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 she did on Cash 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, 2015. The audit was conducted in accordance with 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, 2015.



Auditor-General

**OFFICE OF THE STATE AUDITOR-GENERAL,
P.M.B. 034,
ABAKALIKI.
JUNE 22ND, 2018**