

ENUGU STATE OF NIGERIA



REPORT

OF

**THE AUDITOR-GENERAL
ON THE ACCOUNTS**

OF THE

**GOVERNMENT OF ENUGU STATE OF
NIGERIA**

FOR THE YEAR ENDED

31ST DECEMBER, 2012

ENUGU STATE OF NIGERIA AUDIT REPORT

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF ENUGU STATE OF NIGERIA FOR THE YEAR ENDED 31ST DECEMBER, 2012

P A R T I

INTRODUCTION

The Accounts of the Government of Enugu State of Nigeria for the year ended 31st December, 2012 have been examined under my direction in accordance with Section 125 (2) of 1999 Constitution of the Federal Republic of Nigeria (as amended) and Section 5 (1) of the Audit Law Chapter 14 of 2004. In discharging this duty, I am required to audit the Public Accounts of Enugu State and those of all Offices and Courts of the State and submit my report to the Enugu State House of Assembly; and for that purpose, I or any person authorized by me in that behalf shall have access to all the books, records, returns and other documents relating to those accounts. I have certified the Accounts, subject to the comments contained in this Report.

AUDIT CERTIFICATE

RESPONSIBILITY OF THE ACCOUNTANT-GENERAL AND AUDITOR-GENERAL

The Financial (Control and Management) Act 1958 as amended and Section 125 of the Constitution of the Federal Republic of Nigeria, 1999 place a responsibility on the Accountant-General of the State to prepare and ensure that the Financial Statements fairly reflect the Financial Performance and Position of the State Government. On the other hand, it is the responsibility of the Auditor-General to express an independent opinion on the Financial Statements based on the audit of those statements.

BASIS OF OPINION

In compliance with Section 125 (2) of the Constitution and Audit Law, 2004 (Laws of Enugu State), the Audit was conducted in accordance with National, International Standards on Auditing and generally accepted public sector and INTOSAI auditing standards. These standards require that I comply with ethical requirements, plan and perform the audit to obtain reasonable assurances that the Financial Statements are free from material misstatements whether due to fraud or error. I also evaluated the

overall adequacy of the presentation of information in the financial Statements.

In the course of the Audit, I have obtained all the information and explanations that to the best of my knowledge and belief were necessary for the purpose and appropriate to provide basis for my independent opinion.

OPINION

In my opinion, subject to the observation/comments as contained in this report, the Financial Statements together with the supporting Notes, give a true and fair views of the financial transactions of Enugu State Government for the period ended 31st December, 2012.

VINCENT O. AMADI, B.SC, CNA, (JP, KSJ)
AUDITOR-GENERAL
ENUGU STATE.

PROGRAMME OF WORK

2. The programme of work for the year was completed to a reasonable extent. However, due to some logistics problems, especially non-existence of operational vehicles and inadequate staffing, the target set for audit examination of the treasuries, pay offices, accounts of Post Primary/Tertiary Institutions and periodic checks of Parastatals could not be attained as would have been desired. Besides, only very few project monitoring (value for money audit) could be carried out as a result of the limitations, made more stringent by limited funds to access the necessary technical expertise.

AUDIT INSPECTION REPORTS AND CORRESPONDENCE

3. I had in my previous reports complained about the poor attention being paid by Ministries, Non-ministerial Departments and Agencies to audit inspection reports and correspondences. However, the situation appears to have improved in the year under review as most of them have replied the audit queries, thus enhancing government efforts towards holding public officers accountable for their stewardship. The efforts of the Chairman and members of the Public Accounts Committee in this regard had contributed to this improvement and, therefore, commendable. The introduction of sanctions in the intended Audit Reform Bill will, when it comes in force, bring about the desired positive effect.

INTERNAL CONTROL

4. The expectation that internal audit will reduce the scope of external audit work appears not yet close to a reality. The practice whereby Internal Auditors and Accountants are drawn from the same pool has created problem of preference for treasury duties as opposed to Internal Auditing. As observed, Internal Auditors are relatively of junior status and inexperienced, hence their authority and capacity to object to certain abnormalities that can have negative impact on the accounts is always thwarted by management. In order to avert this situation in the future and to achieve the desired objective, there is need for each to constitute a separate line of professionals (from the Internal Auditor and Accountant cadres).

LOSSES OF CASH AND STORE

5. During the period under review, cases of losses of cash and stores were not formally brought to my notice. However, various audit inspection reports on accounts of the MDAs highlighted that losses occurred during the period. It is worrisome to note that, no actions have been taken by MDAs on the observed cases of losses in our reports in accordance with the laid-down procedure in the Financial Instructions.

SUBMISSION OF ACCOUNTS

6. The Draft Annual Report and Accounts including the related Financial Statements of the Accountant-General on the accounts of the

Government of Enugu State for the financial year ended 31st December, 2012 was submitted to my Office for review in June, 2013. The submission was done within the stipulated period of six months required.

THE MANNER IN WHICH THE ACCOUNTS WERE KEPT AND RENDERED

7. Necessary books of accounts were kept in most Ministries, Departments and Agencies. However, it was observed that the desired good record-keeping are yet to be achieved as poor book-keeping (cancellations, alterations, wrong calculations, interposition of figures) and recording of transactions in arrears were noticed.

Other observed shortcomings included:

- Payment vouchers raised in some cases were not supported with documentary evidences to justify the payments made;
- Cash Advances granted were not retired;
- In some cases, approvals for expenditure incurred were not given;
- Reconciliation were not properly carried out;
- Some payment vouchers were not scrutinized by the Internal Audit Unit.

These undoubtedly are impediments to speedy preparation and audit of the Final Accounts. As I pointed out in my previous reports, good

management and continual training of accounting staff would offer the simple but effective solution to these problems.

**STATUTORY ALLOCATION TO LOCAL
GOVERNMENT COUNCILS AND THE DUE
10% ALLOCATION TO THE COUNCILS FROM
STATE'S INTERNALLY GENERATED REVENUE (IGR)**

8. Local Government Councils in the State receive their 23.6% Federal Allocation through the State's joint account which for the period under review has been consistent. The councils again by law are entitled to 10% allocation out of the State's Internally Generated Revenue. The Local Government Councils, on the other hand, are required to remit to the State Government taxes generated from Pay As You Earn (PAYE) and Withholding Tax. The reports of the Accountant-General appear, however, not to have recognized these statutory allocations from Joint Account and CRF Account respectively.

**RENDITION OF REVENUE AND EXPENDITURE
RETURNS**

9. It is mandatory that Accounting Officers in the Ministries, Departments and Agencies render on regular basis the monthly revenue and expenditure returns to the Office of the Accountant-General, Auditor-General, Board of Internal Revenue and Budget and Planning Ministry to facilitate effective collation, articulation and for realistic Budget projections.

The returns of the MDAs forwarded to my Office appear irregular and incomplete as the Expenditure aspects are never included in the rendition, making it not only difficult to ascertain details of collections and expenditure releases, but also hindering audit purposes. The observed deviation by the MDAs has been reported to the Accountant-General who promptly circularized to that effect.

OUTSTANDING ISSUES:
STOCKS AND SHARES INVESTMENTS

10. It remained outstanding from previous report that the issue of share holdings of the State Government in seven (7) quoted companies decreased by 3,723,557 units. It appears the Ministry of Finance Incorporated (MOFI) has paid no attention to this issue. It has not been understood why up till now, no ledger/register has been maintained to monitor the stock/share holdings of Government. It is hoped that MOFI is in position to address the issue.

ACCOUNTS OF BOARDS, PARASTATALS
AND GOVERNMENT COMPANIES

11. The problem of presenting audited accounts by Boards, Commissions, Companies and Corporations has unfortunately persisted. Section 125, Sub-sections 3 (a & b) of the Constitution of the Federal Republic of Nigeria states that it is the responsibility of these Bodies to produce their annual accounts and forward same to the Office of the

Auditor-General for his review and comments. Also, it is required of the Auditor-General to provide to these Bodies list of qualified auditors from which they shall appoint their external auditors, and make recommendation on fees to be paid.

The year under review has not witnessed much change in spite of grants/subventions approved to them. There is need for new approach to be adopted by the Office of the Secretary to the Government to ensure absolute adherence to the existing Law.

The table below shows an update to the periods of Accounts outstanding against these Bodies.

S/NO.	NAME OF PARASTATALS, TERTIARY INSTITUTIONS, BOARDS AND COMPANIES	YEARS AUDITED ACCOUNTS ARE OUTSTANDING
1	Enugu State University of Science and Technology Pilgrims Welfare	2008 - 2012
2	Christian Board	1996 - 2012
3	Enugu State Housing Development Corporation	2009 - 2012
4	Enugu State Transport Company	2006 - 2012
5	Hotel Presidential Ltd, Enugu	1995 - 2012
6	Ikenga Hotels Ltd, Nsukka	1995 - 2012
7	Enugu State Sports Council	2008 - 2012

8	Enugu State Agricultural Development Programme	2003 - 2012
9	Niger Steel Company Ltd.	1991 - 2012
10	Community Development Co-ordinating Council	2003 - 2012
11	Rural Electrification Board	1991 - 2012
12	Post Primary Schools Management Board	2008 - 2012
13	State Universal Basic Education Board	2012
14	Agency for Mass Literacy	2003 - 2012
15	Enugu State Council for Arts and Culture	2003 - 2012
16	Awgu Games Village	2003 - 2012
17	Tourism Board, Enugu	1993 - 2012
18	Institute of Management and Technology	2012
19	Orie Orba Modern Market Coy. Ltd.	2003 - 2012
20	Niger Gas Company Ltd.	1996 - 2012
21	Enugu State Water Corporation	2012
22	Enugu State Library Board	2002 - 2012
23	Ada Rice Project	2003 - 2012
24	Enugu State Gaming Commission	1999 - 2012
25	United Palm Ltd.	1999 - 2012
26	Enugu State Science and Technical Vocational Education Board	2007 - 2012
27	Enugu State College of Education (Technical)	2009 - 2012
28	Nigeria Construction and Furniture Company	2008 - 2012

29	Premier Cashew Industry Oghe	2000 - 2012
30	Nike Lake Protea Hotel	2000 - 2012
31	Sunrise Flour Mills Ltd.	1999 - 2012
32	Enugu State Waste Management Authority	2010 - 2012
33	Enugu State Broadcasting Service	2010 - 2012
34	Enugu State College of Agriculture, Iwollo	2012
35	Agency for Legal Aid Council	2007 - 2012

PART II

STATEMENT NO. I

CASH FLOW STATEMENT FOR THE YEAR

ENDED 31ST DECEMBER, 2012

12. The Cash Flow Statement for the year under review showed cash-in-flow of ₦63,641,362,008.30 and cash-out-flow of ₦65,012,796,880.52, respectively, thus resulting to a Net decrease in cash of ₦1,371,434,872.22. The net decrease of ₦1,371,434,872.22 with brought forward cash balance of ₦5,865,211,520.27 resulted in a closing balance of ₦4,493,776,648.05 as at 31st December, 2012. The observation as stated above are shown in the schedule below.

CASH IN-FLOW

RECEIPTS:

N

(i) Statutory Allocation	37,800,347,390.38
(ii) VAT	7,439,842,571.12
(iii) IGR	12,377,298,787.94
(iv) Other Receipts	19,564,174.80
(v) Proceeds from borrowing	5,935,222,037.68
(vi) Dividends	<u>69,087,046.38</u>
TOTAL	63,641,362,008.30

LESS:

CASH OUT-FLOW

PAYMENTS:

(i) Personnel Emoluments	18,014,444,289.06
(ii) Overhead Costs	14,287,249,181.87
(iii) Purchases/Construction of Assets	29,688,817,894.35
(iv) Loan Repayments	<u>3,022,285,515.24</u>
TOTAL	65,012,796,880.52

Net Decrease in cash	(1,371,434,872.22)
Add: Balance B/F (1/1/12)	<u>5,865,211,520.27</u>
Cash as at 31 st December, 2012	<u>4,493,776,648.05</u>

STATEMENT NO. 2
ASSETS AND LIABILITIES
AS AT 31ST DECEMBER, 2012

TREASURIES AND BANKS

13. The authenticity of the figure of ₦4,493,867,648.05 shown as Treasuries and Banks appears doubtful following the observations that;

- (i) Relevant certificates of bank balances as at 31/12/12 were not presented for confirmation.
- (ii) There was complete omissions of some existing bank balances of the Treasury Headquarters in the financial statement.
- (iii) Evidence of closure or transfers of balances in the observed dormant accounts was not presented for confirmation.
- (iv) Bank reconciliation statements were not presented as proof of the correctness of the Treasuries and Banks figure as shown in the financial statement.

The effect of the observed omissions and incorrect reflections of the balances in dormant accounts indicated either overstatement or

understatement. However, the observation as noted has been communicated to the Accountant-General for adjustment in the final account preparation for the subsequent year.

OTHER ASSETS

INVESTMENTS IN STOCK AND SHARES:

₦134,205,549.00

14. The figure above represents the nominal or per value of the Stock and Share holdings of Enugu State Government in the Companies listed in Note 12 of the Accountant-General's Report for the year, 2012 as against ₦226,253,169.27 shown in the previous years' reports and valued at market prices. This Office could not understand the basis for the revaluation of the holdings at nominal or per value, having in the previous reports emphasized the import of reflecting the Stock and Shares at current/middle market prices prevailing on the last working day of the year, in conformity with the rules.

The valuation as above failed to cover all the interest holdings of the Government in various entities. Furthermore, the issue of the Shares holdings in Seven (7) companies raised in my 2011 report had not been acted upon as the share values due from the seven companies are yet to be brought into account. The Ministry of Finance Incorporated should carry out a review of the share values in order to

bring into account the seven companies for proper documentation. They should also ensure that Stock and Shares are properly and professionally managed exclusively and wholly in order to enhance Internal Revenue Generation out of the investments on stock and shares for the benefit of Enugu State.

LIABILITIES:

15. Liabilities by implication are the debt charges against Government which among others are limited only to Internal and External loans due to cash basis of accounting even though all others liabilities were captured by the Debt Management (DM) Department Ministry of Finance.

INTERNAL LOANS:

16. In the Financial Statement, the sum of ₦5,685,088,653.43 was shown as loan liability obtained from various commercial banks against Government during the period under review. Documents authenticating the obtained loans, interest rates on repayment, terms of repayment were not made available for audit confirmation thus making the amount there-in impossible to be confirmed and certified as true and appropriate. The sum of ₦3,022,285,515.24 shown in the financial statement as having been re-paid was verified and confirmed as true.

EXTERNAL LOAN:

17. In the Financial Statement No. 2 under Note 17, it was disclosed that the sum of ₦1,492,762,710.23 was the actual obtained External loan for the year, 2012 and that the sum of ₦1,549,981,996.51 was outstanding as at 31st December, 2011.

It could not be confirmed due to absence of authenticating documents, if the sum of ₦1,549,981,996.51 outstanding as at 31st December, 2011 was reduced by repayment of ₦57,219,286.26 in the year to have a balance of ₦1,492,762,710.23 as at 31st December, 2012. It was observed that the Debt Management Department of the State no longer carried out regular reconciliation with Debt Management Office and the Federal Ministry of Finance in Abuja on this matter. Based on the above, the figure as stated in the financial statement as actual of external loan could not be confirmed.

STATEMENT NO. 3
CONSOLIDATED REVENUE FUND
AS AT 31ST DECEMBER, 2012

STATUTORY ALLOCATION OF
₦37,800,347,390.38

18. The above sum shown as Statutory Allocation for the year ended, 31st December, 2012 was confirmed as details were made available during the review. It is however noted that the direct deductions made from the allocation for settlement of contractual obligations were brought into account but not properly evidenced as charge against government.

INTERNALLY GENERATED REVENUE

19. The sum of ₦12,377,298,787.94 shown in the Financial Statement No. 2 under Notes 19-26 was realized as internally generated revenue in the year under review. However, fundamental flaws appear to have been observed between the summarized figures of the MDAs monthly renditions on IGR generations back-up with Bank Statements and the Interswitch/BIR generations. The issues as observed have been communicated to the Accountant-General at the time of the audit to ensure that all IGR generations are properly captured, collated, and recorded.

PERSONNEL COST-MAIN ORGS:

₦14,102,362,970.06

20. The figure above shown in the Financial Statement and detailed in Note 5 of the Financial Statement as Personnel Cost (Main Orgs.) could not agree with the sum of ₦14,103,327,521.18 observed in audit. The difference of ₦964,551.12 were observed as follows:

MDAs	Actual Figure N	Financial Statement Figure N	Overstatement/ Understatement in the Figure N
Ministry of Finance	204,176,170.26	204,212,170.26	(36,000.00)
Local Govt. Audit	20,714,669.09	20,714,668.49	0.60
Ministry of Budget & Planning	14,638,420.73	13,638,420.73	1,000,000.00
Establishment & Pension	44,477,811.19	44,477,861.19	(50.00)
Commerce & Industry	170,718,436.28	170,718,435.77	0.51
Deputy Governor's Office	10,178,571.73	10,177,971.72	600.01
TOTAL	464,904,079.28	63,939,528.16	964,551.12

The difference of ₦964,551.12 being overstatement calls for adjustment in the subsequent financial statement of 2013.

PENSIONS AND GRATUITIES:

₦2,669,073,746.27

21. The sum of ₦2,669,073,746.27 shown in the Financial Statement under Note 6 was verified during the review as the actual pensions and gratuity payments made as at 31st December, 2012. It is to be noted as a remarkable improvement made in this subject especially in records keeping and reconciliation of payments not minding that the schedule of unpaid outstanding pensions and gratuities remained observable as not presented for audit scrutiny and confirmation.

STATEMENT NO. 4

CAPITAL DEVELOPMENT FUND

AS AT 31ST DECEMBER, 2012

22. The Statement as above revealed that ₦31,180,238,632.35 was the total Capital receipts for the year under review, while the total Capital Expenditure stood at ₦29,688,817,894.35 with a resultant closing balance of ₦1,491,420,738.00 as at 31st December, 2012.

However, in course of verification of the Financial Statements, it was observed that some payments were understated while some were overstated, though the grand total of the Capital Expenditure was not affected.

PART III

THE BUDGET AND ITS PERFORMANCE

THE 2012 BUDGET

23. The Budget as approved (Original/Revised) stood at ₦76,459,740,000 as against ₦66,442,293,655.00 budgeted for the year 2011. This figure showed a difference of ₦10,017,446,345 or 15.08% above the previous year. The breakdown of the 2012 budget is as follows:

EXPENDITURE TYPE	APPROVED ESTIMATES 2012 N	REVISED OR SUPPLEMENTARY ESTIMATES N
Recurrent Expenditure	44,317,129,244	31,488,579,156
Capital Expenditure	32,142,610,756	44,971,160,844
TOTAL	76,459,740,000	76,459,740,000

The approved expenditure estimate of ₦76,459,740,000 was shown to be equal to the projected and realizable revenue or resource envelope of ₦76,459,740,000.00.

The details of the resource envelope realizable from all sources are as follows;

	N
(i) Internally Generated Revenue	8,000,000,000
(ii) Statutory Allocation	45,000,000,000
(iii) Value Added Tax (VAT)	8,462,000,000
(iv) Internal Loans	5,550,347,000
(v) External Loans	3,057,493,000
(vi) Grants & Miscellaneous	5,989,900,000
(vii) Opening Balance b/f.	<u>400,000,000</u>
Total	<u>76,459,740,000</u>

However, the sum of ~~N~~81,377,448,985.47 instead of the targeted revenue of ~~N~~76,459,740,000 was achieved thus, indicating an excess collection of ~~N~~4,917,708,985 or 6.43% increase. The breakdown of the collection against the budgeted is as shown below.

DESCRIPTION	REVISED BUDGET	ACTUAL RECEIPT
	N	N
Internally Generated Revenue	8,000,000,000	12,377,298,787.94
Statutory Allocation	45,000,000,000	37,800,347,390.38
Capital Receipts	21,719,100,000	31,180,238,632.35
Other Receipts	1,740,640,000	19,564,174.80
TOTAL	76,459,740,000	81,377,448,985.47

RECURRENT REVENUE PERFORMANCES

24. The table below reflects the trend in the recurrent revenue performance of the State for the year, 2012.

DESCRIPTION	ACTUAL 2011 N	REVISED ESTIMATE 2012 N	ACTUAL 2012 N	PERCENTAGE PERFORMANCE %
<u>INTERNALLY GENERATED REVENUE</u>				
Taxes	3,861,678,263.02	5,652,160,000	3,639,803,756.34	64.40
Fines and Fees	609,868,623.16	1,229,210,960	679,016,982.23	55.24
Licenses	178,643,966.00	386,475,000	111,852,765.72	28.94
Earnings and Sales	57,648,042.00	164,184,040	211,381,083.70	128.75
Rent on Govt. Property	289,204,739.24	439,372,000	535,706,981.40	121.93
Interests, Repayment and Dividend	41,263,554.71	125,000,000	199,520,581.66	159.62
Reimbursement	4,848,676,480.00	-	6,998,188,511.89	-
Miscellaneous	1,440,055.00	3,598,000	1,828,125.00	50.81
BTL Receipts	3,350,076,320.87	-	19,564,174.80	-
SUB-TOTAL	13,238,500,044.00	8,000,000,000	12,396,862,962.74	154.96
<u>STATUTORY ALLOCATION</u>				
Statutory Allocation	44,485,977,290.51	45,000,000,000	37,800,347,390.38	84
GRAND TOTAL	57,724,477,334.51	53,000,000,000	50,197,210,353.12	94.71

The above analysis shows that the consolidated revenue generated during the year stood at N50,197,210,353.12 as against

projected revenue of ₦53,000,000,000. This represents 94.71% level of performance as against 113% recorded in 2011.

The internally generated revenue of ₦12,396,862,962.74 represents 155 percent performance when compared with the projection of ₦8,000,000,000, while the statutory allocation of ₦37,800,347,390.38 against projection of ₦45,000,000,000 showed 84 percent performance. Furthermore, the statutory allocation from the Federation Accounts contributed 75.30 percent of the total recurrent revenue in the year, a decrease of 1.77 percent when compared with 2011 performance. This appears to show that the State has started to exploit and enhance her internal revenue generating potentials and capacity in order to reduce over-dependence on statutory allocation.

It is necessary to state here that the problems militating against revenue collection processes must be handled properly if the internal revenue generation objective is to be achieved.

It is also necessary to point out the non-exhaustive effort in capturing realizable revenue during estimate projections. This fact could be noted in the table above, as nothing was shown to be collectible under reimbursement revenue code and Below the Line (BTL) receipts, yet the sum of ₦6,998,188,511.89 and ₦19,564,174.80 respectively were shown as actually collected. The Ministry of Budget and Planning should in budget preparation instead of having no revenue projection indicate (IOe) in those revenue codes to avoid concealment of revenue.

REVENUE SHORTFALLS

25. Further comparative analysis of estimated revenue and actual recurrent revenue as presented in the Accountant-General's account and reports revealed a revenue shortfall of ₦10,038,594,945.33 from five (5) out of the ten (10) revenue source codes for the year, 2012 and in effect indicated 19.20 percent decrease against the revised approved estimated projection. The details are as shown below.

S/NO.	DESCRIPTION OF REVENUE CODES OR SOURCES	APPROVED ESTIMATED COLLECTION 2012 N	ACTUAL REVENUE COLLECTION 2012 N	SHORTFALL 2012 N
1	Statutory Allocation	45,000,000,000	37,800,347,390.38	7,199,652,609.62
2	Taxes	5,652,160,000	3,639,803,756.34	2,012,356,243.66
3	Fines and Fees	1,229,210,960	679,016,982.23	550,193,977.77
4	Licenses	386,475,000	111,852,765.72	274,622,234.28
5	Miscellaneous	3,598,000	1,828,120.00	1,769,880
	TOTAL	52,271,443,960.00	42,232,849,014.67	10,038,594,945.33

REVENUE SURPLUS

26. On the other hand, surplus revenue collection amounting to ₦7,235,805,293.45 were observed from five (5) out of the ten (10) revenue sources for the year under review, as shown below.

S/NO.	DESCRIPTION	ESTIMATED COLLECTION 2012 N	ACTUAL REVENUE N	SURPLUS N
1	Earnings and Sales	164,184,040	211,381,083.70	47,197,043.70
2	Rent on Govt. Property	439,372,000	535,706,981.40	96,334,981.40
3	Interest, Repayment and Dividends	125,000,000	199,520,581.66	74,520,581.66
4	Reimbursements	-	6,998,188,511.89	6,998,188,511.89
5	BTL Receipts	-	19,564,174.80	19,564,174.80
	TOTAL	728,556,040	7,964,361,333.45	7,235,805,293.45

COMPARATIVE ANALYSIS OF REVENUE FOR THE THREE YEARS (2010 – 2012)

REVENUE DESCRIPTION	ACTUAL PERFORMANCE IN 2010 N	ACTUAL PERFORMANCE IN 2011 N	ACTUAL PERFORMANCE IN 2012 N
Taxes	4,378,970,816.00	3,861,678,263.02	3,639,803,756.34
Fines and Fees	506,919,282.42	609,868,623.16	679,016,982.23
Licenses	161,392,694.00	178,643,966.00	111,852,765.72
Earnings and Sales	32,046,172.00	57,648,042.00	211,381,083.70
Rent on Govt. Property	517,867,010.72	289,204,739.24	535,706,981.40

Interest, Repayments & Dividend	45,907,675.41	41,263,554.71	199,520,581.66
Reimbursements	3,697,532,648.78	4,848,676,480.00	6,998,188,511.89
Miscellaneous	6,159,370.23	1,440,055.00	1,828,125.00
SUB – TOTAL	9,346,797,669.56	9,888,423,723.13	12,377,298,787.90
Statutory Allocation	27,865,981,340.13	44,485,977,290.51	37,800,347,390.38
GRAND TOTAL	<u>37,212,779,009.60</u>	<u>54,374,401,013.36</u>	<u>50,177,646,178.20</u>

From the above table, it is observed that proceeds from Taxes decreased in 2011 and 2012 as against 2010 collection. However, collections from Fines and Fees maintained reasonable and steady improvement or increase. The increasing positive trend is commendable and should be maintained. On the other hand, Licenses which recorded a significant increase of ₦17,251,212.00 or 10.69 percent in 2011 reduced by ₦66,791,200.28 or 37.39 percent in 2012.

Earnings and Sales had been experiencing continuous increase of ₦25,601,870.00 or 79.89 percent in year 2011 and ₦153,733,041.70 or 266.68 percent in year 2012. Rent on Government Property, on the other hand, has been fluctuating from ₦517,867,010.72 in 2010 to ₦289,204,739.24 in year 2011 and ₦535,706,981.40 in 2012. Other sources of revenue like Interest, Repayment and Dividends, and Miscellaneous revenue equally experienced downward fluctuations during the period. Reimbursements increased by ₦1,151,143,832 or 31.13 percent in year 2011 to ₦2,149,512,031.89 or 44.33 percent in 2012. It is

hoped that these increases will be sustained while improvement is expected in areas that are deficient.

On Statutory Allocations, significant fluctuations were noted with increase of ₦1,151,143,832 or 59.64 percent in 2011 while in year 2012, a decrease of ₦16,619,995,950 representing 15.03 percent was recorded.

CAPITAL RECEIPTS

27. The sum of ₦44,971,160,844.00 was appropriated as the total Capital Receipts (Revised Budget) for the year, 2012. However, ₦31,180,238,632.35 which represents 69.33 percent of the estimated sum was realized as detailed below.

DESCRIPTION	REVISED BUDGET ₦	ACTUAL ₦
Opening Balance	400,000,000	4,260,680,161.55
Value Added Tax	8,462,000,000	7,439,842,571.12
Transfer from CRF	21,511,420,844	13,544,493,862.00
Internal Loans	5,550,347,000	4,007,000,000.00
External Loans	3,057,493,000	1,492,762,710.23
Grants/Miscellaneous	5,989,900,000	435,459,327.45
TOTAL	<u>44,971,160,844</u>	<u>31,180,238,632.35</u>

The percentage performance of 69.33% when compared with the percentage performance of 93% in year 2011 indicated a percentage difference of 23.67% lower than that of 2011, which is not quiet encouraging.

RECURRENT EXPENDITURE

28. The total actual Recurrent Expenditure for the year ended 31st December, 2012 as contained in the Financial Statement No. 3 and detailed in the Notes to the Financial Statement was ₦35,254,800,939.79 which is higher than the projected recurrent expenditure of ₦31,488,579,156 as presented in the Revised Budget by ₦3,766,221,783.79 representing 11.96%. The distribution of the increase recurrent expenditure component is as follows:

DESCRIPTION	REVISED BUDGET (PAGE 2) ₦	ACTUAL EXPENDITURE ₦
Personnel Costs	14,249,389,910	14,102,362,970.06
Overhead Costs	7,374,480,699	8,872,415,250.76
Subventions to Parastatals and Tertiary Institutions	3,815,910,878	3,912,081,319.00
Consolidated Revenue Fund Charges	6,048,797,669	7,146,580,666.99
Miscellaneous Expenses and BTL Payment	-	1,221,360,732.98
TOTAL	<u>31,488,579,156</u>	<u>35,254,800,939.79</u>

EXCESS EXPENDITURE

29. The Recurrent Expenditure showed an excess expenditure amounting to ₦3,913,248,723.73, which legislative authority is still required, as detailed below.

DESCRIPTION	BUDGET (REVISED) ₦	ACTUAL EXPENDITURE ₦	EXCESS EXPENDITURE ₦
Subventions to Parastatals and Tertiary Institutions	3,815,910,878	3,912,081,319.00	96,170,441.00
Consolidated Fund Charges	6,048,797,669	7,146,580,666.99	1,097,782,997.99
Overheads Costs	7,374,480,699	8,872,415,250.76	1,497,934,551.76
Miscellaneous Expenses	-	1,221,360,732.98	1,221,360,732.98
TOTAL	<u>17,239,189,246</u>	<u>21,152,437,969.73</u>	<u>3,913,248,723.73</u>

The Excess Expenditure as observed in the Financial Statement appears to have been created by the inadequate provision during the Supplementary Budget as against what was budgeted before the revision.

On the other hand, savings were recorded in Personnel Costs as shown below.

DESCRIPTION	BUDGET (REVISED) N	ACTUAL EXPENDITURE N	SAVINGS
Personnel Costs	14,249,389,910	14,102,362,970.06	147,026,939.94
TOTAL	14,249,389,910	14,102,362,970.06	147,026,939.94

The net Savings of ₦147,026,939.94 is worthwhile, provided that it is not at expenses of MDAs' efficiency performance.

CAPITAL EXPENDITURE

30. The sum of ₦29,688,817,894.35 was shown in the Financial Statement as the total Capital Expenditure for the year ended 31st December, 2012.

The significant areas of the expenditure, based on the thematic areas, are as follows:

<u>S/No.</u>	<u>Description</u>	<u>Actual Expenditure</u> N
(i)	Agriculture	1,640,973,979.27
(ii)	Environment	497,498,365.00
(iii)	Trade, Commerce and Industry/Human Development	-
(iv)	Transport and Infrastructure	21,544,546,375.56
(v)	Education	233,607,458.87

(vi)	Health	955,081,735.05
(vii)	Information, Culture & Tourism	887,461,742.00
(viii)	Lands, Housing and Urban Dev.	83,719,750.00
((ix)	Water and Sanitation	639,626,413.61
(x)	Good Governance and Security	1,860,996,286.40
(xi)	Justice, Law and Order	120,500,140.00
(xii)	Community and Rural Development	1,148,336,548.59
(xiii)	Gender and Social Development	-
(xiv)	Youths and Sports	35,000,000.00
(xv)	Science and Technology	-
(xvi)	Finance	<u>41,469,100.00</u>
	TOTAL	<u>29,688,817,894.35</u>

CAPITAL EXPENDITURE PERFORMANCE
AGAINST BUDGET PROVISIONS

31. The sum of ₦29,688,817,894.35 shown as Capital Expenditure for the year 2012 represents 66% performance when compared against the Revised Budget sum of ₦44,971,160,844. This indicates a decrease of 33% over 2011 performance of 99%. This probably was as a result of shortfall in revenue from the Federation Account.

EXCESS EXPENDITURE

32. The under-listed thematic area of the capital expenditure were over spent by a total sum of ₦437,922,484.60 which still required legislative approval.

DESCRIPTION	BUDGET (REVISED) ₦	ACTUAL ₦	EXCESS ₦
Water and Sanitation	201,703,929	639,626,413.61	437,922,484.60

COMPARATIVE ANALYSIS OF CAPITAL EXPENDITURE

33. As noted earlier, Transport and Infrastructure in the Economic Sector with a total expenditure of ₦21,544,546,375.56 represents 72.57 percent of the actual total expenditure in the year, which is higher by 6.57 percent when compared against the last year's performance of 66 percent. On the other hand, Good Governance and Security with a total of ₦1,860,996,286.40 or 6.27 percent came second, an improvement over last year's performance of 1.10 percent of the actual expenditure. Agriculture with a total expenditure of ₦1,640,973,979.27 or 6.00 percent came third as against ₦691,564,877.78 or 1.84 percent recorded in the previous year. Also, Community and Rural Development, Health, Information, Culture and Tourism and Water and Sanitation recorded high expenditures of ₦1,148,336,548.59 or 4.00 percent; ₦955,081,735.05 or

3.22 percent; ₦887,461,742.00 or 2.00 percent and ₦639,626,413.51 or 2.15 percent respectively.

PENSION VERIFICATION AND CERTIFICATION

34. In line with the Pension Act 102 of 1979, the Office of the Head of Service, Establishment and Pension submitted 1183 files of retired/retiring Civil/Public Servants for verification and certification of their retiring benefits computation/re-computation. In the course of the exercise, the sum of ₦276,412,151.43 and ₦999,398,893.46 was certified for payment as Pension and Gratuity respectively for the year ended 31st December, 2012.

The statistics of the files according to MDAs of the retired/retiring officers is as follows:

S/No.	MDAs	New Calculation	Re-computation	Total
1	Post Primary Schools Management Board	387	27	414
2	Enugu State Broadcasting Service	20	30	50
3	Enugu State University of Science and Technology	41	3	44
4	Institute of Management and Technology	33	9	42

5	Water Corporation	2	3	5
6	Sports Council	16	-	16
7	State Library Board	6	-	6
8	Ministries, Departments and Agencies	540	66	606
		<u>1,045</u>	<u>138</u>	<u>1,183</u>

OTHER MATTERS

35. In my previous year's report, request was made for employment of core professionals on Grade Level 13 and above to replace the Old Senior Officers who are retiring from the service in droves. We, therefore, seek for special permission to employ this set of Officers to fill the strategic positions created by the retired Officers. Also, the issue of the long-aged (1981) fringe benefit (Consolidated Allowance) paid to Auditors had not received the approval of the Governor.

TRAINING

36. This aspect of capacity building cannot be over-emphasized as this Office, being a Professional outfit, would continue to solicit the State's support for the training of its staff to meet with the current challenges facing the auditing profession. The level of support received so far, through the DFID (SPARC) programmes are still inadequate to attain the

expected best practices in line with audit practices such as Performance, Environmental and Forensic Audits.

FUNDING

37. The Office of the Auditor-General is presently not adequately funded to guarantee peak performance. When compared to other Offices of Auditors-General in other States of the Federation, my Office is the least funded. The fact remains that the activities of this Office involves more traveling to areas where other State Ministries, Departments and Agencies outside the Head Offices are located. The present monthly overhead should be increased to enable this Office function as expected.

LOGISTICS

38. In my previous years reports, I had pointed out that this Office has no operational vehicle since 2010, and had requested for two Hilux vehicles to enable this Office operate maximally in reporting government activities. Efforts made so far have not yielded good result. I once more appeal to the Governor to consider this request.

ACKNOWLEDGEMENTS

39. My profound appreciation goes first to God Almighty because with Him all things are possible.

I with God's permission, wish to take this opportunity to express my immense gratitude to His Excellency, the Governor of Enugu State, Barr. Sullivan I. Chime, for his very encouraging understanding of the problems and wants the of Enugu State citizenry, his exemplary leadership, absolute commitment to accountability and transparency objective of Mr. President's Transformation Agenda and for giving me the opportunity to serve in this capacity as the State Auditor-General.

My acknowledgements also go to the Right Hon. Speaker of Enugu State House of Assembly, Barr. Eugene Odo, and members of the Public Accounts Committee of the House for their ensuring quick consideration of my reports as submitted for the previous years. I am hopeful that this their co-operation will continue.

I equally extend my appreciation to the State Accountant-General and members of his staff for the co-operation received by my Office during the review process of the Financial Statements, hence the timely production of this report.

Finally, I wish also to express my deep appreciation to the staff of the Office of the State Auditor-General for their wonderful support,

dedication to duty and their contribution in no small measure to the conclusion and production of this report.

VINCENT O. AMADI, B.SC, CNA, (JP, KSJ)
AUDITOR-GENERAL
ENUGU STATE