



# **BENUE STATE OF NIGERIA**

## **REPORT OF THE ACCOUNTANT-GENERAL**

### **WITH THE FINANCIAL STATEMENTS**

*for the*

**PERIOD ENDED 31<sup>ST</sup> DECEMBER, 2021**



**STATEMENT OF ACCOUNTING POLICIES**  
***(IPSAS CASH)***

**ISSUED BY**

**OFFICE OF THE ACCOUNTANT-GENERAL, BENUE STATE**

**2021**

## List of Abbreviations/Acronyms

<b>Abbreviation/Term</b>	<b>Description</b>
CBN	Central Bank of Nigeria
COA	Chart of Account
FAAC	Federation Accounts Allocation Committee
FGN	Federal Government of Nigeria
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
GPFS	General Purpose Financial Statement
IPSAS	International Public Sector Accounting Standards
LFN	Law of the Federal Republic of Nigeria
MDA	Ministries, Departments and Agencies
NCOA	National Chart of Account
GBE	Government Business Enterprises
FRCoN	Financial Reporting Council of Nigeria
OAG	Office of the Accountant General
PPE	Properties, Plants and Equipment

# GOVERNMENT OF BENUE STATE OF NIGERIA

OFFICE OF THE STATE AUDITOR GENERAL

MAKURDI, BENUE STATE

All Communications should be addressed  
to the State Auditor General



**THE FOOD BASKET OF THE NATION**  
P.M.B. 102064  
Makurdi



Our Ref No:.....

16<sup>th</sup> June, 2022

Date:.....

## AUDIT CERTIFICATE

The Financial Statements and Accounts of the Government of Benue State of Nigeria for the year ended December 31, 2021 have been audited in accordance with section 125 subsection 2 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and the State Audit Law of 1981.

The audit was conducted in accordance with International Standards on Auditing and INTOSAI Auditing Standards.

In the course of the audit, I evaluated the overall adequacy of the information presented in the General Purpose financial statements which were prepared in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis. I have obtained information and explanation that to the best of my knowledge were relevant and necessary for the purposes of the audit. This audit has provided me with reasonable evidences and assurances which formed the basis for my independent opinion.

In my opinion, the Financial Statements which are in agreement with the books of accounts and records show a true and fair view of the Financial Position of the Government of Benue State for the year ended December 31, 2021 and the transactions for the fiscal year ended on that date.

### Special Opinion:

The State is eligible to receive grant financing from the Federal Government subject to performance against predefined criteria in the World Bank assisted States Fiscal Transparency, Accountability and Sustainability Program for Results (SFTAS Program). The expenditure framework and receipts are detailed in Notes 1-15 in the attached General Purpose Financial Statements of Benue State Government. In my opinion, Note 33 presents fairly, in all material respects, the expenditures incurred and funds received against the SFTAS Program by the State for the years ended December 31, 2019 to 2021 in accordance with IPSAS Cash Basis.

  
Ekirigwe, Amos O., FCNA

Auditor - General,  
Benue State.

## Introduction

In line with the adoption of the International Public Sector Accounting Standards (IPSAS) in Nigeria, a Standardised Chart of Account (COA) alongside a set of General Purpose Financial Statements (GPFS) have been designed and introduced by FAAC for adoption by all tiers of Government in Nigeria.

The standardised COA and the GPFS is hereby adopted by Benue State Government to comply with FAAC directive to harmonise public sector accounts reporting in Nigeria.

In order to ensure an effective and efficient utilisation of the COA and GPFS, the Accounting Policies have been developed as a set of guidelines to direct the Processes and Procedures relating to financial reporting in Benue State.

These policies shall form part of the universally agreed framework for financial reporting in Benue State.

## IPSAS Cash Basis of Accounting

The IPSAS Cash Basis of Accounting recognizes transactions and events only when Cash (including Cash Equivalents) is received or paid by the MDAs. GPFS prepared under the IPSAS Cash Basis provide readers with information about the sources of Cash raised during the period, the purposes for which Cash was used and the Cash balances at the reporting date. The measurement focus in the GPFS balances are Cash and changes during the period. Therefore, Bank Reconciliation Statement shall form integral part of periodic Reports in Benue State.

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

This Accounting Policy addresses the following fundamental accounting issues:

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

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

S/N	Accounting Policies:
1	<b>Accounting Terminologies / Definitions</b> <ol style="list-style-type: none"><li>I. <b>Accounting policies</b> are the specific principles, bases, conventions, rules and practices adopted by the Benue State Government in preparing and presenting Financial Statements.</li><li>II. <b>Cash:</b> Cash comprises cash in hand, demand deposits in financial institutions and cash equivalents.</li><li>III. <b>Cash equivalents</b> are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.</li><li>IV. <b>Cash basis</b> means a basis of accounting that recognizes transactions and other events only when cash is received or paid.</li><li>V. <b>Cash flows</b> are inflows and outflows of cash. Cash flows exclude movements between items that constitute cash as these components are part of the cash</li></ol>

S/N	Accounting Policies:
	<p>management of the government rather than increases or decreases in the cash position controlled by government.</p> <p>VI. <b>Cash receipts</b> are cash inflows.</p> <p>VII. <b>Cash payments</b> are cash outflows.</p> <p>VIII. <b>Cash Controlled by Benue State Government:</b> Cash is deemed to be controlled by Benue State Government when the government can freely use the available cash for the achievement of its objectives or enjoy benefit from the cash, and can also exclude or regulate the access of others to that benefit. Cash collected by, or appropriated or granted to the government which the government can freely use to fund its operating objectives, such as acquiring of capital assets or repaying its debt is controlled by the government.</p> <p>IX. <b>Government Business Enterprise</b> means a department or agency that has all the following characteristics:</p> <ul style="list-style-type: none"> <li>➤ Is an entity with the power to contract in its own name;</li> <li>➤ Has been assigned the financial and operational authority to carry on a Business;</li> <li>➤ Sells goods and services, in the normal course of its business, to other MDAs and the general public at a profit or full cost recovery;</li> <li>➤ Is not reliant on continuing government funding or subvention to remain a going concern (other than purchases of outputs at arm's length); and</li> <li>➤ Is controlled by a public sector management or the government.</li> </ul> <p>X. <b>Notes to the GPFS shall</b> include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the GPFS, as well as additional information</p>
2	<p><b>General Purpose Financial Statements (GPFS)</b></p> <p>The GPFS comprise of Statement of Cash Receipts and Payments and other statements that disclose additional information about the Cash Receipts, Payments and Balances controlled by Benue State Government, and Accounting Policies and Notes to the Financial Statements. In Benue State, the GPFS Accounting Policy include the following:</p> <ol style="list-style-type: none"> <li>I. Statement 1- Cash Flow Statements: Statement of Cash Receipts and Payments which: <ul style="list-style-type: none"> <li>▪ recognizes all Cash Receipts, Cash Payments and Cash Balances controlled by the State government; and</li> <li>▪ separately identifies payments made by third parties on behalf of the State government.</li> </ul> </li> <li>II. Statement 2- Statement of Assets and Liabilities: Statement of Financial Position (also known as Balance Sheet);</li> <li>III. Statement 3- Statement of Consolidated Revenue Fund: Statement Recurrent Financial Performance (also known as Profit &amp; Loss Account);</li> <li>IV. Statement 4- Statement of Capital Development Fund: Statement of Capital Financial Performance (also known as Capital Expenditure);</li> <li>V. Notes to the Accounts: Additional disclosures to explain the GPFS; and</li> <li>VI. Accounting Policies and Explanatory Notes.</li> </ol>
3	<p><b>Basis of Preparation and Legal Provisions</b></p> <p>The GPFS are prepared under the historical cost convention and in accordance with International Public Sector Accounting Standards (IPSAS) and other applicable standards as defined by the Fiscal Responsibility Law (FRL) and the Financial</p>

<b>S/N</b>	<b>Accounting Policies:</b>
	Reporting Council of Nigeria. In addition, GPFS are in compliance with the provisions of other financial regulations of the State.
<b>4</b>	<p><b>Fundamental Accounting Concepts</b></p> <p>The following fundamental accounting concepts are taken as the basis of preparation of all accounts and reporting in Benue State:</p> <ul style="list-style-type: none"> <li>• Cash Basis of Accounting;</li> <li>• Understability;</li> <li>• Materiality,</li> <li>• Relevance;</li> <li>• Going Concern Concept;</li> <li>• Consistency Concept</li> <li>• Prudence</li> <li>• Completeness, etc.</li> </ul>
<b>5</b>	<p><b>Accounting Period</b></p> <p>The accounting year (fiscal year) is from 1<sup>st</sup> January to 31<sup>st</sup> December. Each accounting year is divided into 12 calendar months (periods) and shall be set up as such in the accounting system.</p>
<b>6</b>	<p><b>Reporting Currency</b></p> <p>The General Purpose Financial Statements (GPFS) are prepared in Nigerian Naira.</p>
<b>7</b>	<p><b>MDA for Consolidation</b></p> <ul style="list-style-type: none"> <li>• The Consolidation of the GPFS are based on the Cash transactions of all Ministries, Department and Agencies (MDAs) of Benue State Government except Government Business Enterprises (GBEs).</li> </ul>
<b>8</b>	<p><b>Comparative Information</b></p> <ul style="list-style-type: none"> <li>• The General Purpose Financial Statements (GPFS) shall disclose all numerical information relating to previous period (at least one year).</li> </ul>
<b>9</b>	<p><b>Budget Figures</b></p> <ul style="list-style-type: none"> <li>• These are figures from the approved annual budget and supplementary budget as approved in accordance with the Appropriation Law of Benue State.</li> </ul>
<b>10</b>	<p><b>Receipts</b></p> <ul style="list-style-type: none"> <li>• These are Cash inflows within the Financial Year. They comprise of receipts from Statutory Allocations (FAAC monthly disbursement), Taxes, External Assistance (from Bilateral and Multilateral Agencies), Other Aid and Grants, Other Borrowings, Capital Receipts (Sale of Government Assets, etc) and Other Cash Receipts.</li> <li>• These items shall be disclosed at the face of the Statement of Cash Receipts and Payment for the year in accordance with the standardised GPFS. Notes shall be provided as per standardised Notes to GPFS.</li> </ul>

S/N	Accounting Policies:
11	<p><b>External Loans</b></p> <ul style="list-style-type: none"> <li>External Loans are Funds received from external sources to be paid back at an agreed period of time. They are categorised either as Bilateral or Multilateral.</li> <li>External Loans receipts shall be disclosed separately under Statement of Cash Receipts and Payment for the year.</li> </ul>
12	<p><b>Other Borrowings / Grants &amp; Aid Received</b></p> <ul style="list-style-type: none"> <li>These shall be categorised as either Short or Long term Loans. Short-Term Loans are those repayable within one calendar year (12 months), while Long-Term Loans and Debts shall fall due beyond one calendar year (above 12 months). Loans shall be disclosed separately and Grants shall also be separately disclosed under Statement of Cash Receipts and Payment for the year.</li> </ul>
13	<p><b>Interest Received</b></p> <ul style="list-style-type: none"> <li>Interest actually received during the financial year shall be treated as a receipt under item 'Other Receipts'.</li> </ul>
14	<p><b>Government Business Activities</b></p> <p>Cash Receipts from Trading Activities shall be received net (after deducting direct expenses) unless otherwise provided for by law or policy in force. Total receipts from all trading activities shall be disclosed in the Statement of Cash Receipts and Payments under 'Trading Activities' item.</p> <p>Where gross revenue is received, corresponding payments shall be charged under a corresponding payment item head 'Government Business Activities' in the Statement of Receipts and Payments.</p>
15	<p><b>Payments</b></p> <ul style="list-style-type: none"> <li>These are Recurrent and Capital Cash Outflows made during the financial year and shall be categorised either by Function and/or by Sector in the Statement of Cash Receipts and Payment.</li> <li>Payments for purchase of items of capital nature (e.g. PPE) shall be expensed in the year in which the item has been purchased. It shall be disclosed under capital payments. Investments in PPE shall also be treated in the same way as Capital Purchases. At the end of the financial year, a schedule of assets shall be provided as part of the Notes to GPFS.</li> </ul>
16	<p><b>Loans Granted:</b></p> <ul style="list-style-type: none"> <li>Payments to other Government and Agencies in form of Loans during the year shall be shown separately in the Statement of Receipts and Payments. Amount disclosed shall be actual amount paid during the year.</li> </ul>
17	<p><b>Loan Repayments{Recovery}</b></p> <p>Loan repayments from loans granted to other agencies and government shall be classified under loan repayments in the Statement of Receipts and Payments. Amount disclosed shall be actual amount received during the year.</p>
18	<p><b>Interest on Loans Paid</b></p> <ul style="list-style-type: none"> <li>Actual Interest on loans and other bank commissions charged on Bank Accounts during the year shall be treated as payments and disclosed under interest payment in the Statement of Cash Receipts and Payments</li> </ul>
19	<p><b>Foreign Currency Transactions:</b></p>

<b>S/N</b>	<b>Accounting Policies:</b>
	<ul style="list-style-type: none"> <li>Foreign Currency Transactions throughout the year shall be converted into Nigerian Naira at the ruling (Central Bank of Nigeria –CBN) rate of exchange at the dates of the transactions. Foreign currency balances, as at the year end, shall be translated at the exchange rates prevailing on that date.</li> <li>At the end of the financial year, additional amounts (in cash or at bank) arising out of Foreign Exchange Gains/Losses shall be recognised in the Statement of Cash Receipts and Payments either as Receipts / Payments respectively.</li> </ul>
20	<b>Prepayments</b> <ul style="list-style-type: none"> <li>Prepaid expenses are amounts paid in advance of receipt of goods or services and are charged directly to the respective expenditure item.</li> </ul>
21	<b>Investments:</b> <ul style="list-style-type: none"> <li>Cash Payments made for investment purposes such as purchase of Government Stock, Treasury Bills and Certificates of Deposit, are Capital Costs and are disclosed as purchase of Financial Instruments or may be given an appropriate name as the case may be. They are separately disclosed in the GPFS (Statement of Receipts and Payments) under capital payments.</li> </ul>
22	<b>Leases</b> <ul style="list-style-type: none"> <li>Cash Payment for Finance Leases, which effectively transfer to the Government substantially all the risks and benefits incidental to ownership of the leased item, are treated as capital payments and disclosed in the Statement of Cash Receipts and payments</li> <li>Operating lease cash payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are treated as operating expenses.</li> </ul>
23	<b>Cash Balances</b> <p>This includes Cash in Hand, at Bank and Cash Equivalents at the end of the Financial year.</p>
24	<b>Advances</b> <p>All Cash Advances shall be retired before the end of the financial year. However should circumstances occur (including an Emergency) where either an advance is given out close to the financial year end or an advance already given could not be accounted for, such an advance (or balance outstanding) shall be treated as cash equivalent since there shall be no proof that such funds have been utilised.</p>



7/6/2022

Agwaza Iorkpiligh FCNA, FCTI, FPA.

Accountant-General