

REPORT OF THE ACCOUNTANT- GENERAL ON THE GPFS FOR THE YEAR ENDED 31ST DECEMBER, 2020

INTRODUCTION:

I am honoured to present the Report on the Accounts of the Oyo State Government, Nigeria, for the Year Ended 31st December, 2020 with the Notes thereon.

In line with the adoption of the International Public Sector Accounting Standards (IPSAS) in Nigeria, a Standardized 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 COA and the GPFS is hereby adopted by Oyo State Government to comply with FAAC directive to harmonize Public Sector Accounts Reporting in Nigeria. In order to ensure an effective and efficient utilization 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 Oyo State.

PRINCIPAL ACTIVITIES

The main activities of the Office of the Accountant General includes the receipts, custody, disbursement of all Government funds, record keeping, preparation and publication of Financial Statements.

2. STATEMENT OF ACCOUNTING POLICIES

The Summary of the Significant **Accounting Policies** adopted by the Oyo State Government in the Preparation of the Accounts for the Year 2020 is as follows:

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.

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

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 Oyo State.

A Accounting Terminologies / Definitions

I. **Accounting Policies:** These are the specific principles, bases, conventions, rules and practices adopted by the Oyo State Government in preparing and presenting its Financial Statements. The objective is to provide information about the financial position, performance and Cash flows that is useful to a wide range of users.

II. **Cash:** Cash comprises cash in hand, demand deposits in financial institutions and cash equivalents.

III. **Cash Equivalents:** These 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.

IV. **Cash Basis:** This means a basis of accounting that recognizes transactions and other events only when cash is received or paid.

V. **Cash Flows:** These are inflows and outflows of cash. Cash flows exclude movements between items that constitute cash as these components are part of the cash management of the government rather than increases or decreases in the cash position controlled by government.

VI. **Cash Receipts:** These are cash inflows.

VII. **Cash Payments:** These are cash outflows.

VIII. **Cash Controlled by Oyo State Government:** Cash is deemed to be controlled by Oyo 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.

IX. **Notes to the GPFS: shall** include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the GPFS, as well as additional information

B. General Purpose Financial Statements (GPFS)

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 Oyo State Government, and Accounting Policies and Notes to the Financial Statements. In Oyo State, the GPFS Accounting Policy include the following:

- I. Statement 1- Cash Flow Statements: Statement of Cash Receipts and Payments which:
 - recognizes all Cash Receipts, Cash Payments and Cash Balances controlled by the State government; and
 - separately identifies payments made by third parties on behalf of the State government.
- II. Statement 2- Statement of Assets and Liabilities: Statement of Financial Position (also known as Balance Sheet);
- III. Statement 3- Statement of Consolidated Revenue Fund: Statement Recurrent Financial Performance (also known as Profit & Loss Account);
- IV. Statement 4- Statement of Capital Development Fund: Statement of Capital Financial Performance (also known as Capital Expenditure);
- V. Notes to the Accounts: Additional disclosures to explain the GPFS; and Accounting Policies and Explanatory Notes.

C. Fundamental Accounting Concepts

The following fundamental accounting concepts are taken as the basis of preparation of all accounts and reporting in Oyo State:

- Cash Basis of Accounting;
 - Understandability;
 - Materiality,
 - Relevance;
 - Going Concern Concept;
 - Consistency Concept
 - Prudence
- Completeness, etc.

D. Accounting Period

The accounting year (2020) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months (periods) and shall be set up as such in the accounting system.

E. Reporting Currency

The General Purpose GPFS are prepared in Nigerian Naira

F. MDA for Consolidation

The Consolidation of the GPFS are based on the Cash transactions of all Ministries, Department and Agencies (MDAs) of Oyo State Government except Government Business Enterprises (GBEs).

G. Comparative Information

The General Purpose GPFS shall disclose all numerical information relating to previous period (at least one year).

H. Budget Figures

These are figures from the approved annual budget and supplementary budget as approved in accordance with the Appropriation Law of Oyo State.

I. Receipts

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), Receipts from Trading activities and Other Cash Receipts. These items shall be disclosed at the face of the Statement of Cash Receipts and Payment for the year in accordance with the standardized GPFS. Notes shall be provided as per standardized Notes to GPFS.

J. External Assistance

Receipts from Loans are Funds received from external sources to be paid back at an agreed period of time. They are categorized either as Bilateral or Multilateral.

External Loans receipts shall be disclosed separately under Statement of Cash Receipts and Payment for the year.

K. Other Borrowings / Grants& Aid Received

These shall be categorized 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.

L. Interest Received

Interest actually received during the financial year shall be treated as a receipt under item ‘Other Receipts’.

M. Government Business Activities

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. 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.

N. Payments

These are Recurrent and Capital Cash Outflows made during the financial year and shall be categorized either by Function and/or by Sector in the Statement of Cash Receipts and Payments.

O. Loans Granted:

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.

P. Loan Repayments

Cash receipts 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

Q. Interest on Loans:

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

R. Foreign Currency Transactions:

These are stated at the Naira value as at 31st December, 2020. The Financial Statements of Government entities are measured using the currency of primary economic environment and are presented in Nigeria naira (NGN) rate of exchange at the date of the transaction. Foreign currency balances as at the year ended are valued at the exchange rate prevailing at that date.

S. Prepayments

Prepaid expenses are amounts paid in advance of receipt of goods or services and are charged directly to the respective expenditure item.

T. Investments:

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.

U. Cash Balances

This includes Cash in Hand, at Bank and Cash Equivalents at the end of the financial year.

V. Advances

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 utilized.

3. THE BUDGET

The 2020 Fiscal Year had approved **Revenue Budget** of Two Hundred and Thirteen Billion, Seven Hundred and Eighty-Eight Million, Thirty-Three Thousand, Two Naira and Ninety-Seven Kobo Only (**#213,788,033,002.97**).

However, due to the Economic shock occasioned by the Pandemic, Oyo state Government reviewed downward the Year 2020 budget to ensure a more realistic Fiscal projection to One Hundred and Seventy-Four Billion, Eighty-Seven Million, Four Hundred and Fifty-Three Thousand, Two Hundred and Forty-One Naira, Forty-Six Kobo Only (**174,087,453,241.46**). Detailed analysis can be found in (i) and (ii) below:

(i) BUDGETED RECURRENT RECEIPTS

One Hundred and Eleven Billion, Nine Hundred and Fifty-Seven Million, One Hundred and Forty-Four Thousand, Eight Hundred and Sixty Naira, Forty-Six Kobo Only (**#111,957,144,860.46**) was **Recurrent Receipt**. The components of the amount were as follow:-

(i)	Internally Generated Revenue	#53,662,562,098.00
(ii)	Federal Statutory Allocation	#29,631,071,762.00
(iii)	Value Added Tax	#27,640,511,000.46
(iv)	Others	#1,023,000,000.00
	Sub-Total	<u>#111,957,144,860.46</u>

(ii) BUDGETED CAPITAL RECEIPTS

The total of Sixty-Two Billion, One hundred and Thirty Million, Three Hundred and Eight Thousand, Three Hundred and Eighty-One Naira Only (**#62,130,308,381.00**) was **Capital Receipts** for the Year 2020. The details were as follow:

(i)	Loans	#31,325,306,339.00
(ii)	External Loans	# 27,705,002,042.00
(iii)	Aid & Grants	#3,100,000,000.00
	Sub-Total	<u>#62,130,308,381.00</u>

TOTAL **#174,087,453,241.46**

As expected, on the other Side was the **Reviewed Expenditure Budget** totaling One Hundred and Seventy-Four Billion, Eighty-Seven Million, Four Hundred and Fifty-Three Thousand, Two Hundred and Forty-One Naira, Forty-Six kobo Only (**#174,087,453,241.46**) broken down into (iii) and (iv) below:

(iii) BUDGETED RECURRENT EXPENDITURE

In year 2020, **Reviewed Budgeted Recurrent Expenditure** was One Hundred and Eight Billion, Nine Hundred and Five Million, Ninety-Nine Thousand, Six Hundred and Thirty-One Naira, Forty-Six Kobo Only(**#108,905,099,631.46**), below is the breakdown of this Figure:

(i)	Personnel Costs	#54,678,196,033.00
(ii)	Overhead Costs	#17,968,918,682.00
(iii)	CRFC	<u>#36,257,984,916.46</u> <u>#108,905,099,631.46</u>

(iv) BUDGETED CAPITAL EXPENDITURE

Reviewed Budgeted Capital Expenditure was Sixty-Five Billion, One Hundred and Eighty-Two Million, Three Hundred and Fifty-Three Thousand, Six Hundred and Ten Naira Only (**#65,182,353,610.00**).

BUDGETED CAPITAL EXPENDITURE **#65,182,353,610.00**

TOTAL **#174,087,453,241.46**

4. YEAR 2020 BUDGET PERFORMANCE REVIEW

(i) RECURRENT RECEIPTS

One Hundred and Eleven Billion, Seven Hundred and Forty-Two Million, Nine Hundred and Seventy-Six Thousand, One Hundred and Ten Naira, Forty-Six Kobo Only (**#111,742,976,110.46**) was **budgeted** compared with **Actual Receipt** of One hundred and Ten Billion, Nine Hundred and Twenty Eight Million, One Hundred and Fifty-Eight Thousand, One Hundred and Four Naira, Ninety-Four Kobo Only (**#110,928,158,104.94**), this translated to budget performance of **99.30%**.

(ii) CAPITAL RECEIPTS

The sum **budgeted as Capital Receipts** was Sixty-Two Billion, One Hundred and thirty Million, Three Hundred and Eight Thousand, Three Hundred and Eighty-One Naira Only (**#62,130,308,381.00**) while **Actual Capital Receipt** for Year 2020 was Four Billion, Four Hundred and Three Million, Six Hundred and Ninety-Six Thousand, One Hundred and Forty-Seven Naira, Ninety-Nine Kobo Only (**#4,403,696,147.99**). This represented just **7.09%** Budget Performance for the Year 2020.

(iii) RECURRENT EXPENDITURE

The amount **Budgeted as Recurrent Expenditure** was One Hundred and Eight Billion, Nine Hundred and Five Million, Ninety-Nine Thousand, Six Hundred and Thirty- One Naira, Forty-Six kobo only **#108,905,099,631.46** and when compared with **Actual Expenditure** of One hundred and One Billion, Six Hundred and Thirty-Three Million, Eighty-Eight Thousand, Four Hundred and Ninety-Nine Naira, Seventy-Six Kobo Only (**#101,633,088,499.76**), **this indicates that 93.32%** Budget performance was achieved.

(iv) **CAPITAL EXPENDITURE**

The approved Budgeted **Capital Expenditure** was Sixty-Five Billion, One Hundred and Eighty-two Million, Three Hundred and Fifty-Three Thousand, Six Hundred and Ten Naira Only (**#65,182,353,610.00**). **Actual Capital** expended was Thirty-One Billion, Two Hundred and Seventy-Eight Million, Nine Hundred and Two Thousand, Three Hundred and Fifty-Seven Naira, Ten Kobo Only (**#31,278,902,357.10**), this represented **47.99%** Budget Performance.

5. APPRECIATION

God Almighty had been our sustenance, for this, we are very much thankful and we appreciate Him for His mercies on us.

My deep appreciation goes to His Excellency, Engr. Seyi Makinde, the Executive Governor, Oyo State.

It is my pleasure to appreciate the staff of the Final Accounts Department, Office of the Accountant-General, Oyo State, for their commitment and dedication to duties during the preparation of this Account.

Ministries, Departments and Agencies and other critical stakeholders have supported us immensely, I thank them all, and wish them success in their future endeavors, Amen.

6. CONCLUSION

The financial analysis contained in this report shows clearly Government's efforts at capturing the aspirations of the good people of Oyo State as the Budget "**Is of the People and for the People**". Therefore, this Financial Statements reflects the TRUE Financial Position of Oyo State Government as at 31st December, 2020.



Bello Kolawole Ghaffar (FCA, FCIT),
Accountant-General,
Oyo State, Nigeria.

List of Abbreviations / Acronyms

Abbreviation/Term	Description
CBN	Central Bank of Nigeria
COA	Chart of Account
FAAC	Federation Accounts Allocation Committee
FGN	Federal Government of Nigeria
FRC	Financial Reporting Council
FRA	Fiscal Responsibility Act
GAAP	Generally Accepted Accounting Principles
GPFS	General Purpose Financial Statement
IPSAS	International Public Sector Accounting Standards
LFN	Law of the Federal Republic of Nigeria
MDAs	Ministries, Departments and Agencies
NCOA	National Chart of Account
GBEs	Government Business Enterprises
FRCON	Financial Reporting Council of Nigeria
OAG	Office of the Accountant General
PPE	Properties, Plants and Equipment
SFTAS	State Fiscal Transparency, Accountability and Sustainability Program for Results

RESPONSIBILITY FOR FINANCIAL STATEMENTS

These Financial Statements and the Notes thereon have been prepared by the Accountant-General, Oyo State in accordance with the provisions of the Finance (Control and Management) Act Cap 144 LFN. The Financial Statements comply with the generally accepted accounting practice.

In order to fulfill Accounting and Reporting responsibilities, the Accountant-General is responsible for establishing and maintaining an adequate system of Internal Controls designed to provide reasonable assurance that the transactions recorded were within statutory authority and properly captured the use of all public financial resources of the Oyo State Government. Responsibility for the integrity and objectives of the financial Statement reflect the Financial position of Government as at 31st December, 2020 and its operations for the year ended on that date.

The Financial Statements are prepared in accordance with International Public Sector Accounting Standard (IPSAS) cash basis.

The Accountant-General accepts the responsibility for the Integrity and Objectivity of General Purpose Financial Statements (GPFS) and their compliance with relevant provisions of applicable law.

A handwritten signature in black ink, appearing to read 'Bello Kolawole Ghaffar', enclosed within a large, loopy circular flourish.

Bello Kolawole Ghaffar (FCA, FCIT),
Accountant-General,
Oyo State, Nigeria.

Certificate

On the Accounts of Oyo State Government of Nigeria for
the year ended 31st December, 2020

The Financial Statements of the Government of Oyo State of Nigeria for the year ended 31st December, 2020 have been examined in accordance with the provisions of Section (125) of the Constitution of the Federal Republic of Nigeria 1999 as amended, Chapter (1) of the Audit Act 1956 and other general accepted auditing standards.

The audit includes examination of evidences supporting the accounts and disclosure in the Financial Statements. It also includes assessing the Accounting Policies used and significant estimates made by Government as well as evaluating the overall Financial Statements Presentation.

The Public Administration Law of Oyo State of Nigerian (2000) and Section 125 of the Constitution of the Federal Republic of Nigeria 1999 places a responsibility on the Accountant-General of the State to prepare and ensure that the Financial Statements fairly reflect the Financial Performance and the Position of the State Government.

In my opinion, these Financial Statement prepared which has been prepared using the cash basis under the "International Public Sector Accounting Standard" fairly reflect the Financial Position and State of affairs of the Oyo State Government of Nigeria as at 31st December, 2020.



Adewola Iliasu Aweda

Oyo State Auditor-General