

CHAPTER ONE

1.0 INTRODUCTION

The report being presented here is issued in compliance to the requirements of the provisions of section 125 (1-4) of the constitution of the Federal republic of Nigeria; and the provisions of rule 102 of the established financial regulation of Yobe State as the extent laws mandating the State Auditor-General to perform his duties.

I remain most grateful to Allah the almighty for giving me the opportunity and courage to discharge this great constitutional responsibilities and to present ahead the results of my audit (report) on the accounts/records maintained by the Yobe State Government for the period covering January-December, 2013.

It is very encouraging to note that the financial statements for the 2013 accounts is completed and submitted to my office within a fairly reasonable time as required by the International Public Sector Accounting Standards (IPSAS). This development was made possible as a result of the commendable efforts of the State Accountant-General Alh. Adamu idi Danchuwa FCNA whose responsibility is to maintain accounts/records of all financial transactions of the State culminating into the production of annual

financial statement and submit same to the office of the State Auditor-General for statutory audit. I must confess that since his assumption of office of the State Accountant-General in May, 2012; the treasury has continue to record appreciable and remarkable improvements not only in the timely compilation and submission of the financial statements for audit purposes, but also in the system of operations and the manner in which the accounts were kept and rendered by both the treasury division of the Ministry of Finance and Ministries, Departments and Agencies (MDAs).

Consequently, one can say that the office of the State Accountant-General and by extension, the Ministry of Finance and Economic Development of Yobe State Government is leaving up to expectation as far as record keeping and final accounts are concern.

CHAPTER TWO

2.0 GENERAL OBSERVATIONS

2.1 FINANCIAL STATEMENTS

The financial statements of the Government of Yobe State for the accounting period covering January-December, 2013 prepared by the State Accountant-General Ministry of Finance was received by my office on 30th January, 2014 and subjected for routine audit scrutiny. Some serious observations raised were necessitating the return of the document for necessary corrections. After effecting the necessary corrections, the financial statements was resubmitted to us on 22nd April, 2014; thus the effective date for submission of the authentic financial statements is 22nd April, 2014.

The three components of the Statement with the accompanying notes to the accounts and other relevant accounting information with the treasury/MDAs were adequately received for routine audit purposes and subsequent reporting.

2.2 ACCOUNTS AND RECORDS

The manner in which the accounts and records were maintained and rendered by the treasury and other MDAs appear to be satisfactory and encouraging. I urge the responsible officials of these organizations to maintain the trend and improve further upon the minor issues raised.

2.3 ANNUAL ESTIMATES/BUDGET 2013

The stakeholders in the entire budget processes (right from compilation, scrutiny, passage, approval and subsequent signing into law) deserve a lot of commendation for acting in conformity with budgeting best practices. The reform effort put in budget standardization, timely passage and signing into law is very much encouraging. Making available the important document on timely basis enable all MDAs and Accounting officers to use the approved estimates as a guide for revenue/expenditure planning and control. The introduction of quarterly expenditure plan to match with the state's cash inflow is one of the modern techniques in avoiding so much demand for cash at a time (so many requests for cash backing more than amount available in the treasury).

2.4 PUBLIC ACCOUNTS COMMITTEE SESSION

A very positive step taken towards enhancing financial accountability in Yobe State was the convening of the State Public Accounts Committee Session by the Members of the Public Accounts Committee (PAC) of the House of Assembly under the Chairmanship of Hon. Abdullahi Usman Kukuwa to look into cases raised in the Auditor-General's Annual Reports for the years 2009-2012. This development has awakened all the Accounting officers and officials responsible for financial duties and obligations to conduct themselves in accordance with established rules and regulations governing the conduct of accounting operations. Members of this very important Committee and by extension the Yobe State legislature are hereby appreciated for standing up to their constitutional duties. They have also energised my office to face its responsibilities with confidence and courage. It also made us realised the mission we have set for ourselves on my assumption of duty as State Auditor-General which says "To do everything humanly possible within the ambit of the law to enable the Office of the Auditor-General regain its status as a befitting government department and make it perform its functions effectively as provided in the Constitution of the Federal Republic of Nigeria". This great achievement couple with the series of reform measures introduced by the government in partnership with other National and International Agencies (e.g

Office of the Accountant-General for the Federation, World Bank, European Union/DFID etc) is putting Yobe State among the league of states adopting best practices in the areas of public financial management (PFM).

Equally important, was the production and submission of the Auditor-General's Annual Report for the year ended 31st December, 2012 to the State House of Assembly (within the time stipulated in the constitution) which had cleared all problems associated with producing annual reports in arrears thus given the Public Accounts Committee a clean bill for conducting subsequent public accounts sessions annually.

In view of this positive development, I want to urge the Offices of the State Accountant-General, State Auditor-General, and Public Accounts Committee Members/Secretariat to maintain the progress and never to allow things to relapse to the previous situations.

2.5 AUDIT QUERIES

To some extent, there are some improvements in the manner of MDAs responding to audit queries compared to the previous years. Nevertheless, a lot need to be done. The table below indicates details of the audit queries issued to various MDAs and the level of responses thereof.

S/N	MDAs	No. of Queries	Period	Remarks
1	Min. of Finance	1	2012	Responded
2	Govt. House	1	" " "	Closed
3	Min. of Women Affairs	1	" " "	" " "
4	Min. of Youths & Social Dev.	1	" " "	No response
5	Min. of Integrated & Rural Dev.	1	" " "	" " "
6	Min for Local Govt & C. Aff.	1	" " "	" " "
7	Min. of Water Resources	1	" " "	" " "
8	Min. of Agriculture (Fertilizer Accounts)	1	" " "	Closed
9	Min. of Justice	1	" " "	Responded
10	YOSAMA	2	2009, 2012	No response
11	HPDC	1		Closed
12	LGSC	2	2011-2012	No response
13	Arts & Culture	3	2010-2012	" " "
14	Pilot Livestock	2	2011-2012	Responded
15	Desert Stars FC	2	2011-2012	No response
16	Sports Council	2	2011-2012	" " "
17	Hotels Mgt. B.	2	2010, 2012	" " "
18	SEMA	2	2011-2012	Responded

2.6 UN-VOUCHED EXPENDITURE

All expenditure in respect of public monies were adequately vouched for at the treasury level of the Ministry of Finance and accordingly rendered for audit purposes.

2.7 UN-PRODUCED PAYMENT VOUCHERS

There was no case of unproduced payment vouchers recorded during the year under review.

2.8 INTERNAL CONTROL

I am aware and appreciated the step forward, taken by the State Accountant-General regarding the posting of Internal Auditors to various MDAs. I must emphasize that arrangements should be made to provide effective training to the Internal Auditors (by professional experts) on how to carry out their assignments and operate the new internal audit charter produced for the state by **ADEBOYE OLADEPO & CO. (CHARTERED ACCOUNTANTS)**.

It is also relevant to advice the State Accountant-General to consider the status and calibre of officers posted to the major MDAs with a view to ensuring that they are of senior level commensurate to officials in the top management cadre of the MDAs concerned. This could avoid thwarting of advices/suggestions

offered by the Internal Auditors to top management officials on one hand and the courage/capacity to face their expected roles confidently (by the Internal Auditors).

Having reached that far, what remains now is the inauguration of the Audit Alarm Committee to strengthen the arrangements. The Audit Alarm Committee normally seeks to balance the operations and to serve as an arbiter between the Internal Auditors and the line MDAs.

CHAPTER THREE

3.0 APPROVED REVENUE BUDGET ANALYSIS:

For the services of the year 2013, the Government of Yobe State approved a total budget of N86,658,299,000.00 as against N78,550,000,000.00 budgeted for the previous year (2012). The figures above indicates an increase of N8,108,299,000.00 over that of the year 2012.

The total approved revenue budget for the year 2013 consist of recurrent revenue of N43,510,555,638 and capital receipts of N43,147,743,362.00 as against the recurrent revenue figure of N40,688,494,540.00 and capital receipt of N37,861,505,460.00 proposed over the same period for the year 2012 as indicated in the table below:

Table 1: APPROVED REVENUE BUDGET:

RECURRENT REVENUE				
Description	2013		2012	Variance
Taxes	2,111,805,000.00		3,208,487,000.00	- 1,096,682,000.00
Licenses	38,295,000.00		108,616,000.00	- 70,321,000.00
Fines and fees	141,170,000.00		1,016,000,000.00	- 874,830,000.00
Earning and sales	444,670,000.00		1,226,752,000.00	- 782,082,000.00
Rent on Government	120,000,000.00		11,600,000.00	108,400,000.00
Reimb. By Par, FGN & others	89,060,000.00		25,000,000.00	64,060,000.00
Boards & Parastatals	315,000,000.00		343,545,000.00	- 28,545,000.00
Recovery funds	40,000,000.00		-	40,000,000.00

Statutory allocation	40,210,555,638.00	34,748,494,540.00	5,462,061,098.00
Sub-Total	43,510,555,638.00	40,688,494,540.00	2,822,061,098.00
CAPITAL RECEIPTS			
Description	2013	2012	Variance
Opening balance	5,682,540,123.00	4,312,222,000.00	
Value Added Tax	8,023,778,571.00	7,451,434,540.00	572,344,031.00
Internal loans	11,810,452,737.00	6,335,492,250.00	5,474,960,487.00
External loans	976,000,000.00	1,616,000,000.00	- 640,000,000.00
Grants/Subventions	2,298,000,000.00	3,865,439,000.00	- 1,567,439,000.00
Miscellaneous	14,356,971,931.00	14,280,917,670.00	76,054,261.00
Sub-Total	43,147,743,362.00	37,861,505,460.00	5,286,237,902.00
Grand-Total	86,658,299,000.00	78,550,000,000.00	8,108,299,000.00

3.1 ACTUAL REVENUE BUDGET PERFORMANCE:

While the Government of Yobe State approved a total revenue budget size of N86,658,299,000.00 for the year under review, the actual receipts accruing to the State during the year stood at N68,167,065,324.54. Thus revenue performance for the year 2013 was about 79%. The actual revenue of N68,167,065,324.54 consist of recurrent revenue of N41,630,432,062.00 or 61% and capital receipts of N26,446,067,595.97 or 39% as against the sum of N61,646,544,031.73 consisting of N35,200,476,435.76 or 57% from the recurrent revenue and N25,646,443,832.37 or 43% from the capital receipts realised during the year 2012.

Table 2: COMPARISM OF ACTUAL REVENUE PERFORMANCE:

ACTUAL REVENUE PERFORMANCE					
Description	Year 2013	Perf.	Year 2012	Perf.	Variance
Recurrent Revenue	41,630,432,062.00	61.07	35,200,476,435.76	57.10	6,429,955,626.24
Capital Receipts	26,536,633,262.54	38.93	26,446,067,595.97	42.90	90,565,666.57
Total	68,167,065,324.54	100.00	61,646,544,031.73	100.00	6,520,521,292.81

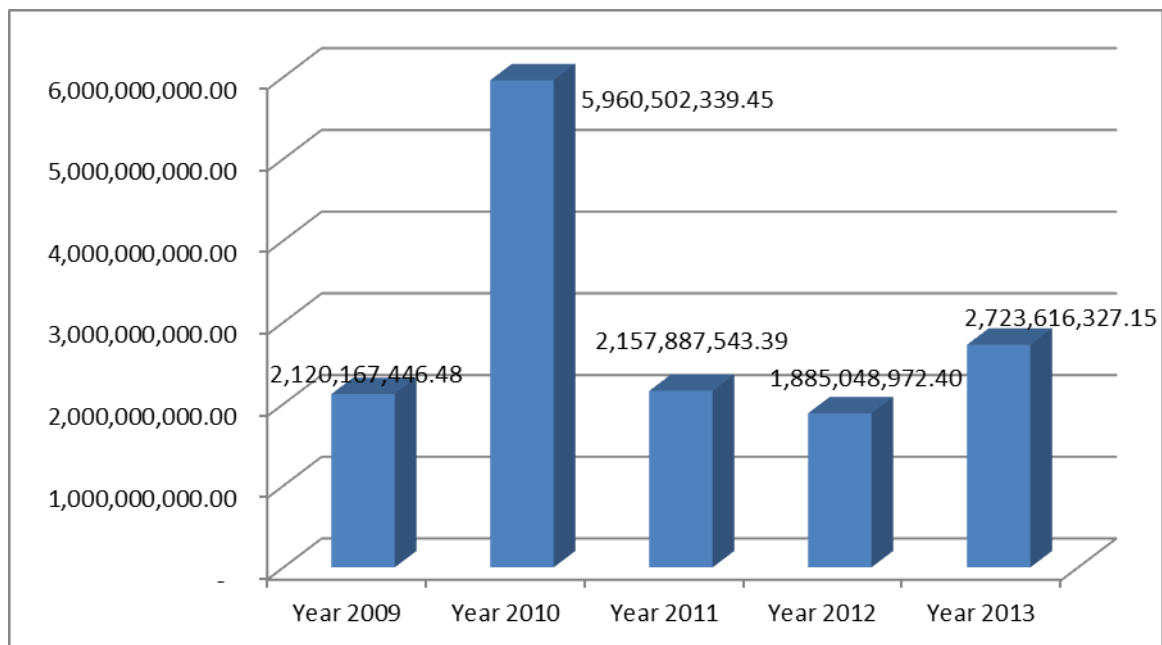
The figures above indicates that the total actual receipts for the year 2013 exceeded that of the year 2012 by a total of N6,520,521,292.81 as indicated in the table above (given rise to increase of 11%):

3.2 ANALYSIS OF REVENUE SOURCES:

Out of the total actual recurrent revenue figure of N41,630,432,062.00 realised, the sum of N37,823,689.049.37 or 91% represent receipts from the statutory revenue allocation from the Federation accounts. Similarly, out of the total actual capital receipts figure of N26,536,633,262.54, the sum of N7,511,367,948.80 or 28% represents receipts from value added tax (also from the federation accounts). The sum of N8,000,000,000.00 represents transfer from the consolidated revenue funds accounts while the sum of N13,225,641,550.14 or 39% represents miscellaneous receipts from other various sources. The point being emphasized here is that, our actual “internally generated revenue (IGR)” figure stood at only N2,723,616,327.15 or 7% of the total recurrent revenue and 4% of our overall total actual revenue realised during the year 2013. In all my previous annual reports from (2009 to date), I laid emphasis on the

need to re-invigorate our internally generating capacity with a view to enhance performance in revenue generation. This call necessitated government to introduce series of reformed measures that will Insha-Allah manifest positively in the near future. You may recall that encouraging performance of the year 2010 where the figure of 2010 jumped from N2,120,167,446.48 in 2009 to N5,960,502,339.45 in 2010. However, the unfortunate occurrence of the general insecurity situation had crippled economic activities as well as frustrated the efforts of our internal revenue generating machineries (which continued up to the year 2013) resulting into this dismal performance. Notwithstanding the above, government is hereby advised to consider the risk of over dependence on oil revenue accruing from the Federation accounts and must look inward for other sources of revenue.

Below is the graphical representation of actual IGR realised in the state from the year 2009-2013.



In view of the above, the following steps must necessarily be taken to boost our internally generated revenue capacity.

- Board of Internal Revenue and MDAs should continue to identify new revenue sources and review the existing ancient rates. The State legislature should provide the enabling law to that effect.
- As major stake holders in the drive for enhancement of internal revenue generation, MDAs potentials must be fully identified and clear targets should be set out for them.

- Effective and efficient monitoring of revenue performance to ensure full accountability and remittance of all proceeds to the treasury.
- MDAs must desist from spending their IGR either in part or full without declaring same to Board of Internal Revenue (recent government circular on this is very relevant).
- The office of the State Accountant-General must act promptly to end the rampant cases of printing of revenue earning receipts by individuals MDAs.
- Government and Public Accounts Committee to consider serious penalties for earning MDAs and their officials.

3.3 BUDGETED EXPENDITURE ANALYSIS:

The total approved expenditure budget for the year 2013 stood at N86,658,299,000.00 consisting of N35,498,137,600.00 or 41% for recurrent expenditure and N51,160,161,400.00 or 59% for capital expenditure as against N78,550,000,000.00 approved for the year 2012. This indicates that the budgeted expenditure for the year under review exceeds that of the year 2012 by N8,108,299,000.00 as contained in the pie chart/table below.

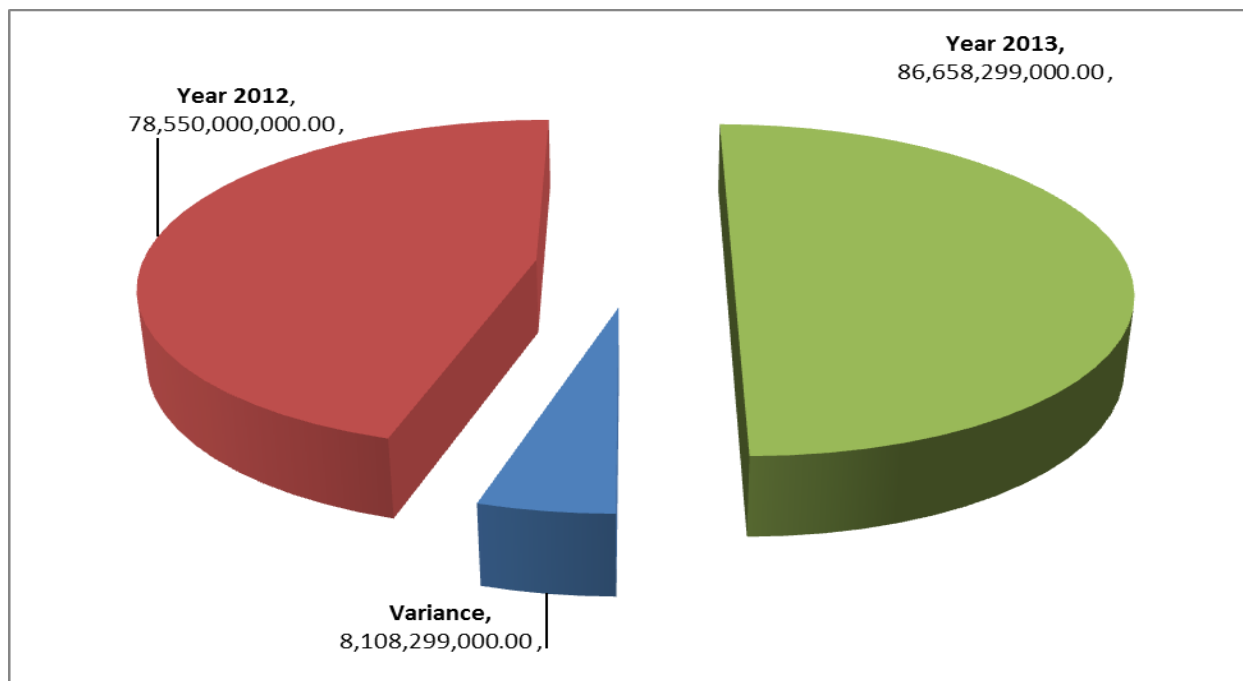


Table 3:COMPARISM OF DETAIL BREAKDOWN OF BUDGETED EXPENDITURE FOR 2012 & 2013

RECURRENT EXPENDITURE				
Description	2013		2012	Variance
Personnel Costs	16,429,810,000.00		16,209,054,000.00	220,756,000.00
Pension and Gratuities	2,055,000,000.00		1,282,887,000.00	772,113,000.00
Overhead Costs	9,041,344,000.00		5,987,722,421.00	3,053,621,579.00
Consolidated Rev. Fund Chrg	1,823,000,000.00		1,855,600,000.00	- 32,600,000.00
Public Debt Charges	150,000,000.00		250,000,000.00	- 100,000,000.00
Advances				-
Rec. Grants & Subv.	2,950,909,600.00		3,058,580,000.00	- 107,670,400.00

Miscellaneous Exp.	3,048,074,000.00	4,128,188,000.00	- 1,080,114,000.00
Sub-Total	35,498,137,600.00	32,772,031,421.00	2,726,106,179.00
CAPITAL EXPENDITURE			
Description	2013	2012	Variance
Economic Sector	23,142,629,000.00	20,471,839,000.00	2,670,790,000.00
Social Sector	15,938,599,400.00	13,698,135,000.00	2,240,464,400.00
Regional Dev. Sector	3,335,929,000.00	5,064,549,000.00	- 1,728,620,000.00
Administration Sector	8,743,004,000.00	6,543,445,579.00	2,199,558,421.00
Sub-Total	51,160,161,400.00	45,777,968,579.00	5,382,192,821.00
Grand-Total	86,658,299,000.00	78,550,000,000.00	8,108,299,000.00

3.4 ACTUAL EXPENDITURE PERFORMANCE:

Even though the government budgeted the sum of N85,397,447,600.00, the total actual expenditure figure recorded was N66,906,810,142.51 consisting N32,689,837,916.50 or 49% for the recurrent expenditure and N34,216,972,226.01 or 51% for capital expenditure as against the sum of N55,405,267,982.81 consisting of N29,758,824,150.44 or 54% for the recurrent and N25,646,443,832.37 or 46% for capital expenditure for the year 2012.

This is to say that the actual total expenditure achieved during the year under review recorded 78% performance. Similarly, the actual recurrent expenditure for 2013 was higher than that of 2012 by the sum

of N2,931,013,766.06 while the actual capital expenditure in 2013 was higher than that of the year 2012 by N8,570,528,393.64.

Table 4: COMPARISM OF EXPENDITURE PERFORMANCE

ACTUAL EXPENDITURE					
Description	2013	Perf.	2012		Variance
Recurrent Exp.	32,689,837,916.50	48.86	29,758,824,150.44	53.71	2,931,013,766.06
Capital Exp	34,216,972,226.01	51.14	25,646,443,832.37	46.29	8,570,528,393.64
Total	66,906,810,142.51	100.00	55,405,267,982.81	100.00	11,501,542,159.70