

REPORT OF THE ACCOUNTANT-GENERAL ON THE GPFS FOR THE YEAR ENDED 31ST, DECEMBER, 2017

A. INTRODUCTION:

I am privileged to present the Report on the Accounts of the Oyo State Government, Nigeria, for the Year ended 31st December, 2017.

The preparation was in accordance with Section 101 of the Financial Regulations, the Provisions of the Finance (Control and Management) Act, 1958 Cap.105, the provisions of the Fiscal Responsibility Act 2007 (Part XI, 49 (1&3)) and the approval of the Federal Executive Council (FEC) for the adoption of the *International Public Sector Accounting Standards (IPSAS)* in Nigeria. Furthermore, in line with the adoption of IPSAS, a standardized National Chart of Accounts (COA) have been adopted and domesticated by the Oyo State Government in the preparation of the General Purpose Financial Statements (GPFS) and the Notes thereon.

STATEMENT OF ACCOUNTING POLICIES

The Summary of the Significant **Accounting Policies** adopted in the Preparation of the Accounts for the Year under review is detailed below:

1. Basis of Preparation and Legal Provisions

The GPFS were prepared under the Historical Cost Convention and in accordance with IPSAS, also, other applicable Standards as mentioned in the **'INTRODUCTION'** and other known legal requirements were relevant.

2. Cash Basis of Accounting

The Cash basis of Accounting recognizes transactions and events only when Cash (including Cash equivalents) is received or paid by the entity. **GPFS** prepared under the Cash basis provide 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** is balances of Cash and changes therein.

3. General Purpose Financial Statements (GPFS)

Generally, 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 the entity and Accounting policies and note. The GPFS presented in this Report are:

- (i) Statement 1- Cash Flow Statement
- (ii) Statement 2- Statement of Assets and Liabilities
- (iii) Statement 3- Statement of Consolidated Revenue Fund
- (iv) Statement 4- Statement of Capital Development Fund
- (v) Notes to the Accounts : Additional disclosures to explain the GPFS
- (vi) Accounting policies and explanatory notes.

4. Accounting Period

The accounting year (fiscal year) is from 1st January-31st December.

5. Reporting Currency

The **GPFS** were prepared in Nigerian Naira.

6. Investments

Cash payments made for Investment purposes such as purchase of Government Stock, Treasury Bills and Certificates of Deposit were Capital Costs and disclosed as purchase of Financial Instruments or may be given an appropriate name as the case may be.

7. Foreign Currency transactions

Throughout the year, Foreign Currency transactions were converted into Nigerian Naira at ruling rate of exchange at the dates of the transactions.

8. Inflation

No adjustment had been made to reflect the impact of changes in the general price level in the **GPFS**.

9. Depreciation

The **GPFS** were prepared on Cash basis and as such no provisions for depreciation of assets was effected. Assets were written off in the year of purchase.

10. Unallocated/Unclassified Credits.

These were Government Revenues, already paid into Government purse by (sometimes) unidentified tax payers but without relevant/adequate descriptions and proper Revenue Codes to enable proper Classification and/or Categorization.

B. THE BUDGET

The general Economic outlook for the Year 2017 was that of **cautious optimism and weak signs of recovery from recession with the National GDP record of just 0.82% growth rate, up from the negative -1.6% of the previous year and since Oyo State Government does not operate in isolation, it took into consideration the above prevailing situation in the budgeting process.**

The 2017 Fiscal Year had approved **Revenue Budget** of Two Hundred and Seven Billion, Nine Hundred and Forty-One Million, Six Hundred and Twenty-Two Thousand, Eight-Hundred and Eighty-Five Naira, Sixty kobo Only (**#207,941,622,885.60**). This Figure was broken into items (i) and (ii) below:

(i) BUDGETED RECURRENT RECEIPTS

One Hundred and Seventy Four Billion, Eight Hundred and Twenty Million, Six Hundred and Sixty Thousand, Three Hundred Naira Only (**#174,820,660,300.00**) was **Recurrent Receipt**. The components of the amount were as follows:-

(i)	Internally Generate Revenue	#105,820,660,300.00
(ii)	Federal Statutory Allocation	#30,000,000,000.00
(iii)	Value Added Tax	#14,000,000,000.00
(iv)	Reimbursement	#10,000,000,000.00
(v)	Others	#15,000,000,000.00
	Sub-Total	<u>#174,820,660,300.00</u>

(ii) BUDGETED CAPITAL RECEIPTS

The total of Thirty-Three Billion, One Hundred and Twenty Million, Nine Hundred and Sixty-Two Thousand, Five Hundred and Eighty-Five Naira, Sixty Kobo Only (**#33,120,962,585.60**) was tagged **Capital Receipts** for the Year 2017. The details were as follow:

(i)	Internal Loans	#15,000,000,000.00
(ii)	External Loans	#5,000,000,000.00
(iii)	Grants	<u>#13,120,962,585.60</u>
	Sub-Total	<u>#33,120,962,585.60</u>

TOTAL	<u>#207,941,622,885.60</u>
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Expectedly, on the Flip Side was the approved **Expenditure Budget** totaling Two Hundred and Seven Billion, Nine Hundred and Forty-One Million, Six Hundred and Twenty-Two Thousand, Eight-Hundred and Eighty-Five Naira, Sixty kobo Only (**#207,941,622,885.60**) which was broken down into (iii) and (iv) below:

(iii) BUDGETED RECURRENT EXPENDITURE

Budgeted Recurrent Expenditure in the year under review was One Hundred and Twenty-Seven Billion, One Hundred and Forty-Two Million, Seven Hundred and Twenty Thousand, Eight Hundred and Sixty-Four Naira, Forty-One Kobo Only (**#127,142,720,864.41**), see relevant information on this Figure below:

(i)	Personnel Costs	#55,849,905,829.81
(ii)	Overhead Costs	#20,505,115,264.60
(iii)	CRFC	#50,787,699,770.00
		<u>#127,142,720,864.41</u>

(iv) BUDGETED CAPITAL EXPENDITURE

Capital Expenditure Budget was Eighty Billion, Seven Hundred and Ninety-Eight Million, Nine Hundred and Two Thousand, Twenty-One Naira and Nineteen Kobo Only (**#80,798,902,021.19**).

BUDGETED CAPITAL EXPENDITURE	<u>#80,798,902,021.19</u>
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TOTAL	<u>#207,941,622,885.60</u>
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C. YEAR 2017 BUDGET PERFORMANCE REVIEW (BUDGET ESTIMATES VERSUS ACTUAL)

(i) RECURRENT RECEIPTS

One Hundred and Seventy Four Billion, Eight Hundred and Twenty Million, Six Hundred and Sixty Thousand, Three Hundred Naira Only (**#174,820,660,300.00**) was **Recurrent Receipt budget** compared with **Actual Receipt** of One Hundred and Thirteen Billion, Six Hundred and Fifty-Two Million, Three Hundred and Ninety Eight Thousand, Four Hundred and Seven Naira, Thirty-Six Kobo Only (**#113,652,398,407.36**), budget performance of **65.01%** was achieved.

(ii) CAPITAL RECEIPTS

Budgeted Capital Receipts was Thirty-Three Billion, One Hundred and Twenty Million, Nine Hundred and Sixty-Two Thousand, Five Hundred and Eighty-Five Naira, Sixty Kobo Only (**#33,120,962,585.60**), while **Actual Capital Receipt** recorded was Ten Billion, Five Hundred and Sixty-Five Million, One Hundred and Seventy-Three Thousand, Eight Hundred and Thirty-Five Naira, Twenty Seven Kobo Only (**#10,565,173,835.27**). This translated to **31.90%** Budget Performance for the Year 2017.

(iii) RECURRENT EXPENDITURE

The amount **budgeted** was One Hundred and Twenty-Seven Billion, One Hundred and Forty-Two Million, Seven Hundred and Twenty Thousand, Eight Hundred and Sixty-Four Naira, Forty-One Kobo Only (**#127,142,720,864.41**), this was compared with **Actual Expenditure** of Ninety One Billion, Three Hundred and Forty One Million, One Hundred and Seventy Four Thousand, Four Hundred and Sixty-Eight Naira, Fifty Kobo Only (**#91,341,174,468.50**) representing **71.84%** budget performance.

(iv) **CAPITAL EXPENDITURE**

The approved **budget** was Eighty Billion, Seven Hundred and Ninety-Eight Million, Nine Hundred and Two Thousand, Twenty-One Naira, Nineteen Kobo Only (**#80,798,902,021.19**) while a sum of Twenty-Eight Billion, Seven Hundred and Seventy-Seven Million, Nine Hundred and Sixty-One Thousand, Three Hundred and Seventy-Two Naira, Fifteen Kobo Only (**#28,777,961,372.15**) was expended, this represented **35.62%** Budget Performance.

D. VOTE OF THANKS

I am greatly thankful to God Almighty for the gift of life and for enabling us to discharge our duties promptly.

My profound gratitude goes to his Excellency, Senator Abiola Ajimobi, the Executive Governor, Oyo State, for his unflinching support for the Office of the Accountant-General, he consistently provided the enabling platform for the Office which made us thrive exceptionally well.

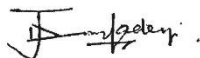
My deep appreciation goes to the Staff of the Final Accounts Department, Office of the Accountant-General, Oyo State, Nigeria for their consistent diligence, they were always pursuing their official duties with a high sense of responsibility and through their dint of hard work, Oyo State Government had produced the ***International Public Sector Accounting Standards (IPSAS) Cash*** compliant Financial reports for the **Fourth consecutive publication**, this great feat, cemented our hold on ***IPSAS*** and signifies their unwavering commitment to achieving set goals and objectives, and in a timely version too.

I cannot but mention the brain behind the Preparation and Publication of the Reports since the adoption of ***IPSAS*** in Oyo State in the last **5 years**, it is none other than the quintessential **Lawal, Abosede Adebola (JP)**-Director Final Accounts Department. I salute your Spirit of Excellence, Commitment, Doggedness, Technical Expertise and above all, your Professionalism.

Worthy of mention is the cooperation we always enjoy from all Ministries, Departments and Agencies and other critical stakeholders, with their support, it was possible to accomplish our duties. Almighty God shall continue to cause us all to excel and prosper exceedingly, Amen.

E. CONCLUSIONS

The above detailed analysis shows the commitment of the Oyo State Government in delivering dividends of democracy to its citizens. Long live Oyo State, long live the Federal republic of Nigeria, amen.



**Oyadeyi Oludele Funmilayo (FCNA, FCTI),
Permanent Secretary/Accountant-General
Oyo State, Nigeria.**