



EDO STATE

Report of the Auditor-General
Edo State of Nigeria
on the Accounts of the
Edo State Government of Nigeria
for the year ended 31st December, 2015.



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CORPORATE INFORMATION ON EDO STATE GOVERNMENT

Edo State which occupies an area of 19,794 square kilometers was created on August 27, 1991 from the defunct Bendel State during the Federal Military Government Administration headed by General Ibrahim Badamosi Babangida. The former Bendel State which now gave birth to Edo and Delta States had itself undergone name changes from Midwest region to Midwest State. Midwest region was created on August 9th 1963 through referendum. The creation of Edo State in 1991 brought to fruition spirited effort for state creation which was spearheaded by a delegation headed by the Oba of Benin, **Omo N’Oba N’Edo Uku Akpolokpolo Erediauwa** when the report of the steering Committee set up to work out proposal for State creation was submitted to National Assembly Lagos on Thursday July 16, 1981.

Edo State lies roughly between longitudes 05° 04’E and 06° 43’E and latitudes 05° 44’N and 07° 34’N of the Equator. It is bounded on the North by Kogi State, on the West by Ondo State, on the South by Delta State and on the East by both Kogi and Anambra State. It is part of the Niger Delta Region and in the South-South Geopolitical zone.

Edo State with an estimated population of 3,218,332 as per 2006 National Population census has 18 Local Government Areas and the State is currently headed by Comrade Adams Aliyu Eric Oshiomhole as Executive Governor with RT Honourable Dr. Pius Odubu as Deputy Governor.

The legislature on the other hand is headed by RT Honourable Uyi Igbe as Speaker while the Judiciary is headed by His Lordship Justice Cromwell Idahosa as Chief Judge.





BANKERS:

The 23 registered banks in Nigeria are the bankers of Edo State Government.

AUDITORS

Auditor-General of Edo, State
Office of Auditor-General,
Ezoti Street,
Benin City.





**REPORT OF THE AUDITOR-GENERAL,
EDO STATE, ON THE ACCOUNTS OF THE GOVERNMENT
OF EDO STATE FOR THE YEAR ENDED 31ST DECEMBER, 2015**

INTRODUCTION:

The Accounts of the Government of Edo State of Nigeria for the year ended 31st December, 2015 have been audited under my direction in accordance with section 125 Sub-Section 2 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) and Section 5 Sub-Section 1 of Audit Law (No.10) of 1982, Laws of Bendel State of Nigeria as applicable to Edo State of Nigeria. I have certified the individual Accounts as correct subject to the observations made in this report.

RESPONSIBILITY OF THE ACCOUNTANT-GENERAL

In accordance with the provision of finance control and management act, 1958 and Section 101 of Financial Instruction, the Accountant-General is responsible for the preparation of Financial Statements. The Accountant-General is the Chief Accounting Officer for the receipts and payment of Government of Edo State. He is responsible for the general supervision of accounting activities in all Ministries and Departments within the State and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law. In doing this, he also has responsibilities for:

- Ensuring that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy the financial position of the State.





- Taking such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- Establishing and maintaining an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Government
- Ensuring that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards and Generally Accepted Accounting Principles (GAAP) have been followed.

RESPONSIBILITY OF THE AUDITOR-GENERAL

The Auditor-General's responsibility is to express an independent opinion on the financial statements of the Accountant-General based on his audit in compliance with Section 125 Sub-Section 2 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and Section 5 Sub-Section 1 of Audit Law (No.10) of 1982, Laws of Bendel State of Nigeria as applicable to Edo State.

Financial Instruction 102 also states that "The Auditor-General is responsible for the audit of accounts of all accounting Officers and all persons entrusted with the collection, receipt, custody and issue or payment of public moneys or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property and for the certification of Accountant-General's Annual Financial Statements and Annual Appropriation Accounts of all Ministries and Departments.

An audit in this context involves the examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements prepared by the Accountant-General. It also includes an assessment of the significant estimates and judgments made in the preparation of the Financial Statements and whether the accounting policies are appropriate to Government circumstances, consistently applied and adequately disclosed.





AUDITOR- GENERAL'S REPORT/AUDIT CERTIFICATE

I have audited the Accounts of the Government of Edo State of Nigeria as at 31st December, 2015 as set out in Annexure (ii) containing Edo State Financial Statements in accordance with Section 125(2) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and Section 5(1) of the Audit Law (No.10) of 1982, Laws of Bendel State of Nigeria as applicable to Edo State.

BASIS OF OPINION:

The Audit was conducted in accordance with International standard 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 assurance 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 General Purpose financial statements(GPFS) which was prepared in accordance with IPSAS(International Public Sector Accounting Standards) .

In the course of the Audit, I have, in accordance with Section 35(i) of Public Administration Law CAP P16 of Edo State Law 2005 obtained all the information and explanation that to the best of my knowledge and belief were necessary for the purpose of the audit and I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my independent opinion.





OPINION:

In my opinion the General Purpose Financial Statements(GPFS) which includes cashflow Statements (Statement of Cash receipts and payments), Statement of Assets and Liabilities, (Statement of Financial Position), Statement of Consolidated Revenue Fund (Statement of Recurrent Financial Performance), Statement of Capital development fund (Statement of Capital Financial Performance, Notes to the accounts (additional disclosures to explain the GPFS) and Accounting Policies/explanatory Notes as at 31st December, 2015 give a true and fair view of the state of affairs and financial position.

**B. E. AIGBE – MBA, FCA, FCTI, FNIM
FRC/2014/ICAN/00000010351
AUDITOR-GENERAL
EDO STATE
.....JULY, 2016**





STATEMENT OF ACCOUNTING POLICIES **(TRANSITING INTO IPSAS CASH**

Introduction

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 for adoption by Edo State Government commencing January 2014. The Standardized COA and the GPFS have become necessary to ensure uniformly in public sector accounting reporting in Nigeria which is a fundamental prerequisite towards adopting IPSAS.

In order to ensure an effective and efficient utilization of the COA and GPFS, Accounting Policies have been developed by the state government as a set of guidelines to direct the Processes and Procedures relating to financial reporting in the state government financial statements.

The General Purpose Financial Statement 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 state government and accounting policies and notes.

i. Statement 1 – Cash flow Statements: Statement of cash receipts and payments which:

- Recognizes all cash receipts cash payments and cash balances controlled by Edo State Government.
- Separately identifies payment made by third parties on behalf of Edo State Government.





- ii statement 2 – Statement of Assets and Liabilities: Statement of Financial Position:
- iii Statement 3 – statement of Consolidated Revenue Fund: Statement of Recurrent Financial Performance:
- iv statement 4 – statement of Capital Development Fund: Statement of Capital Financial performance:
- v Notes to the Accounts: Additional disclosures to explain the GPFS.
- Vi Accounting policies and explanatory notes.

Basis of preparation and legal provisions

The State Government General Purpose Financial Statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting Standards (IPSAS) and other applicable standards as defined by Fiscal Responsibility Commission (FRS) and the Financial Reporting Council of Nigeria. In addition the GPFS are compliant with the provisions of the Finance (control and management) Act 1958 now CAP 144LFN, 1990, the Financial instructions (1978) and other known legal requirements.

1. Accounting Period

The Accounting year of the state Government Financial Statement (fiscal year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months (periods) and are set up as such in the accounting system.

2. Reporting Currency:

The General Purpose GPFS are prepared in Nigerian Naira.





3. Made for Consolidation:

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

4. Comparative Information:

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

5. Budget Figures:

These are figures from the approved annual budget and supplementary budget as approved in accordance with the Appropriation Act of the State Government for the current year.

6. Receipts:

- These are cash inflows within the financial year. They comprise of receipts from statutory Allocation. Internal Revenue, External Assistance (Bilateral and Multilateral Agencies). Other Aid and Grants, other borrowings. Capital receipts (sale of Government Assets etc). Receipt from trading activities and other receipts.
- These items have been disclosed at the face of the Statement of Cash receipts and Payment for the year in accordance with the standardized Notes to GPFS.





7. 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.

8. Other borrowings/Grants & Aid Received:

These are categorized as either short or long term loans. Short-term loans are those repayable with one calendar year, while long-term loans and debts fall due beyond one calendar year. Loans are separately disclosed under statement of Cash receipts and Payment for the year.

9. Interest Receive

Interest actually received during the financial year are treated as a receipt under item “other receipt”

10. Government Business activities:

Cash receipts from trading activities are received net (after deducting direct expenses). The Total receipts from all trading activities are disclosed in the Statement of Cash receipts and payments under the “trading activities”

11. Payments:

These are recurrent and capital cash outflows made during the financial year and are categorized either by function and/or by sector in the statement of cash receipts and payment.

Payments for purchase of items of capital nature (PPE) are expensed in the year. These have been disclosed under capital payment. Investments in PPEs have also been treated in the same way as capital purchases. At





the end of the financial year, a schedule of assets has been provided as part of the Notes to GPFS.

12. Loans Granted:

Payments to other Government and Agencies in form of Loans during the year have been shown separated in the Statement of Receipts and Payments. Amount disclosed are the actual amount paid during the year.

13. Loan payments:

Cash receipts from loans granted to other agencies and government have been classified under loan repayments in the Statement of Receipts and Payments. Amount disclosed are the actual amount received during the year.

14. Interest on loans:

Actual interest on loans are other bank commissions charged on Bank Accounts during the year have been treated as payments and disclosed under interest payment in Statement of Cash Receipts and Payments.

15. Foreign currency transactions:

Foreign currency transaction throughout the year have been converted into Nigeria naira at the ruling (Central Bank of Nigeria – CBN) rate of exchange at the date³s of the transactions. Foreign currency balances, as at the yearend are translated at the exchange rates prevailing on that date.

At the end of the financial year, additional amounts (in cash or at bank) arising out of Foreign Exchange gain/losses were recognized in the statement of cash receipts and payment either as receipts payments respectively.



**16. Prepayments:**

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

17: Investments:

Cash Payments made for investment purpose such as purchase of Government Stock. Treasury Bills and Certificates of Deposit are capital costs and are disclosed as purchase of financial instruments.

They were separately disclosed in the GPFS (Statements of Receipts and Payments) under capital payments.

18: Leases:

Cash payment for finance leases, which effectively transfer to the Government substantially all the risk and benefits incidental to ownership of the leased item, are treated as capital payments which are disclosed in the Statement of Cash Receipts and payment.

19. Cash Balances:

This includes cash at hand, at Bank and cash equivalents at the end of the financial year. These various balances have been disclosed in their respective Bank accounts.

20 Advances:

The State Government policy specifically states that all advances shall be retired before the end of the financial year. However when 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 in the financial statements such an advance (or balance outstanding) is treated in its cash equivalent for the period.





2. FINANCIAL HIGHLIGHT/BUDGETARY PERFORMANCE:

2.1 LEGAL AUTHORITY FOR 2015 BUDGET

In accordance with the provision of Section 121 of 1999 Constitution as amended, the 2015 budget was initially ₦160,061,501,498.00 and was submitted to the Edo State House of Assembly by His Excellency, the Executive Governor of Edo State, Comrade Adams Aliyu Oshiomole on the 23rd September, 2014. The budget consisted of a projected total Revenue of N116,437,690,378.17 and total expenditure of N160,061,501,498.00 (with Recurrent Expenditure of N75,587,374,790.00 and Capital Expenditure of N84,474,126,708.00) and went through parliamentary consideration, passed into Appropriation Act by the House of Assembly and assented to by the Governor on the 30th September, 2014.

However, due to economic recession in the country, the budget was revised downward and represented to the Edo House of Assembly on the 3rd June, 2015. The revised deficit budget which was approved by the House of Assembly consisted of a total Revenue of N95,516,532,336.35 and total Expenditure of N127,016,936,976.00 with Recurrent Expenditure of N62,997,149,796.00 and Capital Expenditure of N64,019,787,180.00. The budget which was christened “BUDGET OF DEVELOPMENTAL CONSOLIDATION ” was aimed at taking the State to the next level. The budget was also designed towards the completion of all ongoing projects, injection of new investments in key priority sectors of the administration which are Road construction and rehabilitation, Education, Health, Water, Rural Electrification and Environmental Protection including drainage towards Erosion Control and Beautification. The Governor said the budget would also address projects for Job creation particularly through economic





empowerment, with emphasis on micro-credit, to small and medium scale enterprises; project for mass housing, expanding the revenue base, creation of enabling environment for domestic and direct foreign investment and deepening of governance reforms.

Below is a summary of the Budget which was a deficit budget.

	Budget Estimate (₦)
Recurrent Revenue	83,909,159,719.83
Capital Revenue	11,607,372,616.52
Total Revenue	<u>₦95,516,532,336.35</u>

₦

Recurrent Expenditure	62,997,149,796.00
Capital Expenditure	<u>64,019,787,180.00</u>
Total Expenditure	<u>127,016,936,976.00</u>

2.2 REVENUE PERFORMANCE IN 2015

The 2015 approved budget was made up of Recurrent Revenue of ₦83,909,159,719.83 and Capital Receipts of ₦11,607,372,616.52 all totaling ₦95,516,532,336.35. The table below depicts the revenue performance for the year ended 31st December, 2015.

	Budget (₦)	Actual (₦)
Opening Balance	2,500,000,000.00	
Internal Revenue	24,000,000,000.17	20,109,329,055.81
Statutory Allocation	48,750,032,711.00	54,566,924,769.31





Value Added Tax (VAT)	8,659,127,008.66	8,231,782,780.60
Aid & grants	8,735,173,816.52	-
Capital Receipts	2,872,198,800.00	-
Total =	₦95,516,532,336.35	₦82,908,036,605.72

This is further broken down into different revenue heads as follows:

S/NO.	REVENUE CODE	REVENUE DESCRIPTION	ACTUAL 2014 ₦	APPROVED ESTIMATE 2015 ₦	ACTUAL 2015 ₦	(%)PERCENTAGE PERFORMANCE
1.	11010101	Statutory Allocation	35,726,196,630.67	31,010,000,000.00	28,046,750,843.54	90%
2.	11010104	13% Mineral Derivation	15,965,781,136.87	9,470,270,445.00	10,424,620,327.29	110%
3.	11010105	Budget Augmentation	-	660,096,558.00	-	-
4.	11010106	Exchange rate gain	-	856,760,042.00	930,979,795.53	109%
5.	11010107	Fund Advanced by FGN to state	-	3,745,826,862.00	-	-
6.	11010108	NNPC Refund	1,193,630,489.92	2,622,078,804.00	49,496,162.25	1.9%
7.	11010109	Subsidy Reinvestment	3,515,835,605.76	385,000,000.00	-	-
8.	11010110	Refund of subsidy on fertilizer	360,683,710.82	-	-	-
		Sub-Total =	56,762,127,574.04	48,750,032,711.00	39,451,847,128.61	81%
9	11010201	V.A.T	8,492,715,312.49	8,659,127,008.66	8,231,782,780.60	95%
10	11010301	Excess crude oil	2,110,861,488.19	-	342,020,907.09	-
		Sub-Total	10,603,576,800.68	8,659,127,008.66	8,573,803,687.69	99%
11.	11010111	Non oil Revenue	468,116,701.84	-	2,273,068,454.35	-
12.	11010112	Refund of Police Contribution	176,716,708.64	-	-	-
13.	11010113	Refund of Judiciary contribution	257,729,179.50	-	-	-
14.	11010601	Capital Refund	-	-	22,800,000.00	-
15.	11010701	Pension Re-imburement	-	-	69,324,334.66	-
16.	11010501	FG Loan(bailout) to pay Salaries	-	-	12,407,863,944.60	-
		Sub-Total =	902,562,589.98		14,773,056,733.61	-
		Share of FAAC	₦68,268,266,964.70	₦57,409,159,719.66	₦62,798,707,549.91	109%
		Independent Revenue				
17.	12010101	Personal Taxes	11,962,718,371.79	15,807,987,296.00	12,792,775,595.61	81%
18	12020100	Licenses	950,055,607.66	403,480,000.00	513,609,988.15	127%





19.	12020400	Fees	5,429,825,655.87	5,077,650,000.00	5,584,832,173.46	110%
20.	12020500	Fines	36,343,571.49	43,186,000.00	3,204,775.92	7%
21.	12020600	Sales	433,245,724.63	558,700,000.00	361,576,063.59	65%
22.	12020700	Earnings	251,257,515.30	1,325,393,000.00	330,811,882.56	25%
23.	12020800	Rent on Govt. Prop.	125,330,107.56	185,266,319.00	148,061,388.90	80%
24.	12020900	Rent on land & others	16,373,718.60	376,970,900.00	83,314,216.88	22%
25.	12021000	Investment income	59,457,429.92	209,216,485.17	4,708,081.71	2%
26.	12021100	Interest	438,015.31	150,000.00	527,695.69	352%
27.	12021200	Re-imburement	685,440.00	12,000,000.00	5,170,043.00	43%
28.	12021300	Miscellaneous	111,944,965.65	-	280,737,150.34	-
		Independent Rev. Total	₦ 19,377,676,123.28	₦ 24,000,000,000.00	₦20,109,329,055.81	84%
		GRAND TOTAL (401-409F)	₦87,645,943,087.98	₦81,409,159,719.83	₦82,908,036,605.72	102%

The above table which indicates the various revenue heads shows that the projected revenue of Edo State Government in the year ended 31st December 2015 stood at ₦81,409,159,719.83 while the total revenue generated was ₦82,908,036,605.72. This represents 102% level of performance, as against 84% recorded in 2014. A breakdown of the total revenue generated in 2015 consisted of Independent Revenue of ₦20,109,329,055.81 as against projection of ₦24,000,000,000.00 representing 84% performance while ₦62,798,707,549.91 was generated from other sources representing 109% as against projection of ₦57,409,159,719.66. Statutory Allocation, 13% Mineral Derivation and VAT are significant among the External Sources. In year 2015, the independent Revenue increased by 4% when compared with 2014 figure. This could be traced to increase in Personal Income taxes, Fees, Earnings, Rent on Government Property, Rent on Lands & others and miscellaneous. Despite this increase, the State Government is still advised to tap other sources of revenue which have not been exploited in the past, in order to further boost Internal Revenue of the State.

Significant shortfalls between approved budget estimates and actual performance are as shown below:



**(a) Independent Revenue Sources (IGR):**

<u>Code</u>	<u>Details</u>	<u>Approved Estimate</u>	<u>Actual</u>	<u>Shortfall</u>
12010101	Personal Taxes	15,807,987,296.00	12,792,775,595.61	3,015,211,700.39
12020700	Sales	558,700,000.00	361,576,063.59	197,123,936.41
12020900	Earnings	1,325,393,000.00	330,811,882.56	994,581,117.44
12021000	Rent on Lands & others	376,970,900.00	83,314,216.88	293,656,683.12
12021000	Investment income	<u>209,216,485.17</u>	<u>4,708,081.71</u>	<u>204,508,403.46</u>
T o t a l		= ₦18,278,267,681.17	₦13,573,185,840.35	₦4,705,081,840.82
		=====	=====	=====

These and the other areas need to be improved upon by sensitization of the citizens and pragmatic approach in bringing the informal sector into the tax bracket.

Dependent Sources (Federal Account Allocation Sources):

Only two areas in the dependent sources recorded significant shortfalls in the period under review. They are the Statutory Allocation sector with a shortfall of ₦2,963,249,156.46 and 90% performance and secondly the NNPC refunds with a big shortfall of ₦2,572,582,641.75 and a low performance of 1.9%. Other areas with budgetary provisions but with no performance at all included Budget Augmentation, Fund advanced by Federal Government to State and subsidy reinvestment.

2.3 FIVE YEAR COMPARATIVE ANALYSIS OF REVENUE

The table below shows Comparative Analysis of Revenue for the past five years.





REVENUE CODE	DESCRIPTION	ACTUAL REVENUE PERFORMANCE IN 2011	ACTUAL REVENUE PERFORMANCE IN 2012	ACTUAL REVENUE PERFORMANCE IN 2013	ACTUAL REVENUE PERFORMANCE IN 2014	ACTUAL REVENUE PERFORMANCE IN 2015
		(N)	(N)	(N)	(N)	(N)
	STATUTORY ALLOCATION					
11010101	Statutory Allocation	52,296,408,442.58	32,190,300,843.54	36,284,416,826.39	35,726,196,630.67	28,046,750,843.54
11010104	13% Mineral Derivation	9,984,008,466.31	10,877,172,192.77	13,972,009,947.19	15,965,781,136.87	10,424,620,327.29
11010105	Budget Augmentation	-	5,904,544,038.58	7,093,227,958.99	-	-
11010106	Exchange rate gain	-	5,767,088,774.40	-	-	930,979,795.53
11010107	Fund Advanced by FGN to state	-	-	-	-	-
11010501	FG Loan (Bailout) to pay Salaries	-	-	-	-	12,407,863,944.60
11010108	NNPC Refund				1,193,630,489.92	49,496,162.25
11010109	Subsidy Re-investment Programme	-	-	1,211,401,934.76	3,515,835,605.76	-
11010110	Refund of subsidy on fertilizer	-	2,448,234,604.92	3,758,758,633.99	360,683,710.82	-
11010111	Non oil Revenue				N468,116,701.84	2,273,068,454.35
11010112	Refund of Police Contribution	-	1,017,682,035.26	-	176,716,708.64	-
11010113	Refund of Judiciary contribution	-	-	-	257,729,179.50	-
11010201	V.A.T	7,188,918,421.29	7,906,878,522.74	8,496,450,239.45	8,492,715,312.49	8,231,782,780.60
11010301	Excess crude oil		2,450,286,626.61	3,932,001,457.35	2,110,861,488.19	342,020,907.09
11010601	Capital Refund					22,800,000.00
11010701	Pension Re-imburement					69,324,334.66
	Sub-Total =	69,469,355,330.18	68,562,181,608.82	74,748,267,018.12	68,268,266,964.70	62,798,707,549.91
	Independent Sources					
12010101	Personal Taxes	12,227,915,655.28	12,448,674,251.77	13,337,381,164.22	11,962,718,371.79	12,792,775,595.61
12020100	Licenses	396,985,902.75	485,249,257.85	738,937,496.89	950,055,607.66	513,609,988.15
12020400	Fees	2,319,874,952.57	2,158,456,548.69	5,289,891,505.17	5,429,825,655.81	5,584,832,173.46
12020500	Fines	-	-	-	36,343,571.49	3,204,775.92





12020600	Sales	332,363,577.36	333,196,373.29	466,041,802.97	433,245,724.63	361,576,063.59
12020700	Earnings	-	-	-	251,257,515.30	330,811,882.56
12020800	Rent on Govt. Prop.	123,422,741.74	118,615,776.43	92,107,196.50	125,330,107.56	148,061,388.90
12020900	Rent on land & others	-	-	-	16,373,718.60	83,314,216.88
12021000	Investment income	-	-	-	59,457,429.42	4,708,081.71
12021100	Interest	101,631,047.70	317,578,484.74	134,447,593.25	438,015.31	527,695.69
12021200	Re-imbusement	-	-	225,000.00	685,440	5,170,043.00
12021300	Miscellaneous	2,582,049,127.81	1,108,236,006.60	1,572,068,118.13	111,944,965.65	280,737,150.34
	Independent Revenue Total. =	₦18,084,242,945.21	₦16,970,006,699.37	₦21,631,099,876.63	19,377,676,123.28	20,109,329,055.81
	Grand Total =	₦ 87,533,578,275.39	₦85,532,194,308.19	₦96,379,366,894.75	87,645,943,087.98	82,908,036,605.72

A comparative analysis of revenue of the state for the past five years shows that statutory allocation decreased by 38% from ₦52,296,408,442.58 in year 2011 to ₦32,190,300,843.54 in year 2012. Thereafter, it increased by 13% from ₦32,190,300,843.54 in year 2012 to ₦36,284,416,826.39 in year 2013. From year 2013, it decreased marginally by 2% from ₦36,284,416,826.39 in year 2013 to ₦35,726,196,630.67 in year 2014 while it decreased drastically by 21% from ₦35,726,196,630.67 in year 2014 to ₦28,046,750,843.54 in year 2015.

With respect to 13% Mineral Derivation, there were continuous increases of 9% in year 2012 from ₦9,984,008,466.31 in year 2011 to ₦10,877,172,192.77 in year 2012; 28% increase from ₦10,877,172,192.77 in year 2012 to ₦13,972,009,947.19 in year 2013 and 14% increase from ₦13,972,009,947.19 in year 2013 to ₦15,965,781,136.87 in year 2014. However, the allocation in this sector decreased by 35% from ₦15,965,781,136.87 in year 2014 to ₦10,424,620,327.2 in year 2015.

In respect of independent Sources, there were marginal increases in Personal income taxes from ₦12,227,915,655.28 in year 2011 to ₦12,448,674,251.77 in year 2012 and from this figure in year 2012 to





N13,334,381,164.22 in year 2013. From year 2013 the figure fell by 10% to N11,962,718,371.79 in year 2014 and thereafter increased by 7% to N12,792,775,595.61 in year 2015.

Licenses increased by 22% from N396,985,902.75 in year 2011 to N485,249,257.85 in year 2012 and to N738,934,496.89 in year 2013 and increased further by 29% to N950,055,607.66 in year 2014. Thereafter it decreased by 46% to N513,609,988.15 in year 2015, probably due to the state policy of making Tax clearance a pre-condition for registering and renewing vehicle licenses/particulars which made most motorists in Edo State to go to neighbouring states to register and renew their vehicle particulars. It is hoped that the recent withdrawal of this policy by the state Government will improve this collection.

Collections from fees decreased by 7% from N2,319,874,952.57 in year 2011 to N2,158,456,548.69 in year 2012. From year 2012 figure there was a significant increase of 145% to N5,289,891,505.17 in year 2013 and still increased marginally to N5,429,825,655.81 in year 2014 and a further increase of 3% to N5,584,832,173.46 in year 2015.

It is hoped that there will be improvement in the areas that are deficient, while areas of continuous increase will be sustained.

2.4 **RECURRENT EXPENDITURE**

The total Recurrent Expenditure for the year ended 31st December, 2015 as obtained in supplementary notes 2, 3 and 4 of the annexed General Purpose Financial Statement from Accountant-General's Statements was put at ~~N~~62,301,287,289.23 which is lower than the projected recurrent expenditure of ~~N~~62,997,149,796.00 by ~~N~~695,862,506.77.





Percentage distribution of the recurrent expenditure component is as follows:

	₦	
Personnel Cost	24,866,085,106.17	40.0%
Overhead Cost	17,726,988,134.93	28.0%
Consolidated Revenue Fund Charges	<u>19,708,214,048.13</u>	<u>32.0%</u>
Total =	<u>₦62,301,287,289.23</u>	100%

The recurrent expenditure for the year 2015 shows overall savings of ₦695,862,506.77, though there was excess expenditure of ₦2,433,052,387.06 under the Overhead Cost and Consolidated Revenue Fund charges.

<u>Description</u>	<u>Budget</u>	<u>Actual Expenditure</u>	<u>Saving (Excess)</u>
	₦	₦	₦
Personnel Cost	27,995,000,000.00	24,866,085,106.17	3,128,914,893.83
Overhead Cost	16,364,971,470.00	17,726,988,734.93	(1,362,016,664.93)
Consolidated Revenue Fund Charges	<u>18,637,178,326.00</u>	<u>19,708,214,048.13</u>	<u>(1,071,035,722.13)</u>
Total =	<u>₦62,997,149,796.00</u>	<u>₦62,301,287,289.23</u>	<u>₦695,862,506.77</u>

Furthermore, the total recurrent expenditure in 2015 fell by ₦1,903,706,228.36 i.e 3% decrease in comparison with year 2014 which had a recurrent expenditure outflow of ₦64,204,993,517.59 as indicated in the table below.

Recurrent Expenditure	2014 Actual Expenditure ₦	2015 Actual Expenditure ₦	Saving (Excess) ₦
Personnel Cost	24,836,996,929.85	24,866,085,106.17	(29,088,176.32)
Overhead Cost	20,741,576,646.53	17,726,988,134.93	3,014,588,511.60
CRF Charges	18,626,419,941.21	19,708,214,048.13	(1,081,794,106.92)
Total =	<u>₦64,204,993,517.59</u>	<u>₦62,301,287,289.23</u>	<u>₦1,903,706,228.36</u>





2.5 EXCESS RECURRENT EXPENDITURE – AUTHORITY FOR EXPENDITURE

The under-listed expenditure votes were overspent by a total of ₦8,653,850,455.20 and for which legislative authority is still required except in the case of Pension where there is a lot of arrears outstanding and servicing of loans which must be fulfilled.

2.51 EXCESS EXPENDITURE – CONSOLIDATED REVENUE FUND CHARGES:

S/N	Code	Ministries/Departments	Approved Estimates ₦	Actual Expenditure ₦	Excess Expenditure ₦
1.	22060102	Servicing of External Loans	200,000,000.00	404,892,582.78	204,892,582.78
2.	22060202	Servicing of Internal Loans	5,000,000,000.00	8,287,214,407.60	3,287,214,407.60
3.	22010102	Pension	3,000,000,000.00	4,266,017,943.12	1,266,017,943.12
		Total =	8,200,000,000.00	12,958,124,933.50	4,758,124,933.50

2.5.2 EXCESS EXPENDITURE (PERSONNEL COST)

S/ N	Code	Min./Department	Approved Estimate (₦)	Actual Expenditure (₦)	Excess Expenditure (₦)
1	0-11100100200	Office of the Deputy Governor	30,000,000.00	31,434,492.05	1,434,492.05
2	0-11103500100	E.S.P.B.	30,000,000.00	40,803,638.89	10,803,638.89
3	0-1470010000	Civil Service Commission	35,000,000.00	35,458,983.16	458,983.16
4	0-51300100100	Min. of Youth and Sports	520,000,000.00	552,025,104.95	32,025,104.95
5	0-22000100100	Min of Finance	165,000,000.00	226,475,885.32	61,475,885.32
6	0-22000800100	Edo Internal Revenue Service	300,000,000.00	313,844,046.55	13,844,046.55
7	0-22800700100	Dir. Of Inf. Comm.& Tech	450,000,000.00	570,061,016.08	120,061,016.08
8	0-32100100100	Min of Energy & Water Resources	382,000,000.00	414,855,457.22	32,855,457.22
9	0-25300100100	Min of Housing & Urban Dev.	87,000,000.00	126,927,030.04	39,927,030.04
10	0-51400100100	Min of Women Affairs & Sol. Dev.	75,000,000.00	82,325,124.62	7,325,124.62
11	0-52100100100	Min of Health	3,680,000,000.00	3,922,665,705.51	242,665,705.51
12	0-32600100100	Min of Justice	200,000,000.00	214,735,343.34	14,735,343.34
		Total	5,919,000,000.00	6,496,152,844.57	577,611,827.73





2.5.3 EXCESS EXPENDITURE (OVERHEAD COST)

S/ N	Code	Min./Department	Approved Estimate (₦)	Actual Expenditure (₦)	Excess Expenditure (₦)
1	0-12300100100	Min. of inf. & Orientation	230,000,000.00	319,208,667.89	89,208,667.89
2.	0-51700100100	Min. of Sec., Tech & Tertiary Edu.	108,500,000.00	2,650,145,273.00	2,541,645,273.00
3	0-22900100100	Min. of Transport	30,000,000.00	695,737,095.00	665,737,095.00
4.	0-52100100100	Min. of Health	215,000,000.00	216,055,929.65	1,055,929.65
5.	0-53500100100	Min. of Env. & Pub. Utilities	149,000,000.00	169,925,711.59	20,925,711.59
		Grand Total	732,500,000.00	4,051,072,677.13	3,318,572,677.13

3.0 CAPITAL RECEIPTS

Out of the total budgeted capital Receipt Estimate of ₦61,107,777,256.00 for the year ended 31st December, 2015, the sum of ₦52,882,599,253.95 which represents 87% of the sum estimated was realized as detailed below:

<u>Head</u>	<u>Details</u>	<u>Estimated Amount</u>	<u>Actual Amount</u>
		₦	₦
-	Opening Balance	-	4,690, 964,492.58
-	Transfer from C.R.F. etc.	18,000,000,000.00	20,000,000,000.00
14030100	Internal Loans	9,432,776,603.00	20,633,502,643.39
14030200	External Loans	22,067,628,037.00	7,558,132,117.98
14030302	Aid and Grants	8,735,173,816.00	-
12020614	Sales of Govt. Buildings	2,872,198,800.00	-
	Total =	₦61,107,777,256.00	₦52,882,599,253.95

In comparison, it can be seen that the 87% performance of year 2015 is higher than the 41% performance of year 2014. Despite this positive improvement government is still further urged to strive harder for greater performance in this





sector as internal loans which are repayable formed a great part of the 2015 Capital receipt. Government should take advantage of foreign Aid and grants by paying counterpart funds to attract such foreign Aid and grants while internally the state Government should liaise with the Federal Government closely with a view to getting more funds from Ecological Funds which could be used to address lots of Ecological problems in the state.

3.1 CAPITAL EXPENDITURE

A total sum of ₦46,915,302,238.38 was shown as Capital Expenditure for the fiscal year ended 31st December, 2015. The Sectoral breakdown of this expenditure outlay is as follows;

	<u>Amount</u>	<u>% of Total Capital Expenditure</u>
Administrative Sector	717,120,763.88	1.53
Economic Sector	18,463,592,860.67	39.36
Law & Justice Sector	46,965,714.55	0.10
Social Sector	<u>27,687,622,899.28</u>	<u>59.01</u>
	<u>46,915,302,238.38</u>	<u>100%</u>

The following Capital expenditure heads which recorded excess expenditure without parliamentary approval during the year under review are as follows:

S/ N	CODE	MIN/DEPT	APPD ESTIMATE N	ACTUAL EXP N	EXCESS EXP N
1.	23800100100	Min. of Budget, Planning & Econ.Dev.	450,000,000.00	1,424,906,246.45	1,019,906,246.45
2.	51400100100	Min. of Women Affairs.& Social .Dev.	<u>127,000,000.00</u>	<u>409,800,000.00</u>	<u>282,800,000.00</u>
			<u>532,000,000.00</u>	<u>1,834,706,246.45</u>	<u>1,302,706,246.45</u>





3.2 PERFORMANCE OF CAPITAL EXPENDITURE FOR YEAR 2015 AGAINST BUDGET

The sum of ₦46,915,302,238.38 Capital Expenditure for the year 2015 represents 73% performance when measured against the budgeted amount of ₦64,019,787,180.00. This shows an increase of 36% over year 2014 performance of 37% in this sector. Despite this improved performance, Government is still urged to diversity the state economy with a view to expanding the revenue base beyond oil revenue, so as to boost the overall infrastructural development of the State with the inherent potentials of job creation and poverty reduction.

3.3 COMPARATIVE ANALYSIS OF CAPITAL EXPENDITURE

In paragraph 3.1 above, major areas of Actual Capital Expenditure were itemized. From this schedule, Administrative Sector accounts for 1.53% of the total expenditure while Economic, Law/Justice; and Social Sectors account of ₦64,019,787,180.00 for approximately 39.36%, 0.1% and 59.01% respectively. Servicing of internal and external loans on the other hand account for 53% of the total Capital Expenditure and this is more than half of the total Capital Expenditure. Investigation and Physical Project inspection exercise show that these loans were taken for infrastructural development of the State which includes Roads, Erosion control, Renovation of Schools, Oil Producing Areas development, Urban and rural renewal programmes as well as Government Counterpart Cash Contribution (GCCC) to various Local and International interventions in State Government programme.





