

August 7, 2020

The State Accountant-General
AND
The State Auditor-General,
Bauchi State

GUIDANCE TO STATES' ACCOUNTANTS-GENERAL AND AUDITORS-GENERAL
REQUEST FOR DETAILED ANALYSIS OF PROGRAM RECURRENT EXPENDITURE IN
STATES' AUDITED FINANCIAL STATEMENTS

As part of the assurance and reporting requirements for the Programme for Results (P for R) component of the SFTAS programme, States are required to explicitly disclose their recurrent expenditure (Personnel, Overheads) in the following four key Ministries and Agencies of State Government which constitutes the Programme Expenditure Framework for the SFTAS Programme:

- (i) Ministry of Finance
- (ii) Ministry of Budget and Economic planning
- (iii) State Board of Internal Revenue
- (iv) Office of the Accountant General

2. The disclosure of expenditures for these MDAs and also any funds received against the P for R should be in a separate note in the state financial statements and the state Auditor General should issue a special opinion on this note.

3. In a bid to standardize the presentation in the Audited Financial Statements of states, SFTAS PCU (in collaboration with the World Bank) has designed a template to be used for this disclosure and the special opinion. An example is provided for the special opinion in Annex 1 and for the disclosure in the financial statements in Annex 2 for FY2019 and FY2020. The FY2019 template is to be used by States that are yet to publish or which will be revising the financial statements to address deficiencies in IPSAS compliance identified by the IVA.

ANNEX 1

SAMPLE AUDIT CERTIFICATE

The Financial Statements and Accounts of the Government of Bauchi State of Nigeria for the year ended December 31, 20.. have been audited in accordance with section 125 subsection 2 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) [and the Bauchi State Audit Law of 20..] where available

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) as described in Note I have obtained information and explanation that to the best of my knowledge was 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 Bauchi State for the year ended December 31, 2019 and the transactions for the fiscal year ended on that date.

Special Opinion:

The State is eligible to receive performance-based 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 PforR). The expenditure framework [and receipts] are detailed in Note in the attached General Purpose Financial Statements of Bauchi State Government.

In my opinion, Note presents fairly, in all material respects, the expenditures incurred [and funds received] against the SFTAS Program by the State for the year ended December 31, 2019[,2020, 2021 and 2022, as required] in accordance with IPSAS as described in Note

ANNEX 2

DISCLOSURE NOTE IN STATE AUDITED FINANCIAL STATEMENTS FOR 2019 *(for States yet to publish)*

.... Bauchi State participated in the World Bank assisted States Fiscal Transparency, Accountability and Sustainability Program for Results (SFTAS PforR) having met the Eligibility Criteria for 20... The amount of Grant earned is determined by Disbursement Linked Results achieved by the State as defined in Subsidiary Grant Agreement dated xx-xx-xxxx. The achievement of performance by the State is verified by an Independent Verification Agent. The Program Expenditure Framework for SFTAS Program comprises expenditures incurred in the following budget lines:

		2019			2018		
		Personnel	Overheads	Total	Personnel	Overheads	Total
- Naira '000 -							
Ministry of Finance		172,565,5 40.88	6,721,394, 367.77	6,893,9 59,908. 65	189,444,69 3.61	5,158,025,5 20.83	5,347,470,214.44
Ministry of Budget and Economic Planning		123,454,5 51.51	71,406,092 .99	194,860 ,644.50	127,090,40 4.05	89,536,954. 53	216,627,358.58
State Board of Internal Revenue		324,392,8 21.02	761,556,54 6.09	1,085,9 49,367. 11	323,148,42 8.62	549,857,747 .95	873,006,176.57
Office of the Accountant General		782,290,0 85.52	515,959,48 8.01	1,298,2 49,573. 53	778,719,70 5.27	752,703,252 .62	1,531,422,957.89
TOTAL		1,402,702, 998.93	8,070,316, 494.86	9,473,0 19,493. 79	1,418,403, 231.55	6,550,123,4 75.93	7,968,526,707.48

During 2018 and 2019, the State was found eligible to participate in the SFTAS Program. With respect to 2018 APA, no disbursement was made in 2019 because the verification was completed in March 2020. 2019 APA exercise is currently underway

DISCLOSURE NOTE IN STATE AUDITED FINANCIAL STATEMENTS FOR 2020

.... XXXX State participated in the World Bank assisted States Fiscal Transparency, Accountability and Sustainability Program for Results (SFTAS PforR) having met the Eligibility Criteria for 20... The amount of Grant earned is determined by Disbursement Linked Results achieved by the State as defined in Subsidiary Grant Agreement dated xx-xx-xxxx. The achievement of performance by the State is verified by an Independent Verification Agent. The Program Expenditure Framework for SFTAS Program comprises expenditures incurred in the following budget lines:

2020			2019			2018		
Personnel	Overheads	Total	Personnel	Overheads	Total	Personnel	Overheads	Total
- Naira '000 -								
Department of Finance			172,565,540.88	6,721,394,367.77	6,893,959,908.65	189,444,693.61	5,158,025,520.83	5,347,470,214.44
Department of Budget and Economic Planning			123,454,551.51	71,406,092.99	194,860,644.50	127,090,404.05	89,536,954.53	216,627,358.58
State Board of Internal Revenue			324,392,821.02	761,556,546.09	1,085,949,367.11	323,148,428.62	549,857,747.95	873,006,176.57
Office of the Accountant General			782,290,085.52	515,959,488.01	1,298,249,573.53	778,719,705.27	752,703,252.62	1,531,422,957.89
TOTAL			1,402,702,998.93	8,070,316,494.86	9,473,019,493.79	1,418,403,231.55	6,550,123,475.93	7,968,526,707.48

The State was found eligible to participate in the Program for 2018 and 2019 for verification and disbursements occurred during the year. Verification and disbursement for 2020 is to occur in 2021. The disbursements below were received as grants from the Federal Government in the State's [Consolidated Revenue Fund] and are reflected in the activity and balances under Note....*(note for cash and bank balances)*.


	2020	2019
Amount earned for 2018 performance	xx	-
Amount earned for 2019 performance	xx	-
TOTAL	xxx	-

I have examined the aforesaid current accounts and in the course of my work. I specifically took interest in the details between the relationships of Personnel and Overhead cost of the said MDA's.

I was initially concerned, on why the overhead cost of Finance and that of the Revenue Board were at the high side. However, after in-depth verification of this lined MDA's, I discovered that the expenditure was fairly made. For the Finance for instance, it was as a result of an effort to service various Loans, which made it looked high. Also for Revenue Board was an effort to engage Consultants to gear more revenue, that seemingly the high cost.

Accordingly, the accounts of this line MDA's as they affect the said items are fairly kept in accordance with the required standard.

Therefore, the financial statement represents the true and fair view of the state of affairs, in the period under review.



Abdu Usman Aliyu
Auditor General, Bauchi State.