

REPORT

OF

THE AUDITOR GENERAL

DELTA STATE

ON

BUDGET EXECUTION REPORT

OF

COVID-19 RESPONSE AND RECOVERY PROGRAM

FOR THE PERIOD ENDED 31st MARCH, 2021.

1.0 INTRODUCTION

Delta State Government at the outbreak of COVID-19 pandemic in the State setup a Central working committee to Co-ordinate COVID-19 Response and Recovery Program. This Committee is chaired by the Secretary to Delta State Government with major agencies of government in Public health and related matters as members. Also, a director in the Office of the Accountant General of the State serves as a member.

The State Government at the inception of the Committee on COVID-19 Response and Recovery Program directed that COVID-19 dedicated bank accounts be opened for all receipts and payments. In compliance with this directive, the Accountant General opened dedicated accounts with the following banks:

Zenith Bank Plc

Fidelity Bank Plc

Sterling Bank Plc and

United Bank for Africa Plc

2.0 ACCOUNTING PURPOSE AND COMPLIANCE WITH ACCOUNTING STANDARDS

The Financial Statements have been prepared to give an overview of the financial position and cash resources of the Government of Delta State during COVID-19 Pandemic. The Financial Statement complies with Generally Accepted Accounting Practice and International Public Sector Accounting Standards (IPSAS).

3.0 AUDIT OBJECTIVES

The main audit objectives are:

- To confirm that amounts and other data relating to recorded transactions on COVID-19 Response and Recovery Program have been recorded appropriately and at the correct values.
- To ensure that COVID-19 budget execution report comply with the framework for financial Statement audit of International Auditing Standards (ISA) and the International Standards for Supreme Audit Institutions (ISSAI).
- Ensure that the financial Statements comply with the State Fiscal Transparency Accountability and Sustainability (SFTAS) response program on COVID-19.
- Proper books of accounts and records have been maintained during the period under review.
- Whether necessary and relevant information and explanation have been obtained.

4.0 SCOPE OF THE AUDIT

The audit review of COVID-19 Budget Execution report for the period of 1st January,2021 to 31st March 2021 covers the following areas:

1. Audit of COVID-19 financial statement to provide reasonable assurance about whether the reports present fairly the financial position in conformity with generally accepted accounting principles and applicable laws and extant regulations.
2. Compliance audit of COVID-19 budget execution report to give assurance that funds have been received and spent in accordance with COVID-19 financial guidelines, relevant laws and regulations.

5.0 RESPONSIBILITIES

In accordance with the provisions of Finance (Control and Management) Act of 1958 and section one part II of the financial Regulations of Delta State, the Accountant General (AG) is responsible for the preparation of financial statements. She is the Chief Accounting Officer for the receipts and payments of the government of the state.

The Accountant General is therefore responsible for the preparation of COVID-19 Budget Execution report.

The Auditor General in accordance with the provisions of section 125 subsection 2 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and Delta State Audit law 2018 is responsible for the audit of all persons entrusted with the collection, receipt, custody and issue or payments of public monies.

The Auditor General is therefore responsible to audit and express independent opinion on COVID-19 financial statements prepared by the Accountant-General.

6.0 STATEMENT OF ACCOUNTING POLICIES

The following are significant accounting policies adopted in the preparation of the COVID-19 Financial Statements.

6.1 BASIS OF ACCOUNTING

The Accounts have been prepared under the Cash Basis of accounting and Donation-In-Kind has been recognised as a disclosure item. This means that transactions are recorded only when monies are received and paid within the given period whether or not the receipts and payments are in respect of goods and services rendered during the period.

6.2 REVENUE

Revenue represents all monies received in cash from donations, grants or borrowed fund for the purpose of COVID-19 Pandemic. It includes also government cash expenditure on equipment, goods and services outside the normal annual budget mainly for COVID-19 pandemic.

6.3 EXPENSES

All expenses are reported on cash basis as it relates solely to COVID-19 Pandemic financial reports.

6.4 PROPERTY, PALNT AND EQUIPMENT

These represents assets acquired, constructed or received as donations or Grant-In-Kind. These assets are deployed to Hospitals, Isolation Centres and testing sites where they are needed.

6.5 GRANTS/DONATIONS-IN-KIND

All grants and donations received other than cash for equipment, good and services mainly as a result of COVID-19 Pandemic are disclosed by way of disclosure since no monetary values were placed on it.

6.6 SALARIES AND WAGES

These are allowances, benefits and stipend paid to COVID-19 frontline workers.

6.7 SOCIAL CONTRIBUTION

This represents Comprehensive Insurance policy for COVID-19 frontline workers in the State.

7.0 OBSERVATIONS

7.1 REVENUE

We observed that no revenue was budgeted for COVID-19 Response and Recovery Program in the approved State Revised budget 2021.

Also, no revenue was transferred directly from State Government revenue accounts (FAAC and IGR) with banks to COVID-19 dedicated bank accounts however COVID-19 related expenditures (recurrent) were paid through State Government expenditure accounts with the banks.

I recommend that the State Government should budget for COVID-19 revenue (fund) in her annual budget and transfer fund directly to COVID-19 dedicated accounts with banks for ease of reporting COVID-19 receipts and payments and in compliance with SFTAS requirement.

7.3 FINANCIAL STATEMENT REVIEW

Delta State Government COVID-19 Budget Execution report for the period ended 31st. March,2021 was prepared in accordance with International Public Sector Accounting Standard (IPSAS) Cash basis.

8.0 COVID-19 BUDGET EXECUTION REPORT

8.1 REVENUE

In the period ended 31st. March, 2021, the sum of N208,980,266.16 (Two hundred and eight million nine hundred and eighty thousand two hundred and sixty-six naira and sixteen kobo) only was realised as total revenue to COVID-19 response account as shown below:

| | |
|--|-----------------------|
| REVENUE DETAILS: | N |
| Federal Government of Nigeria Grant | nil |
| Delta State Government Contribution | 208,980,266.16 |
| Third Parties Cash Donations | nil |
| Nigeria Centre for Disease Control (NCDC) Cash Grant | <u>nil</u> |
| | <u>208,980,266.16</u> |

In the first quarter report which ended on 31st. March, 2021, no revenue was directly received except for Delta State Government contribution to the funding of expenditure on payment of allowances, benefits and stipend of N208,980,266.16 paid to Covid-19 frontline workers which was in arrears.

8.2 EXPENDITURE

The aggregate amount expended on COVID-19 pandemic between 1st. January and 31st March, 2021 stood at N208,980,266.16 against 1st quarter COVID-19 budget of N7,217,250,322.35 (N2,405,750,107.45x3), leaving an unspent 1st quarter budget of N7,008,270,056.19.

| | |
|---|-----------------------|
| The cumulative actual expenditure are as follows: | N |
| Salaries and Wages | 208,980,266.16 |
| Grants and Contribution | nil |
| Overheads | nil |
| Total Recurrent | <u>208,980,266.16</u> |
| Capital | nil |
| Total | <u>208,980,266.16</u> |

9.0 COVID 19 BUDGET EXECUTION BY FUNCTION

ANNEXURE 2 highlights the distribution of resources according to functional classification according to National Chart of Accounts (NCOA) and in compliance with the format from Governor's forum.

The actual amount spent year-to-date on COVID-19 according to functional classification is N208,980,266.16 as shown in the functional areas shown below.

| | |
|------------------------|-----|
| | N |
| General Public Service | nil |
| Public Order | nil |
| Housing and Community | nil |

| | |
|-------------------|-----------------------|
| Health | 208,980,266.16 |
| Social Protection | <u>nil</u> |
| | <u>208,980,266.16</u> |

10.0 COVID 19 BUDGET EXECUTION BY ADMINISTRATION CLASSIFICATION

| CLASSIFICATION | AMOUNT |
|-----------------------|-----------------------|
| ADMINISTRATION | nil |
| ECONOMIC | nil |
| JUDICIARY | nil |
| REGIONAL | nil |
| SOCIAL SECTOR | <u>208,980,266.16</u> |
| | <u>208,980,266.16</u> |

AUDIT CERTIFICATE

The audit of COVID-19 has been conducted in compliance with the framework for financial statement audit of International Auditing Standards (ISA) and the International Standard for Supreme Audit Institutions (ISSAI) and State's Fiscal Transparency Accountability and Sustainability (SFTAS) requirements.

Delta State is eligible to receive performance-based grant financing from the Federal Government subject to performance against pre-defined criteria in the World Bank Assisted States Fiscal Transparency, Accountability and Sustainability Program to provide fiscal relief to States in response to COVID-19.

The Monthly budget execution reports of the Government of Delta State of Nigeria for the first quarter ended 31st. March, 2021 on the COVID-19 related funds had been submitted to me.

The report has been audited by me in accordance with Section 125 subsection 2 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and the Delta State Audit Law 2018.

In the course of the audit, I performed Financial Compliance audit in accordance with International Standards on Auditing (IAS's) and International Standards of Supreme Audit Institutions (ISSAI's)

I have obtained information and explanation that to the best of my knowledge was relevant and necessary for the purpose 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 published monthly/quarterly report on COVID-19 budget implementation by Delta State, presents fairly and completely in all material respects, expenditure incurred and funds received against COVID-19 recovery program by the State for the first quarter ended 31st. March, 2021 in line with International Public Sector Accounting Standards (IPSAS) and the applicable Laws and Regulations.



Office of the Auditor General (State)
P.M.B 1009 .
Asaba.

Aghanenu Paul FCA, FCTI
AUDITOR GENERAL (STATE)
DELTA STATE OF NIGERIA
21st. May, 2021.

