**Bayelsa State Government**

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**2020 Citizens’ Accountability Report On The Implementation Of The 2020 Budget**

**(Budget Of Consolidation for Growth)**

Published: 12th September, 2021

**Table of Contents**

[Executive Summary 3](#_Toc76734996)

[Section 1 Budget Outturn 4](#_Toc76734997)

[Section 2 Revenue Outturn 8](#_Toc76734998)

[Section 3 Expenditure Outturn 12](#_Toc76734999)

[Section 4 Audit Findings 15](#_Toc76735000)

[Section 5 Audited Financial Statements 17](#_Toc76735001)

[Section 6 Top Sectoral Allocation 20](#_Toc76735002)

[Section 7 Top Value Capital Projects 26](#_Toc76735003)

[Section 8 Citizen-Nominated Projects - Implementation Status Report 28](#_Toc76735004)

[Section 9 Public Consultations with Citizens presenting the Annual Financial Statements 31](#_Toc76735005)

**About the Citizens Accountability Report**

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| *A Citizens’ Accountability Report (CAR) is a series of graphic and tabular illustrations of the contents of the Audited Financial Statements prepared by a government agency (State Audit office) on behalf of the government ( of Bayelsa State) to the citizens to ensure accountability of public funds. This report details the government's performance in carrying out the duties assigned to it and the utilization of funds in the coffers of the government. This accountability report is based on the financial statements for the Financial Year (FY) 2020 and reports on State budget revenue and expenditure for 2020.*  ***Explanation of Key Terms used in this Report:***   * *Budget – unless otherwise stated, the budget refers to the Final Budget (i.e. the original budget, plus any adjustments that have been made via a supplementary budget / revised budget).* * *Actual – this is the actual amount of revenue collected or expenditure incurred over the course of the year.* * *Variance – for revenue items, this is calculated as Actual minus budget - a negative variance for revenues and inflows means actuals fell below budget, and vice versa for a positive variance. For expenditure, variance is calculated as budget minus actual - a negative variance for expenditures means actual expenditure was above budget, and vice versa.* * *Performance – this refers to the actual revenue / expenditure as a percentage of the budget. A performance of 100% means the full budgetary allocation was collected (revenue) or spent (expenditure). A performance of less than 100% means the full level of revenue collection or expenditure was not achieved. A performance of more than 100% means more revenue was collected than anticipated, or more money was spent than anticipated in the budget.* |

# Executive Summary

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| *The 2020 Budget of Bayelsa State, the Budget of Consolidation for Growth, was passed on the 29th December 2019 and budget implementation commenced on 1st January 2020. The CVID-19 pandemic and the ensuing global economic downturn, including the reduction in crude oil price and production, was so significant that a revised budget was prepared and passed on the 28th July 2020.*  *The mid-year budget revision tremendously helped budget implementation as revenue performed slightly above expectations. This was necessitated by the use of more realistic assumptions in forecasting the expected revenue.*  *Aggregate revenue performance was 104.1% of the budgeted amount of N183.155 billion in the final budget. Note that this figure includes a total of N13.620b opening balance that came from the 2019 audited financial statement closing balance. This is equivalent to N21.751 billion upsurge. Both Federation Account revenues and internally generated revenue performing in the region of 116%-974%. On the expenditure side, the actual total expenditure is about N183.111 billion (1%) less than the budgeted amount of N183.155 billion.*  *The closing surplus balance of N21.751billion was brought forward to the 2021 fiscal year as an opening balance.*  *Capital Expenditure took the largest of the expenditure, with performance more than 109%. Much of the recurrent expenditure in 2020 was obligatory in nature so, based on the revenue upsurge, it got more than was budgeted. The bulk of the capital expenditure was largely focussed on completing ongoing projects. Very few new projects, with the exception of those that targeted COVID-19 responsive matters, were started.*  *Bayelsa State Pensions Board and Post Primary Schools Board enjoyed the highest proportion of recurrent expenditure, whilst Works and Infrastructure received the highest proportion of capital expenditure.*  *Most larger contracts were started without delays due to availability funds with exception of SFTAS grants that come much later in the year, which necessitated some amendments. About six general interest focused Citizens projects were largely implemented as planned.*  *The most material audit findings related to payment of contract without supporting/ verification document in (three)- one project under Ministry of Education, Ministry of Transport and Ministry of Trades, Industry & Investment respectively. Also, three contracts relating to non-validation before payment come from the Ministry of Works & Infrastructure.*  *It is worthy to note that Bayelsa State has not yet adopted accrual accounting, hence, this report is solely on cash based. Consequently, there was no statement of change in net asset.* |

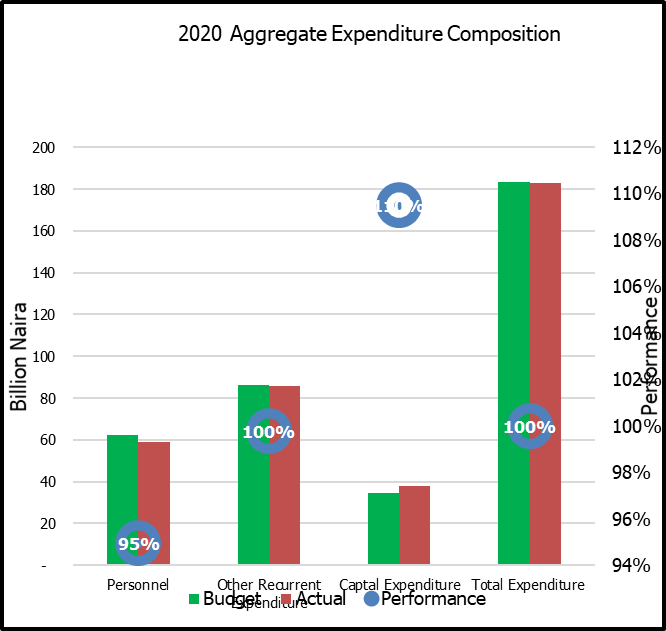
# Budget Outturn

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| *This section outlines the performance of the main classifications of revenue and expenditure for Bayelsa State.*  *The revenue performance (outturn) which shows the aggregate revenue performance is about 104.1%; thus about 4.1% different from the anticipated revenue in the budget. This is equivalent to N21.751 billion naira. The critical causes of this positive deviation in revenue include the realistic revenue forecast made during the revision of the budget to reflect COVID-19 realities. This is seen from the increase in actual receipts in FAAC, IGR and other Revenue/receipts. FAAC receipts were projected at N14 billion, whereas actual receipt stood at N136 billion bringing a variance of N42 billion that represent 44.5% over performance. This scenario is also applicable to IGR and Other Revenue/Receipts. All funds targeted to tackle the COVI-19 Pandemic come in through Other Revenue/Receipts which projection was N36 billion, whereas actual collections at the end of the year stood at N40 billion. This brought a variation of N3 billion and represented about 9% performance above the targeted amount. Note that this figure includes a total of N13.620b opening balance that came from the 2019 audited financial statement closing balance.*  *On the expenditure side, the actual total expenditure is about N183.111 billion, about (100%) of budgeted amount which was N183.155 billion. Out of the total Capital expenditure budget of N34.784 billion, the actual capital expenditure was N38.095 billion which was a little higher than the budgeted amount. This indicated that capital expenditure over performed by 9.5%. The inability of the state to access the desired level of financing (loan from domestic Banks) does not in any-way hampered it’s execution of the Capital budget, hence this level of performance. The upsurge in capital expenditure was necessitated by the need to cover most of the COVID-19 related capital spending.*  *Observe that personnel expenditure (employees’ salaries and wages) has a positive variation of N3.154 billion which represents an insignificant 5.1% under performance. This is due to a more realistic projection as well as the state government policy on reduction of payroll fraud and the introduction of other cost- effective measures in public financial management. Conversely, the performance of other recurrent expenditure which include overhead cost, grants, subsidies & subvention to parastatals was about 0.2% lower than the budget target due to the desire of state government to down size it’s recurrent expenditure for more aggressive capita development.* |

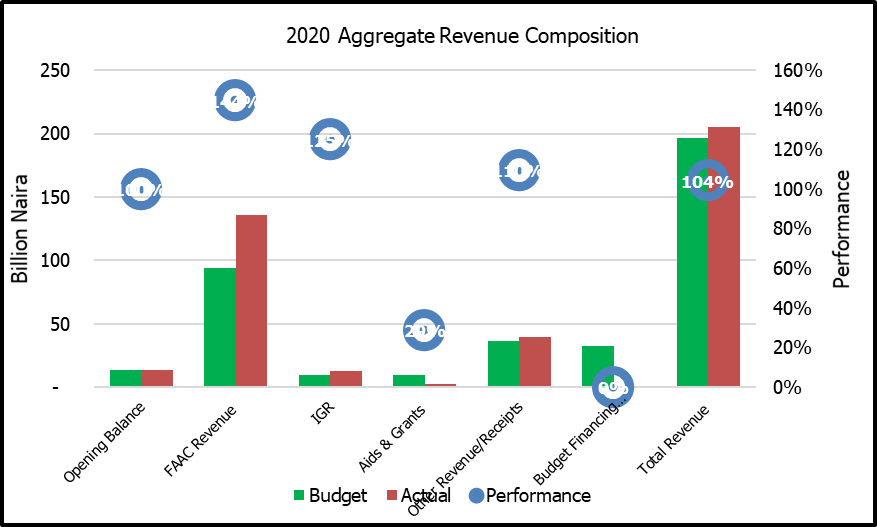
Table Budget Outturn



Figure Budget Outturn Graphs



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# Revenue Outturn

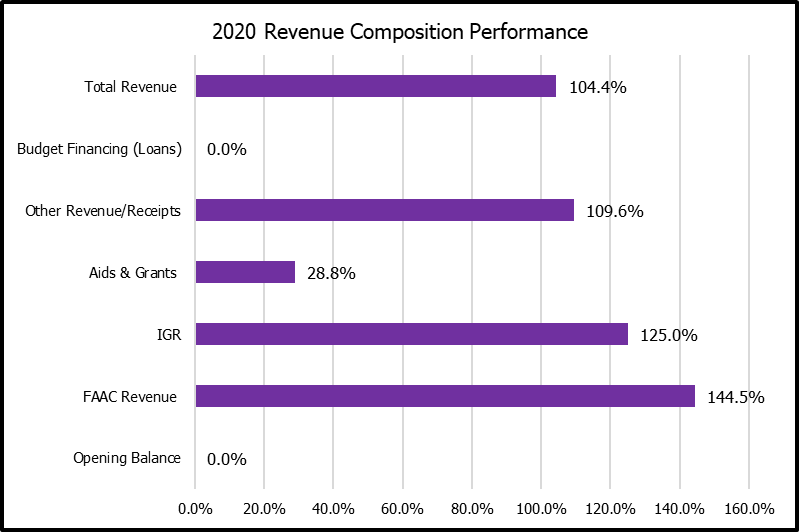
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| *This section outlines the approved and actual revenue generated internally by the State and disaggregated by sources. The section also outlines the revenue information from 10 performing revenue agencies in the State.*  *Table 2 below shows the approved and actual revenue generated internally by the State and disaggregated by sources while Table 3 outlines the revenue information from 10 performing revenue agencies in the State.*  *The Bayelsa state government has continued to spur the fiscal space in a manner that would enhance IGR growth. Consequently, various IGR drive initiatives have been implemented by the State. These efforts are expected to buffer revenue available for the execution of the annual Budget and effective delivery of services to the citizens of the state.*  *The total IGR performance in the last completed fiscal year 2020 was 125%. This high performance has been attributed to the present administration desire to redefine various existing tax policies and the introduction of new ones in order to enlarge the tax dragnet. Some of these policies actually were able to block most revenue linkages. The State Board of Internal Revenue (BIR) in this Administration had been able to enlist and collect tax from most business operators who were before then had evaded tax payment. The IGR has two broad categories, namely the Tax Revenue and Non-tax Revenue. The outturn for the tax and non-tax revenue was 106% and 974.7% respectively.*  *The critical source of Tax Revenue for Bayelsa State include personal taxes which recorded 106%% performance during the period under review. The only key component of the personal taxes in Bayelsa State is the PAYE (mostly from civil servants) which gives the above recorded high performance because it is generally deducted at source. This also buttress the fact that Bayelsa State is a civil servants employee state. As indicated in the Table 2 below, except PAYE, there was no collection for property tax, Withholding Tax, fines general, fess general and earnings.*  *A total of 974.7% performance was recorded on the side of Non-Tax Revenue. A critical review shows that Fees performed higher than Licences and Fines put together with a recorded performance of 1854.8%. It’s projected amount was N75.041 million, whereas actual figures stood at N1.316 billion to represent an over performance of 1754.8%. This also shows an unrealistic forecasting in this revenue item.*  *The State Board of Internal Revenue which is the highest revenue generating institution of the state had a budget of N9.970 billion but N10.338 billion, equivalent to 104.2% was actually realized. From the above analysis, strengthening the BIR remains pivotal to the needed upscale in the revenue generation agenda of the state, because it is the only hope of the Sate. Following the BIR are the Ministry of Finance Incorporated (MOFI) which had a final budget in the tune of N141.520 million while the actual realized was N58.479 million, representing 71% outturn; and the Bayelsa State Judiciary with a budget of N25.497 million and N29.577 million as actual; implying 116% performance.*  *Apart from the above MDAs, other MDAs with the highest level of outturn include the University of Africa; 2269.8%, Bayelsa State Geographical Information System (BGIS) 48.3%; and Ministry of Trades, Industry & Investment 90%.*  *This information is presented in Table 3 below.* |

**Table 2 Revenue Outturn by Item**



Table 3 Revenue Outturn by MDA





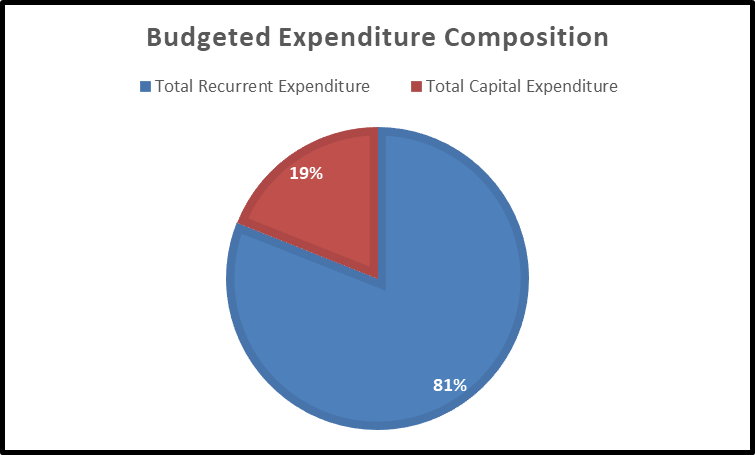
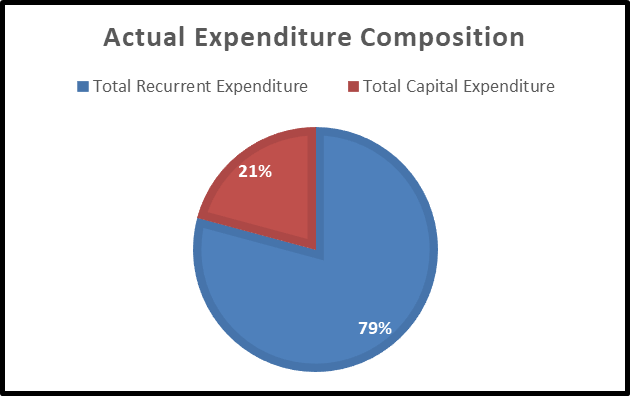
# Expenditure Outturn

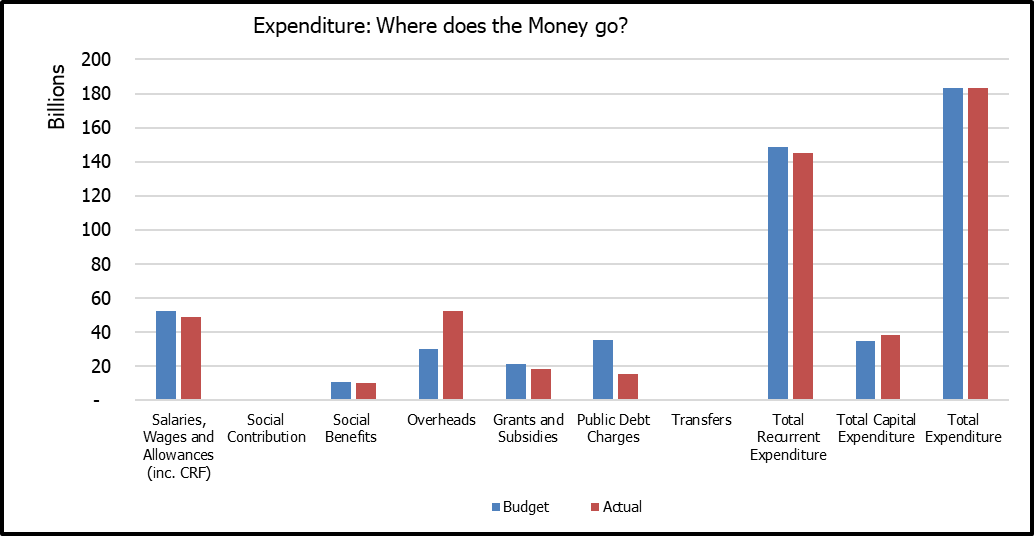
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| *This section looks at the expenditure outturn and how much expenditure was allocated to each main classification, and how much was actually spent.*  *Table 3 below looks at the expenditure outturn, how much expenditure was allocated to each main classification, and how much was actually spent. Broadly, capital expenditure got N34.784 billion which is 19% of the total budget size of N183.155 billion while recurrent expenditure was allocated N148.371 billion, equivalent to 81% of the total budget size. It should be observed that the state retained its prioritization of capital expenditure, consequently, the share of actual capital expenditure in the total expenditure of N183.111 billion was N38.095 billion representing 20.8% while actual recurrent spending was allotted the remaining N145.015 billion which is (79.2%) approximately. However, in terms of aggregate expenditure outturn, recurrent expenditure received about 23% lower than its final budget size while the capital expenditure outturn was 109.5%, implying about 9.5% negative deviation or N3.311 billion higher than the final capital budget size.*  *The breakdown of recurrent expenditure shows that when compared with other recurrent items, salaries & wages received the highest share of N52.033 billion (28%); followed by overheads which got N30.071 billion (16.4%), Public Debt Charges N35.000 billion (19.1%) , Grants and Subsidies N20.966 billion (11.4%) and social Benefits which received N10.300 billion (5.6%).*  *Clearly, with the exception of Public Debt Charges which recorded 43.8% performance, all components of recurrent expenditure performed significantly well. Notwithstanding, Overheads even performed more than the final budget size or had a 173% release. (see Transfers in the table below). This overperformance was due to the inclusion of COVID-19 responsive activities in the revised Budget that brought an unprecedented rise in most recurrent costs which was not envisaged during revised budget preparation.*  *Note also that the overhead figure of N52,004,470,721.00 comprises both main overhead cost of N28.609,400,933.00 and other operating activities of N23,435,069,788.00.* |

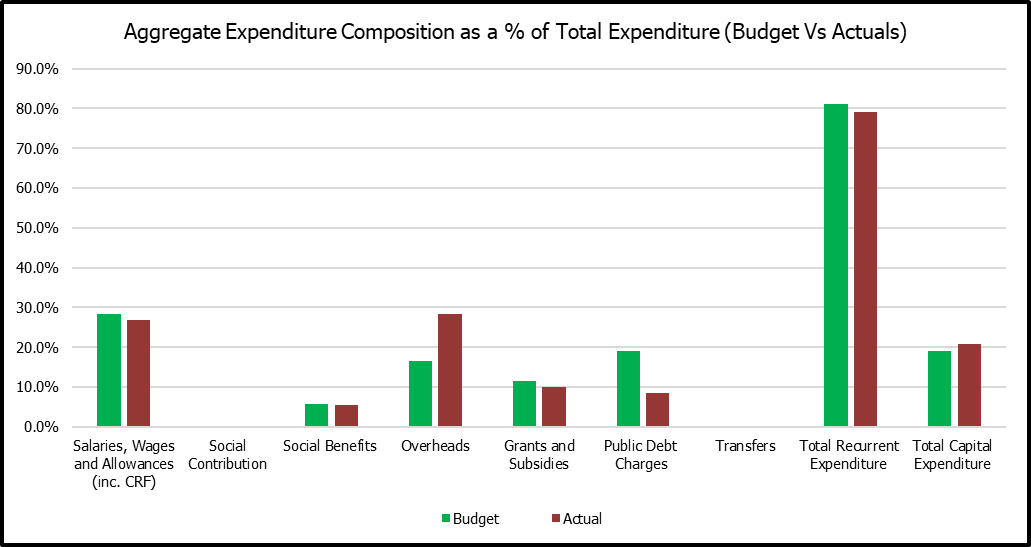
Table 4 Expenditure Outturn



Figure 2 Expenditure Composition





# Audit Findings

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| *This section outlines the findings from the Audit process on the fiscal year budget implementation, including queries, unremitted funds, government property sales, etc. The Auditor General’s Statement should include revenue and expenditure, audited financial statement, finding from the audit as contained in the audited financial statement.* |

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| **A: RECURRENT EXPENDITURE PAYMENT VOUCHERS**  **No findings** |
| **B: CAPITAL EXPENDITURE PAYMENT VOUCHERS**  **Three payment vouchers presented by Ministry of Works & Infrastructure were approved and executed without re-validation of contract before payment. One contract in Ministry of Education was subject to payments without supporting documents. Ministry of Transport had a contract executed and fully paid with the sum of N30,000,000.00 without proper & supporting document. Ministry of Trades, Industry & Investment also had a contract worth N20,000,000.00 fully executed and paid without proper supporting documents.** |
| **C: SUMMARY OF QUERIED PAYMENT VOUCHERS**  **Six vouchers totalling N1.449 billion as presented in**  **Table 5 below.** |
| **D: ASSETS (PROPERTY, PLANT AND EQUIPMENT) REGISTER**  **No findings** |
| **E: BILLS PAYABLE**  **No finding** |
| **F: INVESTMENTS**  **No finding** |
| **G: AIDS AND GRANTS**  **No findings** |
| **H: CONTINGENT LIABILITIES ON BANK GUARANTEES AND**  **No bank guarantees were issued or outstanding during the FY 2020.** |
| **I: PERFORMANCE GUARANTEES**  **No performance guarantees were issued or outstanding during the FY 2020** |
| **I: ADHERENCE TO PROCUREMENT PROCEDURES**  **All procurement procedures were duly observed during the FY 2020.** |

**Table 5 Top Ten Audit Queries**



# Audited Financial Statements

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| *This section outlines a breakdown on the state's audited public expenditure and revenue for the fiscal year in review. The expenditure budget figures, consolidated revenue fund and audited cash flow statement based on the audited financial statement are represented here for citizens' understanding.*  *The tables provide a more detailed breakdown of revenues and expenditures in 2020. Some of the highlights (major variances) are as follows:*   * *Statutory Allocation performed above the budgeted amount by 16.1% despite the fall in crude oil price and production in 2020 (as a result of COVID-19 and its wider global impacts). This is due to the more conservative approach used for the forecasting of this item during the revision process of the budget.* * *13% Derivation also over performed by 37.5% bringing a positive variation of N21.317 billion.* * *The draw down of Foreign Grants was also significantly lower than budget, due to over ambitious provision in the budget and the inability to receive most of the anticipated grants at the end of the year.* * *Internally Generated Revenue also fared slightly above projections about 6%. This was due to the new aggressive tax drive policies introduced by the present administration.* * *Other Federation Account Distributions performed tremendously with 786.9% higher than it’s budgeted figure of N1.744 billion, bringing a total deviation of about N13.726 billion. This was due the unprecedented inflow COVID-19 donations and other refunds that were not envisage during the revision process of the budget.* * *As stated earlier, apart from Foreign Grants, all other revenue item such as VAT, and Other Revenue also fared higher than their targets. This was due to the more realistic approach used in their projections.* * *Capital Expenditure performed higher than budget by 9.5%. This was due the State Government desire to execute all prioritized COVID-19 responsive capital activities.* * *A negative variation of N21.973 billion recorded for Overhead Expenditure also attest to the fact that it over performed by 73.1%. Just like the capital expenditure, the same reason alludes to it.* * *Generally expenditure was high due to high revenue performance – with more funding on areas of higher priority.* * *Despite this higher performance, the State still recorded a surplus on operating activities at the end of 2020.* * *Total cash reserves as at the end of 2020 stood at N8.043 billion.* |

Table 6 Statement of Income and Expenditure



Table 7 Statement of Changes in Net Assets



# Top Sectoral Allocation

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| *This section outlines the financial information on top Ministries, Department Agencies/Sector allocation and the actual expenditure from the implementation of the fiscal year budget.*  *Tables 8, 9 and 10 outline the financial information on top Ministries, Department Agencies/Sector allocation and the actual expenditure from the implementation of the fiscal year budget.*  ***Recurrent Expenditure -*** *Presented in Table 8 is data on recurrent expenditure of top MDAs. It was observed that for all the sectors listed, except Bayelsa State Pension Board, Government House and Ministry of Works and Infrastructure whose actual expenditure was far above budget, actual expenditures for Post Primary Schools Board, Bayelsa State Environmental Sanitation Authority and Isaac Jaspa Boro College of Education were just slightly above. On the other hand, actual expenditure was slightly lesser than budget for the other four MDAs under consideration. Aggregate performance for these ten sectors excluding other MDAs expenditure is 122.3%, and except Bayelsa State Pension Board, Government House, the share for each sector is somehow similar both as a percentage of budget and actual expenditure. Bayelsa State Pension Board got the highest share of 13.8% total actual expenditure, followed by Post Primary Schools Board and Government House that had a sector share in total actual expenditure of 11.8% and 10.9% respectively. Bayelsa State Health Management Board, S.A Security and General Services (SSG’s Office) had approximately 5%, 4% & 4% respectively. While, Ministry of Health, Ministry of Works & Infrastructure, Bayelsa State Sanitation Authority had approximately 3% each. Isaac Jaspa Boro College of Education, the last of the ten-top received 2.4% share in total actual expenditure. The huge sector share in total actual expenditure for Bayelsa State Pension and Board Post Primary Schools Board reflected the desire of the present administration to clear the backlog of gratuities owed pensioners and the payment of salaries owed teachers.*  ***Capital Expenditure*** *– Table 9 presents capital expenditure of top MDAs/sectors. The sectoral capital expenditure performance shows that only the Ministry of Agriculture, Ministry of Health & Ministry of Finance received actual capital expenditure lesser than the amount budgeted. All the other MDAs listed had actual capital expenditure more than their respective budget size. As indicated in table 9, Ministry of Works & Infrastructure got the highest actual expenditure which is about N32.117 billion or 59.5% of the total capital budget and 84.3% of sector share in total actual expenditure with a negative variation of about N11.424 billion. Which means it over performed by 155.2%. Ministry of Agriculture received N1.090 billion, equivalent to 8.6% of sector share in total budget with approximately 3% of sector share in total actual expenditure with a performance of 36.4%. Ministry of Youths and Sports Development had the highest over performance of 4918.3%, yet, with only an insignificant sector share in total budget and total actual expenditures of 0.1% and 4.4% respectively. Ministry of Education also over performed by 663.2% representing a negative variation of about N1.244 billion with 3.8% sector share in total actual expenditure of the total fiscal year actual capital expenditure. Due to the pressure exerted by COVID -19 on the health sector recurrent spending needs, the sector received a moderately low actual capital expenditure of about N311.000 million and as low as 12.6% performance. The astronomical high sector share in total budget and total actual expenditure of Ministry of Works & Infrastructure was due to the fact that most of the COVID-19 responsive capital-intensive projects such as construction were channel through this ministry.*  ***Total Expenditure*** *– As indicated in Table 10 for the top highest spending MDAs/sectors, Ministry of Works and Infrastructure received the highest total actual expenditure which is about N34.307 billion (161.7% performance) with a sector share in total budget and actual of 11.6% and 18.7% respectively. It was followed by Bayelsa State Pension Board which got N10.692 billion (23779% performance), Post Primary Schools Board had N9.126b, while Government House got N8.606 billion. The performance also shows that Ministry of Health, General Services (SSG’s) Office, Bayelsa State Health Management Board, SA State Security ad Post Primary Schools Board had lesser actual expenditure than budget, while Environmental Sanitation Authority, Government House, Pensions Board, Ministry of Works and Infrastructure, High Court and Environmental Sanitation Authority had actual total expenditure more than their budgeted figures.*  *The high performance of State Pensions Board clearly indicated the present administration’s desire to offset the huge backlog of pensions and gratuities to retired civil servant and public officers in the state. While that of Ministry of Works and Infrastructure tells volumes of Government’s drastic intervention on critical infrastructure to gap the developmental yearnings of the State, as well as executing most of the specific COVID-19 responsive capital expenditures for the 2020 fiscal year* |

Table 8 Top Ten Recurrent Expenditure Sectors / MDAs



Table 9 Top Ten Capital Expenditure Sectors / MDAs



**Table 10 Top Ten Total Expenditure Sectors / MDAs**



Figure . Top Ten Recurrent Expenditure Sectors / MDAs Graph

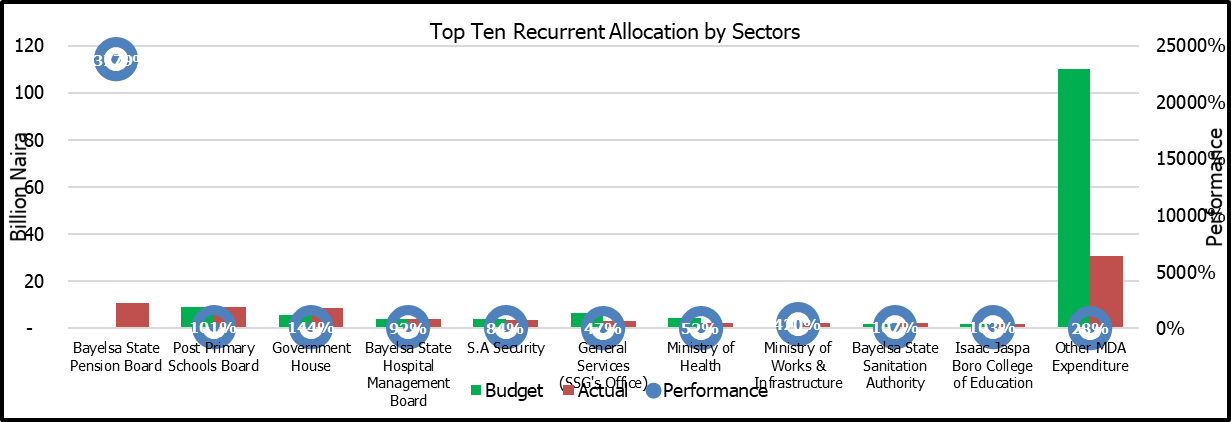
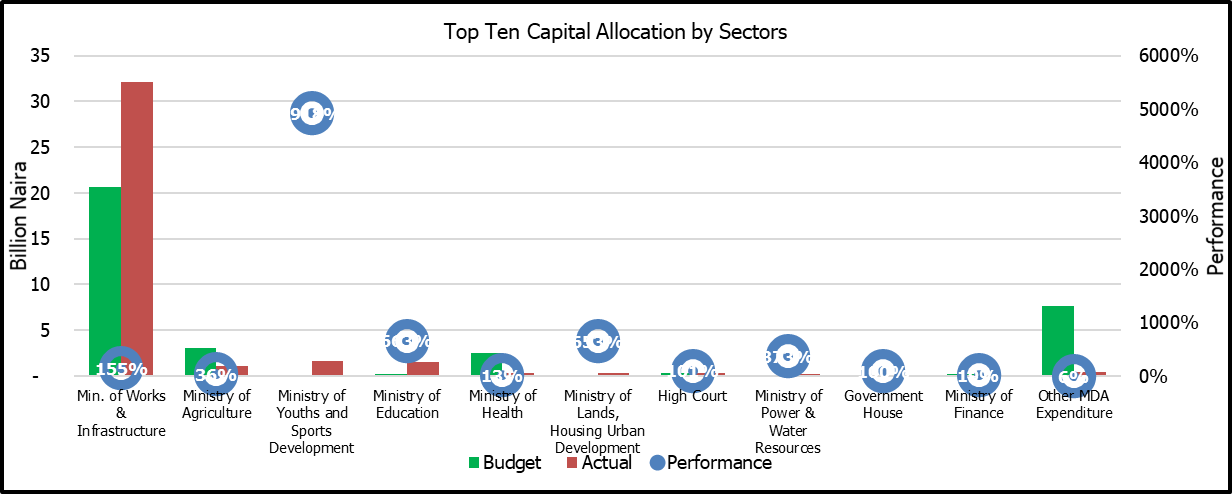
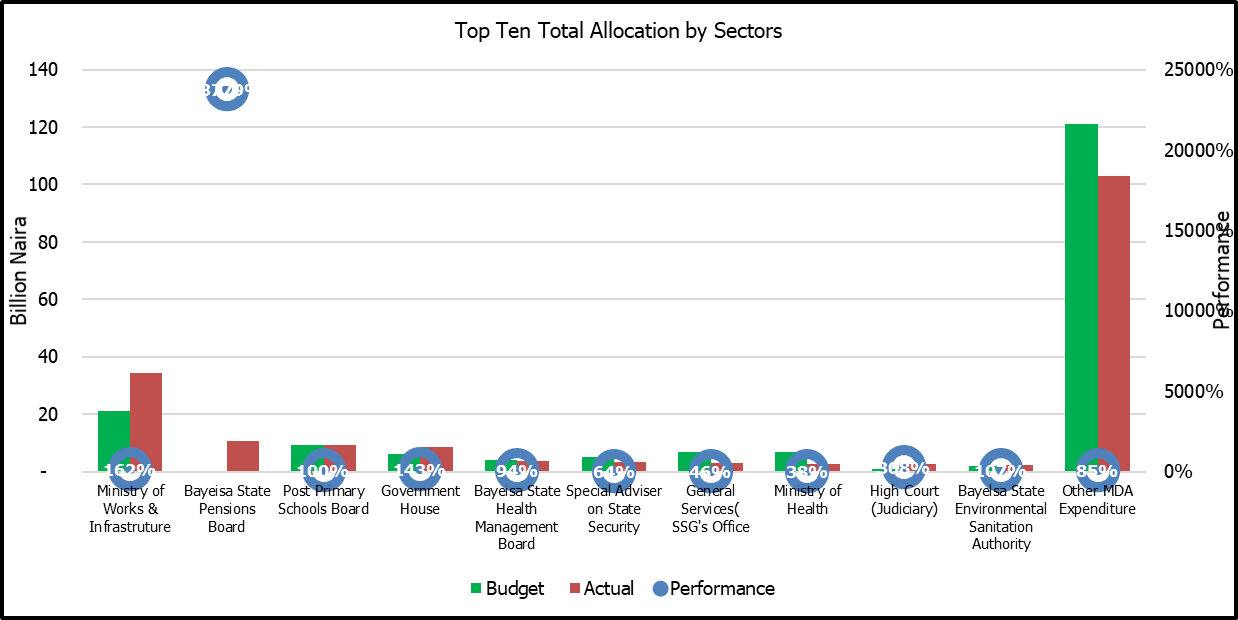


Figure 3. Top Ten Capital Expenditure Sectors / MDAs Graph



**Total Expenditure Performance- Top 10 Sectors / MDAs by Total Expenditure**

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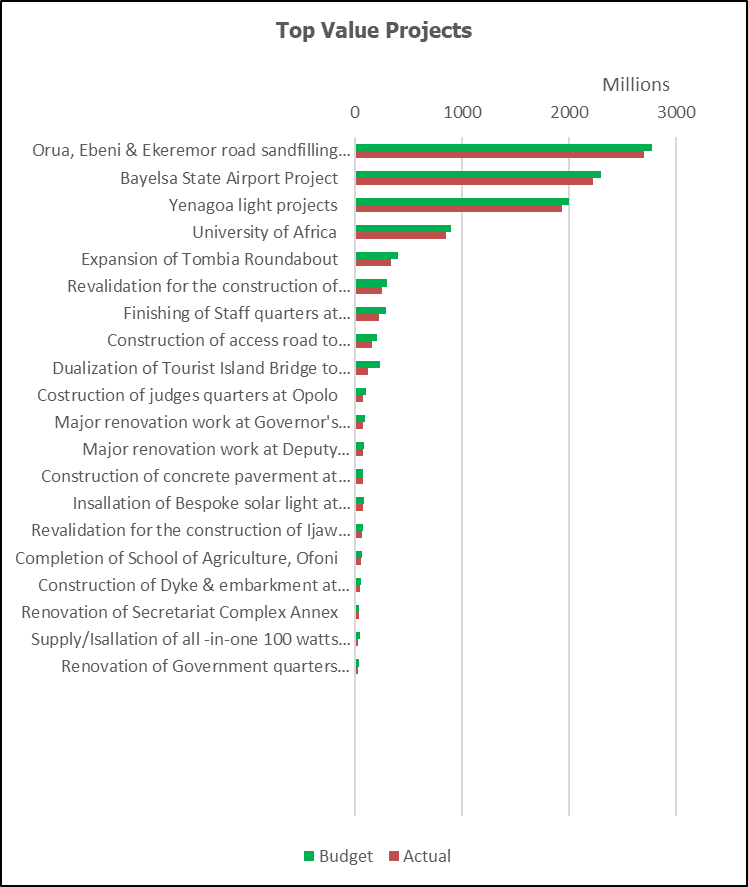
# Top Value Capital Projects

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| *This section outlines information on the largest 15-20 capital projects included within the budget and the actual expenditure from the implementation of the fiscal year budget.*  *The construction Orua/Ebeni and Ekeremor road sand filling, The Bayelsa Airport Project, the Yenagoa City street light project, University of Africa and the Expansion of the Tombia/Etegwe/Amassoma round- about were some of the top valued projects of Government, budgeted and implemented in the 2020 fiscal year budget. There performances stood at 97.1%, 96.6%, 94.4% and 83.5% respectively. Although some of these projects had been completed, most of them have reached an advance stage and were also capture in the 2021 budget to ensure their completion.* |

Table 11 Largest Projects



Figure Largest Projects Graph



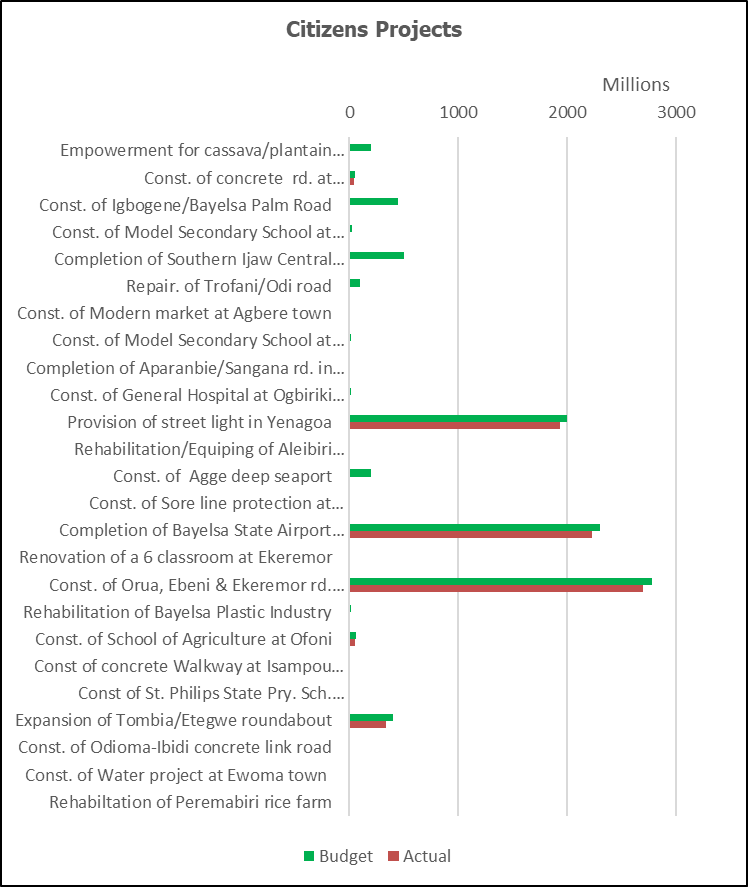
# Citizen-Nominated Projects - Implementation Status Report

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| *This section outlines the financial information on top Ministries, Department and Agencies/Sector allocations to projects nominated by the citizens and the actual expenditure from the implementation of the fiscal year budget.*  *Only six citizens nominated projects were included in the 2020 Budget. They includes the following: Construction of concrete road at Sampou/school road in Kolokuma/Opokuma LGA, Provision of street light at Yenagoa town the capital of the state, Completion of Bayelsa State Airport in Yenagoa, Construction of Orua/Ebeni and Ekeremor road (sand filling) to link Sagbama to Ekeremor LGA, Construction of School of Agriculture at Ofoni town in Sagbama LGA, and the expansion of Tombia/Etegwe/Amassoma roundabout at Yenagoa.*  *The Bayelsa Airport project which was an inherited project from the preceding government is now complete – the actual cost of completing the project was N74,000,000 less than budgeted as the result of a thorough procurement process that governs the financial negotiations by the State. All funds have been disbursed to the contractors.*  *The construction of school of Agriculture at Ofoni is a top priority of the State Government targeted to train the teeming youths in various areas of the Aggro-Allied business. Although commencement of the said project was a bit delayed due to budgetary adjustments in 2020. However, work had resumed ever since and payments were captured in the 2021 budget and the contract and project are actually on.* |

Table 12 Citizens Nominated Project



Figure 5 Citizens Nominated Projects Graph



# Public Consultations with Citizens presenting the Annual Financial Statements

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| *In any democratic setting, every responsible citizen has the right to know how communal wealth is been expended in the delivery of public infrastructure and services. Citizens have to be well informed on the management of public fund and how the budget affects their lives.*  *The SIFTAS Program is an attempt targeted to achieve transparency in public governance, openness, effectiveness, accountability and citizens participation.*  *The Citizens Accountability Report (CAR) is an element in the SIFTAS program that is target to achieve the above mentioned laudable objectives.*  *The Citizens Accountability report is based on State’s audited Financial Statement for the financial year 2020 and report on the State Budget revenue and expenditure for 2020.*  *Sequel to this, the Bayelsa State Government through the Ministry of Finance, Budget & Economic Planning held a public interactive secession with the citizens of Bayelsa State on the 9th of September, 2021 to present the 2020 audited financial statement of the State.*  *In attendance were traditional rulers, Community leaders, different Women groups, different Civil Society groups, non- governmental groups, and government officials.*  *The Hon. Commissioner of Finance, Hon. Maxwell Ebibai represented the State Governor to present a detailed 2020 audited financial statement to the audience. Also, hard copies of the statement were distributed to citizens that attended the program.*  *After his introductory remarks, the Hon. Commissioner started with the financial highlights. On revenue, a detailed summary of actual revenue that came from the various sources, such as Statutory Allocation, Value Added Tax (VAT), Internally Generated Revenue (IGR), Federal Government Re-imbursement on Capital projects executed and receipts. On expenditure, he also highlighted the actual amount that was expended on the various expenditure items such as Consolidated Revenue Fund charge (CRFC), Personnel cost, Overhead cost, and Internal/External Debt Profile of the State.*  *The attendance list and some photo shots of the public interactive meeting is attached for verification.* |







