

**BORNO STATE REPORT ON**

**PUBLIC CONSULTATION ON AUDITED FINANCIAL  
STATEMENTS 2020**

**HELD ON SEPTEMBER 29, 2021**

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## **1.0 INTRODUCTION**

The Public Consultation on the Borno State Audited Financial Statement 2020 was held to present the financial position of the State and give account to the citizens for the year under review. In attendance were representatives of government institutions (Ministry of Finance, Budget and Economic Planning, Department of Budget and Planning, Office of the State Auditor General and Office of the Accountant General), the Borno SFTAS Office, Civil Society Organizations, Non-Governmental Organization, Media and other citizens.

## **2.0 OPENING REMARKS**

The Honourable Commissioner of Finance welcomed participants to the meeting. He urged them to make inputs on the Audited Financial Statement (AFS). He said that the World Bank SFTAS DLIs relating to the AFS and Citizens Accountability Report (CAR) are critical to the State. The Honourable Commissioner of Finance wished all participants a successful discussion and urged citizens to take advantage of such opportunities.

In his remarks, the State SFTAS Focal Person said that the SFTAS Program introduced the preparation of the CAR so that citizens can better understand the performance of the State. The CAR will be uploaded on the state website. The State Team Lead (STL) of State 2 State said that SFTAS program is an important part of the work that they are doing to support the State to achieve its DLIs. They are supporting State structures to become more accountable and effective. The AFS is part of efforts to promote accountability and transparency. The AFS and CAR are made available to citizens online. Citizens should interrogate the documents and begin to engage with government.

## **3.0 PRESENTATION OF BORNO AUDITED FINANCIAL STATEMENTS 2020**

The Director Treasury from the Office of the Accountant General (OAG) delivered the presentation. He said that the responsibility of the OAG is to receive and disburse funds on behalf of government to MDAs in line with the budget. It must also be done in a manner that is transparent and accountable in line with International Public Sector Accounting Standards (IPSAS). After MDAs carry out activities of government, the Accountant General (AG) receives relevant documents and uses them to prepare financial statements. After preparing the AFS, he sends it to the Auditor General (AuG) who goes through the claims of the AG and verifies if true. He then certifies that the claims provided are true and fair view of the finances of the State and issues a certificate.

The AFS is divided into various sections because there are diverse users of the document. So, the AG prepares information to satisfy the needs of diverse end users. Principal information are contained in 4 major statements. He explained that statutory revenue includes statutory allocation, Value Added Tax, etc. Independent Revenue is the Internally Generated Revenue

(IGR). Capital receipts include any item that is not statutory or Independent revenue such as loans, aids and grants, and other receipts.

The National Chart of Accounts (NCoA) requires States to give 5-year financial summary in the AFS. Below the Line (BTL) receipts include BTL items of income and expenditure that at the time of preparing the budget cannot be determined with precision. It is not revenue belonging to the State.

Employees compensation include salaries, wages and allowances for the year. Overhead costs refer to money spent in running the government. Increase in employees' compensation in recent years is due to employment and ratification of employment. Also, in 2020, the State government began implementation of the new minimum wage. The declining overhead in 2020 is due to the impact of the COVID-19 pandemic which constrained the State to reduce the cost of running government.

In the AFS, public debt charges refer to loan repayment of State government while consolidated revenue fund charges include pensions and gratuity, state transfers to help Local Governments (LGs) run primary healthcare and basic education, 10% cost of collection for Borno Board of Internal Revenue, grants to LG staff pension board. Capital expenditure are costs incurred on capital development projects while recurrent expenditure are costs incurred on salaries and other overhead.

The Statement Number 1 is the Cash Flow Statement contains all receipts and payments for the year under review, it is divided into 3 parts: operation, investing and financing activities. All capital expenditure are captured under investing activities. Statement Number 2 is the Statement of Assets and Liabilities. Liquid assets are cash and other assets that can easily be converted into cash while investments include shares and other assets that can easily be converted into cash. Statement Number 3 is Statement of Consolidated Revenue Fund and addresses all recurrent issues in the year under review. Statement Number 4 is Statement of Capital Development Fund. In Borno State, the opening balance mostly comes from the Capital Development Fund. All transactions must be certified by internal auditors in all MDAs.

#### **4.0 COMMENTS, DISCUSSION, QUESTIONS & ANSWERS**

A participant, Ibrahim Abatcha Umar, requested for additional clarification on BTL receipts. The Director of Budget said that during the budget process, when envelopes are given to MDAs, at the time of preparing the budget the precise cost of contracts may be unknown. So, when awarding contracts, costs may differ hence the need for BTL receipts.

Another participant, Abubaker Mohammed zarami, said he observed that while N3 billion was spent on debt servicing, only about N24 billion was spent on Capital projects. Capital expenditure in the State is low and there is need to improve allocation for capital expenditure. Director Treasury said that the State experienced Serious paucity of funds in 2020. The initial

budget for 2020 allocated greater funds to capital expenditure. Also, the law states that loans should only be collected to execute capital projects. The SFTAS Focal Person added that after States had prepared their 2020 budgets, the Nigeria Governors Forum (NGF) mandated States to revise their budgets to take COVID-19 pandemic into cognizance and allocate resources for the pandemic. Borno allocated 25.9% of its budget in this regard. The 2020 budget was therefore actually executed between July 31 and December 31.

One of the participants, Yerima Muktar Hassan said there is need to reduce the cost of governance. In 2020, over ₦39 billion was spent on overheads. The Director of Budget explained that the original overhead expenditure in the budget was higher than the actual expenditure. The State Governor slashed overhead expenditure by 26 billion. The State has started reducing the cost of governance. The Permanent Secretary of Finance said that if you look at the trend, you will observe that overhead cost is actually declining showing that reforms are already taking place. The Director of planning added that running cost for MDAs have also been reduced as part of efforts to cut overhead costs. The SFTAS Focal Person said that there is political will for reforms in the State.

Idris Usman asked about the State's position on debt and if the debt burden has been reduced. The Director treasury said debt service is divided into principal and interest. International Standard required that you capture all liabilities of the State. SFTAS Focal person said that the State has an Arrears Clearance Framework which has been published on the state website that shows its arrears, liabilities, etc. For some external loans, the Federal Government (FG) receives the loans on behalf of the State.

Abba Liman Mustapha said that most expenses on overhead add to the cost of governance and lie with politicians. There is need to engage more with politicians and political office holders on this issue. The Director of planning explained that compared to previous governments, there is huge decline in overhead costs. The State is making headway and cost of governance is continuously being reduced. The Permanent Secretary of Finance said that many meetings now hold virtually reducing the cost of travel and other overhead expenses.

Lawan Grema Alkali commended government for efforts made so far. He said there is need for government to pay more attention to its MDAs in the area of capacity building. He recently participated in an assessment that showed the need for capacity building in MDAs. The Director of Planning stated that the 2021 budget helps to address this challenge as it makes provision for capacity building.

The STL State 2 State expressed his delight with the engagements. He said that CSOs are close to citizens and need to continuously engage with government. The approach for State 2 State is to provide technical support to help build Capacity of government officials, CSOs have better understanding than they can take it back to citizens. This is a good forum, CSOs should sustain engagement in the way that they get what they truly need to take to citizens.

The SFTAS Focal Person added that under the SFTAS program, NGF observed the low level of independence of State Audit. About 30 States including Borno have re-enacted their Audit Laws for the Office of the Auditor General for State and Local Government. Borno State signed the laws on June 30, 2021. Things are changing and citizens will continuously be engaged.

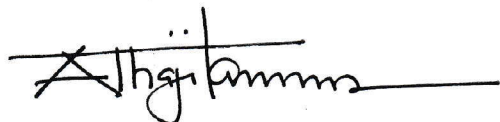
## 5.0 NEXT STEPS

The SFTAS Focal Person stated that the CAR will be made available to citizens on the state website. Hard copies will also be printed and town hall meeting will be held.

## 6.0 APPRECIATION/CLOSING

The Permanent Secretary of finance thanked all participants for attending the event. She said that the engagement is an eye-opener. She said that this is a very good forum and she appreciated the efforts of all organizers.

Speaking on behalf of citizens, Abubakar Sadiq Mu'azu expressed their gratitude and said that they will go back and explain what they have learnt to other citizens. The presentation on the AFS was clearly done and very helpful. The discussions were also very pleasant during the event. Government should always regard CSO's as friends and partners.



Adamu Alhaji Lawan  
Hon. Commissioner of Finance,  
Budget and Economic Planning



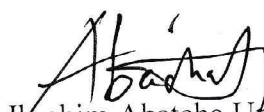
Maryam Y Shehu  
Permanent Secretary of Finance



Stephen J Pakshar  
A.G Permanent Secretary  
Budget and Planning



Abubakar Sadiq Mu'azu  
Network Civil Society Organization  
Chairman CATAI



Ibrahim Abatcha Umar  
Network Civil Society Organization

**BORNO STATE FISCAL TRANSPARENCY ACCOUNTABILITY AND SUSTAINABILITY (SFTAS) PROGRAM FOR RESULTS  
Participants Attendance Sheet**

Activity	Public Consultation on Audited Annual Financial Statements					
Venue	Borno State Accountant General Conference Hall					
Date	Wednesday, September 29, 2021					
S/n	Name	Organization	Designation	E-mail	Phone Number	Sign
1	Adamu A. Lawan	MFB & EP	Hon. Commissioner	maimusarima@gmail.com	0704000353	
2	H. J. MARYAM Y. SHEHU	MIN FIN Budget & Ec. PL	PERMANENT SEC	Maryamshehu@yahoo.com	08039440424	
3	Stephen J. Pakshar	MFB & EP	Ag. Perm Sec	stephenpakshar@gmail.com	08082156940	
4	Shehu Y. Gana	AGBOS	SFTAS FOCAL PERSON	shehu.gana@gmail.com	85029166128	
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7	KONTO AJIMI BAPU	AGBOS OFFICE	ACCOUNTANT	KONTOAJ.WIKSUDIR@gmail.com	2806517616	
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9	Ibrahim Abubakar Umar	Network Civil Society Organisations	C-S-O	ibrahim.abubakar28@gmail.com	07036586501	
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11	Sule Hassan Ndahi	Planning Department	Planning officer	ndahihassan@gmail.com	07062459190	
12	Amis Baker Inan	Admin Office	Admin Officer	amisbaker@gmail.com	0808825896	
13	Yakoto Alhaji Kon	Ministry of Agriculture	ASA	Yakotoalhajikon@gmail.com	-	
14	Zara Hassan	Budget Department	Accountant	zarahassan@yahoo.com	08039777632	

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S/n	Name	Organization	Designation	E-mail	Phone Number	Sign
15	Abubakar Sadiq	Network of Civil Society Organizations	Chairman COA / CSO's	sadiq@coasng.org	07066625102	
16	Abba Liman	Debt Mgt Dept	Debt Officer	ablimus75@gmail.com	08037631984	
17	Mustopha Ali Mustopha	Department of Budget	Budget Officer	m.alimusaptha@yahoo.com	08022307155	
18	BABAGANA AHI. MOH'D	AG BOS	Accountant	babaganamohammed35@gmail.com	07037091265	
19	Musa Moh'd Baba	Department of Budget	Budget Officer	Musamohammedbaba24@gmail.com	07035582325	
20	Zarani Abubakar	AG BOS	Accountant	zaraniabubakar02@gmail.com	07066666588	
21	Barni Mohammed	Ministry of Health	Accountant	barnimoh'd2k@gmail.com	-	
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24	Fahim Musa	NGO's	NGO's	fahimomusa96@gmail.com	-	
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26	Fahim M'ail El-Mukob	MSBP / Planning Dept	Planning Officer	fahimemmi@yahoo.com	08036410408	
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