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ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP-AF)

BANK OFFICE
WORLD
27 MAY 2019
ABUJA

AUDITED FINANCIAL STATEMENTS FOR THE 13 MONTHS PERIOD ENDED 31ST DECEMBER, 2018

AIC AKANJI IBRAHIM & CO.
(CHARTERED ACCOUNTANTS)
ADAMAWA - NIGERIA

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

AUDITED ACCOUNTS FOR THE 13 MONTHS PERIOD ENDED DECEMBER 31ST, 2018

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ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

AUDITED ACCOUNTS FOR THE 13 MONTHS PERIOD ENDED DECEMBER 31ST, 2018

CORPORATE INFORMATION

A. Project Financial Management and Implementation Unit:

1. Mr. Abubakar Ibrahim	-	Head PFMU
2. Mr. Uthman Bakari	-	Project Coordinator
3. Mr. Jiddah U. Boijam	-	Asst. Project Coordinator
4. Mr. Pius John	-	Project Accountant
5. Mr. Arama Gyandi	-	Asst. Project Accountant
6. Mr. Siddiki Liman	-	Procurement Officer
7. Mr. Jeneso Igawe	-	EMIS Officer
8. Mr. Atenka John	-	Communication Officer
9. Mr. Shehu Umar	-	Monitoring and Evaluation Officer
10. Mrs. Deborah Fwah	-	Gender Officer
11. Mrs. Gyatan B. Dilli	-	Project Internal Auditor

B. Bankers:

i. **Zenith Bank Plc.**
(A/C No.: 1015101546)
Drawdown Naira Account

ii. **Zenith Bank Plc.**
(A/C No.: 5070630997)
Special Account USD

C. Auditors:

Akanji Ibrahim & Co.

(Chartered Accountants)

No. 30 Mubi Road, Sabru House,

Jimeta-Yola,

Adamawa State.

PROJECT OBJECTIVE

The main objective of the State Education Programme Investment Project (SEPIP) is to support need-based teacher deployment, school-level management and accountability and measurement of student learning in participating states.

The revised project development objective focuses on the need for system strengthening in the current context of the North East states. Thus, the project development objective is revised as follows:

The project development objective is to strengthen the educational system by supporting:

i. Need-based teacher deployment.
ii. School-level management and accountability, and
iii. Measurement of student learning in the participating states.

This will contribute to, and complement the programs and priorities of participating states in addressing education access, quality and efficiency issues, through their own funding financing from UBEC and other Government agencies, as well as other development partners.

Project institutional and implementation arrangement

At the state level, the project would be implemented through:

i. **The State Ministry of Education (SMOE):** The SMOE will have primary responsibility for project implementation, guided by a State Project Steering Committee (SPSC), comprising inter alia the Universal Basic Education Board, the State Ministry of Finance, Planning and Budget, the State Ministry of Local Government and Chieftaincy Affairs, the Local Government Service Commission and the Governor's Office.

   The SMOE will be responsible, through its state project technical support unit, to plan, implement, manage and monitor project activities.

ii. **The Project Financial Management Unit (PFMU):** Located in the Ministry of Finance, which has substantial experience and a good track record in managing bank funding, will support the SMOE in all project and financial matters.

iii. **The State Universal Basic Education Board (SUBEB):** Which is the principal agency managing basic educational institutions in conjunction with the SMOE.

iv. **The Local Government Areas:** Which have been entrusted by the Nigerian Constitution with the responsibility of financing and managing primary schools.

v. The State Ministry of Finance, Local Government and Chieftaincy Affairs, the Local Government Service Commission, and the governor's office will also be involved in project management at the state level, through the state project steering committee.

AIC AKANJI IBRAHIM & CO.
CHARTERED ACCOUNTANTS NIGERIA

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Okota- Isolo, Lagos

INDEPENDENT AUDITORS REPORT ON THE FINANCIAL STATEMENTS OF THE ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP) (IDA NO. 50940)

We have audited the accompanying project financial statements of the Adamawa State Education Programme Investment Project for the thirteen (13) months period ended December 31st, 2018 as set out in pages 7 to 16 prepared on the basis of the accounting policies on page 10. The project is financed by IDA No: 50940.

RESPECTIVE RESPONSIBILITIES OF THE PROJECT MANAGEMENT AND AUDITORS

The project management office and the project financial management unit coordinates the activities of the project and are as such responsible for preparation of the financial statements. It is our responsibility as auditors to express an independent opinion, based on our audit, on these financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with international standards on auditing and World Bank guidelines. These standards and World Bank guidelines require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

It also includes an assessment of the estimates and judgments made by the project officers in the preparation of financial statements, and whether the accounting policies are appropriate to the project circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give assurance that the financial statements are free of material misstatement, whether caused by fraud, other irregularities or errors. In forming our opinion, we also evaluated the overall adequacy of the presentation of the financial statement.

OPINION

In our opinion, the project financial statements give a true and fair view of the financial position of the project and of the cash flow statement of Adamawa State Education Programme Investment Project for the thirteen (13) months period ended December 31st, 2018 in accordance with relevant International Accounting Standards.

The Statements Of Expenditure (SOE) are in agreement with the books of the accounts and adequate supporting document has been maintained to support claims to the World Bank for reimbursement of expenditures incurred, and which expenditures are eligible for financing under the credit agreement. The statement of Special Account (SA) of the project have been prepared on the basis of cash deposit and withdrawals for purpose of complying with the credit agreement and give a true and fair view of the beginning and ending balances and the account activity for the thirteen (13) months period ended December 31st, 2018.

Partner: Iliya Bathalamaus (CNA, ACA)
For: Akanji Ibrahim & Co.
(Chartered Accountants)
Adamawa, Nigeria.

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT DECEMBER 31ST, 2018.

		2018
ASSETS EMPLOYED	**NOTE**	**₦**
Fixed Assets	2	144,443,834
CURRENT ASSETS		
Bank and Cash Balances	3	(173,817,333)
DEVELOPMENT EXPENDITURE		
Development capital expenditure	4	1,096,764,732
Development Operating Expenditure	5	666,032,116
		1,733,423,349
FINANCED BY:		
I D A Credit	6	1,642,205,715
Exchange Rate Gain	7	91,217,634
		1,733,423,349

.....} STATE PROJECT COORDINATOR

.....} HEAD PFMU

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

STATEMENT OF FINANCIAL PERFORMANCE (RECIEPT AND PAYMENT)

ACCOUNT FOR THE 13 MONTHS PERIOD ENDED DECEMBER 31ST, 2018

	₦	2018 ₦
RECIEPTS		
IDA Funds		1,949,302,399
Other income (ERG)		91,217,634
TOTAL RECIEPTS		**2,040,520,033**
PAYMENTS		
Training and Development	263,941,538	
Workshop	2,205,450	
Consultancy services	49,767,860	
Grand and incentives (schools)	738,095,300	
Staff allowances	9,795,000	
Materials supply	353,249,182	
Transport and travelling	39,875,656	
General maintenance	24,074,173	
Printing and stationaries	20,764,062	
Fuelling and lubrication	495,000	
Media and publicity	50,184,153	
Entertainment and Hospitality	146,676,193	
Administrative expenses	3,207,822	
Taxes	54,138,457	
Bank Charges	906,752	
Banks and construction	5,420,250	
		1,762,796,848
Excess of Receipts over Payments		277,723,185

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

CASH FLOW STATEMENT FOR THE 13 MONTHS PERIOD ENDED DECEMBER 31ST, 2018

	2018 ₦
CASH FLOW FROM OPERATING ACTIVITIES	
Exchange Rate Gain (ERG)	91,217,634
Total Receipt	**91,217,634**
PAYMENTS	
Total for operating activities	666,032,116
Net cash flow from operating activities (A)	**(574,814,482)**
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Assets	(1,096,764,732)
New Cash flow from investing activities (B)	**(1,096,764,732)**
CASH FLOW FROM FINANCING ACTIVITIES	
IDA Credit	1,949,302,399
Add Exchange Rate Gain	91,217,634
Net cash flow from financing activities (C)	**2,040,520,033**
Cash and equivalent (A+B+C)	368,940,819
Cash equivalent at the beginning	-
Cash and cash equivalent at the end.	**368,940,819**

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

NOTES TO THE ACCOUNTS FOR THE 13 MONTHS PERIOD ENDED DECEMBER 31ST, 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies were adopted in the preparation of the financial statement;

a) Basis of Preparation

The accounts were prepared under the historical cost convention

b) Recognition of Gains on Exchange Rate

Gains received is recognized on actual basis as and when received

c) Cost of Asset Acquisition

The cost of asset acquired is written off to the Receipt and payment account in the year of acquisition.

d) Foreign Currency

Transaction in foreign currency in any given year are converted to naira at the rate exchange ruling at the date of transaction, outstanding balances on special accounts are reported at their naira equivalent using rates of exchange at the financial year end.

e) Stock

Stock are fully written off as consumable in the year of purchase.

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

NOTES TO THE ACCOUNTS (CONT'D) FOR THE 13 MONTHS PERIOD ENDED 31ST DECEMBER, 2018

2A. FIXED ASSET SCHEDULE

	Total	Motor Vehicle	Office Equipment	Furniture & Fittings
Cost:	₦	₦	₦	₦
As at 1/1/2018	43,611,530	30,014,250	8,720,210	4,877,070
Addition During the year	100,832,304	43,400,000	49,555,504	7,876,800
As at 31/12/2018	**144,443,834**	**73,414,250**	**58,275,714**	**12,753,870**

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

NOTES TO THE ACCOUNTS (CONT'D) FOR THE 13 MONTHS PERIOD ENDED 31ST DECEMBER, 2018

2B. DETAILS FOR FIXED ASSETS ACQUIRED OTHER THAN CIVIL WORK

S/NO	DESCRIPTION	DATE	PVNO	CONTRACTOR	AMOUNT ₦
1.	Supply of IEC Equipment	17/01/2018	108	Penpower Edu. Ltd.	6,688,514.00
2.	Supply of 2No Toyota Hilux	29/03/2018	239	R.T. Briscoe	39,711,000.00
3.	Supply of IEC equipment	29/03/2018	240	Hadmeela Nig. Ltd.	28,223,175.00
4.	Renovation of SEPIP office	14/02/2018	165	Asogema Nig. Ltd.	3,600,400.00
5.	Supply of Educational taxtbooks	04/05/2018	292	Jemtext Book Nig. Ltd.	28,364,085.00
6.	Supply of Schools Funiture	02/06/2018	599	Hadmeela Nig. Ltd.	28,347,286.00
7.	Supply of various science textbooks	05/07/2018	609	Stan Place Ltd.	27,317,231.00
8.	Supply of various science textbooks	07/08/2018	624	Stan Place Ltd.	29,854,897.00
9.	Supply of Funiture	10/10/2018	796	Hadmeela Nig. Ltd.	30,625,000.00
10.	Supply of various textbooks	10/10/2018	797	Stan Place Ltd.	28,362,153.00
11.	Supply of 3 seater desks & chairs	10/10/2018	865	Hadmeela Nig. Ltd.	28,021,875.00
					279,115,616.00

ADAMAWA STATE EDUCATION PROGRAMME INVESTMENT PROJECT (ADSEPIP)

NOTES TO THE ACCOUNTS (CONT'D) FOR THE 13 MONTHS PERIOD ENDED 31ST DECEMBER, 2018

		2018 ₦
3.	**CASH AND BANK BALANCES**	
	a. Cash in hand	(350,025,956)
	b. Zenith Bank Plc Drawdown Account No: 1015101546 Naira Account	17,284,480
	c. Zenith Bank Plc Special Account No: 5070630997 USD & 460, 649.69 @ 345	158,924,143
		173,817,333

4. IDA FUND (₦1,949,302,399)

This represents amount received from IDA during the period of 13 months ended December 31st, 2018.

5. EXCHANGE RATE GAIN (₦91,217,634).

This represents exchange rate gain received for the period of 13 months ended December 31st, 2018.

6. TRAINING AND DEVELOPMENT (₦263,941,538)

This represents payment made in-respect of training held for the period of 13 months ended December 31st, 2018.

7. WORKSHOP (₦2,205,450)

This represent amount paid for workshop of staffs for the period of 13 months ended December, 31st, 2018

8. CONSULTANCY SERVICES (₦49,767,860)

This is represents Sundry payments for consultancy services for the period of 13 months ended December, 31st, 2018.

9. **GRANTS AND INCENTIVES TO SCHOOLS (₦738,095,300)**

This represents sundry payment to various schools as incentives for the period of 13 months ended December 31st, 2018

10. **STAFF ALLOWANCES (₦9,795,000)**

This represent payment for staff allowance for the period of 13 months ended December 31st, 2018.

11. **MATERIALS SUPPLY (₦353,249,182)**

This represents payments made for goods and materials supplied for the period of 13 months ended December 31st, 2018.

12. **TRANSPORT AND TRAVELLING (₦39,875,656)**

This represent payment made in-respect of general maintenance for the period of 13 months ended December 31st, 2018.

13. **GENERAL MAINTENANCE (₦24,074,173)**

This represent payments made in-respect of general maintenance for the period of 13 months ended December 31st 2018.

14. **PRINTING AND STATIONARIES (₦20,764,062)**

This is represent amount paid for printing and stationaries for the period of 13 months ended December 31st, 2018

15. **FUELLING AND LUBRICATION (₦495,000)**

This represents payments made for fuelling and lubricants services for the period of 13 months ended December 31st, 2018.

16. **MEDIA AND PUBLICITY (₦50,184,153)**

This represents payments made for media, publicity and advertisement for the period of 13 months ended December 31st, 2018.

17. **ENTERTAINMENT AND HOSPITALITY (₦146,676,193)**

This represents payments made for entertainment and assistance for the period of 13 months ended December 31st, 2018.

18. ADMINISTRATIVE EXPENSES (₦3,207,822)

This represent payment made for administrative expenses for the period of 13 months ended December 31st, 2018.

19. TAXES (₦54,138,457)

This represents the total taxes remitted to the relevant tax authorities for the period of 13 months ended December 31st, 2018.

20. BANK CHARGES (₦906,752)

This represents deductions for various transactions as charges for the period of 13 months ended December 31st, 2018.

21 WORKS AND CONSTRUCTION (₦5,420,250)

This represents payment made for civil works and constructions for the period of 13 months ended December 31st, 2018.

ANNEX TO THE ACCOUNTS FOR THE 13 MONTHS PERIOD ENDED DECEMBER 31ST, 2018

RECONCILIATION OF ZENITH BANK PLC DOMICILIARY SPECIAL ACCOUNT NUMBER 5070630997

Transaction Summary

The summary of transactions through the domiciliary special account for the thirteen (13) months period ended 31st December, 2018 is as shown below:

	$
Balance as at 1/1/2018	1,825,740.24
Add: Lodgments during the period	2,833,752.09
	4,659,492.33
Less: Payments during the period	4,198,842.64
Balance as at December 31st, 2018	**460,694.69**

Bank Reconciliation Statement as at December 31st 2018

	$
Balance as per Bank Statement	**460,649.69**
Same as:	
Balance as per cashbook	**460,649.69**