

**REPORT ON REVENUES, DEDUCTIONS, AND  
ANALYSIS OF DISBURSEMENT AND  
UTILIZATION OF FUNDS OF SELECTED STATE  
GOVERNMENTS 2012 – 2016  
AKWA IBOM STATE**



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## 1.0 AKWA IBOM STATE PROFILE

Akwa Ibom State was created on 23 September 1987 by the military government of General Ibrahim Badamosi Babangida. The creation of the state brought to an end prolonged struggle by the people that occupied the mainland part of the former Cross River State.

### 1.2 Location, Land mass and Population

Akwa Ibom is located lying between Latitudes 4°32" and 5° 33" North and Longitudes 7° 35" and 8° 25" East. The state is bounded on the East by Rivers State, on the west by Cross Rivers State, on the North by Abia State and on the South by the Gulf of Guinea Akwa Ibom currently covers a total land area of 7,249km<sup>2</sup>. The area does not take into consideration disputed territories. It is the 10<sup>th</sup> largest State in Nigeria in terms of landmass and about 13.4 percent of the 960km of Nigeria's Atlantic Ocean coastline runs through the State.

With the annual growth rate of the population projected at 3.4 percent, the 2016 projected population was estimated at 5,451,277 people as follows:

Female	2,680,687
Male	<u>2,770,590</u>
Total	<u>5,451,277</u>

### 1.3 Main Cities and Towns

The State capital is in Uyo and its motto is "Land of Promise". The State is divided into 31 local government areas with Uyo as the State capital. The major towns include Eket, Ikot Ekpene, Ikot Abasi, Oron, Abak, Itu, Etinan, Ibeno, etc.

### 1.4 Occupations

The main economic activities of the people are fishing (for riverine and coastal dwellers), farming (mostly for upland dwellers), trading, artisanship and white-collar services. A robust public sector employs significant proportion of the State labour force.

### 1.5 Education

The Akwa Ibom State Ministry of Education is tasked with monitoring the education sector of the state. In addition to schools established by the government, many private schools abound in the State. Major institutions in the State include:

- University of Uyo, Uyo.
- Maritime Academy of Nigeria, Oron
- Akwa Ibom State University (Oruk Anam LGA and Mkpata Enin LGA)
- Obong University, Obong Ntak Inyang.
- Akwa Ibom State Polytechnic, Ikot Osurua.
- Uyo City Polytechnic, Nduetong Oku.
- Apex Polytechnic
- Heritage Polytechnic, Eket
- School of Nursing; Uyo, Eket, Oron, Ikot Ekpene, Etinan.
- Akwa Ibom State College of Education, Afaha Nsit
- School of Basic Studies, Abak
- College of Arts & Sciences, Nnung Ukim

- Ritman University
- Sure Polytechnic, Ukanafun

### **1.6 Commerce**

Akwa Ibom State's economy, which is the 8<sup>th</sup> largest in Nigeria, is dominated by Oil & gas and cash crop production which jointly account for 90% of its Gross State Product (GSP). One of the major industrial crops in the State is the oil palm tree that can be in all the 31 Local Government Areas in the State. Akwa Ibom State is reputed to have the highest number of Oil Palm Trees per capita in Nigeria.

### **1.7 Solid Minerals Development**

The State is endowed with various mineral resources such as petroleum and is referred to as the largest producer of petroleum in Nigeria. Other mineral resources available for commercial exploration and exploitation within Akwa Ibom State include Natural gas, Limestone, Salt, Clay, Coal, Silver Nitrate and glass sand. Akwa Ibom State is notably one of the nine (9) Oil producing States in Nigeria and it has also proven to have deposits of gold and silver nitrate which are precious metals useful in the production of jewellery. Crude oil in the Niger Delta was first discovered at Ikot Akata now Akwa Ibom State during the early fifties following exploration for petroleum, which began in Nigeria in 1937. Commercial discovery was, however, made at Olobiri in what is now Bayelsa State, with production beginning in 1958. In Akwa Ibom, offshore production of crude oil, condensate and gas by Mobil Petroleum Nigeria Limited, now Exxon Mobil, has rendered the state the largest petroleum producer in Nigeria. The Qua Iboe Terminal (QIT) on the Akwa Ibom coast is one of the largest production facilities in the Niger Delta. Other oil-producing companies operating offshore in Akwa Ibom State are Elf and Addax.

Now, agriculture is the most important economic activity in the State and contributes a large percentage to the State's income but second only to petroleum. There are two types of agriculture in Akwa Ibom. The first is the small-scale peasant farming usually practised on family basis, and which produces food crops such as cassava, maize, rice, yam and cocoyam for family consumption with the surplus sold in the local markets. The second type of farming is the estate farming, which specialises in growing cash crops such as rubber, cocoa, rice and oil palm.

## 2.0 REVENUE

### 2.1 Revenue sources

The State derives its revenue from two main sources, which are monthly statutory allocation from the Federal Government of Nigeria and internally generated revenue (IGR). The additional sub-sources of revenue generated by the State include Grants and Subventions, Internal loans, External loan etc.

### 2.2 Statutory Allocation from the Federation Account

This includes all forms of revenue received from the Federation Account as stated and described below:

- Monthly Statutory Allocation
- Value Added Tax (VAT)
- Excess Crude Account
- Budget Augmentation
- Exchange Gain
- SURE- P
- Refund from NNPC

(i) **Monthly Statutory Allocation**

This represents monthly distribution of revenue earned and collected on behalf of the Federal Government from both mineral and non-mineral sources shared among the three tiers of Government. The Allocation is made at the monthly Federation Accounts Allocation Committee (FAAC) meetings. The Allocation among the states is based on the following criteria: Equality (40%), Population (30%), Landmass and terrain (10%), Social development factor (10%) and internal revenue factor (10%).

(ii) **Value Added Tax (VAT)**

Value added tax (VAT) is tax charged and payable on the supply of taxable goods and services and is collected by the Federal Inland Revenue Service (FIRS). It is usually distributed to the federal, states and local governments after deducting 4% cost of collection. VAT is also shared among the states based on the following criteria: Equality (50%), Population (30%) and Derivation (20%).

(iii) **Excess Crude Account**

This is a an account which was initiated to protect the implementation of each of the annual budgets from shocks that might arise from shortfalls in oil revenue receipts due to fluctuations in prices of oil on the international

market. The excess oil revenue over the benchmark volume and price computations accrues to the Excess Crude Account.

(iv) **Exchange Gain**

This is the difference arising from the exchange rate disparity between the budgeted rate and the actual rate and remitted to the Federation Account.

(v) **SURE- P**

Subsidy Reinvestment and Empowerment Program (SURE-P) is a program established for reinvesting the Federal Governments' savings from fuel subsidy removal on critical infrastructure projects and other social safety programmes, which will have direct positive impact on the citizens of the country. The main objectives were to:

- Provide employments for unemployed graduates through internship programmes
- Create database for unemployed youth and reduce social vulnerability.

(vi) **Other Refund**

This is in respect of the money refunded to the coffers of the State that was wrongly deducted, withheld or under paid. For example, Refund from NNPC and Augmentation.

## 2.3 Revenue Process

- The Accountant-General of Akwa Ibom State or the representative attends the meeting of Federation Account Allocation Committee (FAAC) every month.
- The Accountant - General receives the FAAC allocation sheet for Akwa Ibom State from the meeting. The FAAC meetings proceeding serves as a mandate for the amount to be credited into the Akwa Ibom State Bank Account. The Revenue collected into the Federation Account is recorded on preceding month basis.
- The Central Bank pays the allocation into the States' respective accounts. The Statutory allocation is credited into the State's FAAC United Bank for Africa account, while the VAT amount is paid into the Ecobank VAT account.
- On the receipt of the allocation in the States' accounts, confirmed in the bank statements, the Treasury Account Officer recognises the amounts. This is processed into the Sage X3 software and verified at the revenue departments by obtaining and reviewing the bank statements. The amounts received are recorded in the books.

## 2.4 Summary of Annual Distribution of Total Revenue

The table below shows the total revenue received by Akwa Ibom State during the years 2012 to 2016.

**Table 1:** Summary of Annual Distribution of Total Revenue from 2012 to 2016

Year	Total Revenue(₦ ' m)
2012	357,432
2013	428,370
2014	325,498
2015	212,914
2016	190,990
Grand Total	<u>1,515,204</u>

The total revenue received by the State during the years under review is broken down as follows:

**Table 2:** Breakdown of Total Revenue from 2012 to 2016

	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	TOTAL N'm
Statutory Allocation	34,510	38,918	38,692	28,299	20,495	160,914
VAT	9,133	10,138	8,918	8,886	8,885	45,960
Excess Crude oil Account	41,204	20,543	14,573	3,852	11,938	92,110
Exchange gain	5,830	-	-	10,909	12,747	29,486
Refund from NNPC	3,227	3,761	5,439	5,464	-	17,891
SURE P	12,625	19,386	19,733	-	-	51,744
Budget augmentation	31,629	53,364	-	-	23,114	108,107
External loan	1,027	893	-	-	-	1,920
Ecological Funds	250	5,000	2,000	2,000	-	9,250
13% Derivation	<u>150,938</u>	<u>180,787</u>	<u>183,061</u>	<u>116,691</u>	<u>63,307</u>	<u>694,784</u>
FAAC revenue (A)	<u>290,373</u>	<u>332,790</u>	<u>272,416</u>	<u>176,101</u>	<u>140,486</u>	<u>1,212,166</u>
Internally generated revenue	17,059	18,005	18,716	18,730	16,291	88,801
Internal loan	50,000	77,575	11,000	12,983	33,469	185,027
Aids & Grants	-	-	-	-	744	744
Pension Fund	-	-	23,366	3,100	-	26,466



Dividend from Government Investments	=	=	=	<u>2,000</u>	=	<u>2,000</u>
Other revenue (B)	<u>67,059</u>	<u>95,580</u>	<u>53,082</u>	<u>36,813</u>	<u>50,504</u>	<u>303,038</u>
Total revenue (A+B)	<u>357,432</u>	<u>428,370</u>	<u>325,498</u>	<u>212,914</u>	<u>190,990</u>	<u>1,515,204</u>

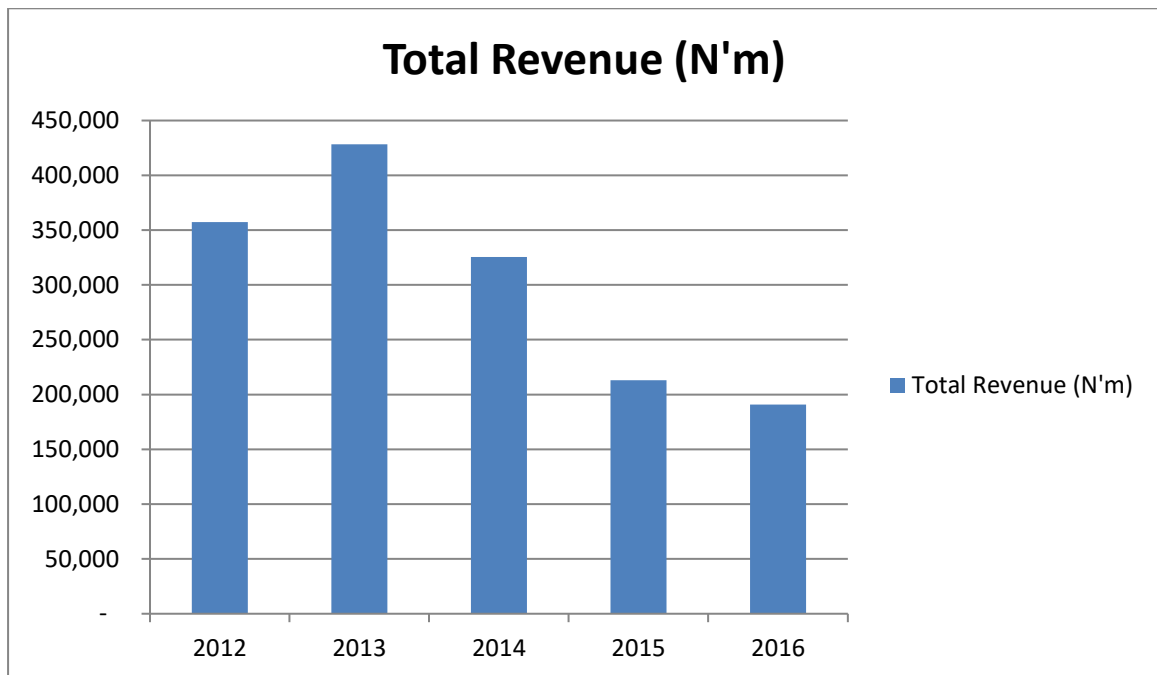
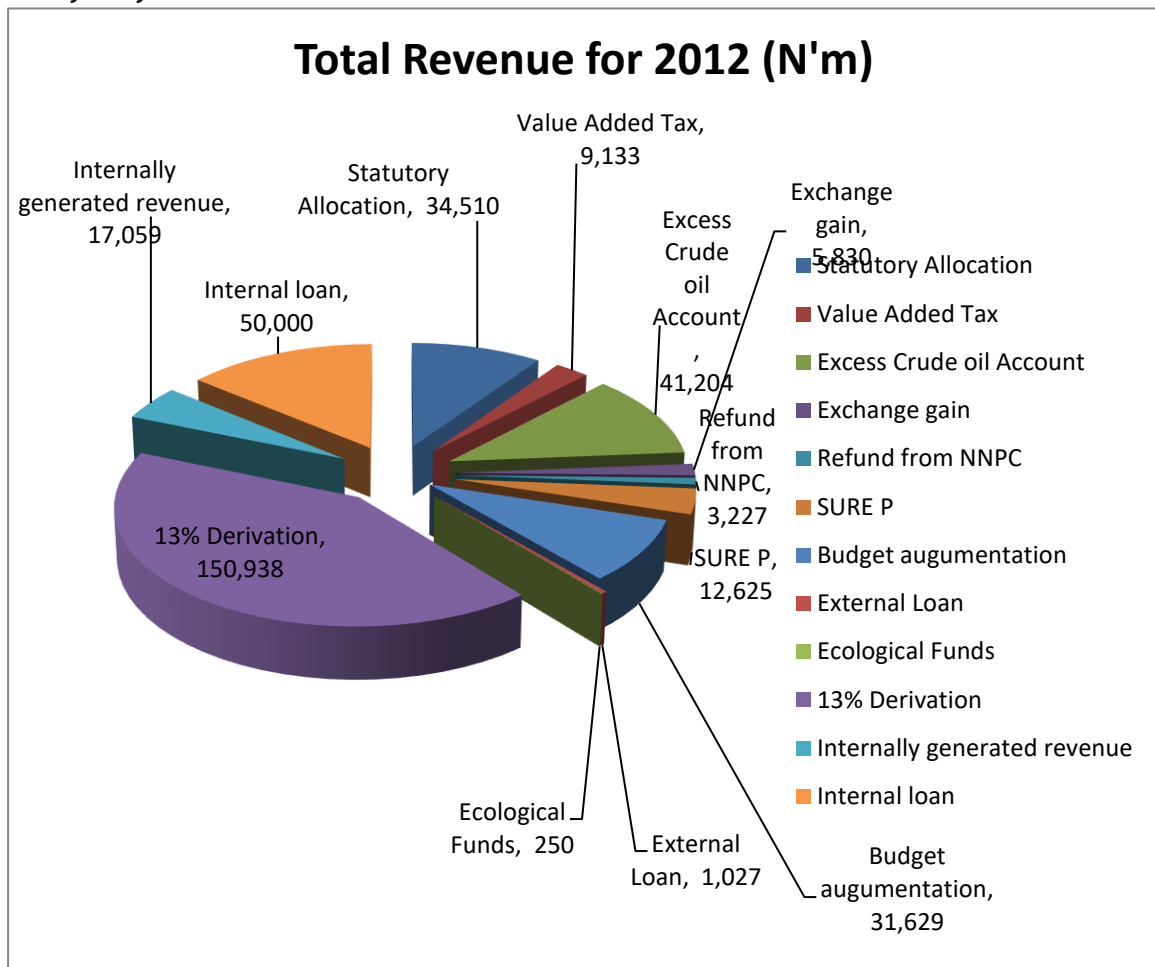


Figure 1: Total Revenue for Akwa Ibom State (2012-2016)

## 2.5 Analysis of Revenue Distribution by Sources

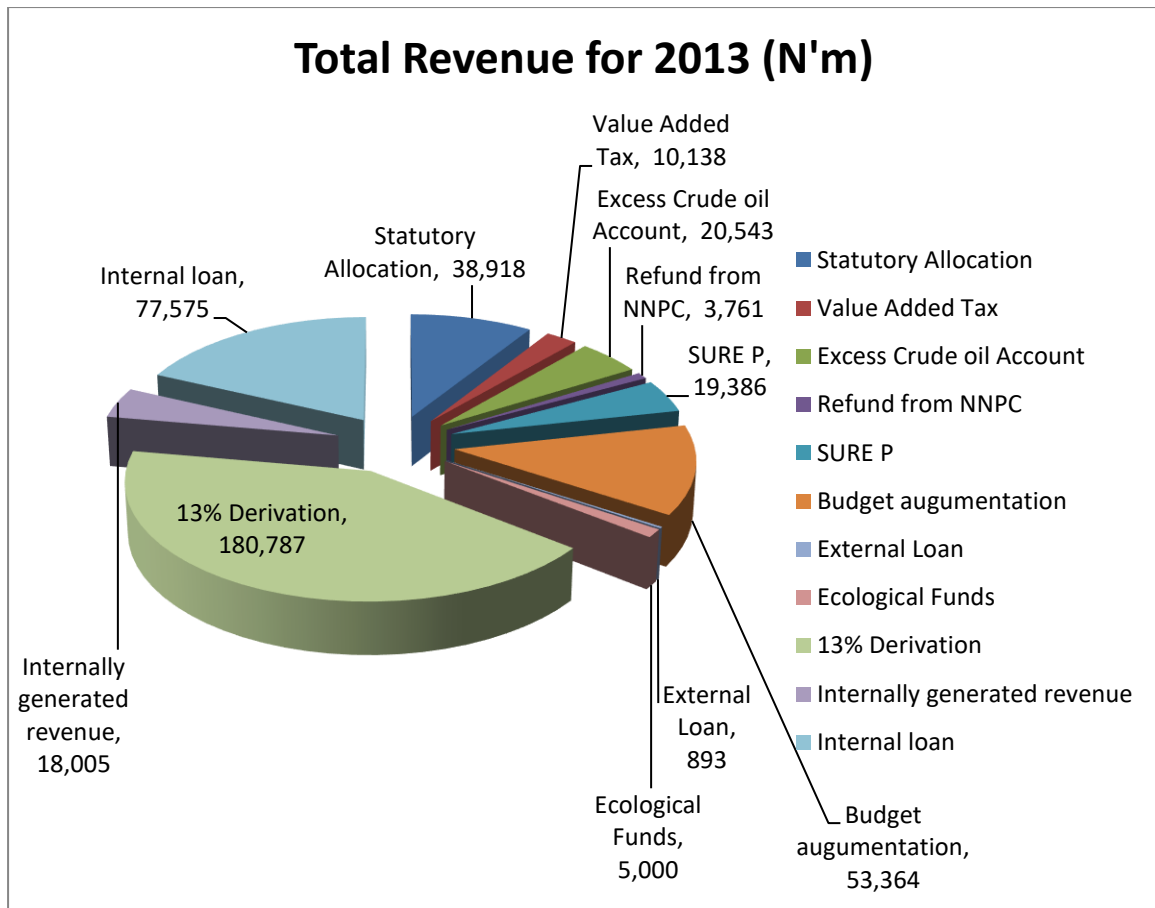
The total gross receipt from the Federation Account from 2012 to 2016 was N1.212 trillion. Other sources of revenue generated comprise of Aids & Grants, internal loans, budget support, pension fund, dividend received from government investments and Internally Generated Revenue amounting to N303 billion in the years under review. The total revenue generated by the State during the years under review amounted to N1.515 trillion.

The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:



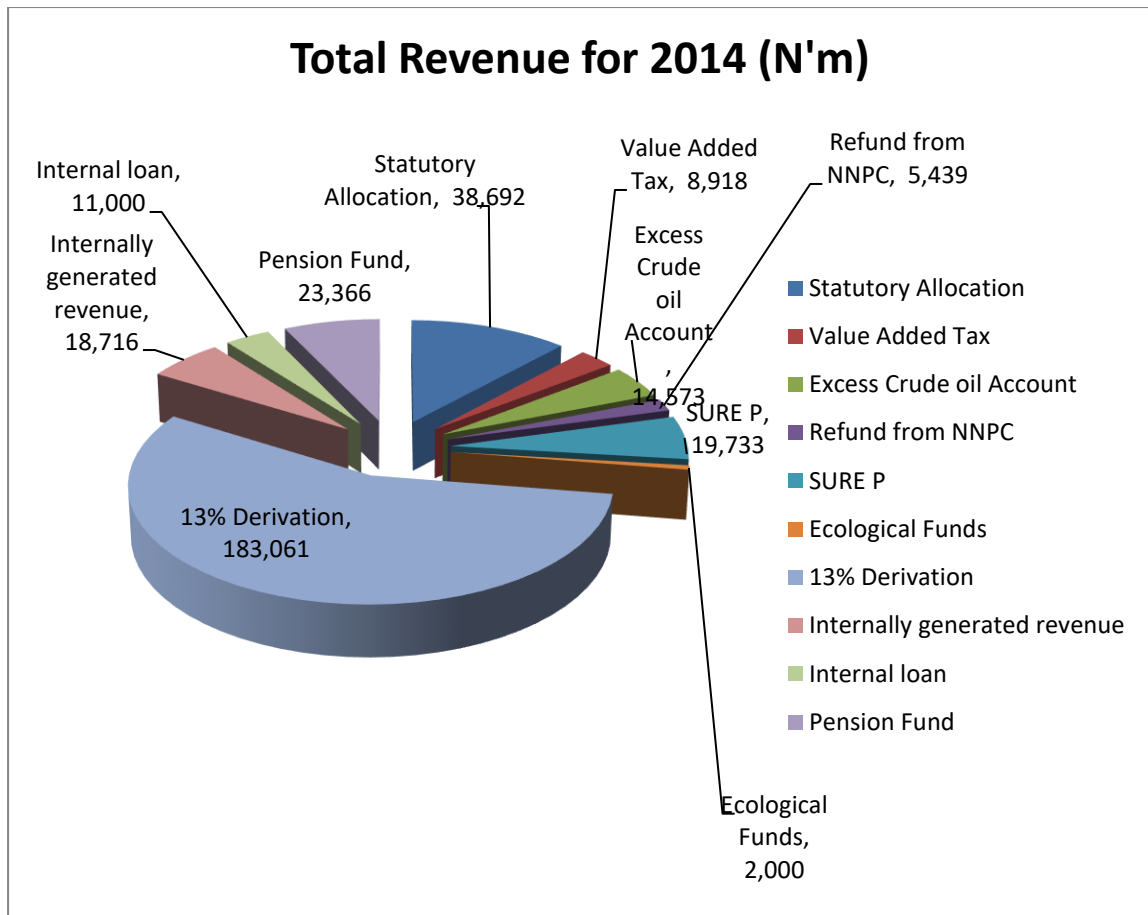
**Fig 2 represents Total revenue for 2012**

The diagram above depicts revenue earned by the State during the year 2012. It revealed that substantial part of the revenue earned was in respect of 13% Derivation fund received from the Federation Account amounting to N151 billion and representing 42% of the total revenue. Revenue earned from statutory allocation by the State in 2012 amounted to N35 billion, which represents 10% of the total revenue, earned for the year. The State's Internally Generated Revenue was N17 billion representing 5% of the total revenue, while the internal loans received amounted to N50 billion or 14% of the total revenue. The State earned revenue of N41 billion from excess crude oil accounts representing 12% of the total revenue in 2012 and N32 billion was earned for budget augmentation representing 9% of the total revenue. Other revenue earned by the state during the year includes VAT N9.1 billion, Exchange gain N5.8 billion, refund from NNPC N3.2 billion, SURE P Fund N12.6 billion, representing 3%, 2%, 1%, and 4% of the total revenue earned for the year respectively.



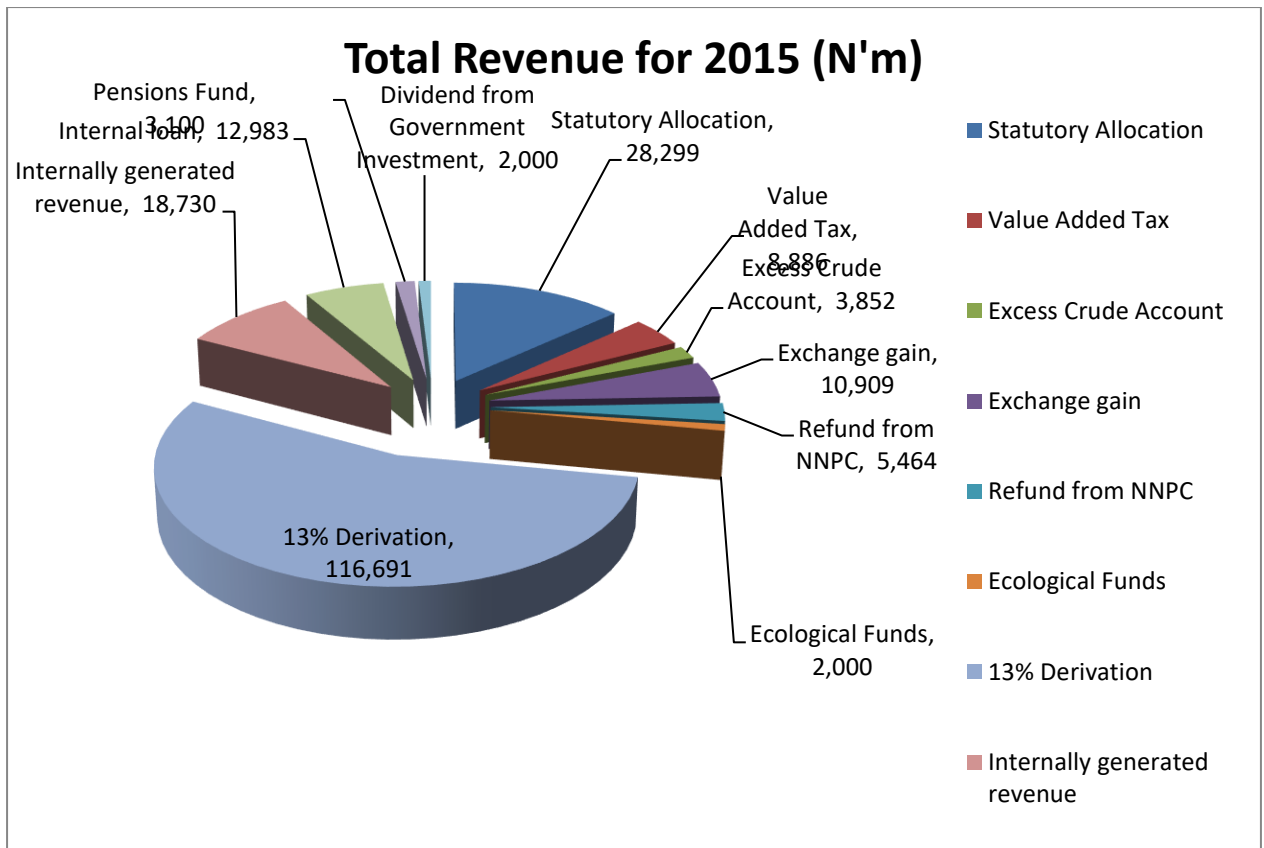
**Fig 3 represents total revenue for 2013**

The diagram above depicts revenue earned by the State in 2013. The review revealed that substantial part of the revenue earned was in respect of 13% Derivation fund received from the Federation Account amounting to N181 billion or 38% of the total revenue. The State received Statutory Allocation of N39 million representing 9% of the total revenue earned in 2013 and N10 billion on VAT, representing 2% of the total revenue. The State's Internally Generated Revenue amounted to N18.7 billion representing 4% of the total revenue, while the internal loan received was N77.6 billion or 18% of the total revenue. The State received N20.5 billion as its share of excess crude oil account representing 5% of the total revenue while budget augmentation was N53 billion or 12% of the total revenue. Other revenue earned by the State during the year includes VAT N10.1 billion, refund from NNPC N3.8 billion, SURE P fund N19.4 billion, Ecological fund N5 billion representing 2%, 1%, 5%, and 1% of the total revenue earned in 2013 respectively.



**Fig 4 represents total revenue for the year 2014**

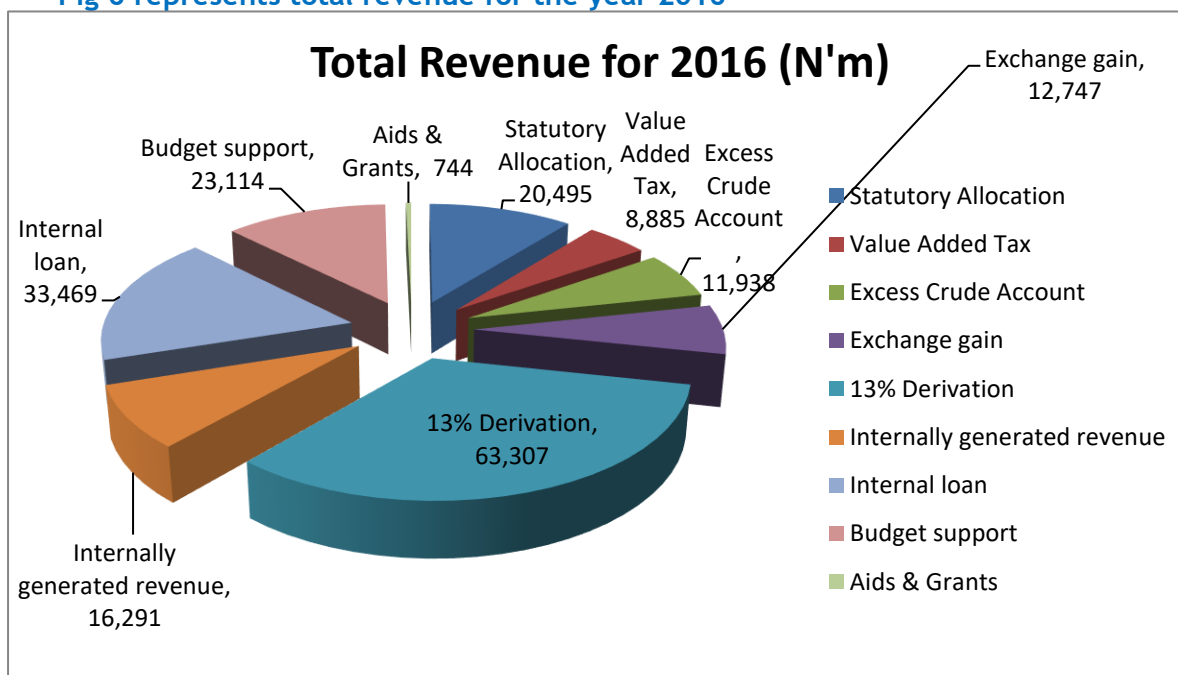
The diagram above depicts revenue earned by the State during the year 2014. It revealed that substantial part of the revenue earned in 2014 was in respect of 13% Derivation fund from the Federation Account amounting to N183 billion representing 56% of the total revenue. The State received Statutory Allocation from the Federation Account totalling N39 billion or 12% of the total revenue earned for the year. The State's Internally Generated Revenue was N19 billion representing 6% of the total revenue, while the internal loans received amounted to N11 billion representing 3% of the total revenue. Revenue earned from Excess crude oil account stood at N15 billion representing 4% of the total revenue in 2014 and revenue earned from SURE P amounted to N20 billion or 6% of the total revenue earned for the year. The revenue from VAT was N9 billion or 3% of the total revenue earned for the year while Pension fund earned amounted to N23 billion or 7% of total revenue earned in 2014.



**Fig 5 represents total revenue for the year 2015**

The diagram above depicts revenue earned by the State during the year 2015. It revealed that the substantial part of the revenue was in respect of 13% Derivation fund received from the Federation Account amounting to N117 billion representing 55% of the total revenue. The State received Statutory Allocation from the Federation Account totalling N28 billion or 13% of the total revenue earned in 2015. The State's Internally Generated Revenue stood at N19 billion or 9% of the total revenue while it received internal loans to the tune of N13 billion representing 6% of the total revenue for the year. Other revenue earned by the State in 2015 were VAT N8.9 billion, revenue from Excess Crude Account N3.9 billion, Exchange gain N11 billion, refund from NNPC N5.5 billion, Pension Fund N3.1 billion, representing 4%, 2%, 5%, 3% and 1% of the total revenue earned for the year respectively.

Fig 6 represents total revenue for the year 2016



The diagram above depicts revenue earned by the State in 2016. It revealed that substantial part of the revenue earned was in respect of 13% Derivation received from the Federation Account amounting to N63 billion or 33% of the total revenue. The State received Statutory Allocation from the Federation Account to the tune of N20 billion representing 11% of the total revenue earned for the year. The State's Internally Generated Revenue amounted to N16 billion or 9% of the total revenue, while the internal loan received amounted to N33 billion representing 18% of the total revenue. The State received Budget support of N23 billion or 12% of the total revenue. The amount earned from Excess Crude Account was N12 billion and share of Exchange gain realised was N13 billion representing 6% and 7% of the total revenue earned for the year respectively.

Additional comments on the State's revenue include the following:

- (i) The statutory allocation continuously decreased after 2012. There was a decrease from N333 billion in 2013 to N272 billion in 2014 and thereafter, further decreased to N176 billion in 2015 and N140 billion in 2016. The decline in statutory allocation is because of decline in oil prices, which dropped from \$109.45 per barrel to \$40.68 per barrel during the period. This also shows the States' over dependence on statutory allocation as a source of revenue.
- (ii) The States' share of Value Added Tax over the period under review remained fairly stable increasing from N9.1 billion in 2012 peaking at N10.14 billion in 2013, while over N8 billion was earned yearly between 2014 and 2016.
- (iii) The State borrowed significantly to fund its budget during the period. External loans of N1.027 billion and N893 billion were obtained in the years 2012 and 2013

respectively. Between the period from 2012 - 2016, the State also obtained internal loans to finance its operations.

- (iv) The State's Internally Generated Revenue witnessed fluctuations in the amount earned over the period with an increase from N17 billion in 2012 to N18 billion in 2013, increasing to N18.716 billion in 2014. The IGR recorded in 2015 remained stable at N18.730 billion but declined to N16 in 2016.
- (v) As the State with the largest amount of crude deposits in the nation, Akwa Ibom earned significant portion of its revenue throughout the period 2012 - 2016 from the 13% derivation. The State received a 13% revenue derivation of N151 billion in 2012 and N181 billion in 2013. This remained stable at N183 billion in 2014, but witnessed a sharp decline in 2015 to N117 billion and N63 billion in 2016. This decline was as a result of global fall in crude oil prices.

## 3.0 RECURRENT EXPENDITURE

### 3.1 Types of Recurrent Expenditure

Recurrent expenditure refers to the expenses incurred by the government for the day-to-day running of the business of governance. It mainly includes money spent for the settlement of liabilities that are of recurring nature such as payment of bills and administrative overheads. It also includes payment of salaries and overhead costs to various ministries, departments, agencies and parastatals. The recurrent expenditure heads include the following:

- **Personnel Emolument**

This represents the salaries and wages and other personnel related expenses incurred by the State Government on the employees and other staff matters within the State Civil service.

- **Overhead Costs**

This is the major item of recurrent expenditure incurred by the State. This is used for the execution of the day-to-day administrative activities of the government. It is the expenditure incurred on the States' business and other running costs incurred by the ministries, departments and agencies of government. Other overhead costs include:

- **-Transfer to other Funds:**

These are transfers made from recurrent expenditure heads to other funds such as the Capital development funds as the need arises.

- **Consolidated Revenue Charges**

- **Pensions & Gratuity**

This is the payment made by the State Government to retired employees of the State Civil Service as well as the portion of the State Government's obligation of the contributory pension scheme in line with the Pensions Reform Act, 2004.

- **Grants and subvention**

This is the payments, usually made on monthly basis to ministries and government parastatals for the smooth running of government operations in the state.

- **Loan servicing**

This is the amounts incurred on servicing and managing the State's debt both internal and external loans and other public debts through repayments of principal sum and interest on loan.

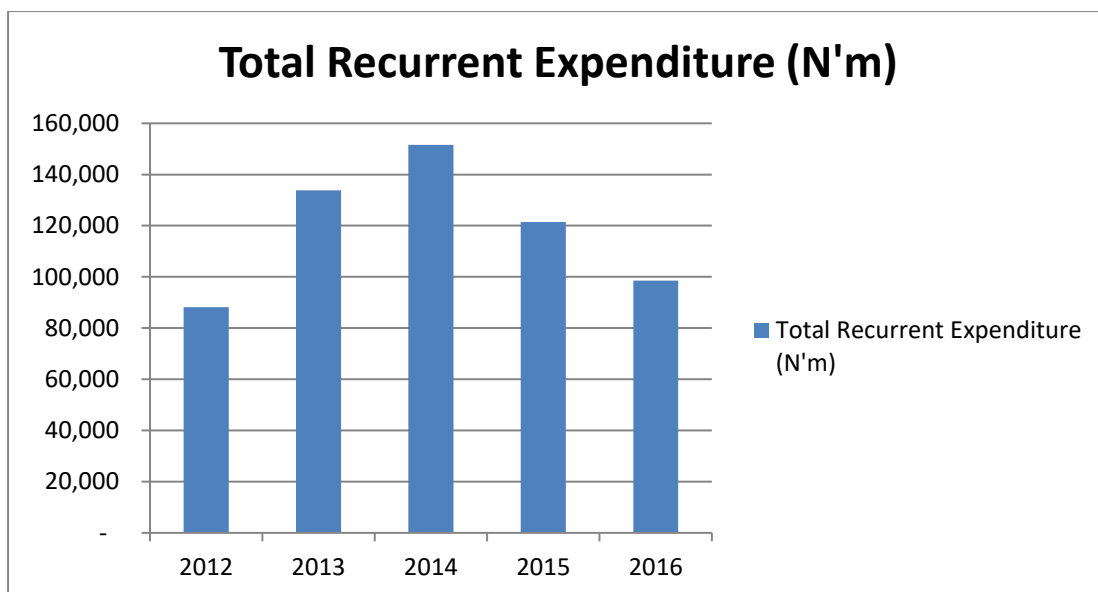
### 3.2 Summary of Total Recurrent Expenditure from 2012 - 2016

The table below shows the summary of total recurrent expenditure incurred by the State during the years 2012 to 2016.

**Table 3:** Summary of Total Recurrent Expenditure from 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)
2012	88,229
2013	133,799
2014	151,523
2015	121,422
2016	98,523
<b>Grand Total</b>	<b>593,496</b>





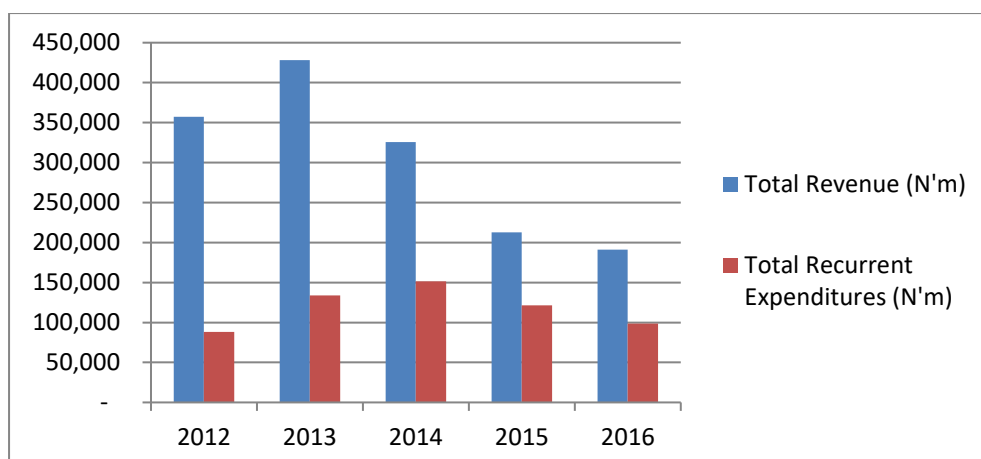
**Figure 7: Analysis of Total Recurrent Expenditure from 2012-2016**

### 3.3 Comparison of Total Revenue to Total Recurrent Expenditure 2012-2016

The table below compares total revenue to total recurrent expenditure of Akwa Ibom State during the years 2012 to 2016.

**Table 4: Comparison of Total Revenue to Total Recurrent Expenditure from 2012 to 2016**

Year	Total Revenue (N'm)	Total Recurrent Expenditure(N'm)	Percentage of Total Recurrent Expenditure to Total Revenue
2012	357,432	88,229	25
2013	428,370	133,799	31
2014	325,498	151,523	47
2015	212,914	121,422	57
2016	190,990	98,523	52
Grand Total	1,515,204	593,496	39



**Figure 8: Comparison of Total Revenue with Total Recurrent Expenditure**

**Table 5: Comparing total revenue with total recurrent expenditure**

Year	Total Revenue(₦'m) A	Total Recurrent Expenditure(₦'m) B	Amount available for Capital Expenditure (₦'m) (C=A-B)
2012	357,432	88,229	269,203
2013	428,370	133,799	294,571
2014	325,498	151,523	173,975
2015	212,914	121,422	91,492
2016	190,990	98,523	92,467
<b>Grand Total</b>	<b>1,515,204</b>	<b>593,496</b>	<b>921,708</b>

The above table shows the proportion of the revenue available for capital expenditure after settlement of recurrent expenditure during the respective years.

**Table 6: Breakdown analysis of recurrent expenditure from 2012 - 2016**

Recurrent Heads	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	Total N'm
Personnel Cost	28,575	31,089	42,696	36,823	34,864	174,047
Overhead Cost	8,708	9,229	17,172	15,991	9,227	60,327
Consolidated revenue fund charges	34,717	79,911	81,596	60,340	44,238	300,802
Recurrent Grants & Subvention	16,229	13,570	10,059	8,268	10,194	58,320
<b>Total</b>	<b>88,229</b>	<b>133,799</b>	<b>151,523</b>	<b>121,422</b>	<b>98,523</b>	<b>593,496</b>

### 3.4 Financial Review of Recurrent Expenditure

- The recurrent expenditure distribution shows that the expenditure incurred by the State within the years under review increased by N46 billion or 52% from N88 billion in 2012 to N134 billion in 2013. This was because of the increase in amounts incurred on personnel emoluments and consolidated revenue fund charges during the period under review. Consolidated revenue fund charges include pensions and gratuities, local loan servicing, international loan servicing, grants and charges and statutory obligations.
- Recurrent expenditure decreased by N30 billion or 20% from N152 billion in 2014 to N121 billion in 2015 as a result of reduction in amounts incurred on loan repayments and other consolidated revenue fund charges as well as in personnel emoluments in the year 2015. There was a further decrease by N23 billion or 19% to N99 billion in 2016 which is attributable to the reduction in amounts incurred on loan repayment in 2016 and other consolidated revenue fund charges.

The table below shows the total recurrent expenditure per each recurrent head according to how money was disbursed during the years 2012 to 2016.

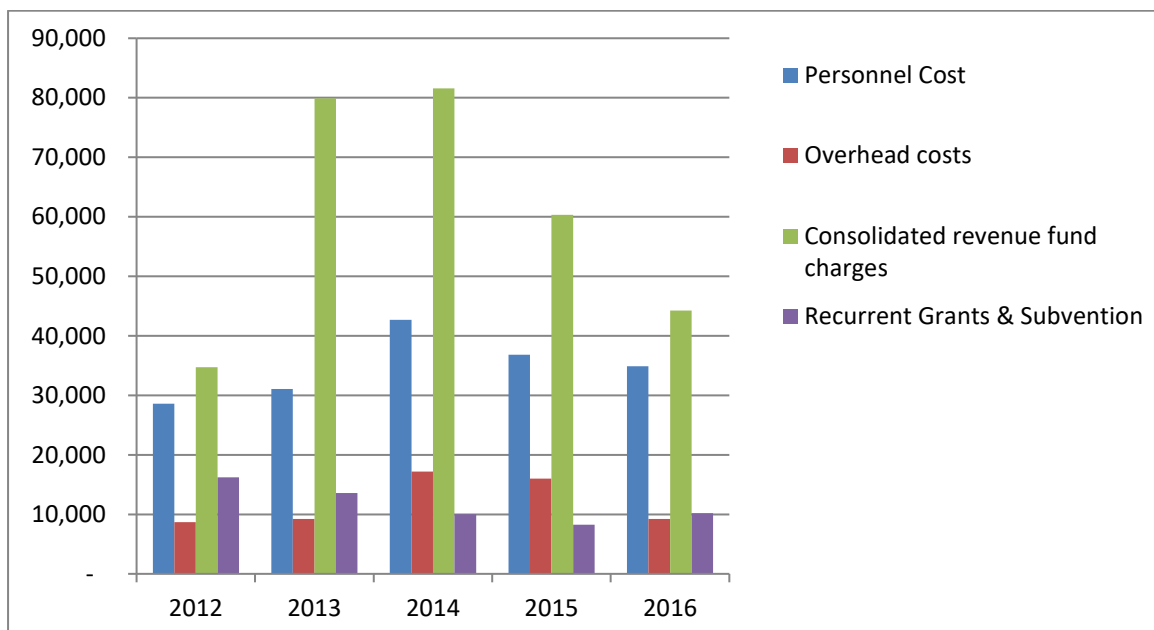


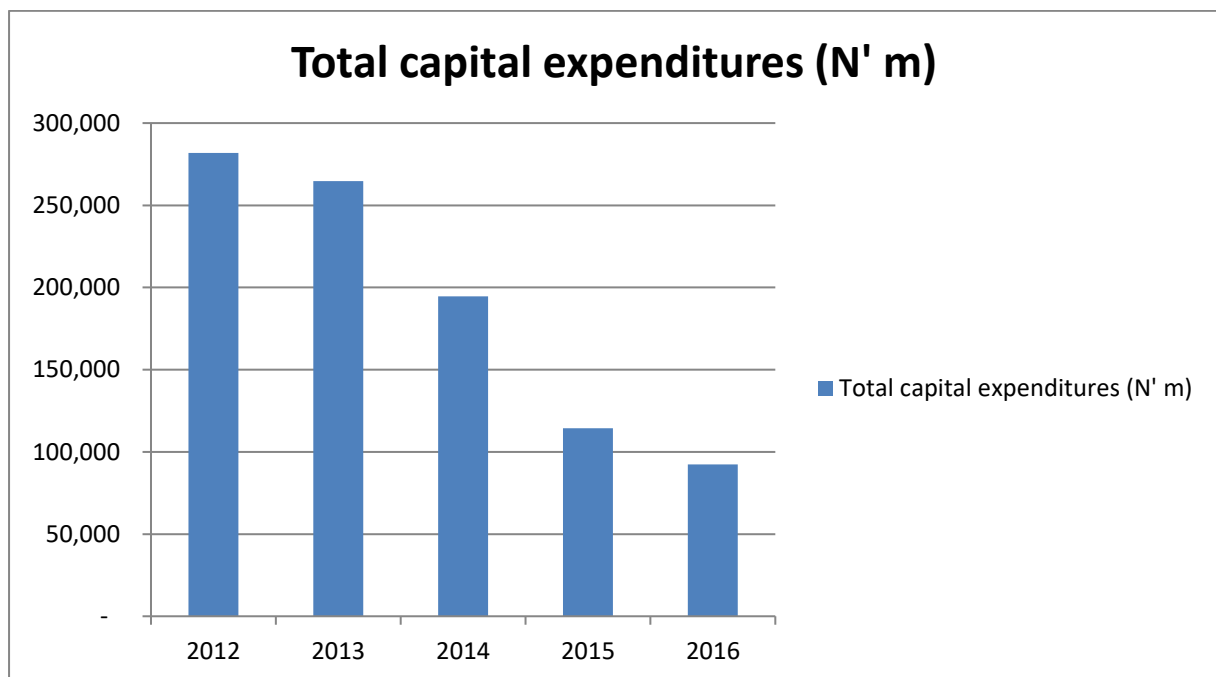
Figure 9: Recurrent expenditure from 2012 to 2016

## 4.0 Capital Expenditure

Capital expenditure represents the capital outflows used for the improvement and acquisition of assets and other long term construction for infrastructural development for the benefit of the State. The table and diagram below show the summary of the total Capital expenditure incurred by Akwa Ibom State from years 2012 to 2016.

**Table 7: Breakdown Analysis of Capital Expenditure from 2012 to 2016**

Year	Total Capital Expenditure(₦'m)
2012	281,868
2013	264,632
2014	194,573
2015	114,415
2016	92,306
Grand Total	947,794



**Figure 10: Distribution of Capital Expenditure from 2012 -2016**

**Table 8: Breakdown analysis of capital expenditure per sector from 2012 to 2016**

Capital Expenditure Head/ Years	2012 (N'm)	2013 (N'm)	2014 (N'm)	2015 (N'm)	2016 (N'm)	Total (N'm)
Economic Sector	144,807	150,288	100,702	63,150	54,316	513,263
Social Services Sector	27,744	37,335	41,999	14,364	4,308	125,750
Regional Development sector	21,016	9,423	944	440	61	31,884
Administrative Sector	88,301	67,586	49,421	35,243	32,268	272,819
Law and Justice	-	-	1,507	1,218	609	3,334
Funded from Aid and Grants	-	-	-	-	744	744
<b>Total</b>	<b>281,868</b>	<b>264,632</b>	<b>194,573</b>	<b>114,415</b>	<b>92,306</b>	<b>947,794</b>

During the periods under review, Akwa Ibom State incurred the sum of N948 billion on capital expenditure.

- The capital expenditure distribution shows that the expenditure incurred by the State decreased by N17 billion or 6% from N282 billion in 2012 to N265 billion in 2013. This was because of reduced expenditure on the regional development sector as well as on the administrative sector during the year.
- Capital expenditures also decreased from N265 billion in 2013 to N195 billion in 2014 resulting from the reduction in amount incurred on Capital projects in the economic and administrative sectors in the year 2014 as against the amounts incurred on the sectors in 2013.
- In 2014, the State Government fully commenced and complied with the implementation of reporting of financial statements to IPSAS (International Public Sector Accounting Standards) and this led to some changes in the nomenclature of the sectors.
- Capital expenditure decreased by 41% or N80 billion from N195 billion in 2014 to N114 billion in 2015 because of reduction in amounts incurred on all the sectors in 2015 arising from decrease in revenue receipts for the year.
- Capital expenditure further decreased by 19% or N22 billion from N114 billion in 2015 to N92 billion in 2016. This was because of decrease in amount incurred on all the sectors during the year 2016 due to a decrease in total revenue receipts for the year.

The following diagrams below show the actual capital expenditure on the various sectors of the State's Economy during the years 2012 to 2016

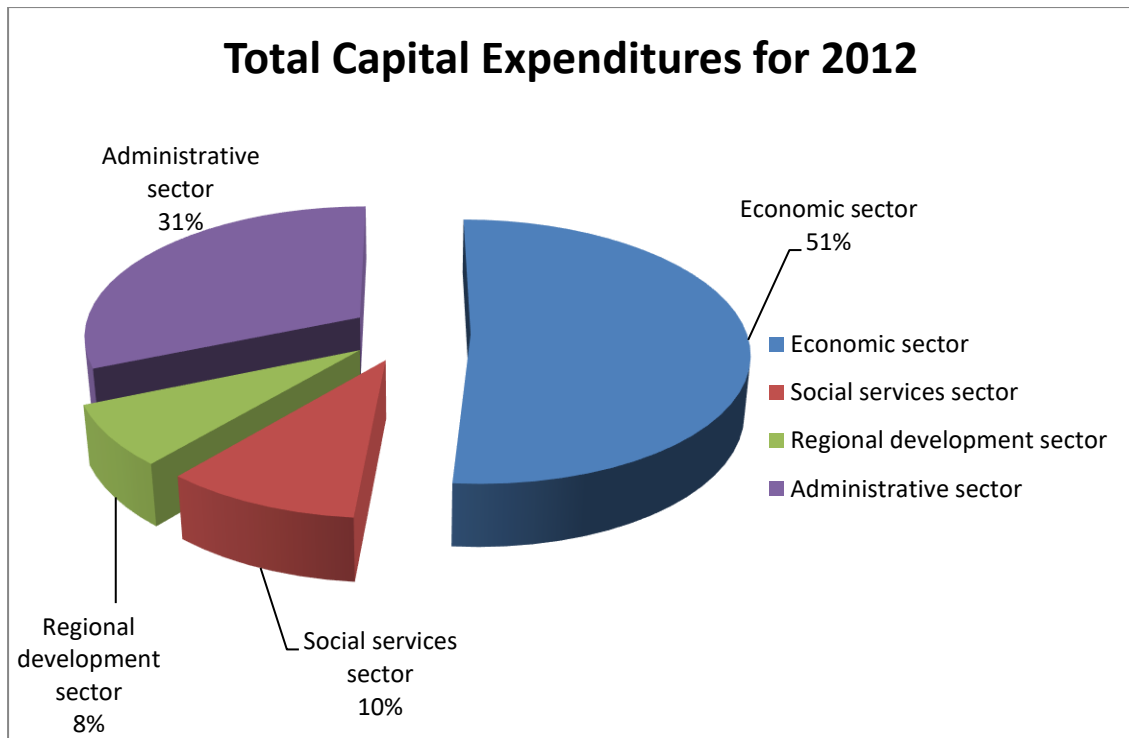


Figure 11: Represents capital expenditure for 2012

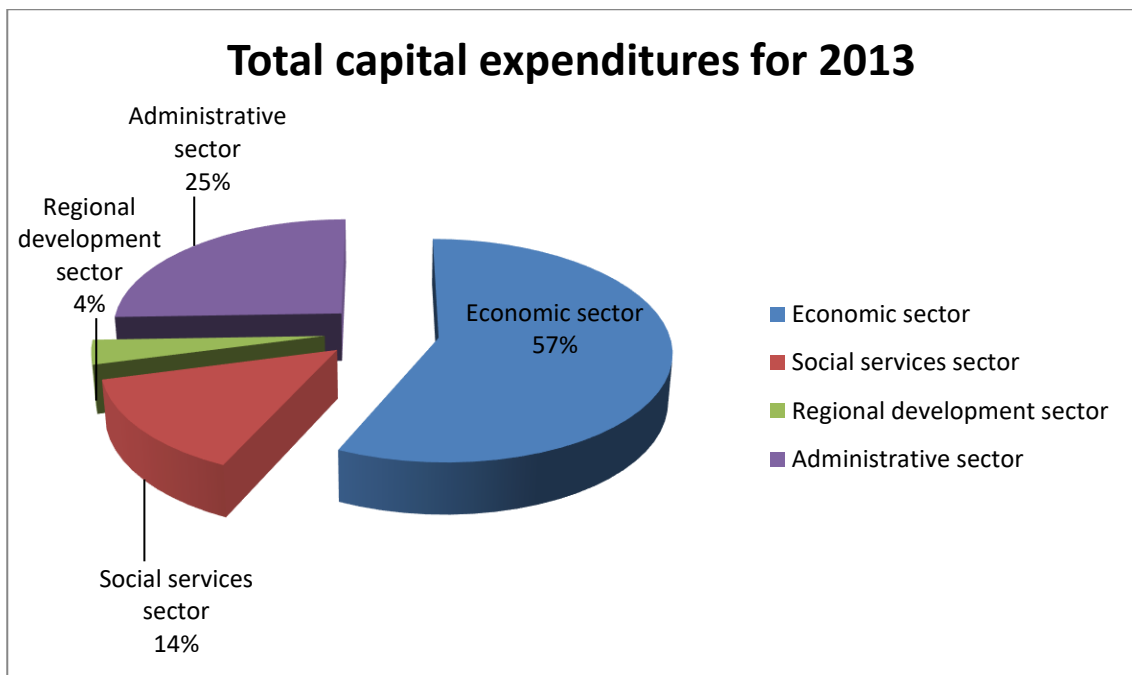


Figure 12: Represents capital expenditure for 2013

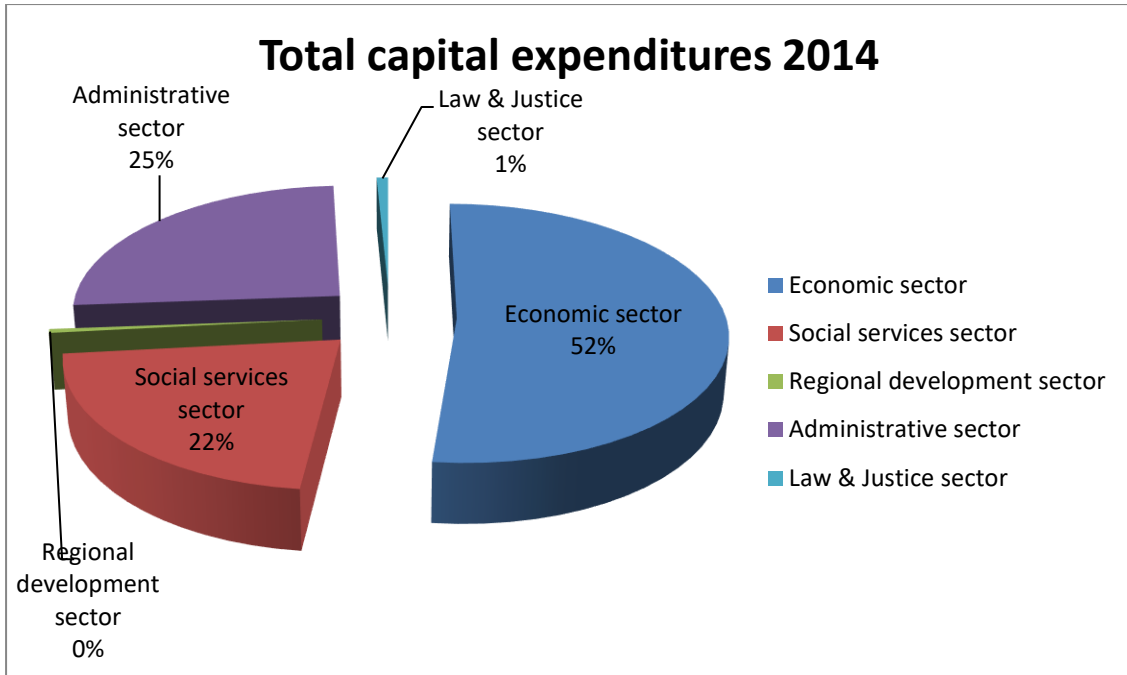


Figure 13: Represents capital expenditure for 2014

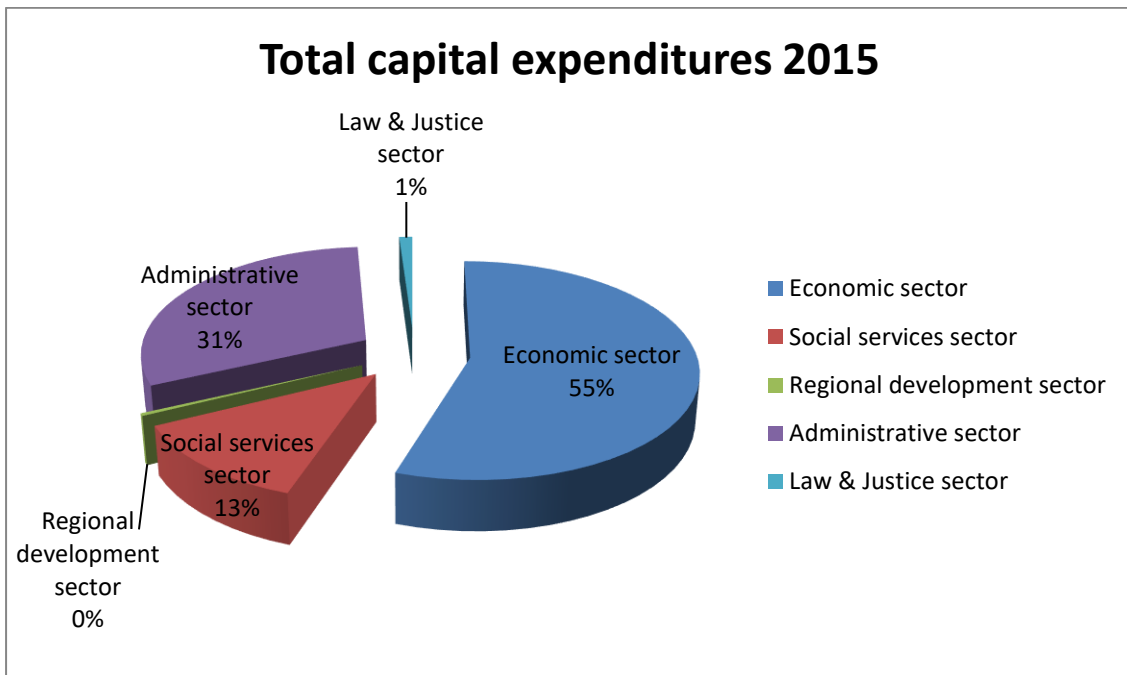
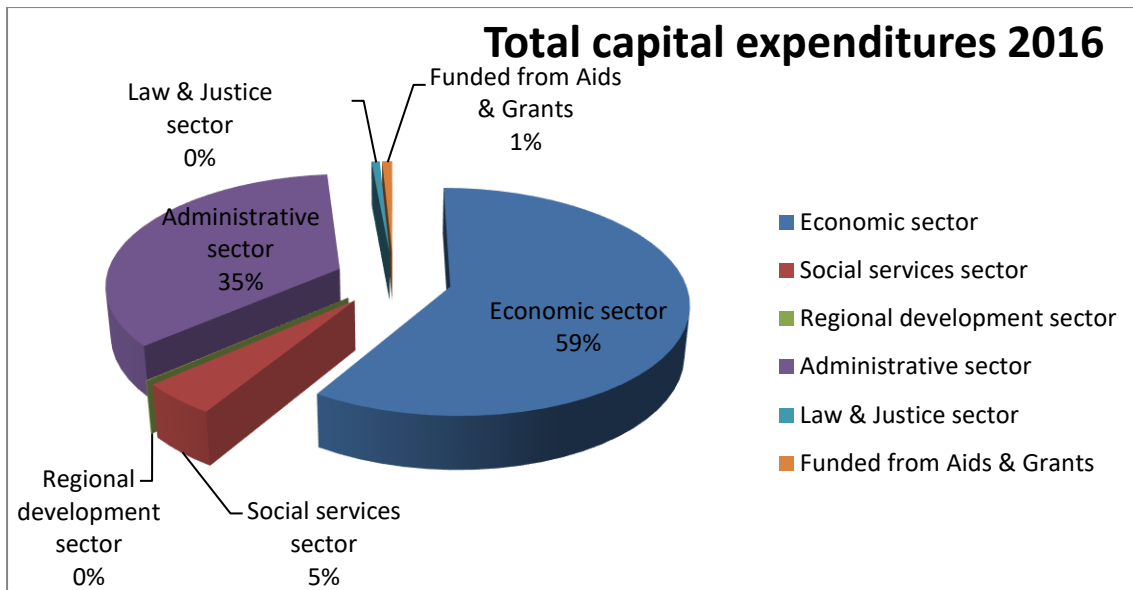


Figure 14: Represents capital expenditure for 2015



**Figure 15: Represents capital expenditure for 2016**

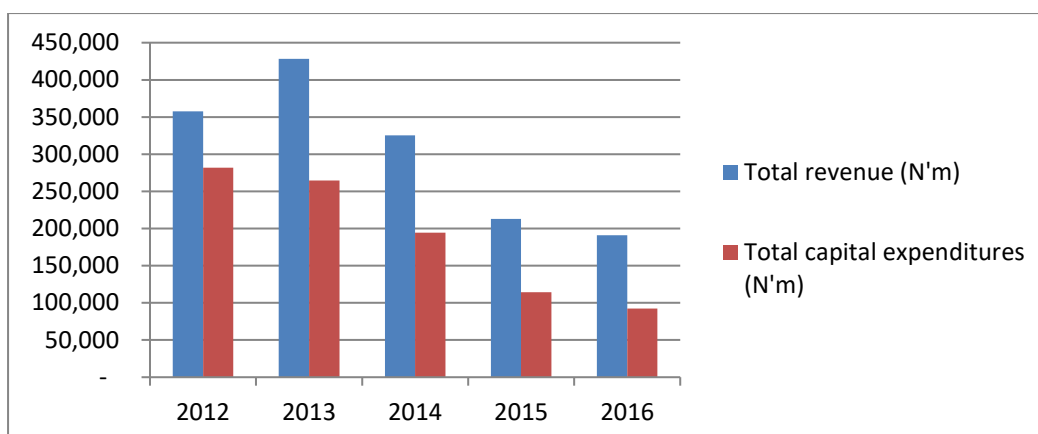
#### 4.1 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Akwa Ibom State during the years 2012 to 2016.

**Table 9: Comparison of Total Revenue to Total Expenditure in % from 2012 to 2016**

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Percentage of total capital expenditure to total revenue
2012	357,432	281,868	79
2013	428,370	264,632	62
2014	325,498	194,573	60
2015	212,914	114,415	54
2016	190,990	92,306	48
<b>Grand Total</b>	<b>1,515,204</b>	<b>947,794</b>	<b>63</b>





**Figure 16: Comparison of Total Revenue with Total Capital Expenditure from 2012 to 2016**

From the above chart, it is noted that capital expenditure as a percentage of total expenditure decreased from 2012 to 2016.

**Table 10: Comparison of Total Revenue to Total Capital Expenditure in Value from 2012 to 2016**

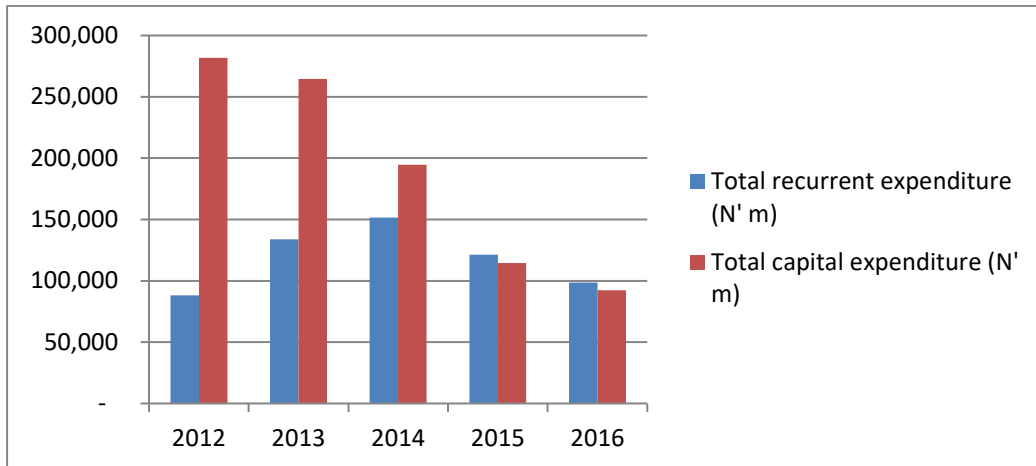
Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Portion left for recurrent expenditures (₦'m)
2012	357,432	281,868	75,564
2013	428,370	264,632	163,738
2014	325,498	194,573	130,925
2015	212,914	114,415	98,499
2016	190,990	92,306	98,684
<b>Grand Total</b>	<b>1,515,204</b>	<b>947,794</b>	<b>567,410</b>

The table above shows the proportion of funds incurred on capital expenditure out of the revenue that accrued to Akwa Ibom State during the period under review.

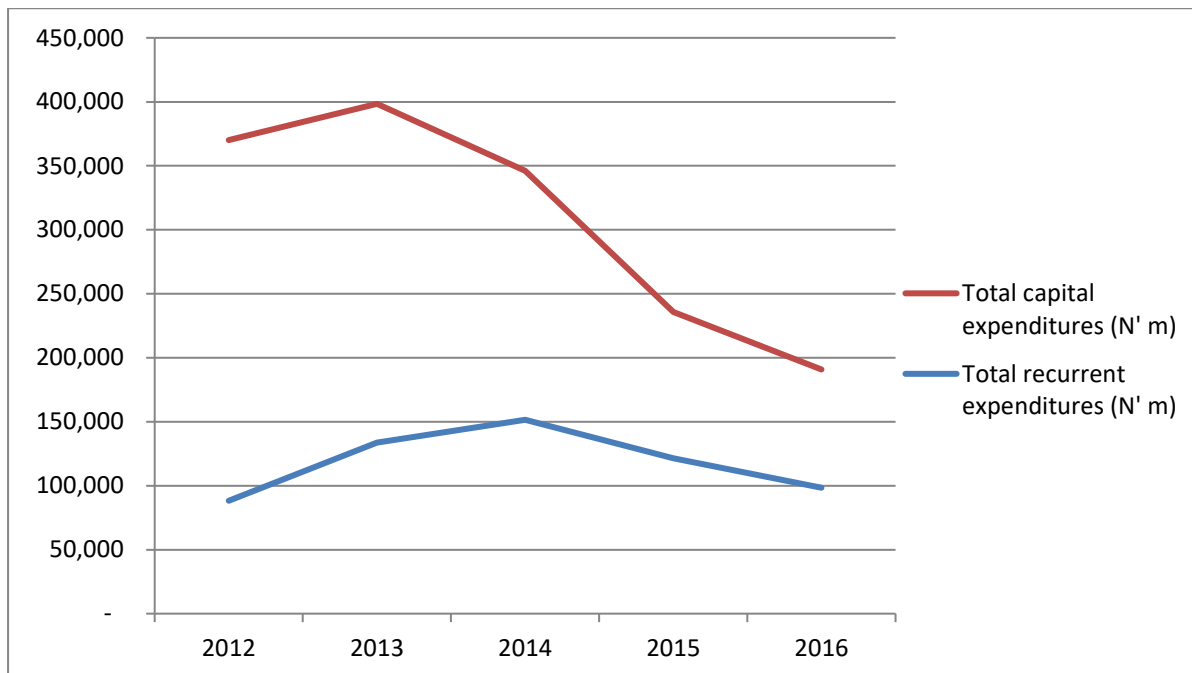
**Table 11: Analysis of Recurrent and Capital Expenditure from 2012 to 2016**

Year	Total Recurrent Expenditure(₦'m)	Total Capital Expenditure(₦'m)	Total (₦'m)
2012	88,229	281,868	370,097
2013	133,799	264,632	398,431
2014	151,523	194,573	346,096
2015	121,422	114,415	235,837
2016	98,523	92,306	190,829
<b>Grand Total</b>	<b>593,496</b>	<b>947,794</b>	<b>1,541,290</b>

From the table above, it can be concluded that the State incurred the total sum of N1.5 trillion as expenditure from 2012 to 2016, made up of recurrent expenditure of N593 billion and capital expenditure of N948 billion.



**Figure 17: Comparison of Recurrent Expenditure with Capital Expenditure from 2012 to 2016**



**Figure 18: Trend analysis between Recurrent Expenditure and Capital Expenditure**

The above figure shows the trend between recurrent expenditure and capital expenditure of Akwa Ibom State during the periods 2012 to 2016.

## 5.0 Recommendation and conclusion

### 5.1 Revenue Review Report

From the review carried out, some bank statements were not made available to us to be able to verify the existence of some revenue heads. Such bank statements include accounts statements into which the various sources of Internally Generated Revenue flows were made. The management of Ecobank did not make available to us the VAT bank statements for the months of May 2012 to January 2013 for our review.

### 5.2 Recurrent Expenditures Review Report

From the review carried out, we could not substantiate the expenditures incurred by the State as source documents such as expenditures warrant, duly approved fund release warrants, recurrent expenditures vote books of MDAs and expenditure bank statements were not made available. We had intended to sample expenditure on a sample basis incurred by the state from vote books of the MDAs and trace transactions to source documents and ledger postings but this process was not possible as required documents were not made available to us.

### 5.3 Capital Expenditures Review Report

Capital expenditures of the State could not be reliably verified. We intended to verify the capital expenditure by reviewing the vote books and selecting samples of capital projects and tracing projects to budgetary allocations and job quotations and contracts awarded and ensure that proper procedures were followed in the disbursement of funds and fund release warrants were duly signed and payments made well reflected in the bank statements. We also requested to select samples of capital projects executed by the State between the review period 2012 - 2016; and carry out physical inspection by visiting sites of capital projects but this procedure was not possible as the officials of the States could not facilitate the inspection.

### 5.4 General Review Report

Information obtained from officials of the state during the review was not timely. Officials of the state were working on templates that ought to have been completed before the commencement of the fieldwork throughout the period; templates were populated and delivered piecemeal until the last day on the field. Other documents requested during the review process were not available in good time based on the bureaucratic process put in place by management.

### 5.5 Recommendation

In future audit, the State should adequately prepare and make all relevant supporting documents available and make necessary arrangement for inspection of projects