

STO as required by Statutes; in order for the information therein to serve as valid corroborative evidences for both STO and Audit.

Meanwhile, the Office carried out Audit Inspection on Eighty Six [86] Ministries, Departments and Agencies [MDAs] and Periodic Check on Sixty Eight [68] Parastatal Organizations during the Year 2018. The reports in respect thereof which are based on the distinct sectorial classifications are contained in other volumes of the Auditor-General's Statutory Report for Year 2018.

4.00 CONCLUSION

Further to our previous audit report and current review of the Oracle ERP suite [platform from where the Financial Statements were generated] showed that not all the Oracle Financial Modules procured by the State Government were fully deployed. Audit opines the need for the Oracle ERP to be upgraded to its current version; meanwhile, the requisite controls and other relevant functionalities [among which is the period close functionality] built into the existing Oracle System for effective financial reporting should be strictly enabled and enforced; while the road map on the full optimization and upgrading of the Oracle Applications should be pursued vigorously.

Office of the State Auditor-General
Block 1, 6th Floor
The Secretariat
Alausa, Ikeja



H. M. Deile [Mrs.]
State Auditor-General

Lagos State Government
Financial Statements
For the year ended 31st December, 2018

The Responsibilities of the Accountant General


The Financial Statements have been prepared in accordance with the provision of the Finance (Control and Management) Act 1958 Cap 144 LFN and PFM Law 2011 as amended. Lagos State Government has initiated a three-year transition period to achieve full compliance with the requirements of IPSAS 33 of the accrual-based International Public Sector Accounting Standards (IPSAS). The transition date is 1st January, 2016 and 2018 is the third year of adoption of IPSAS. The financial statements are in line with the Generally Accepted Accounting Principles and Practice and other Government accounting regulations and pronouncements.

The Accountant General of the State is responsible for:

- a) Establishing and maintaining an adequate system of internal controls to provide adequate and reasonable assurance that transactions reported are recorded accurately and are within statutory authority.
- b) Ensuring the integrity and objectivity of the financial statements to reflect the financial position and performance of the Lagos State Government.
- c) Preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Accountant General accepts responsibility for the annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the transitional requirements of International Public Sector Accounting Standards and the requirements of the provision of the Finance (Control and Management) Act 1958 Cap 144 LFN as amended.

These Financial Statements provide adequate and reasonable assurance of the state of the financial affairs of the Lagos State Government and of its Financial Performance and Cashflows. The Accountant General further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.


A. S. UMAR (MRS.)
PERMANENT SECRETARY/ACCOUNTANT-GENERAL
LAGOS STATE
May 22, 2019



LAGOS STATE GOVERNMENT

REPORT OF THE STATE AUDITOR-GENERAL TO THE MEMBERS OF THE LAGOS STATE HOUSE OF ASSEMBLY

The financial statements of the Lagos State Government for the year ended 31st December 2018 set out on pages 10 to 81 of this report, which have been prepared on the basis of accounting policies set up on pages 15 to 25 have been audited under my supervision, as required by section 125 of the 1999 Constitution of the Federal Republic of Nigeria and Lagos State Public Finance Management Law, 2011.

ACCOUNTANT GENERAL'S RESPONSIBILITIES

The Accountant General is responsible for the preparation and presentation of the financial statements based on section 125 (5) of the 1999 Constitution of the Federal Republic of Nigeria. She is to ensure that there are no material misstatements in the financial statements.

AUDITOR GENERAL'S RESPONSIBILITIES

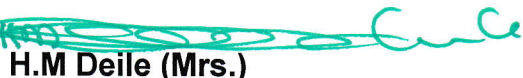
It is my statutory responsibility to form an independent opinion based on my audit of the financial statements and to report my opinion thereon.

BASIS OF OPINION

The audit was conducted in accordance with Nigerian Standards on Auditing as applicable to the public sector and the provisions of section 125 of the constitution of the Federal Republic of Nigeria. It includes examination on a test basis, of evidence relevant to the figures disclosed in the financial statements. The audit was planned and performed to obtain all information and explanations considered necessary for reasonable assurance, that the financial statements are free from material misstatements. I have obtained all the information and explanations that I required.

OPINION

In my opinion, the financial statements of Lagos State Government for the year ended 31st December 2018, show a true and fair view of the State's financial affairs, the cash flow and the financial position available as at that date; Lagos State Government initiated accrual basis IPSAS on 1 January 2016 and elected to adopt the transitional exemptions in IPSAS 33 that allows it to apply deemed cost and a transitional period of up to three years; this being the Third Transitional Accrual-based LASG Financial Statements for the financial year ended, 31st December, 2018. As a result of adopting the transitional exemptions and provisions, the Lagos State Government is not able to make an explicit and unreserved statement about its full compliance with accrual basis IPSASs. These financial statements are therefore referred to as the Third Transitional IPSAS Financial Statements of Lagos State Government for the financial year ended 31st December, 2018.


H.M Deile (Mrs.)

State Auditor General
May 22, 2019


**Lagos State Government
Financial Statements
For the Year Ended 31st December 2018**

Statement of Financial Performance

		2018	2017
		N'000	N'000
Revenue	Note		
Revenue from Non-exchange Transactions:			
Taxation Income	9	315,058,303	294,228,539
Levies, Fees, and Fines	10	56,696,075	31,102,702
Statutory Allocation	11	223,055,445	141,779,984
Grants	12	906,136	1,541,792
Other Revenue from Non-exchange Transactions	13	4,675,400	4,138,056
Revenue from exchange transactions:			
Income from Other Services	14	29,762,979	18,064,269
Capital Receipts	15	18,226,434	10,020,357
Investment Income	16	3,997,434	8,618,701
Interest Income	17	626,729	1,503,257
Total Operating Revenue		653,004,934	510,997,657
Expenses			
Wages, Salaries and Employee Benefits	18	101,901,146	92,238,733
Grants and Other Transfers	19	13,263,284	13,754,039
Subvention to Parastatals	20	48,203,055	46,987,881
General and Administrative Expenses	21	109,579,674	81,689,452
Total Operating Expenses		272,947,159	234,670,105
Surplus for the Period before Capital Items, Foreign Exchange Losses and Public Debt Charges		380,057,776	276,327,552
Capital Expenditure	22	209,955,635	278,170,967
Public Debt Charges	23	72,453,612	65,613,231
Net Loss on Foreign Exchange Transactions	24	(9,512,243)	36,310,227
Depreciation	31	103,798,136	92,992,223
		376,695,141	473,086,648
Surplus/(Deficit) for the period		3,362,635	(196,759,096)

The accounting policies and notes form an integral part of these financial statements.

STATE TREASURY OFFICE
MINISTRY OF FINANCE
THE SECRETARIAT
ALAUJA -IKEJA, LAGOS


A. S. UMAR (MRS.)
PERMANENT SECRETARY/ACCOUNTANT-GENERAL
LAGOS STATE


Lagos State Government
Financial Statements
For the Year Ended 31st December 2018

Statement of Financial Position

	Note	2018 N'000	2017 N'000
Assets			
Current Assets			
Cash and Cash Equivalents	25	64,429,633	27,013,820
Receivables from Exchange Transactions	26	326,317	328,310
Recoverables from Non-exchange Transactions	27	31,311,363	5,942,296
Inventory	28	1,662,267	3,891,144
		97,729,580	37,175,570
Non-current Assets			
Available-for-sale investments	29	78,162,126	76,194,202
Other Financial Assets	30	16,878,439	31,347,240
Property, Plant and Equipment	31	2,325,962,624	2,064,995,624
		2,421,003,188	2,172,537,066
Total Assets		2,518,732,768	2,209,712,636
Liabilities			
Current Liabilities			
Payables and Other Liabilities	32	249,849,888	60,915,062
Public Funds	33	222,368	498,833
Public Debt (Borrowings)	34	98,580,250	75,911,450
Finance Lease Obligations	35	3,195,005	3,109,967
		351,847,511	140,435,312
Non-current Liabilities			
Public Debt (Borrowings)	34	698,849,657	768,672,099
Finance Lease Obligations	35	4,803,526	6,626,927
Retirement Benefit Obligations	36	37,067,229	37,805,586
		740,720,412	813,104,612
Total Liabilities		1,092,567,923	953,539,924
Net Assets			
Accumulated Surplus	37	1,349,002,719	1,179,978,510
Available-for-sale Reserve		77,162,126	76,194,202
		1,426,164,844	1,256,172,712
Total Net Assets and Liabilities		2,518,732,768	2,209,712,636

The Accounting Policies and Notes form an Integral part of these Financial Statements.

STATE TREASURY OFFICE
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 THE SECRETARIAT
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Lagos State Government
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For the Year Ended 31 December 2018

Statement of Changes in Net Assets

	Accumulated Surplus	Available for Sale Reserve	Total Reserve
	N'000	N'000	N'000
Balance at 1 January 2018	1,179,978,511	76,194,202	1,256,172,713
Actuarial Gains/(Losses)	-5,812,523	-	(5,812,523)
Change in Fair Value Available-for-sale Financial Assets	-	967,924	967,924
Recognition of New Class of PPE	171,474,096		171,474,096
Suplus/(Deficit) for the Period	3,362,635	-	3,362,635
Balance at 31 December 2018	1,349,002,719	77,162,126	1,426,164,844

The accounting policies and notes form an integral part of these financial statements.

STATE TREASURY OFFICE
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Statement of Cash Flows

	Note	31-Dec-18 N'000	31-Dec-2017 N'000
Cash Flows from Operating Activities			
Receipts			
<i>Revenue from Non-exchange Transactions:</i>			
Net Tax Receipts	9	316,920,461	291,360,446
Levies, Fees and Fines	10	56,696,075	31,102,702
Statutory Allocation	11	223,055,445	141,779,984
Grants	12	906,136	1,541,792
Other Revenue from Non-exchange Transactions	13	4,675,400	4,138,056
Exchange Gain (Realised)		29,106	373,916
<i>Revenue from Exchange Transactions:</i>			
Income from Other Services	14	29,762,979	18,064,269
Capital Receipts	15	18,226,434	10,020,357
Investment Income	16	3,997,434	8,618,701
Interest Income	17	626,729	1,503,257
Changes in Other Receivables	25	(27,229,232)	(282,071)
Total Receipts		627,666,967	508,221,408
Payments			
Wages, Salaries and Employee Benefits	18	97,232,735	86,519,150
Contribution to Gratuity and Pension Fund	36	11,219,291	15,035,339
Grants and Other Transfer Payments	19	13,263,284	13,754,039
Subvention to Parastatals	20	48,203,055	46,987,881
Lease Rental Payment	35	3,512,794	3,490,585
General and Administrative Expenses	21	109,579,674	81,689,452
Payment to Suppliers		(682,050)	3,622,503
Exchange difference on Foreign Exchange Transactions		27,977	-
Payment of Public Debt Charge		69,852,466	58,147,065
Total Payments		352,209,225	309,246,013
i. Net Cash Flows from Operating Activities		275,457,742	198,975,395
Cash Flows from Investing Activities			
Purchase and Construction of Assets	39	(213,765,022)	(309,334,887)
Decrease in Bond Sinking Fund	30	14,468,801	76,997,778
ii. Net Cash Flows used in Investing Activities		(199,296,221)	(232,337,109)
Cash Flows from Financing Activities			
Proceeds from Borrowings	40	45,000,000	151,227,720
Repayment of Borrowings	41	(83,469,243)	(128,593,261)
Movement in Public Funds	33	(276,464)	277,035
iii. Net Cash Flows used in Financing Activities		(38,745,707)	22,911,494
Net Cash Flow [i] + [ii] + [iii]		37,415,813	(10,450,221)
Increase/decrease in Cash and its Equivalent			
Closing Cash and its Equivalent	25	64,429,633	27,013,820
Less: Opening Cash and its Equivalent	25	27,013,820	37,464,041
Increase/(decrease) in Cash and its Equivalent		37,415,813	(10,450,221)

The accounting policies and notes form an integral part of these financial statements.

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Lagos State Government
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Statement of Comparison of Budget and Actual Amount

	Note	Budgeted		Actual on Comparable N'000	Difference Final Budget and N'000
		Original	Final		
		N'000	N'000		
Receipts					
<i>Revenue from Non-exchange Transactions:</i>					
Taxes	44	440,121,000	440,121,000	316,920,461	123,200,539
Other Internally Generated Revenue	45	211,357,192	211,357,192	79,492,766	131,864,426
Dedicated Revenue	46	26,104,549	26,104,549	12,297,523	13,807,026
Grants	47	19,524,995	19,524,995	906,136	18,618,859
Capital Receipts	48	20,014,874	20,014,874	18,226,434	1,788,439
Federal Tranfers	49	177,300,000	177,300,000	223,055,445	(45,755,445)
<i>Revenue from Exchange Transactions:</i>					
Investment Income	50	3,000,000	3,000,000	3,997,434	(997,434)
		897,422,609	897,422,609	654,896,198	242,526,411
Receipt from Loans	51	148,699,000	148,699,000	45,000,000	103,699,000
		1,046,121,609	1,046,121,609	699,896,198	346,225,411
Total Receipts					
Payments					
Debt Charges	52	35,905,583	35,905,583	69,852,466	(33,946,883)
Personnel Cost	53	112,241,705	112,241,705	107,306,821	4,934,884
Overhead Cost	54	128,428,503	128,428,503	124,016,139	4,412,364
Subvention Overhead	55	70,463,148	70,463,148	51,715,849	18,747,299
Capital Expenditure	56	600,836,341	600,836,341	213,765,022	387,071,319
Facility Repayments	57	98,245,902	98,245,902	83,469,243	14,776,659
		1,046,121,181	1,046,121,181	650,125,539	395,995,642
Total Payments					
				49,770,659	(49,770,231)
Net Receipts					

Adjustment to reconcile Statement of Comparison of Budget and Actual amounts to Statement of Cash flows

Net Receipts on Actual on Comparable Basis	49,770,659
Decrease in Bond Sinking Fund	14,468,801
Increase in Receivables	(27,229,232)
Payment to Suppliers	682,050
Movement in Public Funds	(276,464)
	37,415,813

The accounting policies and notes form an integral part of these financial statements. The budget and the financial statements are prepared on a different basis. The statement of comparison of budget and actual amounts above is prepared on the same basis as the budget.

STATE TREASURY OFFICE
 MINISTRY OF FINANCE
 THE SECRETARIAT
 ALAUSA -IKEJA, LAGOS

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 LAGOS STATE