

ADAMAWA STATE NIGERIA STATE HEALTH
INVESTMENT PROJECT (NSHIP)



AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2019



AIC

AKANJI IBRAHIM & CO.
(CHARTERED ACCOUNTANTS)
NIGERIA

Head Office:

No. 40 Apena Street,
Off Ago Palace Way,
Okota-Isolo,
Lagos.

Branch Office:

No. 30 Mubi Road,
Sabru House,
Jimeta-Yola.

Public Disclosure Authorized

ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT
PROJECT (NSHIP)

AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31ST, 2019

Contents

CORPORATE INFORMATION.....	2
PROJECT OBJECTIVE	4
INDEPENDENT AUDITORS REPORT	6
STATEMENT OF FINANCIAL POSITION.....	8
STATEMENT OF FINANCIAL PERFORMANCE	9
CASH FLOW STATEMENT.....	10
ACCOUNTING POLICIES	11
NOTES TO THE ACCOUNTS.....	12
ANNEX TO THE ACCOUNTS.....	16

ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT
PROJECT (NSHIP)

AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31ST, 2019

CORPORATE INFORMATION

A. Project Financial Management and Implementation Unit:

- | | | |
|---------------------------|---|-----------------------------------|
| 1. Mr. Abubakar Ibrahim | - | Head PFMU |
| 2. Dr. Paul Margwa | - | Project Coordinator |
| 3. Dr. Batulu Isa Ahmad | - | Executive Chairman |
| 4. Mrs. Gyatan B. Dilli | - | Project Internal Auditor |
| 5. Mr. Pius John | - | Project Accountant |
| 6. Mrs. Sarah Daniel | - | Asst. Project Accountant |
| 7. Mr. Clement Drambi | - | Finance Officer |
| 8. Mr. Julius Benard | - | Internal Auditor |
| 9. Dr. Martin Bimba | - | Board Member 1 |
| 10. Mr. Yakubu Ma'aji | - | Board Member 2 |
| 11. Mr. Aliyu Suleiman | - | Executive Secretary |
| 12. Mr. Dauda Hammanjam | - | Procurement Officer |
| 13. Mr. Abubakar Mohammed | - | Information Officer |
| 14. Mr. Bala Lothan | - | Store Officer |
| 15. Mr. Abubakar Mohammed | - | Monitoring and Evaluation Officer |
| 16. Eliya Ghaji | - | Director Admin |
| 17. Nkunihya D. Kwabe | - | Data Clerk Officer |
| 18. Haruna Maisaje | - | Waste Manager |

B. Bankers:

- i. Zenith Bank Plc.**
(A/c No: 5070148548)
Special Account USD
- ii. Zenith Bank Plc.**
(A/c No: 1012656272)
Drawdown Account Naira
- iii. Zenith Bank Plc.**
(A/c No: 5070305411)
Interest Drawdown Account

C. Auditors:

Akanji Ibrahim & Co.
(Chartered Accountants)
No. 30 Mubi Road, Sabru House,
Jimeta-Yola,
Adamawa State.

PROJECT OBJECTIVE

The main objective of the Nigerian state Health investment project (NSHIP) is to increase the delivery and use of high impact maternal and child health intervention and to improve the quality of healthcare at selected health facilities in the participating state.

Health indicators in Nigeria are poor compared to most countries in Africa. Despite several decades of financial and human capital investments, Nigeria has made limited progress in delivering key health interventions and the country still lack behind in meeting the targets for the Millennium Development Goals (MDGs).

With 545 maternal deaths per 100,000 live births in 2008, Nigeria contributes up to 10% of global maternal deaths. Also, quality of health services is sub optimal with less than 50 percent of Nigerians expressing satisfaction with the service in the health sector.

It is in the light of the above mentioned development that the federal government of Nigeria and the World Bank endorsed a Results Based Financing (RBF) project NSHIP. NSHIP comes at an opportune time to demonstrate that RBF approaches can accelerate.

This project development objective is to strengthen the health care facilities which consist of two components:

Component 1:

Result Based Financing

- i. Will be provided to health facilities based on the quantity and quality services they provide. The project provides for health facility autonomy within the concept of independent running of the facilities with 50% of funds used as operational costs for maintenance and repairs, supplies and other activities while the remaining 50% is for;
- ii. Decentralized health facility based financing provide grants to L.G.A PHC department based on the performance matrix for their activities such as

timely execution of quality checklists, supportive supervision training and verification of the delivery of health services.

Component 2:

Technical Assistance (TA)

- i. Technical Assistance to states. This will fund hiring of consultants to strengthen monitoring and capacity building activities as well as for covering operational costs for day to day project management.
- ii. Technical Assistance for Result Based financing. This will support intensive technical support to build capacity for managing the Result Based Financing (RBF) program, specifically its Performance Based Financing (PBF) compound and its long term sustainability through rigorous learning. Institutional development, community engagement and dissemination of results.
- iii. Monitoring and Evaluation. This TA component to be managed by the FMOH aims at collecting data to measure progress on the Result Based Financing component and the project results framework and carry out the impact evaluation of NSHIP

BRANCH OFFICE

NO.30 Mubi Road
Sabru House
P.O. Box 262

OFFICE ADDRESS:

40 Apena Street
off Ago Palace Way
Okota- Isolo, Lagos

INDEPENDENT AUDITORS REPORT ON THE FINANCIAL STATEMENTS
OF THE ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT PROJECT
(NSHIP) (IDA NO. 50940)

We have audited the accompanying project financial statements of the Nigeria State Health Investment Project for the year ended December 31st, 2019 as set out in pages 8 to 17 prepared on the basis of the accounting policies on page 11. 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.

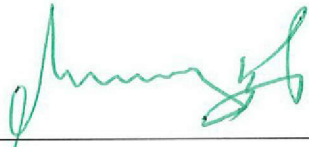
It also includes an assessment of the estimates and judgments made by the project officers in the preparation of financial statements, and whether the accounting policies are appropriate to the project circumstances, consistently applied and adequately disclosed.

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.

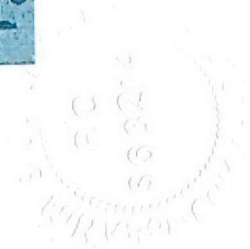
OPINION

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 Nigerian State Health Investment Project for the year ended December 31st, 2019 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 year ended December 31st, 2019.



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



**ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT
PROJECT (NSHIP)**

**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT
DECEMBER 31ST, 2019**

		2019	2018
<u>ASSETS EMPLOYED</u>	NOTE	N	N
Fixed Assets	2	629,509,367.00	629,509,367.00
<u>CURRENT ASSETS</u>			
Bank and Cash Balances	3	(3,651,860.71)	78,102,513.00
<u>DEVELOPMENT EXPENTURES</u>			
Development Capital Expenditure	4	-	44,144,861.00
Development Operating Expenditure	5	108,915,887.84	1,852,660,775.00
TOTAL ASSETS		108,915,887.84	2,604,417,516.00
<u>FINANCED BY:</u>			
IDA Credit	6	-	2,603,466,479.00
Miscellaneous Income	7	39,816,000.00	
Interest Earned (Dollar & Naira)	8	1,015.97	698,042.00
Drawdown from Special Account	9	69,098,871.87	-
Exchange Rate Gain	10	-	252,995.00
		108,915,887.84	2,604,417,516.00

..... } STATE PROJECT COORDINATOR

..... } HEAD PFMU

ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT PROJECT (NSHIP)
STATEMENT OF FINANCIAL PERFORMANCE (RECIPTS AND PAYMENTS)
ACCOUNT FOR THE YEAR ENDED DECEMBER 31ST, 2019

	2019	2018
	N	N
INCOME		
International Development Association (IDA)	-	1,954,259,699.00
Miscellaneous Income	39,816,000.00	-
Drawdown from Special Account	52,743,149.75	-
Exchange Rate Gain	-	252,995.00
Interest Earned (Dollar & Naira)	1,015.97	698,042.00
TOTAL RECEIPTS	92,560,165.72	1,955,210,736.00
EXPENDITURE		
Printing and stationaries	34,345,197.20	112,030,971.00
Consultancy Services	1,181,760.00	9,674,843.00
Training and development	8,426,000.00	90,639,358.00
Material & Equip. Supplied	274,500.00	68,762,124.00
Workshop	1,860,000.00	3,418,810.00
Staff Allowance	13,653,260.00	89,058,611.00
Transport and Travelling	2,232,956.84	14,501,430.00
Repair and General Maintenance	9,404,992.20	33,629,719.00
Fuelling and Diesel	1,781,125.00	10,594,832.00
Media and Publicity	622,200.00	29,469,416.00
Entertainment & Hospitality	24,743,430.00	15,126,200.00
Taxes	9,839,008.60	52,126,985.00
Bank Changes	51,458.00	189,334.00
Running Cost	500,000.00	2,474,500.00
Salaries and wages	-	33,009,510.00
Printing of Health Materials	-	211,410,149.00
Committee Meetings	-	12,873,310.00
Performance Bonus Allowance	-	1,103,366,118.00
Works and construction	-	4,449,416.00
	108,915,887.84	1,896,805,636.00
Excess of receipts over payments/(payments over receipts)	(16,355,722.12)	58,405,100.00

ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT
PROJECT (NSHIP)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31ST, 2019

	2019	2018
	N	N
<u>CASHFLOW FROM OPERATING ACTIVITIES</u>		
Interest Earned	1,015.97	698,042.00
Total Receipt	1,015.97	698,042.00
<u>PAYMENTS</u>		
Total for operating activities	108,915,887.84	1,852,660,775.00
Net cashflow from operating activities (A)	(108,914,871.87)	(1,851,962,733.00)
<u>CASHFLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Assets	-	(44,144,861.00)
Net Cashflow from investing activities (B)	-	(44,144,861.00)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
IDA Credit	-	1,954,259,699.00
Drawdown from Special Account	52,743,149.75	-
Miscellaneous Income	39,816,000.00	-
Add Exchange Rate gain	1,015.97	252,995.00
Net Cash flow from financing activities (C)	92,560,165.72	1,954,512,694.00
Cash and Equivalent (A+B+C)	(16,354,706.15)	(58,405,100.00)
Cash and cash Equivalent at the beginning	1,882,170,125.00	1,940,575,225.00
Cash and cash Equivalent at the end	1,865,815,418.85	1,882,170,125.00

ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT
PROJECT (NSHIP)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31ST, 2019

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 NIGERIA STATE HEALTH INVESTMENT PROJECT (NSHIP)

NOTES TO THE ACCOUNTS (CONT'D) FOR THE YEAR ENDED 31ST DECEMBER, 2019

2. FIXED ASSET SCHEDULE

	Total	Plant & Machinery	Furniture & Fittings	Motor Vehicle	Hospital and Laboratory	Civil Work	Communication Equipment
Cost							
As at 1/1/2019	629,509,367.00	204,392,105.00	7,630,000.00	63,673,281.00	84,230,040.00	113,654,399.00	265,134,525.00
Additions during the year	-	-	-	-	-	-	-
As at 31/12/2019	629,509,367.00	204,392,105.00	7,630,000.00	63,673,281.00	84,230,040.00	113,654,399.00	265,134,525.00

ADAMAWA STATE NIGERIA STATE HEALTH INVESTMENT
PROJECT (NSHIP)

NOTES TO THE ACCOUNTS (CONT'D) FOR THE YEAR ENDED 31ST
DECEMBER, 2019

	2019 ₦	2018 ₦
3. <u>CASH AND BANK BALANCES</u>		
a. Zenith Bank Plc. Special Account No. 5070148548 USD @ 359	599,325.37	52,324,156
b. Interest Special Account No.: 5070305411 USD	-	1,270,425
c. Current Draw Down Account No: 1012656272	<u>(4,251,186.08)</u>	<u>24,507,928</u>
	<u>(3,651,860.71)</u>	<u>78,102,513</u>

4. DEVELOPMENT CAPITAL EXPENDITURE (₦0.00)

There was no development capital expenditure during the year under review.

5. DEVELOPMENT OPERATING EXPENDITURE (₦108,915,887.84)

This represents amount expended on salaries, workshops, and other operating expenses that occurs on regular basis which enable the smooth running of the project during the year under review.

6. IDA FUND (₦0.00)

There was no IDA fund received during the year under review.

7. MISCELLANEOUS INCOME (₦39,816,000.00)

This represent miscellaneous income during the year ended December 31st, 2019.

8. INTEREST EARNED DOLLARS AND NAIRA (₦1,015.97)

This represent interest accrued to Dollars and Naira account received for the year ended December 31st, 2019.

9. DRAWDOWN FROM SPECIAL ACCOUNT (₦69,098,871.87)

This represent total amount transferred from special account to drawdown account during the year ended December 31st, 2019.

10. EXCHANGE RATE GAIN (₦0.00)

There was no gain on exchange rate during the year under review.

11. PRINTING AND STATIONARIES (₦34,345,197.20)

This represents amount paid for printing stationaries during the year ended December 31st, 2019.

12. CONSULTANCY SERVICES (₦1,181,760.00)

This represents sundry payments for consultancy services during the year ended December 31st, 2019.

13. TRAINING AND DEVELOPMENT (₦8,426,000.00)

This represent payment made in respect of training held for the year ended December 31st, 2019.

14. MATERIAL AND EQUIPMENT SUPPLIED (₦274,500.00)

This represents sundry payments made for good and materials supplied during the year ended December 31st, 2019.

15. WORKSHOP (₦1,860,000.00)

This represents payments made in respect of workshop and training held during the year ended December 31st, 2019.

16. STAFF ALLOWANCE (₦13,653,260.00)

This represent payment for staff allowances during the year ended December 31st 2019.

17. TRANSPORT AND TRAVELLING (₦2,232,956.84)

This represents amount paid for transportation and travelling within and out of the country during the year ended December 31st, 2019.

18. REPAIRS AND GENERAL MAINTENANCE (₦9,404,992.20)

This represent payment made in respect of repairs and general maintenance during the year ended December 31st, 2019.

19. FUELLING AND DIESEL (₦1,781,125.00)

This is represents payments made for fuelling, diesel and services of plant and machinery during the year ended December 31st, 2019.

20. MEDIA AND PUBLICITY (₦622,200.00)

This represent payment made for media, Publicity and advertisement for the year ended December 31st, 2019.

21. ENTERTAINMENT AND HOSPITALITY (₦24,743,430.00)

This represents payment for entertainment and assistance during the year ended, December 31st, 2019.

22. TAXES (₦9,839,008.60)

This represents the total taxes remitted to the relevant tax authorities during the year ended December 31st, 2019.

23. BANK CHARGES (₦51,458.00)

This represent payments made from various transactions as charges during the year ended December 31st, 2019.

24. RUNNING COST (₦500,000.00)

This represent funds paid for the day to day local running of office activities during the year ended December 31st, 2019.

ANNEX TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31ST, 2019

RECONCILIATION OF ZENITH BANK PLC. SPECIAL ACCOUNT NO.: 5070148548

Transaction Summary

The summary of transactions through the Domiciliary Special Account for the year.

	USD \$
Balance as at 1/1/2019	151,664.22
Add: Lodgments during the year	<u>0.00</u>
	151,664.22
Less: Payments during the year	<u>149,994.79</u>
	<u>1,669.43</u>

BANK RECONCILIATION STATEMENT AS AT DECEMBER 31ST, 2019

	USD \$
Balance as per Bank Statement	<u>1,669.43</u>
Same as:	
Balance as per adjusted cashbook	<u>1,669.43</u>