LAGOS STATE HOPE PROGRAM

Financial Year 2025
Financial and Performance Audit

LAGOS STATE GOVERNMENT

AUDIT CERTIFICATE

The books and records of the Delivery Platforms of the Lagos State HOPE-GOV under the World Bank Assisted initiative of the Federal Government Human Capital Opportunities for Prosperity and Equity (HOPE) programme for the year ended 31st December, 2025 have been audited under my supervision, as required by Section 125 of the 1999 Constitution of the Federal Republic of Nigeria [as amended], and Sections 25 and 26 of the Audit Law [as amended] Ch.A13 Laws of Lagos State, 2015, and Public Finance Management Law Ch.P15, Laws of Lagos State, 2015 and the HOPE-GOV Programme Operations Manual (POM).

Basis of Opinion

The audit was conducted in accordance with International Standards on Auditing and INTOSAI Auditing Standards, and relevant laws and regulations covering Public Sector practice. The audit was planned and performed to obtain all information and explanations considered necessary for reasonable assurance that the books and records of the State's Delivery Platforms [DPS] do not contain material misstatements. To this end, all information and explanations considered necessary have been obtained.

Opinion

In my opinion, the books and records of the Lagos State Government Delivery Platforms [DPs] for the year ended 31st December, 2025, show a true and fair view of the State's financial Performance, with respect to the Federal Government Human Capital Opportunities for Prosperity and Equity (HOPE) programme.

Special Opinion

1. The state is eligible to receive performance-based grant financing from Federal Government of Nigeria, subject to performance against predetermined criteria in the World Bank Assisted Human Capital Opportunities for Prosperity and Equity – Governance (HOPE GOV) Programme.
2. The Expenditure Framework (and receipts) are detailed in the Disclosure Note 63 (page 48) in the attached General-Purpose Financial Statements of Lagos State Government.

In my opinion, the information provided in the accompanying Disclosure Note represents fairly, in all material respects, the expenditures incurred (and funds received) against the HOPE GOV PforR for the year ended 31st December, 2025 in accordance with International Public Sector Accounting Standards (IPSAS).

M. J. Adetola
State Auditor-General
February 24, 2026.

OFFICE OF THE STATE AUDITOR-GENERAL

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1. AUDIT OBSERVATION ON THE BOOKS AND RECORDS OF LAGOS STATE HOPE-HEALTH PROGRAMME FOR THE YEAR ENDED 31ST DECEMBER, 2025.

The Lagos State HOPE-HEALTH Programme is a pillar of the broader World Bank assisted Federal Government - Human Capital Opportunities for Prosperity and Equity (HOPE) initiative like the education sector with the objective to strengthen the primary healthcare system. It is structured around three "Results Areas" (RAs) that aim to transform how healthcare is delivered, funded, and managed, namely:

1. **Improving Quality and Readiness of Health Services**

   The core goal is to move beyond just having clinics to ensuring those clinics are actually "ready" to save lives.

2. **Increasing Utilization of Essential Services**

   This objective focuses on breaking the barriers that keep Lagosians away from public health facilities.

3. **Strengthening Governance and Human Resources**

   This objective addresses the "software" of the health system; the people and the Management.

1.2 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

The financial summary of the Primary Health Subsector for the year ended 31st December, 2025 in respect of personnel and overhead cost is as shown below:

Details	Budget	Actual	Variance	*Perf.
	₦	₦	₦	%
EXPENDITURE:				
Personnel Cost	21,820,925,083.00	21,584,935,513.00	235,989,570.00	98.92
Overhead Cost	3,966,326,471.00	3,700,474,382.00	265,852,089.00	93.30
Total Expenditure	**25,787,251,554.00**	**25,285,409,894.00**	**501,841,660.00**	**98.05**

Perf.: Performance

From the above summary, the budget performance of the primary health subsector was 98.05%.

1.3 EVALUATION OF INTERNAL CONTROL:

A general review of the Internal Control System of Lagos state HOPE-HEALTH programme was carried out by Audit to confirm its existence, assess its adequacy and ascertain the level of compliance to the dictates of the HOPE-GOV Programme Operation Manual. The following were revealed through the exercise:

- Management failed to maintain a detailed annual internal audit programme, and did not present to Audit the periodic reports thereof contrary to Financial Regulations **[S.1704]** and [**FR.1706],** and ***Chapter 5 paragraph 5.4*** (Internal Controls) of the HOPE-GOV Programme Operational Manual.

Financial authorities and approved procedures for revenue and expenditure were clearly defined and adhered to. Besides, the activities of the programme were carried out in an orderly and efficient manner. However, in the course of the audit; a control breach of Store items not taken on charge was observed.

HOPE PHC RESPONSE

- *Observation noted.*

  Delay in obtaining the Approval of the Steering Committee was partly responsible for the delay in turning in ***Annual Internal Audit Programme.***

  Audit Comment

  - The annual internal audit programme was submitted after the audit exercise and confirmed to be in order.

1.4 CONTROL ISSUES

The following control breach was observed during the course of the review:

- **Store Items Not Taken on Charge - ₦10,213,029.00**

  Audit examination of expenditure records revealed that tracer commodities with values amounting to Ten Million, Two Hundred and Thirteen Thousand Twenty-nine Naira [₦410,213.029] only procured during the period under review were not charged to Store as they were without the required Store Receipt Vouchers [SRV] as evidence of actual procurements contrary to the extant provisions of the Financial Regulation **S.2402[i]**.

  <u>HOPE PHC RESPONSE</u>

- *Observation noted.*

Some drugs were procured during the MNCH (Maternal Newborn and Child Health) Week, where drugs were procured and supplied, due to the ongoing strike as at the time of the Audit.

Audit Comment

Management Response is noted.

2. AUDIT OBSERVATION ON THE BOOKS AND RECORDS OF LAGOS STATE HOPE-EDU PROGRAMME FOR THE YEAR ENDED 31ST DECEMBER 2025.

The Lagos State HOPE-EDU programme is a key pillar of the broader World Bank assisted Federal Government - Human Capital Opportunities for Prosperity and Equity (HOPE) initiative with the objective to drive a systemic transformation of the basic education sector to ensure that every child in Lagos has access to high-quality learning.

The core objectives of HOPE-EDU are designed around three main goals:

A. Improving foundational learning: Ensuring that pupils achieve measurable competency in literacy and numeracy at the primary level. This includes the distribution of millions of learning materials and textbooks to schools.

B. Expanding equitable access: Reducing the number of out-of-school children and ensuring that marginalized groups (including underserved girls) have the infrastructure and support needed to remain in school.

C. Strengthening institutional capacity: Enhancing the "system" behind the schools. This involves training thousands of teachers in modern pedagogy and using digital tools for better quality assurance and accountability.

2.2 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

The financial summary of the Basic Education Subsector for the year ended 31st December 2025 in respect of personnel and overhead cost is as shown below:

Details	Budget	Actual	Variance	*Perf.
	₦	₦	₦	%
EXPENDITURE:				
Personnel Cost	7,749,463,940.00	2,074,496,262.00	5,674,967,678.00	26.77
Overhead Cost	9,574,098,075.00	8,859,156,188.00	714,941,887.00	93.00
Total Expenditure	**17,323,562,015.00**	**10,933,652,450.00**	**6,389,909,565.00**	**63.11**

Perf.: Performance

From the above summary, the budget performance of the basic education subsector was 63.11%.

2.3 EVALUATION OF INTERNAL CONTROL:

A general review of the Internal Control System of Lagos state HOPE-EDU programme was carried out by Audit to confirm its existence, assess its adequacy and ascertain the level of compliance to the dictates of the Lagos State HOPE-GOV Programme Operation Manual. The following were revealed through the exercise:

- Management failed to maintain a detailed annual internal audit programme and did not present to Audit the periodic reports thereof contrary to Financial Regulations **[S.1704]** and [**FR.1706],** and ***Chapter 5 paragraph 5.4*** (Internal Controls) of the HOPE-GOV Programme Operational Manual.
- Financial authorities and approved procedures for revenue and expenditure were clearly defined and adhered to. Besides, the activities of the programme were carried out in an orderly and efficient manner. However, the following control breaches were observed in the course of the audit; Store items not taken on charge; and inordinate storage duration and accrued demurrage.

HOPE EDU SECRETARIAT'S RESPONSE

- *Audit query is noted. A detailed* ***Annual Internal Audit Programme*** *was later turned in at the end of the review and is now available for Audit examination.*
- ***All observations raised on Store Management are noted and shall be improved upon.***

Audit Comment

- The annual internal audit programme was submitted after the audit exercise and confirmed to be in order.
- Management Response in respect of SRV is noted.

2.4 CONTROL ISSUESS

The following control breach was observed during the course of the review:

- **Store Items Not Taken on Charge - ₦50,040,000.00**

  Audit examination of expenditure records revealed that textbooks with values amounting to Fifty Million Forty Thousand Naira [₦50,040,000.00] only out of the core primary school textbooks produced and supplied to primary [Primary 1, 2, and 3] schools in the State amounting to One Billion Three Hundred and Fifty-nine Million Five Hundred and Forty Thousand Two Hundred and Seventy-six Naira [₦1,359,540,276.00] only during the period under review were not properly charged to Store as they were without the required Store Receipt Vouchers [SRV] as evidence of actual procurements contrary to the extant provisions of the Financial Regulation **S.2402[i].**

  The books were purportedly distributed directly to the beneficiaries from the premises of the manufacturer.

Management should give reasons for these anomalies.

<u>HOPE EDU SECRETARIAT'S RESPONSE</u>

- *The Audit observation is noted. The movement of the books directly to the beneficiaries was largely due to the urge to meet distribution deadline. We however ensured that the internal auditors were aware of the slight change in process. Going forward, irrespective of the pressure, we shall ensure that all books pass through the store before distribution.*

  Audit Comment

Management Response is noted

- **Inordinate storage duration and accrued Demurrage - ₦1,540, 206.00**

  As a corollary to the value of books not taken on charge, Audit observed that the prolonged duration of the books on the premises of the manufacturer attracted a demurrage of One Million Five Hundred and Forty Thousand Two Hundred and Six Naira [₦1,540, 206.00] only.

HOPE EDU SECRETARIAT'S RESPONSE

- *The observation is noted. The delay was part of the initial teething problems. We have improved upon the evacuation process of the published books to avoid future* demurrage*.*

  Audit comment

  Management Response is noted.