



**The States' Fiscal Transparency, Accountability and Sustainability (SFTAS)  
Program for Results**

**2018 Annual Performance Assessment (APA) Report**

**ABIA STATE**

By:

The Office of the Auditor-General for the Federation as the SFTAS Independent Verification Agent  
with support from JK Consulting Co. Ltd



Date: March 2020

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# 1. Executive Summary

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This Report details the outcome of the Annual Performance Assessment (APA) conducted on Abia State for the 2018 year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol.

**Table 1** (below) reflects the outcome of the 2018 APA for Abia State and shows areas where the State was able to achieve results. In total, Abia State achieved **five (5)** DLRs out of 14 DLRs.

We further identified several areas where the State can improve its performance for the next APA, and these are set out in detail within Section 3 of this Report. In summary, the State should ensure the following:

1. **DLR 1.1:** Quarterly budget implementation reports are published on average within 4 weeks of each quarter-end in 2020 and beyond.
2. **DLR 3:** Introduce an approved Cash Management Strategy which covers the processes through which the State is able to forecast cash commitments and requirements and the availability of funds. The State should also improve its TSA to meet the requirements for this result.
3. **DLR 4.1:** Legislative approval is obtained for a Consolidated state revenue code covering all state and LGA IGR sources. The State Revenue law should also include provisions to ensure the collection of revenues is made into accounts nominated by the SBIR. The law, combined code and rates should be published online by the State.
4. **DLR 4.2:** The State achieves annual nominal IGR growth rate of at least the basic target of 20%.
5. **DLR 5.1:** Biometric capture of current civil servants and pensioners is completed and linked to payroll and identified ghost workers taken off the payroll within 3 months of being identified.
6. **DLR 5.2:** The BVN data of all State civil servants and pensioners is linked to the payroll. The minimum target for 2020 is 90% coverage.
7. **DLR 6.2:** Information on contracts awarded above the set threshold is published online on a monthly basis, and in the OCDS format.
8. **DLR 7.1:** Amendment of the State-level Public Debt legislation to provide for the responsibility for contracting state debt.
9. **DLR 8:** A Domestic Arrears Clearance Framework is established, and an internal domestic arrears database created with relevant balances placed online through a publicly accessible portal.

Finally, we noted significant issues affecting the credibility of the financial statements for 2018. These were raised for clarification with the State, but responses were not fully verifiable at the time of this report. These issues are included as **Appendix A and C**.

Specifically, there is a difference of ₦12,314,526,978.08 between the debt/liability balance in the 2018 Audited Financial Statements and the balances within the reports of the Federal Debt Management Office. **Please see Appendix C** for details.

**Table 1: Assessment Results**

<b>Key:</b>	Achieved		Not Achieved	
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Disbursement Linked Indicators	Disbursement Linked Results	Result	Remarks
<b>DLI 1:</b> Improved financial reporting and budget reliability	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The 3 <sup>rd</sup> and 4 <sup>th</sup> quarter reports were published on 29 <sup>th</sup> Nov 2019.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The deviation for FY18 was 28.84%.
<b>DLI 2:</b> Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY19 budget		Public consultations were held, and the minutes posted online.
<b>DLI 3:</b> Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA		8% of the state government finances went through the TSA in 2018
<b>DLI 4:</b> Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published		The State does not have a Consolidated Revenue Code.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more		The annual nominal IGR growth rate was 7.19%.
<b>DLI 5:</b> Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll		The State did not provide sufficient documents for the IVA to reach a conclusion.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed		The State did not provide sufficient information for the IVA to reach a conclusion.
<b>DLI 6:</b> Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement board; and 3) Cover all MDAs receiving funds from the state budget.		The law conforms with the UNCITRAL Model law and meets the three criteria.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website		The State did not publish contract award information online.
<b>DLI 7:</b> Strengthened public debt management and fiscal responsibility framework	DLR 7.1: Approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		The State's Fiscal Responsibility Law does not provide for responsibilities for contracting state debt.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018		Q4 report was submitted within the timelines
<b>DLI 8:</b> Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		The State has not established an Arrears Clearance Framework.
<b>DLI 9:</b> Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018, and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: Basic target: < 150%, Stretch target: < 125%.	<b>Basic Target met</b>	Average monthly debt service to gross FAAC allocation was 9.3% and Total Debt stock to Revenue was 130.4%

The Office of the Auditor-General for the Federation as Independent Verification Agent and JK Consulting agree on all the results shown in this Report.

## 2. Introduction

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### 2.1 Overview

The Federal Government of Nigeria is implementing a four-year program to support Nigerian States to strengthen fiscal performance and sustainability: The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results (“The Program”). In each of the four years, the Program will finance activities under two components: (i) a Program for Results (PforR) component in the amount of US\$700 million and (ii) a Technical Assistance (TA) component in the amount of US\$50 million. All States are able to participate in the Program in each of the four years and benefit from the PforR funds by meeting the Eligibility Criteria and any or all of the Disbursement Linked Indicators (DLIs).

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Limited was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of States against the Disbursement Linked Results (DLRs) for 2018. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

### 2.2 Scope

This Annual Performance Assessment (APA) Report covers the State’s performance in 2018 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state’s eligibility for grants under the 2018 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix D.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitized on the requirements of the program and on the protocol for 2018. The assessment results are binary (pass or fail), as that is how the Program for Results components was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 01/12/2019 to 05/12/2019 with a team of five persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/additional information.

The draft conclusions from the work done were reported to the State and this final report takes account of the State’s comments on the draft results, as shown in Section 4.

The Office of the Auditor-General for the Federation and JK Consulting Co. Limited are grateful to the States for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards achieving the DLRs in the remaining years of the Program.

### 3. Assessment Results

#### 3.1 Findings

Table 2: Findings

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
	<b>DLI 1: Improved Financial Reporting and Budgeting Reliability</b>			
DLR 1.1	<b>Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management</b>	This DLR was assessed based on the last two quarters (3 <sup>rd</sup> & 4 <sup>th</sup> ) of 2018.	<b>Not Achieved</b>	
1	Has the state published its quarterly budget implementation report to the state official website within six weeks of the end of each quarter?	The quarterly budget implementation reports were not published on the State official website within six weeks of the end of each quarter. The 3 <sup>rd</sup> and 4 <sup>th</sup> quarterly budget implementation reports for 2018 were published on the 29th of November 2019 <a href="https://www.abiastate.gov.ng/2018-report/">https://www.abiastate.gov.ng/2018-report/</a>	Unsatisfactory	The State should publish the reports immediately after the quarter end, and at the latest within 4 weeks.
	Does the report include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures)?	The report includes the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure	Satisfactory	
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	The report states the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date	Satisfactory	

	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	The report states balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures'	Satisfactory	
DLR 1.2	<b>FY [2018] deviation from total budget expenditure is less than 30%</b>		<b>Achieved</b>	
1	Has the State Computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms?	The State did not provide a computation of the deviation from budget. From our calculations the budget expenditure deviation was 28.84%.	Satisfactory	
2	Is the expenditure outturn deviation computed less than 30%	The original approved expenditure budget for 2018 was ₦140,946,885,770.00. While the actual total expenditure obtained from the Audited Financial Statements for 2018 was ₦100,299,752,601.00. With the information above, we computed the budget deviation in percentage to be 28.84%, as follows:  $\frac{₦140,946,885,770.00 - ₦100,299,752,601.00}{₦140,946,885,770.00} \times 100 = 28.84\%$		
	<b>DLI 2: Increased openness and citizens' engagement in the budget process</b>			
DLR 2.1	<b>Citizens' inputs from formal public consultations are published online,</b>		<b>Achieved</b>	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations																																						
	along with the proposed FY [2019] budget																																									
1	Did the state conduct at least one “town-hall” consultation before the proposed budget is drafted with participation of local government authorities and state-based CSOs?	<p>The State conducted town hall meetings in the LGA under the 3 senatorial districts of the State with the participation of Local Government Authorities and State based CSOs. The 3 senatorial districts and LGAs are as follows:</p> <p>ABIA CENTRAL</p> <table border="0"> <tr> <td>LGA</td> <td>Date</td> </tr> <tr> <td>Ikwuano</td> <td>23/11/18</td> </tr> <tr> <td>Isialangwa North</td> <td>26/11/18</td> </tr> <tr> <td>Isialangwa South</td> <td>26/11/18</td> </tr> <tr> <td>Osioma</td> <td>21/11/18</td> </tr> <tr> <td>Umuahia North</td> <td>24/11/18</td> </tr> <tr> <td>Umuahia South</td> <td>22/11/18</td> </tr> </table> <p>ABIA NORTH</p> <table border="0"> <tr> <td>LGA</td> <td>Date</td> </tr> <tr> <td>Arochukwu</td> <td>26/11/18</td> </tr> <tr> <td>Bendeal</td> <td>26/11/18</td> </tr> <tr> <td>Isiukuato</td> <td>23/11/18</td> </tr> <tr> <td>Ohafia</td> <td>26/11/18</td> </tr> <tr> <td>Umunneochi</td> <td>24/11/18</td> </tr> </table> <p>ABIA SOUTH</p> <table border="0"> <tr> <td>LGA</td> <td>Date</td> </tr> <tr> <td>Aba North</td> <td>27/11/18</td> </tr> <tr> <td>Aba South</td> <td>24/11/18</td> </tr> <tr> <td>Obingwa</td> <td>26/11/18</td> </tr> <tr> <td>Ugwunnagbo</td> <td>23/11/18</td> </tr> <tr> <td>Ukwa West</td> <td>24/11/18</td> </tr> </table> <p>The proposed budget was drafted on 28/12/18.</p>	LGA	Date	Ikwuano	23/11/18	Isialangwa North	26/11/18	Isialangwa South	26/11/18	Osioma	21/11/18	Umuahia North	24/11/18	Umuahia South	22/11/18	LGA	Date	Arochukwu	26/11/18	Bendeal	26/11/18	Isiukuato	23/11/18	Ohafia	26/11/18	Umunneochi	24/11/18	LGA	Date	Aba North	27/11/18	Aba South	24/11/18	Obingwa	26/11/18	Ugwunnagbo	23/11/18	Ukwa West	24/11/18	Satisfactory	
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	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily?	<p>The minutes of the public consultations was jointly prepared by the State CSO representatives as shown by their signatures on the attendance sheets attached to the minutes of meeting.</p> <p>The minutes of the public consultations were published on the homepage of the State website on the 14th January 2019.  <a href="https://www.abiastate.gov.ng/2019-budget/">https://www.abiastate.gov.ng/2019-budget/</a>  <a href="https://www.abiastate.gov.ng/wp-content/uploads/2019/01/AGBALU-OZU-OBORO.pdf">https://www.abiastate.gov.ng/wp-content/uploads/2019/01/AGBALU-OZU-OBORO.pdf</a></p>	Satisfactory	
	<b>DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA</b>			
DLR 3.0	<b>Improved cash management and reduced revenue leakages through implementation of State TSA</b>		<b>Not Achieved</b>	
1	Has the state established a functional state-level TSA?	<p>The State has established a functional State level TSA.</p> <p>We physically observed and viewed the state TSA on a single electronic dashboard showing movement of cash and bank balances on a real time online basis.</p>	Satisfactory	
2	<p>Is there a formally approved cash management strategy in place?</p> <p>The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.</p>	The State does not have a formally approved cash management strategy.	Unsatisfactory	We recommend that the State should implement an approved cash management strategy.
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts	On the dashboard, the State uses different bank access codes to view the balances in the different banks instead of a	Unsatisfactory	We recommend the State should have a system of cash management that allows for a central view of cash

	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
	on a single electronic dashboard (based on the approved cash management strategy)?	system that allows for a central view of the cash balances in bank accounts.		balances in bank accounts on a single electronic dashboard.
4	Does the TSA have one consolidated revenue treasury account for state revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	The State TSA does not have one Consolidated Treasury Account for all State Revenues that is automated.	Unsatisfactory	The state should have one consolidated revenue treasury account for State revenues including the FAAC account.
5	Does the TSA cover a minimum of 50% of the State Government's finances?	<p>The TSA does not cover a minimum of 50% of the State Government's finances.</p> <p>It was observed that the total cash inflows and total cash outflows as stated in the Audited Financial Statement (Cashflow Statement) for 2018 was ₦79.4b and ₦62.2b respectively.</p> <p>Out of this figure, the total inflows and total outflows remitted to TSA as obtained from the State's Access Bank Statement was ₦5.74b and ₦5.74b respectively representing 7% (<math>\frac{₦5.74b}{₦79.4b} \times 100\%</math>) for inflows and 9% (<math>\frac{₦5.74b}{₦62.2b} \times 100\%</math>) for outflows remittance to TSA.</p> <p>Average = <math>(7\% + 9\%) / 2 = 8\%</math></p> <p>Inflows from FAAC and VAT were not remitted into TSA only IGR inflows were remitted to TSA.</p>	Unsatisfactory	We recommend full implementation of the TSA by remitting all inflows (IGR, FAAC & VAT) into the TSA.
	<b>DLI 4: Strengthened Internally Generated Revenue (IGR) collection</b>			

	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
DLR 4.1	<b>Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published</b>		<b>Not Achieved</b>	
1	Does the state have up-to-date consolidated revenue code which includes all the state's IGR sources and all the local governments (falling under that state) IGR sources? IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State and covered by the federal tax code.	We reviewed the following: <ul style="list-style-type: none"> <li>• ABIA STATE BOARD OF INTERNAL REVENUE (AMENDMENT NO. 2) LAW 2016 - Law No. 2 of 2016.</li> <li>• THE ABIA STATE BOARD OF INTERNAL REVENUE LAW 2008 (Law No. 7 of 2008)</li> </ul> We found that the State does not have an up to date consolidated revenue code. The state confirmed that the existing revenue code is yet to be consolidated and passed by the state legislature. In particular, the State Revenue law lacks rates and sources at state MDAs and LGAs. The First Schedule of MDA revenues does not list the applicable rates. The Second Schedule does not list the LGA rates chargeable.	Unsatisfactory	Actions should be taken to hasten the passage of the bill by the State legislature, assent by the Governor and publication online before 31 <sup>st</sup> December 2020.
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state?	The law provides for the payment of revenues to banks designated by the BIRS, and mandates all state revenues to be collected through a central platform to designated banks	Satisfactory	
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	Collections of revenues are not made into the nominated accounts by the SBIR.	Unsatisfactory	It is recommended that in line with the tax law, the State's internal revenue service should be responsible to nominate the

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
				accounts where revenue of the State should be paid into.  Where the Accountant-General or others had previously nominated the accounts, the SBIR should revalidate the existing accounts.
4	Is the code approved by the state legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	A revenue code has not been approved by the State legislature.	Unsatisfactory	See above
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The 2016 (amendment) Revenue law and amendment were online but not the full schedule of rates and no rates for LGAs. The principal law is not online.	Unsatisfactory	See above
DLR 4.2	<b>Annual nominal IGR growth rate meets target</b>		<b>Not Achieved</b>	
1	<b>Has the 2018-2017 annual nominal IGR growth rate</b> met the basic or stretch targets?  Basic Target: 20%-39% Stretch Target: 40% or more	<b>Calculations without adjustments to stated revenue</b> Based on the unadjusted total balances in the audited Financial Statements for 2018, the IGR growth rate between 2017 and 2018 was 2.38%.  The IGR figures for 2018 and 2017 as stated in the Financial Statements were ₦15,830,928,367.24 and N15,462,346,085.23 respectively. The difference being growth figure is N368,582,282.01. Therefore, the IGR growth	Unsatisfactory	The State needs to improve its IGR growth year on year.

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations																
		<p>rate is 2.38% calculated as N368,582,282.01 / N15,462,346,085.23 * 100.</p> <p><b>Calculations with adjustments to stated revenue</b></p> <p><b>2018</b></p> <table border="0"> <tr> <td>Gross IGR</td> <td>15,830,928,367.24</td> </tr> <tr> <td>Miscellaneous</td> <td>(42,000,119.54)</td> </tr> <tr> <td>Repayment</td> <td>nil</td> </tr> <tr> <td><b>Total</b></td> <td><b>15,788,928,247.70</b></td> </tr> </table> <p><b>2017</b></p> <table border="0"> <tr> <td>Gross IGR</td> <td>15,462,346,085.23</td> </tr> <tr> <td>Miscellaneous</td> <td>(733,125,533.94)</td> </tr> <tr> <td>Repayment</td> <td>(3,600)</td> </tr> <tr> <td><b>Total</b></td> <td><b>14,729,216,951.29</b></td> </tr> </table> <p><b>₦ 15,788,928,247.70 - ₦ 14,729,216,951.29 = ₦ 1,059,711,296.41</b></p> <p>The adjusted growth rate is <math>\frac{\text{₦ 1,059,711,296.41}}{\text{₦ 14,223,972,284.34}}</math> = 7.19%</p> <p>Sources: All figures are obtained from the Audited financial statements for 2018</p>	Gross IGR	15,830,928,367.24	Miscellaneous	(42,000,119.54)	Repayment	nil	<b>Total</b>	<b>15,788,928,247.70</b>	Gross IGR	15,462,346,085.23	Miscellaneous	(733,125,533.94)	Repayment	(3,600)	<b>Total</b>	<b>14,729,216,951.29</b>		
Gross IGR	15,830,928,367.24																			
Miscellaneous	(42,000,119.54)																			
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	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
	<b>DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud</b>			
DLR 5.1	<b>Biometric capture of at least [60] percent of current civil servants completed and linked to payroll and identified ghost workers taken off the payroll.</b>		<b>Not Achieved</b>	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants on the state payroll?	<p>The State could not provide necessary documents and adequate evidence of the use of biometric tools to the IVA to enable us to verify the biometrics. We requested for:</p> <ol style="list-style-type: none"> <li>Current nominal roll for all state civil servants as at 31<sup>st</sup> December 2018</li> <li>State Biometric Capture Report</li> <li>State Payroll of civil servants for which biometric data and/or BVN numbers were linked to payroll as at 2018 etc,</li> <li>Physical Verification of the Biometrics of selected staff.</li> </ol> <p>However, the State provided the IVA on the field with the underlisted document which we were unable to make use of, for the biometric verification of the civil servant:</p> <ul style="list-style-type: none"> <li>A list of verified pensioners</li> <li>List of employees due for retirement</li> <li>One-page summary report - Biometric Audit and Verification System for the Abia State showing numerical information of what the state claimed to have achieved.</li> <li>MDA Enrolment Count</li> </ul> <p>Sequel to the Draft report being sent to the States, Abia State further provided the IVA with:</p> <ul style="list-style-type: none"> <li>Payroll of staff of some selected MDAs (in excel format)</li> </ul>	Unsatisfactory	The State should complete biometric capturing of all Civil Servants and ensure that it is linked to the payroll.

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> <li>• List of MDAs and count for Biometric Enrolled Staff</li> <li>• Enrolled Employees Listing</li> <li>• Summary Results of Biometric Phase Workforce Strength as at May 2019</li> </ul> <p>Upon further review of the aforementioned documents above, the IVA concluded that:</p> <ul style="list-style-type: none"> <li>• Abia State sent in some selected payroll of the entire Civil servant to the IVA. (Abia State High Court Judiciary, Ministry of Education, Ministry of Finance, Ministry of Health, Ministry of Justice, Ministry of Women Affairs and Ministry of Works) and this was not enough to ascertain the total number of the entire workforce.</li> <li>• The list of MDAs &amp; count for biometric enrolled staffs and the Summary Results of Biometric Phase Workforce Strength as at May 2019 were not adequate for reaching a conclusion.</li> </ul> <p>Some of the documents above revealed conflicting figures. Even though the differences were not material. Furthermore, the MDAs payroll submitted did not cover all the MDAs listed as MDAs and Government Offices in the separate document titled “List of MDAs and Count for Biometric enrolled Staff”</p> <p>The IVA was therefore unable to verify, substantiate, evaluate or corroborate the information. Physical verification of the Biodata of selected staff was also not possible. Therefore, the DLR is marked Unsatisfactory.</p>		
2	Has the State linked the biometrics data to the state payroll to identify ghost workers?	We are unable to verify any biometric linkage to the States payroll.	Unsatisfactory	

	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>																								
3	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	We are unable to verify any biometric linkage to the States payroll.	Unsatisfactory																									
<b>DLR 5.2</b>	<b>Link BVN data to at least [60] percent of current civil servants on the payroll and payroll fraud addressed</b>		<b>Not Achieved</b>																									
1	Has the State linked the Bank Verification Number data to 60% of its current Civil Servants on the state payroll?	<p>During the field work, the State did not provide sufficient documents for the verification exercise. We requested the following;</p> <ol style="list-style-type: none"> <li>Current nominal roll for all state civil servants,</li> <li>BVN register, and;</li> <li>The State Payroll showing the number of civil servants for which BVN numbers were linked to payroll as at 2018 etc.</li> </ol> <p>We reviewed the response received to our draft report, as well as the Nominal Roll and Payroll (with BVN data) subsequently provided by the State: We observed the following from our review:</p> <table style="margin-left: 40px;"> <tr> <td><b>Nominal Roll (MDAs listing Details)</b></td> <td style="text-align: right;">18,646</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td><b><u>BVN (linkage in the Payroll)</u></b></td> <td></td> </tr> <tr> <td>Abia State High Court Judiciary</td> <td style="text-align: right;">881</td> </tr> <tr> <td>Ministry of Agriculture</td> <td style="text-align: right;">606</td> </tr> <tr> <td>Ministry of Education</td> <td style="text-align: right;">900</td> </tr> <tr> <td>Ministry of Finance</td> <td style="text-align: right;">464</td> </tr> <tr> <td>Ministry of Health</td> <td style="text-align: right;">937</td> </tr> <tr> <td>Ministry of Justice</td> <td style="text-align: right;">341</td> </tr> <tr> <td>Ministry of Women Affairs</td> <td style="text-align: right;">155</td> </tr> <tr> <td>Ministry of Works</td> <td style="text-align: right;">250</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">4534</td> </tr> </table>	<b>Nominal Roll (MDAs listing Details)</b>	18,646	 		<b><u>BVN (linkage in the Payroll)</u></b>		Abia State High Court Judiciary	881	Ministry of Agriculture	606	Ministry of Education	900	Ministry of Finance	464	Ministry of Health	937	Ministry of Justice	341	Ministry of Women Affairs	155	Ministry of Works	250		4534	Unsatisfactory	The State should link the BVN of all Civil Servants to the payroll
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	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
		<p><b>Staff with BVN</b></p> $\frac{4534}{18646} \times 100 = 24\%$ <p>No of Civil Servants</p>		
2	Has the State taken steps to identify payroll fraud?	Sufficient documents and information were not provided to ascertain if the State has taken steps to identify payroll fraud or not.	Unsatisfactory	
	<b>DLI 6: Improved procurement practices for increased transparency and value for money</b>			
DLR 6.1	<b>Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-procurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the state budget</b>		<b>Achieved</b>	
1	Does the State have a public procurement legal framework which must be approved by the state legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The State has an approved public procurement legal framework known as the <b>Abia State Public Procurement Law No. 3, 2012</b> which was assented to by the Governor on 17 April 2012.	Satisfactory	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations										
2	<p>Does the law conform with the UNCITRAL Model Law which should provide for:</p> <p>1) e-procurement;</p> <p>2) establishment of an independent procurement board; and</p> <p>3) cover all MDAs receiving funds from the state budget.</p>	<p>The Abia State Public Procurement Law is structured in line with the UNCITRAL Model and meets the requirements as shown below:</p> <p><b>1. E-Procurement</b></p> <ul style="list-style-type: none"> <li>▪ Council to approve changes in procurement Process to adapt to improvements in modern Technology. S. 4 (e)</li> <li>▪ Bureau to establish a single internet portal that shall serve as a primary and definitive source of all information on government procurement. S. 7 (r)</li> <li>▪ Bureau to introduce, develop, update and maintain related data base and technology. S. 7 (q)</li> </ul> <p><i>The law complies with the benchmark</i></p> <p><b>2. The results of our assessment of the legislation for an independent procurement board are in the table below:</b></p> <table border="1" data-bbox="768 1007 1464 1366"> <thead> <tr> <th data-bbox="768 1007 1126 1038">Required provisions*</th> <th data-bbox="1126 1007 1464 1038">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="768 1038 1126 1098">The Functions and Powers of the Agency</td> <td data-bbox="1126 1038 1464 1098">Complies with this, see sections 7 and 8</td> </tr> <tr> <td data-bbox="768 1098 1126 1190">The Composition of the Board.</td> <td data-bbox="1126 1098 1464 1190">Complies; States the composition of the Board see section 3(2)</td> </tr> <tr> <td data-bbox="768 1190 1126 1310">Membership of the Board / Council includes representatives from Professional Bodies / Associations.</td> <td data-bbox="1126 1190 1464 1310">Complies see section 3 (2) (g)</td> </tr> <tr> <td data-bbox="768 1310 1126 1366">The grounds for removal of Chief Executive is stated</td> <td data-bbox="1126 1310 1464 1366">The Law is compliant. See section 9(4)</td> </tr> </tbody> </table>	Required provisions*	Result	The Functions and Powers of the Agency	Complies with this, see sections 7 and 8	The Composition of the Board.	Complies; States the composition of the Board see section 3(2)	Membership of the Board / Council includes representatives from Professional Bodies / Associations.	Complies see section 3 (2) (g)	The grounds for removal of Chief Executive is stated	The Law is compliant. See section 9(4)	Satisfactory	The Bureau and Council should issue e-procurement specific guidelines .
Required provisions*	Result													
The Functions and Powers of the Agency	Complies with this, see sections 7 and 8													
The Composition of the Board.	Complies; States the composition of the Board see section 3(2)													
Membership of the Board / Council includes representatives from Professional Bodies / Associations.	Complies see section 3 (2) (g)													
The grounds for removal of Chief Executive is stated	The Law is compliant. See section 9(4)													

	Disbursement Linked Indicators (DLIs) and tests	Findings		Conclusion	Recommendations
		Regarding the Decisions of the Agency. Any other review after the Boards decision should be by judicial review.	Complies see sections 4 and 57(7)		
3	Has the state instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	<p data-bbox="763 376 1055 400">*Provided by the World Bank</p> <p data-bbox="763 440 1240 464"><i>The law is compliant with this benchmark</i></p> <p data-bbox="763 512 1397 568"><b>3. On cover of all MDAs receiving funds from the state budget:</b></p> <p data-bbox="763 616 1451 703">The provisions of the law apply to all procurement of goods, works and services carried out by the State. S. 17 (1) (a &amp; b) therefore, <i>the Law is compliant with this requirement.</i></p> <p data-bbox="763 719 1480 911">The State has instituted a regulatory function referred to as the State Bureau of Public Procurement. We held documented interviews with the former DG and current DG of the bureau, a physical inspection on the bureau was done and random operational staffs of the bureau were engaged in brief sessions by the IVA.</p> <p data-bbox="763 959 1464 1150">A sample of records were also reviewed to ascertain the efficiency and effectiveness of the bureau: these documents include the EXCO approval establishing the bureau, Memo raised by the DG to the state Head of service for secondment of staffs, supporting documents for procurement cases handled by the bureau.</p>		Satisfactory	
DLR 6.2	<b>Publish contract award information above a threshold set out in the Operations Manual on a monthly basis in OCDS format on [the state website/ on the online portal]</b>			<b>Not Achieved</b>	

	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
1	<p>Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year that are above the threshold (as defined in the state procurement law or in the state procurement regulation(s)), in line with the Open Contracting Data Standards (OCDS).</p> <p>For 2018, states can publish the information on the state official website or online portal if already established.</p>	<p>From the interviews with the DG during visit to the bureau and further checks on the state relevant websites, it was revealed that the state did not publish any contract awards information online.</p>	Unsatisfactory	The State should publish online the information on contracts awarded above the set threshold, and in the OCDS format
	<b>DLI 7: Strengthened public debt management and fiscal responsibility framework</b>			
DLR 7.1	<b>Approval of state-level public debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits</b>		<b>Not Achieved</b>	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	<p>The State has approved State level public debt legislation through the passage of the State Fiscal Responsibility Law 2012.</p> <p>Part X section 43 through 49 of the State FRL addresses debt and indebtedness.</p>	Satisfactory	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
2	<p>Does the legislation include provisions which establish the following?</p> <p>1) Responsibilities for contracting state debt;</p> <p>2) Responsibilities for recording/reporting state debt; and</p> <p>3) Fiscal and debt rules/limits for the state.</p>	<p>Criteria #1 - Part X section 43 - 49 of the State’s Fiscal Responsibility Law has sections that deal with debt, but they do not appear to include provisions on responsibilities for contracting state debt;</p> <p>For Criteria #2, the FRL in s.46(5) states <i>“Without prejudice to the specific responsibilities of the State Assembly and the Central Bank of Nigeria, the State Debt Management Office shall maintain comprehensive, reliable and current electronic database of internal and external public debts, guaranteeing public access to the information.”</i></p> <p>This fulfils the provision for Criteria 2 – Responsibilities for recording/reporting state debt.</p> <p>For Criteria #3 – For Criteria #3, ss. 43-49 of the FRL provides fiscal/debt rules and limits. Ss. 43(1)(b) &amp; 44(1) deal limit of debt. S. 43(1)(b) provides: <i>“Government shall ensure that the level of public debt as a proportion of national income is held at a sustainable level as prescribed by the House of Assembly from time-to-time on the advice of the Commissioner.”</i></p> <p>Section 44 (1) provides to an extent for fiscal and debt rules and limits. It states that <i>“The Governor shall within 90 days from the commencement of this Law and with advice from Commissioner Finance subject to approval of State House of Assembly, set overall limits for the amount of consolidated debt of the State, State and Local Governments pursuant to the provisions of item 7 and 50 of part 1 of the Second Schedule to the Constitution and the limits and conditions with the rule set</i></p>	Unsatisfactory	State should amend its legislation to include provisions on responsibilities for contracting state debt.

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
		<p><i>in this law and with the fiscal policy objectives in the Medium Term Fiscal Framework.”</i></p> <p>We also found that the FRL in s.13(3) sets out the content of a quantitative Medium-Term Expenditure Framework (MTEF) for the State, including a Consolidated Debt Statement. S.14(1) further specifies expenditure and fiscal deficit limits. Indeed, s.14(1) stipulates a quantitative limit. Based on these provisions in the FRL, Criteria #3 is satisfied.</p>		
DLR 7.2	<b>Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018</b>		<b>Achieved</b>	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2018?	<p>This DLI was assessed based on Q4 only, as the revised report template and DMO verification protocols were only implemented in Q4 2018.</p> <p>The quarterly State Domestic Debt Reports were produced and submitted on the following dates:  Q1 – 23/04/18  Q2 – 18/07/18  Q3 – 29/10/18  Q4 – 25/02/19</p> <p>The Federal DMO Report showed that the State submitted signed Q4 report within the timeline.</p>	Satisfactory	
2	<b>Note: Have you reviewed for accuracy and completeness from the DMO:</b> The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting	From our computation using figures in the 2018 quarterly SDDR, the figure for Pension and Gratuity Arrears seemed inaccurate.	n/a	The State should produce accurate and comprehensive quarterly SDDRs.

	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
	documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	<p>The State Domestic and External Debt report shows a figure of ₦103,522,303,860.37 while the Financial Statements showed a figure of ₦91,207,776,882.29 bringing about a difference of ₦12,314,526,978.08</p> <p>The Federal DMO report also showed that data from the State contained marginal errors.</p> <p>A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.</p>		
	<b>DLI 8: Improved clearance/ reduction of stock of domestic expenditure arrears</b>			
DLR 8.0	<b>Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.</b>		<b>Not Achieved</b>	
1	Has the State established an Arrears Clearance Framework (ACF)?	The State has not established an ACF	Unsatisfactory	The State should establish an Arrears Clearance Framework
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	See above	Unsatisfactory	See above

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
3	Has the ACF been published on a state official website?	See above	Unsatisfactory	See above
4	Has the State established an Internal Domestic Arrears Database?	The State has not established an Internal Domestic Arrears Database	Unsatisfactory	The State should establish an Internal Domestic Arrears Database
5	Has the State published online elements of the internal domestic arrears database on a state official website, which constitutes the online publicly accessible arrears database?	See above	Unsatisfactory	See above
<b>DLI 9: Improved debt sustainability</b>				
DLR 9.0	<b>Average monthly debt service deduction is &lt; 40% of gross FAAC allocation for FY [2018] AND Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets target:</b> -Basic target: < [150%] -Stretch target: < [125%]		<b>Not Achieved</b>  Basic Target met	
	Has the State met:  (i) the ratio of total debt stock at end-of-year (31 <sup>st</sup> December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1 <sup>st</sup> January to 31 <sup>st</sup> December 2018)?  -Basic target:< [150%] -Stretch target: < [125%]	The percentage of the debt stock at end of the year 2018 to total revenue as calculated below using DMO/FMoF/CBN data is 130.4% which is less than the basic target of 150% and higher than the stretch target of 125%.  <b>Computation using the 2018 Financial Statement Figures</b>  (a) Total Debt Stock  Domestic debt ₦61,041,440,415.83 External debt <u>₦30,166,336,466.46</u> (USD 98,261,682.3 With FX rate of 307)	Satisfactory	



	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusion	Recommendations
		<p>Total debt stock <b><u>N91,207,776,882.29</u></b></p> <p>(b) Adjusted revenue for the year</p> <p>Revenue for the year 83,989,412,837.47</p> <p>Less: Miscellaneous (42,000,119.54)</p> <p>BTL Receipts <b><u>(4,560,371,562.88)</u></b></p> <p><b><u>79,387,041,155.05</u></b></p> <p>(a)/(b) x 100 = 114.89%.</p> <p><b>The Debt stock/total revenue ratio reported was calculated using the DMO's figure and adjusted revenue from the Audited Financial Statement.</b></p> <p><b>Computation of Debt to Revenue Ratio</b></p> <p>(a) Total Debt Stock</p> <p>Domestic debt = <b><u>N73,257,384,595.00</u></b></p> <p>External debt = <b><u>N30,264,919,265.37</u></b></p> <p style="text-align: center;">= <b><u>N103,522,303,860.37*</u></b></p> <p>(External Debt is USD98,582,798.91 converted at FX rate of N307/\$1)</p> <p>(b) Adjusted revenue for the year</p> <p>Revenue for the year 83,989,412,837.47</p> <p>Less: Miscellaneous (42,000,119.54)</p> <p>BTL Receipts <b><u>(4,560,371,562.88)</u></b></p> <p><b><u>79,387,041,155.05</u></b></p> <p>(a)/(b) x 100 = 130.40%.</p> <p>*Table 3 below holds a breakdown of the Total Debt.</p>		
	<p>Has the State met:</p> <p>(ii) the ratio of total monthly debt service (principal and interest)</p>	<p>The percentage of total monthly services deduction at the year-end 2018 to the gross FAAC allocation is calculated below is 9.3%.</p>	Satisfactory	

	<b>Disbursement Linked Indicators (DLIs) and tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
	deductions from FAAC allocation during the calendar year of the year of assessment (1 <sup>st</sup> January to 31 <sup>st</sup> December 2018) to the gross FAAC allocation for the same calendar year.  <b>Less than</b> :< [40%]	<u>Total debt deductions</u> = <u>5,644,513,646.00</u> Gross FAAC allocation = 60,909,619,115 = 9.3%  <b>Sources:</b> 1. FAAC deduction schedule 2018 from Ministry of Finance. 2. Audited Financial statement for 2018.		

**TABLE 3: DLI 9 31 DECEMBER 2018 STATE DEBT STOCK TABLES FOR ABIA STATE**

<b>NAIRA</b>	<b>ABIA</b>
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	17,569,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	13,231,210,204
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	4,165,892,291
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,441,747,655
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	2,715,040,662
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	328,624,632
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	2,000,000,000
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	276,298,672
13. PENSION AND GRATUITY ARREARS	19,888,601,894
14. SALARY ARREARS AND OTHER CLAIMS	3,640,968,585
15. OTHER DEBTS	-
<b>TOTAL DOMESTIC DEBT (TDD)</b>	<b>73,257,384,595</b>
<b>TOTAL EXTERNAL DEBT (TED)</b>	<b>30,264,919,265</b>
<b>TOTAL PUBLIC DEBT (TED+TDD)</b>	<b>103,522,303,860</b>

**Table Notes**

1. Domestic debt stock figures (except for categories 1,2,4,7 and 9) are the figures as at 31 December 2018 reported by states to the DMO in their signed Q4 2018 state domestic debt reports.
2. Domestic debt stock categories 1,2,4,7 and 9 figures are the figures of outstanding loans as at 31 December 2018 reported by Federal Ministry of Finance and Central Bank of Nigeria to the DMO as part of the DMO Q4 2018 verification exercise.
3. External debt stock as at 31 December 2018 reported by the DMO.

## 4. Response from the State

Disbursement Linked Indicators	Disbursement Linked Results	General Draft IVA Remarks <sup>1</sup>	Abia State Comments	IVA Response/Treatment
		<p>We also noted that there are significant issues affecting the credibility of the financial statements for 2018. Primarily, there is a N12,314,526,978.08 difference between the debt and liability balance stated on the financial statements and the balances presented within the reports by the Federal Debt Management Office. Please see Appendix C.</p>	<p>As at the time of debt stock submission to DMO Abuja, the offices of State Accountant-General and State Auditor-General were not yet through with the reconciliations necessary for preparation of the financial statement. As such, certain payments especially on contractors' arrears continued even after the submissions to the DMO, Abuja. This is what has accounted for the variance of N12,314,526,978.08 as reflected in DMO figure of N103,522,303,860 as against the N91,207,776,882.29 captured in our financial statement) Usually the submission of quarterly debt report to DMO, Abuja is made earlier ahead of the finalization of financial statements by the state</p>	<p>Noted. We requested that the State furnish us with evidence of the N12.3bn of payments made after the debt figures were sent to the DMO but we were yet to receive your response as at the finalization of this report. The revised debt figures from the DMO, FMoF and CBN were used for the computation of this DLR.</p>

<sup>1</sup> This has now been superseded with the Final Report

Disbursement Linked Indicators	Disbursement Linked Results	General Draft IVA Remarks <sup>1</sup>	Abia State Comments	IVA Response/Treatment
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management	The 3rd and 4th quarter reports were published on 29th Nov 2019.	Accepted	
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%	The deviation for total budget expenditure is 28.84%.	Accepted	
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY19 budget	Public consultations were held, and the minutes was posted online on the 14th of January 2019.	Accepted	
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA	Only 7% of inflow and 9% of outflow of government finances were remitted through TSA in 2018	Accepted	
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published	The State does not have a Consolidated Revenue Code.	Accepted	
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	The annual nominal IGR growth rate was 2.38%.	Accepted	

Disbursement Linked Indicators	Disbursement Linked Results	General Draft IVA Remarks <sup>1</sup>	Abia State Comments	IVA Response/Treatment
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll	The State could not provide sufficient documents to reach a conclusion. See findings.	The state submitted a comprehensive report for the Biometric exercise carried out between 2016-2019 to the IVA team. The report is further attached for your guidance. It is our candid submission that on account of the Biometric report submitted, we are qualified to secure this DLI,	<p>Subsequent to the draft APA report being sent to the States, Abia State further provided the IVA with:</p> <ul style="list-style-type: none"> <li>• Payroll of staff of some selected MDAs (in excel format)</li> <li>• List of MDAs and count for Biometric Enrolled Staff</li> <li>• Enrolled Employees Listing</li> <li>• Summary Results of Biometric Phase Workforce Strength as at May 2019</li> </ul> <p>Upon further review of the documents above the IVA concluded that the documents submitted contained conflicting figures and information. For example, the MDAs payroll sent did not include all the MDAs listed and Government Offices listed in the “List of MDAs and Count for Biometric enrolled Staff”. Physical verification of the Biodata of selected staff was also not possible.</p> <p>Overall, the IVA was unable to properly verify and evaluate the information in the documents submitted.</p>

Disbursement Linked Indicators	Disbursement Linked Results	General Draft IVA Remarks <sup>1</sup>	Abia State Comments	IVA Response/Treatment
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed	The State could not provide sufficient documents to reach a conclusion. See findings.	See attached information which we consider enough evidence to secure this DLI	<p>Therefore, the result is marked Unsatisfactory.</p> <p>For this DLR, the IVA required</p> <ul style="list-style-type: none"> <li>A. Current nominal roll for all state civil servants,</li> <li>B. BVN register and</li> <li>C. The State Payroll on the number of civil servants for which BVN numbers were linked to payroll as at 2018.</li> </ul> <p>The results of the analysis of the Nominal Roll and Staff Payroll (with BVN) Data sent to the IVA, showed the following:</p> <p>Nominal Roll - 18,646 Staff with BVN - 4,534</p> <p>Percentage of BVN linked to Staff Payroll is therefore = 4534/18646 = 24%</p>
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an	Law does not secure the independence of the Council or Bureau. It also does not cover LGAs.	Abia State Public procurement Law 2012 can be considered as appropriate legal framework that qualifies for this indicator. The procurement entities clearly captured in the Law include all the MDAs and LGAs. The	Noted. Upon further expert review, Abia State was marked as having achieved this result.

Disbursement Linked Indicators	Disbursement Linked Results	General Draft IVA Remarks <sup>1</sup>	Abia State Comments	IVA Response/Treatment
	independent procurement board; and 3) Cover all MDAs receiving funds from the state budget.		<p>LGAs are integral part of the State and would not have to enact another procurement law outside this one for its procurement operations.</p> <p>We do not consider the independence of the Procurement Board to be compromised by the fact of its Chairman serving as the Head as seems to be suggested by the report. Several leading agencies in the country like the Central Bank have Administrative Heads who also double as Chair of the Boards and Councils (e.g. The Monetary Policy Committee and Board). This does not compromise the institution's ability to deliver on its mandate.</p>	
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website	Not started.	Accepted	
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: Approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities	The State has an approved State Fiscal responsibility Law 2012 but does not stipulate items 1, 2, 3 of this DLR.	Abia State Fiscal Responsibility Law 2012 clearly provided in sections (43) 1-3 and (44) 1-8	Noted. The IVA was unable to see a satisfactory provision for the responsibilities for



Disbursement Linked Indicators	Disbursement Linked Results	General Draft IVA Remarks <sup>1</sup>	Abia State Comments	IVA Response/Treatment
	for recording/reporting state debt; and 3) fiscal and debt rules/limits.		conditions and responsibilities for contracting state debts, including debt rules/limits to address 1,2,3 of the DLI. The issue of setting debt rules as a fiscal policy management is dynamic and the state was deliberate in the way it couched it in the law such as the one for the Federation. The State will appreciate if the team can re-consider its position on this DLI for Abia State and therefore credit the State. Specifically, without prejudice to the SFTAS programme, the state considers debt management so crucial in her fiscal policy operations that in addition to the law, the Governor has constituted a Debt Management Committee to support the work of the Debt Management Unit.	contracting State debt in the legislation.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018	DMO stated that the report was submitted within the timeframe.	Accepted	
DLI 8: Improved clearance/reduction of stock	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database,	The State has not established an Arrears Clearance Framework.	Accepted	

Disbursement Linked Indicators	Disbursement Linked Results	General Draft IVA Remarks <sup>1</sup>	Abia State Comments	IVA Response/Treatment
of domestic expenditure arrears	with a verification process in place and an arrears clearance framework established.			
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018, and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: Basic target: < 150%, Stretch target: < 125%.	Average monthly debt service to gross FAAC allocation was 9.3% Total Debt stock to Revenue was 130.4%	Accepted	

## Appendix A - Biometric and BVN for Civil Servants 2018

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

<b>State:</b>	ABIA
<b>DLI affected:</b>	DLI 5
<b>Prepared by:</b>	HALIMA BABAGANA
<b>Date:</b>	04-12-2019

1. **APA Issue** [Biometric registration and bank verification number (BVN) used to reduce payroll fraud]

2. **Description of finding/issue:**

- a. Access to the current nominal roll for all state civil servants for the year of assessment
- b. A report from the State Biometric database on the number of persons registered as at 2018
- c. A report from the State Payroll on the number of civil servants and pensioners for which biometric data and/or BVN numbers were linked to payroll as at 2018. The report should distinguish between staff with both biometric and BVN registration and those with one or the other
- d. Annual or periodic reports for 2018 of ghost workers/pensioners and payroll/pension fraud identified and the financial savings achieved
- e. A one-page report on progress to date with the implementation of a biometric register for civil servants and pensioners, which should include the total number of civil servants and pensioners and the number of each category covered by biometric registration by 31 December 2018. The report should state whether the State has a separate biometric register or relies on bvns. It should also state the total amounts paid to civil servants and pensioners in the year, clearly distinguishing between any amounts due for 2018 and arrears that were paid)
- f. Copies of documentation/reports on progress made with the implementation of biometric validation from inception to date. This must set out actions taken to remove ghost workers/ghost pensioners, and details to quantify the volume and value of ghost workers and ghost pensioners removed (i.e. The numbers of workers removed and the timing of the removals.)
- g. Copies of payroll reports/scripts obtained directly from the systems administrator or database manager, showing the total population on the payroll and the total payroll population with biometric/BVN data.
- h. Copies of relevant biometric data base reports/scripts obtained directly from the systems administrator showing the total number of civil servants and pensioners on the register.
- i. A record of all ghost workers identified during the year under assessment, including the dates they were identified and the date they were removed from the payroll.

3. **Effects**

We cannot reach a conclusion unless we have a verifiable data as at 31 December 2018

4. **Clarification or information requested from the state**

The above documents listed in (2) above is needed for the APA

**5. State to insert response below**

State can attach additional information or documents as requested

.....  
Submitted by Halima Babagana  
Team Member (Team 12)

## Appendix B – Biometric Audit and Verification System for Abia State Government Civil Service

S/n	Staff Category	Description	Count
1	Workforce Pool	Total ' <b>Active</b> ' Employee Count at start of the Exercise in 2016	21,103
2	Valid Employees	Staff that were available for the biometric Verification and are not sighted in any of the categories below. They constitute the current payroll	18,646
3	Invalid Employees	Deceased, Retired or Sick but still retained in the Payroll. Staff in this category were absent at the exercise.	2,457
4	Due for Retirement as at Today	Employees due to retire on the basis of the 35 years in service or 60 years of age - rule. Currently, staff within this category are still "active" in the workforce	1988

*Fig 1\_Summary Results of Biometric Phase\_Workforce Strength as at May 2019*

# Appendix C - Variance between DMO Report and Audited Financial Statement

ISSUE REPORTING TEMPLATE  
FOR THE SFTAS ANNUAL PERFORMANCE ASSESSMENT

### Introduction:

This form is to be used by all the assessment teams to submit any issue encountered during the Annual Performance Assessment (APA) at the state. The purpose is to provide uniformity and standard for all the assessment teams.

Note: All issues raised must be sent by email to the state focal officer and a copy to [sftas@oaugf.ng](mailto:sftas@oaugf.ng) , [sftas.iva@gmail.com](mailto:sftas.iva@gmail.com) and [sftas@jkconsulting-ng.com](mailto:sftas@jkconsulting-ng.com)

**RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.**

State:	ABIA STATE
DLI affected:	DLI 7.2
Prepared by:	OSHITA, KJ
Date:	26/01/2020

APA Issue Variance between DMO debt figure and that of the Financial Statement.

Description of finding/issue: Variance between DMO Debt figure and the Financial Statement. The DMO figure was N103,522,303,860 while figure from the financial statement is N91,207,776,882.29 with a variance of N12,314,526,978.08.

The state accountant General and DMO should work to resolve the differences.

*Include the impact of the Issue on the assignment*

Clarification or information requested from the state

Explanations for the difference between the DMO Report figures and that of the Figure in the Financial Statement.

State to insert response below

*State can attach additional information or documents as requested*

.....

Submitted by  
Oshita, K.J

## Appendix D

### Report on the achievement of the Eligibility Criteria for the 2018 performance year

#### Abia State

#### **YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2018 PERFORMANCE YEAR.**

This report sets out the assessed performance of the State against the set eligibility criteria for the States' Fiscal Transparency, Accountability and Sustainability Programme (SFTAS). It contains feedback and clarifications to enable the State prepare better for the next assessment. Note that the eligibility assessment will be conducted afresh on an annual basis and being deemed eligible in one year does not guarantee eligibility in subsequent years. Please visit the SFTAS verification protocols for more detail.

Any enquiries on the contents of this report should be routed through the State Focal persons to the following email address – [sftas@oaugf.ng](mailto:sftas@oaugf.ng)

#### **Eligibility Criteria 2018 Part 1 - The online publication of Approved Budgets for 2019 by 28 February 2019**

Overview				
Information Source(s)	Initial checks	Initial Comments/ Observations	Follow up	Final Assessment
<a href="http://www.abiastate.gov.ng/abia-state-appropriation-bill-2019/">Http://www.abiastate.gov.ng/abia-state-appropriation-bill-2019/</a>	A search was done on the Abia State website	The 2019 Budgets were published on the State Official website, a copy was downloaded. There's evidence of 2019 Budgets being signed by the governor.	N/A	EC was met

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2019 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 28 February 2019?	Yes	None
Is the published budget clear and legible?	Yes	None
Can the budget be downloaded?	Yes	None
Do we have evidence of assent by the Governor?	Yes	None

Eligibility Criteria 2018 Part 2 - The online publication of Audited Financial Statements for 2017 by 31 December 2018

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
<a href="http://www.abiastate.gov.ng">www.abiastate.gov.ng</a>	Search the website of the State Government: to confirm the upload of the 2017 Audited Financial Statement. Also verify whether the subject matter could be traced to other relevant websites: State Accountant and Auditor General, House of Assembly, Ministry of Finance and Budget and Planning.	The 2017 Financial Statements were published on the state official website, can be viewed only but <b>cannot be downloaded</b> .	N/A	<b>EC met</b> Will feedback to Abia to ensure the Financial Statements on state website are downloadable.

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2017 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	
Were the Financial Statement for 2017 available published online before 31 December 2018?	Yes	
Are the published financial statements clear and legible?	Yes	
Can the Financial Statements be downloaded?	No	Abia State should ensure the Financial Statements on state website are downloadable
Do we have evidence of audit by the State Auditor-General?	Yes	
Are the financial statements complete, including primary statements and disclosure notes?	Partly	Disclosure Notes etc were not published – State should publish disclosure notes with the financial statements.
Are there any indications that balances within the financial statements are not credible	partly	i. There is a need to reconcile domestic debt data with DMO, and ii. Reconcile domestic and external (2017 external only) debt service data with DMO



