



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

2018 Annual Performance Assessment (APA) Report

ADAMAWA STATE

By:

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



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1. Executive Summary

This Report details the outcome of the Annual Performance Assessment (APA) conducted on Adamawa 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 Adamawa State and shows areas where the State was able to achieve results. In total, Adamawa State achieved **three (3)** Disbursement Linked Results (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: Prepare and publish quarterly budget performance implementation reports to include 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) within the timeframe for this DLR.
- 2 DLR 1.2: The State's annual expenditure outturn deviation is reduced to a level within the annual requirements for this result.
- 3 DLR 2.1: Public consultative forum on the proposed annual budget is with the participation of the Local Government Authority with the minutes jointly prepared and signed with the CSOs representatives.
- 4 DLR 3: Establish a fully functional State level TSA, have an approved cash management strategy and a system that allows for a central view of cash balances in bank accounts on a single electronic dashboard, including the FAAC account (based on the approved cash management strategy).
- 5 DLR 4.1: Consolidated State Revenue Code covers all State IGR sources and stipulates that the State Bureau of Internal Revenue is the sole agency responsible for state revenue collection and accounting and is approved by the State legislature and published online.
- 6 DLR 4.2: Increase the IGR revenue to achieve a 20% nominal annual growth rate as a minimum.
- 7 DLR 5.1: Capture the biometrics of all the State's civil servants and pensioners (or at a minimum of 75%) and link the data with the State's payroll.
- 8 DLR 5.2: Link the Bank Verification Numbers of its Civil Servants and Pensioners to the payroll. The minimum levels of linkage required for the 2020 APA year is 70% and 80% for the 2021 APA year.
- 9 DLR 6.1: Substantial revisions to bring the Procurement Law into compliance with the UNCILTRAL Model.
- 10 DLR 8: Develop an Arrears Clearance Framework (ACF) establishing the planned actions to settle arrears as well as an internal domestic arrears database with relevant balances published online.
- 11 DLR 9: Strengthen the State's debt sustainability by achieving the levels of debt indicators that are below the debt threshold established for this DLR.

Table 1: Assessment Results

Key:	Achieved	 	Not Achieved	
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Disbursement Linked Indicators	Disbursement Linked Results (2018)	Results	Remarks
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 State did not publish Q3 and Q4 Reports.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The deviation outturn ratio was 30.7%.
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		Local Governments did not participate in the budget consultations and the minutes was not jointly prepared and signed with the CSOs.
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		No approved cash management strategy and Treasury Single Account for the State.
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.		Revenue sources and codes for the State and LGAs were not listed in the law.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: Basic target: 20%-39%, -Stretch target: 40% or more		The IGR growth rate was 9.3%
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 was unable to show an effective Biometrics process and any impact on payroll fraud.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed		The State has not linked BVN to payroll
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) eProcurement. 2) Establishment of an independent procurement board; and 3) Cover all MDAs receiving funds from the State budget.		The Law does not apply to 30% of State expenditures and does not conform adequately with the UNCIRTRAL model law
	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 published its contract award information online.
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 for recording/reporting State debt; and 3) fiscal and debt rules/limits	 	There is an approved State-level 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	 	The Q4 report was submitted within the due date.
DLI 8: 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.		No domestic Arrears database or ACF established in 2018.
DLI 9: Improved debt sustainability	DLR 9: 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 is 10.65% while debt stock to revenue ratio is 190.9%

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

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 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 Limited was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State 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 and APA Process

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 A

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised 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 component 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 2/12/2019 and 6/12/2019 with a team of five persons, starting with an opening meeting where all the information requested was to be handed over. The visit was concluded with an exit meeting where initial findings were discussed, and the 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 State 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 (DLI) and Tests	Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management		Not Achieved	
1	Has the State published its quarterly budget implementation report to the State official website within six weeks of the end of each quarter?	This DLI was assessed based on the last two quarters of 2018 as per the verification protocol. No quarterly budget implementation Report was submitted for review or published on the State official website.	Unsatisfactory	The State should prepare and publish her quarterly budget performance report.
2	Does the reports 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)?	See above	Unsatisfactory	The reports should include 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).
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?	See above	Unsatisfactory	
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'?	See above	Unsatisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
DLR 1.2	FY [2018] deviation from total budget expenditure is less than 30%		Not Achieved	
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? Is the expenditure outturn deviation computed less than 30%	The 2018 expenditure outturn deviation is 30.7%. Approved Budget expenditure – N162,795,913,100.00 Actual expenditure – N112,864,371,453.28 $\frac{N162,795,913,100.00 - N112,864,371,453.28}{N162,795,913,100.00} \times 100$ = 30.7% Source: 2018 Audited Financial Statements (pg. 30/31)	Unsatisfactory	The State should reduce the level of deviation from its original approved budget to within the limits specified for this DLR.
DLR 2.1	Citizens' inputs from formal public consultations are published online, along with the proposed FY [2019] budget		Not Achieved	
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?	The State conducted the public consultation on the proposed budget on 8 th October 2018. We obtained the attendance list and the minutes of the proceedings. We called to confirm the attendance and made enquiries on the event that took place from 10 attendees, randomly selected from the attendance sheet. However, the attendance did not include any Local Government authority representatives.	Unsatisfactory	The consultative forum (townhall) should be with the participation of the Local Government Authorities.
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?	The minutes of the public consultation was not jointly prepared and signed with the CSO representatives and not published on the State official website. www.mof.ad.gov.ng/sftas-program	Unsatisfactory	The minutes of the public consultations should be jointly prepared (and signed) with the CSO representatives and should be published online before or with the approved budget.
DLI 3: Improved Cash Management and Reduced Revenue Leakages through Implementation of State TSA				

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
DLR 3.0	Improved cash management and reduced revenue leakages through implementation of State TSA		Not Achieved	
1	Has the State established a functional State-level TSA?	The State operates a modified form of TSA with two separate Treasury Accounts, one for IGR purposes and the other for statutory transfers.	Unsatisfactory	The State should establish a fully functional State level Treasury Single Account.
2	Is there a formally approved cash management strategy in place? 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.	There was no formally approved Cash Management Strategy put in place by the State. We requested for the approved cash management strategy but the officers responsible revealed that no such document was maintained by the State.	Unsatisfactory	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 a single electronic dashboard (based on the approved cash management strategy)?	The State had a system of Cash Management that allowed for a central view of cash balances in the bank accounts on a single Electronic Dashboard. The dashboard view does not include the FAAC account. This was confirmed by carrying out a walk-through of the dashboard platform with the following result: <ul style="list-style-type: none"> ▪ Time: Wed 27, 12:26:08, Cash Balances of Fidelity, First, Polaris, Unity and Zenith Banks were sighted, and a screen shot was obtained. 	Unsatisfactory	The State should implement a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard, including the FAAC account (based on the approved cash management strategy).
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 operates a modified form of TSA with two separate Treasury Accounts, one for IGR purposes, where all revenues are being swept into from all Revenue Collecting Banks, and the other for statutory transfers.	Unsatisfactory	The State should establish a fully functional State level TSA where all revenues and expenditures can be managed.
5	Does the TSA cover a minimum of 50% of the State Government's finances?	There is no TSA for the State.	Unsatisfactory	See above.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
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		Not Achieved	The State should: <ul style="list-style-type: none"> • Develop LGA rates and law • Add Schedules with State level MDA sources and rates • Clarify that the SIRS is the sole collector of ALL state level revenues • Publish all laws and related gazettes online
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.	The Team reviewed the consolidated revenue code submitted for review as contained in the soft and hard copy obtained which depicts the following: <ul style="list-style-type: none"> • The consolidated IGR revenue codes for the State captured the entire IGR sources for the State except for the IGR Revenue codes for the Local Government – these were excluded. (There was no list of MDA sources and the rates, and no LGA sources and the rate.) • The IGR Revenue listed includes presumptive, indirect, and direct taxes including PAYE and fees charges. This was seen on the soft and hard copy. 	Unsatisfactory	The State should have an 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.
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 does not explicitly make SIRS the sole collector of all State revenue sources	Unsatisfactory	See above
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	The Team reviewed Adamawa State Board of Internal Revenue Law No: 4 of 2007 and interviewed the chairman to ascertain the nominating Authority for Revenue Accounts. It	Unsatisfactory	It is recommended that in line with the tax law, the SBIR should be responsible to nominate the accounts where revenue of the

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations						
		<p>was confirmed that the states' Accountant General appointed revenue collecting banks contrary to the provision of Section 30 (2) of Adamawa state Board of Internal Revenue Law No. 4 of 2007.</p> <p>Though the State has a revenue remittance bank account, it is not clear that this is the only revenue account for all revenues and the account is not nominated by EC SIRS (but by HCoF),</p>		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.	The Team reviewed hard and soft copies of the States' Revenue Law, Chart of Accounts, Administrative Classification Code, Scheme of Service Code Listing and the HR/Payroll/Accounting/Budgeting charts of Accounts and established that the States' Revenue law was duly passed by the State House of Assembly and signed into law by the Governor in 2007. This was done in exclusion of the Revenue codes and as such does not have legal backing.	Unsatisfactory	The revenue codes should be approved by the State legislature to have a legal basis.						
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The Team conducted a search of all publications published on the state official website: www.mof.ad.gov.ng/sftas-program and confirmed that states' Revenue code was not published online	Unsatisfactory	The State should ensure the approved Revenue code is published online						
DLR 4.2	Annual nominal IGR growth rate meets target		Not Achieved							
1	Has the 2018-2017 annual nominal IGR growth rate met the basic or stretch targets?. Basic Target: 20%-39%, Stretch Target: 40% or more	<p>The IGR figures was obtained from the 2018 Audited Financial Statement as follows:</p> <table border="1"> <thead> <tr> <th>IGR</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>As per AFS</td> <td>6,613,764,897.92</td> <td>6,044,493,705.80</td> </tr> </tbody> </table>	IGR	2018	2017	As per AFS	6,613,764,897.92	6,044,493,705.80	Unsatisfactory	The State should increase its efforts towards generating more revenue.
IGR	2018	2017								
As per AFS	6,613,764,897.92	6,044,493,705.80								

Disbursement Linked Indicators (DLI) and Tests		Findings			Conclusion	Recommendations
		Less: Repayment	15,709,260.64	8,723,982.19		
		Adjusted IGR	6,598,055,637.28	6,035,769,723.61		
		$\frac{N6,598,055,637.28 - N6,035,769,723.61}{N6,035,769,723.61} \times 100$ <p>The IGR nominal growth is 9.3%</p>				
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 ¹				Not Achieved	
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>We were informed that Adamawa State had its staff biometric data captured in 2010. The exercise started in 2010 but the date of its conclusion is unclear.</p> <p>We were informed that the biometric data of all the staff on payroll and pensioners was actually linked to Payroll. The total staff strength in 2018 was 29,911 Civil servants and 9,351 pensioners.</p> <p>However, there was no report as at the 2010 year of deployment of the biometric exercise to enable an assessment of how many ghost workers were identified through the biometric exercise.</p> <p>Furthermore, the biometric data had not been updated since the initial exercise was completed and a new Consultant was engaged in December</p>			Unsatisfactory	The State should properly capture the Biometric data of the civil servants and pensioners and link them to the payroll.

¹ The results for DLR5.1 and DLR5.2 were transposed in error in the draft report. This has been corrected.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		<p>2019 for this purpose. There has not been any further biometric exercise since the first one.</p> <p>Overall, we concluded that Adamawa was yet to adequately demonstrate the use of biometric data to tackle payroll fraud.</p>		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	We reviewed any evidence of the Biometric data linkage to payroll and traced the biometric data of staff and pensioner to Payroll to ascertain linkage. Our results indicate the State had linked biometric data to its payroll. However, there was no evidence or record available to show the impact of the linkage in identifying ghost workers	Unsatisfactory	The State should review its biometric database, and link the Biometric data to the State payroll in order to identify ghost workers.
3	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	There is no report of elimination of ghost workers from the state civil service.	Unsatisfactory	The State should use the Biometric data to detect ghost workers and remove them within 3 months.
DLR 5.2	Link BVN data to at least [60] percent of current civil servants on the payroll and payroll fraud addressed		Not Achieved	
1	Has the State linked the Bank Verification Number data to 60% of its current Civil Servants to the State payroll?	The State confirmed that no BVN linkage was done as at 2018.	Unsatisfactory	The State should link the Bank Verification Number data of its Civil Servants and Pensioners to the payroll. The minimum levels of linkage required for the 2020 APA year is 70% and 80% for the 2021 APA year.
2	Has the State taken steps to identify payroll fraud?	See above	Unsatisfactory	
DLI 6: Improved procurement practices for increased transparency and value for money				
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and		Not Achieved	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations				
	provide for: 1) eProcurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the State budget							
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.	Adamawa State Public Procurement Law of 2013 was passed by the State House of Assembly and assented to by the State Governor on June 1, 2013.	Satisfactory					
2	Does the law conform with the UNCITRAL Model Law which should provide for; (1) eProcurement, (2) establishment of an independent procurement board; and (3) cover all MDAs receiving funds from the State budget.	<p>The Law was structured according to the UNCITRAL Model Law but does not fully comply with it. The law is also not applicable to 30% of State budget and therefore does not meet the requirements for this DLR.</p> <p>1. On e-Procurement (Compliant): The law provides that: Board to approve changes in procurement Process to adapt to improvements in modern Technology S 4(e); BPP to establish a single internet portal that shall serve as: -a primary and definitive source of all information on government procurement; and -contain and display all public sector procurement information at all times S. 7(p);</p> <p>2. The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="760 1304 1348 1429"> <thead> <tr> <th data-bbox="760 1304 999 1344">Required Provisions*</th> <th data-bbox="999 1304 1348 1344">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="760 1344 999 1429">The Functions and Powers of the Agency</td> <td data-bbox="999 1344 1348 1429">Complies; see sections 7 and 8</td> </tr> </tbody> </table>	Required Provisions*	Result	The Functions and Powers of the Agency	Complies; see sections 7 and 8	Unsatisfactory	<p>We recommend the following amendments:</p> <ul style="list-style-type: none"> • To remove power of the Governor to award contracts valued at 30% of the annual budget. • To provide that membership of the Board/Council includes representatives from Professional Bodies / Associations • To provide that, regarding the decisions of the agency, any other review after the Board’s decision should be by Judicial review. <p>The Board should also issue specific regulations/guidelines on e-procurement.</p>
Required Provisions*	Result							
The Functions and Powers of the Agency	Complies; see sections 7 and 8							

	Disbursement Linked Indicators (DLI) and Tests	Findings		Conclusion	Recommendations
		The Composition of the Board.	Compliant; See section 3(2)		
		Membership of the Board/Council includes representatives from Professional Bodies /Associations.	Non-compliant; see section 3(2) (c) which requires appointment of experts in procurement law, management and engineering but not representatives of any professions.		
		The grounds for removal of the Chief Executive of the Agency.	Compliant; see sections 3(4)(3) (a-e) and 9(4).		
		Regarding the decisions of the agency; any other review after the Board's decision should be by Judicial review.	Non-Compliant; see section 54(8). Review of Regulatory decisions lie at Arbitration and Mediation even at the point when no procurement contract has been signed between the parties.		
		<p>*Provided by the World Bank</p> <p>3. On covering all MDA (Not compliant): The law applies to all procurement of goods, works and services carried out by the Government of Adamawa State and all procurement entities including LGAs, however the Governor shall have power to award contracts regarding 30% of total annual budget approved for execution of projects. See S24(4) S. 17(1) (c); (3).</p>			
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>Following the visitation made by the Team to the Bureau of Public Procurement Office, the Procurement Regulatory function have an existing Board set up for various statutory functions. The following test were conducted:</p> <p>1) The Team did a physical Inspection of the Bureau and the Director General of the Bureau of Public Procurement was interviewed.</p>		Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		2) The Team selected (5) transactions randomly and conducted a walk-through and reviewed the files to confirm compliance with BPP procurement procedures and approvals. The randomly selected contracts were observed to have complied with due process		
DLR 6.2	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]		Achieved	
1	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). For 2018, States can publish the information on the State official website or online portal if already established.	The State had published a list of contract award information for all contracts awarded during the fiscal year 2018. A copy of the state Procurement manual was obtained from in both hard and soft copies. A schedule of all contracts awarded above the State threshold during the year was published in the State's official website: https://www.bppadamawa.com/press_release.html	Satisfactory	
DLI 7: Strengthened public debt management and fiscal responsibility framework				
DLR 7.1	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		Achieved	
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	The State has in place an approved: i) Fiscal Responsibility Commission (Repeal and Re-enactment) Law, 2018, ii) Adamawa State Debt Management Law, 2011,	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	Responsibility Act (FRA) in the organic PFM Law?	iii) Adamawa State Public Finances (Control and Management) Law, 2016 which has been published on the State official website.		
2.	Does the legislation provide for the creation of a State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council)?	The Adamawa State Debt Management Issuance Law was (27th June 2011), Page ii section 3 subsection (1) provides for the establishment of an Agency to be known as the Debt Management agency.	Satisfactory	
3.	Does the legislation include provisions which establish the following: (1) Responsibilities for contracting State debt; (2) Responsibilities for recording/reporting State debt; and (3) Fiscal and debt rules/limits for the State.	<p>We reviewed the Adamawa State Debt Management Law, 2011 and it includes provisions</p> <ul style="list-style-type: none"> i) Section 6 (a-c) of Adamawa State Debt Management Law 2011 provided for the contracting of state Debt, ii) Responsibilities for recording/reporting state debt can be found in Section 5 (a and c) of Adamawa State Debt Management Law 2011, (iii) The following sections of Adamawa state Fiscal Responsibility Commission (Repeal and Re-enactment) Law, 2018 provided for Fiscal and debt rules/limits for the state: <ul style="list-style-type: none"> (i) Section 40(1 and 2), (ii) Section 41(1 and 2), (iii) Section 42(1 and 2), 	Satisfactory	
4.	Has the Unit (or Committee, Agency, Board, Bureau, Commission, Council) created by law been operational during the APA year.	<p>The Adamawa State Debt Management Law established was assented by the then Governor on 27th June 2011 and Debt Management Department was established 8th December 2011.</p> <p>From our interviews of the staff, Mr Usman Modibbo Saleh was appointed as the Director General on 14th April 2017. The Office has been involved in debt data collection, verification, recoding and reporting. The processed information is reported quarterly through the</p>	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		<p>recommended templates to the Debt Management Office in Abuja and it was confirmed the Office submitted the Quarter 4/Year end SDDR for the APA year.</p> <p>We also noted from the submissions from the Federal DMO that the State has a unit interacting with the DMO and filing state level submissions on Debt Management.</p> <p>We obtained photographic evidence of the Debt Management Department as well as e-copy and hard copy of the Q4/Year-end SDDR for the APA Year were sent to DMO Abuja.</p>		
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		Achieved	
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. Hard copies of SDDR for the 4 quarters were obtained and reviewed. The reports were the dates on the acknowledgement by DMO:</p> <ul style="list-style-type: none"> • Q1 was submitted on 4/5/2018; • Q2 was submitted on 13/8/2018; • Q3 was submitted on 23/10/2018; and • Q4 was submitted 4/2/2019. <p>The DMO's report showed a final submission for Q4 report within the timeframe, and the submission from the State was supported with evidence of receipt by the DMO (i.e. acknowledgement).</p>	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO:</p> <p>The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting 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>	<p>We have reviewed the DMO report and for accuracy and completeness and found the Q4 Report was flagged as having 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>	n/a	
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears				
DLR 8.0	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.		Not Achieved	
1	Has the State established an Arrears Clearance Framework (ACF)?	Adamawa State has not established an Arrears Clearance Framework.	Unsatisfactory	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	The ACF should contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled
3	Has the ACF been published on a state official website?	See above	Unsatisfactory	The ACF should be published online
4	Has the State established an Internal Domestic Arrears Database?	Adamawa State has not established an Internal Domestic Arrears Database	Unsatisfactory	The State should establish an Internal Domestic Arrears Database

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
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
DLI 9: Improved Debt Sustainability				
DLR 9.0	Average monthly debt service deduction is < 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: Basic target: < [150%], Stretch target: < [125%]		Not Achieved	
	Has the State met: (i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1 st January to 31 st December 2018) to the gross FAAC allocation for the same calendar year. Less than :< [40%]	Review of the total monthly debt service as depicted in improve Debt Sustainability Report had the following: Total of debt service deduction=N6,137,910,129 Statutory Allocation, FAAC = N55,492,276,026 Ratio = $\frac{N6,137,910,129}{N55,492,276,026} \times 100$ =11.06%	Satisfactory	
	Has the State met: (ii) the ratio of total debt stock at end-of-year (31 st December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1 st January to 31 st December 2018)? -Basic target: < [150%], -Stretch target: < [125%]	Review of the total Public Debt Stock as depicted in improve Debt Sustainability Report had the following: Total Debt Stock = N120,060,188,709.11* Total Revenue= N 62,860,074,567.78 (Net of Repayments of N15,709,260.64) Ratio = $\frac{N120,060,188,709.11}{N62,860,074,567.78} \times 100$ =190.9% Sources: (i) 2018 Audited Financial Statement pg. 30 for the total revenue and, (ii) DMO report as at 31st December 2018 for the Total public debt Stock.	Unsatisfactory	The State should take steps to improve debt sustainability.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		*Table 3 below holds a breakdown of the Total Debt.		

TABLE 3: DLI 9 31 DECEMBER 2018 STATE DEBT STOCK TABLE FOR ADAMAWA STATE

NAIRA	ADAMAWA
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	16,869,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	8,988,176,920
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	11,207,944,632
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,403,284,982
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	2,347,371,134
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,372,420,867
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	-
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	217,189,164
12. CONTRACTORS' ARREARS	23,340,284,789
13. PENSION AND GRATUITY ARREARS	14,457,589,477
14. SALARY ARREARS AND OTHER CLAIMS	1,835,266,659
15. OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	90,038,528,624
TOTAL EXTERNAL DEBT (TED)	30,021,660,085
TOTAL PUBLIC DEBT (TED+TDD)	120,060,188,709

Table Notes

FOR STATES WITH Q4 2018 FIGURES

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. Responses from the State

States Response to the Draft Report	IVA Response/Treatment
<p>Under 6.1 existence of public procurement legal framework and a procurement regulatory agency</p> <p>ANS. On your conclusion you wrote fall and we are totally disagreed with your response because on page 13 raw2, column 1,2,3 you wrote satisfactory so which one? And again, on page 13 under serial No2 column 2 serial No.</p> <p>(i) you wrote section 4(e) approves changes in the procurement process to adopt to improvements in the modern technology, but it does not provide expressly for e-procurement. Means what? For your information the use of modern technology in the Law has cover issues that has to do with e-procurement and is already been noted by the world Bank team kindly verify.</p> <p>(ii) The establishment of an independent procurement Board is covered in Section -5(1-16), however the law does not protect the independence of the Board. ANS. This is contrary to what our Laws says, because our Adamawa State procurement Law under Section 3 (1) not 5(1-16), please and it says There is hereby established the Adamawa State Board on Public Procurement (in this Law referred to as "The (Board)")</p> <p>The Board shall consist of:-</p> <ol style="list-style-type: none"> a) A non-executive Chairman, b) The Attorney General and Commission for Justice. c) Seven other members four of whom shall be experts in procurement law, management and engineering, and d) The Director General of the Bureau <p>The chairman and members shall be appointed by the Governor for a term of four years subject to the confirmation of the State House of Assembly. And this make it a statutory body.</p> <p>(iii) The State procurement law does not meet the requirement to cover all MDAs and LGAs receiving funds.</p> <p>ANS: Part III Section 17 of the Adamawa State Public Procurement Law states as Follows: -</p> <p>(1) The provisions of this Law shall apply to all procurements of goods, works and services carried out by:</p> <ol style="list-style-type: none"> (a) The Government of Adamawa State and all procurement entities; 	<p>Further review of the DLI revealed that the law is not compliant with all the requirements to achieve the result.</p> <p>The law meets the requirement for e-procurement</p> <p>The Law partially meets this requirement for an independent board. (see findings section for details).</p> <p>The law is not compliant as it is not applicable to 30% of the State's budget.</p>

- (b) All entities outside the foregoing description which derive at least 35% of the funds appropriated or proposed to be appropriated for any type of procurement described in this Law from the State Consolidated Revenue Fund; and
- (c) Public procurement by Local Government in the State, the value of which exceeds a sum which the Bureau may stipulate at the commencement of the financial year of the State.

(2) The provisions of this Law shall not only apply to the procurement of special goods, works and services, involving State Security (as may be designated by the Governor of the State by an instrument, under his hand) unless the Governor's express approval has been sought and obtained.

(3) The provisions of the Law shall not apply to any public procurement which the State Government and the Federal Government and the donor assisted programmes funds are jointly executing provided however that this Law shall apply to any public procurement solely executed by the State Government in respect of which a reimbursement may be claimed from the Federal Government.

NOTE: From the IVA Final Closing report submitted to us on the 28th November, 2019 shows that we have fully archived our SFTAS DLI 6.1 (procurement DLI) kindly find attached IVA final submission report for your information and we will also follow up to your office with our full documents for further clarification.

Once again, we are hereby rejected your response, and again you may visit our website at bppadamawa.com or copy and pest the weblink below to download the full copy of the Adamawa State Public Procurement Law fur further scrutiny.

https://bppadamawa.com/medias/public_procurement_document/2017/7/1501585400677_ADSBPP-Procurement%20law%20of%202013.pdf

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Bureau of Public Procurement Yola-Adamawa State

Competition *Transparency * Efficiency

Please note that the Initial Findings Report submitted to the State at the exit meeting of the field work on 28th November 2019 clearly stated as follows:

*“Note: This is not the assessment report and should not be taken as a **PASS/FAIL** of the assessment. A quality assurance review of the results stated below will be conducted and a draft report will be submitted to the state for comments.”*

Appendix A

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

Adamawa 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

Eligibility Criteria 2018 Part I - 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
http://www.adamawafrc.org/approved-estimates-of-the-adamawa-state-government-of-nigeria-2019-2021-multi-year-budget/	A search was done on Adamawa 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
https://standardbiblio.000webhostapp.com/homepage/ https://www.google.com/search?q=office+of+the+auditor+general+adamawa+state&ie=utf-8&oe=utf-8&client=firefox-b-ab http://www.adamawafrc.org/audited-financial-statements/	A search was done on Adamawa State website	The 2017 Financial Statements were published on the Fiscal Responsibility Commission and not on the official State website , a copy was downloaded.	N/A	EC met Will feedback to Adamawa to upload Financial Statements on the main state website

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	The Financial Statements would be easier to find if published on the State's main Official Website
Were the Financial Statement for 2017 available published online before 31 December 2018?	Yes	None
Are the published financial statements clear and legible?	Yes	None
Can the Financial Statements be downloaded?	Yes	None
Do we have evidence of audit by the State Auditor-General?	Yes	None
Are the financial statements complete, including primary statements and disclosure notes?	Partly	There were no detailed notes. Disclosure Notes to the Accounts should be published
Are there any indications that balances within the financial statements are not credible	Partly	<ul style="list-style-type: none"> i. There are differences in the values reported in the cash flows and CRF statement ii. The Statutory allocation and VAT (2017) does not correspond with NBS data. ii. IGR is not disaggregated by tax and non-tax in cash flow v. Repayment of internal and external loans in the cash flow statement and CRF statement do

		not match.
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