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

2019 Annual Performance Assessment (APA) Report

AKWA IBOM STATE

By:

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

November 2020

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1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Akwa-Ibom State for the 2019 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 2019 APA for Akwa-Ibom State and shows areas where the State was able to achieve results. In total, Akwa-Ibom State achieved **5 (Five)** DLRs out of 15 DLRs applicable to 2019. One of the achieved DLRs was due for assessment during the 2020 APA but has been assessed early as requested by the Programme

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. <u>DLR 1.1:</u> Budget implementation reports should 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). It should also state balances against each of the revenue and expenditure appropriations. The balances should also be provided on a consolidated basis across the four (4) expenditure classifications.

2. <u>DLR 1.2:</u> Expenditure outturn deviation is reduced to a level within the annual requirements for this result.

3. <u>DLR 2.1:</u> Conduct public consultation on the proposed budget with the participation of Local Government Authorities and State based CSOs. The minutes of the consultation should be jointly prepared and signed with the CSOs representatives and be posted on the States' website with the proposed budget.

4. <u>DLR 2.2:</u> Prepare and publish online the citizens budget before the due date.

5. <u>DLR 3.0:</u> Increase the percentage of state government finances flowing through the TSA to at least the minimum required to achieve this result. Implement the approved cash management strategy.

6. <u>DLR 4.1:</u> State should develop complete set of revenue sources and rates for all State's MDAs and LGA with legislative approval. This must be posted online.

7. <u>DLR 5.1:</u> Biometric data of all the State's civil servants and pensioners is captured and linked with the State's payroll to reduce fraud.

8. <u>DLR 6.2:</u> Publish contract award information, above the set threshold, and on a monthly basis in OCDS format on the State's website.

9. <u>DLR 7.1:</u> The State Legislation should stipulate fiscal and debt rules/limits.

10. <u>DLR 8:</u> A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.

Furthermore, we noted significant issues affecting the credibility of the Financial Statements for 2019. Primarily, there is a difference of ₦15,007,070,887.94 between the Total Debt Stock/Liabilities of ₦241,552,898,942.25 reported by the State in its Audited Financial Statements for 2019 and the Total Debt Stock of ₦256,559,969,830.19 reported in the records of the Federal Debt Management Office, the CBN and the FMoF.

Table 1: Assessment Results

Key:	Achieved		Not Achieved		Previously Achieved	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The State published the reports on average of 25.82 weeks after the due date.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 55.5 %
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 FY2020 budget.		The public consultation was not with the participation of the Local Governments.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		The State did not prepare a Citizens' budget.
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 60 percent of state government finances implementation of State TSA		The State TSA covered 5.9% of the Government finances.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a 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. Code must be approved by the state legislature and published		Revenue law does not contain the complete set of State's and LGA revenue sources and rates.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	**Basic Target achieved**	IGR nominal Growth Rate was 36%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		The State's Biometric Nominal roll could not be verified
	DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		100% of the civil servants and pensioners are linked to BVN.
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 independent procurement regulatory agency; and 3) Cover all MDAs receiving funds from the state budget.		This is a 2020 result assessed early.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on the state website		The State did not publish contract awards.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt 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 Legislation should stipulate fiscal and debt rules/limits

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2019		The SDDRs were submitted within an average of 6.6 weeks.
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established **and** Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.		• State has no Arrears Clearance Framework/The State ACF was not published online. • State has not established Internal Domestic Arrears Database.
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. **and** Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.	**Stretch target achieved**	Debt service deduction was 7.5% and the debt stock to revenue ratio was 108.36%.

The Office of the Auditor-General for the Federation as Independent Verification Agent and JK Consulting Co. Ltd 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 set Eligibility Criteria and any or all the indicators of fiscal transparency, accountability and sustainability.

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Ltd 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 2019. 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 2019 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 2019 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 2019. The assessment results are binary (Pass or Fail), as that is how the Program for Results 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 (24/08/2020 and 28/08/2020) with a team of four 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. Ltd 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
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2019] 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 on average within six weeks of the end of each quarter?	The Quarterly budget implementation reports were posted online as follows: • Q1 – (31/12/2019)- 45.43 weeks (318 days) • Q2 – (31/12/2019) – 32.43 weeks (227 days) • Q3 – (31/12/2019) – 19.29 weeks (135 days) • Q4 – (12/02/2020) - 6.14 weeks (43 days) Average weeks for the online publication are computed as below: $$\frac{45.43+32.43+19.29+6.14}{4}$$ Average = <u>25.82 Weeks (180.74 days)</u> The team downloaded the quarterly budget Implementation Reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.	Unsatisfactory	The State should ensure all quarterly implementation reports are published within six weeks of the end of each quarter

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Evidences (Q1, Q2, Q3 and Q4 reports) were viewed on State's website and the screenshots taken were retained in file. **Source:** **For Q 1, Q2, Q3** http://aksbudgetoffice.org.ng/Appraisal%202018/Appraisal%202019.pdf **For Q4** http://aksbudgetoffice.org.ng/Appraisal%202018/Summary%20of%202019%20Budget%20Appraisal%20(January%20-%20December).pdf		
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations.	From the review of the Quarterly Budget Implementation reports downloaded from the State's website (see weblinks above), the team observed the following: • The reviewed budget implementation reports showed that the approved budget appropriation for the year for each MDA was included and for each of the core economic classification of expenditures. • The Budget Implementation Reports include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year 2019. • The Budget Implementation Reports include the balances against each of the revenue and expenditure appropriations. • The State does not have an amended/revised budget passed as supplementary budgets, so the 2019 budget is the basis of the reports. The State did not publish all quarterly implementation reports within six weeks of the end of each quarter	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		However, the reports included the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others) for each MDA; the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations.		
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?	Upon review of the State's Budget Performance reports, it stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	Satisfactory	
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?	Upon further review of the State's Budget Performance reports, it states the 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 include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	
DLR 1.2	**FY [2019] deviation from total budget expenditure is less than 25%**		**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?	The State computed the budget deviation for 2019 to be 51% The IVA computed the budget deviation for this APA year as seen below:	Unsatisfactory	Expenditure outturn deviation should be reduced to the level within the annual requirements for this result

	Original Budget (₦'Billions)	Actual Outturn (₦'Billions)
Capital - (page 17)	445,936	197,832

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Is the expenditure outturn deviation computed less than 25%	Rec. Exp - (page 17): 224,782 / 100,416 Total: **670,718** / **298,248** $$\frac{\text{₦670,718 Bn} - \text{₦298,248 Bn}}{\text{₦670,718 Bn}} \times 100$$ = 55.5% The budget performance deviation is 55.5 % **Source:** 2019 Audited Financial Statement (page 17) **AND** 2019 Approved Budget. (Page xx)		
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 FY [2020] 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 IVA obtained the Minutes of meetings to verify citizens' input into FY 2020 budget.**
		
		a) The IVA was unable to see clear evidence that the LGAs participated and also confirmed that LGAs were not captured in the minutes.
		b) The IVA confirmed that CSOs representatives were in attendance and some of whom are listed below:
		   I. Sustainable Development Network Initiative
		   II. Community Partnership for Development
		   III. Akpan Policy
		
		c) The sources of information from which our conclusions were drawn were communique and minutes.
		d) The dates of the public consultation on the budget proposal was 18-07-2019, and the venue was
			Unsatisfactory	LGAs should participate in consultations on proposed budget and attendance sheet should be included in the minutes.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		conference hall of the Ministry of Economic development, Uyo, Akwa-Ibom State. e) A sample of attendees could not be contacted because the attendance sheets were not provided by the state and the minutes did not contain their numbers. f) The date of the consultation was 18th July 2019 and the date the draft budget was finalized was 27th September 2019; the consultation took place before the draft budget.		

2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	a) A member representing Sustainable Development Network Initiative jointly signed the minutes.
		 b) The title of the meeting is "Minutes of 2020 Akwa-Ibom citizens budget stakeholders meeting held on July 18, 2019 at the conference room of the Ministry of Economic Development and Ibom deep seaport"
		 c) The organizations that the signatories represent are:
		   i Sustainable Dev. Network Initiative
		   ii Akpan Policy
		   iii Community policy for Development
		 d) The weblink to the minute is on http://www.aksminfinance.com/images/2020stakeholdersminutes.pdf
		 e) However, the proposed budget was not published online along with the minutes.
		 f) The minutes of the public consultations were published on the 31 December 2019 before the due date, which is 31 January 2020, however the proposed budget was published on 31-07-2020.
			Unsatisfactory	Marked unsatisfactory as it is unclear why the proposed budget was published in July 2020.

DLR 2.2 New	**Citizens' budget based on approved FY19 State budget published online by end April 2019.**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1 New	Has the State published online, on the State website(s) a *Citizens Budget based on the approved FY19 state budget* not later than 30 April 2019?	Citizens Budget based on the approved FY19 State budget was not published online. This was also confirmed by the state in its result submission form.	Unsatisfactory	Prepare and publish online the citizens' budget before the due date.
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	The Citizens Budget was not available in hard or soft copies. This was confirmed by the state in the result submission form.	Unsatisfactory	Prepare citizens' budget showing comprehensible summary of the FY19 state budget
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
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?	a. The State has not established a functional state-level TSA.
		b. The State operates multiple accounts.
		  • The IGR Lead Account Zenith Bank 1014767943 (State TSA).
		  • VAT Revenue Account: Access Bank (Account number not available).
		  • Statutory & Derivation Account: UBA (Account number not available).
		  • As well as many other accounts which do not sweep to a single account.
			Unsatisfactory	The State should establish a functional TSA.

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.	a) Akwa-Ibom State Cash Management Strategy was provided. b) The document was produced in December 2019 and approved by the Honourable Commissioner for Finance. c) Page 16 -21 covers the processes d) The strategy proposed daily cash sweeping. e) There is no evidence of implementation of processes described in the cash management strategy to forecast	Unsatisfactory	The State should implement the approved cash management strategy which covers the processes through which the State is able to forecast cash

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		cash commitments and requirements and to provide reliable information on the availability of funds.		commitments and requirements and provide reliable information on the availability of funds.
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)?	a) The State does not have a computer application where the State can view the cash balances in the bank accounts. However, the Pay direct platform provides central view for the IGR Lead Account (Zenith) only.	Unsatisfactory	The State should implement the cash management system that allows for a central view of cash balances in all 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.	a) The State TSA is IGR Lead Account (Zenith Bank). b) Not all government monies go through this account. c) Government monies still sit in the other revenue collecting banks, the closing balances in almost all the 482 bank accounts in the Audited Financial Statement showed this. d) The TSA bank Statement obtained is Akwa-Ibom State IGR Lead Account (Zenith Bank) 1014767943	Unsatisfactory	The State should have one consolidated revenue treasury account for state revenues (FAAC and IGR).
5	Does the TSA cover a minimum of 60% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019. See the computation below:	Unsatisfactory	The State's TSA should cover a minimum of 60% of Government Finances.

	Total Inflows	Total Outflows
TSA Bank Statement	19,817,523,981.52	19,764,396,007.05
Govt Finances*	346,074,027,321.98	324,913,015,490.23
Percentage	5.73%	6.08%

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The average is: $$\frac{5.73\% + 6.08\%}{2}$$ = 5.90% The TSA covered 5.90% of the State's finances. *Sources: 2019 Audited Financial Statement (Cashflow Statement) Pg.16 - 18 and the TSA Statement from (Zenith Bank) for 1st January to 31st December 2019.		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a 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. Code must be approved by the state legislature and published**		**Not Achieved**	
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?	a) The State provided the Akwa-Ibom State Revenue Administration (Amendment) Law, 2020 which was reviewed by the team. Schedules of IGR sources for State's MDAs and LGA were not published along with the law. The schedules do not carry legislative approval. b) The law does not include the complete Revenue Code & rates passed by the Legislatures. The schedule provided as revenue code does not have legislative approval and the schedule was only revenue sources for accounting purpose.	Unsatisfactory	The State should provide a complete set of State (including MDA) and LGA sources and rates of revenue which must be passed by the State House of Assembly and published on State official website.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c) The code does not contain complete State IGR sources and the LGs (falling under the State) IGR sources. The schedules provided has a lot of gaps. d) The consolidated revenue code does not include all the rate chargeable for each IGR source. The schedules provided has a lot of gaps.		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	Section 10 of the amendment law inserts new paragraphs (u & v) making AKIRS the sole entity to collect revenue with the power to collaborate with MDA as needed (w) and (v) account for all amounts to be collected including MDA revenues.	Satisfactory	
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	The collection of revenues is made into accounts nominated by the SBIR. a) The SBIR is responsible for reporting and accounting for the revenues. The Internal Revenue Service demonstrated how Pay direct platform is used to coordinate payments of IGR from all MDAs to the accounts nominated by the Internal Revenue Service. A snapshot of the Pay direct was obtained. b) Section 29. of the Law provides that taxes and levies are to be paid into an account designated by the Board.	Satisfactory	
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 Akwa-Ibom State Revenue Administration (Amendment) Law, 2020 was approved by the State legislatures. The date of legislative approval and assent were not indicated on the law. Also, the schedule of revenue sources and rates provided do not carry legislative approval. The schedules were not linked to the revenue law and does not carry any resolution of the legislature. They were only revenue sources for accounting purpose only.	Unsatisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The code was published on the 30th September 2020. It is available online for viewing by the public. The link is provided below: https://akwaibomstate.gov.ng/wp-content/uploads/2020/09/REVENUE-LAW-AMENDMENT.pdf https://akwaibomstate.gov.ng/wp-content/uploads/2019/12/LAW-ESTABLISHING-AKS-INTERNAL-REVENUE-SERVIC.pdf	Satisfactory	
DLR 4.2	**Annual nominal IGR growth rate meets target**		**Achieved** *Basic target met*	
1	Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	a. Cash Basis of accounting was used in reporting. b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below: <table><tr><td>REPORTING TEMPLATE: OPTION B</td><td>NGN</td><td>NGN</td><td>% GROWTH</td></tr><tr><td>Item</td><td>2018</td><td>2019</td><td></td></tr><tr><td>1. Reported IGR in AFS (Before Adjustments)</td><td>28,213,636,273</td><td>35,504,936,358</td><td>26%</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>3. INVALID items to be deducted IF reported as part of IGR</td><td>2,448,000,000</td><td>550,498,877</td><td></td></tr><tr><td>Interest Earned</td><td>2,448,000,000</td><td>118,761,000</td><td></td></tr><tr><td>Miscellaneous</td><td>-</td><td>431,737,877</td><td></td></tr><tr><td>Take reported total IGR and deduct any</td><td>25,765,636,273</td><td>34,954,437,481</td><td>36%</td></tr></table>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		INVALID items i.e. (1) minus (2)		
		₦34,954,437,481 - ₦25,765,636,273 x 100 ₦25,765,636,273 = 36 % The annual nominal growth is 36%. Source: 2019 Audited Financial Statement Pg. 25 and 2018 Audited Financial Statement (online) pg. 11.		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Not Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	The State commenced the Biometric data capture of the civil servants and pensioners in 2012 and completed in 2015. However, during the visit to the state in August 2019, IVA observed that the state was conducting an ongoing biometrics data capture exercise of all civil servants and pensioners in the state. This was due to the State's inability to migrate and make available, the biometrics database from the existing system. a) The biometric capture was done by Skye Bank (now Polaris Bank). b) The total number of civil servants was 30,338. c) The total number of pensioners was 18,394. d) The total number of staff on the State Nominal roll was 30,343 and Payroll is 30,338.	Unsatisfactory	The State should complete ongoing migration of biometric data base and capturing of civil servants.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		e) The number of biometrics data that has been captured was 48,743. f) In terms of documentary evidence, the State did not provide biometric nominal roll but only provided BVN Nominal roll with explanation that the ongoing migration of the biometric data base to the new system being implemented will not allow that. Thus, IVA could not verify the biometric database. However, $$\frac{48{,}743}{30{,}338 + 18{,}394} \times 100$$ $$= \underline{100.02\%}$$ 100.02% civil servants and pensioners captured in the old biometric database. The total capturing is over 100% as it included those that have been deactivated for retirement, death, etc.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State could not walk the team through the biometric database/system because of the challenges faced on the ongoing migration to new system.	Unsatisfactory	State should complete the new biometric database
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) The State did not provide any record of ghost civil servants and pensioners. The State claimed that there is no case of ghost workers and pensioners. The State claimed that the deactivated and deleted names are mainly because of death and other leavers. However, the team could not verify this claim from the biometric database.	Unsatisfactory	State should complete the new biometric database
5.2	**Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Achieved**	
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	The State commenced and completed the BVN data capture of the Civil Servants and Pensioners in 2015 a) e-Softies Nigeria Limited was contracted for the purpose of linking BVN data to payroll.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) The total number of civil servants is 30,338.		
		c) The total number of pensioners is 18,394.		
		d) The total number of staff on the State Nominal roll is 30,343.		
		e) The total BVN data that have been linked to the payroll is 48,743.		
		f) The State provided the BVN nominal roll and payroll summary, the team was able to verify from the database report. The BVN data of 100% of the civil servants and pensioners have been linked to the payroll. $$\frac{48{,}743}{30{,}343+18{,}394} \times 100$$ =100%		
2	Has the State taken steps to identify payroll fraud?	a) The number of staff with BVN is 30,343. b) The State did not provide any record of ghost civil servants and pensioners. The State claimed that there is no case of ghost workers and pensioners. The team was able to confirm that payment for deactivated civil servants and pensioners in the BVN nominal roll were blocked immediately they are deactivated.	Satisfactory	
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 provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget**		**Achieved**	
1	Does the State have a public procurement legal framework which must be approved by the State	a) The state has a public procurement legal framework. b) It has been approved by the State legislature as a law.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	legislature to have a legal basis, either as a law or a resolution?	c) The authorizing body/office is Akwa-Ibom Bureau of Public Procurement. d) The date of approval was 23rd July 2020. e) Date of its online publication was 23rd July 2020. f) Source: https://bb.akgov.ng/enabling laws		
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	The Akwa-Ibom State Public Procurement Law is structured in line with the UNCITRAL Model and meets the requirements as shown below: 1. **E-Procurement -** We noted the following during our review of legislation. • The Procurement Council is to approve changes in procurement Process to adapt to improvements in modern Technology. S. 15 (g) • All procurement to be carried out by standardized, simplified, sustainable and uniform procedures adaptable to changes in public administration and modern technology. S. 16(1)c • The Bureau is empowered to set up an eProcurement Portal, (Akwa-Ibom State Electronic Procurement System) which shall also serve as a definitive source of procurement information. S. 54 of the Law • The Law provides for the Bureau to "develop, introduce, update and maintain related database and technology for conduct of procurement in the state. S.6 (g) The law therefore complies with the requirements for e-procurement. 2. **Independence -** The results of our assessment of the legislation for independence are in the table below:	Satisfactory	

Required Provisions*	Result

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

Findings table:

The Functions and Powers of the Agency	Compliant; see sections 4 and 6.
The composition of the board	Compliant; See Section 14(2)
Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see Section 14(2)(i)
The grounds for removal of the Chief Executive of the agency.	Compliant; see Section 8(4)
Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See Section 66(5)

*Provided by the World Bank

3. **Establishment of an independent procurement regulatory agency**

a) The law provides for the establishment of an independent procurement regulatory agency, Section 4 and 6 (a) formulate the general policies, guidelines and implementing regulations relating to public procurement in Akwa-Ibom State for Council approval.

b) The law covers all MDAs receiving funds from State budget, Section 1.
Section (1) states that notwithstanding the provisions of any other law, this Law shall apply to all procurement of goods, works, and services carried out by the State Government, its ministries, departments, authorities, counterpart funded projects, agencies, Judiciary, Legislature, State universities and colleges, government-owned and/or controlled corporations, government institutions and Local Government Councils

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		and their constituent and derivative units and all entities set up under the Constitution or laws of the State House of Assembly and/or whose funding derives from the State Treasury, their own internally generated revenue, the State's share of the Consolidated Revenue Fund and special allocations from the Federal or State Treasury, whatever form this may take.		
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	a) The State has instituted an independent procurement regulatory function b) This is being performed through a Bureau, Section 4 and 6 of Akwa Ibom State Public Procurement Law, 2020. c) The agency is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework, Section 4 and 6. d) IVA conducted interview with the Executive Secretary, Management, and random operational staff on the 25th of August 2020 at Akwa-Ibom State Bureau of Public Procurement and one of their views was: (i) This is the first time in the history of Akwa-Ibom State that a Governor has embarked on a series of public procurement reforms targeted to improve efficiency and to achieve improved procurement practices for increased transparency and value for money in the conduct of government business. e) No case was handled by the Bureau in the year under assessment that could be used in performing the walkthrough to confirm the effective handling of the selected cases. This is because the Bureau was established after the Procurement Law was enacted on 23rd July 2020. f) No walkthrough of any case was done as the Bureau was established after the enactment of the Procurement Law which was on 23rd July 2020.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 6.2	**Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]**		**Not 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(2019) 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).	a) No schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state procurement law) obtained, as the Bureau was established after the Procurement Law was enacted on 23rd July 2020. b) The data was not published is in line with the Open Contracting Data Standards (OCDS) because the Bureau was established after the Procurement Law was enacted on 23rd July 2020. c) No date of publication as the Bureau was established after the Procurement Law was enacted on 23rd July 2020. d) No source of the publication e) No work done/tests carried out and findings reached as the Bureau was established after the Procurement Law was enacted on 23rd July 2020.	Unsatisfactory	State should adopt the OCDS and publish contract award information online as required under the standard.
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	**State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.**		**Not 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	a) IVA obtained the copies of the Akwa-Ibom State Fiscal Responsibility proposed bill, and the State Public Debt Management Law.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	b) The Akwa-Ibom State Public Debt Management Law was assented to by the Governor on 30th December 2019.		
2	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.	IVA review of the legislation (The Akwa Ibom State Debt Management Office Law 2019, and the Akwa-Ibom State Fiscal Responsibility bill 2020) shows the passed and draft legislation in combination include the requirements as shown below: The laws were passed by the State House of Assembly and assented to by the Executive Governor. - **Requirement (i) establishing responsibilities for contracting state debt** Part 3 section (d) page 4 (Power of The Office) in AKWA IBOM Debt Management Law 2019 mandate the office to issue debt, issue a consent to borrow, subject to approval by the State Executive Council and the full compliance with existing laws and borrowing guidelines of approval for the State ministries, departments and agencies or Local Government Councils that may wish to borrow. - **Requirement for (ii) establishing responsibilities for recording and reporting state debt** Part 2 section (1) page 1 (function of office) of AKWA IBOM Debt Management Law 2019 mandate the debt management office to maintain a reliable database of all loans taken or guaranteed by the State, its agencies, Local Government Councils and their agencies: In addition, page 1 - 2 (function of office) sub-section (c) state that the DMO shall prepare a schedule of any other State Government obligations such as contractor and supplier debts, pension liabilities, loans from the Federal Government and other contingent liabilities,	Unsatisfactory	1. The State Legislation should stipulate fiscal and debt rules/limits. 2. The State House of Assembly should pass the Fiscal Responsibility Bill 2020. It should be assented to by the Governor before 31st December, 2020 in order for it to count towards results being assessed in the 2020 APA.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	both explicit and implicit and provide advice on policies and procedures for their management. - **Requirement for (iii) establishing fiscal and debt rules or /limits** Part IX - DEBT AND INDEBTEDNESS - section 42 sub-section (2) of fiscal responsibility bill limit borrowing as follows: The State Government shall ensure that the level of public debt as a proportion of State income is held at a sustainable level as may be prescribed by the House of Assembly from time to time on the advice of the board and the State Debt Management Office. Furthermore, Part IX section 43 of Fiscal responsibility bill sub section (1) indicate that The State Fiscal Responsibility Board shall enforce compliance with overall limits for the amounts of consolidated debt of the State and Local Governments. In addition, Part (3) For the purpose of verifying compliance with the limits specified pursuant to this section, the Board, in consultation with the Debt Management Office, shall at the end of each quarter determine the amount of the consolidated debt of the State and each Local Government. Also, part (4) pointed that the Board shall publish, on a quarterly basis, a notice to the effect that the State or a Local Governments has exceeded the limits of consolidated debt, indicating the amount which the limit was exceeded. Overall, the existing law – Debt Management Office Law 2019 does not satisfy all the criteria of the DLR. Criterion #3 not met.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Criterion #3 will be met when the Akwa-Ibom State Fiscal Responsibility bill 2020 has been passed and assented to. We are aware this had not yet happened at the time of our assessment		
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.	a) The State debt legislation provides for the creation of a State Debt Management Office according to Section 1 (1 (a-c)), b) The provision of Section 1 (1) states: "There shall be established a body to be known as the Debt Management Office which: (a) Shall be a body corporate with perpetual succession and a common seal. (b) May sue and be sued in its corporate name; and (c) May acquire, hold and dispose of property whether moveable or immovable. (2) The Office shall be under the supervision of State Ministry of Finance. c) The Debt Management Office is operational, d) The State Debt Management Office is performing its core function of recording and reporting state debt including the quarterly domestic debt reporting to the DMO, by the 31 December 2019, and e) IVA visited the State Debt Management Office located in the Akwa-Ibom State Ministry of Finance Building and obtained evidence of the Office performing its core function of recording and reporting State debt including the quarterly domestic debt report to the Federal DMO. f) IVA conducted an interview with the Chief Executive and Management on the activities of the Debt Management Office. It was noted that it was formally known as Debt Management Department until the passage of the Law on 31st December 2019, when it was changed to Debt Management Office.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		g) The Akwa-Ibom State Chief Executive of Debt Management Office noted in response to the questionnaire that the Office is very active in ensuring prompt reports submission to the Federal Debt Management Office. h) A Management Staff also interviewed, noted in response to the questionnaire that the Office is very active and effective in carrying out its mandate. i) IVA Carried out a physical inspection of the Debt Management Office and observed that the Office is active with about 6 Officers sighted during the visit and 4 Office rooms in use by the Office. j) IVA Obtained pictures of the official premises of the Debt Management Office, which is located within the State Ministry of Finance. k) IVA conducted an interview with a random operational staff and the staff noted the Office was operational in the year. l) IVA reviewed files containing the work done during the year by the Office. IVA reviewed "request for domestic expenditure arrears data for 2019" that was sent to the State's Ministries Departments and Agencies as part of their process for collating the State Domestic Expenditure Arrears data. IVA also reviewed the documents received by the Office from Ministry of Science & technology, Ministry of Housing. IVA also reviewed the State Domestic Debts Reports submitted to the Federal Debt Management Office during the year under review.		
DLR 7.2	**Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019**		**Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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 2019?	a) The state produced quarterly domestic debt reports approved by the DMO on average of 6.6weeks (1 month, 2weeks and 4 days) after the end of the quarter. The IVA team obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows: (a) The State submitted the quarterly SDDR (draft and final versions) to the DMO within two months after the end of each quarter, • Q1 submitted on (13.05.2019) 6.1 weeks (43Days), • Q2 submitted on (08.08.2019) 5.5 weeks (39days), • Q3 submitted on (09.12.2019) 10 weeks (70 days) and • Q4 submitted on (03.02.2020) 4.8 weeks (34 days). $$\frac{6.1+5.5+10.0+4.8}{4}$$ = 6.6 weeks The SDDRs were submitted within an average of 6.6 weeks (46.5 Days).	Satisfactory	
2	**Note: Have you reviewed for accuracy and completeness from the DMO:** 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.	The IVA team reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Akwa-Ibom State Debt Domestic Report and there was a difference of ₦15,007,070,887.94. The report was supported with the DMO's templates and guidelines. We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.	N/A	State should submit accurate quarterly state domestic report

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		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.		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.** **AND** **Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.** -**Basic target:** At least a 5% decline or maintain stock below N5 billion -**Stretch target:** More than 20% decline	The state did not submit to the IVA the annual state arrears recording, verification, and clearance report (SARVCR).	**Not Achieved**	
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has not established its Arrears Clearance Framework (ACF).	Unsatisfactory	The State should establish an Arrears Clearance Framework (ACF).
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	a) See above	Unsatisfactory	The ACF should contain: 1) Planned actions to settle arrears. 2) An explicit prioritization of expenditure arrears to be settled.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Has the ACF been published on a State official website?	a) See above	Unsatisfactory	The State should ensure the ACF is published on her Official website.
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	a) See above		The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF.
5.	Has the State established an Internal Domestic Arrears Database?	a) The State has not established an Internal Domestic Arrears Database.	Unsatisfactory	a) The state should ensure they establish an internal domestic arrears database. b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; aggregate amount of pension and gratuity arrears; aggregate amount of salary arrears and other staff claims.
6	Has the State published online elements of the internal domestic arrears database for the FY **2018** and FY **2019** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has not published online the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019. b) The State has not created website supporting online publicly-accessible arrears database that contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. c) The State has not created online webpages facility for contractor with arrears (creditors) to report any omissions to the State.		
7. New	Does the online publication include? 1) the aggregate amount of contractors' arrears. 2) the aggregate amount of pension and gratuity arrears. 3) the aggregate amount of salary arrears and other staff claims. 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.	See above	Unsatisfactory	a) The State should ensure they publish online lists of contractors with recognized arrears exceeding N20million. b) The state should ensure contractors are able to verify that their claims are accurately reported.
New	Has the State met the following? (ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework. **-Basic target:** At least a 5% year-on-year decline or maintain stock or arrears below N5billion. **-Stretch target:** More than 20% year-on-year decline.	<table><tr><td>**Aggregate Amount of:**</td><td>**2019**</td><td>**2018**</td></tr><tr><td>Contractors Arrears</td><td>83,362,614,258.67</td><td>93,819,321,282.97</td></tr><tr><td>Pension and Gratuity arrears</td><td>26,207,426,810.73</td><td>22,689,191,060.73</td></tr><tr><td>Salary arrears and Staff claims</td><td>0.00</td><td>0.00</td></tr><tr><td>Other types of domestic expenditure arrears</td><td>0.00</td><td>0.00</td></tr><tr><td>**Total Domestic Arrears**</td><td>109,570,041,069.40</td><td>116,508,512,343.70</td></tr></table> a. The State did not present the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database.	Unsatisfactory	The State should ensure they prepare the State Internal Domestic Arrears (SIDA) database and meet a Basic Target of reduction by at least 5% to meet the Basic Target or maintain a domestic debt stock below N5billion.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.	However, IVA used the Arrears from the State Domestic Debt Reports as follows: N116,508,512,343.70 - N109,570,041,069.40 X 100 N116,508,512,343.70 = 5.96% The percentage decrease is 5.96% **NOTE:** The State met the nominal basic target of at least a 5% year-on-year decline; however, this does not count because the State did not prepare an arrears database. **Source:** 2018 Q4 SDDR and 2019 Q4 SDDR.		
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019]** **AND** **Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:** **-Basic target: < [140%]** **-Stretch target: < [115%]**		**Achieved** Stretch target met	
	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 (1st January to 31st December 2019) to the gross FAAC allocation for the same calendar year? **Less than :< [40%]**	The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA. Total Service Deduction N13,991,203,182 x100 Gross FAAC Percentage N186,622,081,194 =7.50% **Source:** FMoF (FAAC) Akwa-Ibom State 2019 Audited Financial Statement, Page 22-27	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
Has the State met: (ii) the ratio of total debt stock at end-of-year (31st December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2019)? **-Basic target:**< [140%] **-Stretch target:** < [115%]	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt** |	Financial Statements	DMO figures (Adj)
---	---	---
Total Domestic Debts	226,872,294,175.83	241,879,365,064
Total External Debts	14,680,604,766.42	14,680,604,766.42
Total Public Debts	**241,552,898,942.25**	**256,559,969,830** | **Total annual revenue** |	
---	---
2019 Adjusted IGR (see DLI 4.2)	34,954,437,481
Gross FAAC Allocation	186,622,081,194
Grants	14,636,976,564
Other Revenues	550,498,877
Total Revenue	**236,763,994,116**** | a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is as at the end of Q4 2019. The IVA computed the total debts stock / Revenue percentage for the 2019 year, as follows: Total Public Debts - ₦256,559,969,830.19 x 100 Total Revenue - ₦236,768,430,163.00 = 108.36% **Sources:** For Total Revenue 2019 Audited Financial Statement, Pg. 20. For Total Public Debt from DMO* as at December 31,2019	Satisfactory Stretch Target Met	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	*Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue b. The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same as the debt stock stated in the audited financial statement, as IVA observed a difference of ₦15,007,070,887.94 which was communicated to the State for explanation and the State responded to the difference. c. The SDEDR has been amended by the Federal DMO and resubmitted to the IVA along with explanations for changes.		

TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR AKWA IBOM STATE

AKWA IBOM STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713
BAIL OUT (SALARIES) (SOURCE CBN)	-
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	60,821,611,584.16
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	7,027,358,744
STATE BONDS	-
COMMERCIAL BANK LOANS	40,393,219,299.20
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	985,916,655
INFRASTRUCTURE LOANS (CBN FACILITIES)	
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	2,000,000,000
JUDGEMENT DEBTS	
GOVT - GOVT DEBTS	
CONTRACTORS' ARREARS	83,362,614,258.67
PENSION AND GRATUITY ARREARS	26,207,426,810.73
SALARY ARREARS AND OTHER CLAIMS	
TOTAL DOMESTIC DEBT (TDD)	**241,879,365,064**
TOTAL EXTERNAL DEBT (TED)	14,680,604,766.42
TOTAL PUBLIC DEBT (TED+TDD)	**256,559,969,830**

TABLE 3(ii): DLI 9 31 DECEMBER 2019 - ADJUSTED REVENUE TABLE FOR AKWA IBOM STATE

	NGN
Item	**2019**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**186,622,081,194**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**173,155,245,810**
1.1.1 Gross statutory allocation	41,616,442,798
1.1.2 Derivation	121,430,162,523
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	10,108,640,489
1.2 VAT	**13,466,835,384**
2. Internally Generated Revenues (IGR) – Adjusted	**34,954,437,481**
3. Grants (internal and external)	**14,636,976,564**
4A. Other revenues (4.1 + 4.2 + 4.3)	**550,498,877**
4.1 Investment Income (e.g. dividends)	118,761,000
4.2 Interest Earned	431,737,877
4.3 Miscellaneous	
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**236,763,994,116**

4. Response from the State

The State should please use the table below for their response.

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	We sincerely thank the SFTAS Independent Verification Agent for a job well done. However, we wish to draw your attention to DLR 4.1 and to state that the Amended Revenue Law came with a complete set of revenue sources and rates for all State's MDAs and LGA with legislative approval. Accordingly, the revenue sources and rates have been updated and posted online. Please here is the link to access the revenue sources and rates for the State and LGAs. https://irs.ak.gov.ng/DL4/Revenue-LGAs.xlsx https://irs.ak.gov.ng/DL4/Revenue-States.xlsx Thanks. Pastor Mfon Udomah SFTAS Focal Person (PforR) Office of the Accountant-General Treasury Headquarters Idongesit Nkanga Secretariat, Uyo Akwa Ibom State, Nigeria.	The earlier position stands. The excel schedule provided by the State as a revenue code is just the chart of accounts schedule with some rates. The State should provide a comprehensive revenue code with complete IGR sources and rates for State's MDAs and LGA. The revenue code should have legislative approval. Also see other relevant findings in Section 3.

Appendix A

REPORT ON THE ACHIEVEMENT OF THE ELIGIBILITY CRITERIA FOR THE 2019 PERFORMANCE YEAR

YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2019 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 guidelines for more detail on eligibility.

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 2019 Part I - The online publication of Approved Budgets for 2020 by 31st January 2020

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
https://akwaibomstate.gov.ng	A search was done on the Akwa Ibom State website	The 2020 Budgets were published on the State Official website, a copy was downloaded	A request was made on 08/01/2020 to the focal persons to provide evidence of the approved 2020 budget and governor's assent.	**EC met** A weblink was received from the focal person on 14/01/2020 which provided evidence of governor's assent

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2020 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 31 January 2020?	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 2019 Part 2 - The online publication of Audited Financial Statements for FY2018 by 30th September 2019

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
https://akwaibomstate.gov.ng/wp-content/uploads/2019/09/2018-FINANCIAL-STATEMENTS-REPORTS.pdf	A search was done on the Akwa-Ibom State Website and their Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded.	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	None
Were the Financial Statement for 2018 available published online on or before 30th September 2019?	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?	No[1]	The audited financial statements should include disclosure notes
Are there any indications that balances within the financial statements are not credible	n/a	Please see the 2018 APA Report

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[1] The published Financial Statements were without the Notes to the Account