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

2019 Annual Performance Assessment (APA) Report

# ANAMBRA 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 Anambra State for the second (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 Anambra State and shows areas where the State achieved results. In total, Anambra State achieved **8 (eight)** 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 3.0</u>: Develop a functional State-level TSA where all Government revenues are credited before expenditure. Formally approve a cash management strategy. Increase the percentage of state government finances flowing through the TSA to at the least the minimum required to achieve this result.
4. <u>DLR 4.1</u>: Review for amendments, the Revenue Law (alongside with the revenue code).  The revenue law should clearly state the sources of the revenues, (including the Local Governments sources). The amended revenue law and code should be published online.
5. <u>DLR 5.2:</u> The BVN data of all Civil servants and Pensioners is linked to the State's payroll to address payroll fraud.
6. <u>DLR 7.1</u>: Amend the Fiscal Responsibility law and/or State Debt Management Law to adequately provide for the responsibilities for contracting state debts, recording and reporting state debts, to establish fiscal and debt rules/limits.
7. <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.

**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 | | State did not publish the reports online. |
| | DLR 1.2: FY19 deviation for total budget expenditure is < 25% | | Budget deviation was 33.15%. |
| **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. | (green) | Public Consultation minutes were published online on 15th August, 2019. |
| | DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019. | (green) | Citizens' budget was published online on 30th April, 2019. |
| **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 did not have a functional TSA or a Cash Management Strategy. |
| **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 code does not include all sources of revenue for Local Governments and does not stipulate the SBIR as the sole agency responsible for state revenue. |
| | DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more | **Basic target achieved** | Annual nominal IGR growth rate was 34%. |
| **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 | (green) | 100% of Staff and Pensioners on payroll have biometric data linked. |
| | DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed | | The State has not linked BVN details of civil servants and pensioners to its payroll system. |
| **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. | (green) | This is a 2020 result assessed early. All the requirements were met |
| | 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 | (green) | The State published contract award information online in line with the OCDS standards. |
| **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. | | No adequate provisions were seen covering the responsibility for contracting state debt, for recording/reporting state debt, and for debt rules/limits for the State. |
| | 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 | (green) | The SDDRs were published on average 7 weeks after the quarter end |

| Disbursement Linked Indicators | Disbursement Linked Results | Results | Remarks |
|---|---|---|---|
| **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 State has not established Internal Domestic Arrears Database. There was no decline in verified stock of domestic arrears. |
| **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** | Monthly debt service deduction is 4.5% of Gross FAAC, and Total Debt Stock to Revenue is 99.5% |

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 for 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 (Achieved and Not Achieved), 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 30/08/2020 and 05/09/2020 with a team of four persons, starting with an opening meeting where all the information requested were handed over. The visit was concluded with an exit meeting where the initial findings were discussed, and each state was given 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 State did not publish copies of the Quarterly Budget Implementation reports for 2019 on the State official website as at 31 December 2019.<br><br>In its Result Submission Form, the State confirmed that it did not publish its Quarterly Budget Implementation Report for 2019. | Unsatisfactory | The State should ensure all quarterly implementation reports are published within six weeks of the end of each quarter. |
| 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. | The State did not publish copies of the Quarterly Budget Implementation reports for 2019 on the State official website as at 31 December 2019. | Unsatisfactory | The State should ensure the reports include the approved budget appropriation for each organizational unit (MDAs).<br><br>The State should ensure the reports include the approved budget appropriation for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and other expenditures). |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| 3 | Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date? | The State did not publish copies of the Quarterly Budget Implementation reports for 2019 on the State official website as at 31 December 2019. | Unsatisfactory | The State should ensure the reports state the actual expenditures to each MDA and each expenditure classification as well as cumulative expenditures for the year to date. |
| 4 | Does the report State balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications? | The State did not publish copies of the Quarterly Budget Implementation reports for 2019 on the State official website as at 31 December 2019. | Unsatisfactory | State should prepare Budget implementation report with revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications. |
| 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?<br><br>Is the expenditure outturn deviation computed less than 25% | The State computed the budget deviation for 2019 to be 33.15%<br><br>The IVA computed the budget deviation for this APA year. See the computation below:<br><br>| | Original Budget | Actual Outturn |<br>|---|---|---|<br>| Capital Exp. | 91,834,635,028 | 49,512,752,664 |<br>| Rec. Exp. | 65,336,036,781 | 55,551,229,439 |<br>| Total | **157,170,671,809** | **105,063,982,103** |<br><br>$$\frac{\text{₦}157{,}170{,}671{,}809 - \text{₦}105{,}063{,}982{,}103}{\text{₦}157{,}170{,}671{,}809} \times 100 = \mathbf{33.15\%}$$<br><br>The budget performance deviation is 33.15% | Unsatisfactory | The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result. |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | **Source**: 2019 Audited Financial Statement Pages 24-25 (Cash basis of accounting) and Approved Budget Page 2. | | |
| **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** | | **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? | a) It was not stated clearly on the attendance register the LGAs of the participants that were in attendance however, the participants represented various Local Government Areas of the State. This was confirmed from the phone calls made. <br> b) The CSOs representatives in attendance were Coalition of CSOs on Transparency, Accountability and Good Governance (COTAGG) and International Peace and Civil Responsible Centre. <br> c) The sources of information from which our conclusions were drawn are the minutes of meeting, attendance, and pictures. <br> d) The date of the consultation meeting was Tuesday 13th August, 2019 at Best Western Meloch Hotel, Awka. <br> e) Eight attendees were called and documented to confirm their attendance at the public consultation. <br> f) The budget was drafted on 18th October, 2019. <br> g) The date of the consultation meeting was 13th August, 2019 and the date of the draft budget was 18th October, 2019. The Consultation meeting was done first. | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| 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) The representatives of CSO's that co-signed the Minutes were members of International Peace and Civil Responsible Centre. <br> b) The title and date of the Minutes was: Stakeholders Interactive Session/Meeting on the 2020 Budget held on Tuesday 13th August, 2019 at Best Western Meloch Hotel, Awka. <br> c) The CSO signatories represented the Association of CSO's, International Peace and Civil Responsible Centre. <br> d) http://anambrastate.gov.ng/news?r=minutes-of-the-stakeholders-interactive-meeting-on-the-2020-anambra-state-budget-&hs=830c91884be6279eef01991984920e72 <br> e) See Appendix A for weblinks to the proposed/final budget | Satisfactory | |
| DLR 2.2 New | **Citizens' budget based on approved FY19 State budget published online by end April 2019.** | | | |
| 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? | The Citizens budget based on approved FY19 state budget was published before the due date. (https://drive.google.com/file/d/1ZrJ4wD_fvNiJWcMonEiqMo7CLZR-mBNR/view). | Satisfactory | |
| 2 New | Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget? | We confirmed that the Citizens budget summarized in a comprehensible manner to citizens the approved FY19 state budget. There are no significant discrepancies with the standard template provided to the State. It accurately includes the key budget information from the original budget, including the following; <br> i. A simple explanation of the annual budget/Citizens budget; <br> ii. Breakdown of revenues and expenditures | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | iii. Disclosure of Budget deficit (if any) and how it will be financed.<br>iv. Sectoral Allocation (MDAs by MDAs)<br>**v.** Top Projects to be financed (at least 5) | | | |
| *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? | The State did not provide a TSA bank statement for the year 2019 under review. | Unsatisfactory | The State should establish a functional TSA. |
| 2 | Is there a formally approved cash management strategy in place?<br>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. | The State does not have a formally approved Cash Management Strategy in place as at 31st December 2019 that includes 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.<br><br>This was confirmed in the State's Result Submission Form submitted to the IVA. | Unsatisfactory | The State should implement an approved cash management strategy which covers the processes through which the State is able to forecast cash 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)? | The State does not have a formally approved Cash Management Strategy in place as at 31st December 2019 that allows for a central view of cash balances. | Unsatisfactory | The State should establish a cash management system that allows for a central view of cash balances in bank accounts on a single electronic dashboard. |
| 4 | Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into | The State did not provide a TSA bank statement for the year 2019 under review. | Unsatisfactory | The State's TSA should have one consolidated revenue treasury account for state revenues (FAAC and IGR) |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | the consolidated revenue account as part of the TSA. | | | |
| 5 | Does the TSA cover a minimum of 60% of the State Government's finances? | The State did not provide a TSA bank statement for the year 2019 under review. | Unsatisfactory | The State's TSA should cover a minimum of 60% of 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** | | **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) Anambra State Revenue Administration Law 2010 and was assented on 17th January 2011.<br>b) The State has one revenue law.<br>c) The Law was approved on 17th January 2011.<br>d) https://airs.an.gov.ng/wp-content/uploads/2020/02/Anambra-State-Revenue-Administration-Laws.pdf<br>e) Anambra State Revenue Administration Law 2010 does not include the Consolidated IGR sources<br>f) Anambra State Revenue Administration Law does not include the rate chargeable for each IGR source. | Unsatisfactory | The State should amend its current harmonised law to include all sources of revenue for local governments |
| 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 | a) Section 11 (b): empowers the AIRS to ensure the effective and optimum collection of all revenue, including levies and penalties due to the State government under relevant Federal | Unsatisfactory | The State should amend its Tax legislation to explicitly state that the SBIR/SIRS is the sole collector for all State government revenues. |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | non-tax) collection and accounting in the State? | and State laws, however, it was not stated that the AIRS shall be the Sole entity responsible for the collection and accounting for all revenues in the State.<br>b) Section 11(b) does not put it beyond doubt that the SIRS is the SOLE collectors of State revenues and accountable for the same, even it delegates some of the collections. The opportunity of preparing and passing the schedules should be taken to make this clear. | | |
| 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 | a) According to Section 23 Paragraph (b) of the Anambra State Revenue Administration Law, the State Internal Revenue Service shall have power to collect, recover and pay to the designated account any tax or levy due to the State Government under this or any other enactment.<br>b) The Anambra State Internal Revenue Service is responsible for reporting and accounting for the revenues. | Satisfactory | |
| 4 | Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?<br><br>It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020. | a) The Anambra State Revenue Administration Law was approved by the State House of Assembly and assented to by the Governor on the 17th of January 2011. However, the Anambra State Revenue Administration Law 2010 does not include the Consolidated IGR sources. | Unsatisfactory | The State should ensure that required amendments to the law are concluded as soon as possible in view of upcoming APAs. |
| 5 | Is the Publication published online, so it is automatically available to the public/all taxpayers? | a) A copy of the Anambra State Revenue Administration Law has been downloaded; however, the published Law does not include the Consolidated IGR sources.<br>b) Published on December 10th, 2019 | Unsatisfactory | The State should publish the Revenue law, sources and rates online. |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | c) https://airs.an.gov.ng/wp-content/uploads/2020/02/Anambra-State-Revenue-Administration-Laws.pdf | | |
| 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?<br><br>Basic Target: 20%-39%<br>Stretch Target: 40% or more | a. Cash basis of accounting was adopted by the State for both 2018 and 2019 Audited Financial Statements.<br><br>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below: | Satisfactory | |

Table within Findings:

| | NGN | | % GROWTH |
|---|---|---|---|
| Item | 2018 | 2019 | |
| Memo: Reported IGR in AFS (Before Adjustments) | 17,161,534,822 | 25,183,562,697 | 47% |
| | | | |
| VALID IGR items to be counted as IGR | 14,456,084,726 | 19,370,423,514 | |
| Tax | 10,815,876,983 | 11,841,762,056 | |
| Licenses | 14,309,455 | 546,617,274 | |
| Fees | 3,358,361,361 | 4,377,642,900 | |
| Fines | 18,964,629 | 20,941,378 | |
| Sales of goods and services | 152,515,555 | 175,595,076 | |
| Earnings | 72,291,920 | 2,352,897,485 | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | | | | Conclusion | Recommendations |
|---|---|---|---|---|---|---|---|
| | | Rent of Govt. building | 162,200 | 973,000 | | | |
| | | Rent of Govt. Land | 23,602,622 | 53,994,346 | | | |
| | | **"Adjusted IGR" for DLI 4.2 Calculation** | | | | | |
| | | **Sum of all VALID items of IGR if AFS has that detail** | **14,456,084,726** | **19,370,423,514** | **34%** | | |

$$\frac{\text{₦}19,370,423,514.39 - \text{₦}14,456,084,725.78}{\text{₦}14,456,084,725.78} \times 100 = 34\%$$

The annual nominal growth is 34%.

Source: 2019 Audited Financial Statement Page 24.

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| **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** | | **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? | During the IVA visit to the payroll office, a sample test was carried out. The test results confirmed that Anambra State has commenced and completed the biometric data capture of the civil servant and pensioners in March 2016.<br>a) The biometric data capture was outsourced to AppMart Integrated Limited.<br>b) The total number of civil servants is 14,022.<br>c) The total number of pensioners is 12,913. | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | d) The total number of staff on the State Nominal roll and Payroll is 26,935. | | |
| | | e) The biometrics data of all the State Civil Servants and Pensioners has been captured. | | |
| | | f) The documents obtained to draw this conclusion is the final report after the completion of the exercise conducted by AppMart Integrated Limited in 2016. The interview with the payroll officer and the screenshots obtained from the test conducted on the payroll system where screenshots were obtained as supporting evidence. | | |
| | | Number of Biometric Data Captured x 100 / Total Number of Civil Servants + Pensioners | | |
| | | $$\frac{26,935}{14,022 + 12,913} \times 100$$ =100% | | |
| | | The State had captured 100% of the State's civil servants and pensioners. | | |
| 2 | Has the State linked the biometrics data to the State payroll to identify ghost workers? | a) The State commenced and completed the biometric data capture of the civil servant and pensioners around March 2016. | Satisfactory | |
| | | b) The biometrics data of all staff and pensioners have been linked to the payroll. | | |
| | | c) There were no issues of ghost workers detected during the biometric validations. | | |
| | | d) In-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths etc.) were captured during the biometric exercise. | | |
| | | e) There are procedures in place for ensuring timely (within 3 months of the event) updates | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | to the payroll to reflect leavers, retirees and deaths. In a death case, a letter of notification is sent from the department of the deceased person to Payroll Department and payment of the person is stopped immediately. Samples of this letter of notifications for stoppage of salaries were obtained. | | |
| 3 | Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed? | a) There were no issues of ghost workers detected during the linkage.<br>b) The final report after the completion of the exercise conducted by AppMart Integrated Limited in 2016 and the test carried out on the payroll system where screenshots were obtained as supporting evidence. | Satisfactory | |
| 5.2 | **Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed** | | **Not Achieved** | |
| 1 | Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll? | During the IVA visit to the payroll office the sample test carried out confirmed that, the BVN data of Civil Servants and Pensioners of Anambra State have not been linked to its payroll system.<br>a) The State has not linked the BVN data of its Civil Servants and Pensioners to the payroll.<br>b) The total number of civil servants is 14,022.<br>c) The total number of pensioners is 12,913.<br>d) The total no of staff on the State Nominal roll and Payroll is 26,935.<br>e) The State has not linked the BVN data of its Civil Servants and Pensioners to the payroll.<br>f) The evidence to confirm this claim by the IVA was test carried out on the payroll system where screenshots were obtained as supporting evidence. | Unsatisfactory | The State should link the Bank Verification Numbers of its Civil Servants and Pensioners to the State payroll to prevent fraud. |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | The State has not linked the State' civil servants and pensioners BVN data to the payroll. | | |
| 2 | Has the State taken steps to identify payroll fraud? | a) The State has not linked the BVN data of its Civil Servants and Pensioners to the payroll. | Unsatisfactory | The State should take steps to combat payroll fraud and ensure these steps and results achieved are documented and verifiable. |
| **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** | This 2020 APA result has been assessed early as requested by the programme |
| 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? | a) The state has a public procurement legal framework known as The Anambra State Public Procurement (Amended), Law, 2020.<br>b) This law has been approved by the State legislature as a law.<br>c) The Procurement Law has been passed.<br>d) The authorizing body is the Anambra State House of Assembly.<br>e) The date of approval of the law was 28th May, 2020.<br>f) The Procurement Law was published online on Wednesday 5th August, 2020.<br>g) The source of online publication is the Anambra State Ministry of Economic Planning, Budget and Economic Development Partners Official website. | Satisfactory | |
| 2 | Does the law conform with the UNCITRAL Model Law which should | The Anambra State Procurement Law is structured in line with the UNICTRAL Model Law and meets | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|---|---|
| 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 benchmark for this result. The requirements are met as follows:<br><br>1. **E-Procurement -** We noted that the legislation includes the following;<br><br>• Council to approve changes in the procurement Process to adapt to improvements in modern Technology - S 4(f);<br>• BPP to establish a single internet portal that shall serve as: S. 7(p) & (q).<br>• A new section 41 introduced by section 4 of the 2020 amendment law provides for the Anambra State Government Electronic Procurement System for State and Local Government Procurement in Anambra State<br>The law therefore complies with the requirements for e-procurement.<br><br><br>2. **Independence -** The results of our assessment of the legislation for independence are in the table below: | | |

2. **Independence -** The results of our assessment of the legislation for independence are in the table below:

| Required Provisions* | Result |
|---|---|
| The Functions and Powers of the Agency | Compliant; see sections 7 and 8 |
| The composition of the board | Compliant; see sections 3(2) of the 2020 amendment Law |
| Membership of the Board/Council includes representatives from Professional bodies and associations. | Compliant; see section 3(2) of the 2020 amendment law. |
| The grounds for removal of the Chief | Compliant; see section 9(4) of the Principal Law |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | | Conclusion | Recommendations |
|---|---|---|---|---|---|
| | | Executive of the agency. | | | |
| | | Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review | Compliant; see section 56(8) of the Principal Law | | |
| | | *Provided in the verification protocol | | | |
| | | **3. Establishment of an independent procurement regulatory agency** - <br> b. Section 5(1) of The Anambra State Public Procurement (Amended), Law, 2020 instituted an independent procurement regulatory function known as the Bureau of Public Procurement. <br> c. Applies to all procurement of goods, works and services by the State and Local Governments; Any other body which derives at least 50% of procurement funds from the Consolidated Revenue Fund of the State or the statutory allocation of a Local Government. S. 17(1) | | | |
| 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. It was confirmed that the Anambra State Bureau of Public procurement was set up in May 2020. <br> b) The regulatory function is being performed through the Anambra State Bureau of Public Procurement, set up for the statutory purpose. <br> c) The Bureau is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework. <br> d) An interview with the Director General and Management was conducted at its office in the Anambra State Government House, Awka. The | | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | interview shows that the agency has been active. Physical inspection of the Bureau was conducted. Interview with random operational staffs was also conducted and in her view, the Bureau was active and is ready to apply all necessary policies to make it work efficiently.<br>e) A record of 5 procurements/cases/transactions handled by the bureau was used in performing the walkthrough to confirm the effective handling of the selected cases.<br>f) The procurement files of the selected five procurement cases from different MDA's were verified by the IVA. | | |
| 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]** | | **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) A schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state procurement law) was viewed and obtained from the open contracting portal of Anambra State.<br>b) The data published is in line with the Open Contracting Data Standards (OCDS).<br>c) There was no specific date found as the contract information was published on the Anambra State online portal.<br>d) The source of the publication is from the Anambra State Open Contracting Portal (http://mepbdp.org.ng/ocds/).<br>e) The Official website of Anambra State was visited and the schedule of contracts for the year under review were found to be published(http://mepbdp.org.ng/ocds/) | Satisfactory | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| **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 the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law? | a) The State has provided copy of their approved state-level public debt legislation in the Organic Public Financial Management Law<br>b) The date of approval/assent of the Organic PFM Law is March 3rd, 2020. | Satisfactory | |
| 2 | Does the legislation include provisions which establish the following?<br>1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state. | The legislation does not adequately include the required provisions.<br><br>**Requirement (i) establishing responsibilities for contracting state debt**<br><br>The responsibility for borrowing rests on the debt management office with approval of Anambra house of assembly. This is specified in part 2 section 21 (Restrictions on Borrowing, Guaranties and other commitments) of the PFM law which state that "The Public institutions to which this Law applies shall not borrow money or issue a guaranty, indemnity or security, or enter into any other transaction that binds or may bind that institution or the State's Consolidated Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction is done | Unsatisfactory | State should amend its public debt legislation to include provisions which cover the following;<br><br>• Clearly establish responsibilities for contracting state debt<br><br>• Specific responsibilities for recording and reporting state debt<br><br>• Establishment of Fiscal and debt rules/limits for the state. |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|---|---|
| | through the Debt Management Office and in compliance with any requirement stipulated by Law subject to the approval of the House of Assembly". | | |
| | Part 4 section 27 PFM law mentioned in sub-section (k) that the Commissioner responsible for budget matters make borrowing for the previous financial year. | | |
| | The PFM law part 6 section 47(1) demands the Commissioner responsible for budget and finance to obtain the approval of money for borrowing from the Executive Council of the State before granting Agencies. | | |
| | Part 7 section 66 of the PFM law gave powers to borrow by Local Government as follows:<br>The Chairman of a Local Government<br>may from time to time with the authorization of the Local Government Council and approval of the State Governor obtain Loans from -<br>(a)      banks within Nigeria; or<br>(b)      other financial institutions approved by the Governor, and secure same upon its properties and revenues for the purpose of fulfilment of its functions under the Law. | | |
| | We also noted there is no mention of authority to sign loan agreements and other necessary agreements related to a particular borrowing in the state. Good practice requires that the legal framework clearly sets out the authority to borrow (in both domestic and foreign markets), undertake debt-related transactions (such as currency and interest rate swaps), and issue loan guarantees. | | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|---|---|
| | This requirement is partially met.<br><br>**Requirement for (ii) establishing responsibilities for recording and reporting state debt**<br><br>Part 4 of the PFM Law mandates the Commissioner responsible for Budget Matters Budget to prepare and present;<br>(a)     a quarterly report to the State Executive Council not later than six weeks after the end of each of the first three quarters in each financial year;<br>(b)     the quarterly report shall contain details of the performance of the government and the entire public sector for the period covered by the Report in comparison with the proposal in the Annual Plan and estimates for that financial year;<br><br>We noted the above does not address the issue of responsibilities for recording and reporting state debt. There should be specific provisions on this, and not the general requirement for quarterly budget execution reports. We further noted that there is no mandatory reporting to parliament covering evaluation of outcomes against stated objectives and the determined strategy.<br><br>This requirement is not met.<br><br>**Requirement for (iii) establishing fiscal and debt rules or /limits**<br><br>We noted there are some restrictions on total amount of borrowings and that fiscal limits are | | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | provided in the law but not specific. This requirement is not met. | | |
| 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 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.<br>b) The work done in line with the Test Programme, is as follows:<br>• An interview with the Director, Debt Management Department shows that the DMD is functioning effectively and is very active by keeping records of all government debt stocks;<br>• A physical inspection of the Department was conducted and the IVA observed that the department is operational<br>• Pictures of the official premises were obtained;<br>• An interview with a random operational staff was conducted and his view states that the department is active and fully operational.<br><br>The evidence obtained are quarterly SDDR, Schedule of Contractors' Arrears, Schedule of Pension and Gratuity Arrears and Amortisation schedules of Internal Loans. | Satisfactory | |
| 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** | | | |

| 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 two months after the end of the quarter.<br><br>We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows:<br><br>• Q1 submitted on 16/06/2019 11 weeks (77 days),<br>• Q2 submitted on 19/08/2019 7.1 weeks (50 days),<br>• Q3 submitted on 06/11/2019 5.2 weeks (37 days) and<br>• Q4 submitted on 06/02/2020 5.2 weeks (37 days).<br>Average $\frac{11+7.1+5.2+5.2}{4}$ = 7 weeks<br><br>The SDDRs were submitted within an average of 7 weeks (49 days).<br><br>The DMO DLI 7.2 Assessment Report for FY 2019 states that the Q1 (draft and final) SDDR submission was not timely but Q2, Q3 & Q4 (draft and final) SDDR submission were timely. DMO overall comment states that the quarterly SDDR was accepted. | Satisfactory | |
| 2 | **Note: Have you reviewed for accuracy and completeness from the DMO:**<br>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 | We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with Anambra State Debt Domestic Report but both reports did not agree. The difference between the two reported figures was ₦4,907,465,469.54. The DMO's Report on State Domestic and External Debt Report (SDEDR) showed ₦48,492,385,049 while the | n/a | State should submit accurate quarterly state domestic report |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|---|---|
| protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures. | Anambra State Debt Domestic Report showed ₦43,584,919,579.46.<br><br>The report was supported with the DMO's templates and guidelines.<br><br>We reviewed the DMO report and it confirmed the accuracy and completeness of the State Domestic Debt Report.<br><br>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.**<br>**AND**<br>**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.**<br><br>-**Basic target:** At least a 5% decline or maintain stock below N5 billion<br>-**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** | |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| 1 | Has the State established an Arrears Clearance Framework (ACF)? | The State has not established an 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. | The State has not established an Arrears Clearance Framework (ACF) | Unsatisfactory | The ACF should contain: 1) Planned actions to settle arrears 2) An explicit prioritization of expenditure arrears to be settled |
| 3 | Has the ACF been published on a State official website? | The State has not established an Arrears Clearance Framework (ACF) | 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? | The State has not established an Arrears Clearance Framework (ACF). | Unsatisfactory | 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? | 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? | The State has not published online the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019. | Unsatisfactory | The State should ensure they publish online, elements of the Internal domestic arrears database. |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | | | | |
| 7.<br><br>New | Does the online publication include?<br><br>1) the aggregate amount of contractors' arrears;<br>2) the aggregate amount of pension and gratuity arrears;<br>3) the aggregate amount of salary arrears and other staff claims;<br>4) other types of domestic arrears and<br>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. | The State has not published online the required elements of Internal Domestic Arrears Database. | Unsatisfactory | a) The State should ensure they publish online lists of contractors with recognised arrears exceeding ₦20 million.<br>b) The state should ensure contractors are able to verify that their claims are accurately reported |
| New | Has the State met the following:<br><br>(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.<br><br>-**Basic target:** At least a 5% year-on-year decline or maintain stock or arrears below N5billion.<br>-**Stretch target:** More than 20% year-on-year decline.<br><br>*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* | The State has not established an Internal Domestic Arrears Database<br><br>**Source**: State internal domestic expenditure arrears database | Unsatisfactory | The State should ensure they meet a Basic Target of reduction by at least 5% to meet the Basic Target or maintain a domestic debt stock below ₦5 billion |

| Disbursement Linked Indicators (DLIs) and Tests | | Findings | Conclusion | Recommendations |
|---|---|---|---|---|
| | *total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.* | | | |
| **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** <br><br> Stretch target met | |
| | Has the State met: <br><br> (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? <br><br> **Less than :< [40%]** | The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA**.** <br><br> Total Service Deduction   ₦2,535,451,472   x 100 <br> Gross FAAC                    ₦56,613,958,486 <br><br> = 4.5 % <br><br> **Source:** FMoF (FAAC) | Satisfactory | |
| | Has the State met: <br><br> (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)? <br><br> **-Basic target:< [140%] -Stretch target: < [115%]** | The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. <br><br> **Total Public Debt** <br><br> |  | Financial Statements | DMO figures (Adj) | <br> |---|---|---| <br> | Total Domestic Debts | ₦44,860,145,923.58 | ₦48,492,385,049 | | Satisfactory <br><br> Stretch target met | |

| Disbursement Linked Indicators (DLIs) and Tests | Findings | | | Conclusion | Recommendations |
|---|---|---|---|---|---|
| | Total External Debts | ₦33,073,370,649.72 | ₦33,073,370,650 | | |
| | **Total Public Debts** | ₦77,933,516,573.30 | ₦81,565,755,699 | | |

**Total annual revenue**

| 2019 Adjusted IGR (see DLI 4.2) | ₦19,370,423,514.39 |
|---|---|
| Gross FAAC Allocation | ₦56,779,676,128.19 |
| Grants | NIL |
| Other Revenues | ₦5,808,290,132.57 |
| **Total Revenue**** | ₦81,958,389,775.15 |

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.

We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:

$$\frac{₦81,565,755,699^*}{₦81,958,389,775.15} \times 100$$

$$=99.5\%$$

**Sources:** For Total Revenue 2019 Audited Financial Statement, Page 22.

*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

| Disbursement Linked Indicators (DLIs) and Tests | Findings | Conclusion | Recommendations |
|---|---|---|---|
| | same with the debt stock stated in the audited financial statement. | | |
| | c. The debt stock stated in Federal DMO SDEDR is ₦81,565,755,699 while the debt stock stated in the State's AFS is ₦77,933,516,573.30 | | |
| | d. The difference has been communicated to the State for explanation, | | |
| | e. The difference has been calculated in value as ₦3,632,239,125.70 (₦81,565,755,699 - ₦77,933,516,573.30) and in percentage terms as 4.67% (₦81,565,755,699 - ₦77,933,516,573.30/ ₦77,933,516,573.30) *100. | | |
| | f. The SDEDR was amended and resubmitted to the IVA along with explanations for any changes. | | |

**TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR ANAMBRA STATE**

| ANAMBRA STATE | AMOUNT (₦) |
|---|---:|
| BUDGET SUPPORT LOAN (SOURCE FMOF) | 21,003,680,247 |
| BAIL OUT (SALARIES) (SOURCE CBN) | - |
| RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND) | - |
| EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN) | 9,160,037,859 |
| STATE BONDS | - |
| COMMERCIAL BANK LOANS | - |
| CBN COMMERCIAL AGRIC LOAN (SOURCE CBN) | - |
| (NFRASTRUCTURE LOANS (CBN FACILITIES) | - |
| MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN) | 1,363,226,027 |
| JUDGEMENT DEBTS | 984,603,688 |
| GOVT - GOVT DEBTS | 404,488,735 |
| CONTRACTORS' ARREARS | 12,550,165,784 |
| PENSION AND GRATUITY ARREARS | 3,026,182,708 |
| SALARY ARREARS AND OTHER CLAIMS | - |
| OTHER DEBTS | - |
| **TOTAL DOMESTIC DEBT (TDD)** | **48,492,385,049** |
| **TOTAL EXTERNAL DEBT (TED)** | **33,073,370,650** |
| **TOTAL PUBLIC DEBT (TED+TDD)** | **81,565,755,699** |

**TABLE 3ii: DLI 9 31 DECEMBER 2019 REVENUE TABLE FOR ANAMBRA STATE**

| TEMPLATE: OPTION A | NGN |
|---|---|
| Item | 2019 |
| 1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2) | 56,779,676,128.19 |
| 1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3) | 43,254,858,223.69 |
| 1.1.1 Gross statutory allocation | 43,254,858,223.69 |
| 1.1.2 Derivation | 0.00 |
| 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 | 0.00 |
| 1.2 VAT | 13,524,817,904.50 |
| 2. Internally Generated Revenues (IGR) - Adjusted | 19,370,423,514.39 |
| 3. Grants (internal and external) | 0.00 |
| 4A. Other revenues (4.1 + 4.2 + 4.3) | 5,808,290,132.57 |
| 4.1 Investment Income (e.g. dividends) | 193,625,010.04 |
| 4.2 Interest Earned | 5,478,118,809.73 |
| 4.3 Miscellaneous | 136,546,312.80 |
| Total Revenues and Grants Calculations | |
| A) Total Revenues and Grants is (1+2+3+4A) | 81,958,389,775.15 |

# 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 | None | |

**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://www.anambrastate.gov.ng/ministry/moep | A search was done on Anambra State website | The 2020 Budget was 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 approval of the 2020 budget / Governor's assent. | **EC met** A weblink was received from the focal person on 31/01/2020 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 |
|---|---|---|---|---|
| http://anambrastate.gov.ng/news?r=anambra-state-report-of-the-accountant-general-for-the-year-ended-31-12-2018&hs=8e8401d9828f035e6212c9b4b851a830 | A search was done on the Anambra State Website and the 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? | Yes | None |
| Are there any indications that balances within the financial statements are not credible | n/a | Please see the 2018 APA Report |

## APPENDIX B: Unresolved Issue Reports

### ISSUE REPORT 1
### FOR THE SFTAS 2019 ANNUAL PERFORMANCE ASSESSMENT

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

| State: | ANAMBRA |
|---|---|
| DLI affected: | DLI 4.2 |
| Prepared by: | KELECHI EBIRIM |
| Date: | 03.09.2020 |

**APA Issue:**
Discrepancy between the Total IGR balances for the year 2019 stated in the IGR Outturn Report and Audited Financial Statements

**Description of finding/issue:**

The Total IGR balances for 2019 stated in the IGR Outturn Report is ₦ 26,369,195,864.84 and while the Audited Financial Statements is ₦ 25,183,562,696.89 resulting to a difference of ₦ 1,185,633,167.95.

**Effects**

This difference creates a doubt on the credibility of the IGR figure.

**Clarification or information requested from the state**

The State should reconcile the discrepancies between the figures and substantiate this with relevant documents. And as well state the appropriate figure to be used.

**State to insert response below**

..........................................
Submitted by Yusuf Agyo
IVA Team Leader

**ISSUE REPORT 2**
**FOR THE SFTAS 2019 ANNUAL PERFORMANCE ASSESSMENT**

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

| State: | ANAMBRA STATE |
|---|---|
| DLI affected: | DLI 8 |
| Prepared by: | EBI NABENA |
| Date: | 3RD SEPT. 2020 |

1. **APA Issue** State's Arrears Clearance Framework (ACF) was not provided.

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

The State stated in their result submission form that the hard copy of the Arrears Clearance Framework (ACF) is available but the ACF was not provided by the State to the IVA team during the field visit.

**3. Effects**

The IVA will not be able to form an opinion on the establishment of the State's Arrears Clearance Framework (ACF).

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

The State is required to substantiate their claim of having an Arrears Clearance Framework by providing the relevant document for verification.

**5. State to insert response below**

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Submitted by Yusufu R. Agyo, Team Leader, Team 4

## ISSUE REPORT 3
## FOR THE SFTAS 2019 ANNUAL PERFORMANCE ASSESSMENT

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

| State: | ANAMBRA STATE |
|---|---|
| DLI affected: | DLI 9 |
| Prepared by: | EBI NABENA |
| Date: | 1ST SEPT. 2020 |

1. **APA Issue** Discrepancy between the Debt Stock stated in the Federal Debt Management Office (FDMO) State Domestic and External Debt Report (SDEDR) and the Debt Stock stated in the State's Audited Financial Statements (AFS).

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

During the IVA review, it was discovered that there is a difference between the debt stock figures recorded in the Federal Debt Management Office (FDMO) State Domestic and External Debt Report (SDEDR) when compared with the figure in the State's AFS. The debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is ₦66,990,812,668.93 while the debt stock stated in the Audited Financial Statements is ₦77,933,516,573.30 resulting in a difference of ₦10,942,703,904.37

**3. Effects**

This discrepancy creates a doubt on the credibility of the Debt Stock Figure.

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

We will require a clarification for this difference and if this difference has been rectified. The State is expected to reconcile the discrepancies between the figures and substantiate this with relevant documents for further verification

**5. State to insert response below**

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Submitted by Yusufu R. Agyo, Team Leader, Team 4