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

2020 Annual Performance Assessment (APA) Report

BAUCHI STATE

By:

The Office of the Auditor-General for the Federation as the SFTAS Independent Verification Agent with support from PricewaterhouseCoopers (PwC)

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1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Bauchi State for the 2020 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 2020 APA for Bauchi State and shows areas where the State was able to achieve results. Bauchi State achieved 11 **(Eleven)** DLRs out of 15 DLRs applicable to the 2020 APA while 3 (three) DLRs were achieved in 2019 and 2018 APA.

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: FY20 quarterly budget implementation reports for Q2, Q3, and Q4 published on average within 4 weeks of quarter-end to enable timely budget management	Achieved	
	DLR 1.2: FY20 deviation for total amended budget expenditure is < 15%	Achieved	
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 FY2021 budget.	Achieved	
	DLR 2.2: Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms		The citizens budget did not include explanation on key changes.
DLI 3: Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances.		The State TSA did not cover a minimum of 70% 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	2019	
	DLR 4.2: 2020-2019 annual nominal IGR growth rate meets target: i.e. 2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection	Stretch Target Met	
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll	Achieved	
	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed	Achieved	
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	2018	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	procurement regulatory agency, and 3) Cover all MDAs receiving funds from the state budget		
	DLR 6.2: (Basic Target) Framework contract for e-Procurement signed by 31 December 2020 AND Publication of contract award information above the threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available. DLR. 6.2 (Stretch Target) Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs **AND** *For those MDAs without e-procurement:* Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available		• Published Contract award information was not in the OCDS format. • Implement e-procurement in all MDAs and publish contract award information in the OCDS format on the online portal for the MDAs.
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.	**2018**	
	DLR 7.2: Quarterly state debt reports for Q2, Q3, and Q4 accepted by the DMO on average two months or less after the end of the quarter in 2020 **AND** Annual State debt sustainability analysis published by end of December 2020		
DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 AND end 2020 reported in an online publicly accessible database, with a verification process in place. Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly accessible database, with verification process in place **AND** at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock of arrears below 5 billion.	**Stretch Target Met**	
DLI 9: Improved debt sustainability	Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: Basic target: < 150%, Stretch target: < 125%.		Total Debt Stock to Revenue is ≥ 150% by the end of December 2020.

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

1. DLR 2.2: Evidence of dissemination events to explain amendments to the State annual budget is published online along with the Citizens' budget based on the Amended State budget.
2. DLR 3.0: The State should consider ensuring its financing and borrowing arrangements do not include conditions that mean it is unable to implement a TSA or deploy appropriate cash management strategies.

4.3. DLR 6.2: e-Procurement should be implemented as soon as possible. Contract award information, above the set threshold, should be published online every month in OCDS format on the State's website. Implement e-procurement in all MDAs and publish contract award information in the OCDS format on the online portal for the MDAs.

5.4. DLR 9: Strengthened debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR. z

The Office of the Auditor-General for the Federation (OAuGF) as Independent Verification Agent and PricewaterhouseCoopers (PwC) 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 the Nigerian States to strengthen fiscal performance and sustainability: The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results ("The Program").

The original Programme design had four Key Result Areas and nine disbursement-linked indicators with a financing agreement of US$750 million. Following the advent of COVID-19 in 2020, the Programme was adapted to establish a transparent, accountable, and sustainable fiscal framework to enhance States' fiscal capacity to respond to the Pandemic. The main change brought about in the restructuring was the addition of new COVID-19 responsive DLIs to the Programme and obtaining additional financing of US$750 million to ensure results were sustained across the remaining performance years. This brought the total financing for the SFTAS Programme to US$1.5 billion and increased the DLIs to 13 (thirteen) and the Disbursement Linked Results to 22 (twenty-two). The Program will finance activities under two components: (i) a Program for Results (PforR) component for US$1.45 billion and (ii) a Technical Assistance (TA) component for US$50 million.

All States can 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 PricewaterhouseCoopers (PwC) 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 2020.

To ensure a high-quality assessment, the IVA engaged the services and had some input/support from the Debt Management Office (DMO) for Debt Management related DLIs to review the returns in place at this State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2020 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 2020 APA.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitized on the requirements of the program and the protocol for 2020. 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 (07/02/2022 and 12/02/2022) with a team of 6 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/or 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 (OAuGF) and PricewaterhouseCoopers (PwC) are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are

found valuable towards improving fiscal transparency, accountability, and sustainability in the management of the public finances and resources of the State.

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 [2020] quarterly budget implementation reports published with Q2, Q3, and Q4 reports published on average within [4 weeks] of quarter end to enable timely budget management**		**Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	The Quarterly budget implementation reports were posted online on https://www.bauchistate.gov.ng/financial-reports/ as follows: **Q1 -** https://www.bauchistate.gov.ng/bfd_download/budget-performance-as-at-march-2020/ **Q2 -** https://www.bauchistate.gov.ng/bfd_download/q2-report-as-at-june-2020/ **Q3 -** https://www.bauchistate.gov.ng/bfd_download/budget-performance-as-at-september-2020/ **Q4 -** https://www.bauchistate.gov.ng/bfd_download/budget-performance-as-at-december-2020/	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Q1 - 23/04/2020 - 23 days Q2 – 29/07/2020- 29 days Q3 – 26/10/2020 - 26 days Q4 – 22/01/2021 - 22 days Average 25.66 days (3.66 weeks) for the online publication was computed based on the last 3 quarters, as below: 29+26+22 3 Average=25.66 days (3.66 Weeks) We downloaded the Quarterly Budget Implementation Reports for all four quarters for the year 2020, obtained and retained evidence of the IT backend of the publications. The State published the summary report of its budget on the State official website. Weblink is: https://www.bauchistate.gov.ng/wp-content/uploads/2022/06/2020-Budget-Performance-Final.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 classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the	From our review of the Quarterly Budget Implementation Reports downloaded from the State's website via https://www.bauchistate.gov.ng/financial-reports/ we observed the following: a) The Budget Implementation Reports included the approved revised budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classifications of expenditures.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.	b) The Budget Implementation Reports included the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date. c) The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations. d) The State has a revised budget. e) The Budget Implementation Reports showed approved original and the approved revised budget. The reports included the Approved Budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and Consolidated Revenue Fund Charges), 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 the 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	Upon review of the State's Budget Performance reports, it stated 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 included debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	not attributable to any of the other three (3) expenditure classifications?			
DLR 1.2	**FY [2020] deviation from total amended budget expenditure is less than 15%**		**Achieved**	
1	Has the State computed the difference between the Amended approved total budgeted expenditure for the fiscal/calendar year and the actual total expenditure in the fiscal/calendar year, divided by the Amended approved total budgeted expenditure and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 15%?	The State computed the budget deviation for 2020 to be 14.5% The IVA computed the budget deviation for this APA year. See the computation below: |	Total Amended Budget (₦)	Actual (₦)
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Capital Exp (Financial Highlight pg of AFS & pg 3 of Revised Budget)	60,866,456,845.00	39,415,209,478.22
Rec. Exp (pg 5 of AFS & pg 3 of Revised Budget.	68,845,086,534.96	71,666,624,926.63
Total	**129,711,543,379.96**	**111,081,834,404.85** | $$\frac{₦129,711,543,379.96 - ₦111,081,834,404.85}{₦129,711,543,379.96} \times 100$$ $$= 14.4\%$$ The budget performance deviation is 14.4% **Note: The total recurrent expenditure included principal and interest repayment of loans. Also, the Capital Expenditure figure in the Appropriation Law was used.**	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Source: 2020 Audited Financial Statement (Financial Highlight Page 5) and Approved Budget and Actual Expenditure or Appropriation Law Page 3. There was no difference between the Amended Annual Budget figures shown in the Audited Financial Statement and the signed Amended Budget/Appropriation.		
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 [2021] budget**		**Achieved**	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	The documents obtained include minutes from the public consultation, Proposed budget, and attendance register. a) The Local Government in attendance includes: Katagum, Zaki, Gamawa, Itas, Gadau, Jama'are, Shira, Gaide, Misau, Dambam, Ningi, Warji, Darazo, Ganjuwa, Alkaleri, Bauchi, Bogoro, Dass, Kirfi. b) The CSO in attendance includes: Zubairu Oluwa Tosin - Fahimta women & Youth Dev Initiative Pastor Peter - The Christian Association of Nigeria Aliyu Bahiru Warji - Warji Women Development. c) The sources of information from which IVA conclusions were drawn are minutes, attendance, and pictures. d) The consultation was held in 3 senatorial districts:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		(1) Bauchi North Senatorial District: 3rd November 2020 at Aminu Saleh College of education Azare. (2) Bauchi Central Senatorial district: 4th November 2020 at Chartwell Hotel. (3) Bauchi South Senatorial District 5th November 2020 at Zaranda Hotel Bauchi. e) A random sample of 10 attendees was called through phone calls and confirmed they were in attendance. f) The budget was drafted on 10th November 2020. g) The date of the consultation is $3^{rd} – 5^{th}$ November 2020 while the draft budget is 10th November 2020. The consultation comes first. h) The publication of the proposed budget was done before 31 January 2021. i) The weblink for the publication of the proposed budget. https://www.bauchistate.gov.ng/bfd_download/2021-proposed-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 2021 to enable citizens to find the inputs easily?	a) One of the CSO that co-signed the minutes is Zubairu Oluwa Tosin and a copy of the signed minutes has been retained in a file. b) The title of the minutes is "Report on the Bauchi State Budget public hearing on the 2021 budget proposal conducted by the State Planning Commission November 2020". c) The signatories represent Fahimta women & Youth Dev Initiative. d) The weblink of the publication is: https://www.bauchistate.gov.ng/public-hearing-photos/	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 2.2	**Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms**		**Not Achieved**	
1.	Did the state conduct dissemination events to explain amendments to the FY2020 State budget and was adequate evidence of the events published online and by the due date?	a) A review was done with pictures, a list of attendees (with names and organizations). b) The Amended budget and evidence of dissemination events has been downloaded. c) The dissemination was done physically on 1st-3rd July 2020. d) The evidence of the dissemination event was published online before September 30, 2020. The evidence of the dissemination includes minutes of the meeting, attendance list, and pictures. Copies of evidence were retained in a file. e) Evidence of the dissemination event was published in the same location as the Amended FY 20 Budget. f) The date of publication of the dissemination events is 31st July 2020. A screenshot of the backend for the publication date has been retained in a file. g) The weblink of the publication is: https://www.bauchistate.gov.ng/bfd_download/attendance-public-hearing-on-covid-19-response-approved-revised-budget/	Satisfactory	
2	Has the State published online, on the State website(s) a Citizens Budget based on the Amended	a) The Citizens Budget based on the Amended Budget (2020) was published before the due date via https://www.bauchistate.gov.ng/bfd_download/c	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Budget (2020) not later than 30 September 2020?	itizen-budget-jan2020-covid-19-responsive/ accessed on 09/02/2022.		
		b) A comparison of the Amended Budget 2020 with the Citizens Budget was done and no areas of discrepancies.		
		c) The Citizen's Budget was prepared in the format suggested to the States in the Citizens' Budget User Manual and the following were present:		
		I. Simple explanation of the annual amended budget/citizens budget. Page 1-3		
		II. The sources of revenues. Page 12.		
		III. Sources of domestic and foreign grants, domestic loans, and other financing sources. Page 14.		
		IV. Total expenditure by economic classifications. Page 15.		
		V. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap. Page 17.		
		VI. Disclosure of Budget deficit. Page 17.		
		VII. Sectoral Allocation (by MDAs). Page 20.		
		VIII. Top Projects to be financed (at least 5). Page 22.		
		d) The minimum required budget information outlined above (extracted from the Citizens' Budget User Manual and Template) has been included.		
		e) The suggested format was used.		
3	Is the Citizens Budget a comprehensible (to citizens) summary of the amended FY20 state budget?	a) The Citizens Budget did not include an explanation of the key changes between the Original FY20 Budget and the Amended FY20 Budget, it only presented the schedule of Original and Revised Budgets	Unsatisfactory	*The State should ensure that the citizen budget is prepared in a comprehensible format*

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) The Citizens Budget included Data on reallocations and adjusted spending priorities. We confirmed that the amended FY20 State budget was summarized in a comprehensible manner to the Citizens in the Citizens budget.		

4	Does the State website have functional feedback and response online mechanisms?	a) The State has established functional feedback and response online mechanisms on its website.
		b) The type of feedback mechanism established on the state website is an online feedback submission form.
		c) The State's feedback mechanism provides at a minimum:
		   i. Acknowledgement of receipt of comments/feedbacks from citizens
		   ii. State's responses to comments/feedbacks
		   iii. Display of timeframe and the State's government contact details.
		d) The online feedback form was completed by the IVA and acknowledgement/feedback was received from the State.
		e) A demonstration was done by the State Ministry of Budget and Planning, and further evidence was provided to demonstrate how the State has responded to feedback submitted online. Screenshot of the mails sent, and feedback received were obtained.
		f) The State's feedback mechanism is functional.
		g) Evidence of the screenshot is retained in a file. https://www.bauchistate.gov.ng/budget-reports/#comment-28025
			Satisfactory	

DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 3.0	**Improved cash management and reduced revenue leakages through the implementation of State TSA**		**Not Achieved**	
1	Has the State established a functional State-level TSA?	a. Bauchi State has established a functional state-level TSA. b. The State operates one main TSA and a sub-account which is the IGR Account. The accounts are: ● IGR Main Account: Bauchi IGR Lead Bank Account; Polaris Bank; 1790104665. ● FAAC Account: Bauchi State Consolidated Revenue Fund (CRF-TSA) Account; United Bank for Africa (UBA); 1018793263. ● VAT Account: Bauchi State Consolidated Revenue Fund (CRF-TSA) Account; United Bank for Africa (UBA); 1018793263. The TSA is Bauchi State Consolidated Revenue Fund (CRF-TSA) Account; United Bank for Africa (UBA); 1018793263.	Satisfactory	
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 can forecast cash commitments and requirements and provide reliable information on the availability of funds.	Bauchi State has a cash management strategy. a) The title of the document is Bauchi State Cash Management Strategy. b) The Cash Management Strategy was produced on June 23, 2019. It was signed by Mohammed Sabi'u Baba, who was the Secretary to the State Government. c) Section 7, Pages 33-36 of the Cash Management Strategy covers the processes forecast cash commitments and requirements. d) In sub-section 10.4, Page 46, point 5, the Cash Management Strategy states that "all cash balances in revenue collection accounts of TSA sub-accounts in all commercial banks shall be swept to the Treasury Single Account monthly".	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		e) Bauchi State has implemented the processes described in the cash management strategy to forecast cash commitments and requirements. The evidence obtained is the cash flow projection.		
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 has a computer application where it views the cash balances in the bank account(s). a) The computer application is NIBSS PAY, and it is produced by Nigeria Inter-Bank Settlement System (NIBSS) Plc. b) The computer application is in line with the approved Cash Management Strategy. c) It was deployed on January 25, 2020.	Satisfactory	
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) IVA deployed questionnaires at the ministries of Education, Health, and Works. The Director of Finance and Accounts (DFA) provided answers to the questions. We also interviewed the DFA and the revenue desk officer on their payment processes. The findings from the test reveal that payment for the MDAs levies, etc. is made to the State IGR Lead Account, from where it is swept to the TSA. The ministries do not receive cash payments and do not have revenue accounts. b) Bauchi State TSA (FAAC Account): Bauchi State Consolidated Revenue Fund (CRF-TSA) Account; United Bank for Africa (UBA); 1018793263. c) IVA ascertained that all government monies go through this account. d) Government monies do not sit in other revenue collecting banks. e) The TSA bank Statement was obtained.	Satisfactory	
5	Does the TSA cover a minimum of 70% 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 2020.	Unsatisfactory	The State should consider ensuring its financing and borrowing arrangements do not include conditions that

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	See the computation below:		mean it is unable to implement a TSA or deploy appropriate cash management strategies.

	Total Inflows (₦)	Total Outflows (₦)
TSA Bank Statement	54,532,836,001.15	53,679,181,983.54
Government Finances*	103,221,241,406.11	111,081,834,404.7
Percentage	53%	48%

The average is percentage computation is:

$$\frac{53\% + 48\%}{2}$$
$$= 51\%$$

The TSA covered 51 % of the State's finances.

*Sources: 2020 Audited Financial Statement (Cashflow Statement) Pages 1-2 and the TSA Statement from (Bauchi State Consolidated Revenue Fund (CRF-TSA) Account: 1018793263 for (The statement covered January 1 to December 31, 2020). An APA issue report was raised by IVA for the State to explain the material difference of N51.6 billion and N57.4 billion between cash inflows and outflows in the cashflow Statement of FY 2020 AFS and TSA respectively.

The State, in response, stated as follows:
RESPONSE
1) The discrepancy was a result of the following factors:
   a) The ISPOs Deduction at the source makes the State receive NET FAAC ALLOCATION.
   b) SFTAS Grants and others World Bank (External Loan) Domiciled at the specific Bank for specific projects.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	c) Housing Loan (Domestic Loan) is Domiciled with Specific Bank as Guarantee for the Loan. 2) The Total Outflow in our AFS is ₦111,081,834,404.85 while the TSA total debit is ₦53,679,181,983.54 The sum of ₦111,081,834,404.85 in our Audited Financial Statement is the combination of the State's recurrent expenditure of ₦71,666,624,926.63 and Capital Expenditure of ₦39,415,209,478.22. Based on the above, the actual outflow is ₦71,666,624,926.63 while the capital expenditure is being financed with loans and these loans accounts are domiciled with other Banks that granted the loans and could not be captured in the TSA account. **However, this statement confirms the State is aware the required percentage flow through the TSA cannot be met as a result of its borrowing arrangements.** IVA obtained and retained the documents. The IVA conducted further checks and required the State to provide a TSA and AFS 2020 reconciliation statement that shows details of the component items that made up the difference between the cash outflow in the AFS accounts and the actual cash outflow in the TSA account to justify the earlier response, in the above. In response to the IVA request, as contained above, the State has given various defences for their TSA status. See below: "We wish to respond as follows:		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	1. That this issue was raised by the IVA during the verification exercise. 2. We attended to the issues raised by the IVA and agreed based on the following computations. 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 2020. See the computation below: |	Total Inflows	Total Outflows
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TSA Bank Statement	54,532,836,001.15	53,679,181,983.54
Government Finances*	103,221,241,406.11	111,081,834,404.7
Percentage	53	48 | The average percentage computation is: $$\frac{53\% + 48\%}{2}$$ **= 51%** The TSA covered 51 % of the State's finances. *Sources: 2020 Audited Financial Statement (Cashflow Statement) Pgs.1-2 and the TSA Statement from (Bauchi State Consolidated Revenue Fund (CRF-TSA) Account: 1018793263) for (The statement covered January 1 to December 31, 2020)). An APA issue report was raised by IVA for the State to explain the material difference between cash inflows		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	and outflows in the cashflow Statement of FY 2020 AFS and TSA. The State, in a response, claimed as follows: RESPONSE: The discrepancy was as a result of the following factors: A) The ISPOs Deduction at the source makes the state to receive NET FAAC B) SFTAS Grants and others World Bank (External Loan) Domiciled at the specific Bank for specific projects C) Housing Loan (Domestic Loan) is Domiciled with Specific Bank as Guarantee for the Loan 2) The Total Outflow in our AFS is N111,081,834,404.85 while the TSA total debit is N53,679,181,983.54 The sum of N111,081,834,404.85 in our AFS is the combination of the State's recurrent expenditure of N71,666,624,926.63 and Capital Expenditure of N39,415,209,478.22. Based on the above, the actual outflow is N71,666,624,926.63 while the capital expenditure is being financed with loans and these loans accounts are domiciled with other Banks that granted the loans, and could not be captured in the TSA account.		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Please find the attached document for more details IVA obtained and retained the attached documents. In view of the above response, IVA raised a second APA issue report for the state to substantiate the above claims with documentary evidence to aid further consideration. The State responded with the requested documents. IVA further obtained and retained the documents as evidence. Based on the documents provided, IVA recalculated the cash inflow and outflow reported in the cash flow Statement and recomputed the percentage as presented below:		

	Total Inflows	Total Outflows
TSA Bank Statement	54,532,836,001.15	53,679,181,983.54
Government Finances*	76,483,917,820.97	71,666,624,926.63
Percentage	71	75

The average percentage computation is:

$$\frac{71\% + 75\%}{2}$$

= 73%

The TSA excluding capital expenditures covered 73 % of the State's finances.

"

The World Bank having considered the submissions made by the State determined s that excluding the

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		entirety of the State's Capex from TSA is inconsistent with the purpose of the DLR. The Capex has been excluded on the basis that it is all funded through loans from banks that will not permit their funds to flow through the State TSA. This means the State is unable to implement a functioning TSA due to its borrowing arrangements. The result is therefore not achieved.		
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**		**Previously Achieved in 2019 APA**	
DLR 4.2	**2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection**		**Achieved** Stretch target met	
1	Has the 2020-2019 annual nominal IGR growth rate met the basic or stretch targets? **Basic Target:** N/A **Stretch Target:** equal to or higher than the 2019 nominal IGR collection	a. The State adopted the cash basis of accounting used for revenue reporting in 2019 and 2020 from the Audited Financial Statements. b. The IVA computed the annual nominal IGR growth rate for this year's APA. See the computation below:	Satisfactory	

REPORTING TEMPLATE: OPTION B	₦	₦	% GROWTH

Disbursement Linked Indicators (DLIs) and Tests			Findings				Conclusion	Recommendations
		Item	**2019**	**2020**				
		1. Reported IGR in AFS (Before Adjustments)	**12,293,318,939**	**13,039,294,812**	**6%**			
		2. INVALID items to be deducted IF reported as part of IGR	**1,750,914,526**	**960,015,150**				
		Paris club refund	-	-				
		Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads)	480,000	560,000				
		Sale of govt property, privatization proceeds	-	-				
		Savings	-	-				
		Investment Income (e.g. dividends)	256,135	163,512,592				
		Interest Earned	952,728,486	253,723,288				
		Miscellaneous						
		Repayments	797,449,905.14	542,219,269.53				
		3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)						

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)			
			10,542,404,413	12,079,279,663	15%		

$$\frac{₦12,079,279,663 - ₦10,542,404,413}{₦10,542,404,413} \times 100$$

=15%

The annual nominal growth is 15%

Source: 2020 Audited Financial Statement Page 1

DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [90] 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 90% of the current civil servants and pensioners on the State payroll?	The State commenced and completed the biometric data capture of civil servants and pensioners from October 2016 to November 2020. a) It was outsourced to VIPCG Corporate Development International Limited. b) The total number of civil servants = 30,949 c) The total number of pensioners =9,721 d) The total number of staff on the State Nominal roll is 30,949 and number of Staff on payroll is 30,156. e) The total biometric data captured is = 39,467 f) The documents obtained is a report from Office of The Accountant General (Treasury Department) on	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Biometrics and BVN linkage "DLR 5 Report" and screenshots from the State biometric database. 39,467 X 100 39,467 =100% The State had captured 100% of the State's civil servants and pensioners on its payroll.		
2 Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced and completed the linkage of the biometric data to the payroll in October 2016 and November 2020 respectively. b) The number of Civil Servants and pensioners whose biometrics has been linked to the payroll is 39,469 and the percentage is 100%. c) 793 ghost workers for Civil Servants and 230 ghost workers for Pensioners were detected during the biometric validations. From the 2019 APA Report 4,925 persons were identified as ghost workers from the Biometric exercise in 2017 and deleted. Another 596 were identified in 2019 and deleted. The removal of 1023 in 2020, despite the conclusion in 2019 that 99% of staff were covered by the biometric exercise shows inconsistencies. d) The amount of money saved from the ghost workers detected is ₦161,132,671.26 e) In-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths, etc.) are captured by the biometric exercise. f) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The document obtained is a report from Office of The Accountant General (Treasury Department) on Biometrics and BVN linkage "DLI 5 Report".	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	g) There were changes to the Civil Servant and Pensioner payrolls during the fiscal year (as a result of starters, leavers, deaths, etc.). h) These changes were captured by the biometric exercise. i) The procedures put in place to identify and remove ghost workers begins with the MDAs uploading their monthly nominal roll onto a portal. The process is initiated by the uploader (staff officer), reviewed by Director Admin/Human resource, then approved by the Permanent Secretary (or Equivalent) then finally to be authorized by the Chief Executive. The matching and linking service will seamlessly update and compare the data for duplicate checks, data update, and compliance processes. Given the above, the State is required to provide an explanation for the removal of 1023 ghost workers in 2020, despite the conclusion in 2019 that 99% of staff were covered by the biometric exercise while responding to this report. Otherwise, this DLR will not be achieved. In response to the IVA request as given above, the Stated responded thus: "1. The 1023 ghost workers that were detected in 2020 were as a result of a discovery that some of the workers have overstayed due to falsification of age and therefore removed.		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	2. It was also discovered that some workers presented false documents. 3. It was also revealed that some were illegally brought into the payroll as replacement for dead or retired workers. 4. Another reason is that other workers were removed due to abscondement. The list and the details of the report is hereby attached." This response is acceptable to the IVA and the documents further provided by the State has been retained in the assessment file.		
3 Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) 1,023 ghost workers were detected during the linkage. b) The State maintained a document called "State Civil Servant Salary Deletions for January to December 2020" as the record of ghost workers. A copy has been obtained and retained in file. c) The State carried out an ongoing identification process throughout 2020 and ghost workers identified were removed periodically. d) The payroll figure before removal from payroll is ₦3,068,300,724.47. e) The payroll figure after removal is ₦2,907,168,053.21. f) The source(s) of this information is a report from Office of The Accountant General (Treasury	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Department) on Biometrics and BVN linkage "DLR 5 Report". Page 2.		
5.2	**Link BVN data to at least [90] 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 90% of its current Civil Servants and pensioners on the State payroll?	The State commenced and completed the BVN data capture of Civil Servants and Pensioners from October 2016 to November 2020. a) It was outsourced to VIPCG Corporate Development International Limited. b) The total number of civil servants = 30,949 c) The total number of pensioners =9,721 d) The total number of staff on the State Nominal roll is 30,949 and number of Staff on payroll is 30,156. e) A total of 39,467 BVN data of civil servants and pensioners have been linked to the payroll. f) The documents obtained is a report from Office of The Accountant General (Treasury Department) on Biometrics and BVN linkage "DLR 5 Report" and screenshots from the State biometric database. $$\frac{39,467 \times 100}{39,467} = 100\%$$ The State had captured 100% of the State's civil servants and pensioners on its payroll. Given the above, the State is required to provide an explanation with documentary evidence justifying the removal of 1023 ghost workers in 2020, despite the conclusion in 2019 that 99% of staff were covered by the biometric exercise shows inconsistencies, while responding to this report. Otherwise, this DLR will not be achieved.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		In response to the IVa request as given above, the Stated responded thus: "1. The 1023 ghost workers that were detected in 2020 were as a result of a discovery that some of the workers have overstayed due to falsification of age and therefore removed. 2. It was also discovered that some workers presented false documents. 3. It was also revealed that some were illegally brought into the payroll as replacement for dead or retired workers. 4. Another reason is that other workers were removed due to abscondement. The list and the details of the report is hereby attached." This response is acceptable to the IVA and the documents further provided by the State has been retained in the assessment file.		
2	Has the State taken steps to identify payroll fraud?	a) 30,156 staff are with BVN data and 793 staff are without BVN data. b) The State maintained a document called "State Civil Servant Salary Deletions for January to	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		December 2020" as the record of ghost workers. A copy has been obtained and retained in file.		
		c) The State carried out an ongoing identification process throughout 2020 and ghost workers identified were removed periodically		
		d) The payroll figure before the fraud identification was ₦3,068,300,724.47.		
		e) The payroll figure after the fraud has been detected and removed was ₦2,907,168,053.21.		
		f) The source(s) of this information is a report from Office of The Accountant General (Treasury Department) on Biometrics and BVN linkage "DLR 5 Report". Page 2.		
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		**Previously achieved in 2018 APA**	
DLR 6.2	Basic Target: Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	state website or online portal if available. **Stretch Target: Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs AND For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.**			
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 (2020) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	a) IVA obtained a schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state procurement law). b) The data published is not in line with the Open Contracting Data Standards (OCDS). c) The publication was done monthly throughout the fiscal year 2020. The dates of publication are saved in the google drive. d) The publications were sourced from the State's official website and its Procurement Bureau website. IVA visited the State public procurement bureau, had an interview with the DG, obtained a schedule of all contracts awarded, and viewed the information of the OCDS portal.	Unsatisfactory	The state should adopt the OCDS and publish contract award information online as required under the standards.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	e) The following contract award information was published: (i) Project name, (ii) Awarding institution, (iii) Name of contractor, (iv) Award dates and (v) Contract amount. f) The item not published from (e) above is award date. g) The weblink of the publication is: https://www.bmpippa.org.ng/downloads/ The contract award information is published on the State's Procurement website and is accessible to the public.		
2 New	Had the State signed up to the SaaS e-Procurement Framework Contract as at 31 Dec 2020?	a) The State did not sign the SaaS e-Procurement Framework Contract. However, they signed an EPS agreement on 24th August 2020 with a consultant to set up their e-procurement platform. b) A copy of the State's EPS agreement was obtained. c) The State signed an agreement with KPT Associates Limited to set up its e-procurement platform.	Satisfactory	
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works) the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	a) The State has not implemented e-procurement in at least 3 MDAs. b) There were no transactions handled by the MDAs as e-procurement was not operational in 2020. c) No samples could be selected as e-procurement was not operational in 2020. d) The E-Publishing/Notification module for contract notice and contract award was not effective during the year 2020.	Unsatisfactory	The State should ensure that e-procurement is implemented in all MDAs and at least 3 MDAs in the first instance (including Education, Health, and Public Works).

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.**		**Previously achieved in 2018 APA**	
DLR 7.2	**Quarterly state debt reports for Q2, Q3, and Q4 2020 accepted by the DMO on average two months or less after the end of the quarter in 2020 AND Annual state debt sustainability analysis published by end of December 2020**		**Achieved**	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2020?	The State submitted quarterly State Domestic Debt Reports (SDDR) (final versions) to the DMO on an average of 2 months after the end of each quarter. We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: • Q2 submitted on (4/08/2020) – 35 days after the quarter-end, • Q3 submitted on (3/11/2020) - 34 days after the quarter-end • Q4 submitted on (9/02/2020) - 40 days after the quarter-end $$\frac{35+34+40}{3}$$	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Average = 5.12 weeks (36.33 Days) The SDDRs were submitted within an average of 2 months (Average number of 36.33days).		
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.	a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained. b) We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Bauchi State Debt Domestic Report along with all underlying data and a discrepancy was observed. ₦98,809,044,200.21 was observed for the SDDR figure and ₦104,472,293,693 for the SDEDR figure, the report was supported with the DMO's templates and guidelines. There were differences noted during the above review and the State responded thus "We submitted the State's initial SDDR report to the DMO on the 9th February 2021. However, a reconciled nationwide figure was forwarded to the States by the DMO for perusal and possible queries. After perusing the figures, the State fished out discrepancies in the reconciled figures. Reconciliations were carried out and the State total Domestic Debt was put at ₦98,809,044,200.21. This was rightly communicated to the Federal Reconciliation Team and the Federal DMO and there was no observation or objection to the State figures. Copies of the email to the reconciliation team and letter to the DMO are attached here for your kind information, please". State's response copy is saved in file.	N/A	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.		
		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.		
		c) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State have been compared with the State Audited Financial Statement.		
		d) The debt stock figures reported in the SDDR has been compared with that of the State's Audited Financial Statement		
		e) Mention if there were any discrepancies noted during the comparison.		
		1. SDDR Figure: ₦98,809,044,200.21		
		2. AFS Figure: ₦98,809,044,200.21		
		3. No Difference		
		f) No action was required.		
		g) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State.		
		h) The debt stock figures reported in the SDEDR, has been compared with those of the SDDR submissions by each state.		
		i) There are inconsistencies.		
		i. SDEDR (DMO) Figure: ₦104,472,293,693		
		ii. SDDR (State) Figure: ₦98,809,044,200.21		
		iii. Difference: ₦5,663,249,492.79		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		j) IVA requested the State to provide clarification as regards the identified discrepancies and the State Responded thus "We submitted the State's initial SDDR report to the DMO on the 9th February 2021. However, a reconciled nationwide figure was forwarded to the States by the DMO for perusal and possible queries. After perusing the figures, the State fished out discrepancies in the reconciled figures. Reconciliations were carried out and the State total Domestic Debt was put at ₦98,809,044,200.21. This was rightly communicated to the Federal Reconciliation Team and the Federal DMO and there was no observation or objection to the State figures. Copies of the email to the reconciliation team and letter to the DMO are attached here for your kind information, please". State's response copy is saved in file.		
3

New | Has the State published the State Debt Sustainability Analysis Reports (SDSAR) online by 31 December 2020? | a) The State Debt Sustainability Analysis Report (SDSAR) was published on the State's official website.
b) The date of publication was 30th December 2020.
c) The SDSAR was published before 31st December 2020. Screenshots are taken from the IT back end of the State's website showing the date of online publication were obtained.
d) The weblink- http://www.bauchistate.gov.ng/wp-content/uploads/2020/12/Bauchi-State-Report-on-Debt-Susitanability-Analysis.pdf | Satisfactory | |
| 4

New | Does the SDSAR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options, and 3) | a) Upon review of the State Debt Sustainability Analysis Report (SDSAR), it included the following:
(1) Adequate presentation of medium-term budget forecasts, including:
(a) Presentation of MTB forecasts | Satisfactory | |

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

adequate analysis of the debt and fiscal figures in the preceding calendar year?	(b) Description of assumptions underpinning the MTB forecasts
	
	(2) A detailed and adequate description of the debt portfolio and borrowing options, including:
	    (a) Presentation of debt and borrowing projections in the baseline scenario.
	    (b) Description of assumptions underpinning the borrowing options
	(3) Adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year.
	
	b) A review and comparison between the information (figures) contained in the assessment report of the SDSAR obtained from the DMO and the SDSAR obtained from the State Website were done.
	
	c) There were no differences identified.		

DLI 8: Improved Clearance/Reduction of Stock of **Domestic Expenditure Arrears**			
DLR 8.0	**Basic Target: Domestic arrears as of end 2019 and end 2020 are reported in an online publicly accessible database, with a verification process in place.** **Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with a verification process in place AND**	**Achieved** (Stretch Target met)	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock below 5 billion.			
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF). b) We obtained a copy of the ACF from the State. c) The establishment of the ACF occurred 23rd June 2019 which is before 31 December 2020. d) The duration of time between the establishment of the ACF and the 31st December 2020 year-end, is adequate to allow time for the implementation of the ACF. The state published another ACF on 31st Dec 2020 which will used for the 2021 APA.	Satisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled. b) The evidence to show that ACF contains the two stated requirements are on page 9 of the ACF for the Planned actions to settle the arrears and page 21 for the explicit prioritization of the expenditure arrears to be settled. The document submitted by the State to confirm the ACF exists, is a soft copy of the ACF and a screenshot of the backend where it was published. A copy of the ACF was also downloaded.	Satisfactory	
3	Has the ACF been published on a State official website?	a) We confirmed that the ACF has been published on the State official website.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) Copies of the ACF were downloaded for validation.		
		c) The weblink-		
		2019- https://www.bauchistate.gov.ng/wp-content/uploads/2020/08/Bauchi-State-ACF.pdf		
		2020- https://www.bauchistate.gov.ng/wp-content/uploads/2022/01/Bauchi-State-ACF-as-at-December-2020.pdf		
		Screenshots of the backend were obtained as evidence to confirm the dates of publication as follows:		
		2019: 27th August 2020		
		2020: 31st December 2020		
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The clearance of domestic expenditure arrears is consistent with the ACF.	Satisfactory	
		A walkthrough test on the internal domestic arrears database showed that the contractors and pension and gratuity arrears are being paid based on the ACF i.e, from the oldest to the newest arrears on pension and gratuity. While on the contractors' arrears, it is the ongoing completed works (construction), largest value (outstanding arrears) and smallest value (outstanding arrears), oldest (date missed payment was due) respectively.		
		However, State is required to provide documentary evidence of actual payments such as Payment Vouchers for the reduction, while responding to this report. Otherwise, this DLR will not be achieved.		
		The State's response to the above is mentioned below:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		"1. A total of N4,008,623,116.42 was reduced out of the total debt stock of 10,008,742,273.91, representing about 40% as at December 2020. 2. The process of reduction involved series of verifications, validations and payments. 3. Some of the payment vouchers are hereby attached as evidence to represent so many others." IVA reviewed the sample payment vouchers provided and accepted the submission from the State.		

5.	Has the State established an Internal Domestic Arrears Database?	a) The State has established an Internal Domestic Arrears Database.
		b) The Internal Domestic Arrears Database includes the following:
		  a. The aggregate and individual amounts of contractors' arrears. For contractors' arrears, at a minimum, the internal domestic arrears database includes the name of the contractor, the amount due at the end-of-year, the nature of the goods and services procured that generated the claim, and billing data (as applicable). The database shows the total domestic arrears stock at the end of each year.
		  b. The aggregate amount of pension and gratuity arrears.
		  c. The aggregate amount of salary arrears and other staff claims.
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		d. The aggregate amount of other types of domestic arrears c) A verification process is in place for the arrears in the database. d) We confirmed through the evidence provided by the State that the State has conducted verification of arrears balances. e) We conducted tests to ascertain the accuracy of the figure in the internal domestic arrears database, including cross-checking with State account balances, payroll records, underlying contract data, etc. f) The State submitted to the IVA the annual State Arrears Recording, Verification, and Clearance Report (SARVCR).		
6	Has the State published online elements of the internal domestic arrears database for the FY **2019** and FY **2020** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has published online the required elements of the Internal Domestic Arrears Database as at end of 2020. http://www.bauchistate.gov.ng/wp-content/uploads/2020/001/BAUCHI%20STATE%20%20INTERNAL%20DOMESTIC%20ARREARS%20DATABASE%20SUMMARRY%20%20as%20at%2031st%20December%202020.pdf b) We compared the aggregate and individual information available on the online publicly accessible arrears database with the information in the internal domestic arrears database and verified the consistency and accuracy of the information on the online publicly accessible arrears database. c) The website supporting the online publicly accessible arrears database contains an electronic	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of their claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic arrears database and included as relevant in the online publicly accessible arrears database. The weblink is https://www.bauchistate.gov.ng/debt-management/ NOTE: On the publicly accessible database, permission is not granted to the public to view the contractor's full details due to security reasons. d) We confirmed that the online web pages included a facility for contractors with arrears (creditors) to report any omissions to the State. e) The result of the test conducted by IVA was a mail sent to the database and the response was obtained. A screenshot was obtained as evidence. f) No omissions reported by contractors.		
7. 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;	The online publication includes the aggregate amount for three out of the four types of arrears as shown, this is because the State does not have salary arrears. https://www.bauchistate.gov.ng/wp-content/uploads/2021/06/Bauchi-State-Contractors-with-N20M-Above-as-at-Dec-2020.pdf The online publication contains the names of contractors owed ₦20m in arrears and above.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.			
8. Has the State met the following: (i) Percentage decline in the verified stock of domestic arrears at end 2020 compared to end 2019 meets target and is consistent with the state's arrears clearance framework. -**Stretch target:** At least a 5% year-on-year decline or maintain stock or arrears below ₦5 billion. *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 the year, compared to the previous year, expressed in percentage terms.*	(see table and calculation below)	Satisfactory	

Table within Findings column:

Aggregate Amount of:	2020	2019	% Diff
Contractors Arrears	6,000,119,157.49	10,008,742,273.91	-40
Pension and Gratuity arrears	22,746,369,126.87	19,864,991,435.47	14.5
Salary arrears and Staff claims			
Judgment Debt			
Other types of domestic expenditure arrears	1,546,584,413.76	8,058,884,944.86	-80.8
Total Domestic Arrears	**30,293,072,698.12**	**37,932,618,654.2 4**	**-20.14**

a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database, and confirmed it was the same as the balances stated within the SDDR and the AFS for 2020 (edit the text as appropriate – a State where the figures used were obtained).

$$\frac{₦30,293,072,698.12 - ₦37,932,618,654}{₦37,932,618,654} \times 100$$

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		= 20.14 The percentage decline is 20.14% **Source**: State internal domestic expenditure arrears database		
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Total debt stock at end Dec [2020] as a share of total revenue for FY [2020] meets target:** **-Basic target: < [1Yes 50%]** **-Stretch target: < [125%]**		**Not Achieved**	
1	Has the State met: (i) the ratio of total debt stock at end-of-year (31st December 2020) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2020)? **-Basic target:< [150%]** **-Stretch target: < [125%]**	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt**	Unsatisfactory	The State should reduce its debt to revenue ratio and ensure the debt is sustainable. As a general guide, debt should not be more than 125% of Revenues and should ideally be much less.

Total Public Debt

	Financial Statements	DMO/SDEDR Figures
Total Domestic Debts	98,809,044,199.12	104,472,293,693
Total External Debts	51,266,010,987.40	51,400,921,543
Total Public Debts	**150,075,055,187.61**	**155,873,215,236**

Total annual revenue

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

2020 Adjusted IGR (see DLI 4.2)	12,079,279,663
Gross FAAC Allocation	61,629,176,702
Grants	7,626,000,000
Other Revenues	417,235,880
Total Revenue	81,751,692,245

a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2020 is as at the end of Q4 2020.

We have computed the total debts stock / Revenue percentage for the 2020 year, as follows:

$$\frac{₦155,873,215,236}{₦81,751,692,245} \times 100 = 191\%$$

Sources:
i. For Total Revenue 2020 Audited Financial Statement, Page 1
ii. For Total Public Debt from DMO* as at December 31, 2020
iii. NBS/OAGF (FAAC)

*Table 3(i) below holds a breakdown of the Total Debt.

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.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	c. There is a difference of ₦5,798,160,048.39 between the Debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) and the debt stock stated in the Audited Financial Statement. The SDEDR is ₦155,873,215236 while debt stock stated in the Audited Financial statement is ₦150,075,055,188 d. The difference has been communicated to the State for an explanation. e. The difference has been calculated in value as: ₦5,798,160,048.39 (₦155,873,215236 - ₦150,075,055,188) and in percentage terms as: 3.9% $$\frac{₦5,798,160,048.39}{₦150,075,055,188} * 100 = 3.9\%$$ The State responded that the difference was a result of two factors: i. "The State submitted the State's initial SDDR report to the DMO on the 9th February 2021. However, a reconciled nationwide figure was forwarded to the State for perusal and possible queries. After perusing the figures, the State fished out discrepancies in the reconciled figures. Reconciliations were carried out and the State total domestic debt was put at ₦98,809,044,200.21 as against ₦104,472,293,693 resulting in a difference of ₦5,663,249,492.79, this was rightly communicated to the Federal Reconciliation Team and Federal DMO and there was no objection or observation to the State figures. Copies of the email to the reconciliation team and a letter to the DMO are attached here for		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	your kind information, please". State's response is saved in file. ii. The State used ₦380/$1 to convert the External Debt Stock of $134,910,555.23 which will be ₦51,266,010,987.40 as provided by the DMO on the schedule of external debt stock. On the other hand, DMO used ₦381/$1 to arrive at ₦51,400,921,542.63 in the reconciliation document earlier mentioned, resulting in a difference of ₦134,910,555.23. Please note the reconciliation documents were only sent in the third quarter of 2021. Therefore, when the two differences are added together you will arrive at ₦5,798,160,048.39 (₦5,663,249,492.79 + ₦134,910,555.23)" f. The SDEDR was amended and resubmitted to the IVA along with explanations.		

TABLE 3(i): DLI 9 31 DECEMBER 2020 STATE DEBT STOCK TABLES FOR BAUCHI STATE

BAUCHI STATE	2020 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,407,336,300.76
BAIL OUT (SALARIES) (SOURCE CBN)	7,774,006,021.38
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	5,995,634,301.72
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,181,151,921.82
STATE BONDS	8,401,590,677.00
COMMERCIAL BANK LOANS	3,614,027,312.68
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	4,555,474,460.09
INFRASTRUCTURE LOANS (CBN FACILITIES)	12,000,000,000.00
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	1,249,999,999.85
JUDGEMENT DEBTS	359,732,428.40
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	6,000,119,157.49
PENSION AND GRATUITY ARREARS	22,746,369,126.87
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	1,186,851,985.36
TOTAL DOMESTIC DEBT (TDD)	**104,472,293,693.42**
TOTAL EXTERNAL DEBT (TED)	51,400,921,542.62
TOTAL PUBLIC DEBT (TED+TDD)	**155,873,215,236.04**

TABLE 3(ii): DLI 9 31 DECEMBER 2020 - ADJUSTED REVENUE TABLES FOR BAUCHI STATE

TEMPLATE: OPTION A	₦
Item	2020
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	61,629,176,701
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	44,228,739,171
1.1.1 Gross statutory allocation	39,234,376,407
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	4,994,362,764
1.2 VAT	17,400,437,531
2. Internally Generated Revenues (IGR) - Adjusted	12,079,279,663
3. Grants (internal and external)	7,626,000,000
4A. Other revenues (4.1 + 4.2 + 4.3)	417,235,880
4.1 Investment Income (e.g. dividends)	163,512,592
4.2 Interest Earned	253,723,288
4.3 Miscellaneous	-
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	81,751,692,245

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	**DLI 1: Improved Financial Reporting and Budget Reliability** Budget summary has been provided as requested as per attached. The report can also be accessed via the state's website via the following link: https://www.bauchistate.gov.ng/wp-content/uploads/2022/06/2020-Budget-Performance-Final.pdf	This has been noted and considered for this DLI
2	**DLI 2: Increased openness and citizen's engagement in the budget process** 1. The Bauchi State's Citizens Budget Template was completed in line with the required IVA verification protocol. 2. The DLI matrix did not mention the observation by the IVA, and it was not mentioned in the requirement. 3. However, we took time to illustrate all the required information using charts and budget statistical tools based on the approved template. In view of the above, we kindly request you to consider your earlier position and award the DLI to us as satisfactory.	The Verification Protocol Version 8 requires that " The form and general content of the amended citizens' budget shall clearly explain the key changes between the original FY20 budget and the amended budget, including data on reallocations and adjusted spending priorities." This was mentioned in Page 26 under the heading of Citizens Budget in the ***Definition/Description of DLR achievement column.*** ***Based on this, the IVA initial stand still holds.***

3	**DLR 3: Improved cash management and reduce revenue leakages through the implementation of the state's TSA.**	It appears the State has entered into multiple banking arrangements that mean it cannot achieve the minimum level of TSA usage set by this DLR.

DLR 3: Improved cash management and reduce revenue leakages through the implementation of the state's TSA.

States among others that the state TSA should cover a minimum of 70% of the Government Finances and your comment that the State's TSA did not cover the minimum of 70%. We wish to respond as follows:

3. That this issue was raised by the IVA during the verification exercise.
4. We attended to the issues raised by the IVA and agreed based on the following computations.

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 2020.

See the computation below:

	Total Inflows	Total Outflows
TSA Bank Statement	54,532,836,001.15	53,679,181,983.54
Government Finances*	103,221,241,406.11	111,081,834,404.7
Percentage	53	48

The average percentage computation is:
$$\frac{53\% + 48\%}{2}$$
$$= 51\%$$

The TSA covered 51 % of the State's finances.

*Sources: 2020 Audited Financial Statement (Cashflow Statement) Pgs.1-2 and the TSA Statement from (Bauchi State Consolidated Revenue Fund (CRF-TSA) Account: 1018793263) for (The statement covered January 1 to December 31, 2020)).

An APA issue report was raised by IVA for the State to explain the material difference between cash inflows and outflows in the cashflow Statement of FY 2020 AFS and TSA. The State, in a response, claimed as follows:

RESPONSE:

The discrepancy was as a result of the following factors:

A) The ISPOs Deduction at the source makes the state to receive NET FAAC

B) SFTAS Grants and others World Bank (External Loan) Domiciled at the specific Bank for specific projects

C) Housing Loan (Domestic Loan) is Domiciled with Specific Bank as Guarantee for the Loan

It appears the State has entered into multiple banking arrangements that mean it cannot achieve the minimum level of TSA usage set by this DLR.

Note that it is at the State's discretion to enter into banking arrangements that prevent it from having a functional TSA. This is what the State has done.

The result should be assessed as Not Achieved.

	2) The Total Outflow in our AFS is N111,081,834,404.85 while the TSA total debit is N53,679,181,983.54		

2) The Total Outflow in our AFS is N111,081,834,404.85 while the TSA total debit is N53,679,181,983.54

The sum of N111,081,834,404.85 in our AFS is the combination of the State's recurrent expenditure of N71,666,624,926.63 and Capital Expenditure of N39,415,209,478.22.

Based on the above, the actual outflow is N71,666,624,926.63 while the capital expenditure is being financed with loans and these loans accounts are domiciled with other Banks that granted the loans, and could not be captured in the TSA account.

Please find the attached document for more details

However, IVA obtained and retained the attached documents.

In view of the above response, IVA raised a second APA issue report for the state to substantiate the above claims with documentary evidence to aid further consideration.

The State responded with the requested documents. IVA further obtained and retained the documents as evidence.

Based on the documents provided, IVA adjusted the cash inflow and outflow reported in the cash flow Statement and recomputed the percentage
 as presented below::

	Total Inflows	Total Outflows
TSA Bank Statement	54,532,836,001.15	53,679,181,983.54
Government Finances*	76,483,917,820.97	71,666,624,926.63
Percentage	71	75

The average percentage computation is:

$$\frac{71\% + 75\%}{2}$$
= 73%

The TSA covered 73 % of the State's finances.

Find attached relevant documents too support our claim and calculations.
In view of the above, you are kindly requested to reconsider your earlier position and award a satisfactory verdict to us.

4	**DLI 5: Biometric Registration and Bank Verification Number used to reduce fraud**	The State's submission is acceptable by the IVA and the rport has been updated appropriately.

	1. The 1023 ghost workers that were detected in 2020 were as a result of a discovery that some of the workers have overstayed due to falsification of age and therefore removed. 2. It was also discovered that some workers presented false documents. 3. It was also revealed that some were illegally brought into the payroll as replacement for dead or retired workers. 4. Another reason is that other workers were removed due to abscondement. The list and the details of the report is hereby attached.	
5	**DLI 6: Improved procurement practices for increased transparency and value for money** 1. Published Contract awarded information in now provided in the OCDS format as attached.	IVA reviewed the additonal information attached and still found it to not have met the requirements for the DLR.
6	**DLI 8: Improved clearance /reduction of the stock of domestic expenditure arrears** 1. A total of N4,008,623,116.42 was reduced out of the total debt stock of 10,008,742,273.91, representing about 40% as at December 2020. 2. The process of reduction involved series of verifications, validations and payments. 3. Some of the payment vouchers are hereby attached as evidence to represent so many others.	IVA reviewed Payment Vouchers provided by the State and has accepted the State's submission. The report has been updated appropriately.
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