



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

2018 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 JK Consulting Co. Ltd**



March 2020

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1. Executive Summary

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

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

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

1. DLR 1.1: Quarterly budget implementation report is published online and within an average of 4 weeks after the end of each quarter for 2020 and in the years thereafter. The report should include the approved budget appropriation for the year for each organisational unit (MDAs), and for each of the core economic classification of expenditure (Personnel, Overheads, Capital and Other expenditures). It should also, state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four expenditure classifications and other expenditures.
2. DLR 1.2: The annual expenditure outturn deviation is reduced to a level within the annual requirement for this result.
3. DLR 2.1: Signed minutes of public consultation on the proposed budget is published on the State's website before or at the time of publishing the approved annual budget.
4. DLR 3.0: TSA covers all of the state government finances and is based on a formally approved cash management strategy. Note a minimum required coverage of 70% of state government finances for 2020 and 80% for the year thereafter.
5. DLR 4.1: Review its Revenue Law for amendments (along with the revenue code). The revenue law should clearly state the sources of the revenues, (including the Local Governments sources), and that collection of revenues are made into accounts nominated by the SBIR.
6. DLR 6.2: Publish contract award information above the set threshold, on a monthly basis, and in the OCDS format on the state website.
7. DLR 7.2: Submit its quarterly debt report to the Federal DMO within the stipulated time and obtain an acknowledgement of submission.
8. DLR 8: A Domestic Arrears Clearance Framework should be established, and an internal domestic arrears database created with relevant balances placed online through a publicly accessible portal.
9. DLR 9: Improve its ratio of debt stock to revenue to be within the limits set for the achievement of this result.

Table 1: Assessment Results

Key:	Achieved		Not Achieved	
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Disbursement Linked Indicators	Disbursement Linked Results	Result	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		Q3 and Q4 reports were not published online.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The deviation was 45.19%.
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY19 budget.		Public consultation forum was not published online.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA		The State does not have a Treasury Single Account.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published.		The current revenue law does not include the revenue codes, sources and rates for Local Governments.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	Basic target met	Nominal IGR growth rate was 27%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll		84.71% of the staff were captured and linked to payroll.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed		100% current civil servant BVN linked to payroll.
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement board; and 3) Cover all MDAs receiving funds from the state budget.		The law conforms with the UNCITRAL Model Law.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website		Contract award information was not published online.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: Approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		There is approved state legislation which covers all required provisions.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018		The Q4 Report was not within SFTAS due date
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		No Arrears Clearance Framework.
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018, and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: Basic target: < 150%, Stretch target: < 125%.		Debt service deduction was 18.2% and debt stock/revenue was 150.05%

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

2. Introduction

2.1 Overview

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

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

2.2 Scope

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

The verification protocol was set early in the preparation of 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 from 2018. The assessment results are necessarily binary (pass or fail), as that is how the Program for the result component was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessment, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 4/12/2019 and 8/12/2019 with a team of five persons, starting with an opening meeting where all information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each State was given a further opportunity to provide clarifications and additional information.

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

The Office of the Auditor-General for the Federation and JK Consulting Co. Ltd are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found to be 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	Conclusions	Recommendations
	DLI 1: Improved Financial Reporting and Budgeting Reliability			
DLR 1.1	Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management.		Not Achieved	
1	Has the state published its quarterly budget implementation report to the state official website within six weeks of the end of each quarter?	This DLR was assessed based on the last two quarters of 2018 as per the verification protocol. The IVA team reviewed the documents provided on the state official website: The report uploaded online on 21 June 2019 is a summary of recurrent & capital for the year 2018. This does not include the quarterly budget performance report and publication date is outside due date of six weeks.	Unsatisfactory	The state should publish the report online on a quarterly basis. Note that the timelines under SFTAS for 2020 and onwards require publication within 4 weeks.
2	Does the reports include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures)?	The report does not include the approved budget appropriation for the year 2018 for each organizational unit (MDAs) & for each of the core economic classification of expenditure (personnel, Overhead, capital and other expenditure). The report online shows only summary of recurrent & capital expenditures for the year 2018.	Unsatisfactory	The state should ensure the report has approved budget appropriation for the year for each organisation unit (MDAs) and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures).
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure	From details of report provided, Budget Performance for Revenue and Expenditure was shown, the actual expenditure and the classification for each MDA on quarterly basis as well as the cumulative expenditure.	Satisfactory	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
	classification as well as the cumulative expenditures for 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 report on Budget Performance for Revenue and Expenditure (for the four quarters 2018) do not show 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.	Unsatisfactory	The state should ensure the report states the balances against each of the revenue and expenditure with balances provided on consolidated basis across the four-expenditure classification and other expenditures.
DLR 1.2	FY [2018] deviation from total budget expenditure is less than 30%			
1	Has the State Computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 30%	The State computed Expenditure outturn deviation to be 52.02%. which is greater than 30% benchmark. The IVA calculation (see below) is 45.19%. Budgeted: Recurrent N90,735,649,326.48 Pg. 24 F/S Capital N <u>97,502,120,341.93</u> Pg. 24 F/S Total N <u>188,237,769,668.41</u> Actual: Recurrent N80,553,482,123.83 Pg. 24,61 F/S Capital N <u>22,624,808,252.25</u> Pg. 24,27,61 F/S Total N <u>103,178,290,376.08</u> $\frac{N188,237,769,668.41 - N103,178,290,376.08}{N188,237,769,668.41} \times 100 = 45.19\%$	Unsatisfactory	State should implement measures to ensure that budget deviation is reduced.
	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 [2019] budget		Not Achieved	
1	Did the state conduct at least one "town-hall" consultation before the proposed		Unsatisfactory	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
	budget is drafted with participation of local government authorities and state-based CSOs?	<p>We interviewed the desk officer on Budget Matters and established that the state conducted one “town-hall” consultation before the proposed budget of 2019 on the 29th November, 2018, in addition to that public hearings were also conducted through the following radios Katagum, Zaki, Gamawa, Giade, Itas Gadau, Jama’are and Shira on the 18 November, 2019.</p> <p>Hard and Soft copy of the town hall minutes, and attendance was made available to the IVA during the field visit. (www.bauchistate.gov.ng)</p> <p>We are satisfied that the State conducted the public consultation “town hall” meeting on 18th November, 2018 with the participation of the Local Government and State based CSOs.</p>		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily?	<p>The IVA team confirmed from the published minutes on the State website that the minutes of the public consultations were jointly prepared with CSO representatives and was with their signatures. The minutes were signposted on the home page of the website for citizens access to find their inputs easily. This information was signposted on the 28 November 2018 on the state official website:</p> <p>https://www.bauchistate.gov.ng/bauchi-govt-conducts-2019-budget-public-hearing/</p> <p>http://thepolitico.com.ng/bauchi-govt-conducts-2019-budget-public-hearing/</p> <p>Calls were made across to 10 participants on the attendance sheet and it was confirmed.</p>	Satisfactory	<p>We noted during QA review that the State website had been suspended. We understand from the State Focal person and the Director ICT that the suspension will be resolved, and the site restored before the close of work on 26th March 2020.</p> <p>We recommend that Bauchi State ensures all web publications always remain accessible , and website downtime is reduced to a negligible level.</p>

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
	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?	During the field visit, the IVA team reviewed the evidence available and found that there is no functional state level TSA. This was evidenced by the closing balance of various accounts maintained by the state government, there are no evidences of sweep/clearance to any TSA account.	Unsatisfactory	The State should expedite action to establish a functional state level TSA to improve cash management and reduce revenue leakage.
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	During the IVA review, there is no formally approved cash management strategy in place, expenditures are made according to availability of fund and need as the needs arises with reference with budgetary provision.	Unsatisfactory	The state should establish a formally approved cash management strategy.
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The state does not have a functional TSA or a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic as explained by director treasury.	Unsatisfactory	The state should put a TSA system in place 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 consolidated revenue account as part of the TSA.	During the field review, we discovered that the state operates various accounts for various revenue collection of the state. There was no evidence of clearance into a designated TSA account. Some revenues are collected through the BIRS Polaris account (Skye Bank) but not swept into a consolidated Treasury Single Account for the state. The IVA team visited ministry of education, ministry of work and BIRS to establish this, it was confirmed by the revenue officers in the three MDAs that Bauchi state	Unsatisfactory	The State should expedite action to implement the TSA.

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
		revenue are collected through BIRS lead account, collections are made from various collecting bank and swept into the lead account.		
5	Does the TSA cover a minimum of 50% of the State Government's finances?	In view of the information provided by the desk officer there is no TSA to cover a minimum of 50% of the state government finances as the state revenue is being collected by the BIRS which is not a TSA account. Bank statement was not made available.	Unsatisfactory	The state should ensure all government finances flow through the TSA.
	DLI 4: Strengthened Internally Generated Revenue (IGR) Collection			
DLR 4.1	Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published.		Not Achieved	
1	Does the state have up-to-date consolidated revenue code which includes all the state's IGR sources and all the local governments (falling under that state) IGR sources? IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State and covered by the federal tax code.	The IVA reviewed the document provided and it does not contain the revenue code. The chart of account code generated from the state budget is what the agency presented to IVA during field visit as revenue code. This document also does not have all the state's IGR sources and all the local governments (falling under that state) IGR sources	Unsatisfactory	The state should harmonise and amend the Revenue law to include the revenue codes, sources and rates applicable for each revenue categories accruable from MDAs and all Local Governments.
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state?	Section 9 (Sub b) makes it clear that the SBIR shall coordinate all revenue collection by MDAs and be the accounting authority. It states that ' <i>The Board shall be responsible for:- (b) ensuring the effective and optimum collection of all revenue; including levies and penalties due to the State Government under the relevant federal and State laws;</i> '...	Satisfactory	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations						
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	During field work, IVA discovered various accounts for various revenues. There was no evidence to show that collection of revenues is made into accounts nominated by the SBIR. Revenue Collection and remittance agreement between state government and Skye Bank and Wema Bank was made available to the IVA.	Unsatisfactory	The state should ensure the SBIR is responsible to nominate the accounts where revenue of the state should be paid into according to the revenue law of the state. The SBIR should also revalidate existing accounts.						
4	Is the code approved by the state legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The IVA reviewed the soft and hard copy of chart of account codes extracted from the budget which was explained to be revenue code. This cannot be called a revenue code.	Unsatisfactory	The State should prepare a comprehensive revenue code and ensure it is approved through the State House of Assembly.						
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The revenue law in use presently was made available online for public/ all taxpayers access, on 17 August 2017 on BIRS site, a screen shot was obtained. https://www.birs.bu.gov.ng/content/bauchi-state-revenue-administration-law https://www.birs.bu.gov.ng/content/bauchi-state-revenue-administration-law	Satisfactory							
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved							
1	Has the 2018-2017 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	The state has met the basic target based on the Annual Nominal IGR growth rate of 27%. From Audited Financial Statement (Pg. 58) Annual Nominal IGR Growth Rate: <table><tr><td colspan="3">From Cashflow Statement</td></tr><tr><td></td><td><u>2018</u></td><td><u>2017</u></td></tr></table>	From Cashflow Statement				<u>2018</u>	<u>2017</u>	Satisfactory	
From Cashflow Statement										
	<u>2018</u>	<u>2017</u>								

	Disbursement Linked Indicators (DLIs) and tests	Findings			Conclusions	Recommendations											
		<table><tr><td>Independent Revenue</td><td>6,525,458,165.24</td><td>5,472,148,744.03</td></tr><tr><td>Less: Repayment General</td><td>(361,423,299.10)</td><td>(611,423,417.92)</td></tr><tr><td>Reimbursement</td><td>(302,000.00)</td><td>(1,525,000.00)</td></tr><tr><td>Total</td><td>6,163,732,866.14</td><td>4,859,200,236.11</td></tr></table> <p>Revenue Growth = $\frac{6,163,732,866.14 - 4,859,200,236.11}{4,859,200,236.11} \times 100 = 27\%$</p> <p><u>1,304,532,630.03</u></p> <p><u>1,304,532,630.03</u> X 100 = 27%</p> <p>Annual Nominal IGR Growth Rate = 27%</p>	Independent Revenue	6,525,458,165.24	5,472,148,744.03	Less: Repayment General	(361,423,299.10)	(611,423,417.92)	Reimbursement	(302,000.00)	(1,525,000.00)	Total	6,163,732,866.14	4,859,200,236.11			
Independent Revenue	6,525,458,165.24	5,472,148,744.03															
Less: Repayment General	(361,423,299.10)	(611,423,417.92)															
Reimbursement	(302,000.00)	(1,525,000.00)															
Total	6,163,732,866.14	4,859,200,236.11															
	DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud																
DLR 5.1	Biometric capture of at least [60] percent of current civil servants completed and linked to payroll and identified ghost workers taken off the payroll.				Achieved												
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants on the state payroll?	<p>During IVA team visit, it was discovered that Bauchi State engaged the service of VIPCG corporate development international limited to conduct a comprehensive Biometric staff audit and payroll parade for all state civil servant and pensioners. The nominal roll was revealed to confirm the report.</p> <p>The executive summary of VIPCG Report, Page 6-7 shows:</p> <table><tr><td></td><td>Civil Servants</td></tr></table>				Civil Servants	Satisfactory										
	Civil Servants																

	Disbursement Linked Indicators (DLIs) and tests	Findings		Conclusions	Recommendations
		Before Biometric	32,225		
		After Biometric	27,300		
		Delisted	4,925		
		Civil Servant Nominal Roll Percentage Linked $\frac{27,300}{32,225} \times 100 = 84.71\%$ The state has linked the biometric data of 84.71% of the total staff on nominal roll to payroll as conducted in 2017. The state then delisted all staff for which there was no biometric data. This means that all staff on payroll have their biometric data captured. i.e. 100%			
2	Has the State linked the biometrics data to the state payroll to identify ghost workers?	We reviewed the monthly consolidated salary, payroll and nominal roll for January and December 2018 to confirm the report of Gems consulting company Ltd, who was contracted to link the biometric database delivered by VIPCG Corporate Development International ltd to the payroll, linking of biometric database report conducted in 2017.		Satisfactory	
3	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	A review of the monthly consolidated salary, payroll and nominal roll for January and December 2018 to confirm the executive summary on page 3-5 of VIPCG report 'Doc B', from the 73 MDAs a total of 4,925 civil servant were affected by the audited Biometric exercise were removed immediately on detection.		Satisfactory	
5.2	Link BVN data to at least [60] percent of current civil servants on the payroll and payroll fraud addressed			Achieved	
1	Has the State linked the Bank Verification Number data to 60% of its current Civil Servants on the state payroll?	During the course of review, the percentage of civil servant and pensioner for which BVN has been linked is 100% of the payroll staff strength and pensioner sample of payroll of some MDAs was made available to		Satisfactory	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
		the IVA team for authentication of this claim and it was reviewed to be true.		
2	Has the State taken steps to identify payroll fraud?	The BVN linkage is one of the measures taken by the state to eradicate payroll fraud. The interim report of the implementation committee shows a comprehensive BVN linkage of Bauchi State civil servants and pensioners. The test was conducted by reviewing and comparing the payroll and nominal roll against the end product of the processes of linkage.	Satisfactory	
	DLI 6: Improved Procurement Practices for Increased Transparency and Value For Money			
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) eProcurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the state budget		Achieved	
1	Does the State have a public procurement legal framework which must be approved by the state legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	During the field visit, IVA team was provided with soft and hard copy of Bauchi State Budget Monitoring Price Intelligence and Public Procurement Unit Law , No 6 of 2008 assented by the Executive Governor on 24/10/2017.	Satisfactory	
2	Does the law conform with the UNCITRAL Model Law which should provide for: 1) eProcurement.	The Law is structured in accordance with the UNCITRAL Model and is substantially compliant with DLR 6 requirements.	Satisfactory	The Council/Unit should take steps to issue e-procurement guidelines

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations												
	<p>2) establishment of an independent procurement board; and</p> <p>3) cover all MDAs receiving funds from the state budget.</p>	<p>1. E- Procurement; (Compliant), Section 5(1) (b) of the law states that, the Council/Unit shall recommend new changes in the procurement process to be adopted with improvement in modern technology for consideration and approval of the Executive council. S. 38(6)(1) (2) provides that the Authority shall design and set up a secure electronic portal to be known as Bauchi-EPS, and it shall be lawful for any procuring entity to conduct it bid by electronic auction...etc.</p> <p>2. Establishment of an independent procurement board. (Compliant). The results of our assessment of the legislation for independence are on the table below:</p> <table><tr><th>Required Provisions*</th><th>Result</th></tr><tr><td>The Functions and Powers of the Agency</td><td>Complies; see sections 14 and 15</td></tr><tr><td>The Composition of the Board.</td><td>Complies; see section 7. The Law provides for a Governing Council and its composition</td></tr><tr><td>Membership of the Board/Council includes representatives from Professional Bodies /Associations.</td><td>Complies; Section 7(2) g requires appointment of two persons who may be quantity surveyors, architects, builders or engineers, but they are not appointed to represent their professional bodies.</td></tr><tr><td>The grounds for removal of Chief Executive of the agency.</td><td>Compliant; See Section 18(6)</td></tr><tr><td>Regarding the decisions of the agency; any other review after the board’s decision should be by judicial review</td><td>Compliant; See Section 75 Appeals lie to the High Court from decisions of the Agency.</td></tr></table> <p>*Provided by the World Bank</p>	Required Provisions*	Result	The Functions and Powers of the Agency	Complies; see sections 14 and 15	The Composition of the Board.	Complies; see section 7. The Law provides for a Governing Council and its composition	Membership of the Board/Council includes representatives from Professional Bodies /Associations.	Complies; Section 7(2) g requires appointment of two persons who may be quantity surveyors, architects, builders or engineers, but they are not appointed to represent their professional bodies.	The grounds for removal of Chief Executive of the agency.	Compliant; See Section 18(6)	Regarding the decisions of the agency; any other review after the board’s decision should be by judicial review	Compliant; See Section 75 Appeals lie to the High Court from decisions of the Agency.		
Required Provisions*	Result															
The Functions and Powers of the Agency	Complies; see sections 14 and 15															
The Composition of the Board.	Complies; see section 7. The Law provides for a Governing Council and its composition															
Membership of the Board/Council includes representatives from Professional Bodies /Associations.	Complies; Section 7(2) g requires appointment of two persons who may be quantity surveyors, architects, builders or engineers, but they are not appointed to represent their professional bodies.															
The grounds for removal of Chief Executive of the agency.	Compliant; See Section 18(6)															
Regarding the decisions of the agency; any other review after the board’s decision should be by judicial review	Compliant; See Section 75 Appeals lie to the High Court from decisions of the Agency.															

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
		<p>3) Cover all MDAs receiving funds from the state budget. (Compliant)</p> <p>Section 4, the law applies to all procurement of goods, works, services and disposal of assets by the state government, its agencies, Judiciary, State House of Assembly. The language of Section 15 seems to contradict with Section 4. Any future revision needs to resolve this ambiguity.</p>		
3	Has the state instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	<p>In line with Section 1 Pg. 1 of Bauchi state procurement law, the state instituted an independent procurement regulatory agency called the Bauchi State Budget Monitoring, Price Intelligence and Public Procurement Agency.</p> <p>The entity is set up for prescribing regulations and procedures for public procurement in accordance with legal framework. The was guideline provided in hard copy and softcopy.</p> <p>A review of the No objection Certificates issued on 1 January- 31 December 2018 provided by the legal adviser to the agency reveals that the agency is active.</p> <p>IVA visited the Agency, interviewed the Chief Executive as well as other management and operational staff and carried out physical inspection of the agency.</p> <p>Furthermore, the IVA reviewed records of procurements and transactions handled by the Agency for the 2018 financial year and selected a sample of 5 cases at random and conducted walkthroughs and file reviews to confirm the handling of the selected cases.</p>	Satisfactory	
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual on a monthly basis in		Not Achieved	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
	OCDS format on [the state website/ on the online portal]			
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year that are above the threshold (as defined in the state procurement law or in the state procurement regulation(s)), in line with the Open Contracting Data Standards (OCDS). For 2018, states can publish the information on the state official website or online portal if already established.	The state was unable to achieve open Contracting above the components of the DLI by publishing online, contract awarded during the fiscal year that are above the threshold in line with Open Contracting Data Standard (OCDS). The procurement law required that the state should have a portal to facilitate open contracting Ref: Page 18, section 24, 42 Section 61 which was not carried-out.	Unsatisfactory	The State should publish online, its contract award information for all contracts awarded during the fiscal year that are above the threshold, in line with the Open Contracting Data Standards (OCDS).
	DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework			
DLR 7.1	Approval of state-level public debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		Achieved	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law? The approval of state-level public debt legislation shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The IVA reviewed the Bauchi State Debt management law, which was duly approved by the executive governor on 30 th December 2009.	Satisfactory	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
2.	Does the legislation provide for the creation of a State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council)?	The Bauchi State Debt Management Agency was established in 2011 in accordance with section 4(1) of the Bauchi State Debt Management Agency Law 2009.		
3	Does the legislation include provisions which establish the following: 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	According to part three of the Bauchi State Debt Management Law, (Functions of the agency) The following provisions of Debt management Law has the following: 1) Section 7(a - e) and section 8(d) of pages 4 & 5 of the Law relates to responsibilities for contracting state debt. 2) Section 6(a-e) details responsibilities for recording/reporting state debt; and 3) Section 6(d) (h) (l) states the Fiscal and debt rules/limits for the state.	Satisfactory	
4.	Has the Unit (or Committee, Agency, Board, Bureau, Commission, Council) created by law been operational during the APA year.	We conducted an interview with the Ag. DG of the Agency and obtained copies of the SDDR report sent and accepted to the Federal DMO. The Ag. Director-General, Jibrin Abdullahi, joined the entity in June 2012 as Deputy Director from 2012 – 2019. He is currently the Acting Director General. We obtained photographic evidence of the Officers and Officials, as well as copies of their reports for 2018, which we retained in our file. We also noted from the submissions from the Federal DMO that the State has a unit interacting with the DMO and filing state level submissions on Debt Management.		
DLR 7.2	Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018		Not Achieved	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
1	<p>Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2018?</p> <p>The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.</p>	<p>This DLI was assessed based on Q4 only, as the revised report template and DMO verification protocols were only implemented in Q4 2018.</p> <p>Bauchi State submitted their signed quarterly "State Domestic Debt Reports" (SDDR) to the DMO as follows: Q1 N/A Q2 N/A Q3 submitted to DMO on the 31st January 2019 Q4 submitted to DMO on the 20th February 2019.</p> <p>By our assessment the state did not meet the due date in Q3 but met it in Q4.</p> <p><u>Average time taken:</u> Q1: N/A Q2: N/A Q3: 18 weeks Q4: 7 weeks 3 days The DMO Assessment Report also concluded that the Q4 was submitted 'Outside due date'.</p>	Unsatisfactory	The state should comply with the timelines set for the submission of the SDDRs and for the achievement of this result.
2	<p>Have you reviewed for accuracy and completeness from the DMO:</p> <p>The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.</p>	<p>DMO report confirmed the State Domestic Debt Report had marginal errors.</p> <p>A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.</p>	n/a	The state should ensure there are no errors in its reports to the DMO.
	DLI 8: Improved Clearance/Reduction of Stock Of Domestic Expenditure Arrears			
DLR 8.0	Domestic arrears as of end 2018 reported in an online publicly accessible database,		Not Achieved	

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
	with a verification process in place and an arrears clearance framework established.			
1	Has the State established an Arrears Clearance Framework (ACF)?	No, there is no Arrears Clearance Framework (ACF), however a committee has been constituted to design one on the 18/11/2019.	Unsatisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	No, there is no Arrears Clearance Framework (ACF) in place.	Unsatisfactory	
3	Has the ACF been published on a state official website?	No, there is no Arrears Clearance Framework (ACF) available nor published on a state official website.	Unsatisfactory	
4	Has the State established an Internal Domestic Arrears Database?	Not yet. Based on the information provided during field visit by Debt management Agency, data base of internal domestic arrears has been collated. A review of the documents showed that a committee was constituted on the 18/11/2019 to come up with default information about domestic arrears.	Unsatisfactory	
5	Has the State published online elements of the internal domestic arrears database on a state official website, which constitutes the online publicly accessible arrears database?	Bauchi state has not published online elements of internal domestic arrears database on the state official website. https://www.bauchistate.gov.ng/	Unsatisfactory	
	DLI 9: Improved Debt Sustainability			
DLR 9.0	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2018] and Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets target: -Basic target: < [150%] -Stretch target: < [125%]		Not Achieved	
	Has the State met:	The percentage of total debt stock at the end of the year 2018 to the total revenue as calculated below is 150.05%	Unsatisfactory	The State should take steps to improve its debt sustainability and reduce its debt to revenue

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations								
	<p>(i) the ratio of total debt stock at end-of-year (31st December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2018)?</p> <p>-Basic target:< [150%] -Stretch target: < [125%]</p>	<div>Computation for Adjusted Revenue</div> <table><tr><td>Total Revenue (Pg. 58)</td><td>93,266,658,968.33</td></tr><tr><td>Less non-revenue items: Repayment</td><td>(361,423,299.10)</td></tr><tr><td>Reimbursement</td><td>(302,000)</td></tr><tr><td>Adjusted revenue</td><td>92,904,933,669.23</td></tr></table> <p>Total Debt as per DMO data: N139,401,410,254.56*</p> <p>Total Debt/ Total Revenue</p> <p><u>139,401,410,254.25</u> x 100 = 150.05% 92,904,933,669.23</p> <p>Source: FS 2018 Statement no.1, Total public Debt from DMO as at December 31, 2018</p> <p>*Table 3 below holds a breakdown of the Total Debt.</p> <p><u>Based on the Audited Financial statement</u></p> <p>Total Debt Stock Dec (2018) Pg. 59 =74,415,208,318.48</p> <p><u>=74,415,208,318.48 X100 = 80.09%</u> 92,904,932,669.23</p> <p>Note: The calculation for DLI 9 is based on the State’s Audited Financial Statement, and we hereby request that the</p>	Total Revenue (Pg. 58)	93,266,658,968.33	Less non-revenue items: Repayment	(361,423,299.10)	Reimbursement	(302,000)	Adjusted revenue	92,904,933,669.23		ratio to levels that will enable the achievement of the DLR.
Total Revenue (Pg. 58)	93,266,658,968.33											
Less non-revenue items: Repayment	(361,423,299.10)											
Reimbursement	(302,000)											
Adjusted revenue	92,904,933,669.23											

	Disbursement Linked Indicators (DLIs) and tests	Findings	Conclusions	Recommendations
		State resolves the difference noted between its audited figure and the DMO figure in advance of this report being finalized, in line with the verification protocol.		
	Has the State met: (ii) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1 st January to 31 st December 2018) to the gross FAAC allocation for the same calendar year. Less than :< [40%]	<p>The percentage of total monthly debt service deduction at the end of the year 2018 to the Gross FAAC as calculated below is 18.2% which is less than the threshold of 40%</p> <p>Source: FMOF (FAAC)</p> <p>Total deduction = <u>12,020,309,521.38</u> Gross FAAC = 65,986,652,038.86 Percentage = 18.2%</p> <p>From the computation 18.2% is <40% benchmark, therefore, the target is achieved by the state.</p> <p>Note: We observed a discrepancy in the sum of N64,986,201,936.08 arising from the comparison of Total Debt as per DMO: N139,401,410,254.56 and Total Debt Stock Dec (2018) as per 2018 Financial Statement: N74,415,208,318.48. This has been raised with the State for clarification. (Appendix A)</p>	Satisfactory	

DLI 9 31 DECEMBER 2018 STATE DEBT STOCK TABLE FOR BAUCHI STATE

NAIRA	BAUCHI
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	16,869,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	8,078,639,132
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	6,234,648,708
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,498,374,600
5. STATE BONDS	9,838,341,520
6. COMMERCIAL BANK LOANS	-
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	7,780,283,349
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	2,000,000,000
10. JUDGEMENT DEBTS	5,415,006,076
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	15,630,658,730
13. PENSION AND GRATUITY ARREARS	16,939,715,715
14. SALARY ARREARS AND OTHER CLAIMS	-
15. OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	98,284,667,831
TOTAL EXTERNAL DEBT (TED)	41,116,742,424
TOTAL PUBLIC DEBT (TED+TDD)	139,401,410,254

FOR STATES WITH Q4 2018 FIGURES

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

4. Responses from the State

Thank you very much for the opportunity given. After going through the report as it affects Bauchi State, we wish to commend you for a job Well done. However, find below our observations for further review and considerations.

Response for Further Consideration	IVA Response – see the findings section for details
<p>DLI 3: Improved cash management and reduced revenue leakages through the implementation of TSA.</p> <p>OUR Comment.</p> <p>The State has put in place a machinery for the implementation of TSA through the establishment of high-powered committee. This committee has gone very far as at time of assessment. Hence the zero-score needed to be revised.</p>	<p>Noted. There was no functional TSA in 2018. IVA maintains earlier position as Not Achieved for 2018.</p>
<p>DLI4: Strengthened Internally Generated Revenue collections.</p> <p>OUR Comment</p> <p>The state had a revenue law on ground, which provided for the establishment of the Board of Internal Revenue. The Board is on ground and is the sole revenue collector for the State. It may interest you to know that the Board is fully empowered by the Government with a chairman and compliment of quality staff who enjoys special packages. The Board has been performing very well, as such we cannot be scored zero. Kindly have a second look at this.</p>	<p>The DLR was not achieved because the Revenue Law does not include the revenue codes, rates and all state's IGR sources and Local Government IGR sources. The IVA maintains earlier position as "Not Achieved".</p>
<p>DLI 6: Improved procurement practices for increased transparency and value for money.</p> <p>OUR Comment.</p> <p>A public procurement legal framework and a procurement regulatory agency was established. It involves Budget Monitoring, price intelligence and ensures value for money. The Due Process Office in Bauchi is well established with all the necessary structures on ground. A befitting office, quality staff etc is on ground. No body procure any item above 1m without the clearance from this Agency. Relevant laws regarding this were submitted to the assessment committee. We strongly believe we have done well and therefore cannot be assessed as unsatisfactory.</p>	<p>Noted. Further review was done and the DLR has been assessed as "Not Achieved". See the findings section for details</p>

Appendix A

ISSUE REPORTING TEMPLATE FOR THE SFTAS ANNUAL PERFORMANCE ASSESSMENT

sftas@oaugf.ng , sftas.iva@gmail.com and sftas@jkconsulting-ng.com

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

State:	Bauchi State
DLI affected:	DLI 9
Prepared by:	Anzewu, J. E.
Date:	24/01/2020

1. **APA Issue:** *[Difference arising from Debt Management Office figure and Financial Statement Figure in the sum of **N64,986,201,936.08**].*

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

*Sequel to the SFTAS – IVA Quality Assurance (QA) Review in respect to DLI 9 of 2018 APA, a discrepancy in the sum of **N64,986,201,936.08** was observed arising from the comparison of Total Debt as per DMO: **N139,401,410,254.56** and Total Debt Stock Dec (2018) as per 2018 Financial Statement: **N74,415,208,318.48***

3. **Effects**

As a result, we are left with two (2) computed outcomes, thus constraint as to which of the two (2) figures to rely upon in assessing the DLI.

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

You are therefore, required to address as a matter of urgency:

1. Reconciling the figures;
2. Provide explanations on how it was reconciled;
3. Provide supporting evidence were necessary and
4. Revert with immediate effect for further necessary action.

NOTE: Failure to act will leave us with no option but to use the best of judgement at our disposal to
Conclude on the Assessment.

5. State to insert response below

State can attach additional information or documents as requested

No response

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Submitted by *John Esson Anzewu*.

Appendix B

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

Bauchi State

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

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

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

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

Overview				
Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
https://www.bauchi.state.gov.ng/documents/approved-2019-budget-estimate/	A search was done on Bauchi State website	The 2019 Budgets were published on the State Official website, a copy was downloaded. There's no evidence of 2019 Budgets being signed by the governor.	A request was made on 12/03/2019 to the focal persons to provide evidence of the governor's assent. A phone call was put across on 22/03/19 to the focal persons for follow up on the governor's assent.	EC was met The State focal persons responded on 03/04/19 providing an attached document to the state 2019 appropriation bill. A copy was saved.

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2019 available on any of the State Government Websites?	Yes	

Was the approved budget published online before 28 February 2019?	Yes	
Is the published budget clear and legible?	Yes	
Can the budget be downloaded?	Yes	
Do we have evidence of assent by the Governor?	Yes	Evidence of Governor's Assent should be published with the annual budget

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

Source(s)	Initial Work Done	Initial Comments/Observation	Follow up	Final Assessment
https://www.bauchistate.gov.ng/documents/year-2017-basg-published-account-statement/	A search was done on Bauchi State website	The Financial Statements published does not contain an Audit Certificate	An email was sent to the State Focal persons as at 30/01/19 concerning the Financial Statements Published without an audit certificate	EC met The State Focal persons responded on 28/02/2019 providing an attached document of the audit certificate published in Leadership newspaper published 27/12/18.

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2017 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	
Were the Financial Statement for 2017 available published online before 31 December 2018?	Yes	
Are the published financial statements clear and legible?	Yes	
Can the Financial Statements be downloaded?	Yes	
Do we have evidence of audit by the State Auditor-General?	Yes	Financial Statement published online should include the Audit Certificate/Report
Are the financial statements complete, including primary statements and disclosure notes?	Partly	The Notes to the FS were not detailed
Are there any indications that balances within the financial statements are not credible	Partly	See above. Also, there is a mismatch between the VAT figures in the Financial Statements and the figures according to the NBS.