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

2019 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

November 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 second (2019) year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol.

Table 1 (below) reflects the outcome of the 2019 APA for Bauchi State and shows areas where the State achieved results. In total, Bauchi State achieved **8 (eight)** DLRs out of 15 DLRs applicable to 2019, while two (2) DLRs were achieved in 2018. One of the achieved DLRs is due for assessment during the 2020 APA but have been assessed early as requested by the Programme.

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

1. <u>DLR 1.1:</u> Budget implementation reports state balances against each of the revenue and expenditure appropriations.

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

3. <u>DLR 3.0:</u> Develop a functional State-level TSA where all Government revenues are credited before expenditure. Increase the percentage of State government finances flowing through the TSA to at the least the minimum required to achieve this result.

4. <u>DLR 8:</u> A year-on-year reduction in domestic arrears by at least 5% to meet the basic target for this result (or maintenance of domestic arrears below ₦5billion)

5. <u>DLR 9:</u> Strengthen the State's debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR.

Table 1: Assessment Results

Key:	Achieved		Not Achieved		Previously Achieved	

Disbursement Linked Indicators	**Disbursement Linked Results**	**Results**	**Remarks**
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The budget implementation reports did not include revenue appropriation balances.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 47.72%
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.		Formal public consultations were held, and minutes published online on 26th December 2019

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.	(green)	The Citizens' budget was published online on 28th April 2019.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 60 percent of State government finances implementation of State TSA		The State TSA covered 0.19% 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	(green)	This is a 2020 result assessed early. All requirements were met
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: - Basic target: 20%-39%, Stretch target: 40% or more	**Stretch Target Met**	The annual nominal IGR growth rate is 75.64%
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		The State has captured 99% Biometrics of civil servants and pensioners and linked to payroll.
	DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed	(green)	The State has linked 99% BVN data of civil servants and pensioners 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 regulatory agency; and 3) Cover all MDAs receiving funds from the State budget.	(blue)	Previously Achieved in 2018 APA
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 monthly in OCDS format on the State website	(green)	All contracts award information were published online.
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.	(blue)	Previously Achieved in 2018 APA
	DLR 7.2: Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarter in 2019	(green)	Quarterly State debt reports accepted by the DMO on average 6.3 weeks
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established and Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the State's arrears clearance framework.		The percentage decline in verified stock of domestic arrears was 0.14%
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. and Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.		Monthly debt service deduction is 189.79% of Gross FAAC, and the Total Debt Stock to Revenue is 20.2%

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

2. Introduction

2.1 Overview

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Ltd was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2019. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2019 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the State's eligibility for grants under the 2019 APA. The results of the eligibility assessment were reported previously to each State, and are included in Appendix A.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised on the requirements of the program and on the protocol for 2019. The assessment results are binary (Pass or Fail), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between (07/09/2020 and 11/09/2020) with a team of four persons, starting with an opening meeting where all the information requested was to be handed over. The visit was concluded with an exit meeting where initial findings were discussed, and the State was given further opportunity to provide clarifications and/additional information.

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

The Office of the Auditor-General for the Federation and JK Consulting Co. Ltd are grateful to the States for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards achieving the DLRs in the remaining years of the Program.

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management**		**Not Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	The Quarterly budget implementation reports were posted online on https://www.bauchistate.gov.ng/financial-reports as follows: • Q1 – (11/04/2019) - 1.4 weeks (11 days) • Q2 – (05/07/2019) - 0.5 weeks (5 days) • Q3 – (22/10/2019) - 3.1 weeks (22 days) • Q4 – (19/01/2020) - 2.5 weeks (19 Days) Average weeks for the online publication are computed as below: $$\frac{11+5+22+19}{4}$$ Average = 2.1weeks (14.1 days) We downloaded the quarterly budget implementation reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Do the reports each include, at a minimum, the approved original **AND** revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations.	From our review of the quarterly budget implementation reports downloaded from the State's website, we observed following; a) The budget implementation report downloaded, and the hard copy obtained from the State includes the approved budget appropriation for each organizational unit (MDA). b) The reports obtained includes the actual and cumulative expenditures for each MDA for the year to date. c) The budget implementation reports include the balances against the expenditure appropriations for each MDA but does not include balances against revenue appropriations. d) The State has a supplementary/revised budget for 2019. e) The budget implementation report shows only the original approved budget. No provision for the approved revised budget. **Weblink:** https://www.bauchistate.gov.ng/financial-reports	Unsatisfactory	The State should ensure the reports include revenue and expenditure appropriation as well as revised budget (where applicable) for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and other expenditures)
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	Upon review of the State's budget performance reports, it stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	Satisfactory	
4	Does the report State balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	The report stated the balances against the expenditure appropriations with balances provided on a consolidated basis, as contained in the appropriation law, across the four (4) expenditure classifications and other expenditure. However, it does not state the balances against revenue appropriations.	Unsatisfactory	State should prepare budget implementation report that contains revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 1.2	**FY [2019] deviation from total budget expenditure is less than 25%**		**Not Achieved**	
1	Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 25%	The State computed the budget deviation for 2019 to be 40.12%. The IVA computed the budget deviation for this APA year. See the computation below: |	Original Budget	Actual Outturn
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Capital	116,194,740,421.16	25,411,599,893.01
Recurrent Expenditures	82,654,333,859	78,544,523,671.97
Total	**198,849,074,280.16**	**103,956,123,564.98** | $$\frac{N198,849,074,280.16 - N103,956,123,564.98}{N198,849,074,280.16} \times 100$$ $$= 47.72\%$$ The budget performance deviation is 47.72%. Note that the Actual Outturn total in the table includes a large "movement in cash equivalent of ₦21,296,693,552.33" in the recurrent expenditure which represents an internal provision as contained in the Audited Financial Statement, and which does not translate into actual expenditure for 2019. This figure has been deducted from the actual expenditure of ₦99,841,217,224.30 to arrive at ₦78,544,523,671.97 **Source:** Actual Outturn - FY2019 Audited Financial Statement-Pages 1 and 2, which is on cash basis. Approved Budget Expenditure - Appropriation Law 2019 Page 2.	Unsatisfactory	The State should reduce the annual budget expenditure deviation to a level below the limits set for this result.
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 2.1	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] budget**		**Achieved**	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	We obtained and reviewed the attendance register, minutes of the public consultations, photographs, and video evidence: a) The public consultations were held in the three senatorial districts of Bauchi North, Bauchi Central and Bauchi South with Local Government participation such as Katagum, Zaki, Itas Gadau, Giade, Shira, Gamawa, Jama'are, Misau, Dambam, Warji,Darazo, Ganjuwa, Alkaleri, Bauchi, Bogoro, Tafawa balewa, Kirfi and Dass. b) The CSO representatives in attendance includes Centre for Juvenal Delinquency Awareness, Christian Association of Nigeria (CAN), Reporters, National Association of Nigerian Students. c) The minutes and the attendance list were obtained as evidence that a formal public consultation was held. d) The budget consultative forum for the year 2020 budget were held at the three senatorial districts on the following dates and venue. i) Bauchi North - 18th November 2019 at Conference hall, College of Education, Azare, Katagum LGA. ii) Bauchi Central - 19th November 2019 at Chartwell hotel, Misau. iii) Bauchi South - 20th November 2019 at Zaranda hotel, Bauchi. e) A sample of 10 attendees were interviewed through phone calls and evidence documented. f) The budget was drafted on 10th December 2019 and transmitted to the State House of Assembly same date. Evidence have been retained. g) The consultation was done from 18th-20th November 2019 and the budget was drafted on 10th December 2019. The consultation was done first.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	a) A CSO representative from the Centre for Juvenal Delinquency Awareness also co-signed the minutes b) The title and date on the minutes reads "Report on the Bauchi State budget public hearing on the 2020 budget proposal conducted by the State planning commission November 2019" and published on 26th December 2019. **Weblink:** www.bauchistate.gov.ng/wp-content/uploads/2020/08/report-on-the-bauchi-state-2020-budget-public-hearing.pdf See Appendix A for weblinks to the proposed/final budget	Satisfactory	
DLR 2.2	**Citizens' budget based on approved FY19 State budget published online by end April 2019.**		**Achieved**	
1	Has the State published online, on the State website(s) a Citizens Budget based on the approved FY19 State budget not later than 30 April 2019?	The Citizens budget based on approved FY19 State budget was published online on 28th April 2019 which is before the due date of 30th April 2019. **Weblink:** http://www.bauchistate.gov.ng/wp-content/uploads/2020/09/2019-Bauchi-State-Citizen-Budget.pdf accessed on 9th September 2020.	Satisfactory	

2	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 State budget?	We confirmed that the Citizens budget summarizes in a comprehensible manner to citizens the approved FY19 State budget. The document was prepared accurately showing all the required key budget information from the original budget , which included the following;
		
		  i. A simple explanation of the annual budget/citizen's budget.
		  ii. Breakdown of revenues and expenditures
		  iii. Disclosure of Budget deficit (if any) and how it will be financed.
		  iv. Sectoral Allocation (MDAs by MDAs)
		  v. Top Projects to be financed (at least 5)
		The Citizens budget and the suggested format provided to the state was compared and was found to be the same.
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	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?	a. The State established a Consolidated Internally Generated Revenue (TSA) with Central Bank of Nigeria. b. The State operates multiple accounts namely: • IGR Main Account: Polaris Bank 1790104665 • FAAC Account: UBA Bank 1018793263 • VAT Account: UBA Bank 1018793263	Unsatisfactory	The State should establish a functional TSA
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	a). The State has in place an approved cash management strategy called "Bauchi State Government Cash Management Strategy" b) The Cash Management Strategy document was produced on 20th June 2019. The document was signed via a Memo by the Executive Governor on 22nd June 2019. c) The State conducts a daily/weekly sweep from the Polaris Lead IGR Account to the TSA with CBN while the State's policy shows sweeping to be on a timely basis - Section 3.1 Page 12 of the Cash Management Strategy, 2019. d) The Strategy covers the processes through which the State Ministry of Finance or Ministry of Budgets/Economic Planning can forecast cash commitments and requirements. This is achieved through the cash forecast mechanism of the Medium-Term Expenditure Framework produced by the State. e) The State used and relied on the cash survey report to provide information on the availability of funds. We obtained the two aforementioned documents. **Source:** Cash Management Strategy - Page 20, Section 3.2 (Cash Planning/Forecasting). MTEF: 2019 - 2021 MTEF Summary of Forecast.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	a) The State does not have a system that allows for a central view of cash balances in all the bank accounts. However, the State can view only, its TSA account, using an app provided by the TSA Bank named Terminus T24 Platform. b) The CBN application (view only) was deployed on 10th May 2019	Unsatisfactory	The State should establish a system that allows for a central view of cash balances in bank accounts on a single electronic dashboard.
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	a) The State has a consolidated Internally Generated Revenue TSA, Central Bank of Nigeria, T24 Account Number 0030068061028, NUBAN Number 300007990. b) Not all government funds go through this account, only balances of IGR remittances go through it. c) All government monies do not sit in the other revenue collecting banks, funds are swept into the IGR Lead Account with Polaris Bank. d) The TSA (CBN) Bank Statement for 2019 was obtained.	Satisfactory	
5	Does the TSA cover a minimum of 60% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account with Central Bank of Nigeria, NUBAN Number 300007990 against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019. See the computation below: |	Total Inflows	Total Outflows
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TSA Bank Statement	445,059,510.36	-
Government Finances*	116,342,121,002.91	125,252,817,117.31
Percentage	**0.38%**	**0%** | The average is percentage computation is: $$\frac{0.38\% + 0\%}{2}$$ $$\underline{\mathbf{= 0.19\%}}$$ The TSA covered 0.19% of the State's finances. **Sources**: FY2019 Audited Financial Statement (Cashflow Statement No 1	Unsatisfactory	The State's TSA should cover a minimum of 60% of Government Finances.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The TSA Statement from Central Bank of Nigeria from June to December 2019.		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a consolidated State revenue code covering all State IGR sources and stipulating that the State bureau of internal revenue is the sole agency responsible for State revenue collection and accounting. Code must be approved by the State legislature and published**		**Achieved**	This is a 2020 APA result assessed early as requested by the programme.
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the local governments (falling under that State) IGR sources?	a) Bauchi State Tax Collection Harmonization and Consolidation Law 2020 was approved and assented to on 17th June 2020. b) The Revenue code & rates are in same document with the Revenue law. c) The State revenue code contains only one law. d) Bauchi State Tax Collection Harmonization and Consolidation Law 2020 was approved on 17th June 2020. e) The Consolidated Revenue code includes the State IGR sources and the LGs (falling under the State) as seen in the First Schedule, Section 76(1) Page 42 - 114 of the Bauchi State Tax Collection Harmonization and Consolidation Law 2020. f) The information published with the consolidated revenue code includes the rate chargeable for each IGR source which can be seen on the First Schedule, Section 76(1) Page 42 - 114 of the Bauchi State Tax Collection Harmonization and Consolidation Law 2020. **Weblink:**	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		https://www.bauchistate.gov.ng/wp-content/uploads/2020/06/BAUCHI-STATE-TAX-COLLECTION-HARMONIZATION-AND-CONSOLIDATION-LAW-2020.pdf		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	The Bauchi State Tax Collection Harmonization and Consolidation Law 2020 stipulates in: Section 11 (c) to collect, recover and pay to the designated account any tax, levy or other revenue howsoever established due to the State under this Law or any other enactment. Section 11 (d) to account for and enforce the payment of any taxes, levy, or other revenue due to the State. Section 25(2) also provides the Service shall have exclusive powers to control, administer, impose, and collect the different taxes, levies and any other revenue within the State as provided in this Law. Section 83 provides that Service shall be the sole authority to collect and account for all Taxes, Levies, Fees, Charges and Rates in the State as listed in the First Schedule to this Law. **Weblinks:** https://www.bauchistate.gov.ng/wpcontent/uploads/2020/06/bauchi-state-tax-collection-harmonization-and-consolidation-law-2020.pdf	Satisfactory	
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SIRS has full oversight of the accounts and is responsible for reporting and accounting for the revenues	a) The collection of revenues is made into accounts(s) nominated by the SBIR and the SBIR has full oversight of the accounts. Copy of Revalidation Letter obtained. b) The Bauchi State Internal Revenue Service is responsible for reporting and accounting for the revenues according to Section 11c of the Bauchi State Tax Collection Harmonization and Consolidation Law 2020. c) Section 52 provides that all revenues due to any authority in the State shall be paid into an approved bank account in a manner to be determined by the Service. d) Section 84(2) of the Law provides that taxes and levies due to the State are to be paid to an account designated by the Board. **Evidence:**	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Revalidation Letter by Bauchi State Internal Revenue Service dated 29th June 2020 was obtained.		
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.	a) Bauchi State Tax Collection Harmonization and Consolidation Law 2020 was approved by the State House of Assembly and assented to on 17th June 2020.	Satisfactory	
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	**a)** We were able to download and keep a file copy of the law, code, and rates on the 16th August 2020, 3.06pm. **Weblink:** https://www.bauchistate.gov.ng/wpcontent/uploads/2020/06/bauchi-state-tax-collection-harmonization-and-consolidation-law 2020.pdf	Satisfactory	
DLR 4.2	**Annual nominal IGR growth rate meets target**		**Achieved** Stretch target met	
1	Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	a. The cash basis of accounting adopted by the State for 2018 and 2019 Audited Financial Statements. b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:	Satisfactory	

b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:

	NGN	NGN	%
Item	2018	2019	
1. Reported IGR in AFS (Before Adjustments)	6,525,458,165.24	12,293,318,938.86	88.39
2. INVALID items to be deducted IF reported as part of IGR	523,170,790.93	1,750,914,526.14	

Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
	Paris club refund					
	Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads)	302,000.00	480,000.00			
	Investment Income (e.g. dividends)	-	256,134.73			
	Interest Earned*	161,445,491.83	952,728,486.27			
	Repayment General**	361,423,299.10	797,449,905.14			
	Miscellaneous					
	3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)					
	Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)	6,002,287,374.31	10,542,404,412.72	75.64		

Notes:

* N6,002,287,374.31 is the adjusted IGR for 2018 stated in the 2019 APA Report. It is different from the figure in the 2018 AFS because the Interest earned of N161,445,491.83 was included in the 2018 IGR figure as at then making it N6,163,732,866.14. This had no impact on the result.

** The 2019 adjusted IGR includes a deduction of 'Repayment General' of ₦797,449,905.14. In the 2019 AFS, Repayment General is ₦4,217,040,670.12 but this includes ₦3,419,590,764.98 of recovery of tax arrears through audit & investigation which was wrongly classified under 'Repayment General'. Evidence of the above was obtained as verified from Joint Tax Board letter dated 1st July 2019 and credits into the FAAC Account domiciled with UBA on 28th May 2019. Therefore, the 'Repayment General' deducted is (₦4,217,040,670.12 - ₦3,419,590,764.98) = ₦797,449,905.14.

2019 Adj IGR – 2018 Adj IGR   x 100

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		2018 Adj IGR ₦10,542,404,412.72 – ₦6,002,287,374.31 x 100 ₦6,002,287,374.31 =**75.64%** The annual nominal growth is 75.64%. To further check the figures, we obtained an explanation for the increase in IGR from the State and the evidence to support the explanations. We understand the increase was as a result of: (i) the increase in recovery of tax arrears of N3,419,590,764.98 through audit & investigation (classified under 'Repayment General' as set out in the Notes above). (ii) Improvements in collection of non-tax revenue through the adoption of TSA policy in the State. **Source:** FY2019 Audited Financial Statement - Statement No 3 (Statement of Consolidated Revenue Fund)		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	The State commenced and completed biometrics data capture from July-Aug 2017 for civil servants and pensioners. a) The State engaged, through World Bank support, VIPG Corporate Development Int'l Ltd for biometrics capture of civil servants and pensioners in 2017. Gems Consulting Co. Ltd was engaged in	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

	March 2018 to deploy Human Resource Management Information System, Payroll and Pension Modules and to link the biometrics data from biometrics data capture exercise to the payroll. Dynatech Solutions Systems Ltd was engaged in February 2020 to conduct payroll cleanup.
	b) As at December 2019:
	  • The total number civil servants on nominal roll were 31,178.
	  • The total no of pensioners on nominal roll were 9,062.
	c) As at 31 December, 2019 total of 40,240 (31,178 + 9,062) civil servants and pensioners were on nominal rolls while 39,839 persons (30,777 civil servants and 9,062 pensioners) were on payroll.
	d) As at 31 December, 2019, 30,777 civil servants (98.71%) and 9,062 pensioners (100%) has had their biometrics data captured.
	We obtained for our conclusion the underlisted documents:
	  i. VIPG Corporate Development Int'l Ltd.'s Draft Final Project Report on Biometrics Implementation.
	  ii. Gems Consulting Payroll Project Completion Report.
	  iii. Report of the Authentication Committee for BVN in respect of 41,448 Staff/Pensioners: 1st Committee, February 2020 Report and 2nd Committee, July 2020 and one-page report from Head of Service showing number of ghost workers were obtained.
	  iv. Screenshots from live view of Biometrics and BVN database of Staff and Pensioners, facilitated by Dynatech Solutions and Systems Ltd.
	  v. Screenshots of Nominal Rolls.
	
	Summaries of Nominal Rolls of civil servants and pensioners as at December,2019,
	
	$$\frac{\text{No of Biometric Data Captured}}{\text{Total No of Civil Servants + Pensioners}} \times 100$$
	
	$$\frac{30,777 + 9,062}{31,178 + 9,062} \times 100 = \frac{39,839}{40,240} = \underline{\textbf{99\%}}$$		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The State had captured 99% of the State' civil servants and pensioners.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State engaged Gems Consulting Co. Ltd in March 2018 to deploy Human Resource Management Information System, Payroll and Pension Modules and to link the biometrics data from biometrics data capture exercise to the payroll. The exercise was completed in August 2018. b) As at December 2019: • Total number of civil servants linked to payroll was 30,777 • Total number of pensioners linked to payroll was 9,062. c) 4,925 ghost workers were detected during Biometrics capture in 2017. However, the State conducted fresh verification exercise from November 2019 up to February 2020 when report of findings was submitted. d) As at 31 December, 2019: • 7 civil servants were identified on payroll earning double salary during BVN Authentication. • For pensioners, 9 deceased pensioners were found to be active on payroll. However, in total, 596 civil servants and pensioners were discovered with various offences (deceased still active on payroll; double salaries, etc.) and were recommended for removal and disciplinary action in the Authentication Committee's reports of February 2020. e) The removal was confirmed as done in 2020 ,and the savings to the government highlighted in the verification exercise report was N50,476,291.45. f) There were changes during the fiscal year due to retirements, death, leaves without pay, new political appointments. The changes were captured in the analysis of salary and pension payroll report obtained. There were no new employments in 2019 except for political appointees and other ad-hoc staff. g) There are procedures in place for ensuring timely update of payroll. The affected MDAs are to notify the Head of Service or	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Pensions Board on changes. The Office of Head of Service contacts the Consultant for necessary action. h) We obtained and reviewed Analysis of Salary and Pension Paid (Jan. - Dec. 2019) showing the changes in payroll for each month.		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) The linkage of biometrics to payroll was completed as of August 2018. b) For the verification exercise conducted from November 2019 to February 2020, the Reports of the Authentication Committee for BVN in respect of 41,448 Staff/Pensioners: 1st Committee, February, 2020 Report and 2nd Committee, July, 2020 and one-page report from Head of Service showing number of ghost workers were obtained and reviewed. c) The ghost workers were recommended for removal within three months (extracts in reports of February 2020 and July 2020) of discovery as the authentication progressed in 2020. d) 5,049 Civil servants were deleted from the payroll in October 2019 due to BVN irregularities. They were discovered in October and were removed same month, pending the outcome of the report of the Committee set for BVN Authentication. e) 24 Pensioners were also removed/deleted in December 2019 due to death, thereby saving N1,054,643.82 **Sources:** • Report of the Authentication Committee for BVN in respect of 41,448 Staff/Pensioners Authentication Committee, February 2020 and report of 2nd Committee on Implementation, July 2020 (Recommendations page) • Report on State Civil Servants removed Payroll in October 2019 pending authentication of their BVN by a Committee established by the State Government. • Report from Bauchi State Pension Board – Deletion for December 2019	Satisfactory	
5.2	**Link BVN data to at least [75] percent of current civil servants and**		**Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	pensioners on the payroll and payroll fraud addressed			
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	The State commenced and completed biometrics data capture from July-Aug 2017 for civil servants and pensioners. Biometrics data and BVN were linked at the time of Biometrics capture. a) The State engaged, through World Bank support, VIPG Corporate Development Int'l Ltd for biometrics capture. Gems Consulting Co. Ltd was engaged in March 2018 to deploy Human Resource Management Information System, Payroll and Pension Modules and to link the biometrics data to the payroll. Dynatech Solutions Systems Ltd was engaged in February 2020 to conduct payroll cleanup. b) The total number civil servants on nominal roll were 31,178. c) Total no of pensioners on nominal roll were 9,062. Biometrics and BVN data of 30,777 civil servants representing 98.71% out of 31,178 had been linked to the payroll as at 31st December 2019. 9,062 Pensioners representing 100% were linked to payroll. We obtained screenshots from State Biometrics civil servants and pension payroll database in custody of Dynatec Solutions System Ltd and Analysis of Payroll obtained from Office of the Head of Service. $$\frac{\text{No of BVN Data Linked}}{\text{Total No of Civil Servants + Pensioners}} \times 100$$ All staff and pensioners on biometrics also have BVN linked to payroll. Percentage of BVN linked to Payroll: $$\frac{30,777 + 9,062}{31,178 + 9,062} \times 100 = \frac{39,839}{40,240} = \underline{\mathbf{99\%}}$$ The State has linked 99% of the State' civil servants and pensioners BVN data to the payroll.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Has the State taken steps to identify payroll fraud?	a) Civil servants with BVN data were 30,777 and pensioners with BVN data were 9,062. Total of 401 civil servants were without BVN data. b) BVN linkage was done before 2019. The State Government set up a committee under the Chairmanship of Senator Adamu Gumba to authenticate all BVNs of staff and pensioners in the State. The Committee was set up on 28th October 2019. The Committee submitted its 1st report in February 2020. Also, Implementation Committee was set in April 2020 for implementation of recommendations. The Committee submitted its reports in July 2020. As such, the authentication was still ongoing as at December 2019, therefore, the outcome of the exercise could not serve purpose in 2019 APA. However, the BVN Authentication Committee Report of February 2020 was obtained. Seven (7) civil servants were identified on payroll earning double salary and 9 deceased pensioners were discovered to be active on payroll as at December, 2019 during BVN Authentication exercise as at December, 2019. They were recommended for removal immediately. c) Before removal, State civil service payroll was ₦2,455,241,731.45 and Pensioners payroll was ₦475,455,929.68 in December 2019. d) 5,049 Civil servants were deleted from the payroll in October 2019 due to BVN irregularities. They were discovered in October and were removed same month, pending the outcome of the report of the Committee set for BVN Authentication. e) 24 Pensioners were deleted in December 2019 due to death saving ₦1,054,643.82. f) Regarding the December 2019 civil servants and pensioners payroll, extracts of Letters of Recommendation for removal of fraudulent workers and pensioners were obtained from the BVN Authentication Reports of February 2020 and July 2020.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		g) The IVA also attended the Media Parley organized by the State Government on the Payroll fraud detected by the BVN Authentication Committee., which coincided with our field visit.		
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**	
DLR 6.2	**Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]**		**Achieved**	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year(2019) that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS).	a) A schedule of all contracts awarded during the year 2019 were obtained from the State. All contracts were published as no threshold exists. b) The contracts awarded in 2019 were published on 25th December 2019 c) We visited the State bureau of public procurement, had an interview with the DG, obtained a schedule of all contracts awarded, and viewed the information of the OCDS portal. d) We examined the weblink provided and downloaded a copy of the published contracts from the site. The State published contracts for different MDAs and the data published is mostly in line with the Open Contracting Data Standards (OCDS) template. However, it did not contain the following:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		i. Address of the Contractor ii Contractor Phone Number and Email Address iii. Award Criteria iv. Contract Period/Duration v. Award Date vi. Commencement Date We however deemed the content adequate for the purposes of informing users of the weblink, especially as it contained the remainder of the expected information. E.g. contract status, description of award, contractor name, month of award, certified amount etc. **Weblink:** https://www.bmpippa.org.ng/wp-content/uploads/2020/04/IssuedCerts_2019-1.pdf		
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.**	Please see the 2018 APA report.	**Previously Achieved**	
DLR 7.2	**Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019**		**Achieved**	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2019?	We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows: • Q1 submitted on (16th May,2019), 6 weeks 4 days • Q2 submitted on (15th August,2019), 6 weeks 4 days • Q3 submitted on (22nd November 2019), 7 weeks 4 days	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		• Q4 submitted on (7th February 2020). 5 weeks 3 days. $\frac{6.4+6.4+7.4+5.3}{4} = \frac{25.4}{4} = 6.38$ The State submitted the SDDRs in an average of 6.3 weeks.		
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.	We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Bauchi State Debt Domestic Report and both showed the same amount of ₦146,457,244,230. The report was supported with the DMO's templates and guidelines. We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report. 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.	n/a	
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.** **AND** **Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	State's arrears clearance framework. -**Basic target:** At least a 5% decline or maintain stock below N5 billion -**Stretch target:** More than 20% decline			
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF). b) A copy of the ACF was downloaded from the State's website. Also, the State provided a hard copy of the ACF to the Verification Team. c) The ACF was established on 23 June 2019.	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) Section 2 of the ACF contains the planned actions to settle arrears. Key actions include:
		• Stocktaking,
		• Verification,
		• Classification,
		• Prioritization, and
		• Liquidation.
		Section 3 of the ACF contains an explicit prioritization of expenditure arrears to be settled. Prioritisation is based on:
		    1. Socio-economic impact,
		    2. Age of debts,
		    3. Cost,
		    4. Risk,
		    5 Value.
		Two approaches to allocation of funds were also stated:
		  1. Allocation in proportion to total debt stock.
		  2. Allocation based on type of arrears.
		c) The State Arrears Recording, Verification and Clearance Report was provided to confirm the existence of ACF.
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Has the ACF been published on a State official website?	a) The ACF was published on Bauchi State's official websites. and State Debt Management Agency's website. The ACF was published on State's official website on 27 August 2020; and on State DMA's official website on 11 January 2020. Screenshots of the dates of publication were obtained from the State IT Administrator. b) A copy of the ACF was downloaded for validation with hard copy provided by the State. **Source**: https://www.bauchistate.gov.ng/debt-management/ http://dmabauchi.org.ng/downloads/	Satisfactory	

4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	a) The clearance of domestic expenditure arrears consistent with the ACF:
		  i. **Planned actions to settle expenditure arrears.**
		    In Section 3.3 of the SARVCR, the State planned to clear verified ₦10.02 billion arrears in 2019. However, total of ₦6,691,177,666 was cleared from contractors and pension arrears.
		  ii. **Prioritization of domestic expenditure arrears to be settled.**
		    Contractors arrears - ₦5,621,916,456 and Pensions arrears- ₦1,069,261,210 was cleared in 2019. Using:
		    Prioritization approach: 1. Contractors Arrears (oldest value, largest value, smallest value, ongoing), 2. Salaries 3. Pension and Gratuities (oldest first).
			Satisfactory	

5.	Has the State established an Internal Domestic Arrears Database?	a) The State established an internal domestic arrears database. A copy of the database was obtained.
		b) The internal domestic arrears database included:
		  i. The aggregate and individual number of contractors' arrears as at December 2019: ₦10,008,742,273.91, the name of the contractor, the amount due at end -of-year, the nature of the goods and services procured.
		  ii. The aggregate amount of pension and gratuity arrears as at December 2019: ₦19,864,991,435.47
		  iii. The aggregate amount of salary arrears and other staff claims was Nil.
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	iv. The aggregate amount of judgement debt: ₦7,526,689,124.90 v. Electricity bill: ₦437,311,860.15 and vi. Rent arrears: ₦94,883,959.78 c) The State set up a Domestic Arrears Clearance Committee to verify the State's arrears before recognizing them. The Committee developed a strategy for the verification of arrears as seen in the ACF. d) Samples of the request for outstanding contractual liabilities of Ministry of Works & Transport and Ministry of Rural and Community Development were obtained. Some contractors from the List of Arrears cleared in 2019 were selected and checked on the Arrears database in 2019. The contractors' arrears were either reduced or fully settled. e) Accuracy of the database was tested by comparing the figures in the domestic arrears database with the figures of contingent liabilities (domestic arrears in the 2019 Audited Financial Statements. They were also cross-checked with 2019 Q4 SDDR submission and SARVCR figures. There were no discrepancies.		
6 Has the State published online elements of the internal domestic arrears database for the FY **2018** and FY **2019** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State published online the required elements of Internal Domestic Arrears Database as at end of 2019, which included 2018 arrears balances. b) The figures in the domestic arrears database were compared with the figures in the online element of internal domestic arrears database. We randomly selected samples from the list of contractors (i.e. FIRS, Digibits Controls, JMP Plus integrated Ltd) and pensioners (Ahmed Misau, Abdullahi Yarima) and crosschecked with internal arrears database. Aggregates of other arrears (Rents, Judgement Debts, Electricity Bill) on the online database were also compared and there were no discrepancies. c) There is an online portal that enables individual contractors listed in the database to communicate this exclusion to the State Accountant-General and to request a restricted disclosure of information.	Satisfactory	.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Weblink: https://www.bauchistate.gov.ng/debt-management/ http://dmabauchi.org.ng/downloads/ To test the performance of the link, a dummy email was sent to the 'Leave a Reply' Section on the State's website on 8th September 2020 during APA visit. d) The State Bureau of ICT replied the email on 10th September 2020. The ICT Administrator showed on his system that the email was received. He said the State Accountant-General was copied in the request automatically. Screenshot of the communication was obtained from the ICT administrator's backend. e) The State's Bureau for ICT said there have not been any requests from 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; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.	The online publication includes the aggregates amounts as at December 2019 for- • Contractors: ₦10,008,742,273.91 • Pension & gratuities arrears: ₦19,864,991,435.47 • Salary arrears: None for 2019. • Judgement Debt: ₦7,526,689,124.90 • Electricity bill -₦437,311,860.15 and • Rent arrears -₦94,883,959.78 The online publication contains the names of contractors owed below and above N20m in arrears and a separate list of contractors owed above N20m.	Satisfactory	
New	Has the State met the following? (ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets	<table><tr><td>**Aggregate Amount of:**</td><td>**2019**</td><td>**2018**</td></tr><tr><td>Contractors Arrears</td><td>10,008,742,273.91</td><td>15,630,658,730.09</td></tr><tr><td>Pension and Gratuity arrears</td><td>19,864,991,435.47</td><td>16,939,715,714.91</td></tr></table>	Unsatisfactory	The State should ensure a reduction by at least 5% to meet the Basic Target or

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
target and is consistent with the State's arrears clearance framework. **-Basic target:** At least a 5% year-on-year decline or maintain stock or arrears below N5billion. **-Stretch target:** More than 20% year-on-year decline. The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.	<table><tr><td>Salary arrears and Staff claims</td><td>0</td><td>0</td></tr><tr><td>Judgement Debts</td><td>7,526,689,124.90</td><td>5,415,006,076.17</td></tr><tr><td>Electricity Bills and</td><td>437,311,860.15</td><td>-</td></tr><tr><td>Rented Properties</td><td>94,883,959.78</td><td>-</td></tr><tr><td>**Total Domestic Arrears**</td><td>**37,932,618,654.23**</td><td>**37,985,380,521.17**</td></tr></table> a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database. $$\frac{₦37,985,380,521.17 - ₦37,932,618,654.23}{₦37,985,380,521.17} \times 100$$ $$= \frac{₦52,761,866.94}{₦37,985,380,521.17} \times 100$$ $$\underline{\mathbf{=0.14\%}}$$ The percentage decline is 0.14%% **Source**: State internal domestic expenditure arrears database.		maintain a domestic debt stock below ~~₦5billion~~
DLI 9: Improved Debt Sustainability			
DLR 9.0 **Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019] AND Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:** **-Basic target: < [140%]** **-Stretch target: < [115%]**		**Not Achieved**	
Has the State met: (i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st	The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA**.** Total Service Deduction ₦13,273,974,577 x 100 Gross FAAC Percentage ₦65,563,652,743 $$\underline{\mathbf{= 20.2\%}}$$	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	December 2019) to the gross FAAC allocation for the same calendar year? **Less than :< [40%]**	**Source:** FMoF (FAAC)		
	Has the State met: (ii) the ratio of total debt stock at end-of-year (31st December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2019)? **-Basic target:< [140%]** **-Stretch target: < [115%]**	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt**	Unsatisfactory	The State should reduce its debt to revenue ratio to levels that will enable the achievement of the DLR.

Total Public Debt

	Financial Statements	DMO figures (Adj)
Total Domestic Debts	63,491,246,100.64	105,485,239,300
Total External Debts	41,314,957,543.98	40,972,004,931
Total Public Debts	**104,806,203,644.62**	**146,457,244,230**

Total annual revenue

2019 Adjusted IGR (see DLI 4.2)	10,542,404,412.72
Gross FAAC Allocation	65,670,166,142.10
Grants	-
Other Revenues	952,984,621.00
Total Revenue**	**77,165,555,175.82**

a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is as at the end of Q4 2019.

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

$$\frac{\text{Total Public Debts (DMO)*}}{\text{Total Revenue}} \times 100$$

$$\frac{₦146,457,244,230*}{₦77,165,555,175.82} \times 100$$

=189.79%

(a) The Total State Debt Stock is ₦146,457,244,230. This includes:
i. Total Domestic Debt (₦105,485,239,300) and
ii. Total External Debt (₦40,972,004,931).

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	(b) The Total Adjusted State Revenue is ₦77,165,555,175.82. This includes: i. Total Gross FAAC allocation: Statutory Transfers and VAT (₦65,670,166,142.10) ii. Total Adjusted IGR as calculated for DLI 4.2 (₦10,542,404,412.72) iii. Grants: Internal and External Grants - (Nil) iv. Other Revenues: Investment Income and Interest Earned (₦952,984,621) (c) The Bauchi State ratio of total debt stock at the end of year (31st December 2019) is 189.79% which is more than 140%, therefore, the State did not meet the basis target. **Sources:** For Total Revenue 2019 Audited Financial Statement, Statement No 3 - Statement of Consolidated Revenue Fund. For Total Public Debt from DMO* as at December 31,2019 *Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue a. The debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is not the same with the debt stock stated in the audited financial statement. b. The IVA observed differences between the debt stock stated in the Financial Statement and the SDEDR provided by the Federal DMO. c. The difference has been communicated to the State for explanation. d. The difference has been calculated in value to be ₦41,651,040,585.38 and percentage terms 28%. e. The SDEDR was not amended by the State but explanations for the difference was the arrears excluded as the Financial Statement was prepared on cash basis.		

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

BAUCHI STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713
BAIL OUT (SALARIES) (SOURCE CBN)	7,811,885,867
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	6,123,932,745
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,222,909,477
STATE BONDS	9,176,795,011
COMMERCIAL BANK LOANS	7,257,092,824
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	5,428,787,009
INFRASTRUCTURE LOAN (CBN FACILITY)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	1,450,000,000
JUDGEMENT DEBTS	7,526,689,125
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	10,008,742,274
PENSION AND GRATUITY ARREARS	19,864,991,435
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	532,195,820
TOTAL DOMESTIC DEBT (TDD)	**105,485,239,300**
TOTAL EXTERNAL DEBT (TED)	**40,972,004,931**
TOTAL PUBLIC DEBT (TED+TDD)	**146,457,244,230**

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

Item	NGN
	2019
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**65,670,166,142.10**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**51,926,786,573.97**
1.1.1 Gross statutory allocation	49,253,546,726.19
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	2,673,239,847.78
1.2 VAT	**13,743,379,568.13**
2. Internally Generated Revenues (IGR) - Adjusted	**10,542,404,412.72**
3. Grants (internal and external)	-
4A. Other revenues (4.1 + 4.2 + 4.3)	**952,984,621.00**
4.1 Investment Income (e.g. dividends)	256,134.73
4.2 Interest Earned	952,728,486.27
4.3 Miscellaneous	-
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**77,165,555,175.82**

4. Response from the State

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	None	

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

YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2019 PERFORMANCE YEAR.

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

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

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

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
https://www.bauchistate.gov.ng/files/2020/01/2020-Approved-Budget.pdf	A search was done on Bauchi State website	The 2020 Budgets were published on the State Official website, a copy was downloaded. There's evidence of 2020 Budgets being signed by the governor.	N/A	**EC met**

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2020 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 31 January 2020?	Yes	None
Is the published budget clear and legible?	Yes	None
Can the budget be downloaded?	Yes	None
Do we have evidence of assent by the Governor?	Yes	None

Eligibility Criteria 2019 Part 2 - The online publication of Audited Financial Statements for FY2018 by 30ᵗʰ September 2019

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
https://www.bauchistate.gov.ng/documents/	A search was done on the Bauchi State website and their Audited Financial Statements were downloaded separately.	Bauchi state split the Audited Financial Statements which were downloaded separately. They should be merged into a single file for ease of accessibility	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	None
Were the Financial Statement for 2018 available published online before 30ᵗʰ September 2019?	Yes	None
Are the published financial statements clear and legible?	Yes	The audited financial statements should be merged and published as a single file.
Can the Financial Statements be downloaded?	Yes	None
Do we have evidence of audit by the State Auditor-General?	Yes[1]	None
Are the financial statements complete, including primary statements and disclosure notes?	No[2]	Notes to the Account should be published along with other Statements.
Are there any indications that balances within the financial statements are not credible	n/a	Please see the 2018 APA Report

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[1] The Audit certificate posted online was not signed
[2] The published Financial Statement are without the Notes to the Account