



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

2018 Annual Performance Assessment (APA) Report

BENUE 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 Benue 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 Benue state and shows areas where the state was able to achieve results. In total, Benue State achieved **two (2)** DLRs out of 14 DLRs.

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. DLR 1.1: Quarterly budget implementation reports are published online within 4 weeks of each quarter end, and include, at a minimum, all of the information required in the verification protocol for the achievement of this result.
2. DLR 2.1: Public consultations on the annual budget are well documented. Stakeholders including CSOs and LGAs should participate in the preparation of the forum minutes which should be signed by all and published online alongside the proposed annual budget on or before the deadline for the publication of the approved annual budget.
3. DLR 3.0: The implementation of one functional TSA for all revenues including FAAC allocations and IGR, backed by a formally approved cash management strategy. The strategy should cover the processes through which the State is able to forecast cash commitments and requirements and provide reliable information on the availability of funds
4. DLR 4.1: The State Revenue Code is published online as soon as possible.
5. DLR 4.2: A nominal growth rate of at least 20% per annum in IGR to achieve the minimum target for this result.
6. DLR 5.1: Comprehensive linkage of biometric data to payroll for all civil servants and pensioners, and the identification and removal of ghost workers within three (3) months of each case being confirmed.
7. DLR 5.2: Completion of the linkage of BVN data to all current civil servants and pensioners on the payroll.
8. DLR 6.1: A review of the Procurement bill to provide for the grounds for the removal of the Chief Executive, and then speedy passage of the bill into law.
9. DLR 6.2: Publication of information on contracts awarded above the set threshold on a monthly basis, and in the OCDS format on the state website.
10. DLR 7.1: Passage of debt management legislation which provides for 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.
11. DLR 8: Establishment of a domestic Arrears Clearance Framework (ACF) as well as an internal domestic arrears database with relevant balances published online through a publicly accessible portal.
12. DLR 9: Improvement in the State's debt sustainability and a debt to revenue ratio that is within the targets 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 (2018)	Results	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		Q4 report was not published online.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The deviation was 29.85%.
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		A public consultative forum was not conducted.
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		The State has two 'TSAs' of which the official TSA account covers 9.5% of Government Finances.
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		Revenue code was not published online within the year under assessment.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more		Annual nominal IGR growth rate was 16.67%.
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		The state has not concluded a comprehensive biometric data capture.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed		BVN of 77.02% staff was linked in 2019.
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 State had no Procurement law in 2018
	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.		The State had no Debt legislation in 2018
	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		Q4 report was submitted on 21/02/2019.
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 domestic arrears database or ACF in 2018.
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 to revenue ratio was 184.27%, while the debt service deductions to Gross allocations was 10.7%.

The Office of Auditor-General for the Federation as Independent Verification Agent and JK Consulting co. Limited 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 titled, 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 the Disbursement Linked Indicators (DLIs).

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting 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) for 2018. 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 A.

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 28/11/2019 and 1/12/2019 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 (DLI) and Tests	Findings	Conclusion	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?	<p>This DLR was assessed based on the last two quarters of 2018, as per the verification protocol. The quarterly budget implementation report was published on the state official website but did not meet the required average of 6 weeks for all quarters.</p> <p>The first, second and third quarters budget implementation reports were published online dated 28/02/2019 which is 20 weeks after the 3rd Quarter while the 4th quarter was not published but provided in hard copy during the APA visit.</p>	Unsatisfactory	The State should ensure timely publication of budget implementation reports on the state official website
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	The budget implementation report for the quarters did not include the approved budget appropriation for each of the MDAs.	Unsatisfactory	The state should ensure the report has the approved budget appropriation for the year for each organizational unit (MDAs), and for each of

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	(Personnel, Overheads, Capital, and Other expenditures)?			the core economic classifications of expenditure.
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	The implementation report did not state the actual expenditures attributed to each MDAs but on sectoral basis and the core expenditure classification (Personnel, Overhead, Consolidated revenue fund charges and Capital.	Unsatisfactory	The report should state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year.
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 reports provided does not show balances against each of the revenue and expenditure appropriations nor balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures'.	Unsatisfactory	The Reports should state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the expenditure classifications
DLR 1.2	FY [2018] deviation from total budget expenditure is less than 30%		Achieved	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
1	<p>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?</p> <p>Is the expenditure outturn deviation computed less than 30%</p>	<p>The state computed the percentage as 23.46%. The state computation was less than 30% being 23.46%.</p> <p>However, we reviewed and computed as follows: Budgeted: Recurrent <u>₦71,073,128,502</u> Capital <u>₦ 81,970,813,070</u> Total: <u>₦153,043,941,572</u> Figures are from Audited Financial Statements, pages 16 & 17 respectively.</p> <p>Actual: Recurrent <u>₦92,803,905,722.15</u> Capital <u>₦14,556,239,031.91</u> Total <u>₦107,360,144,754.06</u> <u>BE-AE %</u> BE <u>₦153,043,941,572 - ₦107,360,144,754.06</u> ₦153,043,941,572.00</p> <p style="text-align: center;">= $\frac{₦ 45,683,796,817.94}{₦153,043,941,572.00} \times 100$ = 29.85%</p> <p>Expenditure outturn is less than 30%</p>	Satisfactory	
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	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
1	Did the State conduct at least one “town-hall” consultation before the proposed budget is drafted with participation of Local Government authorities and State-based CSOs?	The IVA received a hard copy of an extract from the state joint allocation committee meeting held on 7 th August, 2018 which had previously been uploaded on 26/3/2019. The contents of the minutes were not substantial enough to give a full report of the citizens input. Pictures of the town hall meeting conducted, communiqué and phone numbers to verify from the CSOs themselves were not provided.	Unsatisfactory	We recommend that public consultations on the annual budget are organised and minutes well documented
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?	Although it was uploaded online on the state website, there was no evidence of CSO participation. Benue State Workers Union members were present at the Benue State & LG Joint Account committee meeting as per the attendance presented. Although it was uploaded online on the state website. The date of upload is 26/3/2019 which exceeds the date specified in the verification protocol 28/02/2019.	Unsatisfactory	The minutes of the town hall meeting should be jointly prepared with CSO representatives, as shown by their signature to minutes, and published by the State within the specified timeline.
DLI 3: Improved Cash Management and Reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	Improved cash management and reduced revenue leakages through implementation of State TSA		Not Achieved	
1	Has the State established a functional State-level TSA?	The IVA found out that the State maintains a revenue holding account (Fidelity) where all IGR are swept into and another bank account (UBA) ostensibly for the receipt of FAAC allocations. However, neither the UBA FAAC Account nor the Fidelity IGR holding Account are swept into each other. The UBA FAAC account is what the State refers to as its TSA.	Unsatisfactory	State should establish a functional TSA for all revenues (including FAAC allocations and IGR)

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		The IVA team visited the Ministry of Education and Health to verify the functionality of TSA. Revenue officials posted from the Benue State Internal Revenue Service (BIRS) to the respective MDAs also made available documents and explained that all revenue is paid directly into the TSA, by individuals and organisations, via NIBSS portal. This however refers to the Fidelity account and not the UBA FAAC account.		
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.	The State provided the IVA with the approved Cash Management Strategy document which highlights how the State plans to manage their cash. Upon our review we noted that strategy was not adequate, as it did not cover the processes through which the State is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	Unsatisfactory	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.
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 TSA (UBA) has a cash management system that allows for a central view of cash balances in all revenue receiving banks. The state has a single electronic dashboard to view all banks account balances. We reviewed the UBA bank statement no 1020851959) for the month of January to December 2018 showing inflows and outflows respectively.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into	The State maintains a revenue holding account (Fidelity) where all IGR are swept into, however, they do not refer to this as the TSA. The UBA Account where FAAC allocations are received is what the State Government sees as its TSA.	Unsatisfactory	State should establish a functional TSA for all revenues (including FAAC allocations and IGR)

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations												
	the consolidated revenue account as part of the TSA.	<p>A sample of MDAs were visited and we noted that the MDAs see the Fidelity Account as the TSA. All the focal officers of the State’s Board of Internal Revenue Service designated at each MDA visited, confirmed the implementation and usage of Treasury Single Account. The Board of Internal Revenue Service conducts a sweep on the 10th of each month of all IGR on the Pay Direct Platform to the Consolidated Account of Benue State Government with Fidelity Bank Plc 50300684805 using Interswitch.</p> <p>Overall, the State was assessed as ‘unsatisfactory’ for the following reasons:</p> <p>a) The State does not have one consolidated revenue treasury account for State revenues. It has two separate ‘TSAs’. One for FAAC and the other for IGR.</p> <p>b) 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. i.e. the Fidelity Account.</p> <p>c) The Fidelity Account is not swept into the UBA TSA account.</p>														
5	Does the TSA cover a minimum of 50% of the State Government’s finances?	<p>Calculations based on the State’s TSA (UBA bank statement no 1020851959) are shown below:</p> <table border="1" data-bbox="716 1192 1367 1349"> <thead> <tr> <th></th> <th>Inflow</th> <th>Outflow</th> </tr> </thead> <tbody> <tr> <td>TSA A/C</td> <td>7,895,137,008.92</td> <td>5,895,036,897.16</td> </tr> <tr> <td>2018 FS</td> <td>71,993,256,584.90</td> <td>71,023,999,698.67</td> </tr> <tr> <td></td> <td>11%</td> <td>8%</td> </tr> </tbody> </table> <p>Average of 9.5%</p>		Inflow	Outflow	TSA A/C	7,895,137,008.92	5,895,036,897.16	2018 FS	71,993,256,584.90	71,023,999,698.67		11%	8%	Unsatisfactory	All of the State Government’s finances, including revenue generated by all institutions drawing funds from State CRF, should be through a Treasury <u>Single Account</u> .
	Inflow	Outflow														
TSA A/C	7,895,137,008.92	5,895,036,897.16														
2018 FS	71,993,256,584.90	71,023,999,698.67														
	11%	8%														

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
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 State has up-to-date consolidated revenue code which include all the State's IGR sources, LGs and the rates. It is called "State Internal Revenue Administration Law 2015" and was assented to by the Governor on 10 th April 2015.	Satisfactory	
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 A3 (6b) stipulates that the State Bureau of Internal Revenues (SBIR) is the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state and the code was gazetted.	Satisfactory	
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	The collection of revenue was made into accounts nominated by SBIRS as evidenced by mandate (MOU) nominating individual successful banks to collect IGR on behalf of Benue State. IVA was provided with the hard copy of the memo and Bank statements of the Lead Banks (Fidelity Bank no 5030084805).	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
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 code was approved by the state legislature to have a legal basis as a law and assented by the Executive Governor of the state on 10th April 2015.	Satisfactory	
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The Revenue Code was published online on 17th April 2019 which was after the year under assessment. See www.mofep.be.gov.ng/statelaws	Unsatisfactory	
DLR 4.2	Annual nominal IGR growth rate meets target		Not 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 Annual nominal growth rate is less than basic target and the stretch target at 16.67% as calculated below. From the Audited Financial Statements: 2018 IGR Pg 14 Tax Revenue 7,949,341,879.65 Non-Tax Rev <u>2,049,698,019.29</u> Total IGR <u>9,999,039,898.98</u> 2017 IGR Pg 14 Tax Revenue 6,759,542,376.43 Non-Tax Rev <u>1,810,384,915.09</u> Total IGR <u>8,569,927,291.52</u> $\text{NGR} = \frac{\text{IGR 2018} - \text{IGR2017}}{\text{IGR2017}} \times 100$ $\frac{\text{N}1,429,112,607.42}{\text{N}8,569,927,291.52} \times 100 = 16.67\%$	Unsatisfactory	The State should improve its IGR to achieve the minimum growth required for each year of the programme

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud			
DLR 5.1	Biometric capture of at least [60] percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll		Not Achieved	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants on the State payroll?	<p>The State provided its 2019 Payroll to the team during the field visit, leading to an initial conclusion in the draft APA report of the IVA that Biometric capture and linkage was not done as at 2018.</p> <p>In response to the draft APA report, the State provided its Civil Servants payroll for October 2018 (November 2018 and December 2018 were requested but not made available). The October payroll contained Employee ID numbers which we were informed was assigned by the Biometrics software for all 15,692 civil servants on the payroll as at October 2018. The State also provided its nominal roll after the field review, but this could no longer be verified through a check on the biometrics database (as was planned during the field visit).</p> <p>5 samples of biometrics data of civil servants were provided by the State to verify their existence on the payroll. However, these samples were not representative enough for the whole database and in any case the Verification Team could no longer verify the data directly by checking to the Biometrics Database as they had left the field (i.e. the State).</p>	Unsatisfactory	State should properly link biometrics data to the State payroll to identify ghost workers, and retain clear evidence of the linkage and of the number of ghost workers identified

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		<p>Overall, although the submissions provided by the State suggested that over 60% of the civil servants were covered as at October 2018, the IVA tests could not be applied to validate level of biometric capture and/or reduction in payroll fraud as (A) the information was provided after the fieldwork was completed and requires access to the State Payroll application for validation, and (B) even at the late stage the State was unable to provide further irrefutable evidence that could prove the level of use of biometrics in payroll and remove the need for additional testing.</p> <p>It was therefore not possible to obtain clear evidence that the biometric exercise was conclusive or had led to a reduction in payroll fraud or any similar outcome.</p>		
2	<p>Has the State linked the biometrics data to the State payroll to identify ghost workers?</p>	<p>The additional documents provided by the State after the draft APA report indicated that the State had linked biometric data for 15,692 civil servants to Payroll as at October 2018.</p> <p>In the absence of being able to check documents directly to the payroll application at the time the October 2018 payroll information was made available (i.e. having left the State), the team reviewed a sample of 5 staff pay slips provided by the State to see whether there would be an indication of the use of biometric data.</p> <p>Other than the Employee ID numbers referred above (which we are informed were generated when linkage of biometric data is done), the review of the pay slips did not show any clear evidence that the State biometric data had been linked to the staff payroll.</p>	Unsatisfactory	<p>State should link biometric data of staff and pensioners to the State payroll to identify ghost workers</p>

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
3	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	<p>The State appears to still be in the process of linking Biometrics to the payroll and did not present conclusive evidence of having identified ghost workers.</p> <p>A report was provided from the State’s Committee on Forensic Analysis of Tax and Salaries which was set up to identify and clear the payroll of fraud. However, from our review of the report the Verification Team could not ascertain that ghost workers were removed as the report did not show removed ghost workers. It was also not made available early enough (i.e. while the team was in the field) when it may have been possible to conduct further verification.</p>	Unsatisfactory	State should identify ghost workers and remove them within three (3) months of each case being confirmed
DLR 5.2	Link BVN data to at least [60] percent of current civil servants [and pensioners] on the payroll and payroll fraud addressed		Not Achieved	
1	Has the State linked the Bank Verification Number data to 60% of its current Civil Servants to the State payroll?	<p>The state provided documents showing they linked BVN data of the current civil servants on the state payroll, and it was able to achieve 77.02% payroll linkage to BVN for staff. However, the documents presented showed the BVN was linked in 2019.</p> <p>This was based on the Sample of Payroll and BVN documents provided by the state and endorsed by the permanent secretary state ministry of finance.</p> <p>Furthermore, IVA visited the State’s Payroll office and reviewed the Benue State Government Civil Servants Salary Schedule. The schedule provided was for October 2019 which showed that the BVN is linked to the Payroll (but not that it was done in 2018).</p>	Unsatisfactory	<p>The state should ensure it retains adequate and irrefutable evidence of BVN linkage and the results payroll fraud detection in time for the 2019 APA.</p> <p>Also note that the 2019 APA will include the Pensioners and an increase in the target minimum percentage from 60% to 75%.</p>

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
2	Has the State taken steps to identify payroll fraud?	<p>We were informed that the State embarked on Biometric /BVN validation for all staff beginning from 2017. The Director of Treasury informed the team on steps taken to identify payroll fraud to include: 1. BVN linkage, 2. Forensic Analysis of Tax and Salaries to identify and clear the payroll of frauds. It was stated that all identified duplication of payments were expunged from the payroll from 2019 FY (which is outside the APA year).</p> <p>However, overall, the team was not able to obtain clear documentary evidence in support of the above.</p>	Unsatisfactory	
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		Not 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	The state did not have a public procurement legal framework in 2018. Presently, the state uses Financial Instructions for the State procurement process. A draft procurement bill of 2016 – S.1 is in process of passage into law. Soft and hardcopy of the draft procurement Bill was provided	Unsatisfactory	The state should expedite action on the passage of the public procurement bill which must be in line with UNCITRAL Model Law

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations						
	December of the year under assessment to count for that year, up to 31 December 2020.									
2	Does the law conform with the UNCITRAL Model Law which should provide for; (1) eProcurement, (2) establishment of an independent procurement board; and (3) cover all MDAs receiving funds from the State budget.	<p>There was no public procurement law in place, however a draft bill is in the process of passage. Although the bill is structured according to the UNCITRAL Law, the draft bill does not comply with DLR 6 requirements. The requirements are as follows:</p> <p>1. E-procurement:</p> <p>(i) The Law provides for the Council to approve changes in the procurement process to adapt to improvements in modern technology - S.4 (d).</p> <p>(ii) It also provides that the Commission shall Introduce, develop, update and maintain related database and technology; and establish a single internet portal that shall serve as a primary and definitive source of all information on government procurement; and contain and display all public sector procurement information at all times - S. 7(p) & (q)</p> <p><i>The bill meets this requirement</i></p> <p>2. The results of our assessment of the legislation for an independent procurement board are in the table below:</p> <table border="1" data-bbox="716 1230 1373 1409"> <thead> <tr> <th data-bbox="716 1230 1121 1289">Required provisions*</th> <th data-bbox="1121 1230 1373 1289">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 1289 1121 1347">The functions and powers of the agency</td> <td data-bbox="1121 1289 1373 1347">Compliant; see sections 6 and 7</td> </tr> <tr> <td data-bbox="716 1347 1121 1409">The composition of the Board</td> <td data-bbox="1121 1347 1373 1409">Compliant; see section 3(2).</td> </tr> </tbody> </table>	Required provisions*	Result	The functions and powers of the agency	Compliant; see sections 6 and 7	The composition of the Board	Compliant; see section 3(2).	Unsatisfactory	The State should amend the bill to provide for the grounds for removal of the Chief Executive of the Agency.
Required provisions*	Result									
The functions and powers of the agency	Compliant; see sections 6 and 7									
The composition of the Board	Compliant; see section 3(2).									

	Disbursement Linked Indicators (DLI) and Tests	Findings		Conclusion	Recommendations
		Membership of the Board/Council includes representatives from Professional Bodies /Associations.	Compliant; see section 3(2) f		
		The grounds for removal of Chief Executive of the agency.	Non-Compliant; No specific provision		
		Regarding the decisions of the Agency, any other review after the Board's decision should be by judicial review	Compliant see S. 56 (8)		
		<p>*Provided by the World Bank</p> <p><i>The bill does not meet this requirement</i></p> <p>3. On the coverage of all MDAs receiving funds from the State budget:</p> <p>See Section 17(1)</p> <p><i>The bill meets requirement.</i></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?	The State does not have an instituted independent procurement regulatory function.		Unsatisfactory	An independent Procurement function should be instituted
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual on a monthly basis in OCDS format on [the State website/ on the online portal]			Not Achieved	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
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 did not publish contract award information online.	Unsatisfactory	We recommend that the State should publish contract award information in OCDS format on the state website.
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		Not Achieved	
1	Is there an Approved State-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	The Debt management desk officer affirmed that there is no public debt management law in place. This was corroborated by DMO's Assessment Report which stated that the law was not in existence. A draft public debt management bill and Benue state debt management policy and procedure manual was made available both in Soft and hard copy during IVA team visit	Unsatisfactory	The state should expedite action to have an approved Public Debt Management law.
2	Does the legislation include provisions which establish the following: (1) Responsibilities for contracting State	Page 10 of Benue State Debt Management Policy and Procedure Manual gives responsibilities for contracting	Unsatisfactory	State should establish a Debt Management Law which includes provisions which

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	debt; (2) Responsibilities for recording/reporting State debt; and (3) Fiscal and debt rules/limits for the State.	state debt, recording/reporting state debt, and setting Fiscal and debt rules/limits for the state to the DMA. However, the state does not have a legislation that is duly passed by the State Assembly.		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
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		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 2018?	<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>Benue State submitted their signed quarterly "State Domestic Debt Reports" (SDDR) to the DMO as shown below: Q1 submitted to DMO on the 7th June 2018 Q2 submitted to DMO on the 24th September 2018 Q4 submitted to DMO on the 16th November 2018 Q4 submitted to DMO on the 21st February 2019.</p> <p>Based on the Q4 assessment, which was confirmed by the Debt Management Office, the state met the due date.</p>	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
2	<p>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.</p>	<p>We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.</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 omission in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.</p>	Satisfactory	
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, with a verification process in place and an arrears clearance framework established.		Not Achieved	
1	Has the State established an Arrears Clearance Framework (ACF)?	The State had no Arrears Clearance Framework in place as at 2018. The State made available in soft copy details of the following; Contractors Liabilities, Pension and Gratuity Arrears, State Domestic Arrears Stock Report	Unsatisfactory	The State should develop an Arrears Clearance Framework
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	The ACF should initiate plan actions to settle arrears and prioritization.
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	Once the ACF is established it should be published online for public access.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
4	Has the State established an Internal Domestic Arrears Database?	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 shows that a committee was constituted on the 18/11/2019 to come up with information about domestic arrears.	Unsatisfactory	State should develop an Internal Domestic Arrears Database.
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?	The State presented nothing on this DLI.	Unsatisfactory	See above
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: (i) the ratio of total debt stock at end-of-year (31 st December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1 st January to 31 st December 2018)? -Basic target:< [150%] -Stretch target: < [125%]	The percentage of total debt stock at the end of the year 2018 to the total revenue as calculated below is 179.36% which is less than the Stretch target of 125% Total Debt (DMO/CBN/FMoF) - N129,131,659,951.48* Total Revenue - N71,993,256,584.90 Less: Other Revenue - <u>N1,919,377,686.69</u> Adjusted Revenue - <u>N70,073,878,898.21</u> Total Debt <u>129,131,659,951.48</u> x 100 = 184.27% Total Revenue 70,073,878,898.21	Unsatisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
		<p>*Table 3 below holds a breakdown of the Total Debt.</p> <p>Source: FS 2018 Statement no.1</p>		
	<p>Has the State met:</p> <p>(ii) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2018) to the gross FAAC allocation for the same calendar year.</p> <p>Less than :< [40%]</p>	<p>The percentage of total Monthly Service Deduction at the end of the year 2018 to the Gross FAAC as calculated below is 11% which is less than the threshold of 40%</p> <p>Total Service Deduction - 6,619,118,443 X 100 = 10.7% Gross FAAC 62.073,604,280</p> <p>Source: Home Office, Federal Ministry of Finance</p>	Satisfactory	

TABLE 3: DLI 9 31 DECEMBER 2018 STATE DEBT STOCK TABLES FOR BENUE STATE

NAIRA	BENUE
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	17,569,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	26,364,616,656
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	10,466,246,569
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,479,639,708
5. STATE BONDS	2,927,252,070
6. COMMERCIAL BANK LOANS	-
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	951,896,968
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	2,000,000,000
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	14,399,156,319
12. CONTRACTORS' ARREARS	7,336,198,414
13. PENSION AND GRATUITY ARREARS	13,212,356,840
14. SALARY ARREARS AND OTHER CLAIMS	12,264,764,955
15. OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	116,971,128,498
TOTAL EXTERNAL DEBT (TED)	12,160,531,453
TOTAL PUBLIC DEBT (TED+TDD)	129,131,659,951

Table Notes

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

	State Response	IVA Response/Treatment
1	<u>THE ASSESSMENT IS NOT WHOLLY CORRECT.</u> The IVA finding in 3.1 to 3.4 is contradicting	Noted. The wording has been improved to make the findings clearer.
2	TSA resides with UBA Acc. No 1020851959. The Benue Model of TSA has subsidiary account linked to TSA. This position was demonstrated for the IVA The recommendation of IVA does not support the Benue State approved TSA model as indicated on the Treasury Cashbook BNT 143 submitted. TSA reviewed with IVA and recomputed at 98.65%	Noted. Our findings showed that the State maintains two separate banking arrangements. The other arrangement with Fidelity Bank is where all subsidiary revenue accounts are linked/swept into. In terms of revenue aggregation functionality, the Fidelity Account is closer to a TSA . However, both arrangements are separate and this does not meet the result requirements. Note that we obtained the full account statements for the UBA Acc for 2018 (<i>Account name is - Benue State Treasury Single Account</i>) and the total Debits and Credits for the year are as shown in our findings. It is likely Benue has other significant bank accounts which are not swept into this stated TSA Account
3	The Revenue Law was passed and published in 2015 and acknowledge by IVA 4.1	Noted. We understand the Revenue Law was published online on 17 April 2019. The Revenue Law and code are to be published by 31 st of December of the year under assessment to count for that year.
4	The question on DLI 3.5 focused on government finance NOT IGR as a component. State finances for the period 2018 is =N=92.8B computed in line with IPSAS: It is NOT = N=7.39B. However, IGR for the period pooled to the CRF (TSA) is =N=9.9B	Our calculations were based on comparing the cash inflow and outflow balances stated within the audited financial statements for the year with the total inflows and outflows on the year end statements for the UBA 'TSA'. We have re-checked the Bank Account Statements provided for our records by Benue State and it is clear that (a) the balances stated in our findings as total inflows and outflows for the year are as stated on the bank statements for the UBA TSA Account. and (b) the Benue State FAAC allocations are not routinely paid into the stated TSA account and this may explain the discrepancy.
5	The audited Financial statement does not reflect deposits or withdrawal in Bank	Please note that total cash inflows and outflows from TSA (Bank) were compared with the total inflows and outflows from the audited Cashflow Statement for 2018.
6	The error on the date of payroll was corrected and resubmitted to reflect the period under review.	We note that the IVA team were presented with the Payroll for 2019 during the assessment visit. Benue State subsequently provided the Payroll as at October 2018 in response to comments in the draft APA report. The IVA team has evaluated the new information and results are included in the findings section
7	The annual growth rate for IGR as calculated is 16.67%	Noted. The recalculated annual growth rate has been reflected in the report.

Appendix A

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

Benue 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://benuestate.gov.ng/downloadables/ https://benuestate.gov.ng/ministry-of-finance-and-economic-planning/ https://businesspost.ng/2018/12/09/benue-budgets-n196-5b-for-2019/ https://www.mofep.be.gov.ng/viweyearlybudget/2019	A search was done on Benue State website	The 2019 Budgets were not published on the State Official website.	A request was made on 12/03/2019 to the focal persons to provide evidence of the approved 2019 budget and 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 met ¹ The State focal persons responded on 17/03/19 providing a link (https://www.mofep.be.gov.ng/viweyearlybudget/2019) to the 2019 budget. Also, a hard copy of 2019 budget and appropriation law has been obtained showing that the Governor assented to the appropriation law on 29 th March 2019.

¹ Discussed with the WB-TTL and treated as met in view of the need to provide further guidance and clarity on the requirement for an ‘Approved Budget’ within the Protocols (i.e. clarify the need for Governor’s assent)

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2019 available on any of the State Government Websites?	Yes	Budget should also be published on the State Official Website
Was the approved budget published online before 28 February 2019?	tbc	Actual date of publication to be confirmed with website managers during the Annual Performance Assessment
Is the published budget clear and legible?	Yes	State should consider publishing a downloadable pdf copy of the budget
Can the budget be downloaded?	Yes	
Do we have evidence of assent by the Governor?	Yes	

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://benuestate.gov.ng/downloadables/ https://benuestate.gov.ng/?s=financial+statements https://benuestate.gov.ng/ministry-of-finance-and-economic-planning/ https://mofep.be.gov.ng/ https://mofep.be.gov.ng/finreport/6	A search was done on Benue State website	No Financial Statements were found on the official state websites	An email was sent to the State Focal persons as at 30/01/19 concerning the unpublished Financial Statements	EC met The State Focal persons responded on 30/01/2019 providing a link for the download of the Financial Statements. A copy was downloaded. But we need to confirm the date of online publication

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?	tbc	Actual date of publication to be confirmed with website managers during the Annual Performance Assessment
Are the published financial statements clear and legible?	Yes	
Can the Financial Statements be downloaded?	Yes	

Tests/checks performed	Results	Areas for improvement
Do we have evidence of audit by the State Auditor-General?	Yes	
Are the financial statements complete, including primary statements and disclosure notes?	Partly	Notes to the Financial Statements were not published and should be published
Are there any indications that balances within the financial statements are not credible	Partly	The 2017 Statutory allocation value in the Financial Statements does not match with figures from the National Bureau of Statistics, although it is unclear which is inaccurate.