



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

**2019 Annual Performance Assessment (APA) Report**

**BORNO 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 Borno 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 Borno State and shows areas where the State achieved results. In total, Borno State achieved **7 (Seven)** DLRs out of 15 (Fifteen) DLRs applicable to 2019.

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 do the following:

1. DLR 1.2: Ensure the annual budget expenditure outturn deviation is reduced to a level within the requirements for this result.
2. DLR 3.0: Develop a functional State-level TSA where all Government revenues are credited into before expenditure. Formally approve a cash management strategy. Increase the percentage of state government finances flowing through the TSA to at the least the minimum required to achieve this result.
3. DLR 4.1: Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the sources of the revenues, (including the Local Governments sources). The amended revenue law and code should be published online.
4. DLR 4.2: Increase its IGR revenue to achieve a minimum of 20% nominal annual growth rate.
5. DLR 6.1: Amend the Procurement Law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency in accordance with the UNCITRAL Model Law.
6. DLR 6.2: Publish contract award information, above the set threshold, and on a monthly basis in OCDS format on the State's website.
7. DLR 7.1: Amend the Fiscal Responsibility law and/or State Debt Management Law to provide for the responsibilities for contracting state debts, recording and reporting state debts, to establish fiscal and debt rules/limits.
8. DLR 8: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.

**Table 1: Assessment Results**

<b>Key:</b>	Achieved	Not Achieved	Previously Achieved
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
<b>DLI 1:</b> 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 State published in an average of 3.7 weeks.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 41.3%
<b>DLI 2:</b> 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.		The Citizens' inputs were published online on 15 <sup>th</sup> September 2019.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		The Citizens' budget was published online on 9 <sup>th</sup> February 2019.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
<b>DLI 3:</b> 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 does not have a TSA.
<b>DLI 4:</b> 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		Collection of revenue was not made into accounts nominated by SBIR.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: - Basic target: 20%-39%, Stretch target: 40% or more		The State's IGR declined by 9%
<b>DLI 5:</b> 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		100% of current civil servants' biometric data captured and linked to the 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		100% of current civil servants' BVN data was linked to the payroll.
<b>DLI 6:</b> 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.		The Law is structured like the UNCITRAL Model Law but does not comply with the requirements.
	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		There was no publication of contract award information online.
<b>DLI 7:</b> Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		No provisions were seen covering any of the three requirements
	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		The quarterly debt reports were submitted within an average of 2 months (58.5 days)
<b>DLI 8:</b> 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.		There was a percentage increase of 10.6% and the total domestic arrears were above N5billion.
<b>DLI 9:</b> 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%. <b>and</b> Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.	<b>Stretch target achieved</b>	Monthly debt service deduction was 7.4% of Gross FAAC, and the Total Debt Stock to Revenue ratio was 104%

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

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### 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 (06/09/2020 and 12/09/2020) with a team of [4 team members] persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/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
<b>DLI 1: Improved Financial Reporting and Budgeting Reliability</b>				
<b>DLR 1.1</b>	<b>Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management</b>		<b>Achieved</b>	
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?	<p>The Quarterly budget implementation reports were posted online on <a href="https://pfm.bo.gov.ng/budgets/">https://pfm.bo.gov.ng/budgets/</a> as follows:</p> <ul style="list-style-type: none"> <li>• Q1 – (10/05/2019) – 5.7weeks (40 days)</li> <li>• Q2 – (01/08/2019) –4.6 weeks (32 days)</li> <li>• Q3 – (10/10/2019) –1.4 weeks (10 days)</li> <li>• Q4 – (21/01/2020) –3.0 weeks (21 Days)</li> </ul> <p>Average week for the online publication is computed as below:</p> $\text{Average } \frac{5.7+4.5+1.4+3}{4}$ <p>Average =3.7 weeks (25.9 days)</p> <p>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.</p>	Satisfactory	

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.	<p>From our review of the Quarterly Budget Implementation reports downloaded from the State’s website <a href="http://www.pfm.bo.gov.ng">www.pfm.bo.gov.ng</a>, we observed following:</p> <ul style="list-style-type: none"> <li>• The budget implementation report includes the approved budget appropriation classification for the year against each organizational unit (MDAs) for each of the core economic classification of expenditure.</li> <li>• The Budget Implementation Reports include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date</li> <li>• The Budget Implementation Reports include the balances against each of the revenue and expenditure appropriations.</li> <li>• We also observed that the State does not have an amended/ revised budget.</li> </ul> <p>The reports include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations.</p>	Satisfactory	
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 states 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	Upon review of the State’s Budget Performance reports, it states the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and ‘Other Expenditures’ which include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	

	include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?															
<b>DLR 1.2</b>	<b>FY [2019] deviation from total budget expenditure is less than 25%</b>		<b>Not Achieved</b>													
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 25%</p>	<p>The State computed the budget deviation for 2019 to be 58.74%</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <table border="1" data-bbox="753 613 1272 813"> <thead> <tr> <th></th> <th>Original Budget</th> <th>Actual Outturn</th> </tr> </thead> <tbody> <tr> <td>Capital (Pg24)</td> <td>80,713,304,00</td> <td>38,422,534,465</td> </tr> <tr> <td>Rec. Exp (Pg24)</td> <td>64,026,173,375</td> <td>51,370,667,249</td> </tr> <tr> <td><b>Total</b></td> <td><b>144,739,477,375</b></td> <td><b>89,793,201,714</b></td> </tr> </tbody> </table> <p><math display="block">\frac{N\ 144,739,477,375 - N\ 89,793,201,714}{N\ 144,739,477,375} \times 100 = 37.96\%</math></p> <p>The budget performance deviation is 37.96%</p> <p><b>Source:</b> 2019 Audited Financial Statement, Pg. 24 and Approved Budget Expenditure and Actual Expenditure, Pg. 2-3. Cash accounting approach was used.</p>		Original Budget	Actual Outturn	Capital (Pg24)	80,713,304,00	38,422,534,465	Rec. Exp (Pg24)	64,026,173,375	51,370,667,249	<b>Total</b>	<b>144,739,477,375</b>	<b>89,793,201,714</b>	Unsatisfactory	The State should reduce the annual budget expenditure deviation to a level below the limits set for this result.
	Original Budget	Actual Outturn														
Capital (Pg24)	80,713,304,00	38,422,534,465														
Rec. Exp (Pg24)	64,026,173,375	51,370,667,249														
<b>Total</b>	<b>144,739,477,375</b>	<b>89,793,201,714</b>														
<b>DLI 2: Increased Openness and Citizens' Engagement in the Budget Process</b>																
<b>DLR 2.1</b>	<b>Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] budget</b>		<b>Achieved</b>													



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?	<p>a) The attendees are from the following LGAs: Hawul, Chibok, Shamai, Gubio, Marte, Dunmbua, and Munguno Local Government</p> <p>b) The CSO representatives in attendance are: Partnership to Engage Reform and Learn (PERL), Civil Society, CATAI/Civil Society, Associations of Persons with Disabilities, etc.</p> <p>c) The public consultation was held and evidences include minutes, attendance list and pictures.</p> <p>d) The consultation took place on Thursday 12th September, 2019 at International Conference Hall, Musa Usman Secretariat, Maiduguri.</p> <p>e) Ten (10) attendees were called to confirm their attendance at the public consultation.</p> <p>f) The budget was drafted on 6th December 2019; a copy of the draft budget has been obtained.</p> <p>g) The date of the consultation was 12th September 2019 and the date of the draft budget is 24th December 2018. The date of the Draft report came first.</p>	Satisfactory	
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?	<p>a) A key representative of the CSOs who cosigned the minutes of meeting was CATAI/CIVIL SOCIETY.</p> <p>b) The title of the Minutes is “Minutes of One-day town hall meeting” held at the international conference hall, Musa Usman Secretariat on Thursday 12<sup>th</sup> September 2019.</p> <p>c) The report mentioned the signatories as representing the organization below:</p> <ul style="list-style-type: none"> <li>• Min of Finance, Budget &amp; Economic Development.</li> <li>• Department of Budget &amp; Planning</li> <li>• CATAI/CIVIL SOCIETY</li> </ul> <p>d) The weblink of the minute is <a href="https://pfm.bo.gov.ng/budgets/">https://pfm.bo.gov.ng/budgets/</a> and was published online on 15<sup>th</sup> September 2019; while the budget was published on 28<sup>th</sup> October 2019.</p> <p>e) See Appendix A for weblinks to the proposed/final budget</p>	Satisfactory	
DLR 2.2 New	<b>Citizens’ budget based on approved FY19 State budget published online by end April 2019.</b>		<b>Achieved</b>	

1 New	Has the State published online, on the State website(s) a <i>Citizens Budget based on the approved FY19 state budget</i> not later than 30 April 2019?	The Citizens budget based on approved FY19 state budget was published on 9th February 2019 which was before the due date. The web link is ( <a href="https://pfm.bo.gov.ng/budgets/">https://pfm.bo.gov.ng/budgets/</a> ) accessed on 15th September 2019.	Satisfactory	
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	<p>We confirmed that the Citizens budget summarizes in a comprehensible manner to citizens the approved FY19 state budget and it was prepared in the format given to the States. It accurately includes the key budget information from the original budget, including the following:</p> <ul style="list-style-type: none"> <li>i. The citizen's budget has simple explanation for the citizens to understand.</li> <li>ii. Breakdown of revenues and expenditures <ul style="list-style-type: none"> <li><b>Revenue</b></li> <li>a) Internally Generated Revenue</li> <li>b) Statutory Allocation</li> <li>c) Value Added Tax</li> <li>d) Other Statutory Revenue</li> <li>e) Domestic Grants</li> <li>f) Foreign Grants</li> <li>g) Sales of Government Assets</li> <li><b>Expenditures</b></li> <li>a) Personnel Cost</li> <li>b) Overhead Cost</li> <li>c) Consolidated Revenue Charges</li> <li>d) Transfers</li> <li>e) Interest Payments</li> <li>f) Other Recurrent Expenditure</li> <li>g) Total Capital Expenditure</li> </ul> </li> <li>iii. There is no Budget deficit.</li> <li>iv. There are sectoral allocations to MDAs of the State in the budget as listed below: <ul style="list-style-type: none"> <li>a) Ministry of Finance, Budget and Economic Planning</li> <li>b) Ministry of Health</li> <li>c) Ministry of Works and Transport</li> <li>d) Education Sector</li> </ul> </li> </ul>	Satisfactory	

		<p>e) Ministry of Water Resources</p> <p>v. Top Projects to be financed are:</p> <p>a) Construction /Provision of Office Building</p> <p>b) Purchase/Distribution of Relief Materials to Disaster Victims</p> <p>c) Construction/Provision of Office Buildings/Complex</p> <p>d) Construction/Provision of Residential Buildings/Village</p> <p>e) Construction/Provision of Roads/Payment of Liabilities</p>		
<b>DLI 3: Improved Cash Management and reduced Revenue</b>				
<b>Leakages through Implementation of State TSA</b>				
<b>DLR 3.0</b>	<b>Improved cash management and reduced revenue leakages through implementation of State TSA</b>		<b>Not Achieved</b>	
1	Has the State established a functional State-level TSA?	<p>a. The State has not established a Functional TSA. FAAC and VAT are paid into the Central Account which is Borno State Zenith Bank Central Account No: 1010552167 and expended from same. The State does not maintain separate Accounts for FAAC and VAT.</p> <p>b. The State operates multiple accounts as stated below</p> <ul style="list-style-type: none"> <li>• IGR Main Account: Non-Expendable Account that serves as the lead IGR account domiciled in Zenith Bank with Account no. 1011977763.</li> <li>• FAAC Account: Borno State does not have a Functional TSA therefore the Borno State Government Central Account was not covered by TSA in the FY2019.</li> <li>• VAT Account: Borno State does not have a Functional TSA therefore the Borno State Government Central Account was not covered by TSA in FY2019.</li> </ul>	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	<p>a) The State does not have a cash management strategy.</p> <p>b) There is no evidence of implementation of processes since the State does not have a cash management strategy.</p>	Unsatisfactory	The State should implement an approved cash management strategy which covers the processes through which the State is able

	Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.			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)?	Borno State does not have any electronic application to view cash balances. a) The State does not have a functional TSA and does not have an application to view cash balances. b) The State did not deploy any application to view cash Balances.	Unsatisfactory	The State should establish a cash management system that allows for a central view of cash balances in bank accounts on a single electronic dashboard.												
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	a) The State does not have a functional TSA.	Unsatisfactory	The State's TSA should have one consolidated revenue treasury account for state revenues (FAAC and IGR)												
5	Does the TSA cover a minimum of 70% of the State Government's finances?	The State does not have a functional TSA; therefore, the following computation could not be completed.  See the computation below:  <table border="1" data-bbox="625 1203 1184 1385"> <thead> <tr> <th></th> <th>Total Inflows</th> <th>Total Outflows</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td></td> <td></td> </tr> <tr> <td>Government Finances*</td> <td>82,306,259,587</td> <td>85,018,827,974</td> </tr> <tr> <td>Percentage</td> <td>???</td> <td>???</td> </tr> </tbody> </table>		Total Inflows	Total Outflows	TSA Bank Statement			Government Finances*	82,306,259,587	85,018,827,974	Percentage	???	???	Unsatisfactory	The State's TSA should cover a minimum of 70% of Government Finances for the 2020 APA and 80% thereafter.
	Total Inflows	Total Outflows														
TSA Bank Statement																
Government Finances*	82,306,259,587	85,018,827,974														
Percentage	???	???														

		<p>The average is percentage computation is:</p> $\frac{??\% + ??\%}{2} = ??\%$ <p>The State does not operate a functional TSA; therefore, the computation could not be completed.</p>		
<b>DLI 4: Strengthened Internally Generated Revenue (IGR) Collection</b>				
<b>DLR 4.1</b>	<b>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</b>		<b>Not Achieved</b>	
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?	<ul style="list-style-type: none"> <li>a) The full name of the extant Revenue Law for the State is "Borno State Internal Revenue Service (Re-establishment, Harmonization and Administration) Law 2020". The Law was approved and assented to on the 10/09/2020.</li> <li>b) The Revenue Code &amp; rates is included in the Revenue Law.</li> <li>c) The State's revenue code does not contain more than one Law.</li> <li>d) The revenue code was approved and assented to on the 10/09/2020.</li> <li>e) The weblink is: <a href="https://pfm.bo.gov.ng/revenue/">https://pfm.bo.gov.ng/revenue/</a></li> <li>f) Borno State Internal Revenue Service (Re-establishment, Harmonization and Administration) Law 2020 includes all IGR Sources.</li> <li>g) Information published in the Borno State Internal Revenue Service (Re-establishment, Harmonization and Administration) Law 2020 includes rates chargeable for each IGR Sources.</li> </ul>	Satisfactory	This result is for the 2020 APA which is to be conducted in 2021. It has been assessed early as requested the Programme.

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?	<p>a) The Borno State Internal Revenue Service (Re-establishment, Harmonization and Administration) Law 2020 has been downloaded and a hard copy was obtained from the State, it was observed that that the Law includes the revenue code.</p> <p>b) The Law stipulates the Internal Revenue Service as the sole Agency Responsible for State Revenue.</p>	Satisfactory	
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	<p>a) Collection of Revenues is made into the Zenith Bank, Non-expendable Lead IGR Collection Account and 18 other IGR Collection Accounts. There was no evidence to proof that the Accounts were nominated by the SBIR.</p> <p>b) The SBIR does not have full oversight of accounts since the collection of Revenues is made into the Zenith Bank, Non-expendable Lead IGR Collection Account and 18 other IGR Collection Accounts. There was no evidence to prove that the Accounts were nominated by the SBIR.</p>	Unsatisfactory	State should revalidate revenue accounts by ensuring SBIR/SIRS nominates such accounts
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?  It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The revenue code was approved and assented to on the 10/09/2020.	Satisfactory	
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<p>a) The Team downloaded the State Internal Revenue Service (Re-establishment, Harmonization and Administration) Law 2020, it includes rates and codes.</p> <p>b) The Law was accessed and downloaded on 11/09/2020.</p> <p>c) The web like is <a href="https://pfm.bo.gov.ng/revenue/">https://pfm.bo.gov.ng/revenue/</a></p>	Satisfactory	

DLR 4.2	Annual nominal IGR growth rate meets target		Not Achieved																																					
1	<p>Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets?</p> <p>Basic Target: 20%-39% Stretch Target: 40% or more</p>	<p>a) The State adopted Cash basis of Accounting for FY18 and FY19</p> <p>c. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1" data-bbox="695 397 1335 1328"> <thead> <tr> <th></th> <th>NGN</th> <th></th> <th>% GROWTH</th> </tr> <tr> <th>Item</th> <th>2018</th> <th>2019</th> <th></th> </tr> </thead> <tbody> <tr> <td>1. Reported IGR in AFS (Before Adjustments)</td> <td>6,822,108,918</td> <td>4,834,199,111</td> <td>-29%</td> </tr> <tr> <td>2. INVALID items to be deducted IF reported as part of IGR</td> <td>1,766,434,648</td> <td>250,328,376</td> <td></td> </tr> <tr> <td>Sale of govt property, privatization proceeds</td> <td>-</td> <td>91,321,000</td> <td></td> </tr> <tr> <td>Investment Income (e.g. dividends)</td> <td>-</td> <td>3,841,366</td> <td></td> </tr> <tr> <td>Miscellaneous</td> <td>1,766,434,648</td> <td>155,166,010</td> <td></td> </tr> <tr> <td>3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)</td> <td>5,055,674,270</td> <td>4,583,870,735</td> <td>-9%</td> </tr> </tbody> </table> <p><math>\frac{N4,583,870,735 - N5,055,674,270}{N5,055,674,270} \times 100</math></p>		NGN		% GROWTH	Item	2018	2019		1. Reported IGR in AFS (Before Adjustments)	6,822,108,918	4,834,199,111	-29%	2. INVALID items to be deducted IF reported as part of IGR	1,766,434,648	250,328,376		Sale of govt property, privatization proceeds	-	91,321,000		Investment Income (e.g. dividends)	-	3,841,366		Miscellaneous	1,766,434,648	155,166,010		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)	5,055,674,270	4,583,870,735	-9%	Unsatisfactory	The State should improve on IGR collection to at least achieve a 20% annual growth rate as the minimum required for this result.
	NGN		% GROWTH																																					
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1. Reported IGR in AFS (Before Adjustments)	6,822,108,918	4,834,199,111	-29%																																					
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		= -9 %		
		There was a decline in IGR by 9%		
		Source: 2019 and 2018 Audited Financial Statement Pg44 to 48 and Pg40 to 44 Respectively		
<b>DLI 5:Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud</b>				
<b>DLR 5.1</b>	<b>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</b>		<b>Achieved</b>	
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?	<p>The State commenced the Biometrics exercise of the civil servants and pensioners in January 2016 and it is continuous as the need arises.</p> <p>a) The Biometric data capture of the civil servants and pensioners is not outsourced.  b) The total no of civil servants:17,238  c) The total no of pensioners: 10,613  d) The total no of staff on the State Nominal roll and Payroll is 27,851  e) Biometrics data captured:27,851</p> <p style="text-align: center;">Salary/pension payroll summary (Pension Biometrics Details) from January 2019 to December 2019.</p> $\frac{27,851}{17,238 + 10,613} \times 100 = 100\%$ <p>The State had captured 100% of the State' civil servants and pensioners.</p>	Satisfactory	



2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	<ul style="list-style-type: none"> <li>a) The State commenced the BVN data capture of the civil servants and pensioners in January 2016 and is still ongoing.</li> <li>b) The biometrics data of all State civil servants and pensioners has been linked to the payroll.</li> <li>c) There were no issues of ghost workers and ghost pensioners during the biometrics linkage to payroll, rather there were unverified staff who did not show up for the exercise but were later captured.</li> <li>d) In-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths etc.) were captured during the biometric exercise</li> <li>e) There is a procedure in place for ensuring timely updates to the payroll to reflect leavers, retirees and deaths. The procedure is that notification comes from the department of either the leaver, retiree or the deceased staff to the Payroll Office through an official letter, once this letter is received, the payroll office immediately stops the payments of such persons.</li> </ul>	Satisfactory	
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<ul style="list-style-type: none"> <li>a) There were no issues of ghost workers and ghost pensioners during the biometrics linkage to payroll, rather there were unverified staff who did not show up for the exercise but were later captured.</li> <li>b) There was no issue of ghost workers</li> <li>c) The source of this information is the Report of the High-Powered Committee on Staff Verification and Biometric Data Capturing Exercise in the Borno State Civil Service Main Report 2018, Implementation of Biometrics/BVN Register.</li> </ul>	Satisfactory	
5.2	<b>Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed</b>		<b>Achieved</b>	
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	<p>The State commenced the BVN data capture of the civil servants and pensioners in January 2016 and is still ongoing.</p> <ul style="list-style-type: none"> <li>a) The Biometric data capture of the civil servants and pensioners is not outsourced.</li> <li>b) The total number of civil servants is 17,238.</li> </ul>	Satisfactory	

		<p>c) The total number of pensioners 10,613.  d) The total number of staff on the State nominal roll is 27,851.  e) The number of civil servants and pensioners whose BVN have been linked to payroll is 17,238 and 10,613 respectively.  f) Documents obtained are Implementation of Biometrics/BVN Register, Report of the High-Powered Committee on Staff Verification and Biometric Data Capturing Exercise in the Borno State Civil Service Main Report April 2018, Implementation of Biometrics/BVN Register.</p> $\frac{\text{No of BVN Data Linked}}{\text{Total No of Civil Servants + Pensioners}} \times 100$ $\frac{17,238 + 10,613}{27,851} \times 100$ $= 100\%$ <p>The State has linked 100 % of the State' civil servants and pensioners BVN data to the payroll.</p>		
2	Has the State taken steps to identify payroll fraud?	<p>a) All staff of Borno State Government and Pensioners have their BVN data linked to the payroll system.  b) There was no payroll fraud identified.  c) The Source of information is from a one-page report expunged from the State's database "Implementation of Biometrics/BVN Register"</p>	Satisfactory	
<b>DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money</b>				
<b>DLR 6.1</b>	<b>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</b>		<b>Not Achieved</b>	

	<b>independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget</b>			
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?	<p>a) The State has the “Borno State Bureau on Public Procurement and Other Matters Related Therewith Law, 2019”, which was assented to by the Governor on 3<sup>rd</sup>December, 2019.</p> <p>b) Public Procurement Legal Framework has been approved by the State Legislature.</p> <p>c) The Procurement Law has been passed to Law.</p> <p>d) The authorizing office is the Borno State Bureau on Public Procurement.</p> <p>e) The date approval of the law was 3<sup>rd</sup> December, 2019.</p> <p>f) The date of its online publication is 2<sup>nd</sup>July, 2020.</p> <p>g) The source of online publication is the State official website. <a href="https://bpp.bo.gov.ng">https://bpp.bo.gov.ng</a></p>	Satisfactory	
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	<p>The Borno State Bureau of Public Procurement and Other Matters Related Therewith Law, 2019 is structured broadly along the lines of the UNCITRAL Model Law however, it does not fully meet the requirements as shown below:</p> <p><b>1. E-Procurement</b> - We noted the following during our review of the legislation;</p> <ul style="list-style-type: none"> <li>• The Board has the power to introduce, develop, update, and maintain related data base and technology. Section 7(p)</li> <li>• The Bureau shall set up a secure electronic portal which shall be a definitive source of procurement information sections.</li> <li>• The law provides that each Procuring Entity may conduct its tender by electronic means see section 18(29).</li> </ul> <p>The law therefore complies with the requirements for e-procurement.</p> <p><b>2. Independence</b> -The results of our assessment of the legislation for independence are in the table below:</p>	Unsatisfactory	<p>The State should make the following improvements:</p> <p>i. Amend to ensure membership of board/Council includes representatives from professional bodies/Associations</p> <p>ii. Amend to ensure that regarding the decisions of the agency; any other review after the board’s decision should be by judicial review.</p>

Required Provisions*	Result
The Functions and Powers of the Agency	Compliant; see sections 7&8
The composition of the board	Compliant; See sections 4 (1-3)
Membership of the Board/Council includes representatives from Professional bodies and associations.	Not Compliant; The law does not in section 4(1) or anywhere else provide for any Professional body to be represented in the Council as required by DLR 6.
The grounds for removal of the Chief Executive of the agency.	Compliant; see section 9 (4)
Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Non-compliant; see section 55(8) of the law. There are no provisions for High Court Review of decisions of the Procurement Bureau. The requirement for mediation and arbitration at this stage of the procurement process when no contract agreement has been entered into between the Procuring Entity and any Bidder is fraught with many challenges and may be impracticable to implement.

\*Provided by the World Bank

### 3. Establishment of an independent procurement regulatory agency-

- a) The State has instituted an independent procurement regulatory function known as Borno State Bureau on Public Procurement "A Law to Establishment Borno State Bureau on Public Procurement and Other Matters Related Therewith, Law, 2019" A11 Section 3 subsection (1-3).
- b) The Law covers all MDAs receiving funds from State budget.

		c) The law covers all MDAs receiving funds from Borno State Government and LGAs. Page A18 Part 111 - "Scope of Application". S 17(1) (a - c), (Pg. A10) "Procurement Entity" for LGAs.		
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	<p>a) The State has instituted an independent regulatory procurement function.</p> <p>b) Procurement regulatory function is performed through a Bureau.</p> <p>c) The agency is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework. See PgA13 - A14 "Powers of the Bureau.S.8. of A Law to Establish Borno State Bureau on Public Procurement and other Matters Related Therewith, Law, 2019.</p> <p>d) An interview was conducted with the Chief Executive and Management, a physical inspection of the Bureau was conducted and evidence of pictures has been obtained, also "A Law to Establish Borno State Bureau on Public Procurement and Other Matters Related Therewith, Law, 2019 has been obtained".</p> <p>e) The Agency was not in existence during the period under review. Therefore, no procurement cases were randomly selected for testing, and no test of effectiveness and functionality was carried out.</p>	Unsatisfactory	The State should ensure the establishment of an independent procurement regulatory agency to effectively carry out the required functions.
<b>DLR 6.2</b>	<b>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]</b>		<b>Not Achieved</b>	
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	a) There was no publication because the agency was not in existence during the period under review. Meanwhile the Procurement Law has provision for OCDS, see Pg A12 Function of the Bureau S.7(e) of "A Law to Establish Borno State Bureau on Public Procurement and Other Matters Related Therewith, Law, 2019".	Unsatisfactory	State should adopt the OCDS and publish contract award information online as required under the standard.

	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).	b) There was no publication because the agency was not in existence during the period under review. Therefore, no test was carried out.		
<b>DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework</b>				
<b>DLR 7.1</b>	<b>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.</b>		<b>Not Achieved</b>	
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 State has not provided copies of their approved State -level public debt legislation.	Unsatisfactory	The State should enact an adequate Debt Management Law or Fiscal Responsibility Law.
2	Does the legislation include provisions which establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and	State if the legislation includes all of the required provisions or NOT.  a) The State has not provided copies of their approved State-level public debt legislation.	Unsatisfactory	State should pass public debt legislation

	3) Fiscal and debt rules/limits for the state.			
3	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.	<p>a) The State Debt Management Department has been operational during the APA year and performing the core function of recording and reporting State debt.</p> <p>b) A hard and soft copy of the State Domestic Debt Report has been obtained and Memo to State Executive Council by His Excellency hard copy obtained.</p>	Satisfactory	
<b>DLR 7.2</b>	<b>Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019</b>		<b>Achieved</b>	
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?	<p>We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> <li>• Q1 submitted on 08/07/2019–14.1 weeks (99 days),</li> <li>• Q2 submitted on 21/07/2019–3 weeks (21days),</li> <li>• Q3 submitted on 28/11/2019- 8.4 weeks (59days) and</li> <li>• Q4 submitted on 24/02/2020 - 7.8 weeks (55days).</li> </ul> $\frac{99+21+59+55}{4} = 58.5 \text{ days}$ <p>The SDDRs were submitted within an average of 2 months (58.5 days).</p>	Satisfactory	
2	<p><b>Note: Have you reviewed for accuracy and completeness from the DMO:</b></p> <p>The State Domestic and External Debt Report (SDEDR) along with all underlying data</p>	<p>We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Borno State Debt Domestic Report and both showed difference in amount of ₦ 11,890,463,225.06. The DMO's Report on the State Domestic and External Debt Report (SDEDR) showed ₦95,276,918,332 when compared with the Borno</p>	n/a	

	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.	State Debt Domestic report which showed ₦83,386,455,106.94. The report was supported with the DMO's templates and guidelines.  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.		
<b>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</b>				
<b>DLR 8.0</b>	<b>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.</b>	The state submitted to the IVA the annual state arrears recording, verification, and clearance report (SARVCR)	<b>Not Achieved</b>	
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has an Arrears Clearance Framework. b) The Team obtained a copy of the ACF c) The Arrears Clearance Framework was published on 18 November 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 with an action plan to prioritize gratuity and pension arrears. b) The planned actions to settle arrears shows that the State prioritized the payment of Contractors arrears, pension and gratuity, and salary arrears in 2019, with the earmarked sums of ₦5billion, ₦1.1billion and ₦250million respectively. c) No other document was submitted apart from the ACF.	Satisfactory	



3	Has the ACF been published on a State official website?	<ul style="list-style-type: none"> <li>a) The ACF has been published on the State official website.</li> <li>b) A copy of the ACF has been downloaded.</li> <li>c) <a href="https://pfm.bo.gov.ng/dmo/">https://pfm.bo.gov.ng/dmo/</a></li> </ul>	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	<ul style="list-style-type: none"> <li>a) The clearance of domestic expenditure arrears is consistent with the ACF. The IVA was availed the newspaper publication advertising Government plan to pay arrears with evidence of the action plan that depicts payment of contractors arrears of ₦ 5Billion, ₦ 1.1Billion for Pension and gratuity and ₦ 250million salary arrears for 2019. Evidence obtained: Newspaper publication and approval of the Governor for the payment.</li> </ul>	Satisfactory	
5.	Has the State established an Internal Domestic Arrears Database?	<ul style="list-style-type: none"> <li>a) The State has established an Internal Domestic Arrears Database.</li> <li>b) The Internal Domestic Arrears Database includes the following: <ul style="list-style-type: none"> <li>a. The aggregate and individual amounts of contractors' arrears: ₦ 22,897,968,045.65</li> <li>b. The aggregate amount of pension and gratuity arrears: ₦ 16,893,141,285.35</li> <li>c. The aggregate amount of salary arrears and other staff claims: ₦ 516,273,101.00</li> <li>d. The aggregate amount of other types of domestic arrears: ₦ 83,458,455,106.9</li> </ul> </li> <li>c) The arrears figure was verified by calls placed by the IVA to a sample of creditors to compare the certificates of valuation with figures held by the creditors.</li> <li>d) The arrears database provided was reviewed and monthly balances compared.</li> <li>e) We cross-checked and recomputed to ascertain the accuracy of figures including figures attached to specific beneficiaries.</li> </ul>	Satisfactory	
6	Has the State published online elements of the internal domestic arrears database for the FY <b>2018</b> and FY <b>2019</b> reported on a State official website, which constitutes the online publicly accessible arrears database?	<ul style="list-style-type: none"> <li>a) The State has published online the required elements of the internal Domestic Arrears Database.</li> <li>b) We compared the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and verify the consistency and accuracy of the information on the online publicly-accessible arrears database.</li> </ul>	Unsatisfactory	

		<p>c) There is no electronic online portal that enables potential individual contractors whose claim was not listed on the database to fill a confidential form online and can also attach evidence of their claim.</p> <p>d) The team could not obtain records from the State on the omissions reported by contractors since the State does not have electronic portal.</p>														
7. New	<p>Does the online publication include?</p> <p>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.</p>	<p>The online publication contains the aggregate amounts for the four types of arrears.</p> <p>The Contractors list submitted contains arrears of age long debt such that it was difficult to ascertain those exceeding ₦20million.</p>	Satisfactory													
New	<p>Has the State met the following:</p> <p>(ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and</p>	<table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>22,897,968,045.65</td> <td>23,835,123,815</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>16,893,141,285.35</td> <td>12,078,573,842</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td>516,273,106.94</td> <td>516,273,102</td> </tr> </tbody> </table>	Aggregate Amount of:	2019	2018	Contractors Arrears	22,897,968,045.65	23,835,123,815	Pension and Gratuity arrears	16,893,141,285.35	12,078,573,842	Salary arrears and Staff claims	516,273,106.94	516,273,102	Unsatisfactory	The State should ensure a reduction by at least 5% to meet the Basic Target or maintain a domestic debt stock below N5billion
Aggregate Amount of:	2019	2018														
Contractors Arrears	22,897,968,045.65	23,835,123,815														
Pension and Gratuity arrears	16,893,141,285.35	12,078,573,842														
Salary arrears and Staff claims	516,273,106.94	516,273,102														

<p>is consistent with the state's arrears clearance framework.</p> <p><b>-Basic target:</b> At least a 5% year-on-year decline or maintain stock or arrears below N5billion.</p> <p><b>-Stretch target:</b> More than 20% year-on-year decline.</p> <p><i>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.</i></p>	<table border="1" data-bbox="604 134 1262 289"> <tr> <td>Other types of domestic expenditure arrears</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total Domestic Arrears</b></td> <td>40,307,382,437.94</td> <td>36,429,970,759</td> </tr> </table> <p>The pensions and Gratuity arrears increased in 2019 as a result of the Biometric exercise that led to an almost complete stop in payment until beneficiaries were duly captured and verified. The payment commenced immediately the beneficiaries were verified.</p> <p>a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database.</p> $\frac{\text{N}36,429,970,759 - \text{N}40,307,382,437.94}{\text{N}40,307,382,437.94} \times 100$ $\frac{\text{N}36,429,970,759}{\text{N}40,307,382,437.94} = (10.6\%)$ <p>From the above computation, there was a percentage increase of 10.6%. Also, the total domestic arrears were above N5billion.</p> <p><b>Source:</b> State internal domestic expenditure arrears database</p>	Other types of domestic expenditure arrears	-	-	<b>Total Domestic Arrears</b>	40,307,382,437.94	36,429,970,759		
Other types of domestic expenditure arrears	-	-							
<b>Total Domestic Arrears</b>	40,307,382,437.94	36,429,970,759							
<b>DLI 9: Improved Debt Sustainability</b>									
<p><b>DLR 9.0</b></p> <p><b>Average monthly debt service deduction is &lt; 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:</b></p> <p><b>-Basic target: &lt; [140%]</b></p> <p><b>-Stretch target: &lt; [115%]</b></p>		<p><b>Achieved</b></p> <p>Stretch target met</p>							
<p>Has the State met:</p> <p>(i) the ratio of total monthly debt service (principal and</p>	<p>The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.</p>	<p>Satisfactory</p>							

<p>interest) deductions from FAAC allocation during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2019) to the gross FAAC allocation for the same calendar year?</p> <p><b>Less than</b> :&lt; [40%]</p>	<p>Total Service Deduction <del>₦4,926,106,473</del> x100 Gross FAAC <del>₦66,897,205,349</del></p> <p>= 7.4 %</p> <p><b>Source:</b> FMoF (FAAC)</p>																								
<p>Has the State met:</p> <p>(ii) the ratio of total debt stock at end-of-year (31<sup>st</sup> December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2019)?</p> <p><b>-Basic target:</b>&lt; [140%] <b>-Stretch target:</b> &lt; [115%]</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><b><u>Total Public Debt</u></b></p> <table border="1" data-bbox="606 634 1228 850"> <thead> <tr> <th></th> <th>Financial Statements</th> <th>DMO figures (Adj)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>83,386,455,106.94</td> <td>90,041,672,123</td> </tr> <tr> <td>Total External Debts</td> <td>6,170,049,920.00</td> <td>5,235,246,208</td> </tr> <tr> <td><b>Total Public Debts</b></td> <td><b>89,556,505,026.94</b></td> <td><b>95,276,918,332</b></td> </tr> </tbody> </table> <p><b><u>Total annual revenue</u></b></p> <table border="1" data-bbox="606 971 1173 1149"> <tbody> <tr> <td>2019 Adjusted IGR (see DLI 4.2)</td> <td>4,583,870,735.00</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>66,897,205,349.00</td> </tr> <tr> <td>Grants</td> <td>20,070,837,000.00</td> </tr> <tr> <td>Other Revenues</td> <td>3,841,366.00</td> </tr> <tr> <td><b>Total Revenue**</b></td> <td><b>91,555,754,450.00</b></td> </tr> </tbody> </table> <p>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.</p> <p>We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p> <p><b>₦95,276,918,332x 100</b></p>		Financial Statements	DMO figures (Adj)	Total Domestic Debts	83,386,455,106.94	90,041,672,123	Total External Debts	6,170,049,920.00	5,235,246,208	<b>Total Public Debts</b>	<b>89,556,505,026.94</b>	<b>95,276,918,332</b>	2019 Adjusted IGR (see DLI 4.2)	4,583,870,735.00	Gross FAAC Allocation	66,897,205,349.00	Grants	20,070,837,000.00	Other Revenues	3,841,366.00	<b>Total Revenue**</b>	<b>91,555,754,450.00</b>	Satisfactory	
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		<p>₦91,555,754,450</p> <p style="text-align: center;"><u>=104%</u></p> <p><b>Sources:</b> For Total Revenue 2019 Audited Financial Statement, Pg.17.For Total Public Debt from DMO* as at December 31,2019</p> <p>*Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue</p> <p>b. The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same with the debt stock stated in the audited financial statement.</p> <p>c. There is a difference between the debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is ₦95,276,918,332 while the debt stock stated in the Audited Financial Statements is ₦89,556,505,026.94.</p> <p>d. The difference has been communicated to the State for explanation.</p> <p>e. The difference has been calculated in value as ₦5,720,413,305.06 (₦95,276,918,332 - ₦89,556,505,026.94) and in percentage terms as 6% (₦95,276,918,332 - ₦89,556,505,026.94 / ₦89,556,505,026.94*100)</p> <p>f. The SDEDR was amended and resubmitted to the IVA along with explanations for any changes.</p>		
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**TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR BORNO STATE**

<b>TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLES FOR BORNO STATE</b>	<b>AMOUNT (₦)</b>
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,015,319,425
BAIL OUT (SALARIES) (SOURCE CBN)	19,698,069,944
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	6,912,900,322
STATE BONDS	-
COMMERCIAL BANK LOANS	-
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
INFRASTRUCTURE LOAN (CBN FACILITY)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	2,000,000,000
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	108,000,000
CONTRACTORS' ARREARS	22,897,968,046
PENSION AND GRATUITY ARREARS	16,893,141,286
SALARY ARREARS AND OTHER CLAIMS	516,273,101
OTHER DEBTS	-
<b>TOTAL DOMESTIC DEBT (TDD)</b>	<b>90,041,672,123</b>
<b>TOTAL EXTERNAL DEBT (TED)</b>	<b>5,235,246,208</b>
<b>TOTAL PUBLIC DEBT (TED+TDD)</b>	<b>95,276,918,332</b>

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

	NGN
Item	2019
<b>1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)</b>	<b>66,897,205,349</b>
<b>1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)</b>	<b>53,684,890,321</b>
1.1.1 Gross statutory allocation	51,427,556,827
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	2,257,333,494
<b>1.2 VAT</b>	<b>13,212,315,028</b>
<b>2. Internally Generated Revenues (IGR) - Adjusted</b>	<b>4,583,870,735</b>
<b>3. Grants (internal and external)</b>	<b>20,070,837,000</b>
<b>4A. Other revenues (4.1 + 4.2 + 4.3)</b>	<b>3,841,366</b>
4.1 Investment Income (e.g. dividends)	3,841,366
4.2 Interest Earned	
4.3 Miscellaneous	
<b>Total Revenues and Grants Calculations</b>	
<b>A) Total Revenues and Grants is (1+2+3+4A)</b>	<b>91,555,754,450</b>

## 4. Response from the State

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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	Borno State SFTAS team have read the report and find the report fair and satisfactory. (Except the slight difference between DMO figure and our own)	This is noted. We did not receive any revised figure from DMO.



## Appendix A

### 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](mailto:sftas@oaugf.ng)

#### **Eligibility Criteria 2019 Part I - The online publication of Approved Budgets for 2020 by 31<sup>st</sup> January 2020**

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
<a href="http://ago.bo.gov.ng/wp-content/uploads/2020/01/2020-Appropriation-Law-11.pdf">http://ago.bo.gov.ng/wp-content/uploads/2020/01/2020-Appropriation-Law-11.pdf</a>	A search was done on Borno State website	The 2020 Budget was published on the State Official website, a copy was downloaded.	A request was made on 08/01/2020 to the focal persons to provide evidence of the approval of 2020 budget / Governor's assent.	<b>EC met</b>  A weblink was received from the focal person on 17/01/2020 which provided evidence of Governor's assent

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

**Eligibility Criteria 2019 Part 2 - The online publication of Audited Financial Statements for FY2018 by 30<sup>th</sup> September 2019**

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
<a href="http://ago.bo.gov.ng/reports/">http://ago.bo.gov.ng/reports/</a>	A search was done on the Borno State Website and their Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded.	N/A	EC met

Tests/checks performed	Results	Areas for improvement
<b>Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)</b>	Yes	None
<b>Were the Financial Statement for 2018 available published online before 30<sup>th</sup> September 2019?</b>	Yes	None
<b>Are the published financial statements clear and legible?</b>	Yes	None
<b>Can the Financial Statements be downloaded?</b>	Yes	None
<b>Do we have evidence of audit by the State Auditor-General?</b>	Yes	None
<b>Are the financial statements complete, including primary statements and disclosure notes?</b>	Yes	None
<b>Are there any indications that balances within the financial statements are not credible</b>	n/a	Please see the 2018 APA Report