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

2020 Annual Performance Assessment (APA) Report

CROSS RIVER STATE

By:

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

JUNE 2022

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1.   Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Cross River State for the 2020 year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines, and verification protocol.

Table 1 (below) reflects the outcome of the 2020 APA for Cross River State and shows areas where the State was able to achieve results. In total, Cross River State achieved 9 (nine) DLRs out of 15 DLRs applicable to the 2020 APA while Three (3) DLRs were achieved in 2019 APA.

Table 1: Assessment Results

Key:	Achieved	Not Achieved	Previously Achieved

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY20 quarterly budget implementation reports for Q2, Q3, and Q4 published on average within 4 weeks of quarter-end to enable timely budget management	Achieved	
	DLR 1.2: FY20 deviation for total amended budget expenditure is < 15%	Achieved	
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2021 budget.	Achieved	
	DLR 2.2: Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms	Achieved	
DLI 3: Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances.		• The State did not have a functional TSA • The State TSA did not cover a minimum of 70% of the Government finances.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published	2019	
	DLR 4.2: 2020-2019 annual nominal IGR growth rate meets target: i.e. 2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection		The State's IGR declined by 26%
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll	Achieved	
	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed	Achieved	
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency, and 3) Cover all MDAs receiving funds from the state budget	2019	
	DLR 6.2: (Basic Target) Framework contract for e-Procurement signed by 31 December 2020 AND Publication of contract award information above the threshold set out in the State's		• The framework contract for e-procurement was not signed by the due date.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	procurement law/regulation every month in OCDS format on the state website or online portal if available. DLR. 6.2 (Stretch Target) Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs **AND** *For those MDAs without e-procurement:* Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available		• The State did not publish all contract award information online.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.	**2019**	
	DLR 7.2: Quarterly state debt reports for Q2, Q3, and Q4 accepted by the DMO on average two months or less after the end of the quarter in 2020 **AND** Annual State debt sustainability analysis published by end of December 2020		The Annual State Debt Sustainability Analysis did not meet the requirements.
DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 AND end 2020 reported in an online publicly accessible database, with a verification process in place. Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with verification process in place **AND** at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock of arrears below 5 billion.		The percentage decline in the verified stock of domestic arrears was less than 5%
DLI 9: Improved debt sustainability	Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: Basic target: < 150%, Stretch target: < 125%.		The debt stock to revenue ratio was 294.64%

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

1. DLR 3.0: Develop a functional State-level TSA where all Government revenues (IGRs ad FAAC) are credited into before expenditure. Increase the percentage of state government finances flowing through the TSA to eventually ensure that all government finances flow through the TSA.

2. DLR 4.2: Improve its IGR collection to achieve significant year-on-year growth in nominal IGR.

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

4. DLR 7.2: The Annual State Debt Sustainability Analysis includes a detailed description of the State's debt portfolio and borrowing options; The Annual State Debt Sustainability Analysis includes an Analysis of the debt and fiscal figures in the preceding year.

5. DLR 8: Domestic arrears are cleared year on year to achieve total arrears of less than N5bn as soon as possible.

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

The Office of the Auditor-General for the Federation (OAuGF) as Independent Verification Agent and PricewaterhouseCoopers (PwC) agree on all the results shown in this report.

2. Introduction

2.1 Overview

The Federal Government of Nigeria is implementing a four-year program to support the Nigerian States to strengthen fiscal performance and sustainability: The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results ("The Program").

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

All States can participate in the Program in each of the four years and benefit from the PforR funds by meeting set Eligibility Criteria and any or all the indicators of fiscal transparency, accountability, and sustainability.

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and PricewaterhouseCoopers (PwC) was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2020. To ensure a high-quality assessment, the IVA had some input/support from the Debt Management Office (DMO), to review the legislation and returns in place in this State .

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2020 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines, and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state's eligibility for grants under the 2020 APA.

The verification protocol was set early in the preparation for the Program and all States. Implementing agencies and other key stakeholders have been continuously sensitized on the program's requirements and the protocol for 2020. The assessment results are binary (Achieved or Not Achieved), 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 (21/02/2022 and 25/02/2022) with a team of 6 persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

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

The Office of the Auditor-General for the Federation (OAuGF) and PricewaterhouseCoopers (PwC) are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are

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

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2020] quarterly budget implementation reports published with Q2, Q3, and Q4 reports published on average within [4 weeks] of quarter end to enable timely budget management**		**Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	The Quarterly budget implementation reports were posted online as follows: https://www.crirs.ng/2020/04/28/2020-quarter-budget-performance-report/ **Q1.** https://www.crirs.ng/download/crs-2020-bpr-q1/?wpdmdl=5540&masterkey=621768bd4f1f0 **Q2.** https://www.crirs.ng/download/crs-2020-bpr-q2/?wpdmdl=5541&masterkey=62176c38b5bd3 **Q3.** https://www.crirs.ng/download/crs-2020-bpr-q3/?wpdmdl=5542&masterkey=62176ccc29506	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Q4. https://www.crirs.ng/download/crs-2020-bpr-q4/?wpdmdl=5543&masterkey=62176d135da16 The reports were posted as follows: • Q1 – (28-04-2020) - 4 weeks (28days) • Q2 – (28-07-2020) - 4 weeks (28 days) • Q3 – (28-10-2020) - 4 weeks (28 days) • Q4 – (28-01-2021) - 4 weeks (28 days) Average days (weeks) for the online publication was computed based on the last 3 quarters, as below: $$\frac{28+28+28}{3}$$ Average = 28 days (4 weeks) We downloaded the quarterly budget Implementation Reports for all four quarters for the year 2020. IVA obtained and retained evidence of the timestamp of the publications.		
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date, and balances against	From our review of the Quarterly Budget Implementation reports downloaded from the State's website, *(see weblinks above)* we observed the following: a. The Budget Implementation Reports included the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classifications of expenditures. b. The Budget Implementation Reports included the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	each of the revenue and expenditure appropriations.	c. The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations. d. The State has a Revised Budget. e. The Budget Implementation Reports showed both the approved original budget AND the approved revised budgets. The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.		
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date?	Upon review of the State's Budget Performance reports, it stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	Satisfactory	
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Upon review of the State's Budget Performance reports, it stated the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which included debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 1.2	**FY [2020] deviation from total amended budget expenditure is less than 15%**		**Achieved**	
1	Has the State computed the difference between the Amended approved total budgeted expenditure for the fiscal/calendar year and the actual total expenditure in the fiscal/calendar year, divided by the Amended approved total budgeted expenditure and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 15%	The State did not compute the budget deviation. The IVA computed the budget deviation for this APA year. See the computation below: |	Total Amended Budget (₦)	Actual (₦)
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Capital (pg. 11, 48)	70,793,770,665.91	49,860,350,473.01
Rec. Exp (pg. 11, 48)	65,109,582,709.00	66,022,863,950.04
Total	**135,903,353,374.91**	**115,883,214,423.05** | $$\frac{₦135,903,353,374.91 - ₦115,883,214,423.05}{₦135,903,353,374.91} \times 100$$ $$= \mathbf{15\%}$$ The budget performance deviation is 15% Noted: The recurrent expenditure used is from the Appropriation Law. **Source**: 2020 Audited Financial Statement Page 48 and 2020 Revised Budget Page 11. IVA compared both Expenditure figures in Cash flow and Statement of Consolidated Revenue Fund and	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Statement of Capital Development Fund, and there were no discrepancies.		
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process				
DLR 2.1	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2021] budget**		**Achieved**	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	IVA obtained attendance register, meeting recording, attendee details including phone numbers, email address, physical address, etc and confirmed the following: a. IVA confirmed some of the LGAs that were in attendance to be: Udem Agbankwo - Akamkpa LGA Stanley Okonkwo Okorie - Calabar South Enamhe Dorncklaimz - Ogoja b. IVA confirmed some of the CSOs that were in attendance to be: Blessing Ukuwo - Calabar South Women Trader Glory Patrick - Budget Transparency and Accountability Initiative Nigeria c. The sources of information from which our conclusions were drawn are the attendance lists and video recordings. There were no minutes as it was a live recording that could be assessed online. d. The date of the public consultation on the budget proposal is 4th November, 2020. The consultation was virtual.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

	e. A sample of 10 attendees was called to confirm their attendance at the public consultation.
	
	f. The budget was drafted on 5th November, 2020, and
	
	g. The date of the consultation was 25th June, 2020. While the date of the Draft Budget was 25th June, 2020. The consultation was done first.
	
	h. The publication of the proposed budget was done before the deadline of 31 January, 2021.
	
	i. The weblink for the publication of the proposed budget is as follows:
	
	   i. CRS 2021 Proposed Blush & Bliss Budget-https://www.crirs.ng/download/crs-2021-proposed-blush-bliss-budget/?wpdmdl=5073&masterkey=5fda719806386
	   ii. 2021 Proposed Recurrent Budget, Social: https://www.crirs.ng/download/2021-proposed-recurrent-budget-social/?wpdmdl=5072&masterkey=5fda710423dcc
	   iii. 2021 Proposed Recurrent Budget, Regional: https://www.crirs.ng/download/2021-proposed-recurrent-budget-regional/?wpdmdl=5071&masterkey=5fda70cb99bcc
	   iv. 2021 Proposed Recurrent Budget, General Admin.: https://www.crirs.ng/download/2021-proposed-recurrent-budget-gen-		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		admin/?wpdmdl=5070&masterkey=5fda707a32189 v. 2021 Proposed Recurrent Budget, Economic: https://www.crirs.ng/download/2021-proposed-recurrent-budget-economic/?wpdmdl=5069&masterkey=5fda700504edb vi. 2021 Proposed Recurrent Budget, Law & Justice: https://www.crirs.ng/download/2021-proposed-recurrent-budget-law-justice/?wpdmdl=5068&masterkey=5fda6fc79506a		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2021 to enable citizens to find the inputs easily?	a. There was no Minutes of consultation prepared by the State. However, the IVA confirmed that at least one CSO in the person of Glory Patrick (Budget Transparency and Accountability Initiative Nigeria) filled the online registration form since the meeting was held virtually, and a copy of the signed virtual recording has been retained in the file. b. There was no Minutes. The meeting was held virtually, and the title of the event is "ONLINE 2021 CITIZENS BUDGET FORUM" c. Some of the organizations that were in attendance are: - Blessing Ukuwo - Calabar South Women Trader - Glory Patrick - Budget Transparency and Accountability Initiative Nigeria d. The weblink to the publication of evidence of the consultation: **Video Recording:** https://us02web.zoom.us/rec/play/jiMI1-0QL_QMoZo1OtxuqNUnCHpgZFIq2dyqeItxy9b6q4u	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		CnB1UZRyErf2VhxbO_8wHe22jqLeaw9Y.eNCRDwX C-56pIV-3 **Chat History:** https://us02web.zoom.us/rec/sdownload/sdhf53ntFtG HXQueUfEryO8QQdznTE- 7_gtay17ehdEAe_DS_80Bkai26LIMPziE4PBmA5qAa SEjoVnO.fc_HehLaDhIH_1xc **Audio Recording:** https://us02web.zoom.us/rec/play/3usDlisKtnCEbPFpV 5HxExaFpj4DeG6J- 21BWlPZTPzzEn6UKVFrQ3dkrA40jDVJERHss316jf0xRf W6.t1xb-cJ8SvyNLfxj		
DLR 2.2	**Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms**		**Achieved**	
1.	Did the state conduct dissemination events to explain amendments to the FY2020 State budget and was adequate evidence of the events published online and by the due date?	a. A review was done on all required documents, with a list of attendees (with names, organizations, phone numbers, and email addresses). b. The Amended Budget and the evidence of the dissemination events have been downloaded. c. The dissemination was done virtually on 16th September, 2020. d. The evidence of the dissemination event was published online on 16 September, 2020 which was before September 30, 2020. The evidence of dissemination published online by the State was the virtual recordings, Online Charts, and the Attendance register filled online and downloaded	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		as an excel document. The copies are retained in the file.		
		e. The evidence of the dissemination event was published in the same location as the Amended FY20 Budget.		
		f. The date of publication of the evidence of the dissemination events was 16th September, 2020, and the evidence obtained to confirm the dates of online publication was a back-end screenshot from the State's IT service provider and video recording of the dissemination.		
		g) The web link of publication is https://www.crirs.ng/2020/09/29/2020-revised-citizens-budget-consultative-outlook-2/		
2	Has the State published online, on the State website(s) a *Citizens Budget based on the Amended Budget (2020)* not later than 30 September 2020?	The Citizens budget based on the Amended Budget (2020) was published on 16th September 2020 before the due date via

https://www.crirs.ng/2020/09/29/2020-revised-citizens-budget-consultative-outlook-2/

It was accessed on (22/02/2022).

a. A comparison of the Amended Budget 2020 with the Citizens Budget was done and there were no areas of discrepancies.

b. The Citizen's budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template. This was confirmed using the metrics below:
  I. Simple explanation of the Annual Amended Budget/Citizens Budget (Page 2)
  II. The sources of revenues (Page 10) | Satisfactory | |

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		III. Sources of domestic and foreign grants, domestic loans, and other financing sources (Page 9).		
		IV. Total expenditure by economic classifications (Page 11).		
		V. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap (Page 12-13).		
		VI. Disclosure of Budget deficit and how it will be financed (Page 12)		
		VII. Sectoral Allocation (by MDAs) (Page 13)		
		VIII. Top Projects to be financed (at least 5) (Page 14-15).		
		However, several of its pages are badly formatted and had missing contents.		
		c. The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included.		
		Given the above, the State is required to correct the citizen's budget and re-publish at the very least, and provide evidence of compliance while responding to this report.		
		The State responded by providing a weblink for a republished Citizen's budget:		
		https://www.crirs.ng/2022/06/14/amended-2020-cbr-updated/		
		This was published on 14th June 2022 and accessed on 16th June 2022.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Is the Citizens Budget a comprehensible (to citizens) summary of the amended FY20 state budget?	a. The Citizens Budget includes an explanation of the key changes between the Original FY20 Budget and the Amended FY20 Budget. b. The Citizens Budget includes Data on reallocations and adjusted spending priorities. c. We confirmed that the Amended FY20 State budget was summarized in a comprehensible manner to the Citizens in the Citizens budget.	Satisfactory	

4	Does the State website have functional feedback and response online mechanisms?	a. The State has established a functional feedback and response online mechanism on its website.
		b. The type of feedback mechanism established on the State website is "an online contact us form" on the CRIRS website of the state.
		c. The State's feedback mechanism provides at a minimum:
		  i. Acknowledgement of receipt of comments/feedbacks from citizens
		  ii. State's responses to comments/feedbacks
		  iii. Display of timeframe and the State's government contact details.
		d. IVA interacted with the online contact form and sent an online inquiry for some Budget information. The State replied to the online chart inquiry by acknowledging the request and also provided links for the budget information that was requested. IVA did this to ascertain the functionality of the feedback mechanism. IVA retained a screenshot of this feedback in the file.
		e. A demonstration was done by the State Ministry of Finance through the IRS portal to provide further evidence to demonstrate how the State has responded to feedback submitted online. The State
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		acknowledged responses and provided links to requested documents. Evidence of this was retained on file. f. IVA concluded that the State's feedback mechanism is functional. g. The web link is https://www.crirs.ng/2020/01/24/citizens-budget-feedback-review-3/		
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 the implementation of State TSA**		**Not Achieved**	
1	Has the State established a functional State-level TSA?	a. The State has not established a functional state-level TSA. b. The State operates multiple accounts for the various sources of its revenue. Details of the accounts being operated are as follows: • IGR Main Account (TSA): Zenith Bank Account number 1015594528 • FAAC Account: UBA Account number 1019301797 • VAT Account: First Bank Account number 2031761710	Unsatisfactory	The State should establish a functional TSA
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable	The State has a Cash Management Strategy. a. The document is known as Cross River State Cash Management Strategy. b. The document was produced in December 2018 and signed by the Commissioner of Finance. c. The Strategy includes the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	information on the availability of funds.	the availability of funds. This was contained in Section 2.4.2 pages 18-19 of the State CMS. d. The Strategy provided for daily sweeping to the Treasury Single Account (TSA) from collecting Banks. e. The evidence of implementation of the processes described in the Cash Management Strategy to forecast cash commitment and requirement has been obtained. The State's monthly, quarterly and annual forecasts were obtained and found to be in line with the strategy.		
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The State has an electronic dashboard that allows for a central view of cash balances in the State bank account. a. The application is known as Revotax and was developed by Appmart Integrated Ltd. b. The application was in line with the State Cash Management Strategy, which highlights the use of technology (Page 6). c. The application was deployed in 2018 by Appmart Integrated Ltd.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	a. The IVA visited 3 MDAs in the State namely, the Ministry of Education, Health, and Agriculture. It was observed that the MDAs only classify fee payers into various categories. The fee payer is then required to visit any of the collecting banks to make payment where an e-receipt would also be generated for the payment. The e-receipt would then be presented to the State Board of Internal Revenue (SBIR) for collection of the State official receipt. The MDAs no longer collect cash from fee payers.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	b. The State TSA is known as Cross River State Consolidated Rev. Account. The Account number is 1015594528 with Zenith Bank. c. All the State's IGR collection goes through the TSA account. d. The State MDAs no longer collect or keep cash as all payments are being made in the bank and payers' e-receipt are then generated. All revenue collected are swept to the IGR account as seen in the Bank Statement. Also, Smartgov CRSG Ltd ensures that the revenue collected by the various banks is swept in line with the Cash Management Strategy (CMS). Monies no longer sit in the MDAs or the revenue collecting banks. e. The State TSA bank statement with Zenith Bank Account number 1015594528 was obtained.		
5 Does the TSA cover a minimum of 70% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2020. See the computation below: <table><tr><td></td><td>Total Inflows (₦)</td><td>Total Outflows (₦)</td></tr><tr><td>TSA Bank Statement</td><td>7,088,924,850.27</td><td>7,099,659,070.24</td></tr><tr><td>Government Finances*</td><td>103,985,165,687.51</td><td>115,883,214,423.05</td></tr><tr><td>Percentage</td><td>7%</td><td>6%</td></tr></table> The average is percentage computation is:	Unsatisfactory	The State's TSA should cover all of the Government Finances.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$$\frac{7\% + 6\%}{2}$$ **= 6.5%** The TSA covered 6.5% of the State's finances. *Sources: 2020 Audited Financial Statement (Cashflow Statement) Pg. 48 and the TSA Statement from Zenith Bank for 1st January to 31st December, 2020.		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published**		**This is a 2020 APA result assessed early in 2019 APA**	
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates?	Previously achieved in 2019 APA		
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	Previously achieved in 2019 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	and non-tax) collection and accounting in the State?			
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	Previously achieved in 2019 APA		
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.	Previously achieved in 2019 APA		
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	Previously achieved in 2019 APA		
DLR 4.2	**2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection**		**Not Achieved**	
1	Has the 2020-2019 annual nominal IGR growth rate met the basic or stretch targets? **Basic Target:** N/A **Stretch Target:** equal to or higher than the 2019 nominal IGR collection	a. The State used the cash basis of accounting in its 2019 and 2020 Audited Financial Statement. b. The IVA computed the annual nominal IGR growth rate for the 2020 APA. See the computation below:	Unsatisfactory	The State should ensure significant year-on-year improvements in its IGR collection.

REPORTING TEMPLATE: OPTION B	NGN			% GROWTH
Item		2019	2020	

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		1. Reported IGR in AFS (Before Adjustments)	24,093,842,507	17,745,568,486	-26%		
		2. VALID items to be counted as IGR	24,093,842,507	17,745,568,486			
		Direct tax	19,818,344,123	9,628,824,409			
		Licenses	113,667,735	1,134,302,244			
		Fees	4,095,402,633	6,932,741,867			
		Sales of goods and services	2,000,000	40,601,046			
		Rent of govt property/building	64,428,015	9,098,919			
		3. "Adjusted IGR" for DLI 4.2 Calculation (A)					
		Sum of all VALID items of IGR	24,093,842,507	17,745,568,486			
					-26%		

$$\frac{₦17,745,568,486 - ₦24,093,842,507}{₦24,093,842,507} \times 100$$
$$= \textbf{-26\%}$$

There is a decline of 26%

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Source: 2020 Audited Financial Statement Page 48		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [90] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 90% of the current civil servants and pensioners on the State payroll?	The State commenced Biometric data capture of civil servants and pensioners in May, 2016 and completed it in October, 2016. Since then, the process has been ongoing based on the state's one-page report. a. The Biometric Exercise was outsourced to AppMart Integrated Limited. b. The total number of civil servants was 15,624 c. The total number of pensioners was 9,057 d. The total number of staff on the State Nominal roll and Payroll was civil servants 15,624 and pensioners 9,057. e. The Biometrics data captured 24,681 civil servants and pensioners. f. The state provided the following documents below: i. One-page report on Biometric registration and implementation. ii. Biometric register summary of total civil servants and pensioners iii. Nominal roll summary of civil servants iv. Nominal roll Summary of pensioners v. Report from Payroll Unit on civil servants and pensioners vi. Payroll Summary of civil servants	Satisfactory	The state should not exclude political appointees from this exercise.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		vii. Payroll Summary of pensioner viii. Nominal roll summary of pay rolled civil servants and pensioners ix. Sampled pages of deletion list for 2020. $\frac{\text{No of Biometric Data Captured}}{\text{Total No of Civil Servants + Pensioners on payroll}} \times 100$ $\frac{24,681}{15,624 + 9057} \times 100$ $=100\%$ The State had captured 100% of the State's civil servants and pensioners on its payroll. Note: For the 2019 APA, the total no of civil servants was 18,028 and the total no of pensioners was 8,833. This means a reduction of 2,404 civil servants over a one-year period. An explanation is needed from the State for this major reduction, as no ghost workers were identified in either year. Hence, The State is required to provide an explanation with documentary evidence for the major reduction of civil servants over a one-year period. The State responded thus: With respect to DLRs 5.1, the difference between 2019 and 2020 reports of Civil Servants and Pensioners captured on Biometric and BVN comprised of a total of 15,624 Civil servants who were verified and activated in Nominal Roll to Payroll		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		and the total of 9,057 who were Verified Pensioners Registered and Activated in the Pension Payroll. The difference in the State figures captured in 2019 report (18,028) and 2020 (15,624) report which is 2,404 is as a result of exits/deletions from the service as well as political appointees who were mistakenly captured in the biometric exercise in 2019. So, the total figure of 15,624 in 2020 report as submitted to IVA previously is made up of Civil Servants only. From 2020 till date, we have not been capturing Political Appointees in the State's Biometric System/Nominal Roll even though they are captured in the payroll. Political appointees are payees of the State Civil Service and are on the Civil Service Nominal Roll and Payroll. They are not Civil Servants but are employees of the State. The DLR did not envisage political appointees (or anyone else on the State Payroll) being excluded from Biometric and BVN validation, and this needs to be considered. However, in this case even counting the political appointees yields a result above 90% and accordingly this test is met.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a. The State commenced biometric data linkage to payroll in May, 2016 and finished in October, 2016. The information contained in the State's one-page	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		report to the IVA indicated that this process has continued since the 2016 commencement year.		
		b. The biometrics data of 15,624 for civil servants and 9,057 for pensioners were linked to the payroll.		
		c. Based on the State's one-page report the state had no ghost workers during the biometric validation in 2020.		
		d. The state had no ghost workers thus there was no money saved.		
		e. The in-year changes to the civil servant and pensioner payrolls as a result of starters, leavers, deaths, etc. were captured by the biometric exercise.		
		f. There were procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The State provided the following documents:		
		i. One-page report on Biometric registration and implementation.		
		ii. Biometric register summary of total civil servants and pensioners		
		iii. Nominal roll summary of civil servants		
		iv. Nominal Summary of pensioners		
		v. Report from Payroll Unit on civil servants and pensioners		
		vi. Payroll Summary of civil servants		
		vii. Payroll Summary of pensioner		
		viii. Nominal roll summary of payrolled civil servants and pensioners		
		ix. Sampled pages of deletion list for 2020.		
		g. There were changes to the civil servant and pensioner payrolls during the fiscal year as a result of starters, leavers, deaths, etc.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		h. The changes were captured by the biometric exercise.
		 i. The procedures in place to identify and remove ghost workers are:
		   i. Periodic personnel audit reports obtained from MDAs
		   ii. Monthly updates from the Office of the Head of Service
		   iii. Reports/notification from the deceased staff family member.
		   iv. For dead pensioners, notification is obtained from the sub-treasurer via pension units and direct reports from the deceased family member.
		   v. Retirees are automatically migrated to the pension database.		

3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a. There were no ghost workers during the linkage in 2020.
		 b. There was no record kept because the state had no ghost workers.
		 c. There was no removal from the payroll in 2020 because the state has no ghost workers.
		 d. The payroll figure remained the same because there was no removal from payroll.
		 e. The payroll figure remained the same because there was no removal
		 f. The State provided the following documents:
		   i. One-page report on Biometric registration and implementation.
		   ii. Biometric register summary of total civil servants and pensioners
		   iii. Nominal roll summary of civil servants
		   iv. Nominal Summary of pensioners
		   v. Report from Payroll Unit on civil servants and pensioners
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		vi. Payroll Summary of civil servants vii. Payroll Summary of pensioner viii. Nominal roll summary of payrolled civil servants and pensioners. ix. Sampled pages of deletion list for 2020.		
5.2	**Link BVN data to at least [90] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Achieved**	

1	Has the State linked the Bank Verification Number data to 90% of its current Civil Servants and pensioners on the State payroll?	The State commenced linkage of BVN data of the Civil Servant and Pensioners in May, 2016 and finished in October, 2016. Since then, the process has been ongoing according to the state one-page report.
		
		a. The Biometric Exercise was outsourced to AppMart Integrated Limited.
		b. The total number of civil servants was 15,624
		c. The total number of pensioners was 9,057
		d. The total number of staff on the State Nominal roll was 24,681
		e. A total number of 24,681 BVN data was linked to the payroll.
		f. The state provided the following documents:
		  i. One-page report on Biometric registration and implementation.
		  ii. Biometric register summary of total civil servants and pensioners
		  iii. Nominal roll summary of Civil Servants
		  iv. Nominal Summary of Pensioners
		  v. Report from Payroll Unit on civil servants and pensioners
		  vi. Payroll Summary of civil servants
		  vii. Payroll Summary of pensioner
		  viii. Nominal roll summary of payrolled civil servants and pensioners
			Satisfactory	*The state should not exclude political appointees from this exercise.*

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ix. Sampled pages of deletion list for 2020. No of BVN Data Linked x 100 Total No of Civil Servants + Pensioners on payroll $\dfrac{24{,}681}{15{,}624 + 9{,}057}$ X 100 =100% The State has linked 100% of the State's civil servants and pensioners' BVN data to the payroll. Note: For the 2019 APA, the total no of civil servants was 18,028 and the total no of pensioners was 8,833. This means a reduction of 2,404 civil servants over a one-year period. An explanation is needed from the State for this major reduction, as no ghost workers were identified in either year. Hence, the State is required to provide an explanation for the major reduction of civil servants over a one-year period. The State responded thus: With respect to DLR 5.2, the difference between 2019 and 2020 reports of Civil Servants and Pensioners captured on Biometric and BVN comprised of a total of 15,624 Civil servants who were verified and activated in Nominal Roll to Payroll and the total of 9,057 who were Verified Pensioners Registered and Activated in the Pension Payroll.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The difference in the State figures captured in 2019 report (18,028) and 2020 (15,624) report which is 2,404 is as a result of exits/deletions from the service as well as political appointees who were mistakenly captured in the biometric exercise in 2019. So, the total figure of 15,624 in 2020 report as submitted to IVA previously is made up of Civil Servants only. From 2020 till date, we have not been capturing Political Appointees in the State's Biometric System/Nominal Roll even though they are captured in the payroll. Political appointees are payees of the State Civil Service and are on the Civil Service Nominal Roll and Payroll. They are not Civil Servants but are employees of the State. The DLR did not envisage political appointees (or anyone else on the State Payroll) being excluded from Biometric and BVN validation, and this needs to be considered. However, in this case even counting the political appointees yields a result above 90% and accordingly this test is met.		
2	Has the State taken steps to identify payroll fraud?	a. The 24,681 Staff had BVN data and none without BVN data. b. The State had no record of payroll fraud. c. The State had no case of payroll frauds identified. d. The payroll figure was 24,681 and no fraud identification. e. The payroll figure did not change because no fraud case was identified	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		f. The State provided the following documents:
		   i. One-page report on Biometric registration and implementation.
		   ii. Biometric register summary of total civil servants and pensioners.
		   iii. Nominal roll summary of civil servants
		   iv. Nominal Summary of pensioners
		   v. Report from Payroll Unit on civil servants and pensioners
		   vi. Payroll Summary of Civil Servants
		   vii. Payroll Summary of Pensioner
		   viii. Nominal roll summary of payrolled Civil Servants and Pensioners
		   ix. Sampled pages of deletion list for the year 2020.		

DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget**		**This is a 2020 APA result assessed early in 2019 APA**	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	This DLR was achieved in the 2019 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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.	This DLR was achieved in the 2019 APA		
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?	This DLR was achieved in the 2019 APA		
DLR 6.2	**Basic Target: Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.** **Stretch Target: Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	AND **For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.**			
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2020) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	a. The IVA obtained a schedule of all contracts awarded during the year under assessment above the threshold, as defined in the Due Process Guidelines and Rules for Procurement of Goods, Works and Services in Cross River State, Pg. 32-34 b. The data published is in line with Open Contracting Data Standards c. The date of publication of procurement records/transactions were between March and November 2020 d. The source of the publication is ocds.dppib-crsgov.org The work done/tests carried out and findings reached are: i. IVA compared what the State has published with the example of templates provided and there were no differences in content. ii. IVA downloaded and retained a copy of the online publication. iii. IVA retained a screenshot of the webpage from which the publication was downloaded.	Unsatisfactory	The State should ensure all schedule of contract awarded for the year are published online as required under the standards.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		iv. IVA observed that the link to the OCDS data showed only 12 contracts for 2020.
		
		The disclosures on the State official website are compliant with/in line with the Open Contracting Data Standards (OCDS)
		e. The minimum contract award information that was published:
		  i. Project name,
		  ii. Awarding institution,
		  iii. Award date,
		  iv. Name of contractor, and
		  v. Contract amount was published.
		
		f. The items from (e) were all published.
		g. The web link where data was published http://ocds.dppib-crsgov.org/.
		However, the data contains only 12 contracts for 2020 and hence, the publication is significantly incomplete.
		
		The contract award information published on the state official website was accessible to the public.		

2 New	Had the State signed up to the SaaS e-Procurement Framework Contract as at 31 Dec 2020?	a. The state did not sign up for the SaaS e-Procurement Framework Contract. b. The State opted out of the SaaS e-Procurement; thus, no copy of the SaaS e-Procurement framework was obtained. c. The State developed its e-Procurement solution thus, no copy of the SaaS e-procurement framework was obtained.	Unsatisfactory	The State should ensure that the arrangement in place is implemented.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		d. The State awarded the contract for the Electronic Public Procurement (e-Procurement) Solution to Periscope Consulting Limited on the 15th of March, 2021. The Agreement between the Cross River State Government and Periscope Consulting Limited was signed on 30th March, 2021		
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works) the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	a. The State has not implemented e-procurement in 3 MDA's (Education, Health and Public Works b. IVA was not able to conduct a walk-through of 5 transactions from each MDA since the State did not implement E-Procurement in 2020 c. The State did not conduct its procurement on the e-procurement portal in 2020, thus IVA could not confirm the procurement cycle was followed. d. The State did not implement the E-Publishing/Notification module for contract notice and award in 2020. e. The E-Publishing/Notification module for contract notice and award was not effective in 2020. However, the State showed evidence that the e-procurement system was active in 2021, as there were 2021 transactions on the e-procurement portal.	Unsatisfactory	The State should ensure that e-procurement is implemented in all MDAs, and in at least 3 MDAs in the first instance (including Education, Health, and Public Works).
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	**State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for**		**Previously Achieved In 2019 APA**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	recording/reporting state debt, and 3) fiscal and debt rules/limits.			
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 Public Financial Management Law?	This DLR was achieved in the 2019 APA		
2	Does the legislation include provisions that 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.	This DLR was achieved in the 2019 APA		
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt?	This DLR was achieved in the 2019 APA		
DLR 7.2	**Quarterly state debt reports for Q2, Q3, and Q4 2020 accepted by the DMO on average two months**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	or less after the end of the quarter in 2020 **AND** **Annual state debt sustainability analysis published by end of December 2020**			
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2020?	a. We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: • Q2 submitted on 23 July 2020 - 23 days after the quarter-end • Q3 submitted on 22 October 2020 - 22 days after the quarter-end • Q4 submitted on 26 January 2020 - 26 days after the quarter end $\frac{23+22+26}{3}$ Average = 23.7 days (3.4 weeks) The Cross River State SDDRs for Q2, Q3 & Q4 were submitted within an average of 23.7 days (less than 1 month). This is within the 2 months window for submitting the State's SDDR per quarter.	Satisfactory	
2	**Note: Have you reviewed for accuracy and completeness from the DMO:** The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and	a. IVA obtained Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents. b. We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Cross River State Debt Domestic Report along with all underlying data and showed different amounts of ₦169,170,043,704.46 for the SDEDR and	N/A	N/A

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

data from CBN, DMO, and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	₦163,162,001,533.98 for the SDDR, showing a variance of ₦6,008,042,170.48. The report was supported with the DMO's templates and guidelines.
	
	 We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.
	
	 c. The Cross River State Quarterly State Domestic Debt Reports (SDDR) submitted by the State has been compared with the State Audited Financial Statement.
	
	 d. The debt stock figures reported in the Cross River State SDDR have been compared with that of the State's Audited Financial Statement.
	
	 e. There were discrepancies noted during the comparison.
	   i. SDDR Figure: ₦163,162,001,533.98
	   ii. AFS Figure: ₦161,112,132,529.23
	   iii. Difference: ₦2,049,869,004.75
	
	 f. An APA Issue was raised to the State to clarify identified discrepancies. The State responded thus: "The difference was as a result of the other bank loans yet to be forwarded to the Debt Management Dept."
	
	 g. The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by Cross River State.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		h. The debt stock figures reported in the SDEDR, have been compared with those of the SDDR submissions by each state. i. There was a discrepancy noted during the comparison. i. SDEDR (DMO) Figure: ₦169,170,043,704.46 ii. SDDR (State) Figure: ₦163,162,001,533.98 iii. Difference: ₦6,008,042,170.48 j. An APA Issue was raised to the State to clarify identified discrepancies. The State responded thus: "The MSMEDF figure has not been forwarded to the Debt Management Dept., neither does the Dept. have the document relating to the said loan. This issue came up during the reconciliation exercise with the FDMO, Abuja and we did inform them of the non-existence of the loan in our books, even in the FAAC deduction template."		
3 New	Has the State published the State Debt Sustainability Analysis Reports (SDSAR) online by 31 December 2020?	a. The Cross River State Debt Sustainability Analysis Report (SDSAR) was published on the State official website - https://www.crirs.ng/download/crs-dsa-report3/# b. The Cross River State Debt Sustainability Analysis Reports (SDSAR) was published on the 31st of December 2020. c. The Cross River State Debt Sustainability Analysis Report (SDSAR) was published on the 31st of December 2020. This falls within the required timeline. IVA reviewed the report publication date from the back-end, using the designated IT	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		personnel's laptop. Evidence of a timestamp has been obtained (screenshots taken from the website's back-end, as well as publication date displayed on the website).		
		The weblink to the Cross River State Debt Sustainability Analysis Report (SDSAR) is: https://www.crirs.ng/download/crs-dsa-report3/#		
4 New	Does the SDSAR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options, and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	a. Upon review of the Cross River State Debt Sustainability Analysis Report (SDSAR), we noted it did not include the following: I. **(2) detailed and an adequate description of the debt portfolio and borrowing options:** • Debt stock and debt services turn negative in the projected period and there are charts with scale problems that make it impossible to understand the values (charts 26, 29, 30). II. **(3) Adequate analysis of the debt and fiscal figures in the preceding calendar year:** • There are charts with scale problems that make it impossible to understand the values (charts 2, 11). b. The SDSAR Assessment Report does not contain figures. Thus, a comparison could not be done between SDSAR and the SDSAR assessment report from DMO.	Unsatisfactory	The State should ensure that its SDSAR includes: i. Detailed and adequate description of the debt portfolio and borrowing options. ii. Adequate analysis of the debt and fiscal figures in the preceding calendar year.
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Basic Target: Domestic arrears as of end 2019 and end 2020 are reported in an online publicly**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
accessible database, with a verification process in place. **Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with a verification process in place AND** **at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock below 5 billion.**			
1 Has the State established an Arrears Clearance Framework (ACF)?	a. The State has established an Arrears Clearance Framework (ACF) b. A copy of the State ACF was obtained. c. The 2020 ACF was established on 30th December, 2020. d. The ACF was established close to the deadline of 31st December 2020. The State was unable to implement the ACF in 2020 due to the date established.	Satisfactory	
2 Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	a. The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled. b. The ACF contains the two stated requirements as evidenced in the following sections: i. Planned actions to settle expenditure arrears as detailed in Section 2 pages 7-10 of the ACF	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ii. Prioritization of domestic expenditure arrears to be settled as detailed in section 3, pages 10-12. c. No other document was submitted by the State apart from the ACF.		
3	Has the ACF been published on a State official website?	a. The ACF was on a State official website at the time of the verification and a copy was downloaded b. The ACF was published online at https://www.crirs.ng/download/records-of-domestic-expenditure-arrears-and-clearance-framework-worked/?wpdmdl=5158&masterkey=5fedced1336a c. It was published on 31st December, 2020. A screenshot of the timestamp has been retained as evidence.	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The State did not clear any of its arrears in 2020 hence, the IVA could not confirm if the clearance of domestic expenditure arrears was consistent with the ACF. Also, the ACF was established in December 2020, at the end of the year and so could not have been implemented in 2020.	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF.
5.	Has the State established an Internal Domestic Arrears Database?	a. The State has established an Internal Domestic Arrears Database b. The State Internal Domestic Arrears Database includes the following: i. The aggregate and individual amounts of contractors' arrears were ₦39,123,760,294.05. The contractor's arrears database included the name of the contractor, the amount due at the end-of-year and the nature of the goods and services procured that generated the claim, the billing date, and the due date. The database	Unsatisfactory	The State should ensure that carries out verification of its arrears.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		included the total domestic arrears stock at the end of each year. ii. The aggregate amount of pension and gratuity arrears is ₦13,671,462,665.66. iii. The aggregate amount of judgment debt - ₦32,043,765.76. c. The State has a verification process in place for the arrears database. d. The State did not conduct any verification of its arrears in 2020. e. The Internal Domestic Arrears Database was consistent with the Q4 SDDR. f. The State did not submit its annual state arrears recording, verification, and clearance report (SARVCR) to the IVA.		
6	Has the State published online elements of the internal domestic arrears database for the FY **2019** and FY **2020** reported on a State official website, which constitutes the online publicly accessible arrears database?	a. The State has published online the required elements of its Internal Domestic Arrears Database as at the end of 2019 and 2020. b. The IVA has compared the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and verified the consistency and accuracy of the information on the online publicly-accessible arrears database. c. The State's online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State, by filling a confidential form online and attaching supportive evidence of her claim. The web link is https://www.crirs.ng/2020/12/31/crs-dmd-reports-on-sftas/.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		d. The online web page includes an interface for contractors with arrears to report any omissions to the State. e. The online facility was tested. An information request was sent to the State and a response was received from the webpage. f. The State had no omissions reported by contractors on the online portal. Hence, IVA could not ascertain subsequent inclusion in the arrears database. g. The web link to the online publicly accessible arrears database above/?wpdmdl=5298&masterkey=60dc96bcb13e2 and https://www.crirs.ng/download/contract-liability-data-base/?wpdmdl=5293&masterkey=60dc8e2905f17		
7.	Does the online publication include? 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.	The online publication includes the aggregate amount for the four types of arrears as shown below: i. The aggregate amount of contractors' arrears was ₦39,123,760,294.05. ii. The aggregate amount of pension and gratuity arrears was ₦13,671,462,665.66. iii. The aggregate amount of Salary arrears was nil iv. The aggregate amount of Judgment debt was ₦32,043,765.76. The online publication contains the names of contractors owed ₦20m in arrears and above.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
8.	Has the State met the following: (i) Percentage decline in the verified stock of domestic arrears at end 2020 compared to end 2019 meets target and is consistent with the state's arrears clearance framework. **-Stretch target:** At least a 5% year-on-year decline or maintain stock or arrears below ₦5 billion. *The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears, and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of the year, compared to the previous year, expressed in percentage terms.*						Unsatisfactory	i. The State should ensure a reduction of domestic arrears debt stock to below ₦5 billion ii. The State should ensure all published debt records are accurate and consistent going forward.

Aggregate Amount of:	2020 (₦)	2019 (₦)	% Diff.
Contractors Arrears	39,123,760,294.05	39,123,760,294.05	
Pension and Gratuity arrears	13,671,462,665.66	13,671,462,665.66	
Salary arrears and Staff claims			
Judgment Debt	32,043,765.76	32,043,765.76	
Total Domestic Arrears	52,827,266,725.47	52,827,266,725.47	0%

An APA issue was raised for the State to explain the possibility of their Domestic Arrears remaining constant in 2020. The State did not provide any response to the APA issue.

Note that numbers do not align with those on the domestic debt report published online at – https://www.crirs.ng/2020/12/31/crs-dmd-reports-on-sftas/. The published reports show N2,500,640,980.00 of contractor arrears settled in the year. In total, the outstanding contractor's arrears is N36,623,119,314.05 and outstanding domestic arrears for year 2020 is

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		N51,485,591,848.18. A difference of N1,344,674,877.29 between 2019 and 2020. a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database, and confirmed it was the same as the balances stated within the Q4 SDDR for 2020. $$\frac{₦52,827,266,725.47 - ₦52,827,266,725.47}{₦52,827,266,725.47} \times 100$$ $$= 0\%$$ The percentage decline is 0% **Source**: State internal domestic expenditure arrears database		
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Total debt stock at end Dec [2020] as a share of total revenue for FY [2020] meets target:** **-Basic target: < [150%]** **-Stretch target: < [125%]**		**Not Achieved**	
1	Has the State met: (i) the ratio of total debt stock at end-of-year (31st December 2020) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2020)? **-Basic target:< [150%]** **-Stretch target: < [125%]**	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt** |	Financial Statements (₦)	DMO/SDEDR Figures (₦)
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Total Domestic Debts	161,112,132,529.23	169,170,043,704.46		Unsatisfactory	The State should reduce its debt to revenue ratio and ensure the debt is sustainable. As a general guide, debt should not be more than 150% of Revenues and should ideally be much less.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

Total External Debts	73,141,149,270.69	73,333,625,980.41
Total Public Debts	**234,253,281,799.92**	**242,503,669,684.87**

Total Annual Revenue

2020 Adjusted IGR (see DLI 4.2)	17,745,568,486
Gross FAAC Allocation	51,784,144,888
Grants	12,776,611,292
Other Revenues	-
Total Revenue	**82,306,324,666**

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

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

$$\frac{₦242,503,669,684.87*}{₦82,306,324,666} \times 100$$

=294.64%

Sources:

1. For Total Revenue 2020 Audited Financial Statement, Pages 52-55, 57 (Notes 1-3, 10)
2. For Total Public Debt State Domestic and External Debt Report for all states from DMO* as at December 31, 2020
3. FAAC data from FMOF

*Table 3(i) below holds a breakdown of the Total Debt.
**Table 3(ii) holds the breakdown of Revenue
b. The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	as the debt stock stated in the audited financial statement. c. The IVA observed differences between the debt stock stated in the Federal DMO State Domestic and External Debt Report and that stated in the Audited Financial Statement. The discrepancy between the State's debt figures in the State Audited Financial Statement and the DMO adjusted figures is due to differences between the audited financial statement and what the State reports to DMO originally. d. The difference has been communicated to the State for an explanation. e. The difference has been calculated in value to be ₦8,250,387,884.95 and in percentage terms to be -3.52%. The State's response explained that the difference was as a result of the Union Bank's loan that was not considered in the 2020 Audited Financial Statement. This outstanding amount was reflected in the Debt Management Department's Report. The amount was N8 billion acquired in respect of TINAPA Business Resort Ltd in 2005 which accumulated over the years and was taken over by AMCON. The principal and interest have never been repaid and the outstanding balance is what has been reflected in the State's Department report as at 31/12/2020.		

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

CROSS RIVER STATE	2020 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,329,147,259.67
BAIL OUT (SALARIES) (SOURCE CBN)	7,094,318,907.51
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	31,144,200,504.28
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,036,080,621.87
STATE BONDS	2,104,889,811.77
COMMERCIAL BANK LOANS	1,095,783,172.10
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
INFRASTRUCTURE LOANS (CBN FACILITIES)	1,646,249,835.59
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	-
JUDGEMENT DEBTS	1,442,223,278.54
GOVT - GOVT DEBTS	32,043,765.76
CONTRACTORS' ARREARS	22,341,666,666.67
PENSION AND GRATUITY ARREARS	39,123,760,294.05
SALARY ARREARS AND OTHER CLAIMS	13,671,462,665.66
OTHER DEBTS	19,108,216,920.99
TOTAL DOMESTIC DEBT (TDD)	**169,170,043,704.46**
TOTAL EXTERNAL DEBT (TED)	73,333,625,980.41
TOTAL PUBLIC DEBT (TED+TDD)	**242,503,669,684.87**

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

TEMPLATE:	₦
Item	2020
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	51,784,144,888
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	37,213,067,893
1.1.1 Gross statutory allocation	32,983,343,733
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	4,229,724,160
1.2 VAT	14,571,076,995
2. Internally Generated Revenues (IGR) – Adjusted	17,745,568,486
3. Grants (internal and external)	12,776,611,292
4A. Other revenues (4.1 + 4.2 + 4.3)	-
4.1 Investment Income (e.g. dividends)	-
4.2 Interest Earned	-
4.3 Miscellaneous	-
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	82,306,324,666

4. Response from the State

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	Dear Sir/ Madam Following our review of the above report, we like to submit here that even though the State will manage with the IVA's assessment of her DLIs 1, 2, 3, 4, 5, 7, 8 and 9, however, the State disagrees with the IVA's assessment of DLR 6.2 because of the following explanations and additional information hereby provided: Kindly recall that during your last APA assessment of DLR 6.2, we explained to you that instead of the State opting for and signing up to the 'Software as a Service (SaaS)' e-procurement framework agreement, she rather took an alternative route that was provided by the Bank to engage an Independent Service Provider "Messrs Periscope Consulting" for the development and deployment of the e- procurement system in the State. The State took the decision based on the Consultant's reputation in the development of e-procurement solution and as a way of encouraging local content. The attachments to this email response are evidence of the Consultant's engagement by the CRSG.	The supporting documents provided by the State carry the year 2021. These will be used to assess the State in 2021 APA.
2	Dear Sir/ Madam Following our further review of the Report specifically regarding the OLD DLRs 5.1 and 5.2, the State is compelled to offer additional clarification to her previous submission as follows: With respect to DLRs 5.1 and 5.2, the difference between 2019 and 2020 reports of Civil Servants and Pensioners captured on Biometric and BVN comprised of a total of 15,624 Civil servants who were verified and activated in Nominal Roll to Payroll and the total of 9,057 who were Verified Pensioners Registered and Activated in the Pension Payroll. The difference in the State figures captured in 2019 report (18,028) and 2020 (15,624) report which is 2,404 is as a result of exits/deletions from the service as well as political appointees who were mistakenly captured in the biometric exercise in 2019. So, the total figure of 15,624 in 2020 report as submitted to IVA previously is made up of Civil Servants only. From 2020 till date, we have not been capturing Political Appointees in the State's Biometric System/Nominal Roll even though they are captured in the payroll.	Well noted.

3		
4		

Appendix A