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

2019 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 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 Cross River State for the second year (2019) of the four-year SFTAS Program. In conducting this 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 Cross River State and also shows areas where the State achieved results. In total, Cross River State achieved **10 (Ten)** DLRs out of 15 (Fifteen) DLRs applicable to 2019. Two of the achieved DLRs were due for assessment during the 2020 APA but have been assessed early as requested by the Programme.

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

1. DLR 1.2: Expenditure outturn deviation is reduced to a level within the annual requirements for this result.

2. DLR 3.0: Increase the percentage of state government finances flowing through the Treasury Single Account (TSA) to at the least the minimum required to achieve this result.

3. DLR 6.2: Publish contract award information, above the set threshold, and on a monthly basis in OCDS format on the State's website.

4. 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.

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

Furthermore, we noted a significant issue affecting the credibility of the Financial Statements for Year 2019. Primarily, there was a difference of ₦24,201,311,768.27 between the Total Debt Stock/Liabilities of ₦259,661,110,863.94 reported by the State in its Audited Financial Statements for Year 2019 and the Total Debt Stock of ₦235,459,799,095.67 reported in the records of the Federal Debt Management Office, the CBN and the FMoF.

Table 1: Assessment Results

Key:	Achieved		Not Achieved		Previously Achieved	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The State published the report before the due date on average of 2.58 Weeks.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 91%.
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.		Minutes of formal public consultations were published online.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		Citizen's budget was published online by 25th April 2019.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 3: Improved cash management and reduced revenue leakages through implementation of State Treasury Single Account (TSA)	DLR 3: Treasury Single Account (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 Treasury Single Account (TSA)		The State Treasury Single Account (TSA) covers 5.2% 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		This is a 2020 APA result assessed early.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	**Stretch Target achieved**	IGR Nominal Growth Rate was 73%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		100% of the civil servants and pensioners are captured on the biometrics.
	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 the civil servants and pensioners are linked to BVN.
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.		This is a 2020 APA result assessed early.
	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		The State has not published contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on the online portal.
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.		The legislation meets the set 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 SDDRs were submitted within an average of 4.15weeks.
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established **and** Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.		State has not established an Internal Domestic Arrears Database.
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. **and** Average		Monthly debt service deduction is 33.86% of Gross FAAC, and the Total

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.		Debt Stock to Revenue ratio is 282%.

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

2. Introduction

2.1 Overview

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

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

2.2 Scope

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

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

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 31/08/2020 and 04/09/2020 with a team of four persons, starting with an opening meeting where all the information requested was to be handed over. The visit was concluded with an exit meeting where the 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
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management**		**Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	The Quarterly budget implementation reports were posted online as follows: **1st Quarter** https://www.crirs.ng/2019/04/14/2019-q1-budget-performance-report/ **2nd Quarter** https://www.crirs.ng/2019/07/21/2019-q2-budget-performance-report-2/ **3rd Quarter** https://www.crirs.ng/2019/10/13/2019-q3-budget-performance-report/ **4th Quarter** https://www.crirs.ng/2020/01/24/2019-q4-budget-performance-report/	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The time of publication are shown below: • Q1 – (14/04/2019)- 2.0 weeks (14 days) • Q2 – (21/07/2019) – 3.0 weeks (21 days) • Q3 – (31/10/2019) – 1.9 weeks (13 days) • Q4 – (24/01/2020) – 3.4 weeks (24 Days) Average weeks for the online publication as computed by the IVA is: $$\frac{2.0+3.0+1.9+3.4}{4}$$ Average = 2.58 Weeks (18 days) The IVA downloaded the Quarterly Budget Implementation Reports for all four quarters of the year 2019 and also obtained evidence of the time stamp 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 classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative	From the review of the Quarterly Budget Implementation reports downloaded from the State's website (see weblinks above), the IVA observed the following; • The Budget Implementation Reports include the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classification of expenditures. • The Budget Implementation Reports include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year 2019. • The Budget Implementation Reports include the balances against each of the revenue and expenditure appropriations.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	expenditures for year to date, and balances against each of the revenue and expenditure appropriations.	The reports included 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.		
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 by the IVA, the State's Budget Performance reports stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year 2019.	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?	Further review by the IVA showed that the State's Budget Performance reports 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 include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	
DLR 1.2	**FY [2019] deviation from total budget expenditure is less than 25%**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 25%	The IVA observed that the State did not compute the budget deviation. The IVA computed the budget deviation for this Year's APA as shown in the table below: |	Original Budget	Actual outturn
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Capital (pg I and 11)	1,044,214,334,044	29,012,048,570.94
Rec. Exp (pg I and 11)	104,317,300,217	71,069,161,350.30
Total	**1,148,531,634,261**	**100,081,209,921.24** | $$\frac{₦1,148,531,634,261 - ₦100,081,209,921.24}{₦1,148,531,634,261} \times 100$$ $$= 91\%$$ The budget performance deviation as per computation above is 91% **Source**: 2019 Audited Financial Statement Pg 11 and Approved Budget (pg i) **Audited financial statement** https://www.crirs.ng/download/2019-annual-reportfinal/?wpdmdl=4700&masterkey=5f2e8562d8526	Unsatisfactory	The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result.
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 [2020] budget**		**Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	**Documents obtained as evidence for the "town-hall" were minutes, attendance sheets and pictures.** a) The IVA confirmed that representatives from the following Local Governments were in attendance at the "town-hall" consultation on the FY 2020 proposed budget: 1. Representative from **Ogoja LGA** 2. Representative from **Obudu LGA** 3. Representative from **Odukpamo LGA** 4. Representative from **Akpabuyo LGA** b) The IVA confirmed that representatives from the following CSOs were also in attendance: 1. Climate Change 2. Greater Hand Foundation 3. Social Development Goals 4. Student Union c) The sources of information from which the conclusions were drawn were minutes, attendance, and pictures. d) The dates of the public consultation were 5th and 6th of September 2019, the venue of the consultation on the budget proposal was College of Health Technology, Calabar. e) A sample of 10 attendees were called to confirm their attendance at the public consultation. (The list of the correspondent samples is retained on file) f) The Budget was drafted on the 20th November 2019. g) The dates of the consultation were 5th and 6th of September, 2019 and the date of the draft budget was 20th November 2019. The consultation was done first.	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,	a) The representative from BATAN (CSO) co-signed the minutes. b) The title of the minutes is "Minutes of the 2020 budget consultative forum organized by the department of Budget Monitoring and Evaluation, Governor's office at the auditorium of college of Health Technology Calabar". The date of the Minutes was 6th September 2019.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	c) Other signatories to the minutes represent the CSOs listed above. d) The weblink to the minutes of the public consultation on the FY 2020 proposed budget is https://www.crirs.ng/2019/09/06/minutes-2020-budget-consultative-forum/ e) The proposed annual budget was published on November 13, 2019 on: https://www.crirs.ng/2019/11/13/2020-proposed-budget/ Also see Appendix A for weblinks to the proposed/final budget. The proposed budget was published online before 31 January 2020.		
DLR 2.2 New	Citizens' budget based on approved FY19 State budget published online by end April 2019.		Achieved	
1 New	Has the State published online, on the State website(s) a *Citizens Budget based on the approved FY19 state budget* not later than 30 April 2019?	The Citizens budget based on approved FY19 State budget was published on the 25th of April before the due date https://www.crirs.ng/2019/04/25/2019-citizens-budget/ It was accessed on 02/09/2020.	Satisfactory	
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	The IVA confirmed that the Citizens budget summarized in a comprehensible manner to citizens the approved FY19 State budget and it was prepared in the prescribed format suggested to States. It accurately includes the key budget information from the original budget, including the following. i. A simple explanation of the annual budget/citizens' budget, pg. 2. ii. Breakdown of revenues and expenditures, pg. 6-8.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		iii. Disclosure of Budget deficit and how it will be financed, pg. 6. iv. Sectoral Allocation (MDAs by MDAs), pg. 15-17. v. Top 5 Projects to be financed, pg. 18-20.		
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State Treasury Single Account (TSA)				
DLR 3.0	**Improved cash management and reduced revenue leakages through implementation of State Treasury Single Account (TSA)**		**Not Achieved**	
1	Has the State established a functional State-level Treasury Single Account (TSA)?	a. The state adopted the IGR account as the Treasury Single Account (TSA) The State's Treasury Single Account (TSA) is Zenith Bank (1015594528). All IGR collections by the Cross-River State Internal Revenue Service including IGR emanating from all revenue generating MDAs flow to the Treasury Single Account (TSA) through the use of PayDirect Platform. However, PAYE of civil servants in the State flow to Eco Bank account. Also, PAYE of Federal Government entities in Cross River State and Larfarge Cement in 2019 were paid to FAAC account. The State operates multiple accounts, the details are: • IGR Main Account (Zenith – Treasury Single Account (TSA)): 1015594528 • FAAC Account UBA: 1019301797 • VAT Account First Bank: 2031761710	Unsatisfactory	The State should establish a functional Treasury Single Account (TSA)
2	Is there a formally approved cash	Two documents were provided for cash management strategy: i. Cross River State Cash Management Strategy; and ii. Cash Management Policy of Public Funds.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	a) The cash management strategy was signed by the Honourable Commissioner for Finance while the cash management policy of public funds was jointly signed by both Commissioner for Finance and the Executive Governor. Both documents were signed in December 2018. b) The strategy includes the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds. (Page 15 of the cash management strategy and paragraph 8.0 of the cash management policy of public funds). c) The strategy provided for daily sweeping to the Treasury Single Account (TSA) from collecting banks. d) Evidence of implementation of processes described in the cash management strategy on forecast of cash commitments and requirements were obtained. Annual and monthly forecast were obtained and found to be in line with the strategy.		
3 Does the Treasury Single Account (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 a computer application where the State viewed the cash balances in the bank account. a) The Application name is Revotax and the producer of the Application is Appmart Integrated Systems. b) The Application was approved by the cash management strategy used. c) The Application was deployed in January 2018. d) The Application provides a central view of cash balances of bank accounts on the electronic dashboard based on the approved cash management strategy.	Satisfactory	
4 Does the Treasury Single Account (TSA) have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as	a) The Treasury Single Account (TSA) is Zenith Bank with account number 1015594528. b) All IGR collections goes through this account c) All IGR collection do not sit in the other revenue collecting banks.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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 Treasury Single Account (TSA).	d) The Zenith Treasury Single Account (TSA) bank Statement was obtained.		
5	Does the Treasury Single Account (TSA) cover a minimum of 60% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the Treasury Single Account (TSA) account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019. See the computation below:	Unsatisfactory	The State's Treasury Single Account (TSA) should cover a minimum of 70% of Government Finances.

Table within Findings cell:

	Total Inflows	Total Outflows
Treasury Single Account (TSA) Bank Statement	5,401,674,495.87	5,481,806,990.02
Govt. Finances*	107,081,209,921.24	100,081,209,921.24
Percentage	5.04	5.48

The average is percentage computation is:

$$\frac{5.04\ \%\ +\ 5.48\ \%}{2}$$

$$=5.26\%$$

The Treasury Single Account (TSA) covered 5.26 % of the State's finances.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		*Sources: 2019 Audited Financial Statement (Cashflow Statement) Pg. 39 and the Treasury Single Account (TSA) Statement from (Zenith Bank) for 1/1/2019-31/12/2019.		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published**		**Achieved**	
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?	The IVA observed the following on the revenue law: a) The Cross River State Revenue Administration Law, 2011 Amendment, 2015 was signed on 6th November 2015. b) Resolution No. 37 of 31st December 2019 approved the Consolidated State (Miscellaneous) Fees and Charges Regulations. c) Resolution No.70 approved on Wednesday 16th September 2020 approved the Revised Consolidated State (Miscellaneous) Fees and Charges Regulations – 2020. d) The laws were properly cross-referenced. e) The weblink: https://www.crirs.ng/2020/01/03/crs-approved-revised-feescharges-regulations2020/) f) The Code included all State IGR sources and the LGs (falling under the State) IGR sources.	Satisfactory	This is a 2020 APA result that has been assessed early as requested by the programme

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		g) The Consolidated Revenue Code included the rate chargeable for each IGR source.		
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?	(a) The provisions of the revenue law and codes are reviewed below: i) Section 5(2) states that notwithstanding the provision of any other Law in force in the State, the Service shall be the Sole Agency Responsible for the Collection and Accounting of All Revenues (Taxes And Non-Taxes) in Cross River State and shall have exclusive powers to control, administer, impose and collect the different taxes and levies within the State in line with rates herein approved by the State House of Assembly. ii) Section 6 subsection (1c) state that: the SIRS shall ensure the effective and optimum collection of all revenue, including levies and penalties due to the State Government under the relevant Federal and State Laws. iii) Section 6 subsection (1g) states that: SIRS shall carryout oversight function over all taxes and levies accruable to the State Government and as may be appropriate, query, subpoena, sanction or reward activities pertaining to the assessment, collection of and accounting for revenues accruable to the State. iv) Section 7 subsection (2b) states that: SIRS shall assess, collect, account and enforce payment of taxes and levies as may be due to the Government or any of its agencies. v) Section 7 subsection (2c) states that: SIRS shall collect, recover and pay to the designated account any tax under any provision of this law or any other enactment. vi) Section 26 subsection (1) states that: the service shall have power to administer all laws on taxation and revenue matters in respect of which the State House of Assembly or the National Assembly may confer power on it.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The Law meets the conditions for the APA 2019. The law clearly defines tax to include duties levies and revenue accruing the state has (by amendment) Schedules with approved sources and applicable rates for all state level revenues including those of MDAs and LGAs are provided by a resolution of the State House of Assembly. It meets the tests that the Revenue Service is the SOLE collector of all state Revenue and accounts for the collections. And it provides for a central revenue account and banks. Finally, the law seen is passed by the State House of Assembly and signed into law as well as the resolution.		
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	a) The collection of revenues is made into accounts nominated by SBIR. Documentary evidence with approval of the Executive Governor consolidating all revenue collection to accounts nominated by the SIRS. b) The SIRS has full oversight of accounts and is responsible for reporting and accounting for the revenues.	Satisfactory	
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	a) The revenue law was approved by the State legislature signed on 6th November 2015 b) Revenue code was approved on 31st December 2019. Resolution No.70 approved on Wednesday 16th September 2020 approving the Revised Consolidated State (Miscellaneous) Fees and Charges Regulations – 2020.	Satisfactory	
5	Is the Publication published online, so it is	a) The team was able to download and keep a file copy of the law, Code and rates on 1st Sept 2020. b) The weblink is: https://www.crirs.ng/downloads-2-2/	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
	automatically available to the public/all taxpayers?						
DLR 4.2	**Annual nominal IGR growth rate meets target**					**Achieved** Stretch target met	
1	Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	a. Cash basis was used for both 2018 and 2019 Financial Statement. b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:					Satisfactory	

	NGN	NGN	% GROWTH
Item	2018	2019	
VALID IGR items to be counted as IGR	**13,958,073,099**	**24,093,842,507**	
Direct tax	10,432,664,496.59	19,818,344,123.20	
Fees	3,369,377,636.62	4,095,402,633.18	
Licences	129,816,485.30	113,667,735.21	
Earnings (Excluding interest or investment income)	26,044,480.00	64,428,015.41	
Rent on Government Buildings	170,000.00	-	
Sales	-	2,000,000.00	
"Adjusted IGR" for DLI 4.2 Calculation			
Sum of all VALID items of IGR if	**13,958,073,099**	**24,093,842,507**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		AFS has that detail		
			73%		

*Please Unpack the Miscellaneous from the notes to the Account)

$$\frac{N24,093,842,507 - N13,958,073,098.51}{N13,958,073,098.51} \times 100$$
$$= 73\ \%$$

The annual nominal growth is 73%

Source: 2019 Audited Financial Statement Pg. 7

DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	The State commenced and completed the Biometric data capture of the civil servant and pensioners in the year 2016. a) The consultant for the biometric exercise was Appmart Integrated Systems. b) The total no of civil servants is 18,028. c) The total no of pensioners is 8,833. d) The total no of staff on the State Nominal roll is 18,028 and Payroll is 15,181. e) The number of biometrics data that has been captured is 26,861	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) The nominal roll generated from the biometric database was provided and the IVA was able to verify. Progress report on the biometric/BVN was also provided. $$\frac{26{,}861}{18{,}028+8{,}833} \times 100$$ =100% The entire civil servants and pensioners have been captured on biometrics.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced and finished the linkage of the biometric data to the payroll in 2016. We observed the State could not provide adequate justifications in 2018, probably because the State did not meet 2018 EC. The nature of the Biometric of Cross River State is such that the database of civil servants and pensioners is domiciled at the HoS, the HoS carries out all alterations and generate the monthly payroll. The payroll section of the AG's office only verifies the payroll for concurrence and effect payments. The system is quite different from what other States have and we were able to confirm that the State had completed capturing of the database and linkage to payroll. b) Total of 26,861 biometric data have been linked to payroll. c) 365 ghost workers were detected during the biometric validations. d) The amount of money saved from the ghost workers detected is N37,940,173.69 e) The in-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths, etc.) were captured during the biometric exercise. f) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees and deaths. Payroll report showed how changes are updated	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) A total of 365 ghost workers were detected during the linkage. We noted however that there was no submission on ghost workers from the State during the 2018 APA (see further comment above) b) The report on the process of discovering the identified ghost workers was provided. The report of unverified civil servants and pensioners was also provided, and the team was able to verify the payroll system. The team selected 40 samples from the schedules of deleted civil servants and pensioners and confirmed they have been properly deleted from the payroll. c) These identified ghost workers and pensioners were removed from the payroll in February 2017. d) The savings from removal of ghost civil servants was N37,940,173.69 and ghost pensioners was N35,153,609.55. e) Extracted schedule of unverified civil servants and pensioners provided by the State showed the data and was verified by the team.	Satisfactory	
5.2	**Link BVN data to at least [75] 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 75% of its current Civil Servants and pensioners on the State payroll?	The State commenced and completed the linkage of BVN data of the civil servant and pensioners in 2016 a) The consultant for the linkage of the BVN to the payroll was Appmart Integrated Systems. b) The total no of civil servants is 18,028. c) The total no of pensioners is 8, 833. d) The total no of staff on the State Nominal roll is 18,028 and Payroll is 15,181. e) The number of BVN linked to payroll is 26,861.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) The payroll generated from the payroll system was provided and the team was able to verify. Progress report on the biometric/BVN was also provided. $$\frac{26{,}861}{18{,}028+8{,}833} \times 100$$ $$=100\%$$ The BVN of entire civil servants and pensioners have been linked to payroll		
2	Has the State taken steps to identify payroll fraud?	a) The entire 15,181 civil servants on payroll are linked to BVN. b) The report of unverified civil servants and pensioners was provided, and the team was able to verify the payroll system. The team selected 40 samples from the schedules of deleted civil servants and pensioners and confirmed they have been properly deleted from the payroll. c) These identified ghost workers and pensioners were removed from the payroll in February 2017. d) The savings from the removal of ghost civil servants was N37,940,173.69 and ghost pensioners was N35,153,609.55. e) Extracted schedule of unverified civil servants and pensioners provided by the State showed the data and was verified by the team.	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-**		**Achieved**	This is a 2020 APA result that has been assessed early as requested by the programme

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget			
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?	a) The state has a public procurement legal framework. b) The Procurement framework was approved by the State legislature as a law. c) The Procurement law has been passed d) The authorizing body/office is the Cross-River state Due Process and Price Intelligence Bureau. e) The date approval of the law occurred on 30th July 2020. f) The date of its online publication was 1st September 2020. g) The source of online publication was crirs.ng	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.	The Cross-River State Public Procurement Law is structured in line with the UNCITRAL Model and meets the requirements as shown below: 1. **E-Procurement -** We noted the following during the review of the legislation; • The Procurement Council is to approve changes in procurement Process to adapt to improvements in modern Technology. S. 4 (c) • Section 34 (1) allows for the conduct of procurement by electronic auction or stimulation. The section makes electronic auctions mandatory for public works, education, and health procurements above ₦10 million naira and available for use for all other MDAs. The law therefore complies with the requirements for e-procurement.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	2. **Independence -** The results of the assessment of the legislation for independence are in the table below: 	Required Provisions*	Result
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The Functions and Powers of the Agency	Compliant; see sections 12 and 13
The composition of the board	Compliant; See Section 2(1)
Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see Section 2(1)(g)
The grounds for removal of the Chief Executive of the agency.	Compliant; see Section 7(2)
Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See Section 50(7) | *Provided by the World Bank 3. **Establishment of an independent procurement regulatory agency** - a) The law provides for the establishment of an independent procurement regulatory agency. The relevant sections 12 and 13 and the references to the appropriate sections of the law are Section 11 which states that: Notwithstanding the provisions of any other Law, the Bureau shall in the performance of its functions, be independent and not subject to the direction, control or supervision of any other authority or person, except to the extent that this Law provides. b) The law covers all MDAs receiving funds from State budget. The relevant sections are 20(a-b) and the references to the		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	appropriate sections of the law are Section 20(a-b) states that: "Notwithstanding the provisions of any other law or regulations, this Law shall apply to and regulate procurement of all goods, works, services and disposal of assets by- (a) the State Governor and all its procuring entities; and (b) all entities, outside the foregoing description, which derive at least 35% of the funds appropriated or proposed to be appropriated for any type of procurement described in this Law from the State Consolidated Revenue Fund: Provided that where the state is under obligation under any international treaty, bilateral agreement to use a particular method of procurement stipulated under such treaty , such a method shall apply".		
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?	a) The State has instituted an independent procurement regulatory function, Sections 12 and 13. b) It is being performed through a Bureau, Sections 12 and 13. c) The Bureau is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework, Sections 12 and 13. d) The evidence we obtained to demonstrate that the regulatory agency is active and effective was that the IVA conducted interview with the Special Assistance to the Director General as the Director General was in Abuja for an official assignment, Management staff and two (2) randomly selected operational staff on the 2nd of September 2020 at the Cross-River State Due Process and Price Intelligence Bureau. This was done orally and they aired their views on the activeness and effectiveness of the Bureau. The IVA also conducted a physical inspection of the Bureau. The various departments were seen with their staff in their offices. e) A record of 5 procurements cases/transactions handled by the Bureau were used in performing the walkthrough to confirm the effective handling of the selected cases.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) The IVA went through the cases to ensure that they passed all the criteria for acquiring 'Certificate of No Objection' and for cases that did not meet up the right criteria were not issued Certificate of No Objection. The findings reached was that the Bureau is functional.		
DLR 6.2	**Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]**		**Not Achieved**	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year(2019) that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS).	a) The IVA obtained a schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state Due Process Guidelines Pg. 13-14). b) The data of the published addendum is in line with the Open Contracting Data Standards (OCDS). c) The date of publication was 3rd September 2020 which is after the year under assessment. d) The source of the publication was crirs.ng e) The date of the addendum published was done on the 3rd of September 2020 while the initial publications were done on the first of every new month as follows: (i) January was 01/02/2019 (ii) February was 01/03/2019 (iii) March was 01/04/2019 (iv) April was 01/05/2019 (v) May was 01/06/2019 (vi) June was 01/07/2019 (vii) July was 01/08/2019 (viii) August was 01/09/2019 (ix) September was 01/10/2019	Unsatisfactory	The State should have published contract award information for 2019 (for MDAs without e-Procurement) for all contracts awarded during the fiscal year that are above the threshold (as defined in the state procurement law or in the state procurement regulation(s), in line with the Open Contracting Data Standards (OCDS) on the state official website or online portal if already established.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	(x) October was 01/11/2019 (xi) November was 01/12/2019 (xii) December was 01/01/2020 The IVA reviewed the initial contracts published online, which had three items in line with the OCDS, i.e. the budget description, the budget amount and the contract award date. An APA issue was raised for the Focal Person to explain why the initial publication of the contract awards were not in compliant with Open Contracting Data Standards (OCDS). The State responded that "in realization of the fact that there was incomplete information contained in the initial schedule of all contracts awards during the year 2019 above the threshold by the State, additional information such as: name of contractors, address of contractors, contractors phone numbers, commencement date, award status and amendment to the award of contract were then added and published online as an addendum" The IVA confirmed that the State published the addendum of the 2019 contracts on the 3rd of September 2020, which were in line with the Open Contracting Data Standards (OCDS) but were published online in the year 2020, after the 2019 year of assessment. The uploaded contracts contain the following details: the month, name of contractor, address of contractor, phone number and email, contract period/duration, award date, commencement date, description of award, award amount, award status and amendment to the award of contract. The IVA downloaded and retained a copy of the online publication. Also, the team retained a screen shot of the webpage from which the publication was downloaded and confirmed that the awards published were for the entire year		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		2019 but were not published on the online portal in the 2019 year of assessment.		
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.**		**Achieved**	

1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	a) The State has provided copies of the Public Finance Management Law, State Fiscal Responsibility Law, and State Public Debt Management Law to IVA.
		 b) Dates of approval/assent:
		   i. Public Finance Management Law – 30/12/2011
		   ii. State Fiscal Responsibility Law - 30/12/2011
		   iii. State Public Debt Management Law – 10/12/2014
			Satisfactory	

2	Does the legislation include provisions which establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and	The legislation includes all the required provisions: **(i) establishing responsibilities for contracting state debt –** Part II (Function of the Department) Section 3(a)(n) of the Cross River State Debt Management Law. Section 3 – The Department shall have the following functions: a. Advise on the issue and issue, on behalf of the State, such Debt Securities as the State may desire to issue, from time to time;	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
3) Fiscal and debt rules/limits for the state.	n. Administer any debt or bond issuance by the State Government **(ii) establishing responsibilities for recording and reporting state debt –** Criteria #2: Section. 3(b), (c) & (m) & 19(6)(b) (d) of the Cross River State Debt Management Law Section 3 – The department shall have the following functions: b. Determine and regularly update the debt stock of the State; c. Maintain a reliable database of all debt instruments issued, loans taken or guaranteed by the State Government or any of its agencies and all contingent liabilities related thereto; m. Collect, collate, disseminate information, data and forecasts on debt management with the approval of the Committee; Section 19(6) b. Maintain the Register of holders of all instruments and other debt securities issued by the State and record the particulars of all holders and all transactions entered into with regard to such Instruments and Securities therein; d. Maintain a record of all guarantees by the Government of any authorized loans, taken by any Local Government or other Agency of Government; **(iii) establishing fiscal and debt rules or /limits –** Section 14(1), 22(2), (3) & (4) of the Cross River State Fiscal Responsibility Law Section 14(1) – For any financial year, the aggregate expenditure limit shall be set at a prudent level, taking full account of the principles of sound financial management and shall at any event not exceed 25% above the aggregate revenue estimate for that financial year. Section 22(2) – The State shall ensure that the level of public debt as a proportion of State income is held at a sustainable level as		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		prescribed by the House of Assembly on the advice of the Commissioner, Section 22(4) – The Governor shall within 90days from the commencement of this Law and with the advice of the Debt Management Department subject to the approval of the House of Assembly, set overall limits for the amount of consolidated debts. NB: The State achieved this DLR in the 2018 APA, however, because the state did not meet Eligibility Criteria, the State could not earn the funds. The law meets the requirement for the 2019 APA.		
4	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.	a) The Cross River State Debt Management Department has been operational during the APA year and performing the core function of recording and reporting state debt. The Debt Management Department is located within the State Ministry of Finance Building, Calabar, Cross River State. b) The IVA observed that there is an operational State Debt Management Department. The State Debt Management Department is performing its core function of recording and reporting state debt including the quarterly domestic debt reporting to the DMO, by the 31 December 2019, and IVA obtained pictures of the Debt Management Department to show it is operational and State Domestic Debt Report as evidence to back the above. The IVA conducted interview with the Special Adviser to the Governor on Debt Management, as well as the Head of Department.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		They both confirmed that the Department was operational, active and effective in 2019.		
DLR 7.2	**Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019**		**Achieved**	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2019?	a) The state produced quarterly domestic debt reports approved by the DMO on average of 4.15weeks after the end of the quarter. We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows: • Q1 submitted on (24.04.2019) 3.4weeks (24 days), • Q2 submitted on (23.07.2019) 3.2weeks (23 days), • Q3 submitted on (13.11.2019) 6.2weeks (44 days) and • Q4 submitted on (27.01.2020) 3.8weeks (27 days). <u>3.4+3.2+6.2+3.8</u> 4 = 4.15 weeks (29.5 days) The SDDRs were submitted within an average of 4.15 weeks.	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	The team reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Cross River Debt Domestic Report and showed a difference of ₦24,201,311,768.27. The report was supported with the DMO's templates and guidelines. The IVA team reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.	n/a	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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.	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.		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.** **AND** **Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.** -**Basic target:** At least a 5% decline or maintain stock below N5 billion -**Stretch target:** More than 20% decline		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF). However, it was observed that the State needs to properly document in the ACF its plans on prioritization of arrears. b) A copy of the ACF has been obtained from the State c) The establishment of the ACF occurred after the 31 December 2019. It was established on 31st January, 2020.	Unsatisfactory	The State should establish and update its Arrears Clearance Framework (ACF)
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 the planned actions to settle arrears, however, the State needs to properly document in the ACF its prioritization of expenditure arrears to be settled which requires further work by the State - such as providing clarity on how the arrears settlement will be prioritized. b) In Paragraph 2.0 of the ACF, the State specified their Planned actions for settlement of Arrears (Pg. 8). In Paragraph 3.0 of the ACF, the State specified the Prioritization Criteria for Arrears Clearance. The criteria were not clear and specific on how the State will prioritize the clearance. For Instance, under prioritization within types of arrears (Par. 3.2), the State, under Contractors indicated - Ongoing works first, Largest Value First, smallest value first, oldest value first, subject to penalties first, without clearly stating the approach they will follow. Also, there was no prioritization scale provided. c) The State only presented the ACF and the team worked with the Q4 SDDR presented. The internal domestic arrears database and the SARVCR were not presented.	Unsatisfactory	The ACF should contain: 1) Planned actions to settle arrears 2) An explicit prioritization of expenditure arrears to be settled
3	Has the ACF been published on a State official website?	a) We confirmed that the ACF has been published on a State official website b) We have downloaded a copy for validation c) The new weblink of the State's publication is - https://www.crirs.ng/download/arrears-clearance-framework-2019/?wpdmdl=4701&masterkey=5f2e85e8414dd	Unsatisfactory	The State should publish on a state official website before 31st December to count for the APA.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The former weblink that was checked during the IVA visit to the State is no longer available: http://www.crossriverstate.gov.ng/images/Debt-Management-Documents/Arrears-Clearance-Framework-2019.pdf d) The date of publication is 31.01.2020		
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	a) The State did not clear its domestic expenditure arrears in line with the ACF as there was no ACF in 2019. Also, the ACF does not have prioritization of arrears.	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 not established an Internal Domestic Arrears Database	Unsatisfactory	a) The state should ensure they establish an internal domestic arrears database. b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; aggregate

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
				amount of pension and gratuity arrears; aggregate amount of salary arrears and other staff claims
6	Has the State published online elements of the internal domestic arrears database for the FY **2018** and FY **2019** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has not published online the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019. b) The State has not established an online publicly-accessible arrears database with information in the internal domestic arrears database c) The State has not established an arrears portal/online webpage. Also, the State have not published its internal domestic arrears database	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.
7. New	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	The State has not published online the required elements of Internal Domestic Arrears Database as at end of 2019.	Unsatisfactory	a) The State should publish online a list of contractors with arrears exceeding N20million. b) The state should ensure contractors are able to verify through an online portal that their claims

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
	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.						are accurately reported
New	Has the State met the following: (ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework. **-Basic target:** At least a 5% year-on-year decline or maintain stock or arrears below N5billion. **-Stretch target:** More than 20% year-on-year decline. *The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears and*	See table and findings below					Unsatisfactory	The State should ensure they meet a Basic Target of reduction by at least 5% to meet the Basic Target or maintain a domestic debt stock below N5billion

Findings detail for the "New" row:

Aggregate Amount of:	2019	2018
Contractors Arrears	39,123,760,294.05	39,123,760,294.05
Pension and Gratuity arrears	13,671,462,665.66	14,252,393,536.02
Salary arrears and Staff claims		
Other types of domestic expenditure arrears	32,043,765.76	32,043,765.76
Total Domestic Arrears	**52,827,268,744.47**	**53,408,199,613.83**

a. The IVA obtained the Domestic arrears figure from the 2019 Q4 Domestic Debt Stock by the Cross River State Debt Management Department.

$$\frac{₦53,408,199,613.83 - ₦52,827,268,744.47}{₦53,408,199,613.83} \times 100$$

$$= 1.09\%$$

The percentage decline is 1.09%

Source:
2019 Q4 Domestic Debt Stock by the Cross River State Debt Management Department.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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.			
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019] AND Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target: -Basic target: < [140%] -Stretch target: < [115%]**		**Not Achieved**	
	Has the State met: (i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2019) to the gross FAAC allocation for the same calendar year? **Less than :< [40%]**	The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA as follows: Total Service Deduction ₦18,686,265,730 x 100 Gross FAAC ₦55,186,661,796 =33.9% **Source:** FMoF (FAAC)	Satisfactory	

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

Total Public Debt

	Financial Statements	DMO figures (Adj)
Total Domestic Debts	166,953,584,919.28	171,517,898,556
Total External Debts	92,707,525,944.66	63,941,900,539.68
Total Public Debts	**259,661,110,863.94**	**235,459,799,096**

Total annual revenue

	24,093,842,507
Gross FAAC Allocation	55,186,661,795.74
Grants	2,618,985,624
Other Revenues	0.00
Total Revenue**	**81,899,489,926.74**

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.

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

Using DMO Figure:
Total Debt Stock   - ₦235,459,799,096 x 100
Total Revenue   - ₦81,899,489,927
= 287%

The percentage computed is higher than the 140% basic target.

Sources: For Total Revenue 2019 Audited Financial Statement, Pg 46-47.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	For Total Public Debt from DMO* as at December 31, 2019 *Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue 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. c. There is a difference of ₦24,201,311,768.27 and 10.28% in percentage terms d. The difference was communicated to the State for explanation and the State responded that "*With respect to the issue raised, IVA wish to submit that the External Debt as at the end of 31/12/2019 was $208,960,459.28 million translated at the exchange rate of 450:1USD. The translated figure therefore stood at N94,032,206,676.00 while the DMO's reported figure was N63,941,900,539.68 translated at N305:1USD. This figure was used for the translation to avert the incessant and frequent movement in exchange rates in the country. Your observation may therefore be traced to the figure used for the exchange rate by the DMO as against the figure IVA used*." The State's explanation was deemed unclear but no further action is proposed by the IVA in view of the result not being achieved. e. The SDEDR was amended and resubmitted to the IVA along with explanations for the changes.		

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

CROSS RIVER STATE	2019 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,003,680,247
BAIL OUT (SALARIES) (SOURCE CBN)	7,128,886,890
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	31,791,197,461.47
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,099,902,915
STATE BONDS	3,247,746,954.65
COMMERCIAL BANK LOANS	1,620,979,286.29
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,861,340,269
INFRASTRUCTURE LOANS (CBN FACILITIES)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	1,487,014,220
JUDGEMENT DEBTS	32,043,765.76
GOVT - GOVT DEBTS	22,341,666,666.67
CONTRACTORS' ARREARS	39,123,760,294.05
PENSION AND GRATUITY ARREARS	13,671,462,665.66
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	19,108,216,920.99
TOTAL DOMESTIC DEBT (TDD)	**171,517,898,556**
TOTAL EXTERNAL DEBT (TED)	63,941,900,539.68
TOTAL PUBLIC DEBT (TED+TDD)	**235,459,799,096**

TABLE 3ii: CALCULATION OF REVENUE IN THE DEBT-TO-REVENUE RATIO

TEMPLATE: OPTION A	NGN
Item	**2019**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	55,186,661,796
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	43,515,013,947
1.1.1 Gross statutory allocation	41,623,540,123
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	1,891,473,824
1.2 VAT	11,671,647,849
2. Internally Generated Revenues (IGR) - Adjusted	24,093,842,507
3. Grants (internal and external)	2,618,985,624
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)	81,899,489,927

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, We write to acknowledge receipt of the above named -Report and having reviewed our performances regarding the 9 DLIs of the Report, we wish to state that we are moderately satisfied with the result. However, we wish to request that, having put in so much to achieve 3 out of the 5 tests associated with DLI 3 in particular, we deserve to earn part, if not all, of the benefits attached to the DLI. We therefore ask for your further review of DLI 3: (Improved cash management and reduced revenue leakages through implementation of State TSA) with a view to meeting our request please. Thank you so far for your continuous support and encouragement. Eteng, O. Iwara Focal Person, SFTAS PforR For: Chairman, SFTAS Steering Committee/HCF	Well noted, thanks. Unfortunately, the Verification Protocol does not permit the IVA to award partial scores. Please see the Findings section for detailed information, conclusions and recommendations toward the next APA. The State should endeavour to meet the requirements in accordance with the Verification protocol.

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 to prepare better for the next assessment. Note that the eligibility assessment will be conducted afresh on an annual basis and being deemed eligible in one year does not guarantee eligibility in subsequent years. Please visit the SFTAS guidelines for more detail on eligibility.

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

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

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
http://www.crossriverstate.gov.ng/images/2020-Budget/2020-Budget.pdf https://www.crossriverstate.gov.ng/	A search was done on Cross River State website	The 2020 Budget was were 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 Governor's assent. The focal person responded on 18/01/2020 and provided evidence of the Appropriation Law.	**EC was met**

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

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

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

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
https://www.crirs.ng	A search was done on the Cross-River State Ministry of Finance Website and the 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
Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	None
Were the Financial Statement for 2018 available published online on or before 30th September 2019?	Yes	None
Are the published financial statements clear and legible?	Yes	None
Can the Financial Statements be downloaded?	Yes	None
Do we have evidence of audit by the State Auditor-General?	Yes	None
Are the financial statements complete, including primary statements and disclosure notes?	Yes	None
Are there any indications that balances within the financial statements are not credible	n/a	Please see the 2018 APA Report