



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

2018 Annual Performance Assessment (APA) Report

DELTA STATE

By:

**The Office of the Auditor General for the Federation as the SFTAS Independent Verification Agent
with support from JK Consulting Co. Ltd**



March 2020

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1. Executive Summary

The Report details the outcome of the Annual Performance Assessment (APA) conducted on Delta State for the 2018 year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol.

Table 1 (below) reflects the outcome of the 2018 APA for Delta State and shows areas where the State was able to achieve results. In total, Delta State achieved **Six (6)** DLRs out of 14 DLRs.

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

- 1) **DLR 1.1:** Quarterly Budget implementation reports include the approved budget appropriation for each organizational unit (MDA), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures). The report should also state the actual expenditures attributed to each MDA as well as the cumulative expenditures for year to date.
- 2) **DLR 2.1:** Minutes of the public consultation on the annual budget are jointly prepared and signed with CSO representatives and are published along with the proposed and approved budget.
- 3) **DLR 3.0:** Develop a functional State-level TSA based on a formally approved cash management strategy. The Strategy should cover the processes through which the State is able to forecast cash commitments and requirements and provide reliable information on the availability of funds. The State should also implement one consolidated TSA for all revenues including IGR and FAAC allocations.
- 4) **DLR 4.1:** A review of the State Revenue Law along with the revenue code to clearly state the sources of all revenues, including the Local Governments sources. The amended revenue law, code and rates should be published online.
- 5) **DLR 4.2:** An increase in IGR by a minimum of 20% annually to achieve the basic target for this result.
- 6) **DLR 6.1:** Amendment of the Procurement Law to meet requirements for the establishment of an independent Procurement Board, and to conform with the UNCITRAL Model Law.
- 7) **DLR 7.1:** Amendment of the State Debt legislation to provide for the responsibilities for contracting State debt.
- 8) **DLR 8.0:** Establishment of a Domestic Arrears Clearance Framework (ACF) and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal.

In addition, we noted a balance of **N100,230,652,465.31** stated as Intangible assets on the audited Financial Statements for 2018. The validity of this balance is of concern and casts some doubt on the credibility of the Financial Statements as well as the other balances upon which decisions affecting various DLIs were made. We therefore recommend that the balance is fully explained in order to preserve the judgments made within this assessment.

We also noted the Federal DMO's Report on State Domestic and External Debt Report (SDEDR) showed the sum of **₦228,805,996,159.83** as Total Debt for the State. Upon further review and comparison with other data from the DMO, FMOF and CBN, a revised figure of **₦247,533,608,765.54** for Total Debt stock was determined – See DLI-9 in the Findings Section. The State is to reconcile and explain the difference of **₦18,727,612,606** between the balance shown initially as the SDEDR balance for the State and the corrected amounts shown within the calculations for DLI-9.

Table 1: Assessment Results

Key:	Achieved	Not Achieved	
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		Q3 and Q4 reports did not include the approved budget for each MDA and on a consolidated basis.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The expenditure outturn deviation was 29%.
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY19 budget.		Minutes of Citizens' input from formal consultations were not published online within the due date.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA		The State does not have an adequate approved Cash Management Strategy and the TSA covered 14.82% of State finances.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: Consolidated State revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published		The Consolidated Revenue Code did not include Local Government IGR Sources and rates.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: - Basic target: 20%-39%, Stretch target: 40% or more		Annual nominal growth rate was 1.96%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll		Biometric data of 100% of civil servants are linked to the payroll.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed		BVNs of 100% of civil servants are linked to payroll.
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement board; and 3) Cover all MDAs receiving funds from the state budget.		The Procurement law does not fully comply with the requirements for the establishment of an independent Procurement regulator
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website		Contracts are published in OCDS format on the state website.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: Approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		The legislation does not include provisions for the contracting of State debt.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018		Quarter 4 report was submitted on 31/1/2019.
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		No arrears clearance framework or publicly accessible portal
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018, and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: Basic target: < 150%, Stretch target: < 125%.	Stretch target achieved	Debt service deduction was 9.7% and debt stock/revenue was 84%.

The Office of the Auditor-General for the Federation as Independent Verification Agent and JK Consulting 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 Limited 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 2018. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State’s performance in 2018 against the Disbursement 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 2018 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix A.

The verification protocol was set early in the preparation 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 2018. 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 02/12/2019 and 06/12/2019 with a team of five persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/additional information.

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

The Office of the Auditor-General for the Federation and JK Consulting Co. Limited 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)	Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management		Not Achieved	
1	Has the State published its quarterly budget implementation report to the State official website within six weeks of the end of each quarter?	<p>This DLR was assessed based on the last two quarters (third and fourth quarters) of 2018 as per the verification protocol.</p> <p>The State published its 3rd quarter budget performance report on 8th November 2018. The State published the 4th quarter budget performance reports on 14th February 2019.</p> <p>The State published its 3rd and 4th quarter budget performance reports after the end of the quarter on dates shown below: 3rd quarter – 8th November 2018 – 5.5 weeks 4th quarter - 14th February 2019 – 6.5weeks Average time of publication: 5.5+6.5= 12 weeks, 12 weeks/2= 6 weeks.</p> <p>Evidences (Q3 and Q4 reports) were viewed on State’s website and the screenshot taken.</p>	Satisfactory	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		https://ecoplan.deltastate.gov.ng and https://www.deltastate.gov.ng/sftas/		
2	Do the reports include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures)?	The reviewed budget implementation reports showed the approved budget appropriation for the year for each MDA was not included.	Unsatisfactory	The Report should show approved budget appropriation for the year for each MDA.
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	The reviewed reports showed that the actual expenditures for the quarters attributed to each MDA for the 3 rd and 4 th quarter were not included. It includes expenditure classification. However, the 3 rd and 4 th quarter performance reports do not include actual cumulative expenditure for the year to date	Unsatisfactory	The Report should show the actual expenditures for the Quarter attributed to each MDAs
4	Does the report State balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	The reports showed the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four expenditure classifications.	Satisfactory	
DLR 1.2	FY [2018] deviation from total budget expenditure is less than 30%		Achieved	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations															
1	<p>Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 30%?</p> <p>Is the expenditure outturn deviation computed less than 30%?</p>	<p>The State did not initially compute its deviation percentage but responded to findings within the draft APA report with its computations. The draft report had applied an outturn figure included by the State in its audited financial statements which the State later flagged as an error in the financial statements.</p> <p>IVA's re-computation of the Expenditure outturn is as follows:</p> <table style="margin-left: 40px;"> <tr> <td>Budget</td> <td style="text-align: right;">308,888,558,898.00</td> <td></td> </tr> <tr> <td>Actual</td> <td style="text-align: right;">219,172,756,530.69</td> <td></td> </tr> <tr> <td>Variance</td> <td style="text-align: right;"><u>89,715,802,367.31</u></td> <td></td> </tr> <tr> <td>Outturn deviation %</td> <td style="text-align: right;">$\frac{89,715,802,367.31}{308,888,558,898.00} \times 100$</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">=</td> <td style="text-align: right;">29%</td> </tr> </table> <p>Sources: Audited Financial statements for 2018 and the Approved Budget.</p>	Budget	308,888,558,898.00		Actual	219,172,756,530.69		Variance	<u>89,715,802,367.31</u>		Outturn deviation %	$\frac{89,715,802,367.31}{308,888,558,898.00} \times 100$			=	29%	Satisfactory	
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	=	29%																	
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process																			
DLR 2.1	Citizens' inputs from formal public consultations are published online, along with the proposed FY [2019] budget		Not Achieved																
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	<p>Reviewed minutes of the public consultation held on 25th July 2018 showed it was signed by State based CSOs and Local Government Authorities.</p> <p>Budget speech provided for review, indicated the proposed budget was presented to the State House of Assembly on the 17th October 2018 which was after the town hall meeting that held on 25th July 2018.</p>	Satisfactory																

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		Evidences were obtained from the 2019 Budget Speech of the Governor, Ifeanyi Arthur Okowa, which was presented for review.		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily?	<p>Reviewed minutes of the public consultation held showed that it was jointly prepared with the CSOs representatives as shown by their signatures to the minutes. The minutes of public consultation was posted under '2019 Budget Circular & others' on the website as shown on https://www.deltastate.gov.ng/sftas/</p> <p>STATE ICT & PHOTOGRAPH TIMESTAMP RECORDS Physical verification was carried out on Delta state website and the 2018 Minutes of Town Hall meeting was included in a zip file titled "2019 BUDGET CIRCULAR & OTHERS". When the timestamp was checked at the backend of the IT database, it showed 29th April 2019 which is after the deadline of 28th Feb 2019.</p> <p>The State presented the evidence of attendance and photographs which did not carry timestamps on the pictures from the town hall meeting held.</p>	Unsatisfactory	The State should ensure that minutes of public consultations are published online by the State before due date.
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	Improved cash management and reduced revenue leakages through implementation of State TSA		Not Achieved	
1	Has the State established a functional State-level TSA?	Delta State established a form of State-level TSA. All funds are swept weekly from IGR revenue collecting Banks into the IGR Consolidated Bank in Sterling bank. All FAAC accounts are swept into Zenith Bank and all revenues relating to lands were swept weekly into	Unsatisfactory	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		FCMB bank. All accounts are managed on a single dashboard, however there is no single account into which all other funds are routinely swept.		
2	<p>Is there a formally approved cash management strategy in place?</p> <p>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.</p>	<p>The State does not have a Cash Management Strategy in place. The State presented for review, a Cash Plan for January 2018 – December 2018. The cash plan did not state 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.</p> <p>The IVA received a response from the State regarding the assessment of this result within the draft APA Report and was presented with further information.</p> <p>The new information has been reviewed. The State submitted a document titled “Explanations for Cash Management Strategy.” The document does not form an approved cash management strategy and does not state the process through which the State is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.</p> <p>Taken together, the Excel cash plan and explanation document do not meet the requirements for this result but are relevant towards the preparation of an approved Cash Management Strategy.</p>	Unsatisfactory	The State should develop a Cash Management Strategy that will cover the process through which the state is able to forecast cash commitments and requirements and provide reliable information on the availability of funds. The Strategy should be formally approved.
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)?	<p>During the visit to the Delta State Accountant General’s Office, IVA observed that the State has a central view of cash balances in bank accounts on a single electronic dashboard.</p> <p>The IVA team reviewed the Revenue Enhancement & Electronic Monitoring System (REEMS) on the Xpress</p>	Satisfactory	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		<p>Payment Solution, which is used to drive the single electronic dashboard.</p> <p>This was evidenced as follow:</p> <ol style="list-style-type: none"> 1. Screenshot of TSA dashboard taken; and 2. Bank Statements from the TSA consolidated bank account. 		
4	<p>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.</p>	<p>The Revenue Enhancement & Electronic Monitoring System (REEMS) on the Xpress Payment Solution showed the Internally Generated Revenues for Delta State with STERLING BANK PLC, ASABA, while the Revenue related to lands are domiciled in FCMB.</p> <p>Revenues from all collecting banks were swept to the two separate consolidated accounts maintained in Sterling Bank and FCMB and were viewed on the TSA Dashboard. The MDAs do not have controls over the revenues.</p> <p>During the visit to the revenue generating / handling MDAs, IVA reviewed the Revenue Enhancement & Electronic Monitoring System (REEMS) relating to each MDAs which indicated their usage of TSA.</p> <p>We also observed during the visit to the Delta State Accountant General's office from the TSA dashboard (REEMS) on the Xpress Payment Solution the following:</p> <ol style="list-style-type: none"> 1. That the sum of N299,657,748,428.22 as at 31st December 2018 represents the Delta State consolidated revenue accounts with all the banks (IGR, FAAC and Grants). 2. The Sterling Bank DTSG Composite IGR Account, had total credits of ₦51,426,414,577.28 3. The Zenith Bank DTSG-FAAC Account had a total credits of ₦360,279,693,418.95. 4. The FCMB Bank DTSG Escrow Account for Lands and Property had total credits of ₦1,403,056,501.62 	Unsatisfactory	<p>We recommend that the State TSA has one consolidated revenue treasury account for State revenues.</p> <p>We noted that the IGR account is not used for FAAC and VAT Revenue allocations. This limits the value of having a TSA with one consolidated revenue treasury account for State revenues</p>

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations															
		The above accounts are however not swept into any single account and do not meet the requirements for a TSA.																	
5	Does the TSA cover a minimum of 50% of the State Government's finances?	<p>IVA reviewed the State's IGR Consolidated IGR account and the total inflow and outflow from the financial statement and computed the minimum Government finances that passed through the TSA as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Outflow</th> <th>Inflow</th> </tr> </thead> <tbody> <tr> <td>Bank Statement</td> <td>51,205,284,744.99</td> <td>51,426,414,577.28</td> </tr> <tr> <td>Financial Statement (Pg. 2 & 5)</td> <td>340,420,537,828.67</td> <td>352,105,586,670.48</td> </tr> <tr> <td>50% Minimum of Govt Finances</td> <td>15.04%</td> <td>14.61%</td> </tr> <tr> <td>Average rate</td> <td colspan="2">14.82%</td> </tr> </tbody> </table> <p>The 14.82% rate did not meet the 50% minimum requirements</p>		Outflow	Inflow	Bank Statement	51,205,284,744.99	51,426,414,577.28	Financial Statement (Pg. 2 & 5)	340,420,537,828.67	352,105,586,670.48	50% Minimum of Govt Finances	15.04%	14.61%	Average rate	14.82%		Unsatisfactory	<p>The State should operate and maintain a Treasury Single Account that covers all of the State finances.</p> <p>Note a minimum of 70% of the State Government's finances to go through TSA for the 2020 APA and 80% thereafter.</p>
	Outflow	Inflow																	
Bank Statement	51,205,284,744.99	51,426,414,577.28																	
Financial Statement (Pg. 2 & 5)	340,420,537,828.67	352,105,586,670.48																	
50% Minimum of Govt Finances	15.04%	14.61%																	
Average rate	14.82%																		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection																			
DLR 4.1	Consolidated State revenue code covering all State IGR sources and stipulating that the State bureau of internal revenue is the sole agency responsible for State revenue collection and accounting approved by the State legislature and published		Not Achieved																
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and	The Delta State Internal Revenue Consolidation Law, 2009 as amended contains the State's consolidated IGR sources. The revenue rates were amended by official gazette in 2016 and 2017.	Unsatisfactory	The State should update the Consolidated Revenue Code covering State and local governments IGR sources															

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
	<p>all the local governments (falling under that State) IGR sources? IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State and covered by the federal tax code.</p>	<p>The law includes some local government revenue rates, but not all local governments IGR sources as the schedule indicates that the rates are <i>“To be determined by BIR in conjunction with the local Committee”</i>.</p> <p>This is shown in the Delta State Internal Revenue Consolidation Law, 2009 as follows: 1. Annexure XXVI of Delta State Internal Revenue Consolidation Law, 2009, page C122-C123. 2. Annexure XXVI (Delta State Local Government) of Delta State Gazette No. 30, 27th July 2017, Vol. 27, page B65-B66 of (amendment) reviewed tariffs, rates, levies, fines, fees, etc.</p>		<p>with Local Government IGR Sources and rates. It should also be presented to the State House of Assembly for passage or resolution and published online as soon as possible.</p>
2	<p>Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?</p>	<p>Section 7 of the law stipulates as part of the functions of the Board ‘to ensure the effective and optimum collection of all revenue and penalties due to the State...’</p> <p>The Office of the Accountant-General accounts for all IGRs in the state, except IGRs of State tertiary institutions. However, Delta BIR consolidates and reports on its IGR, MDAs IGR and tertiary institutions IGRs.</p> <p>The Ministry of Lands accounts for its IGR but reconciles its IGR account with Delta BIR.</p>	Satisfactory	
3	<p>Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?</p>	<p>IVA interviewed the Head of Revenue and he confirmed that the Board nominates accounts for collection of revenues.</p> <p>The provision of Section 7 (c-e) of the Delta State Internal Revenue Consolidation Law gives the responsibility to account for all revenues to the Board.</p> <p>Furthermore, IVA reviewed samples of correspondences between Delta State BIR and</p>	Satisfactory	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		Accountant-General which showed that the Board nominated designated accounts for 'Autoreg' (vehicle licensing) and Voluntary Assets and Income Declaration Scheme (VAIDS).		
4	<p>Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?</p> <p>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.</p>	The Internal Revenue Consolidation Law was duly passed and signed by Clerk of House of Assembly and assented to by Executive Governor on 9th July 2009	Satisfactory	
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<p>The Delta State Internal Revenue Consolidation Law was published online on 28 November 2019. i.e. after 2018</p> <p>Weblink for online publication of Delta State Internal Revenue Consolidation Law, 2009: https://www.deltastate.gov.ng/sftas/</p> <p>Weblink for online publication of Delta State Gazette of Reviewed Revenue Rates, No 30 of 23 July 2017 https://www.deltastate.gov.ng/sftas/</p>	Unsatisfactory	If amended, the updated Internal Revenue Consolidation Law should be published before 31 st December of this year to qualify for the 2020 APA.
DLR 4.2	Annual nominal IGR growth rate meets target		Not Achieved	
1	<p>Has the 2018-2017 annual nominal IGR growth rate met the basic or stretch targets?</p> <p>Basic Target: 20%-39% Stretch Target: 40% or more</p>	The following computation was made on the State's annual nominal IGR growth rate:	Unsatisfactory	The State Board of Internal Revenue should improve its IGR drive to achieve at least the minimum basic target of 20% nominal growth rate.

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations																																							
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">DELTA IGR Outturn as per Audited FS</th> </tr> <tr> <th></th> <th style="text-align: center;">2017</th> <th style="text-align: center;">2018</th> </tr> <tr> <th>Revenue</th> <th style="text-align: center;">₦</th> <th style="text-align: center;">₦</th> </tr> </thead> <tbody> <tr> <td>Tax Revenue</td> <td style="text-align: right;">49,596,432,847.93</td> <td style="text-align: right;">48,197,107,143.20</td> </tr> <tr> <td>Non-Tax Revenue</td> <td style="text-align: right;">2,314,965,883.23</td> <td style="text-align: right;">4,734,091,486.13</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">51,911,398,731.16</td> <td style="text-align: right;">52,931,198,629.33</td> </tr> <tr> <td>2018 IGR -</td> <td style="text-align: right;">52,931,198,629.33</td> <td></td> </tr> <tr> <td>2017 IGR -</td> <td style="text-align: right;">51,911,398,731.16</td> <td></td> </tr> <tr> <td>Difference -</td> <td style="text-align: right;">1,019,799,898.17</td> <td></td> </tr> <tr> <td colspan="3">Calculation of IGR Outturn:</td> </tr> <tr> <td colspan="3" style="text-align: center;">$\frac{2018IGR-2017IGR}{2017IGR} \times 100$</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>1,019,799,898.17</u></td> <td style="text-align: right;"><u>1.96%</u></td> </tr> <tr> <td></td> <td style="text-align: right;">51,911,398,731.16</td> <td></td> </tr> </tbody> </table> <p>The state's IGR nominal growth rate is 1.96% which is below basic target of 20%-39%.</p>	DELTA IGR Outturn as per Audited FS				2017	2018	Revenue	₦	₦	Tax Revenue	49,596,432,847.93	48,197,107,143.20	Non-Tax Revenue	2,314,965,883.23	4,734,091,486.13	Total	51,911,398,731.16	52,931,198,629.33	2018 IGR -	52,931,198,629.33		2017 IGR -	51,911,398,731.16		Difference -	1,019,799,898.17		Calculation of IGR Outturn:			$\frac{2018IGR-2017IGR}{2017IGR} \times 100$				<u>1,019,799,898.17</u>	<u>1.96%</u>		51,911,398,731.16			
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	DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud																																										
DLR 5.1	Biometric capture of at least [60] percent of current civil servants [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 60% of the current civil servants on the State payroll?	<p>One hundred percent (100%) of all public servants have been captured on Biometrics database as at 31 December 2018.</p> <p>During the visit to the Biometrics centre and reports generated from the system, we confirmed that Delta State has a total of 46,502 civil servants that have been captured on the Biometrics database.</p>	Satisfactory																																								

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		IVA verified the link between biometrics database and payroll by taking samples from the biometrics database which were queried on the e-payroll platform. The result showed full compliance.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	Sample of 20 biometrics data of staff were collected for confirmation on the e-payroll. The biometrics data confirmed were satisfactory	Satisfactory	
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	1. The State carries out periodic "I'm Alive" verification of pensioners. 2. The State Biometrics database manager did not provide ghost workers list. The State claimed there were no ghost workers and pensioners as at December 2018 due to long standing use of Biometrics Data Capture since 2016.	Satisfactory	
5.2	Link BVN data to at least [60] 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 60% of its current Civil Servants on the State payroll?	The State provided data on linking of BVN to payroll. Report from the Head of Service and Hecker Bella (State's Biometrics Consultants) confirmed that submission of BVN by all staff for verification of names, bank details and dates of birth, were part of the biometrics data capturing process. Screenshots of BVN details of civil servants were obtained from the payroll. It showed that all staff on payroll had BVN.	Satisfactory	
2	Has the State taken steps to identify payroll fraud?	All civil servants on the state payroll are on BVN. The process started in 2016 and has been ongoing since then.	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		Not Achieved	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
	framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the State budget			
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The Delta State Public Procurement Law (2016) is approved by the State legislative.	Satisfactory	
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement board; and 3) cover all MDAs receiving funds from the State budget.	The Delta State Public Procurement Law (2016) is structured according to the UNICTRAL Model but it does not comply with all the requirements of DLR 6. The requirements and our findings are as follows: 1) E-Procurement: Section 3 (2)e provides that the Council shall approve changes in the procurement process to adapt to improvements in modern technology. S. 6(q) & (r) requires the Commission to introduce, develop, update and maintain related database and technology and establish a single internet portal that shall serve as a primary and definitive source of all information on government procurement. <i>The law meets this requirement.</i>	Unsatisfactory	The State should amend the law to: <ul style="list-style-type: none"> • Provide for composition of the council. • Include representatives from professional Bodies/Association as members of the Board/Council • Provide grounds for removal of Chief Executive of the Agency.

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations												
		<p>2) The results of our assessment for the establishment of an independent procurement board are in the table below:</p> <table border="1" data-bbox="739 370 1394 1068"> <thead> <tr> <th data-bbox="739 370 1062 409">Required provisions*</th> <th data-bbox="1062 370 1394 409">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="739 409 1062 480">The Functions and Powers of the Agency</td> <td data-bbox="1062 409 1394 480"> <ul style="list-style-type: none"> Compliant; see section 6 and 7 </td> </tr> <tr> <td data-bbox="739 480 1062 656">The Composition of the Board</td> <td data-bbox="1062 480 1394 656"> <ul style="list-style-type: none"> Non-Compliant; The Law establishes a Commission and Its council but does not provide for composition of the Council. </td> </tr> <tr> <td data-bbox="739 656 1062 831">Membership of the Board/Council includes representatives from Professional Bodies /Associations.</td> <td data-bbox="1062 656 1394 831"> <ul style="list-style-type: none"> Non-Compliant; The law does not indicate membership of the Council, thus there is no representation indicated for professional bodies. </td> </tr> <tr> <td data-bbox="739 831 1062 954">The grounds for removal of Chief Executive of the agency.</td> <td data-bbox="1062 831 1394 954"> <ul style="list-style-type: none"> Non-Compliant; No specific provision of grounds for removal of DG. </td> </tr> <tr> <td data-bbox="739 954 1062 1068">Regarding the decisions of the agency any other review after the Boards decision should be by Judicial Review.</td> <td data-bbox="1062 954 1394 1068"> <ul style="list-style-type: none"> Non-Compliant; see section 55 </td> </tr> </tbody> </table> <p>*Provided by the World Bank</p> <p><i>The law does not meet this requirement</i></p> <p>3) On the State procurement law covering all MDAs receiving funds from the State budget:</p> <p>Section 16(1) provides that, the law shall apply to all procurement of goods, works and services carried out by the state government and all procuring entities.</p>	Required provisions*	Result	The Functions and Powers of the Agency	<ul style="list-style-type: none"> Compliant; see section 6 and 7 	The Composition of the Board	<ul style="list-style-type: none"> Non-Compliant; The Law establishes a Commission and Its council but does not provide for composition of the Council. 	Membership of the Board/Council includes representatives from Professional Bodies /Associations.	<ul style="list-style-type: none"> Non-Compliant; The law does not indicate membership of the Council, thus there is no representation indicated for professional bodies. 	The grounds for removal of Chief Executive of the agency.	<ul style="list-style-type: none"> Non-Compliant; No specific provision of grounds for removal of DG. 	Regarding the decisions of the agency any other review after the Boards decision should be by Judicial Review.	<ul style="list-style-type: none"> Non-Compliant; see section 55 		<ul style="list-style-type: none"> Include that any other review after the Board’s decision should be by Judicial Review.
Required provisions*	Result															
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	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		<p>Section 2 defines procuring entities to include “any public body engaged in procurement and includes a Ministry, Extra- Ministerial department, Government Agency, Parastatal; the House of representatives and the Judiciary;”</p> <p><i>The law meets this requirement.</i></p> <p>The law is structured according to the UNCITRAL Model public procurement law of 2011, but it does not comply with all the requirements of DLR 6. It requires revisions to fully comply with the UNCITRAL Model Law (see recommendations)</p>		
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	<p>We found there is a State instituted procurement regulatory function which is performed through the Delta State Public Procurement Commission. The Team visited the Commission and was taken round the Commission’s offices. The Team interviewed the Chief Executive on the operation of the Commission.</p> <p>IVA also interviewed two management staff present and were taken round the Commission for physical inspection of the agency.</p> <p>However, records of all procurements / cases / transactions handled by the Agency in the year under assessment, were not provided because the operational staff were outside Asaba for procurement audit. This limited the IVA from carrying out walkthroughs and file reviews during the visit. However, these records have since been forwarded to the IVA, reviewed and found to be adequate to corroborate the conclusions reached.</p>	Satisfactory	
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual on a monthly		Achieved	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
	basis in OCDS format on [the State website/ on the online portal]			
1	<p>Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s)), in line with the Open Contracting Data Standards (OCDS).</p> <p>For 2018, States can publish the information on the State official website or online portal if already established.</p>	<p>The IVA was able to view contracts published online for the 2018 financial year.</p> <p>Published contracts were in line with Open Contracting Data Standards (OCDS) showing details on Planning, Tender, Award, Contract, and Implementation for each contract awarded.</p> <p>This was verified on the website: https://deltappc.dl.gov.ng/awarded-projects/</p>	Satisfactory	
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	Approval of state-level public debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits		Not Achieved	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	There is Delta State Fiscal Responsibility Law, 2008, passed by the House of Assembly and assented by the Executive Governor on 27 th August 2008.	Satisfactory	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
2	Does the legislation include provisions which 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.	The Delta State Fiscal Responsibility Law, 2008, Page C52 Section 43 subsection (1) a to c dated 27 th of August 2008 contains the necessary provisions for the identified areas. 1. Page C52 Section 43 subsection (1) a to c sets out some general criteria for contracting state debt but no clear provision was seen elsewhere covering the responsibility for contracting of state debt. In particular, no provision was seen for an institution or office to borrow on behalf of the state or issue debt on behalf of the state. 2. Furthermore, Page C55, section 46, subsection 5 showed responsibilities for recording/reporting state debt. 3. Page C56 section 44 subsection 3 provides for Fiscal and debt rules/limits for the state. s.43(1)(b) complements s. 44(1) with respect to debt limit. ss. 43-48 deal with fiscal/debt rules and limits; and that the FRL in s.13(3) sets out the content of a quantitative Medium-Term Expenditure Framework (MTEF) for the State, including a Consolidated Debt Statement. s.14(1) further specifies expenditure and fiscal deficit limits. Indeed, s.14(1) stipulates a quantitative limit. Based on these provisions in the FRL, Criteria #3 is satisfied.	Unsatisfactory	The State should amend existing legislation or enact an appropriate Debt Management law to provide for responsibilities for contracting state debt.
DLR 7.2	Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018		Achieved	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average	This DLI was assessed based on Q4 only, as the revised report template and DMO verification protocols were only implemented in Q4 2018.	Satisfactory	

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
	of two months after the end of the quarter in 2018?	<p>We reviewed the State Domestic Debt Reports (SDDR) which showed the following submission dates:</p> <ul style="list-style-type: none"> a. First quarter State Domestic Debt Reports (SDDR) was submitted to the DMO on the 16/05/18 – 6.4weeks b. Second quarter State Domestic Debt Reports (SDDR), was submitted to the DMO on 14/08/2018 – 7weeks c. Third quarter State Domestic Debt Reports (SDDR) was submitted to the DMO on 26th of November 2018. – 8weeks d. Fourth quarter State Domestic Debt Reports (SDDR) was submitted to the DMO on 31/01/2019 – 4weeks <p>The average weeks is 6.35weeks which is within two months due date.</p> <p>In addition, the DMO report on this DLR states that the State submitted the Q4 report within the timeline.</p>		
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO:</p> <p>The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.</p>	<p>The Federal DMO's Report on State Domestic and External Debt Report (SDEDR) showed the sum of ₦228,805,996,159.83.</p> <p>A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omission in the state's submission to the DMO.</p> <p>Upon review by the IVA and comparison with other data from the DMO, FMOF and CBN, a revised figure of ₦247,533,608,765.54 for Total Debt stock was determined – See DLI-9.</p>	n/a	The State should reconcile the difference of ₦18,727,612,606 between the balance shown initially as the SDEDR balance for the State and the corrected amounts shown within the calculations for DLI-9

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		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 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		Not Achieved	
1	Has the State established an Arrears Clearance Framework (ACF)?	<p>The Arrears Clearance Framework presented was approved by the Governor and it has a Governance Structure, with the Commissioner of Finance as the Chairman and other members drawn from other strategic MDA.</p> <p>However, the Arrears Clearance Framework did not contain prioritisation of expenditure.</p> <p>Also, the ACF was approved by the Governor in September 2019 which did not meet up with the 2018 Financial Year APA.</p>	Unsatisfactory	The State should establish an Arrears Clearance Framework that complies with the requirements for this result as set out in the detailed guidance provided for DLR 8.
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	The ACF contained planned actions based on the size, legacy or social impact of the outstanding liabilities. However, it did not detail the prioritisation of arrears to be settled.	Unsatisfactory	As above
3	Has the ACF been published on a State official website?	The Arrears Clearance Framework was uploaded on 29 th November 2019 on the Delta State official website which was after the reference year 2018	Unsatisfactory	As above
4	Has the State established an Internal Domestic Arrears Database?	The State presented the hard copy of its contractual commitments and Arrears database which shows the total domestic arrears stock at the end of the year. The State reported that they uploaded the arrears in the State Integrated Financial Information System	Unsatisfactory	The State should develop a Domestic Arrears Database in line with the guidelines for DLI 8.

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations												
		(SIFMIS) which was not made available for the APA due to the fact that the SIFMIS has not been fully deployed.														
5	Has the State published online elements of the internal domestic arrears database on a State official website, which constitutes the online publicly accessible arrears database?	The State presented hard copy of their contractual commitments and arrears but there was no evidence it was published online.	Unsatisfactory	See above.												
DLI 9: Improved Debt Sustainability																
DLR 9.0	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2018] AND Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets target: -Basic target: < [150%] -Stretch target: < [125%]		Achieved Stretch Target met													
	Has the State met: (i) the ratio of total debt stock at end-of-year (31 st December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1 st January to 31 st December 2018)? -Basic target:< [150%] -Stretch target: < [125%]	Computation of the Debt stock using the Debt figure as per the Federal Debt Management Office Figure showed that the state met the stretch target of less than 125% as follows: <table style="margin-left: 20px;"> <tr> <td>Total Revenue</td> <td>-</td> <td>N356,210,966,291.37</td> </tr> <tr> <td>Less: Prior Yr. Adjst</td> <td>-</td> <td>N8,448,626,891.81</td> </tr> <tr> <td>Other Revenue**</td> <td>-</td> <td><u>N51,570,588,784.54</u></td> </tr> <tr> <td>Adjusted Revenue</td> <td></td> <td><u>N296,191,750,615.02</u></td> </tr> </table> Computation Using the DMO Debt Stock Figure Debt Stock by DMO - N247,533,608,765.54* <u>N247,533,608,765.54</u> X 100 = 84% N296,191,750,615.02 Total Debt/Revenue = 84%	Total Revenue	-	N356,210,966,291.37	Less: Prior Yr. Adjst	-	N8,448,626,891.81	Other Revenue**	-	<u>N51,570,588,784.54</u>	Adjusted Revenue		<u>N296,191,750,615.02</u>	Satisfactory	
Total Revenue	-	N356,210,966,291.37														
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Adjusted Revenue		<u>N296,191,750,615.02</u>														

	Disbursement Linked Indicators (DLIs)	Findings	Conclusion	Recommendations
		<p>From the analysis above, it shows that Delta state met the stretch target of less than 125%.</p> <p>*Table 3 below holds a breakdown of the Total Debt.</p> <p>**Other Revenue of N51,570,588,784.54 includes Bond refund, unclaimed salaries, Paris refund and miscellaneous.</p>		
	<p>Has the State met:</p> <p>(ii) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2018) to the gross FAAC allocation for the same calendar year.</p> <p>Less than :< [40%]</p>	<p>Computation Based on Gross Total</p> <p>Gross FAAC - ₦237,745,895,351</p> <p>Total Debt service - ₦23,049,199,721.95</p> <p>Percentage (Deduction/Gross FAAC) - 9.7%</p> <p>From the above computation the State met the target of less than 40%.</p> <p>Source: Federal Ministry of Finance, Home Finance Dept.</p>	Satisfactory	

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

NAIRA	DELTA
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	16,869,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	10,262,914,219
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	66,951,679,397
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	7,717,609,114
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	-
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
8. BAIL-OUT (INFRASTRUCTURE)	1,591,356,366
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	2,000,000,000
10. JUDGEMENT DEBTS	506,172,092
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	108,036,800,560
13. PENSION AND GRATUITY ARREARS	14,168,983,850
14. SALARY ARREARS AND OTHER CLAIMS	-
15. OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	228,104,515,598
TOTAL EXTERNAL DEBT (TED)	19,429,093,168
TOTAL PUBLIC DEBT (TED+TDD)	247,533,608,766

Table Notes

1. Domestic debt stock figures (except for categories 1,2,4,7 and 9) are the figures as at 31 December 2018 reported by states to the DMO in their signed Q4 2018 state domestic debt reports.
2. Domestic debt stock categories 1,2,4,7 and 9 figures are the figures of outstanding loans as at 31 December 2018 reported by Federal Ministry of Finance and Central Bank of Nigeria to the DMO as part of the DMO Q4 2018 verification exercise.
3. External debt stock as at 31 December 2018 reported by the DMO.

4. Response from the State

State should please use this box for their response.

DTSG Responses to Draft Report on Delta State - 2018 Annual Performance Assessment Under SFTAS

DLI 1: Improved Financial Reporting and Budgeting Reliability

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 30%?

Is the expenditure outturn deviation computed less than 30%.

The State did not compute the difference between the original approved total budgeted expenditure and the actual total expenditure in the fiscal year divided by the original approved total budgeted expenditure and expressed in percentage term.

However, the State calculated the difference between the final budgeted expenditure and the actual expenditure for the fiscal year.

Evidence was obtained from the 2018 Financial statement.

IVA's computation of the Expenditure outturn is as follows:

Original approved 2018 budget: ₦164,973,989,898.00

Actual Expenditure for 2018 F/S – as per Cash flow Statement: ₦219,172,756,530.69

Original Budget of ₦164,973,989,898.00 less the actual expenditure ₦219,172,756,530.69 is -
₦54,198,766,632.69

The expenditure outturn deviation is computed as:

$\frac{(\text{₦}54,198,766,632.69)}{\text{₦}164,973,989,898.00} \times 100 = -33\%$

₦164,973,989,898.00

The expenditure outturn deviation computed as -33% is beyond the benchmark of 30%

The figure of **₦164,973,989,898** picked as the original approved budget is wrong which also resulted in an incorrect computation of the difference between the actual expenditure and the original approved budget. Although the figure was taken from the State's financial statement, it was an error.

Noted. Please see the findings for the amendments made. Now marked as achieved.

<p>The original approved budget is N308,888,558,898. We have attached the scanned copy of Delta State Appropriation Law 2018 to show the size of the State Budget in the fiscal year under review. It can also view the State 2018 budget via this link: https://www.deltastate.gov.ng/downloads/2018_PUBLISHED_BUDGET_FINAL.pdf</p> <p>To compute the deviation therefore, the following data is the correct ones, viz</p> <p>Original approved budget: N308,888,558,898 The actual Expenditure : N219,172,756,530.69 Therefore, the difference between the original budget and the actual expenditure is a surplus of N89,715,802,367.31 (ie 308,888,558,898-219,172,756,530.69) Thus, the deviation is computed as</p> $\frac{89,715,802,367.31}{308,888,558,898} \times 100 = 29.04\%$ <p>The outturn deviation computed at 29.04% is within the benchmark of 30%</p>	
<p>DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA</p> <p>DLR 3.2 - Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.</p> <p>Findings: The State does not have a Cash Management Strategy in place. The State presented for review, a Cash Plan for January 2018 – December 2018. The cash plan did not state 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.</p> <p>See copy of: DTSG’s cash plan in attached Excel Sheet Explanation by the Delta Accountant-General on <i>“improved cash management and reduced revenue leakages through implementation of state TSA”</i></p>	<p>Noted. The new information has been reviewed. The State submitted a document titled “Explanations for Cash Management Strategy.” The document does not form an approved cash management strategy and does not <u>state the process</u> through which the State is able to forecast cash commitments and requirements and provide reliable information on the availability of funds. Taken together, the Excel cash plan and explanation document do not meet the requirements for this result but are relevant towards the preparation of an approved Cash Management Strategy.</p>

<p>DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money</p> <p>Does the law conform with the UNCITRAL Model Law which should provide for?</p> <ol style="list-style-type: none"> 1) e-Procurement; 2) establishment of an independent procurement board; and 3) cover all MDAs receiving funds from the State budget including the LGAs. <p>1) The State procurement law provided for e-Procurement - see in PARTVII Procurement Method- Invitation to bid (26)(2)</p> <p>2) The State procurement law mandates the establishment of an independent procurement board as seen in PART I(1) and PART II(1) of the Delta State Public Procurement Law. The law establishes a public procurement Board and Commission, however its independence is not secured. Section 3(3) (f) allows for the exercise of discretion by the Governor in the removal of council members inclusive of the DG.</p> <p>3) The State procurement law covers all MDAs receiving funds from the State budget - see in Organization of procurement PART VI (19) Delta State Public Procurement Law.</p> <p>DTSG Response:</p> <p>The Delta State Procurement Commission intends to obtain information of all contracts awarded in year 2020 on a monthly basis from MDAs.</p> <p>Delta State has forwarded a memorandum to the State’s Exco, in line with this DLI, to amend its procurement law to remove the Governor as the Chairman of the Council, and to provide for a non-executive chairman with the requisite qualification by Q2 of 2020. On adoption by the Exco, a request for amendment shall be made to the Delta State House of Assembly, accordingly.</p> <p>Delta State also has a memorandum before the Exco, for the amendment of section 3(3) of the law to subject the removal of the DG and its members to two third majority vote of the Delta State House of Assembly by Q2 of 2020. Also, the amendment will cover the Local Government Councils in the State.</p> <p>Delta State has published its entire contract awarded in 2018. However, information published for each contract awarded will be made in line with the Open Contracting Data Standards (OCDS) by Q2 in 2020.</p>	<p>Noted. Please see the Findings section for detailed information and conclusions.</p> <p>In view of the various actions being taken to strengthen the independence of the procurement regulatory function, please also note in the Findings Section, the revised criteria for independence as provided by the World Bank.</p>
<p>DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework</p> <p>DLR 7.2 -</p> <p>Does the legislation include provisions which establish the following?</p>	<p>Noted. Please see the Findings section for detailed information and conclusions.</p>

- 1) Responsibilities for contracting state debt;
- 2) Responsibilities for recording/reporting state debt; and
- 3) Fiscal and debt rules/limits for the state.

The Delta State Fiscal Responsibility Law, 2008, Page C52 Section 43 subsection (1) a to c dated 27th of August 2008 contains the necessary provisions for the identified areas.

1. Page C52 Section 43 subsection (1) a to c sets out some general criteria for contracting state debt but no clear provision was seen elsewhere covering the responsibility for contracting of state debt. In particular no provision was seen for an institution or office to borrow on behalf of the state or issue debt on behalf of the state.
2. Furthermore, Page C55, section 46, subsection 5 showed responsibilities for recording/reporting state debt.
3. Page C56 section 44 subsection 3 provides for Fiscal and debt rules/limits for the state.

DTSG Response:

A review of the Fiscal Responsibility Law 2008, showed that there is no provision for the establishment of Debt Management Office in the law. The Law which provides only for borrowing neither empowers nor authorises the Debt Management Department or any Agency with the management of debt framework and the limit the State can borrow. DTSG has put in move the process to amend the Delta State Fiscal Responsibility Law to accommodate the Debt Management Department, its structure and functions.

Meanwhile, the Delta State Ministry of Finance has the responsibility to borrow on behalf of government. See scanned copy of Circular Letter No. SGD,10/T/I of 4th June, 2007 on “**Restructuring of the State Public Service**” issued by the Secretary to the Delta State Government.

DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears

DLR 8.1 -

Has the State established an Arrears Clearance Framework (ACF)?

The Arrears Clearance Framework presented was approved by the Governor and it has Governance Structure, with the Commissioner of Finance as the Chairman and other members drawn from other strategic MDA. However, the Arrears Clearance Framework did not contain prioritisation of expenditure. Also, the ACF was approved by the Governor in September 2019 which did not meet up with the 2018 Financial Year APA.

DTSG Response:

Delta State has established an Arrears Clearance Framework (ACF) as approved by His Excellency and posted on the state website. But the state did not meet this DLI, by posting its Arrears Clearance Framework (ACF) online after 30th December, 2018. However, the State SFTAS team recalled that workshops were at various times

Noted.

<p>organized in 2019, both in Asaba and Abuja to guide States on the recording, verification and clearance of arrears. The last workshop in Asaba on “Mission to Pilot Guidelines the Recording, Verification and Clearance of domestic arrears” was held on Monday July 15 and Tuesday July 16, 2019. The last in Abuja on the “State Domestic Expenditure Arrears Management” was held on 3rd and 4th October, 2019 at the Hawthorn Suites by Wyndham, Abuja. These workshops were organized to guide states in achieving DLI8. In view of this, it became impossible to meet the requirement in 2018.</p>	
<p><u>GENERAL OBSERVATION</u></p> <p>The report shows that Delta State met a significant number of the DLIs. The Delta State SFTAS team, wish to express concern over the assessment and conclusion by the APA team, especially the rating of “Fail” where there is obvious performance. The areas affected are highlighted below:</p> <p>DLI.1, DLR 1.1 - Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management DTSG’ Comment: Delta State had 2 (two) Satisfactory and 2 (two) Unsatisfactory, but was rated fail</p> <p>DLI.2, DLR 2.1 - Citizens’ inputs from formal public consultations are published online, along with the proposed FY [2019] budget DTSG’ Comment: Delta State had 1 (one) Satisfactory and 1 (one) Unsatisfactory, but was rated fail</p> <p>DLI.3, DLR 3.0 - Improved cash management and reduced revenue leakages through implementation of State TSA DTSG’ Comment: Delta State had 3 (three) Satisfactory and 2 (two) Unsatisfactory, but was rated fail</p> <p>DLI.4, DLR 4.1 - Consolidated State revenue code covering all State IGR sources and stipulating that the State bureau of internal revenue is the sole agency responsible for State revenue collection and accounting approved by the State legislature and published DTSG’ Comment: Delta State had 3 (three) Satisfactory and 2 (two) Unsatisfactory, but was rated fail</p> <p>DLI.6, 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 board and 3) cover all MDAs receiving funds from the State budget</p>	<p>All Noted. The Term “Fail” has been replaced for all States. Please note the necessarily binary nature of the IVA’s conclusions as noted in Scope Section (2.2) of the Report.</p>

DTSG' Comment: Delta State had 2 (two) Satisfactory and 1 (one) Unsatisfactory, but was rated **fail**

DLI.7, DLR 7.1 -Approval of state-level public debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits

DTSG' Comment: Delta State had 1 (one) Satisfactory and 1 (one) Unsatisfactory, but was also rated **fail**

It is the considered opinion of the Delta State SFTAS team that a **“Fair”** rating would have been included for areas where there are both Satisfactory and Unsatisfactory. Going by the rating of the APA, it is unfair to Delta State to be rated **“fail”** in an area where it had **3** Satisfactory and **2** Unsatisfactory. This ordinarily represent 60%. Same goes for **2** Satisfactory and **1** Unsatisfactory, which is about **67%**.

The state also observed that out of the **38** rating of Satisfactory and Unsatisfactory, Delta State had **22** Satisfactory or **58%** and **16** Unsatisfactory or **43%**. The overall score of **58%** cannot put Delta State in a **“Fail”** position.

Appendix A

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

Delta State

YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2018 PERFORMANCE YEAR.

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

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

Eligibility Criteria 2018 Part I - The online publication of Approved Budgets for 2019 by 28 February 2019

Overview				
Information Source(s)	Initial checks	Initial Comments/ Observations	Follow up	Final Assessment
https://deltastate.gov.ng/taxonomy/term/296	A search was done on Delta State website	The 2019 Budgets were published on the State Official website, a copy was downloaded. There's no evidence of 2019 Budgets being signed by the governor.	A request was made on 12/03/2019 to the focal persons to provide evidence of the governor's assent	EC was met The State focal persons responded on 20/03/19 providing an attached document to the state governor's assent. A copy was saved.

	Tests/checks performed	Results	Areas for improvement
1	Is the approved budget for 2019 available on any of the State Government Websites?	Yes	
2	Was the approved budget published online before 28 February 2019?	Yes	
3	Is the published budget clear and legible?	Yes	
4	Can the budget be downloaded?	Yes	

5	Do we have evidence of assent by the Governor?	Yes	State should publish Governor's Assent with the approved budget
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Eligibility Criteria 2018 Part 2 - The online publication of Audited Financial Statements for 2017 by 31 December 2018

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
https://www.deltastate.gov.ng/ https://finance.deltastate.gov.ng/ https://ecoplan.deltastate.gov.ng/ http://deltastateaudit.com/aboutus.html	A search was done on Delta state website	The 2017 Financial Statements were published on the state official website. A copy was downloaded.	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2017 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	
Were the Financial Statement for 2017 available published online before 31 December 2018?	Yes	
Are the published financial statements clear and legible?	Yes	
Can the Financial Statements be downloaded?	Yes	
Do we have evidence of audit by the State Auditor-General?	Yes	
Are the financial statements complete, including primary statements and disclosure notes?	Partly	Some detailed Notes were provided but there is a need to reconcile some values such as Intangible assets (See Note 34).
Are there any indications that balances within the financial statements are not credible	Partly	Note 34 on Intangible Assets holds a balance that is not possible to substantiate, thereby casting doubt on the integrity of the entire FS.