



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

2019 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**



November 2020

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1 Executive Summary

This Report details the outcome of the Annual Performance Assessment (APA) conducted on Delta State for the second (2019) year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol.

Table 1 (below) reflects the outcome of the 2019 APA for Delta State and shows areas where the State achieved results. In total, Delta State achieved **9 (nine)** DLRs out of 15 DLRs applicable to 2019. One 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 1.1:** Budget implementation reports should be published on average within 6 weeks of quarter-end to enable timely budget management. Budget implementation reports should 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 balances should also be provided on a consolidated basis across the four (4) expenditure classifications.
2. **DLR 2.1:** The minutes of the consultation should be jointly prepared and signed with the CSOs representatives and be posted on the States' website with the proposed budget.
3. **DLR 3.0:** Increase the percentage of state government finances flowing through the TSA to at the least the minimum required to achieve this result. Amend the approved cash management strategy to cover any new sweeping strategy adopted.
4. **DLR 4.2:** Increase in year-on-year IGR growth to at least the levels required for the achievement of this result.
5. **DLR 7.1:** The State legislation should establish the responsibilities for contracting state debt.
6. **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. Also, domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.

Furthermore, we noted a significant issue affecting the credibility of the Financial Statements for 2019. Primarily, there is a difference of ₦56,903,128,250.68 between the Total Debt Stock/Liabilities of ₦313,715,275,178.15 reported by the State in its Audited Financial Statements for 2019 and the Total Debt Stock of ₦256,812,146,927.47 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
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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 reports were published in an average of 26.5 weeks after each quarter end.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 8%

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
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.		The minutes were posted online on 27 th February 2020.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		The Citizen's budget was published online on 29 th April 2020.
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 60 percent of state government finances implementation of State TSA		The State TSA covered 14.88% 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 result assessed early. All requirements were met.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more		IGR nominal Growth Rate was 12%.
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 result assessed early. All requirements were met.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 monthly in OCDS format on the state website.		Contracts are published in line with OCDS format
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 State legislation should include 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 2019		The SDDRs were submitted within an average of 5.18 weeks.
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.		The State has no Arrears Clearance Framework and has not established an Internal Domestic Arrears Database

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
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 < 40% of gross FAAC allocation for FY2019.	Stretch Target achieved	Debt service deduction was 6.6% and debt stock / revenue was 86.79%.

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 (17/08/2020 and 21/08/2020) with a team of four persons, starting with an opening meeting where all the information requested were handed over. The visit was concluded with an exit meeting where the initial findings were discussed, and each state was given 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		Not 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?	<p>The Quarterly budget implementation reports were posted online on https://www.deltastate.gov.ng/sftas/ as follows:</p> <ul style="list-style-type: none"> • Q1 – (22/12/2019)- 38.00 weeks (266 days) • Q2 – (22/12/2019) - 25.00 weeks (175 days) • Q3 – (22/12/2019) – 11.86 weeks (83 days) • Q4 – (05/08/2020) – 31.14 weeks (218 days) <p>Average week for the online publication is computed as below:</p> $\frac{38.00+25.00+11.86+31.14}{4}$ <p>Average = 26.5 Weeks (185.5 days)</p> <p>The IVA team downloaded the quarterly budget Implementation Reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.</p>	Unsatisfactory	The State should ensure all quarterly implementation reports are published within six weeks of the end of each quarter

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations.	<p>From the review of the Quarterly Budget Implementation reports downloaded from the State’s website https://www.deltastate.gov.ng/sftas/ The team observed the following.</p> <ul style="list-style-type: none"> • The reviewed budget implementation reports for Q1 and Q2 showed that the approved budget appropriation for the year for each MDA was included and for each of the core economic classifications of expenditures. However, the IVA review of the budget implementation reports for Q3 and Q4 showed that the approved budget appropriation for the year for each MDA was not included and for each of the core economic classification of expenditures. • The Budget Implementation Reports for Q1 and Q2 include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date. However , the Budget Implementation Reports for Q3 and Q4 do not include the actual expenditures for the quarter attributed to each but included the cumulative expenditures for year 2019. • All Budget Implementation Reports (Q1, Q2, Q3, Q4) include the balances against each of the revenue and expenditure appropriations. <p>The reports do not include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others) for each MDA; the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations.</p>	Unsatisfactory	The State should ensure the reports include the approved budget appropriation for each organizational unit (MDAs)

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	Upon review of the State's Budget Performance reports, we noted that they did not state the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year 2019.	Unsatisfactory	The State should ensure the reports state the actual expenditures to each MDA and each expenditure classification as well as cumulative expenditures for the year to date.												
4	Does the report State balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Upon further review of the State's Budget Performance reports, we noted that they 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%		Achieved													
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 State computed the budget deviation for 2019 to be 14% The IVA computed the budget deviation for this APA year as seen below: Using accrual basis	Satisfactory													
		<table border="1"> <thead> <tr> <th></th> <th>Original Budget</th> <th>Actual Outturn</th> </tr> </thead> <tbody> <tr> <td>Capital (page 33page 64)</td> <td>233,282,641,926</td> <td>143,362,319,610.18</td> </tr> <tr> <td>Rec. Exp (page 33-page 64)</td> <td>157,096,029,252</td> <td>215,752,071,056.54</td> </tr> <tr> <td>Total</td> <td>390,378,671,178</td> <td>359,114,390,666.72</td> </tr> </tbody> </table>		Original Budget	Actual Outturn	Capital (page 33page 64)	233,282,641,926	143,362,319,610.18	Rec. Exp (page 33-page 64)	157,096,029,252	215,752,071,056.54	Total	390,378,671,178	359,114,390,666.72		
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	$\frac{\text{N}390,378,671,178 - \text{N}359,114,390,666.72}{\text{N}390,378,671,178} \times 100$ <p style="text-align: center;">= 8%</p> <p>The budget performance deviation is 8%</p> <p>Source: 2019 Audited Financial Statement AND 2019 Approved Budget.</p> <p>Accruals figures were compared with the Accountant's General's cash release report 2019.</p> <p>We obtained a Cash release report from the Accountant General and compared the revenue figures, recurrent expenditures, and capital expenditures figures. There were no significant issues raised.</p> <p>Cash outflow balances on the 2019 audited cashflow statement were also examined and found to be a total of N358bn.</p> <p>We noticed a difference in the expenditure figures from the Cash flow and Statement of Financial performance and raised the issue with the State. The state explained that the state prepares its account on accrual basis and an adjustment for depreciation and amortization coupled with the absence of capital expenditures in the statement of financial performance contributed majorly to this difference. The Figures were verified and we are satisfied with the explanation</p>		
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process			

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 2.1	Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] 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>The following documents were obtained by the IVA; Minutes of meetings, Attendances register and pictures from the public consultations.</p> <p>a) The IVA confirmed that LGAs were in attendances and some of whom are,</p> <ul style="list-style-type: none"> i. Isoko North ii. Oshimili South iii. Burutu <p>b) The IVA confirmed CSOs representatives were in attendance and signed the minutes of meeting. some of the CSOs include; (1) Society for Rural Women and Youth Development, Asaba (2) Afrocentre for Peace and Justice Development, Asaba (3) Walk the Talk, Nigeria, Asaba and (4) Community Focus, Asaba</p> <p>c) The sources of information from which our conclusions were drawn were Communique, minutes, attendance, and pictures</p> <p>d) The dates of the public consultation on the budget proposal was Thursday 22-08-2019, and the venue was conference hall of the Olorogun Felix Ibru Secretariat, Asaba, Delta state.</p> <p>e) A sample of 10 attendees was contacted through phone calls to confirm their attendance. (A list of the respondent samples is retained on file)</p> <p>f) The date of the consultation was 22nd August 2020 and the date the draft budget was finalized by the ministry is 23rd Sept 2020. The public consultation came first.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	<p>a) A representative from the Society for Women and Youth Development co-signed the minutes along with six other CSOs.</p> <p>b) The theme of the meeting was “Stakeholders meeting with Ministries, Departments, Agencies, CSOs towards the preparation of the 2020 Budget held at the conference of Olorogun Felix Ibru Secretariat on Thursday, 22nd August 2019”.</p> <p>c) Some organizations that the signatories represent are:</p> <ul style="list-style-type: none"> i Rural Urban Initiative ii Walk the Talk Nigeria iii Global Alliance for Peace and Justice <p>d) The weblink to the publication is https://www.deltastate.gov.ng/sftas/</p> <p>e) However, the proposed budget was not published online along with the minutes.</p> <p>f) The minutes of the public consultations were published on the 27th February 2020 after the due date, which is 31 January, 2020</p>	Unsatisfactory	The minutes of public consultations should be published online and within the set timeframe.
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 <i>Citizens Budget based on the approved FY19 state budget</i> not later than 30 April 2019?	<p>The Citizens budget based on approved FY19 state budget was published on 29th of April 2020 which is before the due date. The web link is https://www.deltastate.gov.ng/downloads/DLI/DSCB2019.pdf</p> <p>The IVA accessed it on 17th August 2020.</p>	Satisfactory	
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	The IVA team confirmed that the Citizens budget summarizes, in a comprehensible manner to citizens, the approved FY19 state budget and that it was prepared in the format suggested to the States. It accurately includes the key budget information from the original budget, including the following:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> i. A simple explanation of the annual budget/citizen's budget, page 3. ii. Breakdown of revenues and expenditures, page 8&9. iii. Disclosure of Budget deficit and how it will be financed, page 8. iv. Sectoral Allocation (MDAs by MDAs), page 13. v. Top 5 Projects to be financed, page 14. 		
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?	<ul style="list-style-type: none"> a. The state does not have a functional state-level TSA. b. The State operates different accounts. The accounts include: <ul style="list-style-type: none"> • IGR Main Account: Sterling 0065755713 • FAAC Account: Zenith 1012906702 • IGR on Land: FCMB 134649044 	Unsatisfactory	The State should establish a functional TSA
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	<p>The State has a cash management strategy titled Delta State Approved Cash Management Strategy.</p> <ul style="list-style-type: none"> a) The State provided an approved cash management strategy b) The strategy was approved by the Governor on 22nd January 2019 c) Paragraph 9 of the approved cash management strategy requires that the ex-ante cash plan which was prepared based on the original budget vis-a-vis historical revenue data should be routinely reviewed on a monthly or quarterly basis. d) The Cash plan submitted for review showed that the reviewed cash plan as stated in the cash management strategy is prepared monthly. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
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>The State has a computer application where the State can view the cash balances in all the bank accounts.</p> <p>a) The State uses an Application called Xpressview to display dashboard of the balances in all banks on real-time basis.</p> <p>b) The Application was approved in the cash management strategy.</p> <p>c) The Application was deployed in December 2016.</p>	Satisfactory													
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	<p>a) The State TSA is DTSG Composite IGR Account with Sterling Bank. The account number is 0065755713</p> <p>b) The State TSA covers all the State IGR except the revenues on Land & property which sweep to FCMB Account (DTSG Escrow Account for Land & Property 134649044). The statutory revenues accrue to Zenith Bank Account (DTSG FAAC 1012906702).</p> <p>c) All government monies sweep to these three accounts as analysed above on weekly basis.</p> <p>d) The TSA bank Statement obtained was the DTSG Composite IGR Account with Sterling Bank. The account number is 0065755713</p>	Unsatisfactory	The State's TSA should have one consolidated revenue treasury account for state revenues (FAAC and IGR)												
5	Does the TSA cover a minimum of 60% of the State Government's finances?	<p>The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019.</p> <p>See the computation below:</p> <table border="1" data-bbox="747 1175 1346 1357"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>51,357,428,692.78</td> <td>51,358,781,993.39</td> </tr> <tr> <td>Govt. Finances*</td> <td>332,263,431,924.09</td> <td>359,114,390,666.72</td> </tr> <tr> <td>Percentage</td> <td>14.46</td> <td>14.30</td> </tr> </tbody> </table> <p>The average is percentage computed as:</p>		Total Inflows (₦)	Total Outflows (₦)	TSA Bank Statement	51,357,428,692.78	51,358,781,993.39	Govt. Finances*	332,263,431,924.09	359,114,390,666.72	Percentage	14.46	14.30	Unsatisfactory	The State's TSA should cover a minimum of 70% of Government Finances.
	Total Inflows (₦)	Total Outflows (₦)														
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Percentage	14.46	14.30														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{14.46\% + 14.30\%}{2} = 14.88\%$ <p>The TSA covered 14.88% of the State's finances.</p> <p>*Sources: 2019 Audited Financial Statement (Cashflow Statement) Pg.20-33 and the TSA Statement from Sterling Bank for 1st January to 31st December 2019.</p>		
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?	<ul style="list-style-type: none"> a) Delta State Internal Revenue Law 2020 was assented to on 28th May 2020. b) The law combined all the Revenue Code & rates for State and Local Governments in the State. c) The weblink for the revenue law is: https://www.deltastate.gov.ng/wp-content/uploads/2020/06/Delta-State-Internal-Revenue-Law-2020.pdf d) The code includes all State IGR sources and the LGs (falling under the State) IGR sources e) The consolidated revenue code includes the rate chargeable for each IGR source 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	<p>a) Sections 4 (1) gives the SBIR exclusive powers to control, administer, impose and collect different taxes and levies and other forms of revenue within the State.</p> <p>b) The IVA confirmed that the law empowers the SBIR as the sole agency responsible for state revenue administration.</p>	Satisfactory	
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	<p>a) The collection of revenues is made into accounts nominated by SBIR. The verification team reviewed samples of correspondences between Delta State BIR and Accountant-General which showed that the Board nominated designated accounts for IGR.</p> <p>b) The SBIR/SIRS has full oversight of accounts and is responsible for reporting and accounting for the revenues. The IGR bank statements showed that all revenues are paid to the account nominated by the SBIR and the SBIR monitors the inflows through the Revenue Enhancement & Electronic Monitoring System (REEMS) application which shows sweeping of the Internally Generated Revenues for Delta State to STERLING BANK PLC and Escrow Account for Land & Property with FCMB.</p>	Satisfactory	
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>	a) The Revenue law was passed by the State House of Assembly and assented by the Governor on 28 th May 2020.	Satisfactory	This result is for the 2020 APA which is to be conducted in 2021. It has been assessed early as requested the Programme for all legislation related results that yield a one-off grant.
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<p>a) The team downloaded the revenue law on 14th August 2020 and copy was retained in the file</p> <p>b) The weblink to the law is https://www.deltastate.gov.ng/wp-</p>	Satisfactory	

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		content/uploads/2020/06/Delta-State-Internal-Revenue-Law-2020.pdf																																														
DLR 4.2	Annual nominal IGR growth rate meets target		Not Achieved																																													
1	<p>Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets?</p> <p>Basic Target: 20%-39% Stretch Target: 40% or more</p>	<p>a. The State has adopted the accrual basis of accounting, hence, revenue reporting was done on accrual basis in 2018 and 2019 Audited Financial Statements.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1" data-bbox="730 609 1480 1312"> <thead> <tr> <th></th> <th>NGN 2018</th> <th>NGN 2019</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>VALID IGR items to be counted as IGR</td> <td>52,931,198,629.33</td> <td>59,159,367,338.52</td> <td></td> </tr> <tr> <td>Personal income tax (PAYE)</td> <td>48,197,107,143.20</td> <td>56,784,746,559.97</td> <td></td> </tr> <tr> <td>Licenses</td> <td>276,733,438.39</td> <td>512,487,065.47</td> <td></td> </tr> <tr> <td>Fees</td> <td>2,650,230,876.33</td> <td>1,741,640,973.39</td> <td></td> </tr> <tr> <td>Fines-General</td> <td>304,899,760.53</td> <td>60,500,032.69</td> <td></td> </tr> <tr> <td>Sales</td> <td>276,941,844.95</td> <td>18,198,355.00</td> <td></td> </tr> <tr> <td>Earnings (Excluding interest or investment income)</td> <td>-</td> <td>39,230,752.00</td> <td></td> </tr> <tr> <td>Rent of Govt. Buildings</td> <td>1,225,285,565.93</td> <td>420,600.00</td> <td></td> </tr> <tr> <td>Rent of Govt. Land</td> <td>-</td> <td>2,143,000.00</td> <td></td> </tr> <tr> <td></td> <td>52,931,198,629.33</td> <td>59,159,367,338.52</td> <td>12%</td> </tr> </tbody> </table> <p style="text-align: center;">$\frac{\text{₦59,159,367,338.52} - \text{₦52,931,198,629.33}}{\text{₦52,931,198,629.33}} \times 100$</p>		NGN 2018	NGN 2019	%	VALID IGR items to be counted as IGR	52,931,198,629.33	59,159,367,338.52		Personal income tax (PAYE)	48,197,107,143.20	56,784,746,559.97		Licenses	276,733,438.39	512,487,065.47		Fees	2,650,230,876.33	1,741,640,973.39		Fines-General	304,899,760.53	60,500,032.69		Sales	276,941,844.95	18,198,355.00		Earnings (Excluding interest or investment income)	-	39,230,752.00		Rent of Govt. Buildings	1,225,285,565.93	420,600.00		Rent of Govt. Land	-	2,143,000.00			52,931,198,629.33	59,159,367,338.52	12%	Unsatisfactory	The State should improve on its IGR collection to at least the minimum level of growth for the achievement of this result.
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>= 12 %</p> <p>The annual nominal growth was 12%. Source: 2019 Audited Financial Statement Pg. 20 – 33</p>		
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?	<p>The State commenced the process of Biometric Data and BVN capturing of the civil servants and pensioners in 2010 and completed it in 2016.</p> <p>a) The biometric data capturing for the State was outsourced to Hecker Bella Ltd.</p> <p>b) The total of 44,044 of civil servants and 9,284 of pensioners have been captured on biometrics.</p> <p>c) The total number of staff on the State Nominal roll and Payroll are the same. 44,044 Civil servants and 9,284 pensioners.</p> <p>The State provided the following documents for review:</p> <p>a) Report of I'm Alive verification of pensioners.</p> <p>b) Report of progress made on Biometric & BVN capturing and linkage to Payroll</p> <p>c) Biometric database</p> <p>d) Payroll summary</p> <p>e) Nominal Roll</p> <p>f) Samples from Deletion File</p> <p style="text-align: right;"><u>No of Biometric Data Captured</u> x 100 Total No of Civil Servants + Pensioners</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{44,044 + 9,284}{44,044 + 9,284} = 100\%$ <p>100% of the civil servants and pensioners are captured on the biometrics.</p>		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	<p>The State commenced the process of Biometric Data and BVN capturing of the civil servants and pensioners in 2010 and completed the linkage to the payroll in 2016.</p> <p>a) The biometrics data of total of 44,044 of civil servants and 9,284 of pensioners have been linked to payroll</p> <p>b) The State did not provide any report of ghost workers or pensioners with claim that since the data capturing exercise has been completed, no record of any ghost workers or pensioners.</p> <p>c) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees and deaths.</p> <p>d) The Payroll system automatically removes those that are due for retirement. Quarterly verification is carried out to identify deaths that were not reported. "I'm Alive" verification is used to review the pensioners that are still alive regularly.</p>	Satisfactory	
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>a) The State did not provide any report of ghost workers or pensioners with claim that since the data capturing exercise has been completed, no record of any ghost workers or pensioners.</p>	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	The State commenced the process of linking BVN of the civil servant and pensioners to payroll in 2010 and completed the linkage in 2016. Since then, the capturing has been continuous.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Servants and pensioners on the State payroll?	<p>a) The consultant that handled the exercise for State was Hecker Bella Ltd.</p> <p>b) The BVN of total 44,044 civil servants and 9,284 pensioners have been linked to payroll</p> <p>c) The total number of staff on the State Nominal roll and Payroll are the same -44,044 Civil servants and 9,284 pensioners.</p> <p>d) The State provided the following documents for review:</p> <ul style="list-style-type: none"> i. Report of Am Alive verification of pensioners; ii. Report of progress made on Biometric & BVN capturing and linkage to Payroll iii. Biometric database iv. Payroll summary v. Nominal Roll vi. Samples from Deletion File $\begin{array}{r} 44,044 + 9,284 \\ \hline 53,328 \\ =100\% \end{array}$ <p>The BVN 100% of the civil servants and pensioners have been linked to payroll</p>		
2	Has the State taken steps to identify payroll fraud?	<p>a) The State did not provide any report of ghost workers or pensioners noting that the data capturing exercise had been earlier completed, hence no record of any ghost workers or pensioners. The State carried out quarterly verification to identify deaths that were not reported or any possible ghost workers. Am Alive verification is used to review the pensioners that are still alive regularly. Exercise showed that there is no ghost workers or pensioners for 2019.</p>	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget		Achieved	This result is for the 2020 APA which is to be conducted in 2021. It has been assessed early as requested the Programme for all legislation related results that yield a one-off grant.
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution?	<p>a) The state has a public procurement legal framework.</p> <p>b) It has been approved by the State legislature as a law.</p> <p>c) The Procurement Law has been passed and assented by the Governor on 7th May, 2020.</p> <p>d) The authorizing body/office is Delta State Public Procurement Law 2020.</p> <p>e) The date of its online publication is August 2020.</p> <p>f) And the source: https://www.deltappc.dl.gov.ng.</p>	Satisfactory	
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	<p>The Delta State Public Procurement Law is structured in line with the UNCITRAL Model and meets the requirements as shown below:</p> <p>1. E-Procurement - We noted the following during our review of the legislation.</p> <ul style="list-style-type: none"> • The Procurement Council is to approve changes in procurement Process to adapt to improvements in modern Technology. S. 5 (e) • The Bureau is to establish a single internet portal that shall serve as a primary and definitive source of all information on government procurement. S. 10 (r) • The Bureau is to introduce, develop, update and maintain related data base and technology. S. 10 (q) 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
	<p>The law therefore complies with the requirements for e-procurement.</p> <p>2. Independence - The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="814 397 1390 982"> <thead> <tr> <th data-bbox="814 397 1081 446">Required Provisions*</th> <th data-bbox="1081 397 1390 446">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="814 446 1081 511">The Functions and Powers of the Agency</td> <td data-bbox="1081 446 1390 511">Compliant; see sections 10 and 11</td> </tr> <tr> <td data-bbox="814 511 1081 576">The composition of the board</td> <td data-bbox="1081 511 1390 576">Compliant; See s 3 (2)</td> </tr> <tr> <td data-bbox="814 576 1081 722">Membership of the Board/Council includes representatives from Professional bodies and associations.</td> <td data-bbox="1081 576 1390 722">Compliant; see sections 3 (2)</td> </tr> <tr> <td data-bbox="814 722 1081 836">The grounds for removal of the Chief Executive of the agency.</td> <td data-bbox="1081 722 1390 836">Compliant; see section 12 (4)</td> </tr> <tr> <td data-bbox="814 836 1081 982">Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review</td> <td data-bbox="1081 836 1390 982">Compliant; See Section 60 (8)</td> </tr> </tbody> </table> <p>*Provided by the World Bank</p> <p>3. Establishment of an independent procurement regulatory agency -</p> <p>a) The law provides for the establishment of an independent procurement regulatory agency. See section 10 and 11 of the 2020 Amendment Law. It requires amongst other things that the Agency prescribes regulations and procedures for public procurements in accordance with the law.</p> <p>b) The law covers all MDAs receiving funds from State budget. The provisions of this Law shall apply to all</p>	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see sections 10 and 11	The composition of the board	Compliant; See s 3 (2)	Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see sections 3 (2)	The grounds for removal of the Chief Executive of the agency.	Compliant; see section 12 (4)	Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See Section 60 (8)		
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>procurement of good, works. and services carried out by the State Government and all procuring entities. S. 2 and 21.</p> <p>c) The law is structured according to the UNCITRAL Model public procurement law of 2011 and is now compliant with DLR 6 requirements.</p>		
3	<p>Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency or any other type of entity set up for the statutory purpose?</p>	<p>a) The State has instituted an independent procurement regulatory function.</p> <p>b) This regulatory function is being performed through a commission.</p> <p>c) The Commission is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework.</p> <p>d) The IVA interviewed the Director General, two management staff and four random operational staff orally on the 18th of August 2020. Some of the findings include:</p> <p>i) There is a vibrant workforce with zeal to continue building capacity;</p> <p>ii) The old Law had constraints which adversely affected the effectiveness/operational activities of the Commission; and</p> <p>iii) With the new procurement law, the Commission is poised for highest standards of regulatory activeness.</p> <p>e) A record of 5 procurements/cases/transactions handled by the Agency was used in performing the walkthrough to confirm the effective handling of the selected cases.</p> <p>f) IVA reviewed the approval for the list of projects, procurement, and permission to conduct selective tendering for two cases for the Ministry of Works, one each for the Ministries of Health, Technical Education and Bureau for Special Duties and the selected cases were handled effectively.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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]		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)?	<p>a) The IVA obtained a schedule of all contracts awarded during the year under assessment above the threshold (as defined in Procurement Guidelines Delta State Procurement Commission, P. 12 & 13)</p> <p>b) The contract data was published in line with the Open Contracting Data Standards (OCDS)</p> <p>c) The date of publication was May 2020.</p> <p>d) The source of the publication is https://www.deltappc.dl.gov.ng.</p> <p>e) The IVA reviewed the published list of contracts awarded in 2019 and compared it with the templates provided which only showed this difference: No contractor phone number and email address. The contactor name and address were on the published list of the contracts awarded, the date of award could also serve as the commencement date, the remarks had selective tendering procedure which served as the award status, and there was no amendment to the award of the contract</p> <p>f) The disclosures on the state official website are compliant with/in line with the Open Contracting Data Standards (OCDS)</p>	Satisfactory	
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.		Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
1	<p>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?</p> <p>a) The Delta State Fiscal Responsibility Law (2008) and the Delta State Fiscal Responsibility (Amendment) Law, 2020 were obtained.</p> <p>b) The Delta State Fiscal Responsibility (Amendment) Law, 2020 was assented to by the Governor on 20th May, 2020.</p>	Satisfactory	
2	<p>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.</p> <p>The state legislation includes two of the three required provisions.</p> <p>The review of the Debt Management and Fiscal Responsibility Law is as shown below:</p> <p>Criteria 1: Requirement (i) establishing responsibilities for contracting state debt</p> <p>Part XI Section 43 (1) a-c-Borrowing-Vested the approval for external and domestic borrowing in the House of Assembly.</p> <p>Part XA section 48A (2) states that the Debt Management Department shall have the primary responsibility for managing the State’s debt portfolio and all debt related matters.</p> <p>However, the FRL 2008 and the 2020 Amendment still does not establish the responsibilities for contracting state debt as required by Criterion # 1.</p> <ul style="list-style-type: none"> • Part XI Section 43 (1) a-c-Borrowing-Vested the approval for external and domestic borrowing in the House of Assembly. This is on the approval of borrowing. • Part XA section 48A (2) states that the Debt Management Department shall have the primary responsibility for managing the State’s debt portfolio and all debt related 	Unsatisfactory	The State’s Debt Management Law should establish responsibilities for contracting state debt.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>matters. This does is not explicit that the Department is responsible for borrowing/contracting debt.</p> <p>Criteria 2: Requirement for (ii) establishing responsibilities for recording and reporting state debt</p> <p>Page C55, section 46, subsection 5 of the FRL showed responsibilities for recording/reporting state debt. Section 48B 9b) provides for maintaining a reliable and current hard copy and more importantly an electronic database of all debt instruments issued, loans taken or guaranteed by the State Government or any of its Agencies and all contingent liabilities related to its.</p> <p>Sect 4B(i) state that DMU collect and collate data on debt management and disseminate information to all Stakeholders. maintain the State's debt recording and host same on the State's website.</p> <p>Criteria 3: Requirement for (iii) establishing fiscal and debt rules or /limits</p> <p>Part IX-The law provides for borrowing limits: Borrowing is limited to only concessional borrowing for capital expenditure and human development; and at a proportion of state's income held at a sustainable level.</p> <p>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.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		•		
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.	<p>a) IVA visited the Delta State Debt Management Department and observed that it is operational and located at 37, Jesus Saves Road, beside Cornerstone International School, Asaba, Delta State.</p> <p>b) The Delta 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. The Delta State Domestic Debt report as at 31st December 2019 was provided.</p> <p>c) The 1st, 2nd, 3rd, and 4th Quarters of 2019 State Domestic Debt Reports were presented.</p> <p>d) Pictures of official premises were obtained during the visit to the Department.</p> <p>e) IVA conducted an interview with the Director and a random operational staff during the visit where they indicated the Department is operational and performing the core function of recording and reporting State debt.</p>	Satisfactory	
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?	<p>a) The State produced quarterly domestic debt reports approved by the DMO on average of 4.86 weeks (1month 1week) after the end of the quarter.</p> <p>We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> • Q1 submitted on 30.04.2019 (30Days)– 4.2 weeks, • Q2 submitted on 31.07.2019 (31Days)– 4.4 weeks, 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> Q3 submitted on 12.11.2019 (43Days)– 6.1 weeks, and Q4 submitted on 10.02.2020(41Days) – 5.8 weeks. <p>The SDDR were submitted within an average of 5.18 weeks.</p>		
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO: The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state’s domestic debt figures.</p>	<p>We reviewed the DMO’s Report on State Domestic and External Debt Report (SDEDR) with the Delta State Debt Domestic Report and showed a difference of ₦56,903,128,250.68. The report was supported with the DMO’s templates and guidelines.</p> <p>We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.</p> <p>A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state’s submission to the DMO. Conclusions reached in this report are based on the amended DMO data.</p>	n/a	
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	<p>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.</p>	The state did not submit the annual state arrears recording, verification, and clearance report (SARVCR) to the IVA	Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>-Basic target: At least a 5% decline or maintain stock below N5 billion</p> <p>-Stretch target: More than 20% decline</p>			
1	Has the State established an Arrears Clearance Framework (ACF)?	<p>a) The State has not established an Arrears Clearance Framework (ACF). The State presented a proposed ACF.</p> <p>b) A copy of the Proposed ACF was obtained from the State</p> <p>c) The State proposed ACF occurred in 2019. However, the State has not established the ACF as at 31 December 2019.</p>	Unsatisfactory	The State should establish an 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.	<p>a) Delta State has not established an Arrears Clearance Framework (ACF),</p> <p>b) Delta State did not establish Arrears Clearance Framework (ACF) by 31 December 2019,</p> <p>c) The proposal for the ACF was published on a state official website at the time of verification,</p> <p>d) The proposed ACF contains the planned actions to settle arrears, and</p> <p>e) The proposed ACF does not contain explicit prioritization of expenditure arrears to be settled.</p>	Unsatisfactory	<p>The ACF should contain:</p> <p>1) Planned actions to settle arrears</p> <p>2) An explicit prioritization of expenditure arrears to be settled</p>
3	Has the ACF been published on a State official website?	<p>a) The proposed ACF was published on a state official website,</p> <p>b) on https://www.deltastate.gov.ng/sftas/, and</p> <p>c) The State's proposed ACF was published on Nov 29, 2019</p>	Unsatisfactory	The State should ensure the ACF is published on her Official website
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	<p>a) The State did not clear its domestic arrears as the State's arrears increased in the year 2019 when compared with 2018.</p>	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?	<p>a) Delta State has not established the internal domestic arrears database.</p> <p>b) However, the aggregate amount of contractors' arrears reported in the financial statement is N117,644,134,053.18.</p>	Unsatisfactory	a) The state should ensure they establish an internal domestic arrears database.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>c) The aggregate amount of pension and gratuity arrears reported in the 2019 financial statement is N12,326,872,629.17.</p> <p>d) The aggregate amount of salary arrears and other staff claims reported in the 2019 financial statement is N46,504,232,470.57. and</p> <p>e) The aggregate amount of other types of domestic arrears (BEDC Bill, Rent and Judgement Debt) reported in the 2019 financial statements is N931,906,510.26.</p> <p>f) There was no verification process in place for the arrears.</p> <p>g) There was no evidence to show that the State has conducted verification of arrears balances.</p> <p>h) The State did not present internal domestic arrears database.</p> <p>Source of arrears: Page 55, Note 38 (Payables) of the 2019 audited financial statement.</p>		b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; aggregate 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?	<p>(a) Delta State did not present aggregate and individual information on an online publicly-accessible arrears database.</p> <p>(b) The State did not present/upload its arrears information on the online publicly-accessible database (To include details of Contractors Arrears, Judgement Debts, Pensioners Arrears, Salary Arrears and other staff claims, etc.),</p> <p>(c) The State does not have an electronic link or other means of communication that permits any potential or actual contractor creditors to communicate with the State Ministry of Finance</p>	Unsatisfactory	The State should ensure they publish online the Internal domestic arrears database with key elements.
7. New	Does the online publication include? 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears;	<p>(a) Delta State has not set up online webpages facilities for creditors to report any omissions to the State.</p> <p>(b) The State did not present/upload its arrears information on the online publicly accessible database (To include details of Contractors Arrears, Judgement Debts, Pensioners Arrears, Salary Arrears and other staff claims etc.).</p>	Unsatisfactory	a) The State should ensure they publish online lists of contractors with recognized arrears

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations																	
	3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.					exceeding N20million. b) The state should ensure contractors are able to verify that their claims 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. <i>The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.</i>	<table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>117,644,134,053.18</td> <td>108,237,303,026.74</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>12,326,872,629.17</td> <td>14,108,983,850.00</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td>46,504,232,470.57</td> <td>0.00</td> </tr> <tr> <td>Other types of domestic expenditure arrears</td> <td>931,906,510.26</td> <td>1,106,457,458.48</td> </tr> <tr> <td>Total Domestic Arrears</td> <td>177,407,145,663.18</td> <td>123,452,744,335.22</td> </tr> </tbody> </table>	Aggregate Amount of:	2019	2018	Contractors Arrears	117,644,134,053.18	108,237,303,026.74	Pension and Gratuity arrears	12,326,872,629.17	14,108,983,850.00	Salary arrears and Staff claims	46,504,232,470.57	0.00	Other types of domestic expenditure arrears	931,906,510.26	1,106,457,458.48	Total Domestic Arrears	177,407,145,663.18	123,452,744,335.22	a. The IVA did not receive the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database. However, IVA used the Payables (Contractors' arrears, judgement debts, pension arrears, salary arrears etc) of the 2019 audited Financial Statements for the analysis as follows: $\frac{\text{N}123,452,744,335.22 - \text{N}177,407,145,663.18}{\text{N}123,452,744,335.22} \times 100 = 43.70\%$ The percentage Increase is 43.70% Source: Delta State 2019 Audited Financial Statements.	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
Aggregate Amount of:	2019	2018																					
Contractors Arrears	117,644,134,053.18	108,237,303,026.74																					
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Total Domestic Arrears	177,407,145,663.18	123,452,744,335.22																					
DLI 9: Improved Debt Sustainability																							

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
DLR 9.0	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019]</p> <p>AND</p> <p>Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:</p> <p>-Basic target: < [140%]</p> <p>-Stretch target: < [115%]</p>		<p>Achieved</p> <p>Stretch target met</p>													
	<p>Has the State met:</p> <p>(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?</p> <p>Less than :< [40%]</p>	<p>The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.</p> <p>Total Service Deduction: $\frac{\text{₦}15,604,521,183.22}{\text{₦}235,617,744,330.60} \times 100$</p> <p>Gross FAAC = 6.6%</p> <p>(a) The Delta State total monthly debt service deductions from FAAC allocation during the year is ₦15,604,521,183.22.</p> <p>(b) The Delta State Gross FAAC allocation for the year is ₦235,617,744,330.60, and</p> <p>(c) The Ratio is 6.60% which is less than 40%.</p> <p>Source: FMOF (FAAC)</p>	Satisfactory													
	<p>Has the State met:</p> <p>(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)?</p> <p>-Basic target:< [140%]</p> <p>-Stretch target: < [115%]</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p>Total Public Debt</p> <table border="1"> <thead> <tr> <th></th> <th>Financial Statements</th> <th>DMO figures (Adj)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>286,689,562,737.71</td> <td>237,678,144,062</td> </tr> <tr> <td>Total External Debts</td> <td>27,025,712,440.44</td> <td>19,134,002,865.78</td> </tr> <tr> <td>Total Public Debts</td> <td>313,715,275,178.15</td> <td>256,812,146,927</td> </tr> </tbody> </table>		Financial Statements	DMO figures (Adj)	Total Domestic Debts	286,689,562,737.71	237,678,144,062	Total External Debts	27,025,712,440.44	19,134,002,865.78	Total Public Debts	313,715,275,178.15	256,812,146,927	<p>Satisfactory</p> <p>Stretch target met</p>	
	Financial Statements	DMO figures (Adj)														
Total Domestic Debts	286,689,562,737.71	237,678,144,062														
Total External Debts	27,025,712,440.44	19,134,002,865.78														
Total Public Debts	313,715,275,178.15	256,812,146,927														

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations										
	<p><u>Total annual revenue</u></p> <table border="1" data-bbox="779 272 1434 477"> <tr> <td>2019 Adjusted IGR (see DLI 4.2)</td> <td>59,159,367,338.52</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>235,617,744,331</td> </tr> <tr> <td>Grants</td> <td>0.00</td> </tr> <tr> <td>Other Revenues</td> <td>1,125,740,345.36</td> </tr> <tr> <td>Total Revenue**</td> <td>295,902,852,014.48</td> </tr> </table> <p>a. The State’s domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is as at the end of Q4 2019.</p> <p>The IVA computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p> $\frac{\text{₦}256,812,146,927.47 \times 100}{\text{₦}295,902,852,014.48} = 86.79\%$ <p>(a) The Total State Debt Stock is ₦256,812,146,927.47. This includes:</p> <ul style="list-style-type: none"> i. Total Domestic Debt (₦237,678,144,061.69) and ii. Total External Debt (₦19,134,002,865.78). <p>(b) The Total Adjusted State Revenue is ₦295,902,852,014.48. This includes:</p> <ul style="list-style-type: none"> i. Total Gross FAAC allocation: Statutory Transfers and VAT (₦235,617,744,330.60) ii. Total Adjusted IGR as calculated for DLI 4.2 (₦59,159,367,338.52) iii. Grants: Internal and External Grants - (Nil) iv. Other Revenues: Investment Income and Interest Earned (₦1,125,740,345.36) 	2019 Adjusted IGR (see DLI 4.2)	59,159,367,338.52	Gross FAAC Allocation	235,617,744,331	Grants	0.00	Other Revenues	1,125,740,345.36	Total Revenue**	295,902,852,014.48		
2019 Adjusted IGR (see DLI 4.2)	59,159,367,338.52												
Gross FAAC Allocation	235,617,744,331												
Grants	0.00												
Other Revenues	1,125,740,345.36												
Total Revenue**	295,902,852,014.48												

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
		<p>(c) The Delta State ratio of total debt stock at the end of year (31st December 2019) is 86.79% which is less than 115%, therefore, the State met the stretch target.</p> <p>Source: For Total Revenue: 2019 Audited Financial Statement, Pgs 24-36 (notes 1-9) For Total Public Debt: Sept 2020 Debt Report from DMO,CBN and World Bank and Appendix I and II of the DMO dated July 8th, 2020 with Reference No: DMO/SPD/076/158 as at December 31, 2019.</p> <p>*Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue</p> <p>b. The debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is not the same with the debt stock stated in the audited financial statement.</p> <p>c. IVA Observed differences between the debt stock stated in the Financial Statement and the SDEDR provided by the Federal DMO.</p> <p>d. The difference has been communicated to the State for explanation,</p> <p>e. The difference has been calculated in value to be ₦56,903,128,250.68 and percentage terms (18.14%), and</p> <p>f. The SDEDR was amended and resubmitted to the IVA along with explanations for changes.</p>		

TABLE 3(i): DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR DELTA STATE

DELTA STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713.95
BAIL OUT (SALARIES) (SOURCE CBN)	9,924,037,108.76
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	65,762,739,969.11
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	6,629,727,524.31
STATE BONDS	-
COMMERCIAL BANK LOANS	-
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,250,000,000.00
INFRASTRUCTURE LOANS (CBN FACILITIES)	486,817,971.60
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	2,000,000,000.00
JUDGEMENT DEBTS	572,597,091.61
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	117,644,134,053.18
PENSION AND GRATUITY ARREARS	12,326,872,629.17
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	237,678,144,061.69
TOTAL EXTERNAL DEBT (TED)	19,134,002,865.78
TOTAL PUBLIC DEBT (TED+TDD)	256,812,146,927.47

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

	NGN
Item	2019
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	235,617,744,331
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	220,766,989,699
1.1.1 Gross statutory allocation	42,028,161,284
1.1.2 Derivation	165,743,843,506
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	12,994,984,910
1.2 VAT	14,850,754,631
2. Internally Generated Revenues (IGR) – Adjusted	59,159,367,339
3. Grants (internal and external)	-
4A. Other revenues (4.1 + 4.2 + 4.3)	1,125,740,345
4.1 Investment Income (e.g. dividends)	775,619,695
4.2 Interest Earned	770,725
4.3 Miscellaneous	349,349,925
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	295,902,852,014

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	<p>The SFTAS IVA Team</p> <p>I wish to refer to your mail on the Delta State Draft Report on the SFTAS 2019 Annual Performance Assessment and to acknowledge receipt of the Report. Having carefully reviewed the report, Delta State has no objection to the Report. However, the State wishes to note that part of DLI 6 and DLI 9 which were categorized as “ongoing” in the Team Initial Finding Form presented to the State at the Exit Meeting have been listed as “Satisfactory” in the Draft Report.</p> <p>2. We note the observed areas that required improvements on our part, and we are committed to address and improve on them.</p> <p>3. Please accept the assurances of our warm regards.</p> <p>Gibson E. Pinnick</p> <p>State Focal Person (P for R)</p>	Noted with thanks.

Appendix A

REPORT ON THE ACHIEVEMENT OF THE ELIGIBILITY CRITERIA FOR THE 2019 PERFORMANCE YEAR

YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2019 PERFORMANCE YEAR.

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

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

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
https://www.deltastate.gov.ng/budgets/	A search was done on Delta State website	The 2020 Budgets were published on the State Official website, a copy was downloaded. There's evidence of 2020 Budgets being signed by the Governor.	N/A	EC 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 st 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

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
https://www.deltastate.gov.ng/	A search was done on the Delta State Website and the Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded in a zipped file.	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 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	The audit certificate was briefly worded.
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