



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

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

**EDO 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 Edo 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 Edo State and shows areas where the State achieved results. In total, Edo State achieved 10 (**Ten**) DLRs out of 15 DLRs applicable to 2019 while 1 DLR was achieved in 2018. One of the achieved DLRs was due for assessment during the 2020 APA but has 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 3.0:** Develop a functional State-level TSA where all Government revenues (IGRs and FAAC) are all credited before expenditure and also increase the percentage of State government finances flowing through the TSA to at least the minimum required to achieve this result.
2. **DLR 4.2:** Increase its IGR revenue to achieve a minimum of 20% nominal annual growth rate.
3. **DLR 8:** Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.
4. **DLR 9:** Strengthen the State's debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR.

**Table 1: Assessment Results**

<b>Key:</b>	Achieved	Not Achieved	Previously Achieved
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
<b>DLI 1:</b> Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The State published the report at an average of 4.46 weeks after the quarter end.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		The expenditure outturn deviation was 24%.
<b>DLI 2:</b> Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.		Citizens' inputs from formal public consultations were published online on 30 December 2019
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		Citizens' budget based on approved FY19 State budget was published on 29 <sup>th</sup> April, 2019.
<b>DLI 3:</b> Improved cash management and reduced revenue	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		The TSA covered 17.35% of State's finances.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
leakages through implementation of State TSA	State TSA		
<b>DLI 4:</b> Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		The revenue code met the requirements of the DLR.
	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 14%.
<b>DLI 5:</b> Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		Biometric capture of 99% of civil servants are linked to the payroll
	DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		94% of civil servants' payroll are linked to BVN.
<b>DLI 6:</b> Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency; and 3) Cover all MDAs receiving funds from the state budget.		This is a 2020 result assessed early.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on the state website		Contracts are published in OCDS format on the state website.
<b>DLI 7:</b> Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		Previously Achieved in 2018 APA
	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		Quarterly State debt reports were submitted on average of 4.9 weeks after the end of the quarter.
<b>DLI 8:</b> Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established <b>and</b> 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 percentage increase in verified stock of domestic arrears was 29.7%.
<b>DLI 9:</b> Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. <b>and</b> Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.		Monthly debt service deduction is 11.04% of Gross FAAC, and the Total Debt Stock to Revenue is 145%.

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

## 2. Introduction

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### 2.1 Overview

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Ltd was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2019. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place for 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 (4) 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
<b>DLI 1: Improved Financial Reporting and Budgeting Reliability</b>				
<b>DLR 1.1</b>	<b>Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management</b>		<b>Achieved</b>	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	<p>The quarterly budget implementation reports were posted online on (<a href="http://www.edostate.gov.ng/budget-performance">http://www.edostate.gov.ng/budget-performance</a>) as follows:</p> <ul style="list-style-type: none"> <li>• Q1 – (26/04/2019)- 3.71 weeks (26 days)</li> <li>• Q2 – (02/08/2019) – 4.71 weeks (33 days)</li> <li>• Q3 – (23/10/2019) – 3.29 weeks (23 days)</li> <li>• Q4 – (12/02/2020) – 6.14 weeks (43 Days)</li> </ul> <p>Average week for the online publication is computed as below:</p> $\frac{3.71+4.71+3.29+6.14}{4}$ <p>Average = 4.46 weeks (31 days)</p> <p>The 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>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>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>	<p>From the review of the Quarterly Budget Implementation reports downloaded from the State’s website (see weblinks above), the team observed following;</p> <ul style="list-style-type: none"> <li>• All quarter budget performance reports posted online include the approved budget and expenditure for each of the Ministries, Departments and Agencies (MDA) and for each of the core economic classification of expenditures.</li> <li>• The 2nd, 3rd and 4th Quarter budget performance reports did not show the actual expenditure for the Quarter attributed to each MDAs, what was showed is the actual cumulative expenditure for the year to date i.e. Jan-Jun, Jan-Sep and Jan-Dec respectively in the sectors.</li> <li>• The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations.</li> <li>• The Budget Implementation Reports show both the approved original budget and the approved revised budgets.</li> </ul> <p>The reports include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others); the balances against each of the revenue and expenditure appropriations.</p> <p>The report did not include the actual expenditures for the quarter attributed to each of the revenue and expenditure appropriations. However, the quarter expenditures can be derived from the cumulative expenditures across the four quarter reports, which also contain all the other information required. It should be</p>	<p>Satisfactory</p>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations						
		clarified that both quarterly actual and cumulative expenditures are needed in each quarter budget performance reports.								
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, they did not state the actual expenditures for each quarter attributed to each MDA and each expenditure classification but stated the cumulative expenditures for the year to date. However, the quarter expenditures can be derived from the cumulative expenditures across the four quarter reports, which also contain all the other information required. It should be clarified that both quarterly actual and cumulative expenditures are needed in each quarter budget performance reports.	Satisfactory							
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Upon further review of the State's Budget Performance reports, we noted that they state 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							
<b>DLR 1.2</b>	<b>FY [2019] deviation from total budget expenditure is less than 25%</b>		<b>Achieved</b>							
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?	<p>The State computed the budget deviation for 2019 to be 24%.</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <p>(A) Accrual Position:</p> <table border="1"> <thead> <tr> <th></th> <th>Original Budget</th> <th>Actual Outturn</th> </tr> </thead> <tbody> <tr> <td>Capital (pg 32)</td> <td>102,942,268,676.60</td> <td>63,478,168,917.51</td> </tr> </tbody> </table>		Original Budget	Actual Outturn	Capital (pg 32)	102,942,268,676.60	63,478,168,917.51		
	Original Budget	Actual Outturn								
Capital (pg 32)	102,942,268,676.60	63,478,168,917.51								



Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
	Is the expenditure outturn deviation computed less than 25%	Rec. Exp (pg 32)	78,882,058,285.59	75,215,836,730.46	Satisfactory	
		Total	<b>181,824,326,962.19</b>	<b>138,694,005,647.97</b>		
		$\frac{N\ 181,824,326,962.19 - N138,694,005,647.97}{N\ 181,824,326,962.19} \times 100$ $= 24\%$ <p>The budget performance deviation is 24%  <b>Source:</b> 2019 Audited Financial Statement (pg. 6-7) and Approved Budget and Actual Expenditure or Appropriation Law.</p>				
<b>DLI 2: Increased Openness and Citizens' Engagement in the Budget Process</b>						
<b>DLR 2.1</b>	<b>Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] budget</b>				<b>Achieved</b>	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	<p><b>(The documents obtained and reviewed include the attendance register, minutes of the meetings, pictures and video)</b></p> <p>a) The attendees from the LGAs in attendance at the consultation on the FY 2020 proposed budget include: Ikpoba-Okha ,Owan West, Oredo, Owan East, Orhionmwon, Igueben, Etsako West Etsako East, Esan West, Esan South-East, Esan North-East, Esan Central, Egor, akoko-Edo, Ovia North-East, Etsako central, Ovia South-West.</p> <p>b) The representatives of the CSOs in attendance include: Agen Longspan Industries (Rep private sector), ANNEJ (Rep. NGOs), Joint Nat. Ass. Of Persons with Disabilities (Rep. Persons with Disabilities), and Child Protection Network.</p>			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> <li>c) The sources of information from which the conclusions were drawn are communique, minutes, attendance, pictures, video etc.</li> <li>d) Two consultations were held, the first was held for the LGA Officers on 4<sup>th</sup> April 2019 at the Festival hall Government House, Benin City, and the second consultation for the CSOs was held on 29<sup>th</sup> Oct 2019 at the Festival hall Government House, Benin City.</li> <li>e) Ten (10) attendees were called to confirm their attendance at the public consultation. Their responses were satisfactory.</li> <li>f) The State's budget was drafted on 26<sup>th</sup> Nov,2019.</li> <li>g) The consultations were carried out before the proposed budget was drafted. The consultations were done first.</li> </ul>		
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?	<ul style="list-style-type: none"> <li>a) The representatives of the CSOs (Agen Longspan Industries, ANNEJ, Joint Nat. Ass. Of Persons with Disabilities) co-signed the Minutes.</li> <li>b) The title and date of the minutes are as follows: <ul style="list-style-type: none"> <li>i) The Report of Public Stakeholders Consultative Forum in the Year 2020 Budget Preparation and Edo State Medium Term Expenditure Framework (MTEF) 2020-2022 organized by the Ministry of Budget and Economic Planning held on 29th October 2019 in Festival Hall, Government House Edo State.</li> <li>ii) Communique issued at the Workshop on Medium Term Expenditure Framework (MTEF) and Budget Processes for Local Government Officers held in Festival Hall, Government House, Benin City, Edo State on Thursday 4<sup>th</sup> April 2019.</li> </ul> </li> <li>c) The weblink to the minutes of consultation: <a href="http://www.edostate.gov.ng/citizens-engagement-on-2020-budget/">http://www.edostate.gov.ng/citizens-engagement-on-2020-budget/</a> was published on the 30<sup>th</sup></li> </ul>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		December 2019. The proposed budget was published online on 30 <sup>th</sup> December 2019. See Appendix A for weblinks to the proposed/final budget		
<b>DLR 2.2</b> New	<b>Citizens' budget based on approved FY19 State budget published online by end April 2019.</b>		<b>Achieved</b>	
1 New	Has the State published online, on the State website(s) a <i>Citizens Budget based on the approved FY19 state budget</i> not later than 30 April 2019?	The Citizens budget based on approved FY19 State budget was published on 29 <sup>th</sup> April 2019 before the due date on. ( <a href="http://www.edostate.gov.ng/2019-approved-citizens-budget/">http://www.edostate.gov.ng/2019-approved-citizens-budget/</a> ) was accessed on (04/08/2020).	Satisfactory	
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	The team confirmed that the Citizens budget summarizes in a comprehensible manner to citizens of the approved FY19 state budget and it was prepared in the format suggested to the State. It accurately includes the key budget information from the original budget, including the following. <ul style="list-style-type: none"> <li>i. A simple explanation of the annual budget/citizen's budget.</li> <li>ii. Breakdown of revenues and expenditures.</li> <li>iii. Disclosure of Budget deficit and how it will be financed.</li> <li>iv. Sectoral Allocation (MDAs by MDAs)</li> <li>v. Top Projects to be financed.</li> </ul>	Satisfactory	
<b>DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA</b>				
<b>DLR 3.0</b>	<b>Improved cash management and reduced revenue leakages through implementation of State TSA</b>		<b>Not Achieved</b>	
1	Has the State established a functional State-level TSA?	a. The State operates three separate Treasury Accounts, one for IGR purposes and the others for Statutory transfers and VAT. All funds are swept	Unsatisfactory	The State should establish a functional TSA.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>overnight/periodically from IGR revenue collecting Banks into the IGR Consolidated Bank in Sterling bank while maintaining other accounts for FAAC and VAT revenues in Access Bank.</p> <p>b. The State operates multiple accounts.</p> <ul style="list-style-type: none"> <li>• IGR Main Account: Sterling Consolidated Bank Account plc, Sapele Road, Benin City. Account Number: 0062962350</li> <li>• FAAC Account: Access Bank Plc, Mission Road, Benin City. Account Number: 0696164965</li> <li>• VAT Account: Access Bank Plc, Mission Road, Benin City Account Number: 0696164989</li> </ul>		
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>a) The title of the cash management strategy is “Edo State Cash Management Strategy”.</p> <p>b) It was produced in 2018 and the former Permanent Secretary/Accountant General of Edo State signed the Cash Management Strategy on the 18th June 2018.</p> <p>c) The State has a Cash Management Strategy which showed the process through which it can forecast cash commitments and requirements; and provide reliable information on the availability of funds. This was stated under Paragraph 2.0 - Annual Cash Planning Process, under the “Guidelines on the Implementation of Cash Management Policy”.</p> <p>d) The State conducts overnight/periodic sweeping of balances from other collecting banks to the TSA.</p> <p>e) The evidence of the implementation of processes described in the cash management strategy on sweeping of balances of other collecting banks in</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations									
	the states to the TSA have been obtained by the IVA.											
3	<p>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> <p>The State has a computer application where the State can view the cash balances in the bank accounts.</p> <p>a) The name of the computer application is Bank Account Monitoring System (BAMS), the producer is Nigerian Interbank Settlement System (NIBSS).</p> <p>b) The App was approved for use by the cash management strategy.</p> <p>c) It was deployed on 4th March 2016.</p>	Satisfactory										
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>a) Edo State TSA is held at Sterling Consolidated Bank Account plc, Sapele Road, Benin City. Account Number: 0062962350.</p> <p>b) All government monies do not go through this account only the IGR revenue.</p> <p>c) All government monies do not sit in the other revenue collecting banks as the State conducts overnight/periodic sweeping of balances from other revenue collecting banks to the TSA.</p> <p>d) The TSA statement from Sterling Consolidated Bank Account plc, Sapele Road, Benin City for 2019 has been obtained.</p>	Satisfactory										
5	<p>Does the TSA cover a minimum of 60% of the State Government's finances?</p> <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="730 1269 1371 1445"> <thead> <tr> <th></th> <th>Total Inflows</th> <th>Total Outflows</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>N23,122,735,511.84</td> <td>N23,982,828,329</td> </tr> <tr> <td>Govt Finances</td> <td>N138,395,451,352.25</td> <td>N133,307,911,632.71</td> </tr> </tbody> </table>		Total Inflows	Total Outflows	TSA Bank Statement	N23,122,735,511.84	N23,982,828,329	Govt Finances	N138,395,451,352.25	N133,307,911,632.71	Unsatisfactory	The State's TSA should cover the required minimum of Government Finances.
	Total Inflows	Total Outflows										
TSA Bank Statement	N23,122,735,511.84	N23,982,828,329										
Govt Finances	N138,395,451,352.25	N133,307,911,632.71										

Disbursement Linked Indicators (DLIs) and Tests		Findings		Conclusion	Recommendations	
		Percentage	16.7%	17.99%		
		<p>The average is percentage computation is:</p> $\frac{16.7\% + 17.99\%}{2} = 17.35\%$ <p>The TSA covered 17.35 % of the State's finances.            *Sources: 2019 Audited Financial Statement (Cashflow Statement) Pg.6-7 and the TSA Statement from Sterling Consolidated Bank Account plc for the period as at 31<sup>st</sup> December 2019.</p>				
<b>DLI 4: Strengthened Internally Generated Revenue (IGR) Collection</b>						
<b>DLR 4.1</b>	<b>State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published</b>			<b>Achieved</b>		
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the local governments (falling under that State) IGR sources?	a) Edo State Revenue Administration Law, 2012 was assented by the Governor on 2 <sup>nd</sup> January 2013. b) The Edo State Consolidated Revenue codes and rates are separate from the Revenue law. c) Edo State has more than one Revenue Law, and the tax laws are properly cross-referenced or linked. d) Edo State also has new (resolution) law titled "EDO STATE CONSOLIDATED REVENUE CODES AND RATES" this was approved by House of Assembly on 11th December 2019. e) The weblinks where the Revenue law, Code and		Satisfactory		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>rates were posted is <a href="https://eirs.gov.ng/">https://eirs.gov.ng/</a>  <a href="https://eirs.gov.ng/files/EDO_STATE_CONSOLIDATED_REVENUE_CODES_AND_RATES">https://eirs.gov.ng/files/EDO_STATE_CONSOLIDATED_REVENUE_CODES_AND_RATES</a>.</p> <p>f) The code includes all State IGR sources and the LGs (falling under the State) IGR sources.</p> <p>g) The consolidated revenue code includes the rate chargeable for each IGR source.</p>		
<p>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>	<p>a) The Consolidated Revenue Law stipulates that the state bureau of internal revenues (SBIR) is the sole agency responsible for state revenue.</p> <p>b) Section 9 (b-c) states that the board shall be responsible for;</p> <p>i. Ensuring the effective and optimum collection of all revenue, including levies and penalties due to the State Government under the relevant Federal and State laws.</p> <p>ii. Doing all such things that may be deemed necessary and expedient for the assessment and collection of revenue.</p> <p>iii. Section 10 (2) of the Edo State Revenue Administration Law, 2012 (ESRAL) states that, 'The Board shall have overriding powers with respect to all internally generated revenue matters in all MDAs of the State. 'We also found that revenue collecting MDAs have no control over the revenues, as all IGRs are paid into designated accounts and swept into TSA overnight/periodically.</p>	<p>Satisfactory</p>	
<p>3 Is the collection of revenues made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and</p>	<p>(a) The collection of revenues is made into accounts nominated by the SBIR.  This was confirmed through a review of the following:</p>	<p>Satisfactory</p>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	accounting for the revenues	<ol style="list-style-type: none"> <li>1. S.21(b) of ESRAL, 2012 which empowers the SBIR to collect and remit to designated accounts.</li> <li>2. The chairman SBIR informed the IVA on the nomination of IGR accounts and the IVA confirmed this through the evidence obtained which are letters of authorization from the Accountant general to open bank accounts nominated by the SBIR. The SBIR nominates accounts and manages the IGR accounts in conjunction with Accountant-General.</li> <li>3. Approved IGR Account details were obtained from SBIR.</li> </ol> <p>(b) The SBIR is responsible for reporting and accounting for the revenues, and</p> <p>(c) Evidence obtained is: Statement of Internally Generated Revenue for Jan-Dec 2019.</p> <p>(d) The SBIR/SIRS has full oversight of accounts and is responsible for reporting and accounting for the revenues.</p>		
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 Consolidated Revenue Law was approved by the State House of Assembly on 11th December 2019.	Satisfactory	
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<ol style="list-style-type: none"> <li>a) The Edo State Consolidated Revenue Law and Revenue code has been downloaded on 19/08/2020 and 8:30PM</li> <li>b) The web links to the publications are: <a href="https://eirs.gov.ng/">https://eirs.gov.ng/</a></li> </ol>	Satisfactory	



Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																																												
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<b>DLR 4.2</b>	<b>Annual nominal IGR growth rate meets target</b>		<b>Not Achieved</b>																																													
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. Accrual basis was used for revenue reporting in 2018 and 2019 from the Audited Financial Statements or State Auditor-General's Report.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">NGN</th> <th>% GRO WTH</th> </tr> <tr> <th>Item</th> <th>2018</th> <th>2019</th> <th></th> </tr> </thead> <tbody> <tr> <td>1. Reported IGR in AFS (Before Adjustments)</td> <td>29,621,485,725.70</td> <td>35,227,994,863.09</td> <td>19%</td> </tr> <tr> <td>2. INVALID items to be deducted IF reported as part of IGR</td> <td>-</td> <td>-</td> <td></td> </tr> <tr> <td>Paris club refund</td> <td>-</td> <td>-</td> <td></td> </tr> <tr> <td>Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads)</td> <td>9,194,151.90</td> <td>41,052,129.64</td> <td></td> </tr> <tr> <td>Sale of govt property, privatization proceeds</td> <td>-</td> <td>-</td> <td></td> </tr> <tr> <td>Savings</td> <td>-</td> <td>-</td> <td></td> </tr> <tr> <td>Investment Income (e.g. dividends)</td> <td>-</td> <td>1,539,964,026.38</td> <td></td> </tr> <tr> <td>Interest Earned</td> <td>109,484,593.18</td> <td>9,557,225.64</td> <td></td> </tr> <tr> <td>Miscellaneous</td> <td>29,165,037.54</td> <td></td> <td></td> </tr> </tbody> </table>		NGN		% GRO WTH	Item	2018	2019		1. Reported IGR in AFS (Before Adjustments)	29,621,485,725.70	35,227,994,863.09	19%	2. INVALID items to be deducted IF reported as part of IGR	-	-		Paris club refund	-	-		Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads)	9,194,151.90	41,052,129.64		Sale of govt property, privatization proceeds	-	-		Savings	-	-		Investment Income (e.g. dividends)	-	1,539,964,026.38		Interest Earned	109,484,593.18	9,557,225.64		Miscellaneous	29,165,037.54			Unsatisfactory	The State should improve on their IGR collection to achieve the annual growth rate required for this DLR.
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Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)					
		Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)	29,473,671,943.08	33,637,421,481.43	14%		
		$\frac{N33,637,421,481.43 - N29,473,671,943.08}{N29,473,671,943.08} \times 100$ <p style="text-align: center;"><b>= 14%</b></p> <p>The annual nominal growth is 14%. Source: 2019 Audited Financial Statement Pg. 9-15</p>					
<b>DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud</b>							
<b>DLR 5.1</b>	<b>Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll</b>					<b>Achieved</b>	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	<p>The State commenced and completed the Biometric data capture of the civil servants and pensioners in 2009.</p> <ol style="list-style-type: none"> <li>a. The total no of civil servants is 13,209.</li> <li>b. The total no of pensioners is 12,778.</li> <li>c. The total no of staff on the State Nominal roll is 25,994 and Payroll is 25,987.</li> <li>d. 25,815 staff biometric data have been captured.</li> <li>e. The documents collected as proof of evidence of the Biometric exercise done are: <ol style="list-style-type: none"> <li>i. Biometric report.</li> </ol> </li> </ol>				Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>ii. Biometric summary of Staff and Pensioners enrollment as at December 2019.</p> <p>iii. iii) walkthrough of the state records.2019 revalidation of Staff and Pensioners summary report.</p> <p style="text-align: center;"> <u>No of Biometric Data Captured</u> x 100  Total No of Civil Servants + Pensioners </p> <p style="text-align: center;"> <u>25,815 X100</u>  25,994  = 99% </p> <p>The State had captured 99% of the State' civil servants and pensioners.</p>		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	<p>a. The State commenced and completed the Biometric data capture of the civil servants and pensioners in 2009.</p> <p>b. 25,815 biometrics data have been linked to the payroll for staff and pensioners.</p> <p>c. The State informed the IVA that they did not identify ghost workers in 2019, since they have been using the Biometrics since 2009. Hence, ghost workers identified were removed in 2010.</p> <p>d. We reviewed records of retired staff that were removed from the payroll and confirmed they were no longer on the payroll by querying a selected sample of 40 personnel on the payroll.</p> <p>e. The sum of N17m monthly was saved as reported in the Revalidation report for Staff and Pensioners.</p> <p>f. Changes to the civil servant and pensioner payrolls</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>figures in the year (as a result of starters, leavers, deaths etc.) were captured during the biometric exercise.</p> <p>g. There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. All entries on payroll have unique Biometrics ID, which the IVA verified and obtained screenshots of the State's Biometrics database. Furthermore, the State carries out other activities such as 'I'm alive' data validation, which necessitates periodic data validation to eliminate ghost workers. A report was obtained by the IVA in this regard.</p>		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>The State informed the IVA that they did not identify ghost workers in 2019, due to the fact that they have been using the Biometrics since 2009. Hence, ghost workers identified were removed in 2010.</p> <p>We reviewed records of retired staff that were removed from the payroll and confirmed that they were no longer on the payroll by querying a selected sample of 20 personnel on the payroll. It was confirmed that the affected staff were removed within three months.</p>	Satisfactory	
<b>5.2</b>	<b>Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed</b>		<b>Achieved</b>	
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	<p>The State commenced and completed the BVN data capture of the civil servants and pensioners in 2012</p> <p>a) The total no of pensioners is 12,778.</p> <p>b) The total no of staff on the State Nominal roll is 13,209.</p> <p>c) 24,524 BVN data has been linked to the payroll.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>d) Documents collected as proof of evidence of the BVN exercise done are:</p> <ul style="list-style-type: none"> <li>i. Staff and Pensioners BVN Analysts</li> <li>ii. Detailed monthly summary report of savings in pensioners payroll.</li> </ul> $\frac{\text{No of BVN Data Linked}}{\text{Total No of Civil Servants + Pensioners}} \times 100$ $\frac{24,524 \times 100}{25,994}$ $= 94\%$ <p>The State has linked 94% of the State's civil servants and pensioners BVN data to the payroll.</p>		
2	<p>Has the State taken steps to identify payroll fraud?</p> <ul style="list-style-type: none"> <li>a. 12,722 Staff are with BVN data and 487 are without BVN data.</li> <li>b. The IVA requested for evidence of payroll reports/scripts obtained directly from the system administrator which showed that the State has put measures in place to identify payroll fraud annually as follows:</li> <li>c. The State conducts periodic verification exercise to eliminate fraud/ ghost workers.</li> <li>d. The Payroll unit saved N1.12b in total, and an average monthly savings of N93.33m as stated in the payroll report.</li> <li>e. The State commenced and completed the BVN data capture of the civil servants and pensioners in 2012</li> </ul>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f. Documents collected as proof of evidence of the BVN exercise done are: (i) Staff and Pensioners BVN Analysts (ii) Detailed monthly summary report of savings in pensioners payroll.		
<b>DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money</b>				
<b>DLR 6.1</b>	<b>Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget</b>		<b>Achieved</b>	This is a 2020 APA result which has been assessed early.
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution?	a) The State has a public procurement legal framework. b) The Edo State Public Procurement Law 2020 which repealed the Edo State Public Procurement Law 2012. It was approved by the State legislature as a law on the 29th February 2012. c) The authorizing body/office is Edo Public Procurement Agency. d) The date of approval of the law occurred on the 29 <sup>th</sup> February 2012. e) The date it was published online was on 12 <sup>th</sup> July 2017 f) The source of online publication is the State website: <a href="http://procurement.edostate.gov.ng">http://procurement.edostate.gov.ng</a>	Satisfactory	.
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent	The law conforms with the UNCITRAL Model law and meets the DLR 6 requirements.  The Edo State Public Procurement Law is structured in	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations										
<p>procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.</p>	<p>line with the UNCITRAL Model and meets the requirements as shown below:</p> <p>1. <b>E-Procurement</b> - We noted the following during our review of the legislation.</p> <ul style="list-style-type: none"> <li>Section 6(c) grants the Board Powers to approve changes in procurement process to adapt to improvements in modern technology.</li> <li>By section 51 the Agency can establish a Stage government Electronic Procurement System.</li> </ul> <p>The law therefore complies with the requirements for e-procurement.</p> <p>2. <b>Independence</b> - The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="772 781 1331 1446"> <thead> <tr> <th data-bbox="772 781 1037 829">Required Provisions*</th> <th data-bbox="1037 781 1331 829">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 829 1037 889">The Functions and Powers of the Agency</td> <td data-bbox="1037 829 1331 889">Compliant; see section 10 and 11 of the Law.</td> </tr> <tr> <td data-bbox="772 889 1037 950">The composition of the board</td> <td data-bbox="1037 889 1331 950">Compliant; see section 5</td> </tr> <tr> <td data-bbox="772 950 1037 1125">Membership of the Board/Council includes representatives from Professional bodies and associations.</td> <td data-bbox="1037 950 1331 1125">Compliant; see section 5 (f) provides for seven members representing professional bodies and civil society organizations</td> </tr> <tr> <td data-bbox="772 1125 1037 1446">The grounds for removal of the Chief Executive of the agency.</td> <td data-bbox="1037 1125 1331 1446">Compliant; See Section 13(4). The Board may after a hearing recommend to the Governor removal of a Managing Director on grounds of gross misconduct, financial impropriety, fraud, and manifest incompetence, repeated breaches of ethics, etc. subject to</td> </tr> </tbody> </table>	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see section 10 and 11 of the Law.	The composition of the board	Compliant; see section 5	Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see section 5 (f) provides for seven members representing professional bodies and civil society organizations	The grounds for removal of the Chief Executive of the agency.	Compliant; See Section 13(4). The Board may after a hearing recommend to the Governor removal of a Managing Director on grounds of gross misconduct, financial impropriety, fraud, and manifest incompetence, repeated breaches of ethics, etc. subject to		
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Disbursement Linked Indicators (DLIs) and Tests		Findings		Conclusion	Recommendations
			approval of the State House of Assembly.		
		Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; see sections 68(1) f allows High Court Review of decisions of the Agency		
		*Provided by the World Bank			
		<b>3. Establishment of an independent procurement regulatory agency -</b> <ul style="list-style-type: none"> <li>Section 1(1)- The law provides for the establishment of an independent procurement regulatory agency. See).</li> <li>Section 20 -The law covers all MDAs receiving funds from State budget.</li> </ul>			
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	a) The State has instituted an independent procurement regulatory function b) It is being performed through the Edo State Public Procurement Agency. c) The agency is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework d) The IVA team visited the Edo State Public Procurement Agency (EDPPA), and we interviewed the Chief Executive and some of the management staff. e) The IVA team reviewed records of procurements/cases/transactions handled by the Agency in the year under assessment		Satisfactory	



Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>f) A sample of 5 cases/transactions handled by the agency were selected at random and conducted walkthroughs and file reviews.</p> <p>g) Physical inspection of the agency, interviews with operational staff selected at random, and reviewed records showed that the agency is active</p>		
<b>DLR 6.2</b>	<b>Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]</b>		<b>Achieved</b>	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year(2019) that are 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 team obtained a schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state procurement law) and a copy is in assessment file.</p> <p>b) The data published is in line with the Open Contracting Data Standards (OCDS).</p> <p>c) The publication was on a monthly schedule e.g. February schedule published on 31/12/19 and July publication was on 31<sup>st</sup> December 2019.</p> <p>d) The publication was done through the State website on <a href="http://edpms.edostate.gov.ng/ocds">http://edpms.edostate.gov.ng/ocds</a></p> <p>e) A search was done on the State official website and the IVA observed the following:</p> <ul style="list-style-type: none"> <li>• All contracts awarded during 2019 fiscal year that are above the threshold were published as stated in the Edo State Procurement Law in Section 5(a).</li> <li>• This was done in line with the open Contracting Data Standard (OCDS) showing details on Planning, Tender, Award, Contract, and Implementation for each contract awarded.</li> <li>• To confirm these, we checked: (1) list of</li> </ul>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		contracts awarded in 2019, (2) evidence of online publication and (3) OCDS report.		
<b>DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework</b>				
<b>DLR 7.1</b>	<b>State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.</b>		<b>Previously Achieved this DLR in 2018 APA</b>	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	<ul style="list-style-type: none"> <li>a) The State has provided copies of their approved state-level public debt legislation.</li> <li>b) It was approved and assented to by the Governor on 3<sup>rd</sup> November, 2010.</li> </ul>	Satisfactory	
2	Does the legislation include provisions which establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	<p>The legislation includes all the required provisions</p> <ul style="list-style-type: none"> <li>(a) The law provides the following: <ul style="list-style-type: none"> <li>1. The State's Debt Management Law Page 5, Part II, Section 6(1)(a) and Page 6 (1a-b) states the responsibility for contracting state debt.</li> <li>2. The State's Debt Management Law Page 4 Section 4 Subsection (b-f), states the responsibilities for recording/reporting state debt. Page 4, Section 4, Subsection (f) quotes that 'Debt Management Office shall verify, and service debts guaranteed or taken directly by the State.</li> <li>3. Public Financial Management and Fiscal Responsibility Law Page 7, Section 21(1), Page 8, section 22(1) and Page 24, Part 10, Section 64 (1) (a) (b) places fiscal and debt</li> </ul> </li> </ul>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		restriction on borrowing by the State.		
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) An interview with the Director of the Department showed that they are involved in debt recording and reporting. They also collect data from the Accountant General's Office, various Ministries, Department and Agencies for processing which helps to organize debt portfolio. The processed information is reported quarterly, through the recommended templates, to Federal Debt Management Office, Abuja and the State submitted the Q4/2019 SDDR for the APA year.</p> <p>(b) A physical inspection of the Department was conducted, and an e-copy of the Q4/Year-end SDDR for the APA Year was provided by the Department and retained by the IVA.</p> <p>(c) Picture of official premises has been obtained with their Organogram.</p> <p>(d) An interview with a random operational staff was conducted, and he explained that debt figures are being obtained from different MDAs, studied and figures extracted is used to populate the DMO's Template.</p> <p>(e) We reviewed Q1-4 (2019) of the state domestic debt sent to DMO.</p>	Satisfactory	
<b>DLR 7.2</b>	<b>Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019</b>		<b>Achieved</b>	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2019?	The state produced quarterly domestic debt reports approved by the DMO on average of <u>1</u> month after the end of the quarter.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> <li>• Q1 (17/5/2019) 6.7weeks (47 days),</li> <li>• Q2 (25/7/2019) 3.6weeks (25 days),</li> <li>• Q3 (22/11/2019) 3.1 weeks (22 days)</li> <li>• Q4 (12/2/2020) 6.1 weeks (43 days).</li> </ul> $= \frac{6.7+3.6+3.1+6.1}{4}$ <p>=4.9 weeks</p> <p>The SDDRs were submitted within an average of 14.9 weeks (34 days).</p>		
2	<p><b>Note: Have you reviewed for accuracy and completeness from the DMO:</b> 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 team reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Edo State Debt Domestic Report and both showed the same amount of ₦95,690,771,242.47. The report was supported with the DMO's templates and guidelines.</p> <p>The team also 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>	Satisfactory	
<b>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</b>				
<b>DLR</b>	<b>Domestic arrears as of end 2019</b>	The State submitted to the IVA the annual state arrears	<b>Not Achieved</b>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
8.0	<p><b>reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.</b></p> <p><b>AND</b></p> <p><b>Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.</b></p> <p><b>-Basic target:</b> At least a 5% decline or maintain stock below N5 billion</p> <p><b>-Stretch target:</b> More than 20% decline</p>	recording, verification, and clearance report (SARVCR).		
1	Has the State established an Arrears Clearance Framework (ACF)?	<p>a) The State has established an Arrears Clearance Framework (ACF).</p> <p>b) A copy of the ACF has been obtained from the State.</p> <p>c) The establishment of the ACF occurred by the 31 December 2019.</p>	Satisfactory	
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) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled.</p> <p>b) See Pages 14-17 for the evidence seen when reviewing the ACF that shows the ACF contains the two stated requirements.</p> <p>c) The documents submitted by the State to confirm the ACF exists are: Domestic Arrears Committee Term of Reference, and the Activity Report for Edo State Assignment on DLI 8 Arrears Clearance Framework.</p>	Satisfactory	
3	Has the ACF been published on a State official website?	<p>a) The ACF has been published on a State official website.</p> <p>b) A copy has been downloaded for validation.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c) <a href="http://www.edostate.gov.ng/edo-state-arrears-clearance-framework">http://www.edostate.gov.ng/edo-state-arrears-clearance-framework</a>		
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The clearance of domestic expenditure arrears is consistent with the ACF.	Satisfactory	
5.	Has the State established an Internal Domestic Arrears Database?	<p>a) The State has established an Internal Domestic Arrears Database.</p> <p>b) The Internal Domestic Arrears Database includes the following:</p> <p>a. Aggregate and individual amounts of contractors' arrears is N9,685,058,704</p> <p>b. The aggregate amount of pension and gratuity arrears is N23,622,119,865.</p> <p>c. The aggregate amount of overhead arrears is N98,012,647.</p> <p>d. The aggregate amount of other types of domestic arrears is NIL.</p> <p>c) A verification process is in place for the arrears in the database. See ACF Page 8 &amp; 11</p> <p>d) We confirmed through the evidence provided by the State that the State has conducted verification of arrears balances.</p> <p>e) We conducted tests to ascertain the accuracy of the figure in the internal domestic arrears database, including cross-checking with State account balances, payroll records, underlying contract data.</p>	Satisfactory	
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) The State has published online the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019.</p> <p>b) See <a href="http://www.edostate.gov.ng/schedule-of-arrears-2019/">http://www.edostate.gov.ng/schedule-of-arrears-2019/</a></p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		<p>c) We compared the aggregate and individual information available on the online publicly accessible arrears database with the information in the internal domestic arrears database and verify the consistency and accuracy of the information on the online publicly-accessible arrears database.</p> <p>d) The website supporting the online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim.</p> <p>e) We confirmed that the online webpages include a facility for contractor with arrears (creditors) to report any omissions to the State.</p>					
7.	Does the online publication include?	<p>The online publication includes the aggregates amounts for three out of the four types of arrears as shown. The aggregate amount for salary arrears and other staff claims is missing because the State does not have any salary arrears instead the State has Overhead arrears.</p> <p>The online publication contains the names of contractors owed N20m in arrears and above.</p>				Satisfactory	
New	<p>1) the aggregate amount of contractors' arrears.</p> <p>2) the aggregate amount of pension and gratuity arrears.</p> <p>3) the aggregate amount of salary arrears and other staff claims;</p> <p>4) other types of domestic arrears and</p> <p>5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.</p>						
New	Has the State met the following:	Aggregate	2019	2018		Unsatisfactory	The State should ensure

Disbursement Linked Indicators (DLIs) and Tests		Findings		Conclusion	Recommendations																		
<p>(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.</p> <p><b>-Basic target:</b> At least a 5% year-on-year decline or maintain stock or arrears below N5billion.</p> <p><b>-Stretch target:</b> More than 20% year-on-year decline.</p> <p><i>The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.</i></p>	<table border="1"> <thead> <tr> <th>Amount of:</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>9,685,058,704.00</td> <td>4,562,255,593.94</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>23,622,119.865.00</td> <td>20,353,978,594.58</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td>-</td> <td>-</td> </tr> <tr> <td>Other types of domestic expenditure arrears</td> <td>98,012,647.00</td> <td>847,057,034.13</td> </tr> <tr> <td><b>Total Domestic Arrears</b></td> <td><b>33,405,191,216</b></td> <td><b>25,763,291,222.65</b></td> </tr> </tbody> </table>		Amount of:			Contractors Arrears	9,685,058,704.00	4,562,255,593.94	Pension and Gratuity arrears	23,622,119.865.00	20,353,978,594.58	Salary arrears and Staff claims	-	-	Other types of domestic expenditure arrears	98,012,647.00	847,057,034.13	<b>Total Domestic Arrears</b>	<b>33,405,191,216</b>	<b>25,763,291,222.65</b>			<p>a year-on-year reduction in domestic arrears to the levels required for the achievement of this result</p>
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	<b>Total Domestic Arrears</b>	<b>33,405,191,216</b>	<b>25,763,291,222.65</b>																				
<p>a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database.</p> $\frac{25,763,291,222.65 - 33,405,191,216}{33,405,191,216} \times 100 = -29.7\%$ <p>The percentage increase is 29.7%</p> <p><b>Source:</b> State internal domestic expenditure arrears database</p>																							
<b>DLI 9: Improved Debt Sustainability</b>																							
<b>DLR 9.0</b>	<p><b>Average monthly debt service deduction is &lt; 40% of gross FAAC allocation for FY [2019]</b></p> <p><b>AND</b></p> <p><b>Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:</b></p> <p><b>-Basic target: &lt; [140%]</b></p>			<b>Not Achieved</b>																			



Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																						
<p><b>-Stretch target: &lt; [115%]</b></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 (1<sup>st</sup> January to 31<sup>st</sup> December 2019) to the gross FAAC allocation for the same calendar year?</p> <p><b>Less than :&lt; [40%]</b></p>	<p>The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.</p> <p>Total Service Deduction <math>\frac{N8,035,710,100.08}{N72,785,113,567.47} \times 100</math></p> <p>Gross FAAC</p> <p>= 11.04 %</p> <p><b>Source:</b> OAGF FAAC data (reported by NBS online), FMoF (FAAC)</p>	Satisfactory																							
<p>Has the State met:</p> <p>(ii) the ratio of total debt stock at end-of-year (31<sup>st</sup> December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2019)?</p> <p><b>-Basic target:&lt; [140%]</b></p> <p><b>-Stretch target: &lt; [115%]</b></p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><b>Total Public Debt</b></p> <table border="1" data-bbox="718 797 1383 976"> <thead> <tr> <th></th> <th>Financial Statements</th> <th>DMO figures (Adj)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>89,834,294,504</td> <td>99,846,715,778</td> </tr> <tr> <td>Total External Debts</td> <td>85,323,548,126.02</td> <td>84,433,621,259.16</td> </tr> <tr> <td><b>Total Public Debts</b></td> <td><b>175,157,842,630</b></td> <td><b>184,280,337,037</b></td> </tr> </tbody> </table> <p><b>Total annual revenue</b></p> <table border="1" data-bbox="722 1062 1379 1253"> <tbody> <tr> <td>2019 Adjusted IGR (see DLI 4.2)</td> <td>33,637,421,482</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>81,253,778,752.24</td> </tr> <tr> <td>Grants</td> <td>10,306,222,539.00</td> </tr> <tr> <td>Other Revenues</td> <td>1,590,573,382</td> </tr> <tr> <td><b>Total Revenue**</b></td> <td><b>126,787,996,154</b></td> </tr> </tbody> </table> <p>We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p> <p><math>\frac{N184,280,337,037}{126,787,996,154} \times 100</math></p>		Financial Statements	DMO figures (Adj)	Total Domestic Debts	89,834,294,504	99,846,715,778	Total External Debts	85,323,548,126.02	84,433,621,259.16	<b>Total Public Debts</b>	<b>175,157,842,630</b>	<b>184,280,337,037</b>	2019 Adjusted IGR (see DLI 4.2)	33,637,421,482	Gross FAAC Allocation	81,253,778,752.24	Grants	10,306,222,539.00	Other Revenues	1,590,573,382	<b>Total Revenue**</b>	<b>126,787,996,154</b>	Unsatisfactory	The State should reduce its debt to revenue ratio to levels that will enable the achievement of the DLR.
	Financial Statements	DMO figures (Adj)																							
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p style="text-align: center;">N126,787,996,154</p> <p style="text-align: center;">= 145%</p> <p><b>Sources:</b> For Total Revenue 2019 Audited Financial Statement, Pg. 4. For Total Public Debt from DMO* as at December 31,2019</p> <p>*Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue</p> <p>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>b. The debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is N184,280,337,037 while the debt stock figure stated in the audited financial statements is N175,157,842,630.21</p> <p>c. There is a difference of N9,122,494,406.79</p> <p>d. The difference has been communicated to the State for explanation.</p> <p>e. The difference has been calculated in value and percentage terms, and</p> <p style="padding-left: 20px;">(i)Difference in Value is N9,122,494,406.79</p> <p style="padding-left: 20px;">(ii)Difference in Percentage</p> <p style="padding-left: 20px;"><u><math display="block">\frac{N184,280,337,037 - N175,157,842,630.21}{N184,280,337,037} \times 100</math></u></p> <p style="padding-left: 20px;">=5%</p> <p>The SDEDR was amended and resubmitted to the IVA along with explanations for any changes.</p>		

**TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR EDO STATE**

<b>EDO STATE</b>	<b>AMOUNT (₦)</b>
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713
BAIL OUT (SALARIES) (SOURCE CBN)	14,484,255,384
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	9,365,837,606
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,117,333,802
STATE BONDS	-
COMMERCIAL BANK LOANS	1,800,000,000
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	4,689,579,717
INFRASTRUCTURE LOANS (CBN FACILITIES)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	1,980,000,000
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	11,417,613,293
PENSION AND GRATUITY ARREARS	23,622,119,865
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	2,288,758,398
<b>TOTAL DOMESTIC DEBT (TDD)</b>	<b>99,846,715,778</b>
<b>TOTAL EXTERNAL DEBT (TED)</b>	<b>84,433,621,259</b>
<b>TOTAL PUBLIC DEBT (TED+TDD)</b>	<b>184,280,337,037</b>

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

	NGN
Item	2019
<b>1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)</b>	<b>81,253,778,752.24</b>
<b>1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)</b>	<b>68,441,509,324.89</b>
1.1.1 Gross statutory allocation	38,710,960,471.89
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	29,730,548,853.00
<b>1.2 VAT</b>	<b>12,812,269,427.35</b>
<b>2. Internally Generated Revenues (IGR) - Adjusted</b>	<b>33,637,421,481</b>
<b>3. Grants (internal and external)</b>	<b>10,306,222,539.00</b>
<b>4A. Other revenues (4.1 + 4.2 + 4.3)</b>	<b>1,590,573,382</b>
4.1 Investment Income (e.g. dividends)	1,539,964,026.38
4.2 Interest Earned	9,557,225.64
4.3 Miscellaneous	41,052,129.64
<b>Total Revenues and Grants Calculations</b>	
<b>A) Total Revenues and Grants is (1+2+3+4A)</b>	<b>126,787,996,153.90</b>

## 4. Response from the State

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	Edo State is furnishing the SFTAS IVA Team relevant supporting documents for consideration to enable Edo State achieve DLI 9 as attached in the mail for your further review and correspondence.	The IVA did not receive any revised information on this DLI.

## Appendix A

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

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

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

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

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

<b>Information Source(s)</b>	<b>Initial checks</b>	<b>Initial Comments / Observations</b>	<b>Follow up</b>	<b>Final Assessment</b>
<a href="http://www.edostate.gov.ng/year-2020-proposed-budget/">http://www.edostate.gov.ng/year-2020-proposed-budget/</a>	A search was done on the Edo State website	The 2020 Budget was published on the State Official website, a copy was downloaded. There was evidence of the 2020 Budget being signed by the Governor.	N/A	<b>EC met</b>

<b>Tests/checks performed</b>	<b>Results</b>	<b>Areas for improvement</b>
<b>Is the approved budget for 2019 available on any of the State Government Websites?</b>	Yes	None
<b>Was the approved budget published online before 28 February 2019?</b>	Yes	None
<b>Is the published budget clear and legible?</b>	Yes	None
<b>Can the budget be downloaded?</b>	Yes	None
<b>Do we have evidence of assent by the Governor?</b>	Yes	None

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

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

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