



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

2019 Annual Performance Assessment (APA) Report

ENUGU 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 Enugu 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 Enugu State and shows areas where the State achieved results. In total, Enugu State achieved **8 (Eight)** DLRs out of 15 DLRs applicable to 2019.

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 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). It should also state balances against each of the revenue and expenditure appropriations. The balances should also be provided on a consolidated basis across the four (4) expenditure classifications.
2. **DLR 2.2:** Prepare and publish online the citizen's budget before the due date.
3. **DLR 3.0:** Develop a functional State-level TSA where all Government revenues (IGRs and FAAC) are credited before expenditure. Increase the percentage of state government finances flowing through the TSA to the minimum required to achieve this result.
4. **DLR 4.1:** Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the sources of the revenues, (including the Local Governments sources). The amended revenue law and code should be published online.
5. **DLR 6.1:** Amend the Procurement Law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency in accordance with the UNCITRAL Model Law.
6. **DLR 6.2:** Publish contract award information, above the set threshold, and on a monthly basis in OCDS format on the State's website.
7. **DLR 8:** A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.

Note: Following an adjustment and correction to the 2018 Debt figures, Enugu State moved from achieving stretch to basic target for DLR 9. This means that the amount paid for the stretch target in 2018 will be deducted from the 2019 disbursement. The World Bank will contact the State to provide further details.

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 State published the report 34 weeks on average after the due date.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		The budget deviation was 20.43%
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 Public Consultation meeting minutes were published online on 31 st January 2020.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		The Citizens' budget was not published online before the due date.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 60 percent of state government finances implementation of State TSA		The State TSA covered 24% 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		The Publication was not made online.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	Stretch target achieved	IGR nominal growth was 44%.
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 Staff and Pensioners on payroll have biometric data linked.
	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 Staff and Pensioners on payroll have BVN data linked.
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.		The Law does not comply with the requirements of the UNCITRAL Model Laws.
	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		There was no publication of contract award information online.
DLI 7: Strengthened public debt management and fiscal	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.		All three requirements were met.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
responsibility framework	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 SDDR's were published on average 4.65 weeks after the quarter end.
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.
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.	Basic target achieved	Monthly debt service deduction is 7.3% of Gross FAAC, and the Total Debt Stock to Revenue is 118.5%.

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 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 (Achieved and Not Achieved), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 16/08/2020 and 22/08/2020 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.enugustate.gov.ng/index.php/documental/ as follows:</p> <ul style="list-style-type: none"> • Q1 – (18/08/2020) -71.1 weeks (498 days) • Q2 – (22/11/2019) - 20.7 weeks (145 days) • Q3 – (10/01/2020) - 14.6 weeks (102 days) • Q4 – (27/07/2020) - 29.9 weeks (209 Days) <p>Average weeks for the online publication is computed as below:</p> $\frac{71.1+20.7+14.6+29.9}{4} =$ <p>Average = 34 Weeks (240 days)</p> <p>We 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 our review of the Quarterly Budget Implementation reports downloaded from the State’s website (<i>see weblinks above</i>), we observed following;</p> <ul style="list-style-type: none"> • The Budget Implementation Reports include the approved budget appropriation for the year against each organizational unit (MDAs) for only Capital Budget Releases. • The Budget Implementation Reports include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, • The Budget Implementation Reports include the balances against each of the revenue and expenditure appropriations, • We also observed that the State has an amended/revised supplementary budget. • The Budget Implementation Reports shows both the approved original budget and the approved amended/revised/supplementary budget. 	Unsatisfactory	The State should ensure the reports include the approved budget appropriation for each organizational unit (MDAs)
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, it 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 to date.	Unsatisfactory	The State should ensure the Budget Performance 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	Upon review of the State’s Budget Performance reports, it states the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and there was no term tagged ‘Other	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
	Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Expenditures' included in the Budget Implementation Reports.														
DLR 1.2	FY [2019] deviation from total budget expenditure is less than 25%		Achieved													
1	<p>Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms?</p> <p>Is the expenditure outturn deviation computed less than 25%</p>	<p>The State computed the budget deviation for 2019 to be 20.43%</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <table border="1" data-bbox="808 695 1381 841"> <thead> <tr> <th></th> <th>Original Budget</th> <th>Actual Outturn</th> </tr> </thead> <tbody> <tr> <td>Capital Exp.</td> <td>43,493,343,000</td> <td>24,912,050,750</td> </tr> <tr> <td>Rec. Exp.</td> <td>65,705,900,000</td> <td>61,979,382,539</td> </tr> <tr> <td>Total</td> <td>109,199,243,000</td> <td>86,891,433,289</td> </tr> </tbody> </table> $\frac{\text{₱ } 109,199,243,000 - \text{₱ } 86,891,433,289}{\text{₱ } 109,199,243,000} \times 100 = 20.43\%$ <p>The budget performance deviation is 20.43%</p> <p>Source: 2019 Audited Financial Statement Pages 32-33 and Approved Budget Page 2.</p>		Original Budget	Actual Outturn	Capital Exp.	43,493,343,000	24,912,050,750	Rec. Exp.	65,705,900,000	61,979,382,539	Total	109,199,243,000	86,891,433,289	Satisfactory	
	Original Budget	Actual Outturn														
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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		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?	<ul style="list-style-type: none"> a) Some of the LGAs that were in attendance were: Udenu, Nsukka, Udi, Ezeagu etc. b) The CSOs representatives in attendance were from Youth Education on Human Right and Civic Responsibility (YEHRRCR) and Association of CSO's. c) The sources of information from which our conclusions were drawn are communique, minutes of meeting and pictures. d) The date of the meeting was 26th November, 2019 and the venue of the consultation on the budget proposal was Nike Lake Hotel Enugu. e) 10 numbers of attendees were called to confirm their attendance at the public consultation. f) The budget was drafted 27th January, 2020 g) The date of the consultation was 26th November, 2019 and the date of the draft budget was 27th January, 2020. The consultation meeting was done first. 	Satisfactory	
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, 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"> a) Key representative of CSO's co-signed the Minutes. b) The title of the minutes is: Comprehensive Report Issued at the end of the Enugu State Government 2020 Stakeholders Budget forum and date of the Minutes was 26th November, 2019. c) The organisation the signatory represents is the Youth education on Human Right and Civic Responsibility (YEHRRCR). d) https://www.enugustate.gov.ng/wp-content/uploads/2020/01/Stakeholders.pdf e) The Public Consultation meeting minutes were published online on 31st January 2020 f) See Appendix A for weblinks to the proposed/final budget 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 2.2 New	Citizens' budget based on approved FY19 State budget published online by end April 2019.			
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 the 18 th of August, 2020 after the due date (https://www.enugustate.gov.ng/wp-content/uploads/2020/08/2019-Enugu-Citizens-Budget.pdf) accessed on (18/08/2020).	Unsatisfactory	The State should ensure they publish online, on the State website the citizens' budget by no later than 30 April.
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	We confirmed that the Citizens budget summarizes in a comprehensible manner to citizens the approved FY19 State Budget. There are no significant discrepancies with the standard template provided to the State. It accurately includes the key budget information from the original budget, including the following; <ul style="list-style-type: none"> i. A simple explanation of the annual budget/citizen's budget; ii. Breakdown of revenues and expenditures iii. Disclosure of Budget deficit (if any) and how it will be financed. iv. Sectoral Allocation (MDAs by MDAs) v. Top Projects to be financed (at least 5) 	Satisfactory	
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?	a. The state has not established a functional state-level TSA. b. The State TSA covers only IGR with the following account details: <ul style="list-style-type: none"> • TSA Bank: First Bank Nigeria Limited 	Unsatisfactory	The State should establish a functional TSA

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> • Account Name: ENSG Revenue Reserve Account • Account Number: 2029139376. <p>c. Other Statutory Accounts Includes:</p> <ul style="list-style-type: none"> • FAAC Account: UBA 1018791104 • VAT Account: UBA 1018609458 		
2	<p>Is there a formally approved cash management strategy in place?</p> <p>The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.</p>	<p>The State has a Cash Management Strategy</p> <p>a) The Enugu State document is called the 'Cash Management Strategy'.</p> <p>b) It was produced in the year 2018 and it was signed by the Accountant General.</p> <p>c) The processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements can be found on pages 5 and 9 of the Cash Management Strategy.</p> <p>d) The Cash Management Strategy stated Monthly Sweeping.</p> <p>e) The Cash Management Plan for 2019 was obtained as an evidence of implementation of processes described in the cash management strategy to forecast cash commitments and requirements.</p>	Satisfactory	
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 an application where the State can view the cash balances in the TSA, however, this does not show all the cash balances for all the bank accounts as it showed the payment accounts and not the TSA account,</p> <p>a) The name of the app is Veripaysuite, the producer of the app is Appmart Limited,</p> <p>b) The system is in line with the Cash Management Strategy,</p> <p>c) It was deployed in the year 2018.</p>	Unsatisfactory	<p>The State should establish a cash management system that allows for a central view of cash balances in all bank accounts on a single electronic dashboard.</p>
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</p>	<p>a) TSA Bank: First Bank Nigeria Limited, Account Name: ENSG Revenue Reserve Account and Account Number: 2029139376.</p> <p>b) The State TSA covers only IGR,</p>	Unsatisfactory	<p>The State's TSA should have one consolidated revenue treasury account for state</p>

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	<p>c) All Banks participate in the revenue collection through paydirect, Point of Sales (POS) and these revenues are swept into the pool account in an online/real time basis. The State conducts sweeping of balances from Pool Account (First Bank, ENSG IGR Pool Account, 2029139369) to the TSA.</p> <p>d) The TSA bank Statement for the year 2019 was obtained.</p>		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="737 760 1335 938"> <thead> <tr> <th></th> <th>Total Inflows</th> <th>Total Outflows</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>21,508,548,569.65</td> <td>19,924,001,634.08</td> </tr> <tr> <td>Government Finances*</td> <td>87,606,985,081.28</td> <td>81,890,350,121.48</td> </tr> <tr> <td>Percentage</td> <td>25%</td> <td>24%</td> </tr> </tbody> </table> <p>The average is percentage computation is:</p> $\frac{25\% + 24\%}{2} = 24\%$ <p>The TSA covered 24% of the State's finances.</p> <p>*Sources: 2019 Audited Financial Statement (Cashflow Statement) Page 30 and the TSA Statement from First Bank for 2019 (01/01/2019 to 31/12/2019).</p>		Total Inflows	Total Outflows	TSA Bank Statement	21,508,548,569.65	19,924,001,634.08	Government Finances*	87,606,985,081.28	81,890,350,121.48	Percentage	25%	24%	Unsatisfactory	The State's TSA should cover a minimum of 60% of Government Finances.
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DLI 4: Strengthened Internally Generated Revenue (IGR) Collection															

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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		Not Achieved	
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the local governments (falling under that State) IGR sources?	The State is yet to have a Consolidated Revenue Law, which includes all the State's IGR sources and all the local governments (falling under the State) IGR sources. This was further confirmed in the State's Result Submission Form.	Unsatisfactory	The State should amend its current harmonised law to include all sources of revenue for local governments
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?	The State is yet to have a Consolidated Revenue Law that stipulates that the Enugu State Internal Revenue Service is the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State.	Unsatisfactory	The State should amend its Tax legislation to make it explicit in the law that the SBIR/SIRS is the sole collector for all State government revenues.
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	The State is yet to have a Consolidated Revenue Law that stipulates that the Enugu State Internal Revenue Service nominates accounts which revenue collections are made into or has full oversight of the accounts and is responsible for reporting and accounting for the revenues.	Unsatisfactory	State should revalidate revenue accounts by ensuring SBIR/SIRS nominates such accounts
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?	The State is yet to have a Consolidated Revenue Law approved by the State legislature.	Unsatisfactory	The State should ensure that required amendments to the law are concluded as soon as possible in

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																																								
	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.			view of upcoming APAs.																																								
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The State is yet to have a Consolidated Revenue Law published online.	Unsatisfactory	The State should publish the Revenue law, sources and rates online.																																								
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved Stretch target met																																									
1	Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	<p>a. The Cash basis of accounting was used for revenue reporting in 2018 and 2019 from the 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"> <thead> <tr> <th>REPORTING TEMPLATE:</th> <th colspan="2">NGN</th> <th>%</th> </tr> <tr> <th>OPTION A</th> <th>2018</th> <th>2019</th> <th>GROWTH</th> </tr> </thead> <tbody> <tr> <td>Item</td> <td></td> <td></td> <td></td> </tr> <tr> <td><i>Memo: Reported IGR in AFS (Before Adjustments)</i></td> <td>21,743,012,253</td> <td>31,142,966,700</td> <td>43%</td> </tr> <tr> <td>VALID IGR items to be counted as IGR</td> <td>21,395,869,716</td> <td>30,840,359,293</td> <td></td> </tr> <tr> <td>Direct tax</td> <td>8,868,178,294</td> <td>8,293,417,479</td> <td></td> </tr> <tr> <td>Licenses</td> <td>399,658,210</td> <td>369,225,563</td> <td></td> </tr> <tr> <td>Fees</td> <td>9,216,987,986</td> <td>7,618,176,996</td> <td></td> </tr> <tr> <td>Fines</td> <td>252,829,454</td> <td>164,384,075</td> <td></td> </tr> <tr> <td>Sales of goods and services</td> <td>674,420,405</td> <td>1,580,383,398</td> <td></td> </tr> </tbody> </table>	REPORTING TEMPLATE:	NGN		%	OPTION A	2018	2019	GROWTH	Item				<i>Memo: Reported IGR in AFS (Before Adjustments)</i>	21,743,012,253	31,142,966,700	43%	VALID IGR items to be counted as IGR	21,395,869,716	30,840,359,293		Direct tax	8,868,178,294	8,293,417,479		Licenses	399,658,210	369,225,563		Fees	9,216,987,986	7,618,176,996		Fines	252,829,454	164,384,075		Sales of goods and services	674,420,405	1,580,383,398		Satisfactory	
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Fines	252,829,454	164,384,075																																										
Sales of goods and services	674,420,405	1,580,383,398																																										

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations	
		Earnings	160,282,197	152,661,976			
		Rent of Govt. building	218,903,871	331,479,499			
		Rent of Govt. land	223,055,406	221,419,098			
		Repayment (Recovery from back duty assessment)*	1,381,553,893	12,109,211,210			
		"Adjusted IGR" for DLI 4.2 Calculation					
		Sum of all VALID items of IGR if AFS has that detail	21,395,869,716	30,840,359,293	44%		
		<p>*Repayment (Recovery from back duty assessment); this refers to the recovery of outstanding tax liabilities. Bank Statements were obtained to check the validity of the amount.</p> $\frac{\text{₦}30,840,359,292.77 - \text{₦}21,395,869,716.05}{\text{₦}21,395,869,716.05} \times 100 = 44\%$ <p>The annual nominal growth is 44%.</p> <p>Source: Year Audited Financial Statement Page 32.</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	The IVA team visited the State payroll office and carried out random sample test on the payroll system. It was verified that Enugu State commenced and completed the Biometric data			Satisfactory		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
	<p>civil servants and pensioners on the State payroll?</p>	<p>capturing of civil servants and pensioners on 16th May 2016 to 23rd June 2016</p> <p>a) The biometric data capture was outsourced to AppMart Integrated Limited (Veripay).</p> <p>b) The total number of civil servants is 21,361.</p> <p>c) The total number of pensioners is 11,226.</p> <p>d) The total number of staff on the State Nominal roll is same as the Payroll (32,587). The State maintains its nominal roll at the Office of the Head of Service and the total number of the State Civil Servants and Pensioners was confirmed to be same as the payroll.</p> <p>e) The Biometric data of all the State workers and pensioners have been captured.</p> <p>f) The documents obtained for the IVA conclusion is the “Report of Inter-Ministerial Committee on Biometric Data Capturing of Public Servants”, the total number of Civil servants and Pensioners on the payroll system.</p> $\frac{\text{Number of Biometric Data Captured} \times 100}{\text{Total Number of Civil Servants + Pensioners}}$ $\frac{32,587}{21,361 + 11,226} \times 100$ $\approx 100\%$ <p>The State had captured the biometrics of 100% of the State’s Civil servants and Pensioners.</p>		
2	<p>Has the State linked the biometrics data to the State payroll to identify ghost workers?</p>	<p>a) The State commenced and finished the linkage of the biometric data to the payroll from 16th May, 2016 to 23rd June, 2016 respectively.</p> <p>b) The biometrics data of all the State Civil servants and Pensioners has been linked to the payroll.</p> <p>c) There were no cases of ghost workers.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>d) In-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths etc.) were captured during the biometric exercise.</p> <p>e) The procedures put in place to ensure timely update of the payroll as a result of leavers or death includes; a Variation Report is being raised from the MDA where the staff works or worked and sent to the Accountant General's Office to effect on the payroll. The same treatment is used for death issues. For retirees, once they retire, they are automatically transferred to the Pensioner payroll system and these retirees are expected to come for physical verification.</p>		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>a) There were no issues of ghost workers detected during the linkage.</p> <p>b) The source of this information is the "Report of Inter-Ministerial Committee on Biometric Data Capturing of Public Servants" furnished to the IVA team.</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 Servants and pensioners on the State payroll?	<p>The Enugu State payroll office was visited and the IVA team carried out random sample test on the payroll system and it was verified that the State have completed the Biometric data capture of the Civil Servants and Pensioners as well as BVN on 16th May 2016 to 23rd June 2016.</p> <p>a) The Consultant which the BVN exercise was outsourced to is AppMart Integrated Limited (Veripay).</p> <p>b) The total number of civil servants 21,361.</p> <p>c) The total number of pensioners is 11,226.</p> <p>d) The total number of staff on the State Nominal roll is 32,587.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) The BVN data of all State Civil Servants and Pensioners has been linked to the payroll.</p> <p>f) The source of this information is the “Report of Inter-Ministerial Committee on Biometric Data Capturing of Public Servants” furnished to the IVA team and screenshots obtained from the State payroll system.</p> $\frac{\text{No of BVN Data Linked}}{\text{Total No of Civil Servants + Pensioners}} \times 100$ $\frac{32,587}{21,361 + 11,226} \times 100 = 100\%$ <p>The State has linked 100% of the State’s civil servants and pensioners’ BVN data to the payroll.</p>		
2	Has the State taken steps to identify payroll fraud?	<p>a) The entire payroll population are with BVN data.</p> <p>b) There is no record of identified payroll fraud</p> <p>c) The source(s) of these information is “Report of Inter-Ministerial Committee on Biometric Data Capturing of Public Servants” furnished to the IVA team and physical test.</p>	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget		Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations										
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 (Enugu State Public Procurement Law, 2010).</p> <p>b) The law was approved by the State legislature as a law.</p> <p>c) The State has an existing law guiding procurement.</p> <p>d) The authorizing body is the Enugu State House of Assembly.</p> <p>e) The law was approved on 8th February, 2011.</p> <p>f) The law was not published online.</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 Enugu State Public Procurement Law is not structured in line with the UNCITRAL Model and partially meets the requirements as shown below:</p> <p>1. E-Procurement - We noted the following during our review of the legislation;</p> <p>(i) The Council shall approve changes to the procurement process to adapt to improvements in modern technology – Section 4(5);</p> <p>(ii) The Bureau shall introduce, develop, update and maintain related database and technology – Section 7 (17)</p> <p>The law meets this requirement.</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="730 1052 1304 1430"> <thead> <tr> <th>Required Provisions*</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>The Functions and Powers of the Agency</td> <td>Compliant; see sections 7 and sections 8.</td> </tr> <tr> <td>The composition of the board</td> <td>Compliant; See section 3(2).</td> </tr> <tr> <td>Membership of the Board/Council includes representatives from Professional bodies and associations.</td> <td>Non-Compliant; see sections 3(2)h</td> </tr> <tr> <td>The grounds for removal of the Chief</td> <td>Compliant; see section 9(4).</td> </tr> </tbody> </table>	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see sections 7 and sections 8.	The composition of the board	Compliant; See section 3(2).	Membership of the Board/Council includes representatives from Professional bodies and associations.	Non-Compliant; see sections 3(2)h	The grounds for removal of the Chief	Compliant; see section 9(4).	Unsatisfactory	<p>The State should make the following improvements to its draft legislation.</p> <ul style="list-style-type: none"> Amend to ensure it provides for grounds for removal of Chief Executive of the agency. Amend to ensure Membership of the Board/Council includes representatives from Professional bodies and associations.
Required Provisions*	Result													
The Functions and Powers of the Agency	Compliant; see sections 7 and sections 8.													
The composition of the board	Compliant; See section 3(2).													
Membership of the Board/Council includes representatives from Professional bodies and associations.	Non-Compliant; see sections 3(2)h													
The grounds for removal of the Chief	Compliant; see section 9(4).													

Disbursement Linked Indicators (DLIs) and Tests		Findings		Conclusion	Recommendations
		Executive of the agency.			
		Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See Section 56(8).		
		*Provided in the verification protocol			
		The law partially meets this requirement.			
		3. Establishment of an independent procurement regulatory agency -			
		a) The State has instituted an independent procurement regulatory function referred to as the State Due Process Office.			
		b) On the Cover of all MDAs receiving funds from the state budget including the LGAs:			
		i. Applies to all procurement of goods, works and services by the Enugu State Government and all procuring entities;			
		ii. Also applies to all other entities outside the aforementioned if at least 35% of funds for any procurement are derived from the State share of Consolidated Revenue Fund - Section 17			
		iii. Procuring entities comprise a ministry, extra-ministerial state office, government agency, parastatal and corporation – Section 2			
		The law meets this requirement.			
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	a) The State has instituted an independent procurement regulatory function referred to as the State Due Process Office.		Unsatisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	type of entity set up for the statutory purpose?	<ul style="list-style-type: none"> b) The procurement regulatory function is being performed through an office called the Due Process office set up for the statutory purpose. c) The Due Process Office is responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework. d) As at the time of the IVA visit, there was no evidence obtained to demonstrate that the regulatory agency is active and effective e) The team did not get any contract file from the office to examine. f) The SFTAS IVA team had a brief interview with the Special Assistant to the Governor on Due Process who heads the office, and physical inspection on the office was also done and Staff of Departments in the office were engaged in brief sessions by the IVA. 		
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]		Not Achieved	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2019) that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS).	<ul style="list-style-type: none"> a) The team could not obtain a schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state procurement law) b) The State did not publish contract data in line with the Open Contracting Data Standards (OCDS). c) An interview with the Chief Executive and Management was conducted, according to the Special Assistant to the Governor on Due Process, The Due Process Office is said to be active in supervising all MDA's in the state in the manner in which they carry out their procurement process. The physical inspection of the agency was conducted and it was observed that they were not actively involved in the procurement process of MDAs as the team could not get any contract file from the office. 	Unsatisfactory	State should adopt the OCDS format and publish contract award information online as required under the standards.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		Achieved	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	<p>a) The State provided copies of the approved State level public debt legislation through the passage of a State Fiscal Responsibility Law 2018 and State Public Debt Management Law 2018.</p> <p>b) Enugu State Fiscal Responsibility Law 2018 approval date confirmed as 13th December, 2018 and Enugu State Debt Management Law 2018 approval date confirmed as 29th March, 2018.</p>	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 included all of the required provisions.</p> <p>Responsibilities for contracting state debt Section 7(a), Section 7(b), Section 8(a) & 24 of the State's DML met the provision establishing responsibilities for contracting State debts.</p> <p>Responsibilities for recording/reporting state debt Section 7(c) of the State's DML met the provision establishing responsibilities of recording and reporting State's debt .</p> <p>Fiscal and debt rules/limits for the state Section 7(h) relates to setting guidelines, Sections 7(d)-(o), 8(b)-(d), 20-24 provide a framework for debt management in</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>Enugu State with reasonably detailed fiscal and debt rules but do not stipulate debt limit or provide a framework for setting the limit.</p> <p>Section 7(h) of the DML provides that the Debt Management Office shall “set guidelines for managing State Government financial risks and currency exposure with respect to all loans and instruments” This is, however, not the same thing as setting limit to state debt.</p> <p>However, Criterion # 3 is satisfied by sections 14, 15, 44-49 & 50 of the State Fiscal Responsibility Law 2018 (Passed on 13 December 2018)</p>		
4	<p>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> <p>a) The State Debt Management Department has been operational during the APA year performing its core functions of recording and reporting State debt including the quarterly domestic debt reporting to Federal DMO, by the 31st December 2019.</p> <p>b) The work done in line with the Test Programme, is as follows:</p> <ul style="list-style-type: none"> • Interview with the Head of Debt Management Department shows that the DMO is very active in carrying out its core functions. As regards effectiveness of the Office, the State DMO will be more effective if they have the required technical support from the Federal DMO; • A physical inspection of the Debt Management Department, we observed that the State DMO staff carried out its core functions; • Pictures of the official premises were obtained; • An interview with a random operational staff was conducted and it states that the State's DMO is active. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The evidence obtained are quarterly SDDR, Schedule of Outstanding Gratuity and Pension Arrears, Amortisation schedules of Internal Loans.		
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>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 4.2 weeks (30 days), • Q2 submitted on 09/07/2019 1.2 weeks (9 days), • Q3 submitted on 20/11/2019 7.2 weeks (51 days) and • Q4 submitted on 11/02/2020 6 weeks (42 days). <p>Average $\frac{4.2+1.2+7.2+6}{4} = 4.65$ weeks</p> <p>The SDDRs were submitted within an average of 4.65 weeks` (33 days).</p> <p>The DMO DLI 7.2 Assessment Report for FY 2019 states that the State's Quarterly SDDR was submitted on due dates and the quarterly SDDR were accepted.</p>	Satisfactory	
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO:</p> <p>The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and</p>	<p>We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Enugu State Debt Domestic Report and both showed a difference in amount of ₦4,845,064,967. The DMO's Report on the State Domestic and External Debt Report (SDEDR) showed ₦65,870,508,930 when compared with the Enugu State Debt Domestic Report that showed ₦61,025,443,963. The report was supported with the DMO's templates and guidelines.</p>	n/a	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	<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>		
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.</p> <p>AND</p> <p>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>-Basic target: At least a 5% decline or maintain stock below N5 billion</p> <p>-Stretch target: More than 20% decline</p>	The State did not submit to the IVA the annual state arrears recording, verification, and clearance report (SARVCR)	Not Achieved	
1	Has the State established an Arrears Clearance Framework (ACF)?	<p>a) The State provided a document "ENUGU STATE GOVERNMENT OF NIGERIA: DOMESTIC EXPENDITURE ARREARS REPORT as at 31st December 2019" referred to as their ACF accompanied by an Exco approval for domestic debt arrears clearance dated 7th May 2018.</p> <p>b) We obtained a copy of the document from the State</p>	Unsatisfactory	The State should establish an Arrears Clearance Framework (ACF)

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c) From the IVA review, we observed that the document provided by the State was dated 20th July, 2020,		
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 State’s submission on the planned actions to settle arrears states that there will be a monthly release of ₦100,000,000.00 to pay the outstanding Gratuities and Pension. The document did not give a description of the multi-year plan for clearing/settling arrears, with details on the actions to be taken in the current year. Also, the total amount of domestic arrears being targeted to be cleared was not stated. An explicit prioritization of expenditure arrears to be settled only states that domestic arrears “Gratuities and Pensions” will be settled on a first come first paid basis expenditure arrears to be settled.</p> <p>b) The document provided by the State does not contain the stated requirement of planned action to settle arrear.</p> <p>c) Other documents submitted by the state to confirm the ACF exists are Recurrent Warrant payment, Schedule of Gratuity and Pension Arrears. These documents were reviewed however they cannot be used to confirm the existence of an ACF.</p>	Unsatisfactory	<p>The ACF should contain:</p> <ol style="list-style-type: none"> 1) Planned actions to settle arrears 2) An explicit prioritization of expenditure arrears to be settled
3	Has the ACF been published on a State official website?	<p>a) The document (Enugu State Government of Nigeria: Domestic Expenditure Arrears Report) provided by the State has been published on a State official website</p> <p>b) We have downloaded a copy for validation. The document was dated 20th July, 2020.</p> <p>c) The date of publication was 28th July, 2020. https://www.enugustate.gov.ng/wp-content/uploads/2020/07/DOMESTIC-EXP.-2019.pdf</p>	Unsatisfactory	The State should ensure an adequate ACF is prepared, approved, implemented and published on the official website
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	a) An ACF has not been established.	Unsatisfactory	The State should establish an ACF and ensure that the clearance of domestic expenditure arrears is

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
				consistent with the ACF
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 aggregate amount of pension and gratuity arrears.</p> <p>c) In examining the steps taken by the State to verify the arrears, we understand that the State’s Internal Domestic Arrears Database (Gratuity Arrears) was compiled with total amounts owed to the individual retirees as gratuity as contained in the Enugu State Government Retiring Benefits Authority duly completed for each retiree. The original copy of this document is given to the retiring officer, however, any retiree who wishes to confirm the amount of gratuity owed to him/her by the State Government is free to go to the Pensions Unit, Office of the Accountant General, Enugu State and verify.</p> <p>d) We confirmed through the evidence provided, 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 which includes cross-checking with State account balances in the AFS, Re-computation of the figures obtained in the different subheads that made up the pension and gratuity arrears figure in the internal domestic arrears database.</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 (https://www.enugustate.gov.ng/wp-content/uploads/2020/07/DOMESTIC-EXP.-2019.pdf) the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019 in the document “ENUGU STATE GOVERNMENT OF NIGERIA: DOMESTIC EXPENDITURE ARREARS REPORT as at 31st December 2018 and 2019. We noted that the documents were not prepared in the year under assessment. The published</p>	Unsatisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations									
		<p>online element of the internal domestic arrears database for FY 2018 was prepared in May 2019. The published online element of the internal domestic arrears database for FY 2019 was prepared in July 2020.</p> <p>b) We have compared the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and have verified the consistency and accuracy of the information on the online publicly-accessible arrears database.</p> <p>c) The State has only Gratuity and Pension Arrears.</p>													
7. New	<p>Does the online publication include?</p> <ol style="list-style-type: none"> 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database. 	<p>The online publication (https://www.enugustate.gov.ng/wp-content/uploads/2020/07/DOMESTIC-EXP.-2019.pdf) includes the aggregate amount of pension and gratuity arrears.</p>			Satisfactory										
New	<p>Has the State met the following:</p> <p>(ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and</p>	<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>NIL</td> <td>NIL</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>₦24,252,954,596.73</td> <td>₦18,052,228,794.77</td> </tr> </tbody> </table>	Aggregate Amount of:	2019	2018	Contractors Arrears	NIL	NIL	Pension and Gratuity arrears	₦24,252,954,596.73	₦18,052,228,794.77			Unsatisfactory	The State should ensure it achieves a reduction of at least 5% year-on-year to meet the Basic Target or keep its domestic
Aggregate Amount of:	2019	2018													
Contractors Arrears	NIL	NIL													
Pension and Gratuity arrears	₦24,252,954,596.73	₦18,052,228,794.77													

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
	is consistent with the state's arrears clearance framework.	Salary arrears and Staff claims	NIL	NIL		arrears below ₦5 billion
	- Basic target: At least a 5% year-on-year decline or maintain stock or arrears below N5billion.	Other types of domestic expenditure arrears	NIL	NIL		
	- Stretch target: More than 20% year-on-year decline.	Total Domestic Arrears	₦24,252,954,596.73	₦18,052,228,794.77		
	<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>We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database.</p> $\frac{₦18,052,228,794.77 - ₦24,252,954,596.73}{₦18,052,228,794.77} \times 100 = 34\%$ <p>There was no decline in verified stock of domestic arrears; the domestic arrears had a percentage increase of 34%.</p> <p>Source: State internal domestic expenditure arrears database</p>				
DLI 9: Improved Debt Sustainability						
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>				Achieved	Basic target met
	Has the State met:	The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.			Satisfactory	
	(i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year	Total Service Deduction ₦4,140,109,008 x 100				

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																						
<p>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>Gross FAAC ₦56,362,670,991</p> <p>= 7.3%</p> <p>Source: FMoF (FAAC)</p>																								
<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%] -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" data-bbox="730 526 1339 794"> <thead> <tr> <th></th> <th>Financial Statements</th> <th>DMO figures (Adj)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>₦62,635,805,111.29</td> <td>₦65,870,508,930</td> </tr> <tr> <td>Total External Debts</td> <td>₦42,070,179,718.28</td> <td>₦37,946,858,814</td> </tr> <tr> <td>Total Public Debts</td> <td>₦104,705,984,829.57</td> <td>₦103,817,367,744</td> </tr> </tbody> </table> <p>Total annual revenue</p> <table border="1" data-bbox="730 880 1297 1083"> <tbody> <tr> <td>2019 Adjusted IGR (see DLI 4.2)</td> <td>₦30,840,359,292.77</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>₦56,464,018,381.24</td> </tr> <tr> <td>Grants</td> <td>NIL</td> </tr> <tr> <td>Other Revenues</td> <td>₦41,361,509.66</td> </tr> <tr> <td>Total Revenue**</td> <td>₦87,606,985,081.28</td> </tr> </tbody> </table> <p>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>We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p> $\frac{₦103,817,367,744 \text{ (DMO)*}}{₦87,606,985,081.28} \times 100$		Financial Statements	DMO figures (Adj)	Total Domestic Debts	₦62,635,805,111.29	₦65,870,508,930	Total External Debts	₦42,070,179,718.28	₦37,946,858,814	Total Public Debts	₦104,705,984,829.57	₦103,817,367,744	2019 Adjusted IGR (see DLI 4.2)	₦30,840,359,292.77	Gross FAAC Allocation	₦56,464,018,381.24	Grants	NIL	Other Revenues	₦41,361,509.66	Total Revenue**	₦87,606,985,081.28	<p>Satisfactory</p> <p>Basic target met</p>	
	Financial Statements	DMO figures (Adj)																							
Total Domestic Debts	₦62,635,805,111.29	₦65,870,508,930																							
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
		<p style="text-align: center;"><u>=118.5%</u></p> <p>Sources: For Total Revenue 2019 Audited Financial Statement, Page 32. 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> <ol style="list-style-type: none"> a. 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 statements b. The debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is ₦103,817,367,744 while the debt stock stated in the Audited Financial Statement is ₦104,705,984,829.57 c. The difference has been communicated to the State for explanation, d. The difference calculated in value is ₦888,617,085.57 (₦104,705,984,829.57 - ₦103,817,367,744) and in percentage terms is 0.85% (₦104,705,984,829.57 - ₦103,817,367,744)/ ₦103,817,367,744*100 e. The SDEDR was amended and resubmitted to the IVA along with explanations for any changes. 		

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

ENUGU STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,003,680,247
BAIL OUT (SALARIES) (SOURCE CBN)	3,835,662,321
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	5,612,829,309
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,117,333,802
STATE BONDS	-
COMMERCIAL BANK LOANS	-
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
INFRASTRUCTURE LOANS (CBN FACILITIES)	437,687,506
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	1,610,361,148
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	-
PENSION AND GRATUITY ARREARS	24,252,954,597
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	65,870,508,930
TOTAL EXTERNAL DEBT (TED)	37,946,858,814
TOTAL PUBLIC DEBT (TED+TDD)	103,817,367,744

TABLE 3ii: DLI 9 31 DECEMBER 2019 REVENUE TABLE FOR ENUGU STATE

	NGN
Item	2019
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	56,464,018,381.24
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	43,743,406,528.57
1.1.1 Gross statutory allocation	43,743,406,528.57
1.1.2 Derivation	0.00
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	0.00
1.2 VAT	12,720,611,852.67
2. Internally Generated Revenues (IGR) - Adjusted	30,840,359,292.77
3. Grants (internal and external)	0.00
4A. Other revenues (4.1 + 4.2 + 4.3)	302,607,407.27
4.1 Investment Income (e.g. dividends)	53,086,321.11
4.2 Interest Earned	181,632,680.15
4.3 Miscellaneous	26,526,896.35
Repayments	41,361,509.66
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	87,606,985,081.28

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>"We write to acknowledge the receipt of Enugu State Draft Report on the SFTAS 2019 Annual Assessment Performance forwarded to us. In your mail, we are required to review the report and revert to you within 5 working days, for your final report.</p> <p>However, we have a peculiar circumstance in Enugu State because the IVA used incorrect figures supplied to them by the Federal Ministry of Finance and Debt Management Office, and arrived at an incorrect total debt figure for the State by the end of December 2019. The total debt figure was used to compute the percentage of total debt to total revenue for the year 2019 to arrive at 118.5%. This denied Enugu State the grant meant for the stretch target (115%) for DLI9.</p> <p>We therefore request for an extension of time to enable the State go to Federal Ministry of Finance and Debt Management Office, reconcile the total outstanding debt as at 31st December, 2019 and make representation to your Office for review of your draft report to qualify Enugu State for the grant meant for the stretch target in DLI9.</p> <p>Thank you."</p>	<p>The IVA did not receive any revised debt figure from the Federal Ministry of Finance, the Debt Management Office or from the State. The findings and conclusions reached remain unchanged.</p> <p>Update: Please note that your further response via email of 1 December 2020 was received and reviewed. The key difference between the balance of N103.8bn applied by the IVA and the State's calculation of N100.5bn as the Debt stock for the year end is the approximately N3.7bn of accrued interest on the Budget Support Facility (recorded as 'Unpaid Interest 2016-2019' by the CBN) which was excluded from your calculations.</p>

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.enugustate.gov.ng/wp-content/uploads/2020/01/ENUGU-STATE-OF-NIGERIA-2020-BUDGET.pdf https://www.enugustate.gov.ng/index.php/documental/	A search was done on the Enugu State website	The 2020 Budget was published on the State Official website, a copy was downloaded.	A request was made on 09/01/2020 to the focal persons to provide evidence of the Governor's assent. The focal person responded on 18/1/2020 and provided evidence of the Appropriation Law	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 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.enugustate.gov.ng/wp-content/uploads/2019/05/Enugu-State-Report-of-the-Accountant-General-for-the-year-ended-31-12-2018-Online-Publication-PDF.pdf	A search was done on the Enugu State Website and their Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded.	N/A	EC met

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

Appendix B: Unresolved Issue Reports

ISSUE REPORT 1

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

State:	ENUGU STATE
DLI affected:	DLI 1.1
Prepared by:	EBIRIM KELECHI
Date:	20.05.2020

1. APA Issue: ENUGU STATE FIRST QUARTER BUDGET IMPLEMENTATION REPORT NOT PUBLISHED ONLINE

2. Description of finding/issue:

The State in its Result Submission Form, stated it had published its First Quarter Implementation Report for 2019, however during the review by the IVA, it was discovered that the Enugu State First Quarter Implementation Report for 2019 was not published online, although a hard copy was furnished to the IVA team. Upon further review carried out to verify this at the back end of the IT service provider, it was discovered the said document was only uploaded by the State on the 18th of August, 2020.

3. Effects

Difficulty in accessing the State properly.

4. Clarification or information requested from the state

The State should provide reason(s) why the First Quarter Implementation Report for 2019 wasn't initially published online as it was stated in its State Result Submission Form.

5. State to insert response below

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Submitted by Agyo Yusuf (Team Leader)

ISSUE REPORT 2

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

State:	ENUGU STATE
DLI affected:	DLI 2.2
Prepared by:	MESEKO JUSTIN BANKOLE
Date:	20.05.2020

1. APA Issue: CITIZENS BUDGET NOT PUBLISHED ONLINE

2. Description of finding/issue:

The State in its Result Submission Form, stated it had published the State's Citizens Budget for 2019, however during the review by the IVA, it was discovered that the Enugu State Citizens Budget for 2019 was not published online, although a hard copy was furnished to the IVA team. Upon further review carried out to verify this at the back end of the IT service provider, it was discovered the said document was only uploaded by the State on the 18th of August, 2020.

3. Effects

Difficulty in accessing the State properly.

4. Clarification or information requested from the state

The State should provide reason(s) why the Citizens Budget for 2019 wasn't initially published online as it was stated in its State Result Submission Form.

5. State to insert response below

.....
Submitted by Agyo Yusuf (Team Leader)

**ISSUE REPORT 3
FOR THE SFTAS 2019 ANNUAL PERFORMANCE ASSESSMENT**

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

State:	ENUGU STATE
DLI affected:	DLI 9
Prepared by:	EBI NABENA
Date:	30 TH SEPT. 2020

- 1. APA Issue** Discrepancy between the Debt Stock stated in the Federal Debt Management Office (FDMO) State Domestic and External Debt Report (SDEDR) and the Debt Stock stated in the State's Audited Financial Statements (AFS).

2. Description of finding/issue:

During the IVA review, it was discovered that there is a difference between the FDMO SDEDR debt stock figures when compared with the State's AFS debt stock figures. The total debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is ₦103,817,367,744 while the debt stock stated in the State's Audited Financial Statements is ₦104,705,984,829.57 resulting in a difference of ₦888,617,085.57

Public Debt Stock	Federal DMO (₦)	State's AFS (₦)
Total Domestic Debt (TDD)	65,870,508,930	62,635,805,111.29
Total External Debt (TED)	<u>37,946,858,814</u>	<u>42,070,179,718.28</u>
Total Public Debt (TED+TDD)	<u>103,817,367,744</u>	<u>104,705,984,829.57</u>

3. Effects

This discrepancy creates a doubt on the credibility of the Debt Stock Figure.

4. Clarification or information requested from the state

We will require a clarification for this difference and if this difference has been rectified. The State is expected to reconcile the discrepancies in the figures with Federal Debt Management Office

5. State to insert response below

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Submitted by Yusufu R. Agyo, Team Leader, Team 4