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

2018 Annual Performance Assessment (APA) Report

JIGAWA STATE

By:

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

March 2020

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1. Executive Summary

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

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

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

1. DLR 1.1: Quarterly budget implementation reports are published within the stipulated time and include balances against each of the revenue and expenditure appropriations.

2. DLR 2.1: Public consultation on the proposed annual budget is done with the participation of Local Government Authorities and the minutes are jointly prepared and signed with the CSO representatives.

3. DLR 4.1: The State Revenue Law (alongside with the revenue code) is reviewed. The revenue code should clearly state the sources of the revenues, (including the local government sources) and should be published online.

4. DLR 4.2: Increase in the State IGR to achieve a 20% nominal annual growth rate as a minimum.
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5. DLR 6.1: The State Procurement Law is reviewed to accommodate the use of e-procurement and to comply with the UNCITRAL Model.

6. DLR 6.2: Publication of contract award information above the set threshold on a monthly basis, in the OCDS format on the State's website.

7. DLR 7.1: The State Fiscal Responsibility Law is reviewed and amended to provide for the responsibilities for contracting State's debt.

8. 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.

Table 1: Assessment Results

Key:	Achieved		Not Achieved	

Disbursement Linked Indicators	Disbursement Linked Results (2018)	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		Q3 and Q4 reports were published after the deadline of more than 6 weeks.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		Deviation from budget was 8.94%.
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2: Citizens' inputs from formal public consultations are published online, along with the proposed FY19 budget		No Local Government Authorities' participation, and the minutes were not

Disbursement Linked Indicators	Disbursement Linked Results (2018)	Results	Remarks
			jointly prepared and signed with CSO representatives.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA	█████	The TSA covered 87% of the State's finances.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published.		No Consolidated State Revenue code covering all State IGR sources.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: Basic target: 20%-39%; Stretch target: 40% or more		The State IGR growth was 8.19%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll	█████	The State captured 72.93% of the State civil servants' biometrics.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed	█████	74.42% civil servants' BVN data were linked to the payroll.
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement board; and 3) Cover all MDAs receiving funds from the state budget.		The Public Procurement Law does not, provide for e-procurement, conform with the UNCITRAL Model.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website		Publication of contract awards information was not in the OCDS format.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: Approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt. 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits		The Law did not cover for the responsibilities for contracting state debt".
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018	█████	Q4 report was submitted on time.
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		The State does not have an Arrears Clearance Framework.
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018 and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: -Basic target: < 150% -Stretch target: < 125%	**Stretch Target Achieved**	Ratio of debt deductions to gross FAAC allocation is 2.95% and debt to revenue ratio was 52.96%.

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

2. Introduction

2.1 Overview

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Limited was subsequently engaged to support We. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2018. To ensure a high-quality assessment, we engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

2.2 Scope and APA Process

This Annual Performance Assessment (APA) Report covers the State's performance in 2018 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state's eligibility for grants under the 2018 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix A

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised on the requirements of the program and on the protocol for 2018. The assessment results are binary (pass or fail), as that is how the Program for Results component 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 Monday 2nd and Friday 6th December 2019 with a team of five persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/additional information.

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

The Office of the Auditor-General for the Federation and JK Consulting Co. Limited are grateful to the States for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards achieving the DLRs in the remaining years of the Program.

3. Assessment Results

3.1 Findings

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management**		**Not Achieved**	
1	Has the state published its quarterly budget implementation report to the state official website within six weeks of the end of each quarter?	This DLR was assessed based on the last two quarters of 2018. The State published all four quarters of the budget implementation report on the State official website: ***www.jsbepd.org*** and were downloaded and hard copies were obtained. We accessed the publication date. The conversion of publication dates from days to weeks are as stated below: • Q3 - November 13, 2018 = 44 days/7 = 6.3 weeks • Q4 - February 14, 2019 = 45 days/7 =6.4 weeks. The average time taken for publication of the budget implementation report for Q3 and Q4 was 6 weeks and 4 days, which is more than the 6 week (42 days) time limit for the achievement of this result.	Unsatisfactory	The State should publish quarterly budget implementation reports within the stipulated timelines.
2	Does the reports include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure	Documents were downloaded from the official website of the state and hard copies were made available. Our review of the documents showed that the budget implementation reports, for each quarter has the approved budget appropriation for the year 2018 for each organizational unit (MDAs), and core	Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
	(Personnel, Overheads, Capital, and Other expenditures)?	economic classification was done for each expenditure (Personnel, Overheads, Capital and other expenditures).		
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?	From our review of documents, the report stated the actual expenditure attributed to each MDA and expenditure classification was done as well as the cumulative expenditure from January – December 2018.	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?	The reports did not state balances against each of the revenue and expenditure appropriations, however, the balances were 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?	Unsatisfactory	The State should ensure that the quarterly reports also state balances against each of the revenue and expenditure appropriations.
DLR 1.2	**FY [2018] deviation from total budget expenditure is less than 30%**		**Achieved**	
1	Has the State Computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms?	The State's computed the difference between the original approved total budgeted expenditure and the actual total budgeted expenditure in 2018 is 8%, while we also computed the expenditure outturn deviation – see computation below. **Calculation of deviation based on budget implementation report** 	**Classification**	**Budgeted**	**Actual**	 |---|---|---| 	Capital	71,134,000,000	66,404,402,180.00		Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings			Conclusion	Recommendations
	Is the expenditure outturn deviation computed less than 30%	Recurrent:				
		Personnel	43,314,000,000	40,419,616,736.00		
		Other recurrent	24,222,000,000.00	20,814,671,636.00		
		Total	138,670,000,000	127,638,690,552.00		
		$\underline{\text{N138,670,000,000.00 - N127,638,690,552.00}} \times 100\%$ $\text{N138,670,000,000.00}$ **=7.96%.** Our result corresponds with the State's result and it is less than 30%.				
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process						
DLR 2.1.	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2019] budget**				**Not Achieved**	
1	Did the state conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and state-based CSOs?	A Town Hall consultation with state based CSOs was conducted on 6th September 2018, but without local government authorities.			Unsatisfactory	While holding Town Hall meetings, the State should ensure that all stakeholders are included, specifically; CSOs, local government authorities etc.
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily?	The minutes were not signed. This is not in line with the protocol that provides that the minutes of the public consultation should be jointly prepared (and signed) with CSO representatives. The minutes of the public consultation were signposted on the home page of the state website (jsbepd.org.) as "2019 Town Hall Meeting Activity Report'' and published on 05/12/2018. Our review however showed that 281 items, out of 583 items listed as citizens input (representing 52.2%) was captured in the budget.			Unsatisfactory	Minutes should be jointly prepared and signed with the CSO representatives.

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		10 sampled, out of 96 attendees confirmed the holding of the meeting through a telephone conversation.		
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**		**Achieved**	
1	Has the state established a functional state-level TSA?	The state operates a state-level TSA which is domiciled in ZENITH BANK with the following details: Account name: Jigawa State Government Revenue Account Number: 1013586301. The IVA visited Zenith Bank. The Branch Manager corroborated the information earlier received from the State that the TSA was an existing FAAC bank account of the State, which was later used as a TSA. We confirmed that the FAAC and all the Government revenues are consolidated in the TSA before expenditures are made. It was further confirmed that the IGR central consolidated accounts are non-spending account, but funds are moved to TSA on the mandate of the Accountant General.	Satisfactory	
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	A cash management strategy is in place and approved by the Governor on 13/11/18. Some of the key aspects of the strategy include the following: - (1) Introduction of cash forecasting and preparation of annual cash plan including budget profiling to facilitate efficient disbursement of funds to MDAs in accordance with their spending plans (S.3.2; Pg. 13). (2) Full adoption of TSA with a single account and other subsidiary accounts including the central revenue account that are swept on a timely basis. This arrangement will allow the consolidation of	Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		bank account balances and enable the treasury to determine the overall government financial position on real time basis. This would requires instituting a sort of an electronic control panel that gives authorised person a central view (either on individual basis or consolidated basis) of all Government Accounts across all MDAs (S.3.7; Pg. 16). (3) IT enhancement support through the upgrade of the existing IFMIS to facilitate the automation of processes and improve efficiency. The system will be interfaced with the banks through reliable platforms to facilitate timely electronic clearance and payment arrangement.		
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The State has a Cash Management System. We confirmed that the Accountant General, the Director and the Deputy Director of Treasury Operations are the designated officers with the access to central view. The Deputy Director, Treasury Operations demonstrated the functionality of the central view of cash balances in bank accounts on a single electronic dashboard. We witnessed the login through autopay, powered by Interswitch and was able to view account balances and transactions carried out in selected MDAs bank accounts.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for state revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are	The State has one consolidated revenue treasury accounts domiciled in Zenith bank with account details as follows: Account name: - Jigawa State Government Revenue Account number: - 1011289787. We confirmed from Zenith bank Officials that some other banks that have signed in to Interswitch also	Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
	brought into the consolidated revenue account as part of the TSA.	collect revenues, more especially for the tertiary institutions and hospitals. Revenues collected by other banks are transferred to consolidated revenue treasury account every two days.		
		Zenith bank is the lead bank.		
		On request by the Accountant-General, funds are moved from the lead bank account to the TSA, from where expenditures can be made by the state. This assertion was tested and found to be accurate.		
		In order to strengthen the confirmations that revenues generated by MDAs are not sitting in the MDAs bank account or used by them, we visited Jigawa State Ministry of Education, Ministry of Works and Ministry of Health. The following documents were obtained and reviewed:		
		• The cash book • The revenue receipt booklets • Copies of the bank pay-in tellers • Bank statements to confirm the credits.		
		Each of the MDA independently confirmed that the revenues they generate are paid into consolidated revenue treasury accounts with Zenith bank and the payer obtains treasury receipts from the MDA.		
		We interacted with the Accountants of the stated ministries, and confirmed their revenue sources as follows:		
		Ministry of Education IGR sources are: Private school registration fees, Private schools' annual renewal fees, tender fees.		
		Director Tertiary Education confirmed that school fees collections for state universities, polytechnics and colleges of education are equally controlled centrally through the TSA. 10% of collections are		

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		retained by the state, while 90% remitted to the responsible institution for utilization.		
		Ministry of works revenue sources are trade- test certification fees, bid document fees, vehicle roadworthiness.		
		Ministry of Heath: registration of private clinic fees, yearly renewal of private health licences fees & tender fees for contractors.		
		The revenue of hospitals is treated the same way as universities.		
5	Does the TSA cover a minimum of 50% of the State Government's finances?	The State Government cash inflow and cash outflow extracted from the TSA and audited financial statements in 2018 are presented in the table below:	Satisfactory	

	Inflow	Outflow
TSA	108,950,617,650.12	114,255,842,933.96
Fin. Statement	129,743,188,508.38	127,918,899,164.01

Calculation of % of inflows:

$\underline{108,950,617,650.12}$ x 100%

129,743,188,508.38   **= 84%**

Calculation of % of outflows:

$\underline{114,255,842,933.96}$ x 100%

127,918,899,164.01   **=89%**

The TSA covers an average of **87%** of the State Government's finances.

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state**		**Not Achieved**	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
	revenue collection and accounting approved by the state legislature and published			
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?	As at 2018, Jigawa State did not have a consolidated revenue code. However, in 2019, the state put a revenue (codification & consolidation) law in place. This includes taxes, levies, fees, charges and rates and presumptive tax. See first schedule part 1 section 5 & third schedule section 55 of the Jigawa State Revenue (codification & consolidation) law NO. 04, 2019.	Unsatisfactory	The State should ensure that the 2019 law has up-to-date revenue code for the state and local governments IGR sources.
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state?	There was no revenue code as at 2018. The Jigawa State Revenue (Codification & Consolidation) Law No. 04, 2019 provided for the establishment of State Bureau of Internal Revenues (SBIR) as the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state thus: "hereby established the Jigawa State Internal Revenue Service, and the object of the service shall be to control and administer the various taxes, non-taxes revenues and laws specified in the First Schedule or other laws made or to be made from time to time by the National Assembly, House of Assembly of Jigawa or other regulations made thereunder by the Government of the State and to account for all such taxes and non-tax revenues collected in the State". Part II S. 4 (1), of Jigawa State Revenue (Codification & Consolidation) Law NO. 04, 2019. (Establishment of The Jigawa State Internal Revenue State).	Unsatisfactory	See above.
3	Is Collection of revenues made into accounts nominated by the SBIR	The bank account was inherited by the current administration. Therefore, the source of nomination could not be ascertained.	Unsatisfactory	It is recommended that the SBIR revalidates the use of accounts

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
	for the SBIR to be deemed responsible for collection?			that are in use but not nominated by the SBIR.
4	Is the code approved by the state legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	There was no revenue code as at 2018, therefore there is no basis for approval.	Unsatisfactory	The State should develop a revenue code and obtain approval from the legislature.
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	There was no revenue code as at 2018, therefore there is no basis for online publication.	Unsatisfactory	The State should ensure that revenue codes are published online.
DLR 4.2	**Annual nominal IGR growth rate meets target**		**Not Achieved**	
1	Has the 2018-2017 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	From the report of the Accountant General & Audited Accounts & confirmed from the report of the Auditor-General of Jigawa State, the IGR figures of the state for the year ended 31st December 2017 & 2018 are: N6,520,615,456.14 & N7,102,319,807.59 after the adjustments for reimbursements of N3,384,515,743.74 and N2,579,907,599.03 respectively. This figure was used to determine the Annual nominal IGR growth rates as follows: $$\frac{N5,444,878,107.94 - N5,556,372,342.36}{N5,556,372,342.36} \times 100\%$$ $$\frac{N111,494,234.42}{N5,556,372,342.36} \times 100\%$$ **=2%**	Unsatisfactory	The State should strengthen its revenue administration and systems to ensure improved revenue generation

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to Reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [60] percent of current civil servants [and pensioners] completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1.	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants and pensioners on the state payroll?	The State has been able to reduce payroll fraud, through a completed biometric exercise of **72.93%** of their current civil servants and reduced payroll fraud by ₦ 47,479,549.00 monthly. We obtained the following from the state to confirm this position: 1. The schedule of civil servants and pensioners that have been captured using biometrics. 2. The State's nominal roll and payroll as at 31st Dec 2018. 3. Payroll as at March 2016 before the completion of the biometrics exercise. 4. Payroll as at July 2016 immediately after the completion of the biometrics exercise. In order to determine the percentage of the civil servants on the payroll has been captured by biometrics and payroll fraud reduced. The following procedures and tests were carried out: To determine if the biometrics exercise is used to reduce payroll fraud, we compared the March and July 2016 State MDAs salaries of ₦2,997,196,760 and ₦ 2,949,717,211 respectively, the result shows a monthly savings in salaries of ₦ 47,479,549.00.	Satisfactory	
2	Has the State linked the biometrics data to the state payroll to identify ghost workers?	Yes, the state has linked the biometrics data to the state payroll and ghost workers have been identified. To further authenticate this position, we visited the salary centre where electronic payroll and database	Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		is managed on behalf of the state and local governments. The schedule of civil servants that have supplied their BVN. The systems administrator demonstrated that biometrics information had been linked to payroll by extracting some sampled staff information from the payroll electronically. We observed that the state has linked the biometrics data to the state payroll to identify ghost workers. We selected a sample of 20 staff at random from: i. the total population on the payroll and ii. total payroll population with biometrics. The records were examined, and the result was satisfactory.		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	The record of confirmed ghost workers was provided. Out of 304 ghost workers identified, we selected 40 of them using a random sampling method. This sample was tested and confirmed to have been taken off the payroll within three months. The test was done by cross checking the information of the sampled forty ghost workers with the July 2016 payroll (after the removal of the ghost workers) and none of the identified ghost workers' information was found in the payroll.	Satisfactory	
DLR 5.2	**Link BVN data to at least [60] percent of current civil servants [and pensioners] on the payroll and payroll fraud addressed**		**Achieved**	
1	Has the State linked the Bank Verification Number data to 60% of its current Civil Servants on the state payroll?	The State has linked BVN data of 33,389 state civil servants out of 44,864 giving a result of **74.42%.** We visited the systems administrator and requested for the proof of the BVN link to the payroll of the civil servants. The database manager opened the server and We observed the state's civil servants' data base classified into State MDAs, LGs, LEAs,	Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		Judiciary, House of Assembly, the Emirates and Pensioners. Each class contains the bio data of the staff including the salary. Some random clicks were made on the names in the payroll and the BVN information were generated for those whose BVN were linked to the payroll and nil information for those not linked. We further requested the systems administrator to run a check to determine if the system could detect a duplicate BVN. No duplicate BVN was observed from the check.		
2	Has the State taken steps to identify payroll fraud?	Yes, the state carries out payroll audit and payroll parades from time to time to identify the existence of fraud in the payroll.	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) eProcurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the state budget**		**Not Achieved**	
1	Does the State have a public procurement legal framework which must be approved by the state legislature to have a legal basis, either as a law or a resolution? It cannot be an	The State has the Jigawa State Due Process and Project Monitoring Bureau (Amendment No 2) Law 2012, As Amended 2015, approved and signed jointly by the clerk of the State House of Assembly, and the Executive Governor on 14th August 2015.	Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
	executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.			
2	Does the law conform with the UNCITRAL Model Law which should provide for: 1) e-Procurement. 2) establishment of an independent procurement board; and .	The law does not conform with the UNCITRAL Model. 1. On e-procurement: There is no direct or approximate provision on e- procurement. 2. On the establishment of the Authority, the results of our assessment of the legislation for independence are in the table below: <table><tr><td>**Required provisions***</td><td>**Result**</td></tr><tr><td>The Functions and Powers of the Agency are stated</td><td>Complies; **see sections 3 and 4 of the Law**</td></tr><tr><td>The Composition of the board</td><td>Complies; see section **6 (b) and (c)**</td></tr><tr><td>Membership of the Board/Council includes representatives from Professional Bodies /Associations.</td><td>Compliant; **see section 6(c).**</td></tr><tr><td>The grounds for removal of the Chief Executive of the Agency</td><td>Non- compliant; see section 10(4) & (6). The law does not stipulate grounds for removal of DG.</td></tr><tr><td>Regarding decisions of the agency; Any other review after the Board decision shall be by judicial review.</td><td>Non-compliant; See section 24(4)(2). The Council is the final arbiter. There is no provision for appeal to the High court. However, s.6(6) of the Constitution preserves the right of access to courts even in this instance.</td></tr></table>*Provided by the World Bank	Unsatisfactory	The law should be amended to provide for the following; - E-procurement. - The grounds for removal of the Chief Executive of the Agency, - Regarding decisions of the agency; any other review after the Board decision should be by judicial review. Also note there are currently no provisions in the law for several UNCITRAL benchmarks including: Qualification, evaluation, cancellation, rejection and exclusion of a bidder; request for clarification. The law does not provide for the language of the bid, notice of procurement etc

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
	3) cover all MDAs receiving funds from the state budget.	3. Section 36 (1) and S 37 provisions of the law confirm it applies to the entire State Government and all its local governments.		
3	Has the state instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	The State has instituted a procurement regulatory function called the Due Process and Project Monitoring Bureau. The IVA conducted an interview with the Chief Executive and Management of the Bureau to confirm that the bureau is active and effective. For this purpose, a questionnaire was designed as an interview guide. Five staff out of fifty-six staff of the bureau were also selected at random for an interactive session to confirm that the bureau performs optimally in the discharge of its regulatory functions. Five procurement cases out of forty-six cases above the N100m threshold were selected from the file containing procurement activities in 2018, for review. The interactions with the staff and review of the documents with evidences obtained indicated that the bureau is functional.	Satisfactory	
DLR 6.2	**Publish contract award information above a threshold set out in the Operations Manual 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 that are above the threshold (as defined in the state procurement law or in the state procurement	The State publishes contract award information above the N100m threshold as contained in the state's procurement guideline and other relevant procurement information are published on PDF format, not on OCDS component of the DLI. The publication is on http://www.jigawadueprocess.com/	Unsatisfactory	The State should publish online contract award information in line with the OCDS format. This should also reflect in the Procurement law.

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
	regulation(s)), in line with the Open Contracting Data Standards (OCDS).			
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	**Approval of state-level public debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits**		**Not Achieved**	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	Yes, there is a public debt legislation. The State submitted the Fiscal Responsibility law, which is titled Economic Planning and Fiscal Responsibility Council Law 2009. The law was submitted in hard and soft copies. The law was approved on the 26th of May 2009.	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.	We noted the following from our review of the Economic Planning and Fiscal Responsibility Council Law 2009; 1. The law does not cover the responsibilities for contracting state debt. 2. Regarding responsibilities for recording/reporting state debt: Part X, section 43(1) states "There shall be a Debt Management Unit which shall maintain comprehensive, reliable and up-to-date database of internal and external public debts including records of payment arrears and other contractual obligations and liabilities of the State. Such data should be in	Unsatisfactory	The law should be amended to specify institutional arrangements for contracting debt.

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		both physical and electronic form and public access to information on this shall be guaranteed"		
		3. Regarding fiscal and debt rules/limits for the State: part x, section 44(1-2): S44(1). The State Government shall adopt overall limits for the amounts of consolidated debt of the State and all the Local Governments in consistence with the provisions of items 7 and 50 of part 1 of the second schedule to the constitution as well as consistent with the fiscal policy objectives of the state specified in the medium term expenditure plans.		
		S44(2) For the purpose of verifying compliance with the limits specified pursuant to subsection (1) of this section, the council shall periodically, not less than two times in any fiscal year, determine the amount of the consolidated debt of the state and all the local governments which must have been properly contracted.		
DLR 7.2	Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018		Achieved	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
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 2018?	This DLI was assessed based on Q4 only, as the revised report template and DMO verification protocols were only implemented in Q4 2018. The state provided quarterly SDDR for all the quarters in 2018. A review showed that the reports were submitted to DMO on the average of one month, 5 days after the end of each quarter. The DMO report collaborated the position.	Satisfactory	The state should ensure that submission of the SDDR is timely.
2	**Note: Have you reviewed for accuracy and completeness from the DMO:** The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents 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.	We reviewed the DMO report. Appendix 1 states that the Kogi report for Q4 was adequate for data accuracy. A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omission in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data. We obtained the State's debt stock data from the FMoF/CBN/DMO as $32,008,444,77 (N9,826,592,544.39) and N31,811,167,455.00 for external and domestic debts respectively. Our review showed the following: There is a difference of **₦6,476,000,000.00** between the DMO and the financial statements figures on the	n/a	The State should be more diligent in the preparation of the SDEDR and the financial statements, so that there will not be material misstatements.

Table embedded in row 1 Findings:

	PERIODS	APA DEADLINE	DATE SUBMITTED	Days taken
Q1	Jan -Mar	31-May-18	19-Apr-18	19 DAYS
Q 2	Apr - Jun	31-Aug- 18	11-Jul-18	11 DAYS
Q 3	Jul - Sep	30-Nov-18	13-Nov-18	44 DAYS
Q4	Oct - Dec	28-Feb-19	14-Feb-19	45 DAYS

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		domestic and external debts of the State. We and the State Auditor General attempted to reconcile the differences and it was resolved that the DMO report is correct. It was therefore used in the computations below. The discrepancies are summarized below:<table><tr><td></td><td>DMO (Nm)</td><td>FIN.STMT. (Nm)</td><td>DIFFERENCE (Nm)</td></tr><tr><td>External Debt</td><td>9,827</td><td>11,198</td><td>(1,371)</td></tr><tr><td>Domestic Debt</td><td>31,811</td><td>36,916</td><td>(5,105)</td></tr><tr><td></td><td>41,638</td><td>48,114</td><td>(6,476)</td></tr></table>		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.**		**Not Achieved**	
1	Has the State established an Arrears Clearance Framework (ACF)?	The State does not have an ACF and affirmed this position earlier through its Results Submission form and during the exit meeting. According to the state debt management office, they have begun to intimate the higher authorities on the need to formulate and approve a plan to set aside some funds periodically to be able to take care of payment of arrears.		The State should expedite action to establish Arrears Clearance Framework which should include the planned actions to settle arrears; and an explicit prioritization of expenditure arrears to be settled. This should be approved by the Governor.
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	See above	Unsatisfactory	
3	Has the ACF been published on a State official website?	See above	Unsatisfactory	
4	Has the State established an Internal Domestic Arrears Database?	The State has not established an Internal Domestic Arrears Database.	Unsatisfactory	The State should establish an Internal Domestic Arrears Database taking into account the

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
				detailed guidance available for this DLR
5	Has the State published online elements of the internal domestic arrears database on a state official website, which constitutes the online publicly accessible arrears database?	See above	Unsatisfactory	
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2018] and Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets target: -Basic target: < [150%] -Stretch target: < [125%]**		**Achieved** Stretch Target	
	Has the State met: (i) the ratio of total debt stock at end-of-year (31st December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2018)? **-Basic target:**< [150%] **-Stretch target:** < [125%]	The state met the stretch target of <125%: **Revenue is computed as:** (1) Statutory allocation = N47,551,899,966.57 (2) VAT = N12,857,521,735.72 (3) Other miscellaneous receipts from the federation A/c = N17,438,241,529.45 (4) IGR (less reimbursement local govt (transfer payment and loan Refund) – N9,682,227,406.62 – (N2,579,907,599.03+N1,657,441,699.65) = N 5,444,878,107.94 **Adjusted Revenue: (1+2+3+4) =N83,292,541,339.68** **Total Debt:** Domestic debt – N31,811,167,455.00 External debt - N9,826,592,544.39 **Total debt - N41,637,759,999.39*** *Table 3 below holds a breakdown of the Total Debt.	Satisfactory	

	Disbursement Linked Indicators (DLIs) and Test	Findings	Conclusion	Recommendations
		$\underline{\text{N41,637,759,999.39}}$ x 100% N83,292,541,339.68 **=49.98%** Sources: DMO/FMoF/CBN Report and Financial Statements Pg. 6.		
	Has the State met: (ii) the ratio of total monthly debt service (principal and interest) deductions <40% of gross FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2018).	The state has met the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation of 3.75%. **(1) Total deductions - N2,297,825,011** (2) Gross FAAC allocation: N62,649,964,530 $\underline{\text{N2,297,825,011}}$ x 100 N62, 649,964,530 = **3.75%** Source: FAAC Allocation Report (WB/FMOF)	Satisfactory	

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

NAIRA	JIGAWA
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	16,869,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	-
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,441,747,655
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	-
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	1,722,222,222
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	3,778,197,578
13. PENSION AND GRATUITY ARREARS	-
14. SALARY ARREARS AND OTHER CLAIMS	-
15. OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	31,811,167,455
TOTAL EXTERNAL DEBT (TED)	9,826,592,544
TOTAL PUBLIC DEBT (TED+TDD)	41,637,760,000

Table Notes

FOR STATES WITH Q4 2018 FIGURES

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

4. Response from the State

State should please use this box for their response.

STATE RESPONSE TO DRAFT REPORT	IVA RESPONSE / TREATMENT
This is further to the response from Jigawa State. Specifically, this is with respect to DLI 1.1. The Verification Protocol for upload of quarterly budget implementation report allows "six weeks" after quarter end. Since the number of days in all 12 months of the fiscal year are not the same, this suggests that as per as upload of the report does not go beyond the end of the second week (14th) of the second month after the quarter end, we are within the six weeks allowed. That means the cut-up points for the 4 quarterly reports in a year will thus be the 14th of May, August, November and February of the following year respectively. I supposed this is how it should be. The IVAs used the number of days in a month and because 4 out of the 6 months in the 3rd and 4th quarters have 31 days, the assessment indicated that we are 4 days above the allowed threshold. We believe this should be revisited. For SFTAS 2018, six weeks were allowed and if the 4 quarterly reports in the year were used, it will not have disadvantaged us. However, counting days and with 4 out of 6 months being 31 days, it showed as if we are four days late. We believe, the IVAs and the WB will review this. For us, this DLI is one of the most challenging given the challenge of data collection and our quest to ensure comprehensiveness in the report. In fact, the reduced timeframe to four months for 2020 is even going make thing extremely difficult without trade-off for comprehensive reporting. I trust our case will be technically and compassionately reviewed. Regards. Adamu Muhd GarunGabas, OON Jigawa State.	Noted. The six (6) weeks is counted as 42 days after the quarter end. The time limit for Q3/2018 ended on 11th November 2018 and Q4/2018 ended on 11th February 2019. The State published quarterly budget implementation reports after the due dates, and therefore the result was not achieved.

Appendix A

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

Jigawa State

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

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

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

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

Overview				
Information Source(s)	**Initial checks**	**Initial Comments / Observations**	**Follow up**	**Final Assessment**
http://www.jigawastate.gov.ng/budget.php	A search was done on Jigawa State website	The 2019 Budgets were published on the State Official website, a copy was downloaded. There's no evidence of 2019 Budgets being signed by the governor.	A request was made on 12/03/2019 to the focal persons to provide evidence of the governor's assent	**EC was met** The State focal persons responded on 14/03/19 providing a link (http://www.jigawastate.gov.ng/budget.php) to the state 2019 appropriation bill. A copy was downloaded.

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2019 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 28 February 2019?	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	State should publish Governor's Assent with the approved budget

Eligibility Criteria 2018 Part 2 - The online publication of Audited Financial Statements for 2017 by 31 December 2018

Source(s)	Initial Work Done	Initial Comments/Observation	Follow up	Final Assessment
http://www.jigawastate.gov.ng/budget/auditreport.pdf	A search was done on Jigawa State Website	The 2017 Financial Statements were published on the State Official website, a copy was downloaded	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2017 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	
Were the Financial Statement for 2017 available published online before 31 December 2018?	Yes	
Are the published financial statements clear and legible?	Yes	
Can the Financial Statements be downloaded?	Yes	
Do we have evidence of audit by the State Auditor-General?	Yes	
Are the financial statements complete, including primary statements and disclosure notes?	Partly	Notes were not detailed. Detailed disclosure notes should be published with the Financial Statements
Are there any indications that balances within the financial statements are not credible	Partly	i. Discrepancy between NBS and FS statutory allocation ii. 2017 VAT values in FS and NBS do not match iii. No detailed notes provided.