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

Program for Results

2018 Annual Performance Assessment (APA) Report

OGUN 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 Ogun 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 Ogun State and shows areas where the State was able to achieve results. In total, Ogun achieved **Four (4)** DLRs out of the 14 DLRs.

We further identified several areas where the State should be able to 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. <u>DLR 1.1</u>: Quarterly budget implementation reports are published online within an average of 4 weeks after the end of each quarter for 2020 APA and the years thereafter.

2. <u>DLR 1.2:</u> The annual expenditure outturn deviation is reduced to a level within the annual requirement for this result.

3. <u>DLR 2.1</u>: Signed minutes of public consultations on the annual budget are published on the State's website before or at the time of publishing the approved annual budget.

4. <u>DLR 3</u>: The State TSA covers all of state government finances and is based on a formally approved cash management strategy. Note a minimum required coverage of 70% of State government finances for 2020 and 80% for the year thereafter.

5. <u>DLR 4.1</u>: A review of the State's revenue law (along with the revenue code). The revenue code should state the sources of all the revenues (including the local government sources); the consolidated revenue code should stipulate the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for the collection of all state revenue (tax and non-tax). The revenue law, combined code and rates should be published online.

6. <u>DLR 4.2</u>: Improve on its annual nominal IGR growth rate to at least meet the basic target of 20%.

7. <u>DLR 6.1:</u> Set up an independent Procurement Regulatory Board and Agency as spelt out in the State Procurement Law.

8. <u>DLR 6.2</u>: Publish contract award information above the set threshold, on a monthly basis, and in the OCDS format on the state website.

9. <u>DLR 7.1:</u> Review the Debt Management Law to provide for debt limits for the state.

10. <u>DLR 8:</u> A Domestic Arrears Clearance Framework should be established, and an internal domestic arrears database created 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)	Result	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 at an average of 41 weeks.
	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The deviation was 49%.
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY19 budget		Minutes of public consultation were not published online within the required timeframe.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances implementation of State TSA		The State did not maintain a Treasury Single Account.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: Consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published		The Revenue Law does not include the revenue codes, sources and rates for the MDAs and Local Governments.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more		Annual nominal IGR growth rate was 12.99%.
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	(Achieved)	Biometric capture was of 91% of Civil Servants.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed	(Achieved)	BVN linked to payroll for 91% of civil servants
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 state had not set-up an independent procurement regulatory function in 2018.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website		Contracts above the threshold were not published online.
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 does not provide for debt limits.
	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)	Submission of the Q4 SDDR was timely
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		No domestic arrears database or ACF in 2018.
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 met	Debt service to FAAC Allocation ratio was 27.54%, and debt stock to revenue was 116%

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 States' 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. Limited was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of States against the nine Disbursement Linked Results (DLRs) for 2018. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

2.2 Scope

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

The verification protocol was set early in the preparation of 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 from 2018. The assessment results are binary (pass or fail), as that is how the Program for Results component was designed.

In advance of the assessments, all States were provided with the detailed information requirements: a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 01/12/2019 and 07/12/2019 by a team of five persons, starting with an opening meeting where all information requested were handed over. The visit was 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. Ltd are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found to be valuable towards meeting the DLRs in the remaining years of the Program.

3. Assessment Results

3.1 Findings

Table 2: Findings

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	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 DLI was assessed based on the last two quarters of 2018 as per the verification protocol. The State published its Quarterly Budget Implementation (Performance) Reports to the State official website after six weeks of the end of each quarter. The publication dates of 24th and 25th September 2019 were the dates of publication for third and fourth quarters of 2018 respectively. The 3rd Quarter Publication was calculated thus: 1/10/2018 – 24/9/2019 = 47 weeks while, The 4th Quarter was calculated thus: 1/1/2019 – 25/9/2019 = 35 weeks Average calculation for 3rd and 4th Quarters = 47 weeks + 35 weeks /2 = 82/2 **= 41 weeks.** http://ogunstate.gov.ng/archives-budget-and-planning/	Unsatisfactory	The State should publish the report online on a quarterly basis. Note that the timelines under SFTAS for 2020 and onwards require publication within 4 weeks.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
2	Does the report include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures)?	The budget implementation (performance) report published online (www.ogunstate.gov.ng/archives-budget-and-planning) and the hard copies made available, included the approved budget appropriation for year 2018 for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures) for the fiscal year.	Satisfactory	
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	The budget implementation reports published online (www.ogunstate.gov.ng/archives-budget-and-planning) stated the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year.	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 report stated the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which include debt servicing.	Satisfactory	
DLR 1.2	**FY [2018] deviation from total budget expenditure is less than 30%**		**Not Achieved**	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
1	Has the State Computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 30%?	The State computed the difference between the original approved total budgeted expenditure for the fiscal year and the actual total budgeted expenditure in the fiscal year, divided by the original approved total budgeted expenditure, and expressed in positive percentage term. Budgeted Expenditure = ₦343,983,962,106.00 Actual Expenditure = ₦176,515,010,632.14 Deviation = (₦343,983,962,106.00 - ₦176,515,010,632.14 / ₦343,983,962,106.00 X 100/1) = **49%.** The expenditure outturn computed is **49%** Therefore, the expenditure deviation computed for fiscal year 2018 is **49%** which is higher/greater than **30%.**	Unsatisfactory	The State should monitor its budget performance deviation. Note that the benchmark for 2019, 2020 and 2021 are 25%, 20% and 15% respectively.
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?	The State conducted a "town-hall" meeting on the 25th October 2018 and the proposed budget 2019 was passed on 27th December 2018 with the participation of local government authorities and State-based CSOs. Attendance list with contacts information and signatures of attendees was obtained by the IVA. Sample of 10 attendees, randomly selected were contacted through phone calls and they	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
		all confirmed that a public consultation was conducted. Evidence attached: 1.Town Hall Questionnaires. 2. Visual and pictorial evidences were also made available.		
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 of public consultations on the 2019 proposed Annual Budget was jointly prepared with the CSOs. Both the hard and soft copies (published online) of the minutes were reviewed and were all signed by the Director Ministry of Budget and Planning (Representative of the Government) and one CSO (Representative of Family Health Initiative) and was published online on 15th April 2019. (http://ogunstate.gov.ng/archives-budget-and-planning/)	Unsatisfactory	Signed minutes of consultation should be published on the State's website before or at the time of publishing the approved annual budget.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA				
DLR 3	**Improved cash management and reduced revenue leakages through implementation of State TSA**		**Not Achieved**	
1	Has the State established a functional State-level TSA?	The State had established a modified functional State-level TSA through a process in which the State has two (2) Bank Accounts in each of the eighteen (18) Commercial Banks in the State. The Banks manages both revenues and expenditures activities of the State. One Bank is independent of the other and there was no sweeping of funds into a single account by the State.	Unsatisfactory	The State should establish a functional State Level TSA where all revenues and expenditures can be managed.
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	The State does not have a formally approved cash management strategy in place.	Unsatisfactory	The State should put in place a formally approved cash management strategy.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.			
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 modified TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (but not based on an approved cash management strategy).	Unsatisfactory	The State should ensure 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.
4	Does the TSA have one consolidated revenue treasury account for state revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	The State does not have one consolidated revenue treasury account for state revenue but several designated State Government Revenue Holding Accounts in various banks and which revenues from MDAs (via taxpayers) and OGIR are paid. These can be viewed in a single electronic dashboard and is referred to as a modified TSA Account.	Unsatisfactory	The State should ensure all monies are swept into the treasury accounts and no funds are kept in the revenue collecting banks.
5	Does the TSA cover a minimum of 50% of the State Government's finances?	The state does not have a functional State level TSA.	Unsatisfactory	The State should ensure all government finances flow through the TSA.
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**Consolidated state revenue code covering all State IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting approved by the state legislature and published**		**Not Achieved**	
1	Does the State have up-to-date consolidated revenue code which includes all the state's IGR sources and all the local governments (falling under that state) IGR sources?	The State does not have an up-to-date consolidated revenue code that covers all the State and Local Government's IGR sources. The available Consolidated Revenue Codes covers only the State IGR sources.	Unsatisfactory	The State should prepare a consolidated revenue code which includes all the State and Local Governments IGR sources

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State and covered by the federal tax code.	The review of the Revenue Codes made available to IVA Team shows that there was no MDA Rates, LGA sources with chargeable rates and the Consolidated Revenue Code was not online		
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?	The consolidated revenue code does not stipulate that the State Bureau of Internal Revenues (SBIR) is the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the state.	Unsatisfactory	The state should ensure that the consolidated revenue code stipulate the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for state revenue (tax and non-tax) collection and accounting.
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	The OGIRS is not responsible for the collection of all revenues and does not nominate accounts for the collection of revenues.	Unsatisfactory	The State should clarify role of the SIRS as sole collector of State revenues and ensure collection of revenues is made into accounts nominated by the SBIR.
4	Is the Publication published online, so it is automatically available to the public/all taxpayers?	The Consolidated Revenue Codes were not published online.	Unsatisfactory	The State should publish the Revenue Law, code and rates 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 Annual nominal growth rate of total state IGR is computed as the difference between the total IGR	The State's 2017 – 2018 annual nominal IGR growth rate was initially calculated as 12.99% based on unadjusted balances from the Audited Financial Statements – as follows: IGR 2017 = ₦74,835,970,000.51 IGR 2018 = ₦84,554,199,593.68 (Note: Above figures include Sales, Earnings and Extra-ordinary items)	Unsatisfactory	The State should improve its IGR drive to achieve the minimum growth required for 2019 APA.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	collected 1st January to 31st December in the year of assessment and the total IGR collected in 1st January to 31st December in the previous year (previous to the year of assessment), divided by the total IGR collected in Jan-Dec in the previous year, and expressed as a percentage, which could be negative (if IGR has declined) or positive (if IGR has increased).	Growth Rate = (₦84,554,199,593.68 - ₦74,835,970,000.51/N74,835,970,000.51 X 100/1) = 12.99%. An updated calculation was subsequently done using adjusted figures. The calculation below is based on Revenue without Sales, Earnings and Extra-ordinary items figures: IGR 2017 = ₦74,835,970,000.51 Less: Sales (₦1,886,832,071.70) Earnings (₦1,870,100,208.67) Extra-ordinary items (₦2,737,943,237.16) TOTAL = ₦68,341,103,482.98 IGR 2018 = ₦84,554,199,593.68 Less: Sales (₦1,548,363,745.52) Earnings (₦2,457,041,666.38) Extra-ordinary items (₦2,319,223,173.59) TOTAL = ₦78,229,571,008.19 Growth Rate = (₦78,229,571,008.19 - ₦68,341,103,482.98 / ₦68,341,103,482.98 X 100/1) = 14.5% Sources: See page vii of the Audited Financial Statement 2018 (for IGR of 2017 and 2018), and: http://ogunstate.gov.ng/archives-budget-and-planning/		
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**		**Achieved**	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	and linked to payroll, and identified ghost workers taken off the payroll			
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants on the state payroll?	The State had used Biometrics to reduce payroll fraud of the current civil servants in the State. From the report of the State Salary Director made available to IVA on the payroll for December 2018, out of the total Staff strength of 28,707 for Ogun State Civil Servants, 26,210 Staff on payroll have completed biometric exercise, while the remaining 2,497 (28,707 - 26,210) Civil Servants were awaiting their Biometric exercise completed before 31st December, 2019, resulting to 91%. Coverage as detailed below: Number of Civil Servants with biometric data linked to Payroll = 26,210 while total Population = 28,707 Percentage of enrolment = 26,210 / 28,707 x 100 = 91%. Copies of payroll reports were obtained directly from the Chief Program Analyst of the State, showing the total population on the payroll and the total payroll population with biometric data which were retained in the assessment file. A sample of 20 civil servants was taken at random from the State biometric database, a call was put through to them to verify that they are staff of the State and their salaries were confirmed. Also, examination of biometric data and other records relating to the randomly selected civil servants were undertaken, and it was	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
		confirmed that sampled items correspond with each other with copies retained in the assessment file.		
2	Has the State linked the biometrics data to the state payroll to identify ghost workers?	The State had linked the biometrics data of 26,210 Staff to the State payroll to identify ghost workers. This was confirmed through a sample check of selected Staff from the Ogun State Government Integrated Payroll and Personnel Management System as of 31st December 2018. A sample of 20 staff was taken from the payroll, calls were put across to them and confirmation was made that they are genuine Staff of the State Government. Screen shots evidences of Staff Data page on the Ogun State Government Integrated Payroll and Personnel Management System (IPPMS) were obtained and retained in the assessment file for ease of reference.	Satisfactory	
	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	The Chief Program Analyst of the State and the representative of the State Auditor-General confirmed to IVA Team that no ghost workers were identified in 2018 during periodic physical Personnel audit of Staff of the State. This was contained in the periodic Personnel report that was retained in the assessment file.	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 had linked BVN of Staff to the State payroll to identify ghost workers. This was confirmed through sampled check of selected Staff from the Ogun State Government Integrated Payroll and Personnel Management System (IPPMS) as of 31st December 2018.	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
		A sample of 20 staff was taken from the payroll, calls were put across to them and confirmations were made to the owners of the BVNs on IPPMS and genuine Staff of the State Government.		
		Screen shots evidences of Staff Data page on the Ogun State Government Integrated Payroll and Personnel Management System (IPPMS) were obtained and retained in the assessment file for ease of reference.		
		Number of Civil Servants with BVN linked to Payroll = 26,210 while total Population = 28,707 Percentage of enrolment = 26,210 / 28,707 x 100 = 91%		
2	Has the State taken steps to identify payroll fraud?	The Chief Program Analyst of the State and the representative of the State Auditor-General confirmed to IVA Team that no ghost workers were identified in 2018 during periodic physical Personnel audit of Staff of the State. This was contained in the periodic Personnel report that was retained in the assessment file.	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	A hard copy of the Public Procurement Law 2014- S.1 assented to by the then Governor on	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	the 8th June 2015 was provided to the IVA and it is available online at http://ogunstate.gov.ng/archives-budget-and-planning/		
2	Does the Law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement board; and 3) cover all MDAs receiving funds from the state budget.	The law is substantially compliant to the UNCITRAL Model Law and fully compliant with the DLR 6 requirements but requires a few revisions. 1) E-Procurement; (**Compliant**); - S. 4(9)(e). The Ogun State Council on Public Procurement has the power to approve changes in procurement process to adapt to improvements in modern technology S. 8(p) provides that the Ogun State Bureau of Public Procurement shall (o) Introduce, develop, update and maintain related database and technology. (p) establish a single internet portal that shall Subject to the freedom of Information Act 2011 serve as: i) a primary and definitive source of all information on government procurement; and ii) contain and display all public sector procurement information at all times. 2) Establishment of an independent procurement board. The results of our assessment of the legislation for independence are on the table below: | Required provisions*	Result		Satisfactory	The Council/Bureau should issue e-procurement guidelines.

	Disbursement Linked Indicators (DLI) and Tests	Findings		Conclusions	Recommendations
		The Functions and Powers of the Agency	Compliant; see sections 8 and 9 of the Law.		
		The composition of the Board	Compliant; See section 4(1) (a-c)		
		Membership of the Board/Council include representatives from professional bodies and associations.	Compliant; see sections 4(1)(c)		
		The grounds for removal of a member of Chief Executive of the agency	Compliant; see sections 10(4)		
		Regarding the decisions of the agency; Any other review after the Boards decision should be by judicial review	Compliant; see section 58(9)		

*Provided by the World Bank

3) Cover all MDAs receiving funds from the state budget. (**Compliant**); Section 18 (1) states that the law ….''shall apply to all procurement of goods, works and non- consulting service and services carried out by:
a.   The State and all procuring entities in the state created by virtue of legislative enactment; and
b.   Any public body in the state engaged in procurement and shall include MDAs, Bureaus, Offices, corporation and parastatals and all entities outside the foregoing which derives any funds appropriated for any type of procurement described in this law. ''

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
3	Has the state instituted an independent procurement regulatory function, which may be performed through one or a combination of the	The State instituted a procurement regulatory function which is being carried out by the State Tenders Board instead of the Bureau of Public	Unsatisfactory	The State should institute an independent Procurement Regulatory Board as spelt

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	Procurement as contained in the Procurement Law 2015.		out in the State Procurement Law.
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 regulation(s)), in line with the Open Contracting Data Standards (OCDS). For 2018, states can publish the information on the state official website or online portal if already established.	The State did not publish online, contract award information for all contracts awarded during the 2018 fiscal year that are above the set threshold.	Unsatisfactory	The state should ensure Contract award information above the set threshold are published online using the OCDS format.
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? Note: The approval of state-level public debt legislation shall occur by the 31 December of the year under	There is an approved State-Level Public Debt Legislation through the passage of the State Public Debt Management Law titled; "A Bill for a Law to Provide for the Establishment of the Ogun State Debt Management Office and for Connected Purposes 2012" which can also be called Ogun State Debt Management Office (Establishment) law 2012. It was assented to by the then Executive Governor on the 19th October 2012.	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	assessment to count for that year, up to 31 December 2020.			
2	Does the legislation include provisions which establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	The IVA reviewed the Law against the 3 Criteria and noted that: • Criteria #1, we found that s.8(a) & 24 of the DMOL met the requirement. • Criteria #2, we agree that s.7(c) of the DMOL met the requirement. • Criteria # 3 is addressed by ss. 7(i)-(s), ss. 7(d)-(r), 8, & 9, 20-24 of the DMOL and provides a framework for debt management in Ogun State with reasonably detailed fiscal and debt rules. The law however did not stipulate debt limits. S. 22(e) of the DMOL empowers the DMO to review and advise on the maintenance of statutory limits for all categories of loans or debt instruments, but there is no provision in the DMOL on debt limits whether quantitatively or as a framework for setting the limit.	Unsatisfactory	The state should ensure the law provides for debt limits for the state.
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 (DLI) and Tests	Findings	Conclusions	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 produced quarterly State Domestic Debt Reports (SDDR), which are on average within two months after the end of each quarter in 2018. This was corroborated by the Report from DMO, Abuja (Appendix I of letter reference No: DMO/SPD/076/45 dated December 16, 2019 addressed to the Auditor-General for the Federation) which confirmed that the State submitted their Quarter 4 report on time. The dates of submissions of the SDDR to DMO were as follows. **Dates of submissions** **Average time taken** 1st Quarter: 23/5/2018 7 weeks 4 days 2nd Quarter: 8/8/2018 5 weeks 4 days 3rd Quarter: /11/2018 5 weeks 4th Quarter: 9/02/2019 5 weeks 5 days **Note:** The acknowledgement copies of the four quarters of State Domestic Debt Reports (SDDR) were obtained and retained in the assessment file for ease of reference.	Satisfactory	
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	We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.	n/a	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
	protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	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.		
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.**		**Not Achieved**	
1	Has the State established an Arrears Clearance Framework (ACF)?	No Arrears Clearance Framework as at 31st December, 2018	Unsatisfactory	The State should prepare and implement an ACF as well as an internal domestic arrears database, in line with the detailed guidance provided for this DLR.
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	No Arrears Clearance Framework as at 31st December, 2018	Unsatisfactory	See above
3	Has the ACF been published on a state official website?	No Arrears Clearance Framework as at 31st December, 2018	Unsatisfactory	See above
4	Has the State established an Internal Domestic Arrears Database?	No Internal Domestic Arrears Database as at 31st December, 2018	Unsatisfactory	The State should implement an internal domestic arrears database, in line with the detailed guidance provided for this DLR.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
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?	No Internal Domestic Arrears Database as at 31st December 2018	Unsatisfactory	See above
DLI 9: Improved Debt Sustainability				
DLR 9	**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2018], AND Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets target: -Basic target: < [150%]** **-Stretch target: < [125%]**		**Achieved** Stretch target met	
	Has the State met: (i) the ratio of total debt stock at end-of-year (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%]**	**Computation based on DMO Figure** 2018 APA Computation of Debt/Total Revenue Total Revenue (Pg. 24 of the FS) - ₦161,623,242,603.73 Less: Investment income (Pg. 20, Note 4) (₦ 20,359,690.83) Other Revenue (Pg21, Note 5) - (₦22,950,187,056.78) Adjusted Revenue - ₦ 138,652,695,856.12 Total Debt (Provided by DMO) - ₦ 160,442,846,430.26* Debt/Revenue ₦160,442,846,430.26 X 100 = 116% ₦ 138,652,695,856.12 *Table 3 below holds a breakdown of the Total Debt. The State met the Stretch target. The difference between the Debt figures in the 2018 Audited FS and the Debt Figures from the DMO has been raised as an issue – see Appendix A.	Satisfactory	

Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusions	Recommendations
Has the State met: (ii) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2018) to the gross FAAC allocation for the same calendar year. **Less than :< [40%]**	The Ogun State FAAC deductions at source in comparison with the Gross Allocation Was 26.7% which is less than the 2018 APA benchmark of 40%. Computation Deduction at Source N14,478,426,920.16 X 100 Gross Receipts N54,220,340,638 =26.7% Source: FMoF (FAAC) The data was sourced from Federal Ministry of Finance, Home Finance Department.	Satisfactory	

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

NAIRA	OGUN
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	17,569,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	14,694,808,787
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	45,936,117,619
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	7,995,786,222
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	-
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	23,013,216,913
8. BAIL-OUT (INFRASTRUCTURE)	19,040,090,392
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	-
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	494,221,549
13. PENSION AND GRATUITY ARREARS	-
14. SALARY ARREARS AND OTHER CLAIMS	-
15. OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	128,743,241,481
TOTAL EXTERNAL DEBT (TED)	31,699,604,949
TOTAL PUBLIC DEBT (TED+TDD)	160,442,846,430

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.
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

Response for Further Consideration	IVA Response
DLI 9: The State has reconciled the figures and the difference is as contained in the attached document named Reconciliation of Ogun State Debt Stock Figures as at 31st December 2018.	Noted. We obtained revised Data from FMoF, World Bank and DMO for the computation on this DLR. We recomputed the percentage ratios (see DLR 9 above) which has been assessed as "Achieved".
DLI 7.1: Is it that the World Bank is saying the Federal DMO Law is no longer comprehensive because the State Government adapted the Federal DMO Law? This should be looked into.	Response from WB was sent to the state via Email on 24th February 2020. – Reproduced below for ease of reference. *''Sequel to your mail on DLI 7.1, we have consulted with World Bank and they responded that when SFTAS and DLI 7.1 was designed, the starting point was to support the 22-point FSP, action #17:domestication of the FRA in states.* *Upon discussion with states at the design phase, they agreed that as some states may have adequate provisions in their Debt Management law, they would design DLI 7.1 around the three key provisions and give flexibility to states to meet those provisions through one or a combination of state-level laws on debt management, fiscal responsibility.* *They noted that in most cases states that were assessed as achieving DLI 7.1 in 2018 had both a debt management law and a Fiscal Responsibility Law (FRL).* *They also noted that at the Federal level, the FRA provides for the fiscal and debt limits for the federal government, not the Federal DMO law. The Federal DMO law sets out the responsibilities for contracting debt and recording and reporting of debt.''*

Appendix A – Differences in Debt Stock reports

ISSUE REPORTING TEMPLATE
FOR THE SFTAS ANNUAL PERFORMANCE ASSESSMENT

Introduction:
This form is to be used by all the assessment teams to submit any issue encountered during the Annual Performance Assessment (APA) at the state. **Note:** All issues raised must be sent by email to the state focal officer and a copy to
sftas@oaugf.ng , sftas.iva@gmail.com and sftas@jkconsulting-ng.com

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

ISSUE 1

State:	Ogun
DLI affected:	DLI 9
Prepared by:	Albert Ogunsina
Date:	24/1/2020

1. **APA Issue** [DEBT STOCK]

2. **Description of finding/issue:**

The DLI provides that:
Total debt stock at end Dec 2018 as a share of total revenue for 2018 financial year meets target.
Recall that the IVA observed a discrepancy between the) ₦ 160,442,846,430.26 reported as Domestic debt stock to DMO and N130,437,320,289.18 reported in the 2018 financial statements (page 6) with a difference of N30,005,526,141.08. Though the DMO figure was used in the calculation of the debt ratio, the state was asked to reconcile the figures. (see "**Summary of work done, and evidence obtained on DLR 9")**
This was reinforced by the Quality Assurance unit of the IVA review of your state.

3. Effects
Non satisfactory explanation will influence the reliability on the 2018 financial statement based on the materiality of the omission of over N30,005,526,141.08 debt stock from the financial statement.
Clarification or information requested from the state
Kindly explain why the domestic debt of ₦ 160,442,846,430.26 from DMO did not reflect in the 2018 financial statements, and the rationale for reflecting the amount of N130,437,320,289.18.
4. State to insert response below
No Response.

Appendix B – Differences in FAAC Allocation figures

ISSUE REPORTING TEMPLATE
FOR THE SFTAS ANNUAL PERFORMANCE ASSESSMENT

Introduction:
This form is to be used by all the assessment teams to submit any issue encountered during the Annual Performance Assessment (APA) at the state. **Note:** All issues raised must be sent by email to the state focal officer and a copy to sftas@oaugf.ng , sftas.iva@gmail.com and sftas@jkconsulting-ng.com

RESPONSES ARE REQUIRED WITHIN TWO WORKING DAYS PLEASE.

ISSUE 2

State:	Ogun
DLI affected:	DLI 9
Prepared by:	Albert Ogunsina
Date:	24/1/2020

5. **APA Issue** [GROSS FAAC ALLOCATION]

6. **Description of finding/issue:**

The DLI provides that:

The State deductions at source, in comparison to the Gross Allocation meets the target

Recall that the IVA observed a discrepancy between the) ₦52,564,534,808.53 reported as Gross receipt from Home Finance Office (FMoFB&NP) and N54,118,855,953.27 reported in the 2018 financial statements (page 12, Note 3) with a difference of N1,554,321,144.74. Though the FMoFB&NP figure was used in the calculation of the Gross Allocation, the state is to reconcile the figures. (see "**Summary of work done, and evidence obtained on DLR 9")**

This was reinforced by the Quality Assurance unit of the IVA review of your state.

7. Effects

Non satisfactory explanation will influence the reliability on the 2018 financial statement based on the materiality of the omission of over N1,554,321,144.74 FAAC receipt from the financial statement.

Clarification or information requested from the state

Kindly explain why ₦52,564,534,808.53 reported as Gross receipt from Home Finance Office (FMoFB&NP) did not reflect in the 2018 financial statements, and the rationale for reflecting the amount of N54,118,855,953.27.

8. State to insert response below

No Response.

Appendix C

Ogun 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.ogunstate.gov.ng/budget/ https://www.ogha.og.gov.ng/ : http://news.ogunstate.gov.ng/?s=2019+budget http://ogunstate.gov.ng/mof/ http://ogunstate.gov.ng/budget-archive/	A search was done on Ogun 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 18/03/19 providing an attached document to the state governor's assent. A copy was saved.

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

Do we have evidence of assent by the Governor?	Yes	State should publish Governor's Assent with 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 / Observations	Follow up	Final Assessment
http://news.ogunstate.gov.ng/ http://news.ogunstate.gov.ng/category /finance/ http://ogunstate.gov.ng/oaglg/#finance http://ogunstate.gov.ng/mda/ http://ogunstate.gov.ng/files/uploads/2 018/09/FinancialStatement2017.pdf	A search was done on the Ogun State website	The 2017 Financial Statements were published on the state website, a copy was downloaded. The link to their financial statements was found in their home page.	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?	Yes	i. No detailed notes provided. Disclosure Notes should be published with the Financial Statements. ii. Newspaper extracts, and adverts of FS uploaded. The full Financial Statements should be published online.
Are there any indications that balances within the financial statements are not credible	Yes	i. Social benefits not reported. ii. There's a need to reconcile domestic debt data for 2017 and external for 2016 with DMO iii. Also, reconcile domestic and external debt service data with DMO