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

2019 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

November 2020

Table of Contents

1   Executive Summary

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

Table 1 (below) reflects the outcome of the 2019 APA for Ogun State and shows areas where the State achieved results. In total, Ogun State achieved **6 (Six)** DLRs out of 15 DLRs applicable to 2019. One of the achieved DLRs was due for assessment during the 2020 APA but has been assessed early as requested by the Programme.

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

1. <u>DLR 1.2</u>: Ensure the annual expenditure outturn deviation is reduced to a level within the requirements for this result.

2. <u>DLR 2.2</u>: Prepare and publish online the citizens budget before the due date.

3. <u>DLR 3.0</u>: Develop a functional State-level TSA where all Government revenues are credited into before expenditure thereby increasing the percentage of state government finances flowing through the TSA to at the least the minimum required to achieve this result.

4. <u>DLR 4.1</u>: Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the sources of the revenues, (including the Local Governments sources). The amended revenue law and code should be published online.

5. <u>DLR 4.2</u>: Increase in year-on-year IGR growth to at least the levels required for the achievement of this result.

6. <u>DLR 6.1</u>: Ensure the establishment of an independent procurement regulatory agency to effectively carry out the required functions.

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

8. <u>DLR 8</u>: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.

9. <u>DLR 9</u>: Maintain its Debt to Revenue ratio at a level adequate for the achievement of this result.

Furthermore, we noted a significant issue affecting the credibility of the Financial Statements for 2019. Primarily, there is a difference of ₦28,319,307,640.88 (Twenty Eight Billion, Three Hundred and Nineteen Million, Three Hundred and Seven Thousand, Six Hundred and Forty Naira, Eighty Eight Kobo), between the Total Debt Stock figure reported by the State on pages 35, 36 and 37 of the 2019 Audited Financial Statement (₦173,465,045,737.12) and the 2019 figure reported by the Federal Debt Management Office, the Central Bank of Nigeria and the Federal Ministry of Finance (₦201,784,353,378.00).

Table 1: Assessment Results

Key:	Achieved		Not Achieved		Previously Achieved	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The reports were published the report in an average of 5.45 weeks after each quarter end.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 64%

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.	[Green]	Formal public consultations held and minutes were published online on 31st January, 2020
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		The Citizens' budget was published on 26th August 2020.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 60 percent of state government finances implementation of State TSA.		The State TSA does covered 23% of State Government finances
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		The Revenue code does not include all sources of revenue for Local Governments and does not stipulates the SBIR as the sole agency responsible for state revenue.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: - Basic target: 20%-39%, Stretch target: 40% or more		The IGR declined by 16%
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll	[Green]	The State had captured 92.6% of the State' civil servants and pensioners
	DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed	[Green]	The State has linked 92.6% of the State civil servants and pensioners BVN data 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 regulatory agency; and 3) Cover all MDAs receiving funds from the state budget.		A procurement agency was not yet set up in 2019
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on the state website		There was no publication of contract award information online.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.	[Green]	This is a 2020 APA result assessed early. All three requirements were met.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2019	[Green]	The SDDRs were submitted within an average of 1.2 months (38 days).
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established **and** Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.		State has neither an Arrears Clearance Framework nor established an Internal Domestic Arrears Database
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. **and** Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.		The State's Debt to Revenue ratio was 160% and the percentage of the State's Average Monthly Debt Service deduction to Gross FAAC allocation was 28.2%

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

2.   Introduction

2.1   Overview

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Ltd was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2019. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

2.2   Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2019 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state's eligibility for grants under the 2019 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix A.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised on the requirements of the program and on the protocol for 2019. The assessment results are binary (Achieved or Not Achieved), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 23*/08/2020 and 29/08/2020* with a team of four persons, starting with an opening meeting where all the information requested were handed over. The visit was concluded with an exit meeting where the initial findings were discussed, and each state was given further opportunity to provide clarifications and/additional information.

The draft conclusions from the work done were reported to the State and this final report takes account of the State's comments on the draft results, as shown in Section 4.
The Office of the Auditor-General for the Federation and JK Consulting Co. Ltd are grateful to the States for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards achieving the DLRs in the remaining years of the Program.

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management**		**Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	The Quarterly budget implementation reports were posted online on http://ogunstate.gov.ng/download-category/budget-execution as follows: • Q1 – (06/05/2019) - 5.1 weeks (36 days) • Q2 – (08/08/2019) - 5.6 weeks (39 days) • Q3 – (05/11/2019) – 5.1 weeks (36 days) • Q4 – (11/02/2020) - 6 weeks (42 Days) Average weeks for the online publication is computed as below: $$\frac{5.1+5.6+5.1+6}{4}$$ Average = 5.45 Weeks (38 days) We downloaded the quarterly budget Implementation Reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations.	From our review of the Quarterly Budget Implementation reports downloaded from the State's website (see weblinks above) we observed following; • The Budget Implementation Reports included the approved budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures. • The Budget Implementation Reports include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, • The Budget Implementation Reports include the balances against each of the revenue and expenditure appropriations. • The State had no amended/revised budget or passed a supplementary budget. The reports include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations.	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?	Upon review of the State's Budget Performance reports, we noted that they stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	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	Upon review of the State's Budget Performance reports, we noted that they stated the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which include debt servicing, and transfers, or other expenditures	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	expenditures not attributable to any of the other three (3) expenditure classifications?	not attributable to any of the other three (3) expenditure classifications.		
DLR 1.2	**FY [2019] deviation from total budget expenditure is less than 25%**		**Not Achieved**	
1	Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 25%	The State computed the budget deviation for 2019 to be 62 % The IVA computed the budget deviation for this APA year. See the computation below: |	Original Budget	Actual Outturn (Pg 6)
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Capital (pg 2)	250,657,328,788	35,418,281,381.48
Rec. Exp (pgs 1 & 2)	149,665,700,000	107,789,083,180.91
Total	**400,323,028,788**	**143,207,364,562.39** | $$\frac{₦400,323,028,788 - ₦143,207,364,562.39}{₦400,323,028,788} \times 100$$ $$= 64\%$$ The budget performance deviation is 64% *Note that in the draft report we had initially used the figure in pg 6 - Statement of Cash flows and the figure included "proceeds form External loans" and "proceeds from internal loans" which were not included in the Statement of Comparison of Budget and Actual in page 8. We have made the necessary correction of the difference of N8.8bn in the above calculation.* **Source**: 2019 Audited Accrual Financial Statement Pg 8 and Approved Budget and Actual Expenditure or Appropriation Law Pg 1.	Unsatisfactory	The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result.
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 2.1	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] budget**		**Achieved**	

1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	a) A Town-hall consultation was held with Imeko-Afon LGA, Agbaraigbesa LGA, Ikenne LGA, Odeda LGA and Ifo LGA etc in attendance.
		
		b) The CSOs representatives in attendance were Family Health Initiative and Women Advocacy on HIV prevention and other diseases.
		
		c) The sources of information from which our conclusions were drawn are the Communique / minutes, attendance list and pictures of the consultations.
		
		d) The consultation was held across the three (3) Senatorial Districts as follows:
		  • Ogun East- 10/10/2019 at Bisi Rodipe Hall, Igbeba GRA, Ijebu-Ode
		  • Ogun West Senatorial District- 16/10/2019 at Frontier Hotel and Resort, Ibese Road, Ilaro, Ogun State.
		  • Ogun Central Senatorial District- 18/10/2019 at June 12 Cultural Centre, Kuto, Abeokuta.
		
		e) A sample of 10 attendees were randomly selected and contacted through phone calls to confirm their attendance and they all confirmed their participation.
		
		f) The Budget was drafted on 3rd December, 2019.
		
		g) The consultation was held on 10th, 16th and 18th October, 2019 while the draft budget was prepared on 3rd December, 2019. The Public consultation was done first.
			Satisfactory	

2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31	a) The Minutes of the Public Consultation was co-signed by the CSO representatives of Family Health Initiative and Women Advocacy on HIV Prevention and Other Diseases. b) The title of the Minute was "The Report on Ogun State 2020 Budget and Medium-Term Expenditure Framework (MTEF) 2020-2022, held on Friday 18th October, 2019 at	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	January 2020 to enable citizens to find the inputs easily?	Ogun Central Senatorial District at June 12 Cultural Centre, Kuto, Abeokuta, Ogun State. The consultation was organized by Ministry of Budget and Planning, Oke-Mosan, Abeokuta". c) It was published on the Official State website at: http://ogunstate.gov.ng/download/ogun-central-town-hall-report-on-budget-2020/ on 31st January, 2020 d) See Appendix A for weblinks to the proposed/final budget		
DLR 2.2 New	Citizens' budget based on approved FY19 State budget published online by end April 2019.		Not Achieved	
1 New	Has the State published online, on the State website(s) a *Citizens Budget based on the approved FY19 state budget* not later than 30 April 2019?	The Citizens budget based on approved FY19 state budget was published on the 26th August, 2020. It was published after the due date of 30th April, 2020. (http://ogunstate.gov.ng/download/ogun-state-2019-citizen-budget/) accessed on 26/08/2020.	Unsatisfactory	The State should ensure they publish online, on the State website the citizens' budget by no later than 30 April.
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	The Citizens budget do not include simple explanations of the annual budget/citizens budget as contained in page 3 of the World Bank Citizen Budget Template User Manual.	Unsatisfactory	The State should ensure that Citizens budget contains simple explanations of the annual budget/citizens budget
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	Improved cash management and reduced revenue leakages through implementation of State TSA		Not Achieved	
1	Has the State established a functional State-level TSA?	a. The State has established a modified functional State-level TSA through a process whereby 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	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	independent of the other and as such there was no sweeping of funds into a single account by the State. b. The State operates multiple accounts within the group of Accounts that make up their TSA. The Consolidated qRevenue Accounts, FAAC and VAT Accounts can be viewed on a single dashboard. This system was operated in line with the State cash management strategy and CBN guidelines provided for the States on TSA. FAAC Account details: Bank: First Bank Account Name: Ogun State Government Statutory Allocation Account Account number: 2017774747 VAT Account details: Bank: Access Bank Plc Account Name: Ogun State Government Value Added Tax Account Account number: 0810233425.		
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.	The State has a Cash Management Strategy with the following details: a) The Cash Management Strategy is called the "Funds Management Strategy Manual" b) It was produced in December, 2019 and signed by the Executive Governor, the Honourable Commissioner for Finance and the Accountant-General of Ogun State. c) The Strategy covers 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. This is set out in Sections 9, 9.1 and 10, Pages 9 - 11 of the Funds Management Strategy Manual. d) The Strategy provides for daily sweeping of fund. Funds are swept from the Consolidated Revenue Bank to the	Unsatisfactory The strategy was signed as approved in December 2019, and therefore not demonstrably in use during 2019	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Consolidated Expenditure Banks. Though this was not done as the collecting banks were all part of the State TSA. e) There was evidence of implementation of processes described in the cash management strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds (by checking the existence of cash commitments and requirements forecasts at the intervals stated in the cash management strategy (monthly, quarterly etc). The State provided their cash survey report for 2019 as well as their medium-term expenditure Framework for 2020 – 2022 as well as MDAs monthly commitment requirement. The State's Cash Management Strategy provides for two ways of forecasting. One is to request for MDAs including the revenue authority, to provide a monthly breakdown of the expected revenues and expenditures during the year and the other forecasting technique is done within-the-year to take advantage of the typical stability in the pattern of revenue collection and some types of expenditures, such as salaries, etc. Revenue authorities typically rely on the historical collection pattern when breaking down the annual tax revenue forecast on monthly basis.		
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)?	a) The State has a computer application which enables it to have a central view of its cash balances. The app is called Bank Account Monitoring Systems (BAMS). It was produced by Upperlink Limited, an agent of NIBBS. A physical demonstration was done by the State's Accountant-General and other key staff with access to the platform. b) The app was in line with the State Cash Management Strategy. c) The app was deployed in November 19, 2019, while the cash management strategy was approved in December –	Unsatisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		meaning there was no approved strategy at the time it was deployed		
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.	Based on the interviews conducted with the Officials of First Bank, Access Bank, Sterling Bank, various MDAs and Ogun State Internal Revenue Service (OGIRS) and fee payers, it was evident that Revenues collected by MDAs no longer sit in individual MDA bank accounts but is paid into the State's Consolidated revenue Account in 18 Commercial Banks and eventually swept into the Consolidated Expenditure Account in the various 18 Commercial Banks. The State presented several Bank Statements which represent the various Banks warehousing both Revenue and Expenditure Accounts in each bank. Only IGR is paid into these banks while the FAAC is paid into a separate Account	Unsatisfactory	The State's TSA should have one consolidated revenue treasury account for state revenues (FAAC and IGR)
5	Does the TSA cover a minimum of 60% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019. See the computation below: **Calculation of inflow/outflow using all the States Consolidated Revenue and Expenditure Accounts**	Unsatisfactory	The State's TSA should cover a minimum of 70% of Government Finances for the 2020 APA and 80% for the 2021 APA.

	Total Inflows	Total Outflows
TSA Bank Statement	32,898,734,046.71	38,541,801,612.25
Government Finances*	163,270,161,500.11	152,089,435,422.04
Percentage	20.14	25.34

The average is percentage computation is:
$$20.14 \% + 25.34 \%$$

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	2 **= 23%** The TSA covered 23% of the State's finances. Note: We considered all the 18 IGR Accounts in the 18 Commercial Banks as the TSA as those are the only accounts that are swept. *Sources: 2019 Audited Financial Statement (Cashflow Statement) Pg.6 and the TSA Statement from various banks covering the State's Consolidated Revenue and Expenditure Accounts for the period 1st January to 31 December, 2019. Source for TSA inflow/outflows – Bank inflow and outflow details from all the States Consolidated Revenue and Expenditure Accounts for the period January 1 to 31 December 2019. The State stated that their TSA is of a group of Accounts which is made up of: FAAC, IGR and VAT Accounts which can be viewed in a single dashboard.		

	Inflow ₦	Outflow ₦
FAAC Account	36,008,632,164.85	27,215,217,366.09
IGR Account	32,898,734,046.71	38,541,801,612.25
VAT Account	13,570,491,447.23	13,569,678,556.74
	82,472,857,658.52	**79,337,837,535.08**
Government Finance	163,270,161,500.11	152,089,435,422.04
Percentage	50.51%	52.17%

The average in percentage computation is:

$$\frac{50.51\% + 52.17\%}{2}$$

= 51.34%

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Based on this calculation the TSA (Group of Account) covered 51.34% of the State's finances, however, the IVA is of the view that the arrangements which require multiple accounts with several banks does not meet the general definition of a TSA for this result, albeit the dashboard enables better cash management.		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published**		**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 findings in 2018 APA showed that the State did 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 and there was no MDA Rates, LGA sources with chargeable rates. For the 2019 APA, an interview with the Chief Executive, Ogun State Internal Revenue Service and the SFTAS Focal Person revealed that the State is currently working towards enforcing the observations and recommendation in the 2018 APA report. They mentioned that they are done with the bill to the level of collection of rates and tariffs of Local Governments and the MDAs. They have also contacted the NGF for a review of their proposed amendments. The Current Ogun State Board of Internal Revenue Law was seen online and downloaded but the assent page, date of	Unsatisfactory	The State should amend its current harmonised law to include all sources of revenue for local governments

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		approval and/or gazetting was not published along with the law. Issue has been reported to the State to provide the assent page of the law and approval date (if any). The current law also does not include IGR sources but the State/Executive Chairman, OGIRS said that they are working on their law and that the amended law will include IGR sources. http://ogunstate.gov.ng/download/board-of-internal-revenue-law/		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	The Current Revenue Law does not stipulate that the SBIR is the sole agency responsible for State revenue (Tax and non-tax) but the Chief Executive stated that this will be addressed in the amended Revenue law for the State.	Unsatisfactory	The State should amend its Tax legislation to make it explicit in the law that the SBIR/SIRS is the sole collector for all State government revenues.
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	The SBIR have full oversight of the accounts that revenue is made into and is responsible for reporting and accounting for their revenue that they collect which is PAYE, Direct Assessment, Road Taxes and other Taxes. Collection are made into accounts that have been endorsed and made known to the public by the SBIR. They are also connected to a dashboard and able to see what is being paid into or leaves the revenue account. Screenshot was taken of the dashboard being demonstrated by the Executive Chairman, OGIRS.	Satisfactory	
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 State Revenue Administration law published online did not have its approval page. The issue was reported to the State.	Unsatisfactory	The State should ensure that required amendments to the law are concluded as soon as possible in

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	the 31 December of the year under assessment to count for that year, up to 31 December 2020.			view of upcoming APAs.
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	a) The IVA was able to download a copy of the State's revenue law. b) This was done on the 12th of August, 2020. c) The publication of the Law was made online on the 2nd December, 2019 at: http://ogunstate.gov.ng/download/board-of-internal-revenue-law/	Satisfactory	
DLR 4.2	**Annual nominal IGR growth rate meets target**		**Not Achieved**	
1	Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	a. The State used the cash basis in 2018 and accruals basis in the 2019 Audited Financial Statement b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:	Unsatisfactory	The State should improve on their IGR collection to at least achieve a 20% annual growth rate as the minimum required for this result.

Table in Findings (DLR 4.2, row 1):

Item	NGN 2018	NGN 2019	% GROWTH
1. Reported IGR in AFS (Before Adjustments)	84,554,199,594	71,001,583,620	-16%
2. VALID IGR items to be counted as IGR	84,533,839,903	70,974,021,920	
Direct tax	51,947,636,970	39,013,745,579	
Personal income tax (PAYE)	-	-	
Licenses	1,967,405,539	3,814,778,069	
Levies		-	
Fees	22,386,463,725	18,559,566,050	
Fines	212,214,428	183,231,915	
Charges	-	-	
Sales of goods and services	1,548,363,746	4,309,811,549	

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		Earnings (Excluding interest or investment income)	2,457,041,666	2,535,014,061			
		Rent of govt property/building	1,695,490,655	947,102,912			
		Other	2,319,223,174	1,610,771,786			
		3. "Adjusted IGR" for DLI 4.2 Calculation					
		Sum of all VALID items of IGR if AFS has that detail	84,533,839,903	70,974,021,920	-16%		

$$\frac{₦70{,}974{,}021{,}920 - ₦84{,}533{,}839{,}903}{₦84{,}533{,}839{,}903} \times 100$$

= -16% %

There was a decline by 16% based on cash accounting balances.

Note: The 2018 F/S was prepared on a Cash Basis and the 2019 Cash balance has been applied to enable fair comparison.

Source: 2019 Audited Financial Statement Pgs 12 - 14.

DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current	a) The State's Biometric capturing and Centralized Payroll Systems started in the year 2003 with the deployment of payroll solution named Human Manager 4.0 by SystemSpec and AFIS Data capturing by Charms Ltd. Personnel data of	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

civil servants and pensioners on the State payroll?	employees (both active Civil Servants and Pensioners), images and fingerprint were captured by the system and transferred into the payroll for salary computation. The process of Biometrics capturing and BVN linkages of employee's data to payroll, has provided assurances on the payroll system with a bid to rid off the workforce of Ghost and invalid workers and achieved 93.37% Biometric capturing and BVN linkages of the State workforce (Civil Servants) and 91% Biometric capturing and BVN linkages of the State Pensioners as at December, 2019.
	b) This Biometric exercise is being handled by Consortium for Administration of Salaries and Pensions (CASP)
	c) The State has a total of 28,014 Civil Servants and 13,541 Pensioners. The number of Staff on the Nominal roll is 45,052 (Civil Servant-28,144 and Pensioners-16,908) while that of payroll is 41,555 (Civil Servants - 28,014 and Pensioners - 13,541). The biometric data of 38,478 of civil servants (26,156) and pensioners (12,322) has been captured.
	d) The documents collected and reviewed are as follows:
	  i.A copy of the Nominal Roll for all State civil servants
	  ii.A copy of the Nominal Roll for all State pensioners
	  iii.A report from the State Biometric Database Consortium for Administration of Salaries and Pensions' system on the numbers of persons registered
	  iv.A report from the State Treasury Office on the numbers of civil servants and pensioners paid for the year under review
	  v.Report of the Accountant-General and Financial Statement for the year ended 31st December, 2019 (pages 3 and 25)
	  vi.Integrated Payroll and Personnel Management Systems powered by GNL Systems Ltd.
	  Screenshot of 20 Samples each for civil servants and pensioners on the database were undertaken and kept in assessment file		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{38,478}{41,555}$ x 100 = 92.6% The State had captured 92.6% of the State' civil servants and pensioners.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced the linkage of the biometric data to the payroll in 2003. b) The biometric data of 38,478 of civil servants (26,156) and pensioners (12,322) has been captured and linked to the payroll. c) No ghost workers were detected during the year under review though I was made to realize that on receipt of a memo to disengage an Officer suspected to be ghost worker, such instruction will be carries out immediately before investigative committee will sit on the matter. d) The changes experienced in 2019 payroll figure was because of voluntary leavers, deaths and officers on study leave. e) The procedures put in place through the State Integrated Payroll and Personnel Management System is such that it takes care of leavers immediately without any delay. Three months to your retirement, the system automatically generate a message reminding intending retiree to get prepared.	Satisfactory	
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) No ghost workers were detected during the year under review. Though I was made to understand that on receipt of a memo to disengage an Officer suspected to be ghost worker, such instruction would be carries out immediately before investigative committee would sit on the matter. b) Progress report of the Consortium for Administration of Salaries and Pensions (CASP) confirmed the above claims. c) The State Auditor-General's Audit Report for the year 2019 has been obtained, reviewed and no discrepancies identified.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
5.2	**Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Achieved**	
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	a) The State's commenced the linkage of BVN data of Civil Servants and Pensioners to the Centralized Payroll Systems in the year 2003 with the deployment of a payroll solution named Human Manager 4.0 by SystemSpec and AFIS Data capturing by Charms Ltd. b) This exercise is being handled by Consortium for Administration of Salaries and Pensions (CASP) c) The State has a total of 28,014 Civil Servants and 13,541 Pensioners. The number of Staff on the Nominal roll is 45,052 (Civil Servant-28,144 and Pensioners-16,908) while that of payroll is 41,555 (Civil Servants - 28,014 and Pensioners - 13,541). The total payroll population with BVN data is 38,478 (Civil servants -26,156 and Pensioners - 12,322) d) The documents collected and reviewed are as follows: i. A copy of the Nominal Roll for all State civil servants ii. A copy of the Nominal Roll for all State pensioners iii. A report from the State Biometric Database Consortium for Administration of Salaries and Pensions' system on the numbers of persons registered iv. A report from the State Treasury Office on the numbers of civil servants and pensioners paid for the year under review v. Report of the Accountant-General and Financial Statement for the year ended 31st December, 2019 (pages 3 and 25) vi. Integrated Payroll and Personnel Management Systems powered by GNL Systems Ltd. Screenshot of 20 Samples each for civil servants and pensioners on the database were undertaken and kept in assessment file $\dfrac{38,478}{41,555} \times 100$	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		= 92.6 %		
		The State has linked 92.6% of the State civil servants and pensioners BVN data to the payroll.		
2	Has the State taken steps to identify payroll fraud?	a) The State has taken adequate steps to identify payroll fraud through a continuous audit system adopted for examination of records carried out by the Resident Auditors in the Ministries, Departments and Agencies under the Supervision of the State Auditor General. b) No ghost workers were detected during the year under review. c) The progress report of the Consortium for Administration of Salaries and Pensions (CASP) confirmed this. d) The State Auditor-General's Audit Report for the year 2019 was reviewed and also confirmed that no ghost workers were detected during the year 2019.	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget**		**Not Achieved**	This is a 2020 APA result which has been assessed early as requested by the programme.
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?	The State has an approved Public Procurement (PP) Legal Framework. Initially, there was Ogun State Public Procurement Law, 2014 which was amended and titled; "The Public Procurement (Amendment) Law, 2020. The amendment was signed by the Speaker of Ogun State House of Assembly and the Clerk of Ogun State House of Assembly and assented to by the Executive Governor of Ogun State and on the 28th July, 2020.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The amendment was made to certain sections of the old law which did not affect the contents of the law assessed in the 2018 APA as it relates to the criteria for this DLR. It was also observed that: a) The amendment was published on the 27th of August, 2020 and the b) Website publication source is: file:///C:/Users/PAVILION/Downloads/OGUN%20STATE%20 AMENDED%20PROCUREMENT%20LAW%202020.pdf		
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	The Ogun State Public Procurement Law is structured in line with the UNCITRAL Model and meets the requirements in providing for e-Procurement, establishment of an independent procurement regulatory agency and covers all MDAs receiving funds from the State budget. The 2018 APA team's review was compared with the expert's review and the result was reported to the State in the 2018 APA. The below shows the aligned result: 1) **E-Procurement** – We noted the following during our review of the legislation; • Section 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. • Section 8 (o)(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:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	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. The law therefore complies with the requirements for e-procurement. 2. **Establishment of an independent procurement regulatory agency -** The results of our assessment of the legislation for independence are in the table below: 	Required Provisions*	Result
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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 includes representatives from Professional bodies and associations.	Compliant; see sections 4(1)(c)
The grounds for removal of the Chief Executive of the agency.	Compliant; see sections 10(4)
Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; see section 58(9) | *Provided by the World Bank 3. **Covering all MDAs receiving funds from the state budget.** The State is compliant as we noted that: Section 18 (1) states that the law ….''shall apply to all procurement of goods, works and non-consulting service and services carried out by:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		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.		
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	The State was yet to have fully instituted an independent procurement regulatory function as provided for in their Law as at the time of the assessment. They currently have a Tender's Board fulfilling that role but are in the process of fully setting up their Procurement Regulatory Agency. An interview was conducted with the Permanent Secretary in charge of Cabinet who mentioned that efforts were on-going to fully establish the agency. The Honourable Commissioner, Budget and Planning also reiterated this. He also mentioned that process is on-going in getting a Director-General to fill the vacancy as interview is taken place soon.	Unsatisfactory	The State should ensure the establishment of an independent procurement regulatory agency to effectively carry out the required functions.
DLR 6.2	**Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]**		**Not Achieved**	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year(2019) that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS).	The State has not achieved the open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2019) that are above the threshold (as defined in the State Procurement Law in line with the Open Contracting Data Standards (OCDS). There was no online publication regarding contracts awarded during the 2019 year of assessment.	Unsatisfactory	State should adopt the OCDS and publish contract award information online as required under the standard.
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 7.1	**State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.**		**Achieved**	This is a 2020 APA result which has been assessed early as requested by the programme.
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?	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 Repeal the Ogun State Debt Management Law, 2012 and enact the Ogun State Debt Management Law, 2020 to provide for the Establishment of the Ogun State Debt Management Office and for Connected Purposes 2020" which can also be called Ogun State Debt Management Office Law 2020; and a State Fiscal Responsibility Law titled; "A Bill for a Law to provide for prudent Management of the State's Resources, ensure Long-Term Macro-Economic Stability of the State's Economy, secure greater Accountability and Transparency in Fiscal Operations within a Term Fiscal Policy Framework, and the Establishment of the Fiscal Responsibility Commission to ensure the Promotion and Enforcement of the State's Economic Objectives; and for Related Matters". Both Laws were assented to by the Executive Governor of Ogun State on the 27th August, 2020.	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.	The legislation provide for the creation of an Office as contained in Sections 3 (1) and 4 (1) of the Ogun State Debt Management Office Law 2020. The IVA reviewed the Law against the 3 Criteria and noted that: a) The responsibilities for contracting state debt was provided for in Sections 8 (a) and 24 of the DMOL	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	b) The responsibilities for recording/reporting state debt was provided for in Section 7 (c) of the DMOL.		
	c) The fiscal and debt rules/limits for the state was provided for in Sections 43 and 44 of the State's Fiscal Responsibility Law, 2020.		
	The laws (Ogun State Debt Management Law, 2020 and State Fiscal Responsibility Law) were passed by the State House of Assembly and assented to by the Executive Governor.		
	Requirement (i) establishing responsibilities for contracting state debt:		
	Section 3(1a-c) vests the authorization to contract loans in the State Executive Council of the State, while section 3(2) states the role of Commissioner of Finance in decision-making for borrowing.		
	It clearly stated the purpose of borrowing to finance the capital budget of the government for development projects; refinance the obligations of the government in respect of the projects.		
	Requirement for (ii) establishing responsibilities for recording and reporting state debt:		
	Section 3(1) of the Ogun State Debt Management Office (Establishment, Etc.) Law, 2020 provides for the establishment of a semi-autonomous Debt Management Office with the responsibility of negotiating, managing and recording debt operations, including an advisory role, among other functions.		
	Requirement for (iii) establishing fiscal and debt rules or /limits:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Section 5 (4a-h) stipulates the aggregate borrowing limit determined by: the total revenue of the government for the preceding the year which debt securities are to be issues; the current and projected revenue for the succeeding year; the average economic growth rate for the 3-years preceding the year of any issue; the existing public debt portfolio; and the gross domestic product of the state preceding the issue. preceding year. We further noted the following: The three laws do provide a strong legal framework for issuance of debt securities (domestic borrowing from the capital market). They stipulate the primary purposes of borrowing and specifies the debt limits (Part IX Section 43(1). However, the laws need to be improved to cover external borrowing and issuance of guarantees and provide explicit mandate to the Commissioner of Finance to borrow externally and domestically, which is not clearly stated in the law. The law vests the authorization to borrow in the Executive Council and limits the role of House of Assembly to approval of debt service payments. It would be necessary to provide a clear role for the House of Assembly in the loan approval process.		
3	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.	a) The State Debt Management Office has been operational during the APA year 2019 and performing the core functions of recording and reporting State debts. b) Some of the work done include: i. An interview with the Head of Department and Management was conducted, ii. The Head of Department was of the opinion that the Unit has been active and effective since 2009,	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		iii. A physical inspection of the Department was conducted and it was observed that the Office was quite active and befitting, iv. Pictures of official premises has been obtained, v. An interview with a randomly selected operational Staff was conducted and the persons view showed that the office has been functional and effective. c) The documents reviewed include: On-lending from FGN files, Domestic Debt Data Reconstruction, External Debt Service, etc.		
DLR 7.2	**Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019**			
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2019?	a) The State produced quarterly domestic debt reports approved by the DMO on average of 1.2 months after the end of the quarter. We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows: • Q1 submitted on 30/04/2019 4.2 weeks (30 days), • Q2 submitted on 14/08/2019 6.4 weeks (45 days), • Q3 submitted on 12/11/2019 6.1 weeks (43 days) and • Q4 submitted on 03/02/2020 4.9 weeks (34 days). The SDDRs were submitted within an average of 1.2 months (38 days).	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	We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Ogun State Debt Domestic Report and both showed a difference amount of ₦28,319,307,640.88 (Twenty Eight Billion, Three Hundred and Nineteen Million, Three Hundred and Seven Thousand, Six Hundred and Forty Naira, Eighty Eight Kobo), only in Total	n/a	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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.	Debt Stock figure reported by the State on pages 35, 36 and 37 of the 2019 Audited Financial Statement (₦173,465,045,737.12) and the 2019 figure reported by the Federal Debt Management Office and the Central Bank of Nigeria (₦201,784,353,378.00). The report was supported with the DMO's templates and guidelines. We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report. A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.** **AND** **Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.** -**Basic target:** At least a 5% decline or maintain stock below N5 billion -**Stretch target:** More than 20% decline		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State established an Arrears Clearance Framework (ACF)?	The State has not established an Arrears Clearance Framework (ACF)	Unsatisfactory	The State should establish an Arrears Clearance Framework (ACF)
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	The State has not established an Arrears Clearance Framework (ACF)	Unsatisfactory	The ACF should contain: 1) Planned actions to settle arrears 2) An explicit prioritization of expenditure arrears to be settled
3	Has the ACF been published on a State official website?	The State has not established an Arrears Clearance Framework (ACF)	Unsatisfactory	The State should ensure the ACF is published on her Official website
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The State has not established an Arrears Clearance Framework (ACF)	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF
5.	Has the State established an Internal Domestic Arrears Database?	The State has not established an Internal Domestic Arrears Database	Unsatisfactory	a) The state should ensure they establish an internal domestic arrears database. b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors'

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
							arrears; aggregate amount of pension and gratuity arrears; aggregate amount of salary arrears and other staff claims
6	Has the State published online elements of the internal domestic arrears database for the FY **2018** and FY **2019** reported on a State official website, which constitutes the online publicly accessible arrears database?	The State has not established an Internal Domestic Arrears Database for the two financial years.				Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.
7. New	Does the online publication include? 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.	The State has not established an Internal Domestic Arrears Database				Unsatisfactory	a) The State should ensure they publish online lists of contractors with recognised arrears exceeding N20million. b) The State should ensure contractors are able to verify that their claims are accurately reported.
New	Has the State met the following: (ii) Percentage decline in the verified stock of domestic arrears at end 2019	**Aggregate Amount of:**	**2019**	**2018**		Unsatisfactory	The State should ensure a reduction by at least 5% to meet the Basic Target or
		Contractors Arrears	₦494,221,549.27	₦494,221,549.27			

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations
compared to end 2018 meets target and is consistent with the state's arrears clearance framework. **-Basic target:** At least a 5% year-on-year decline or maintain stock or arrears below N5billion. **-Stretch target:** More than 20% year-on-year decline. *The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.*	Pension and Gratuity arrears	₦42,334,904,729.91	₦35,203,711,480.25		maintain a domestic debt stock below N5billion
	Salary arrears and Staff claims	₦4,646,719,050.65	₦3,644,176,746.78		
	Other types of domestic expenditure arrears		-		
	Total Domestic Arrears	₦47,475,845,329.83	₦39,342,109,776.30		

a. We obtained the Domestic Arrears figure from the State Domestic Expenditure Arrears Reporting.

2018 Domestic Arrears = ₦39,342,109,776.30
2019 Domestic Arrears = ₦47,475,845,329.83
There was an increase in the Domestic Arrears to the tune of ₦8,133,735,553.53 instead of a decline.
This sharp increase arose as a result of the previous government's lack of willingness to recognise these debts in her books. These debts are cumulative for over a period of 15 years. There was no decline, hence, the State did not meet the basic or stretch targets.

a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database.

$$\frac{₦39,342,109,776.30 - ₦47,475,845,329.83}{₦39,342,109,776.30} \times 100$$
$$= -20.67\%$$

The percentage decline is -20.67%

Source: State internal domestic expenditure arrears database

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019] AND Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target: -Basic target: < [140%] -Stretch target: < [115%]**		**Achieved** Basic target met	
	Has the State met: (i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2019) to the gross FAAC allocation for the same calendar year? **Less than :< [40%]**	The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA**. Total Service Deduction = ₦15,297,664,959 x 100 Gross FAAC ₦54,198,288,096.00 = 28.2% **Source:** FMoF (FAAC)	Satisfactory	
	Has the State met: (ii) the ratio of total debt stock at end-of-year (31st December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2019)? **-Basic target:< [140%] -Stretch target: < [115%]**	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt** 		Financial Statements ₦	DMO figures (Adj) ₦		Total Domestic Debts	142,390,340,190.67	170,997,921,883.00		Total External Debts	31,568,927,095.72	30,786,431,495.00		**Total Public Debts**	**173,465,045,737.12**	**201,784,353,378.00**	 **Total annual revenue**	Unsatisfactory	The State should maintain its Debt to Revenue ratio at a level adequate for the achievement of this result.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

2019 Adjusted IGR (see DLI 4.2)	70,974,021,920.00
Gross FAAC Allocation	54,198,288,096.00
Grants	907,121,104.00
Other Revenues	27,561,700
Total Revenue**	**126,106,992,820**

a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is at the end of Q4 2019.

We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:

$$\frac{\text{Total Public Debts (DMO)*}}{\text{Total Revenue}} \times 100$$

$$= \frac{\text{\textnaira}201,784,353,378}{\text{\textnaira}126,106,992,820} \times 100$$

$$= \underline{160\%}$$

Sources: For Total Revenue 2019 Audited Financial Statement, Pg 6 . For Total Public Debt from DMO* as at December 31,2019

*Table 3 (i) below holds a breakdown of the Total Debt.
**Table 3 (ii) holds the breakdown of Revenue

a) The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same with the debt stock stated in the audited financial statement.
b) There is a difference of ₦28,319,307,640.88 in the debt stock figure stated by the Federal DMO in the State Domestic and External Debt Report (₦201,784,353,378.00) and the audited financial statement (₦173,465,045,737.12).

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c) The difference has been communicated to the State for explanation,		
		d) The difference has been calculated in value as ₦28,319,307,640.88 (₦201,784,353,378.00 - ₦173,465,045,737.12) and in percentage terms as 16.33% (₦201,784,353,378.00 - ₦173,465,045,737.12 / ₦173,465,045,737.12 *100).		
		e) The SDEDR has been amended and resubmitted to the IVA along with explanations for any changes.		

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

OGUN STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713
BAIL OUT (SALARIES) (SOURCE CBN)	12,866,870,366
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	41,818,577,317
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	6,850,613,328
STATE BONDS	-
COMMERCIAL BANK LOANS	-
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	21,375,057,310
INFRASTRUCTURE LOANS (CBN FACILITIES)	18,270,419,721
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	-
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	494,221,549
PENSION AND GRATUITY ARREARS	42,334,904,730
SALARY ARREARS AND OTHER CLAIMS	5,906,039,850
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	**170,997,921,883**
TOTAL EXTERNAL DEBT (TED)	**30,786,431,495**
TOTAL PUBLIC DEBT (TED+TDD)	**201,784,353,378**

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

	NGN
Item	**2019**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**54,198,288,096**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**40,497,703,648**
1.1.1 Gross statutory allocation	38,455,629,060.00
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	2,042,074,588
1.2 VAT	**13,700,584,448**
2. Internally Generated Revenues (IGR) - Adjusted	**70,974,021,920**
3. Grants (internal and external)	**907,121,104**
4A. Other revenues (4.1 + 4.2 + 4.3)	**27,561,700**
4.1 Investment Income (e.g. dividends)	27,561,700
4.2 Interest Earned	-
4.3 Miscellaneous	
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**126,106,992,820**

4.   Response from the State

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	**DLI 3**: The Fund Management Manual had already been in existence and operation long before the new Regime came into Office. The manual was not signed off by any of the past Government as it was not deemed to be necessary until SFTAS Program makes it a requirement which necessitated the review/amendment and signing off of the document by the Present Government.	The State response has been noted.
2	**Credibility of the Financial Statements**: It was noted that the difference of **N28,319,307,640.88 (Twenty-Eight Billion, Three Hundred and Nineteen Million, Three Hundred and Seven Thousand, Six Hundred and Forty Naira, Eighty-Eight Kobo)** between the Total debt stock figure reported by the State on the 2019 Audited Financial Statement (N173,465,045,737.12) and the 2019 figure reported by the Federal Debt Management Office, the Central Bank of Nigeria and the Federal Ministry of Finance (N201,784,353,378.00) was as a result of the following (the explanatory table is also attached as annexures Ia, Ib and Ic): i. **Budget Support Loan:** The difference between the State figure (N17,539,993,592.90) and the figure presented by the IVA (N21,081217,713.00) in the sum of N3,541,224,120.10 needs to be reconciled with FMOF. This is because the total amount disbursed to the State under this facility was N17,569,000,000.00. Out of which a sum of N29,006,407.10 had been paid (direct deduction from State's FAAC allocation based on the repayment schedule from the Federal Ministry of Finance) as principal repayment as at 31st December, 2019. See the attached annexure II for the disbursement schedule.	The State response has been noted.

ii. **Bail Out (Salaries) (Source CBN):** The cause of the difference is the addition of the Salaries bail out extended to the Local Government (N6,218,768,296.86) to that of the Salaries bail out extended to the State Government (N6,648,102,069.14), this amounted to the IVA figure of N12,866,870,366.00. It should be noted that there are two types of Bail out (Salaries), one was extended to the State Government (SG) and the other was extended to the Local Government (LG). However, in terms of Financial Statements preparation, the SG normally prepares her F/S separately and does not consolidates the LG accounts as this is a different tier of Government. Also, in terms of repayment, the bail out for the SG is paid from FAAC while the LG bail out is paid from JAAC.

iii. **Restructured Commercial Bank Loans (FGN BOND):** The difference between the State's figure (N41,818,577,316.53) and the figure presented by the IVA (N41,818,577,317.00) in the sum of N0.47 was a rounding error.

iv. **Excess Crude Account Bank loan (Source CBN):** The balance presented in the 2019 Financial Statements of the State is the reconciled figure between the State Government and the Bank (Access Bank Plc) that availed the loan. Copy of the letter from the bank is attached as annexure III.

v. **CBN Commercial Agric. Loan (Source CBN):** The difference between the State's figure (N2,379,367,175.50) and the figure presented by the IVA (N21,375,057,310.00) in the sum of N18,995,690,134.50 is likely to be a duplication error. This is because, the total facility availed to the State by Sterling Bank Plc. was N25 billion, classified into (i) N5 billon CBN Commercial Agricultural Credit facility and (ii) N20 billion Infrastructure (Socio-Economy) Loan. However, the outstanding balance as at 31st December, 2019 on the Agric. facility was N2,379,367,175.50 while the balance on the Infrastructure facility was N18,270,419,721.38. These balances were the reconciled figures between the State Government and the Bank. Copy of the letter from the bank is attached as annexure IV. The IVA needs to clear this with the Central Bank of Nigeria on these anomalies.

vi.   **Infrastructure Loans (CBN Facilities):** The difference between the State figure (N18,270,419,721.38) and the figure presented by the IVA (N18,270,419,721.00) in the sum of N0.38 was a rounding error. However, it is evidenced, from the explanation in paragraph V above that the Loan has been included in the figure stated under CBN Commercial Agric Loan by the IVA. Also, the IVA needs to clear with the Central Bank of Nigeria on these anomalies. See annexure IV.

vii.   **Contractor Arrears:** The figure presented by the IVA in the sum of N494,221,549.00 was initially submitted by the State to the Debt Management Office, Abuja. The figure was related to the committed expenditure of some State Government Agencies and the projects were later cancelled and the cost was not incurred. Consequently, the figure was not included in the Financial Statements. Also, it had been expunged from the report submitted to the DMO. The brief explanation on the contractors' arrears figure is attached as annexure V.

viii.   **Total External Debt (TED):** The difference between the State figure N31,568,927,095.70 and the figure presented by the IVA N30,786,431,495.00 in the sum of N782,495,600.70 was likely to be exchange rates and timing difference. The external debt balance is usually prepared by the DMO and figure presented to the State in USD, the State will now convert using the CBN exchange rate applicable at the time when the figure was obtained from the DMO.

Appendix A

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

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

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

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

Eligibility Criteria 2019 Part I - The online publication of Approved Budgets for 2020 by 31st January 2020

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
http://ogunstate.gov.ng/archives-budget-and-planning/	A search was done on the Ogun State website	The 2020 Budget was published on the State Official website, a copy was downloaded. There was evidence of the 2020 Budget being signed by the Governor.	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2020 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 31 January 2020?	Yes	None
Is the published budget clear and legible?	Yes	None
Can the budget be downloaded?	Yes	None
Do we have evidence of assent by the Governor?	Yes	None

Eligibility Criteria 2019 Part 2 - The online publication of Audited Financial Statements for FY2018 by 30th September 2019

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
http://ogunstate.gov.ng/files/uploads/2019/09/OGPFS-2018.pdf	A search was done on the Ogun State Website and the Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded.	N/A	EC met

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