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

2020 Annual Performance Assessment (APA) Report

ONDO STATE

By:

The Office of the Auditor-General for the Federation as the SFTAS Independent Verification Agent with support from PricewaterhouseCoopers (PwC)

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1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Ondo State for the 2020 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 2020 APA for Ondo State and shows areas where the State was able to achieve results. Ondo State achieved 9 (Nine) DLRs out of 15 DLRs applicable to the 2020 APA out of which 2 were achieved in 2019 and 1 in 2018.

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: FY20 quarterly budget implementation reports for Q2, Q3, and Q4 published on average within 4 weeks of quarter-end to enable timely budget management		
	DLR 1.2: FY20 deviation for total amended budget expenditure is < 15%		
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 FY2021 budget.		
	DLR 2.2: Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms		
DLI 3: Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances.		The State TSA covered 12% of the Government finances.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published	**2019 APA**	
	DLR 4.2: 2020-2019 annual nominal IGR growth rate meets target: i.e. 2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection		The IGR declined by 23%

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		The state should keep consistent records of civil servant and pensionser numbers.
	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		The state should keep consistent records of civil servant and pensionser numbers.
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	**2019 APA**	
	DLR 6.2: (Basic Target) Framework contract for e-Procurement signed by 31 December 2020 AND Publication of contract award information above the threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available. DLR. 6.2 (Stretch Target) Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs **AND** *For those MDAs without e-procurement:* Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available		● There was no publication of all the required contract award information online. ● The State did not publish online all contract award information above the threshold ● State did not implement e-Procurement in at least 3 MDAs
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.	**2018 APA**	
	DLR 7.2: Quarterly state debt reports for Q2, Q3, and Q4 accepted by the DMO on average two months or less after the end of the quarter in 2020 **AND** Annual State debt sustainability analysis published by end of December 2020		

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 AND end 2020 reported in an online publicly accessible database, with a verification process in place. Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with verification process in place **AND** at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock of arrears below 5 billion.		● The State Arrears, Recording, Verification, and Clearance Report was not established ● The State's Internal Domestic Arrears Database was not published online
DLI 9: Improved debt sustainability	Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: Basic target: < 150%, Stretch target: < 125%.	**Stretch Target Met**	

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

1. DLR 3.0: Develop a functional State-level TSA where all Government revenues (IGRs ad FAAC) are credited into before expenditure. Increase the percentage of State government finances flowing through the TSA to eventually ensure that all government finances flow through the TSA.
2. DLR 4.2: Improve its IGR collection to achieve significant year on year growth in nominal IGR.
3. DLR 5.1: Biometric data of all the State's civil servants and pensioners should be captured and linked with the State's payroll to reduce fraud and identified ghost workers taken off the payroll.
4. DLR 5.2: The BVN data of all Civil servants and Pensioners should be linked to the State's payroll to address payroll fraud.
5. DLR 6.2: e-Procurement should be implemented as soon as possible. Contract award information, above the set threshold, should be published online every month in OCDS format on the State's website. Implement e-procurement in all MDAs and publish contract award information in the OCDS format on the online portal for the MDAs.
6. DLR 8: The State Arrears, Recording, Verification, and Clearance Report is established and an internal domestic arrears database with relevant balances is placed online through a publicly accessible portal.

The Office of the Auditor-General for the Federation (OAuGF) as Independent Verification Agent and PricewaterhouseCoopers (PwC) 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 the Nigerian States to strengthen fiscal performance and sustainability: The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results ("The Program").

The original Programme design had four Key Result Areas and nine disbursement-linked indicators with a financing agreement of US$750 million. Following the advent of COVID-19 in 2020, the Programme was adapted to establish a transparent, accountable, and sustainable fiscal framework to enhance States' fiscal capacity to respond to the Pandemic. The main change brought about in the restructuring was the addition of new COVID-19 responsive DLIs to the Programme and obtaining additional financing of US$750 million to ensure results were sustained across the remaining performance years. This brought the total financing for the SFTAS Programme to US$1.5 billion and increased the DLIs to 13 (thirteen) and the Disbursement Linked Results to 22 (twenty-two). The Program will finance activities under two components: (i) a Program for Results (PforR) component for US$1.45 billion and (ii) a Technical Assistance (TA) component for US$50 million.

All States can 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 PricewaterhouseCoopers (PwC) 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 2020.

To ensure a high-quality assessment, the IVA had some input/support from the Debt Management Office (DMO), to review the legislation and returns in place in this State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2020 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 2020 APA.

The verification protocol was set early in the preparation for the Program and all States. Implementing agencies and other key stakeholders have been continuously sensitized on the program's requirements and the protocol for 2020. 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 21/02/2022 and 25/02/2022 with a team of six persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or 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 (OAuGF) and PricewaterhouseCoopers (PwC) are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards improving fiscal transparency, accountability, and sustainability in the management of the public finances and resources of the State.

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 [2020] quarterly budget implementation reports published with Q2, Q3, and Q4 reports published on average within [4 weeks] of 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 four weeks of the end of each quarter?	The Quarterly budget implementation reports were posted online **Q1:** Nil **Q2:** http://www.ondobudget.org/materials/2020%20Mid-year%20budget%20performance%20appraisal.pdf **Q3:** http://www.ondobudget.org/materials/2020%20THIRD%20QUARTER%20%20BUDGET%20APPRAISAL%20(Corrected).pdf **Q4:** http://www.ondobudget.org/materials/2020%20FULL%20YEAR%20BUDGET%20APPRAISAL%20REPORT%20(1).pdf ● Q1 - (24/April/2020) - 24 days ● Q2 – (24/July/2020)- 24 days ● Q3 – (23/October/2020) - 23 days	Satisfactory	

		● Q4 – (25/January/2020) - 25 days (Based on the IT backend timestamp) Average days (weeks) for the online publication was computed based on the last 3 quarters, as below: $\frac{24+23+25}{3}$ =24 days (3 weeks, 3 days) **(**Note that one week equals seven days). We downloaded the quarterly budget Implementation Reports for all four quarters for the year 2020, obtained and retained evidence of the timestamp of the publications.		
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 classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the 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 the following: a) The IVA confirmed that the Budget Implementation Reports (BIRs) include the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classifications of expenditures. b) The IVA confirmed that the BIRs include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date, c) The IVA confirmed that the BIRs include the performances (for Q1 and Q2) and balances (for Q3 and Q4) against each of the revenue and expenditure for the year to date d) The IVA confirmed that the State has a revised budget.	Satisfactory	

		e) The IVA confirmed that the BIRs show both the approved original budget and the approved revised budgets. The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.		
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 the year to date?	Upon review of the State's Budget Performance reports, it 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 expenditures not attributable to any of the other three (3) expenditure classifications?	Upon review of the State's Budget Performance reports, it 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 included debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	
DLR 1.2	**FY [2020] deviation from total amended budget expenditure is less than 15%**		**Achieved**	

<table>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>1</td><td>Has the State computed the difference between the Amended approved total budgeted expenditure for the fiscal/calendar year and the actual total expenditure in the fiscal/calendar year, divided by the Amended approved total budgeted expenditure and expressed in positive percentage terms?

Is the expenditure outturn deviation computed less than 15%</td><td>The State computed the budget deviation for 2020 to be 11%.
The IVA computed the budget deviation for this APA year. See the computation below:

<table><tr><td></td><td>Total Amended Budget (₦)</td><td>Actual (₦)</td></tr><tr><td>Capital (T1 Summary Revised and page 25 respectively)</td><td>51,355,288,931.88</td><td>40,368,432,839.94</td></tr><tr><td>Rec. Exp (T1 Summary Revised and page 25 respectively)</td><td>100,082,711,068.12</td><td>94,101,723,100.43</td></tr><tr><td>Total</td><td>151,438,000,000</td><td>134,470,155,940.88</td></tr></table>
₦151,438,000,000 – ₦134,470,155,940.37 x100</td><td>Satisfactory</td><td></td></tr>
</table>

		₦151,438,000,000 = 11.20% The budget performance deviation is 11.2% **Source**: For the Amended Approved Budget Expenditure Figure: Figures were from (Page: T1 Summary Revised) of the Ondo State Revised 2020 Budget, while for the Expenditure Figure: Figures from the 2020 Audited Financial Statements (page 25) was used. The figures in the Audited Financial Statement were prepared on a cash basis, however the basis of preparation in the accounting policy was accrual. The IVA confirmed that the amended annual budget figures shown in the AFS do not differ from the signed amended budget/appropriation.		
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 [2021] budget**		**Achieved**	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with the participation of local government	The documents obtained from which the IVA's conclusions were drawn are minutes of various consultation meetings, attendance lists, and pictures. a) Some of the LGAs that were in attendance include: Akoko South, Akure North, Ifedore, Ondo East, Okitipupa, and Ilaje LGAs.	Satisfactory	

	authorities and State-based CSOs?	b) Some of the CSO representatives in attendance were Mr. Frank Olonmiju (Coalition of Civil Societies), Mrs. Yinka Oyedele (Gender Equality/Girl Child Development Foundation), and Mrs. Adedeji Margaret (Better Living Foundation & Capacity Development). c) The sources of information from which the IVA's conclusions were drawn are minutes of various consultation meetings, attendance lists, and pictures. d) The date of the consultation meeting was 3rd November, 2020 in Babafunke Ajasin Hall, Ministry of Women Affairs & Social Development Igbatoro Road, Akure. e) The numbers of attendees called to confirm their attendance at the public consultation were 10. f) The budget was drafted on 27th November, 2020. g) The date of the consultation and the draft budget has been compared and the IVA confirmed the consultation meeting was done before the draft budget. h) The publication of the proposed budget was done before the deadline of 31 January 2021. It was published on 27th November, 2020. i) The weblink for the publication is http://www.ondobudget.org/download_budget.php		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2021 to enable citizens to find the inputs easily?	a) The CSOs representative in attendance that co-signed the minutes of the meeting was Mr. Frank Olonmiju (Coalition of Civil Societies) and a copy of the signed minutes has been retained on file by the IVA. b) The title of the Minutes of the meeting is "THE REPORT OF THE CONSULTATIVE MEETING WITH CIVIL SOCIETY ORGANIZTIONS (CSOs), NON-GOVERNMENTAL ORGANIZATIONS (NGOs) AND COMMUNITY-BASED ORGANIZATIONS (CBOs) IN ONDO STATE ON 2021 -2023 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) AND 2021 BUDGET PREPARATION HELD AT BABAFUNKE AJASIN HALL, MINISTRY OF WOMEN AFFAIRS AND	Satisfactory	

		SOCIAL DEVELOPMENT, IGBATORO ROAD, AKURE ON TUESDAY, 3RD NOVEMBER, 2020. - THE REPORT OF THE CONSULTATIVE MEETING WITH PERSONS WITH DISABILITIES (PWD) IN ONDO STATE ON 2021 -2023 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) AND 2021 BUDGET PREPARATION HELD AT BABAFUNKE AJASIN HALL, MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT, IGBATORO ROAD, AKURE ON WEDNESDAY, 4TH NOVEMBER, 2020. c) The organization the signatory represented was the Coalition of Civil Societies. d) The weblink of the publication is: http://www.ondobudget.org/e-budget/admin/budget_participation/participation_ima/CSOs%20and%20CBOs.pdf e) The date of publication of the minutes of the public consultation meeting is 9th December, 2020 & the Proposed Ondo state 2021 budget is 27th November, 2020.		
DLR 2.2	**Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms**		**Achieved**	

1.	Did the state conduct dissemination events to explain amendments to the FY2020 State budget and was adequate evidence of the events published online and by the due date?	a) The IVA carried out a review on all required documents, physical records/ pictures with a list of attendees (with names, organizations, email addresses). b) The Amended Budget and the evidence of the dissemination events have been downloaded by the IVA. c) The dissemination was done physically on 7th July 2020. d) The evidence of the dissemination event was published online on the 1st of September, 2020 before the deadline of September 30, 2020. The evidence of dissemination were the minutes of the meeting, attendance register, and pictures. Copies have been downloaded and retained on file. e) The evidence of the dissemination event was published in the same location as the Amended FY20 budget. f) The date of publication of the evidence of the dissemination events was on the 1st of September 2020 and the evidence obtained to confirm the dates of online publication is the screenshot from the back end of the IT service provider. g) The web link is: http://www.ondobudget.org/e-budget/admin/budget_participation/participation_ima/REPORT%20OF%20CIVIL%20SOCIETY%20ORGANIZATIONS.docx	Satisfactory	
2	Has the State published online, on the State website(s) a Citizens Budget based on the Amended Budget (2020) not later than 30 September 2020?	a) The Citizens budget based on the Amended Budget (2020) was published before the due date via; http://www.ondobudget.org/citizen_budget/2020%20Revised%20Citizens%20Budget.pdf b) A comparison of the Amended Budget 2020 with the Citizens Budget was done and there are no areas of discrepancies.	Satisfactory	

		c) The IVA confirmed that the Citizens' budget was prepared in the format suggested to the States in the Citizen Budget User Manual. The Citizens' budget shows: i. Simple explanation of the annual amended budget/citizens budget. Page 1 ii. The sources of revenues. Pages 4 & 5 iii. Sources of domestic and foreign grants, domestic loans, and other financing sources. Pages 16 & 17 iii. Total expenditure by economic classifications. iv. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap. page 6 v. Disclosure of Budget deficit and how it will be financed. Page 3 vi. Sectoral Allocation (by MDAs). Pages 10 & 11 vii. Top Projects to be financed (at least 5). ● Construction of New Hospital Complexes N3.200BN ● Provision of Portable Water Across the State (AFD project and National water Scheme) N2.268BN. ● Rehabilitation/Construction of State Highways N7.024BN ● Renovation of Primary Schools N3.083BN ● Construction of Rural Roads across the state (RAMP) project. See pages 13 and 18 of Ondo State Revised Citizens Budget. d) The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included. e) The recommended format was used, and there are no significant differences identified.		

3	Is the Citizens Budget a comprehensible (to citizens) summary of the amended FY20 state budget?	a) The Citizens Budget included an explanation of the key changes between the Original FY20 Budget and the Amended FY20 Budget. b) The Citizens Budget included Data on reallocations and adjusted spending priorities. The IVA confirmed that the amended FY20 State Budget was summarized in a comprehensible manner to the Citizens in the Citizens Budget.	Satisfactory	
4	Does the State website have functional feedback and response online mechanisms?	a) The State has established functional feedback and response online mechanisms on its website. b) The type of feedback mechanism established on the State website is an online feedback submission form. c) The State's feedback mechanism provides at a minimum: i. Acknowledgement of receipt of comments/feedbacks from citizens ii. State's responses to comments/feedbacks iii. Display of timeframe and the State's government contact details. d) To ascertain the functionality of the feedback mechanism, the IVA sent out a request on the feedback mechanism platform of the state and waited to get a response. The expected response was eventually received by the IVA and screenshots were obtained to support its findings. e) The IVA observed a demonstration carried out by the State Ministry of Budget to provide further evidence to demonstrate how the State has responded to feedback submitted online. From the assessment, IVA can conclude that the State's feedback mechanism is functional as screenshot evidence was obtained. f) The IVA can conclude that the State's feedback mechanism is functional.	Satisfactory	

		g) The weblink to the feedback mechanism is: http://www.ondobudget.org/		
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 the implementation of State TSA**		**Not Achieved**	
1	Has the State established a functional State-level TSA?	a. The State has established a functional State-level TSA however, it does not cover all the state revenues. b. The State operates multiple accounts. The State operates multiple accounts for IGR, FAAC, and VAT. The Accounts are listed below: ● IGR Main Account: First Bank, ODSG CONSOLIDATED REVENUE A/C. Account Number: 2002084301 ● FAAC Account: United Bank for Africa, ODSG Federation Account Allocation Committee (FAAC). Account No. 1021007722 ● VAT Account, FCMB ODSG VAT. Account number: 0409241025	Satisfactory	
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide	The State has a Cash Management Strategy. a) The document name is "Treasury Single Account Operations Manual (Part One and Part Two)" b) The document was produced in May 2015 and was jointly signed and approved by the Honorable Commissioner for Finance and the Accountant General. c) The Strategy covers the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.	Satisfactory	

	reliable information on the availability of funds.	This is set out in Paragraph 4 of Figure 8: Cash Management Policy, page 24 of the Ondo State Treasury Single Account – Operational Manual (Part One). d) The Strategy provides for daily sweeping of funds though it was being done twice a month. According to the State, daily sweeping affected their ability to collect revenue as the collecting banks were reluctant to help drive the collection and then sweep daily to another Bank; however, during the interview with the TSA bank operator, it was confirmed to the IVA that sweeping is done bi-monthly. e) The State has provided evidence of the implementation of processes described in the cash management strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds. The States provided the IVA with its cash plan.		
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The State has a computer application where the State can view the cash balances in the bank account(s). a) The name of the computer application is Bank Accounts Monitoring System (BAMS), produced by Upper links Limited. b) The application is in line with the approved cash management strategy. c) It was deployed in June 2017.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the	a) The IVA team visited 3 MDAs, the Ministry of Health, Education and Works of the state, interviews were done with the relevant government officials in the MDAs visited, the checks conducted at 3 MDAs confirmed that the State has a functional TSA. b) The State operates several accounts which include: ● IGR Main Account: First Bank, ODSG CONSOLIDATED REVENUE A/C. Account Number: 2002084301	Satisfactory	

<table>
<tr>
<td></td>
<td>consolidated revenue account as part of the TSA.</td>
<td>

FAAC Account: United Bank for Africa, ODSG Federation Account Allocation Committee (FAAC). Account No. 1021007722
VAT Account: FCMB, ODSG VAT Account number: 0409241025

c) Government monies in the state go through various accounts as listed above.
d) The State has one consolidated revenue account where all State IGR is swept into from collecting banks twice a month. This account is known as the “ODSG Consolidated Revenue Account” with account number 2002084301 in First Bank. It is worthy to note that other government monies do not pass through the state TSA.
e) The TSA Bank Statement was obtained.
</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Does the TSA cover a minimum of 70% of the State Government’s finances?</td>
<td>
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 2020.
See the computation below:
<table>
<tr><th></th><th>Total Inflows (₦)</th><th>Total Outflows (₦)</th></tr>
<tr><td>TSA Bank Statement</td><td>16,579,238,536.49</td><td>16,170,682,669.13</td></tr>
<tr><td>Government Finances*</td><td>135,434,988,220.69</td><td>143,853,193,782.59</td></tr>
<tr><td>Percentage</td><td>12%</td><td>11%</td></tr>
</table>
The average is percentage computation is:
12% + 11%
</td>
<td>Unsatisfactory</td>
<td>The State’s TSA should cover all of the Government Finances.</td>
</tr>
</table>

		2 **= 12%** The TSA covered 12% of the State's finances. ***Source:** 2020 Audited Financial Statement (Cash Flow Statement) Pages 22 & 23 and 2020 TSA Statement from FirstBank for January 1st to December, 31st 2020.		
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**		**Previously Achieved in 2019 APA**	
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates?	a) This has been previously achieved by the State during the 2019 APA.		

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?	a) This has been previously achieved by the State during the 2019 APA.		
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	a) This has been previously achieved by the State during the 2019 APA.		
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	a) This has been previously achieved by the State during the 2019 APA.		
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	a) This has been previously achieved by the State during the 2019 APA.		

<table>
<tr><td>DLR 4.2</td><td>2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection</td><td></td><td>Not Achieved</td><td></td></tr>
<tr><td>1</td><td>Has the 2020-2019 annual nominal IGR growth rate met the basic or stretch targets?

Basic Target: N/A

Stretch Target: equal to or higher than the 2019 nominal IGR collection</td><td>a. The basis of accounting adopted by the State for 2019 and 2020 Audited Financial Statements is the Accrual Basis of Accounting.

b. The IVA computed the annual nominal IGR growth rate for this year’s APA. See the computation below:

<table>
<tr><td>REPORTING TEMPLATE: OPTION B</td><td>₦</td><td>₦</td><td>% GROWTH</td></tr>
<tr><td>Item</td><td>2019</td><td>2020</td><td></td></tr>
<tr><td>1. Reported IGR in AFS (Before Adjustments)</td><td>39,930,366,313.89</td><td>30,687,826,606.21</td><td>-23%</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>2. INVALID items to be deducted IF reported as part of IGR</td><td></td><td></td><td></td></tr>
<tr><td>Savings</td><td></td><td></td><td></td></tr>
<tr><td>Investment Income (e.g. dividends)</td><td></td><td></td><td></td></tr>
<tr><td>Interest Earned</td><td></td><td></td><td></td></tr>
<tr><td>Miscellaneous</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table></td><td>Unsatisfactory</td><td>• The State should ensure significant year on year improvements in their IGR collection.
• The State should ensure the figures in the Audited Financial Statements are consistent to each other.</td></tr>
</table>

			3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)			
			Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)	39,930,366,313.89	30,687,826,606.21	**-23%**

$$\frac{₦30,687,828,626.21 - ₦39,930,366,313.89}{₦39,930,366,313.89} \times 100$$

= -23%

There is a decline in growth by 23%.

Source: 2020 Audited Financial Statement Pages 22 & 23.

However, further review by IVA shows that despite the accrued amount of N6,237,708,078.39 in year 2020 (see page 90, note 27), the total of N22,192,493,583.84 presented as Tax revenue in the Statement of Financial Performance is the same balance reported in Cashflow Statement.

DLI 5: Biometric Registration and Bank Verification Number (BVN) **Used to reduce Payroll Fraud**				
DLR 5.1	**Biometric capture of at least [90] percent of current civil servants and pensioners completed and linked to**		**Not Achieved**	

	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 90% of the current civil servants and pensioners on the State payroll?	The State commenced and completed the Biometric data capture of the civil servant and pensioners from December 2015 to 2019. a) The State did not outsource its Biometric capture to a consultant, it conducted it through the State Information Technology Agency (SITA). b) The total number of civil servants was 23,449. c) The total number of pensioners was 12,053. d) The total number of staff on the State Nominal roll was 35,502 and Payroll was 35,502. e) 35,502 Biometrics data of persons have been captured. f) The documents collected as proof of evidence of the Biometric exercise were: Screenshot of 20 Samples each for civil servants and pensioners on the database, Screenshots of nominal rolls of civil servants and pensioners, reports from the Office of the Accountant-General Ministry of Finance (RE_CIVIL SERVANT/PENSIONERS' BIOMETRIC/BVN REPORT) and REPORT OF THE CABINET COMMITTEE ON PHYSICAL VERIFICATION OF PENSIONERS ON THE PAYROLL OF ONDO STATE GOVERNMENT (December 2015). $\frac{35,502 \times 100}{23,449 + 12,503}$ = 100%	Unsatisfactory	

		The State had captured 100% of the State's civil servants and pensioners on its payroll. Note: For The 2019 APA Report holds the following: The total number of Civil Servants is 46,639 The total number of Pensioners is 23,759 Given the above, an explanation was requested from the State for the significant change in civil servants and pensioners over a one-year period while responding to this report. Otherwise, this DLR is not achieved. The State did not respond to IVA's request.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced in December 2015 and finished the linkage of the biometric data to the payroll in 2019. b) The State has 35,502 instances of biometrics data linked to the payroll. c) The report from the Office of the Accountant General, Ministry of Finance (Re: Civil Servant/Pensioners' Biometric/BVN Report (December 2020) has no ghost workers detected during the biometric validations. d) Money was not saved because there were no ghost workers detected. e) The State did not report whether there were in-year changes to the civil servant and pensioner payrolls as a result of starters, leavers, deaths, etc. captured by the biometric exercise. f) The State disengages civil servants automatically from the payroll system as soon as they attain retirement date either by years of service (35) or by age (60), such	Satisfactory	

		civil servants are enlisted into pension payroll as soon as necessary documentation procedures are completed and approval of the Finance Commissioner is obtained then the Accountant-General issues directive for the payroll officer to enroll them into the pension payroll. g) There were no changes to the civil servants' and pensioners' payrolls during the fiscal year as a result of starters, leavers, deaths, etc. h) No changes were captured by the biometric exercise. i) The State Information Technology Agency uses a software (Pay-Choice) which removes Civil servants automatically from the payroll on the attainment of retirement age and the name is forwarded by the payroll administrator to the relevant MDA for it to commence the procedure of enrolling the civil servant into the pension payroll after obtaining the approval of the Hon. Commissioner of Finance and final directive of the Accountant General of the State to the pension administrator for the name to be enlisted into the pensioners' payroll.		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) No ghost worker was detected during the linkage as indicated by the State summary report. b) The State did not report identified ghost workers and no records were provided by the State. c) The State did not report identified ghost workers nor their removal from the payroll. d) The State report did not provide identified ghost workers that affected payroll figures.	Satisfactory	

		e) There were no changes in the payroll figures as a result of the identification and removal of ghost workers. f) The IVA obtained this information from the Report of the Accountant-General, Ministry of Finance "Re: Civil Servant/Pensioners' Biometric/BVN Report (December 2020).		
5.2	**Link BVN data to at least [90] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Not Achieved**	
1	Has the State linked the Bank Verification Number data to 90% of its current Civil Servants and pensioners on the State payroll?	The State commenced Biometric in December 2015 and completed the linkage of BVN data of the civil servant and pensioners in 2019. a) The State did not outsource its Biometric capture to a consultant, it conducted it through the State Information Technology Agency (SITA). b) The total number of civil servants was 23,449. c) The total number of pensioners was 12,053. d) The total no of staff on the State Nominal roll was 35,502. e) BVN data has been linked to the 35,502 staff on the payroll. f) All the conclusions were obtained from the Report of the Accountant-General, Ministry of Finance (Re: Page 1, Civil Servant/Pensioners' Biometric/BVN Report, December,2020)	UnSatisfactory	

		$\frac{35,502}{35,502} \times 100 = 100\%$ The State has linked 100% of the State's civil servants and pensioners' BVN data to the payroll. Note: For The 2019 APA Report holds the following: The total number of Civil servants is 46,639 The total number of Pensioners is 23,759 Given the above, an explanation is needed from the State for the significant change in civil servants and pensioners over a one-year period while responding to this report. Otherwise, this DLR is not achieved. The State did not respond to IVA's request.		
2	Has the State taken steps to identify payroll fraud?	a) All Staff have BVN data, and b) The State did not provide any record of identified payroll fraud. c) The State did not report identified ghost workers and no records were provided by the State. d) The State report did not provide identified ghost workers that affected payroll figures. e) The State did not report payroll fraud that was dealt with within the year under review or that affected the payroll figures.	Satisfactory	

		f) The IVA obtained this information from the Report of the Accountant-General, Ministry of Finance "Re: Civil Servant/Pensioners' Biometric/BVN Report (December,2020).		
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		**Previously Achieved in 2019 APA**	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	Previously achieved in 2019 APA		
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an	Previously achieved in 2019 APA		

	independent procurement regulatory agency, and 3) cover all MDAs receiving funds from the State budget.			
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?	Previously achieved in 2019 APA		
DLR 6.2	<u>Basic Target:</u> Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available. <u>Stretch Target:</u> Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs AND		**Not Achieved**	

	For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.			
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 (2020) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	a) The IVA obtained a schedule of contracts titled "Contract awards and project execution under COVID-19 budget" However, these contracts were published on the State's website as "2020 ODSG Contract Awards". b) The IVA confirmed that the data published is in line with the Open Contracting Data Standards (OCDS) template provided. c) The publication dates differed based on when the contracts were awarded e.g., renovation of classrooms was published on the 29th of May, 2020; rehabilitation of water supply scheme was published on the 17th of December, 2020 and some Covid-19 related contracts were published on the 10th of December, 2020. Back-end screenshots have been obtained and saved to file. d) Source of the publication: https://bpp.on.gov.ng/2020-odsg-contract-awards/ Work done by the IVA is as follows: The IVA obtained a schedule of contracts titled "Contract awards and project execution under COVID-19 budget" However, these contracts were published on the State's website as "2020 ODSG Contract Awards".	Unsatisfactory	The State should publish all contract award information above the threshold online.

		The IVA searched the State's website and noted differences between the procurements listed in the schedule of contracts awarded in the year and the procurements published online by the State. Only 3 contract awards were published online while the schedule with the title "Contracts awards and project under COVID-19 budget" had 8 contracts. Also, the IVA could not confirm if the contract awards are for the entire year as only contracts awarded in October were captured. An APA issue was raised for these issues and the State responded as follows: i. If the hardcopy schedule of contracts with the title "Contract awards and project execution under COVID-19 budget" represents all the contracts awarded for the year 2020. ii. The difference in naming of the contracts online and in the hardcopy provided. The online publication classified them as 2020 ODSG contract awards while the hard copy is titled "Contracts awards and project under COVID-19 budget. iii. The difference in the number of contracts in the comprehensive schedule provided and those published on the State's PPA website. iv. If the published contract awards and the hardcopy schedule represent the contracts for the entire year as only contracts awarded in October 2020 were provided. The State responded that;		

		i. “The hardcopy schedule of contracts does not represent all the contracts awarded for the year 2020 because only contracts above a threshold of N20m were listed in that schedule. We have said we will obtain the list of other contracts, particularly as it relates to Covid-19 and less than the N20m threshold”. ii. “The contracts were published as "2020 ODSG Contract Awards" because, from the point of Public Procurement, they are ODSG Contract Awards. However, from other perspectives, it may be further broken down as Covid-19 contracts. All the contracts in question, whether Covid-19 or not, were from the same 2020 Budget”. iii. “There is no difference. It’s just that the 8 contracts were published on 2 different web pages as follows”: a. 3 Projects: https://bpp.on.gov.ng/2020-odsg-contract-awards/ b. 5 Projects: https://bpp.on.gov.ng/2021-contract-awards-to-smes/ iv. “Only the contracts that are not up to the N20m are outstanding, based on the returns we received" The State did not provide the hardcopy schedule of contracts containing all the contracts awarded during FY 2020. The IVA could not download a copy of the online publication as it is not in a downloadable format. However, the IT personnel provided the soft copy of the online publication from the back end.		

		The IVA retained a screenshot of the webpage from which the publication was downloaded. e) The contract award information that was published is: (i) Project name, (ii) Awarding institution, (iii) Award date, (iv) Name of contractor, and (v) Contract amount f) All the required items were published. g) Weblinks of the publication: https://bpp.on.gov.ng/2020-odsg-contract-awards/ The contract award publication was published on the state website but not all the information was accessible to the public. The IVA could only access three of the contract awards for 2020. Also, the IVA noted that the portal shows a total of 8 contracts with a total value of approx. N360.3m. This is at variance with a Capex outturn of N40.3bn for 2020, and indicates the online publication is incomplete. Note the DLR requires the publication of all contracts above the set threshold. Hence, the State is required to provide a copy of the contract register which includes all capital expenditure for the year 2020 while giving response to this report.		
2 New	Had the State signed up to the SaaS e-Procurement Framework Contract as at 31 Dec 2020?	a) The state has signed the SaaS e-Procurement Framework Contract. b) The IVA obtained a copy of the SaaS e-Procurement Framework Contract.	Satisfactory	

		c) The state signed the framework contract with European Dynamics on December 29, 2020, which is before the December 31st Deadline for this DLR.		
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works) the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	a) The state did not implement e-procurement in at least 3 MDAs (Education, Health, and Public Works for FY 2020. b) The IVA could not carry out a walkthrough of 5 transactions from each MDA as e-procurement was not operational in FY 2020. c) The IVA could not confirm if the selected transactions followed the procurement lifecycle as e-procurement was not operational. d) The state did not implement the E-Publishing/Notification module for contract notice and contract award in FY 2020. e) The E-publishing/Notification module for contract notice and contract award was not effective during the year 2020.	Unsatisfactory	The State should ensure that e-procurement is implemented in all MDAs and at least 3 MDAs in the first instance (including Education, Health, and Public Works).
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.**		**Previously Achieved in 2018**	

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 Public Financial Management Law?	This was previously achieved in 2018 APA.		
2	Does the legislation include provisions that 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.	This was previously achieved in 2018 APA.		
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt?	This was previously achieved in 2018 APA.		
DLR 7.2	**Quarterly state debt reports for Q2, Q3, and Q4 2020**		**Achieved**	

	accepted by the DMO on average two months or less after the end of the quarter in 2020 **AND** **Annual state debt sustainability analysis published by end of December 2020.**			
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average two months after the end of the quarter in 2020?	a) We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: · Q2 submitted on 17th August,2020 - 48 days after the quarter-end · Q3 submitted on 30th October, 2020 - 30 days after the quarter-end and · Q4 submitted on 3rd. February, 2021 - 34 days after the quarter-end $\frac{48+30+34}{3}$ Average = 37.3 days (5.3weeks) The SDDRs were submitted within an average of 1.3 months (37.3 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 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.	a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained. b) We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with Ondo State Debt Domestic Report along with all underlying data and both did not show the same amount. There was a discrepancy of ₦6,777,768,403.37 between the State Domestic and External Debt Report (SDEDR) Quarterly and the State Domestic Debt Reports (SDDR). 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. c) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State as compared with the State Audited Financial Statement. d) The debt stock figures reported in the SDDR was compared with that of the State's Audited Financial Statement e) There were discrepancies noted during the comparison. SDDR Figure: ₦74,663,201,245.63 AFS Figure: ₦75,686,607,328.05 (See page 97 and 99 of Ondo State AFS). Difference: ₦1,023,406,082.42 f) The IVA noted this discrepancy, and an APA issue was raised and the State responded that "the difference ₦1,023,406,082.42 noticed in the contractors' arrears figures in the FS and the ones reported to the DMO is a post	N/A	The State should submit accurate quarterly state domestic debt reports to the DMO

		balance sheet transaction and the evidence of the payment is attached". IVA noted the State's response, however, conclusions reached in this report are based on DMO data. g) The State Domestic and External Debt Report (SDEDR) from the Federal DMO was compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State. h) The debt stock figures reported in the SDEDR, were compared with those of the SDDR submissions of the State i) There were errors or inconsistencies. i. SDEDR (DMO) Domestic Figure: ₦81,440,969,649.00 ii. SDDR (State) Figure: ₦74,663,201,245.63 iii. Difference: ₦6,777,768,403.37 j) An APA issue report was raised for the State to explain the inconsistency and the State responded that "the figures displayed here as coming from the DMO are wrong. The figures supplied by the State Government which are attached to this mail are the authentic figures which are the ones on the DMO website. The process of rendering quarterly returns to the DMO involves correspondence to confirm the figures after which the State debt office is advised to send the soft and hard copies officially. The hard copy is then acknowledged, scanned and a copy sent back to us. Evidence of these processes is attached to verify our figures. Therefore, the Ondo State Debt Stock as at 31 December, 2020 is ₦74,663,201,245.73. For the external debt stock, we rely on figures given to us by the DMO bi-annually. The figure on the FS is the figure given to us by the DMO which is also on their website. The Ondo State External Debt Stock as at 31 December, 2020 from the letter sent to the State by DMO is ₦33,224,913,273.84. (Please see attached document)."		

		IVA noted the State's response, evidence has been retained in the working file, however, conclusions reached in this report are based on DMO data.		
3 New	Has the State published online the State Debt Sustainability Analysis Reports (SDSAR) by 31 December 2020?	a) The State Debt Sustainability Analysis Report (SDSAR) was published on the State's official website. b) The date of publication was 31st December, 2020. c) The SDSAR was published by 31 December 2020. IVA obtained timestamp and screenshots taken from the IT back end of the State's website showing the date of online publication. The weblink is; https://oag.on.gov.ng/2020/12/31/ondo-state-debt-sustainability-analysis-od-dsa-report/	Satisfactory	
4 New	Does the SDSAR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options, and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	Upon review of the State Debt Sustainability Analysis Report (SDSAR), it included the following: (1) Adequate presentation of medium-term budget forecasts, including: a) Presentation of MTB forecasts b) Description of assumptions underpinning the MTB forecasts. See pages 3, 4, 13, 14, and 15 and Annexure 2 of Ondo State DSAR 2020. (2) A detailed and adequate description of the debt portfolio and borrowing options, including: a) Presentation of debt and borrowing projections in the baseline scenario. b) Description of assumptions underpinning the borrowing options. See pages 14, 15, and 16 of Ondo State DSAR 2020. (3) Adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year. See pages 6-11of Ondo State DSAR 2020.	Satisfactory	

		a) A review and comparison between the information (figures) contained in the assessment report of the SDSAR obtained from the DMO and the SDSAR obtained from the State website was done. The SDSAR obtained from the State included; Presentation of MTB forecasts from 2020 to 2023, Presentation of debt and borrowing projections in the baseline scenario with projected figures from 2020 to 2029, and Debt and fiscal annual figures for 2019. There was no difference between the SDSAR obtained from the DMO and that obtained from the State.		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**<u>Basic Target:</u> Domestic arrears as of end 2019 and end 2020 are reported in an online publicly-accessible database, with a verification process in place.** **<u>Stretch Target:</u> Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with a verification process in place** **AND** **at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance**		**Not Achieved**	

	framework or maintain stock below 5 billion.			
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF) b) We have obtained a copy of the ACF from the State c) The establishment of the ACF occurred before 31 December 2020. (It was established on 11th December 2019) d) It was a year between the establishment of the ACF and the 31st December 2020 year-end, and this was adequate to allow time for the implementation of the ACF	Satisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	a) The ACF contains planned actions to settle arrears and prioritization of expenditure arrears to be settled. b) The evidence is seen when reviewing the ACF that shows the ACF contains the two stated requirements: see pages 1 – 3 Ondo State Arrears Clearance Framework. c) Other documents submitted by the state to confirm the ACF exists were the State's Quarterly domestic debt report and Ondo State Breakdown of Total Debt Stock.	Satisfactory	

3	Has the ACF been published on a State official website?	a) We confirmed that the ACF has been published on a State official website b) We have downloaded a copy for validation c) The web link is: https://oag.on.gov.ng/2019/12/11/ondo-state-arrears-clearance-framework-2/ and the evidence obtained to confirm the date of publication (11th December 2019) was a back-end timestamp from IT which has been saved to file. However, further review by the IVA observed that the weblink for the Arrears Clearance Framework (ACF) is not functional/operational as it gives the message "Account Issue: There is an issue with this web hosting account. Website Owner: Please contact us as soon as possible. The State is required to provide the correct weblink for the ACF. The State did not provide response to IVA's request. However, IVA checked the website and confirmed it is functional and has retained a screenshot and a copy of the downloaded ACF on file. The State did not achieve the DLR as it did not meet other requirements.	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 clearance of domestic expenditure arrears is not consistent with the ACF The test conducted to confirm that the clearance of arrears is consistent with the ACF was to confirm if the amount spent on clearance of arrears was based on 5% of the State's Allocation as stated in the ACF. IVA computed 5% of Net Allocation based on figures from OAGF/FAAC (5% x 45,233,381,275 = 2,261,669,063.75) Amount spent on clearance of arrears was 1,023,406,355.42 The ACF's prioritization of arrears was vague: "The arrears shall thereafter be prioritized based on age, size, cost, risk, currency, value and other factors that guarantee transparency and fairness while ensuring that some people do not use their closeness to the Government for undue advantage" and as such, IVA could not conduct any tests to ascertain the consistency of clearance of domestic arrears	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?	a) The State has established an Internal Domestic Arrears Database. The Internal Domestic Arrears Database included the following: I. The aggregate and individual amounts of contractors' arrears. For contractors' arrears, at a minimum, the internal domestic arrears database must also include the name of the contractor and the amount due at the end-of-year. It does not show the nature of the goods and services procured that generated the claim, and billing data (as applicable).	Unsatisfactory	The State should ensure that they conduct verification of arrears.

		The database shows the total domestic arrears stock at the end of each year. II. The aggregate amount of pension and gratuity arrears. III. The aggregate amount of salary arrears and other staff claims. IV. The aggregate amount of other types of domestic arrears b) There is a verification process in place for the arrears in the database c) IVA has confirmed that the State has not conducted verification of arrears balances as the state did not submit State Arrears Recording, Verification and Clearance Report (SARVCR) for 2020. d) IVA conducted tests to ascertain the accuracy of the figure in the internal domestic arrears database, comparing the year-end domestic arrears figures with the balances in the Audited Financial Statement. Discrepancies were identified and clarification was given by the State. e) The state did not submit the annual state arrears recording, verification, and clearance report (SARVCR) to the IVA.		
6	Has the State published online elements of the internal domestic arrears database for the FY **2019** and FY **2020** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has not published online the required elements of the Internal Domestic Arrears Database as at end of 2019 and 2020. b) We did not compare the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and verify the consistency and accuracy of the information on the online publicly-accessible	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.

		arrears database – as there was no publicly-accessible arrears database. c) There was no publicly accessible arrears database therefore IVA could not confirm if the website supporting the online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic arrears database and included as relevant in the online publicly accessible arrears database. d) We confirmed that there were no online web pages that included a facility for contractors with arrears (creditors) to report any omissions to the State. e) We did not conduct a test of the facility for contractors with arrears (creditors) to report any omissions to the State, as there was no facility to test. f) There were no records to obtain from the state on the omissions reported by contractors in each year and how they were treated. g) We were unable to confirm if any omissions of contractor arrears were reported as there was no publicly accessible internal domestic arrears database. h) There was no publicly-accessible arrears database. Therefore, there is no weblink.		

<table>
<tr><td></td><td></td><td>Conclusions/Findings: The State did not have an online publicly accessible database. As such, there was no facility for contractors to check and report omissions to the State.</td><td></td><td></td></tr>
<tr><td>7.</td><td>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 ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.</td><td>There was no online publication that includes the aggregates amount for the four types of arrears as shown

There was no online publication that contained the names of contractors owed ₦20m in arrears and above.</td><td>Unsatisfactory</td><td>● The State should ensure they publish online lists of contractors with recognized arrears exceeding ₦20 million.
● The State should ensure contractors can verify that their claims are accurately reported.</td></tr>
<tr><td>8.</td><td>Has the State met the following?
(i) Percentage decline in the verified stock of domestic arrears at end 2020 compared to end 2019 meets target and is consistent with the state’s arrears clearance framework.</td><td><table><tr><th>Aggregate Amount of:</th><th>2020</th><th>2019</th><th>Diff. (%)</th></tr><tr><td>Contractors Arrears</td><td>470,148,659.27</td><td>1,493,555,014.69</td><td>-68.5%</td></tr></table></td><td>Satisfactory</td><td></td></tr>
</table>

	-Stretch target: At least a 5% year-on-year decline or maintain stock or arrears below ₦5 billion. 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 the year, compared to the previous year, expressed in percentage terms.				

Pension and Gratuity arrears	-	-	-
Salary arrears and Staff claims	5,049,934,134.11	5,049,934,134.11	0.00%
Judgment Debt	-	-	-
Other types of domestic expenditure arrears	-	-	-
Total Domestic Arrears	5,520,082,793.38	6,543,489,148.8	-16%

We obtained the Domestic arrears figure from the Ondo State breakdown of total debt Stock and confirmed that it was the same as the balances stated within the SDDR and the AFS for 2020. The reason for the discrepancy between the breakdown of Debt Stock and the AFS 2020 was explained by the State as follows:

"The difference ₦1,023,406,082.42 noticed in the contractors' arrears figures in the FS and the ones reported to the DMO is a post balance sheet transaction and the evidence of the payment is attached."

<table>
<tr><td></td><td></td><td>₦5,520,082,793.32- ₦6,543,489,148.74 x 100
₦6,543,489,148.74
= -16%

The percentage decline is 16%

Source: "Ondo State breakdown of total debt Stock"</td><td></td><td></td></tr>
<tr><td colspan="2">DLI 9: Improved Debt Sustainability</td><td></td><td></td><td></td></tr>
<tr><td>DLR 9.0</td><td>Total debt stock at end Dec [2020] as a share of total revenue for FY [2020] meets target:
-Basic target: < [150%]
-Stretch target: < [125%]</td><td></td><td>Achieved (Stretch Target Met)</td><td></td></tr>
<tr><td>1</td><td>Has the State met:
(i) the ratio of total debt stock at end-of-year (31st December 2020) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2020)?
-Basic target:< [150%]
-Stretch target: < [125%]</td><td>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.

<u>Total Public Debt</u>
<table><tr><th></th><th>Financial Statements (₦)</th><th>DMO/SDEDR Figures (₦)</th></tr><tr><td>Total Domestic Debts</td><td>75,686,607,328.15</td><td>81,440,969,649</td></tr></table></td><td>Satisfactory</td><td></td></tr>
</table>

Total External Debts	33,224,913,274.00	33,312,347,256.14
Total Public Debts	**108,911,520,602.15**	**114,753,316,905**

Total Annual Revenue

2020 Adjusted IGR (see DLI 4.2)	30,687,826,606.21
Gross FAAC Allocation	61,767,457,078.85
Grants	10,279,125,285.00
Other Revenues	398,347,665.06
Total Revenue	103,132,756,635.12

a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2020 is as at the end of Q4 2020

We have computed the total debts stock / Revenue percentage for the 2020 year, as follows:

$$\frac{₦114,753,316,905.00}{₦103,132,756,635.12} \times 100$$

		=111.27% **Sources:** i. For Total Revenue Ondo 2020 Audited Financial Statement, Page 20 and "2018-2020 States FAAC for DLI 9" ii. For Total Public Debt from DMO* as at December 31, STATE DEBT REVISED AND RECONCILED 2020 SDEDR 02.02.2022 *Table 3(i) below holds a breakdown of the Total Debt. b. The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same as the debt stock stated in the audited financial statement. c. There was a difference of N5,841,796,303.35 d. The difference has been communicated to the State for an explanation via an APA Issue Report. The State responded that "The domestic debt stock figures displayed here as coming from the DMO are wrong. The figures supplied by the State Government which are attached to this mail are the authentic figures which are the ones on the DMO website. The process of rendering quarterly returns to the DMO involves correspondence to confirm the figures after which the State debt office is advised to send the soft and hard copies officially. The hard copy is then acknowledged, scanned and a copy sent back to us. Evidence of these processes is attached to verify our figures. Therefore, the Ondo State Debt Stock as at 31 December, 2020 is ₦74,663,201,245.73. For the external debt stock, we rely on figures given to us by the DMO bi-annually. The figure on the FS is the figure given		

		to us by the DMO which is also on their website. The Ondo State External Debt Stock as at 31 December, 2020 from the letter sent to the State by DMO is ₦33,224,913,273.84. (Please see attached document) Regarding contractors' arrears, the difference of ₦1,023,406,082.42 noticed in the contractors' arrears figures in the FS and the ones reported to the DMO is a post-balance sheet transaction and the evidence of the payment is attached. For infrastructure loan, it comprises of the Vehicle Lease - ₦245,135,811.90 and Rural Water Project - ₦62,854,995.62 which amounts to ₦307,990,807.52. Please check page 97 of the FS to clarify this information." Based on the response from the state, the IVA recognized only the infrastructure loans of ₦307,990,807.52. and Commercial Bank Loans (Unity Bank) of 162,578,265.67 in its computation because they were traceable to page 97 of the AFS. IVA, however, did not recognize the reduction in Contractors Arrears as it was a post-balance sheet item and therefore done after the end of FY 2020; neither did IVA recognize the External Debt as the document presented was denominated in USD and not Naira. The Difference of N87,433,982.13 observed in External Debt was denominated in Naira while the evidence presented by the state showed External debt as USD87,433,982.13. The difference between the AFS and the SDEDR is therefore N5,841,796,303.35. The difference has been calculated in value and percentage terms, thus: NN5,841,796,303.35 and 5.36%		

		e. The difference has been calculated in value and percentage terms, thus: ₦14,381,313,979.76 and 13.26% and the SDEDR was not amended and resubmitted to the IVA along with explanations for any changes.		

4. APPENDICES

4.1 Table 3(i): DLI 9 31st December 2020 State Debt Stock Tables for Ondo State

ONDO STATE	2020 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,340,884,245.97
BAIL OUT (SALARIES) (SOURCE CBN)	13,271,935,642.75
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	3,862,177,081.94
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,053,712,700.42
STATE BONDS	26,020,080,887.41
COMMERCIAL BANK LOANS	162,578,265.67
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,037,251,856.43
INFRASTRUCTURE LOANS (CBN FACILITIES)	307,990,807.52
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	864,275,367.88
JUDGMENT DEBTS	0.00
GOVT - GOVT DEBTS	0.00
CONTRACTORS' ARREARS	470,148,659.27
PENSION AND GRATUITY ARREARS	0.00
SALARY ARREARS AND OTHER CLAIMS	5,049,934,134.11
OTHER DEBTS	0.00
TOTAL DOMESTIC DEBT (TDD)	**81,440,969,649.36**
TOTAL EXTERNAL DEBT (TED)	33,312,347,256.14
TOTAL PUBLIC DEBT (TED+TDD)	**114,753,316,905.50**

4.2 Table 3(ii): DLI 9 31 December 2020 - Adjusted Revenue Tables for Ondo State

TEMPLATE: OPTION A	**₦**
Item	**2020**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**61,767,457,079**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**46,285,387,588**
1.1.1 Gross statutory allocation	30,533,396,751
1.1.2 Derivation	10,646,023,480
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	5,105,967,357
1.2 VAT	**15,482,069,491**
2. Internally Generated Revenues (IGR) - Adjusted	30,687,828,626.21
3. Grants (internal and external)	**10,279,125,285**
4A. Other revenues (4.1 + 4.2 + 4.3)	**398,337,665.06**
4.1 Investment Income (e.g., dividends)	376,828,709.43
4.2 Interest Earned	21,518,955.63
4.3 Miscellaneous	
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**103,132,756,635**

4.3 Response from the State

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

S/N	Affected DLR	Issues Raised	Response from the State	IVA's Final Remarks
1.	DLR 1.1	Clarity on why Quarter 1 and 2 of the Budget Implementation Report do not reflect balances against each of the revenue and expenditure appropriations	The percentage performance was clearly shown in the quarterly budget implementation report. We relied on the performance rating (indicated in table 3.1) to understand the balance against actual for Q1 and Q2 budget performance. However, we indicated the side of the balance by side with the performance for Q3 and Q4 when we received an updated template for Budget reporting. The IVA should kindly rely on the performance for Q1 and Q2 to get the balances.	IVA has noted the State's response.
2.	DLR 1.2 and 3	Discrepancies between figures in the IGR outturn report and the IGR figure in the audited financial statement.	Noted	
3.	DLI 4	Difference of ₦5,840,182,262.47 between figures in the IGR outturn report and IGR figure in the audited financial statement.	The difference is the accrued personal income tax from Federal Government agency in Ondo State (Page 32 Personal tax 12010101 of Audited Financial Statement and note 27 receivables paid in 2021)	IVA has noted the State's response.
4.	DLR 5.1 and 5.2	Discrepancies of N1,152,078,611.49. Between AFS and the state report on biometrics, December 2020– dli 5.	Note 11 provides details of Salaries and wages paid. NGN 1,152,078,611.49 represent payment of salary of OSOPADEC (page 76 of AFS)	IVA has noted the State's response.
5.	DLR 6.2	The discrepancy in the Schedule of Contracts provided and the Online Publication of Contract Awards for FY2020	I. The hardcopy schedule of contracts does not represent all the contracts awarded for the year 2020 because only contracts above a threshold of N20m were listed in that schedule. We have said we will obtain the list of other contracts, particularly as it relates to Covid-19 and less than the N20m threshold. II. They were published as "2020 ODSG Contract Awards" because, from the point of Public Procurement, they are ODSG Contract Awards. However, from other perspectives, it may be further broken down as Covid-19 contracts. All the contracts in question, whether Covid-19 or not, were from the same 2020 Budget.	Not satisfactory

			III. There is no difference. It's just that the 8 contracts were published on 2 different web pages as follows: a. https://bpp.on.gov.ng/2020-odsg-contract-awards/ - 3Projects b. https://bpp.on.gov.ng/2021-contract-awards-to-smes/ - 5Projects iv. Only the contracts that are not up to the N20m are outstanding, based on the returns we received.	
6.	DLI 9	The variance of ₦5,841,796,303.35 between the State Domestic & External Debt Report (SDEDR) submitted by the Federal Debt Management Office and the State Audited Financial Statement	DOMESTIC DEBT STOCK The figures displayed here as coming from the DMO are wrong. The figures supplied by the State Government which are attached to this mail are the authentic figures which are the ones on the DMO website. The process of rendering quarterly returns to the DMO involves correspondence to confirm the figures after which the State debt office is advised to send the soft and hard copies officially. The hard copy is then acknowledged, scanned and a copy sent back to us. Evidence of these processes is attached to verify our figures. Therefore, the Ondo State Debt Stock as at 31 December, 2020 is ₦74,663,201,245.73. EXTERNAL DEBT STOCK For the external debt stock, we rely on figures given to us by the DMO bi-annually. The figure on the FS is the figure given to us by the DMO which is also on their website. The Ondo State External Debt Stock as at 31 December, 2020 from the letter sent to the State by DMO is ₦33,224,913,273.84. (Please see attached document) CONTRACTORS ARREARS The difference ₦1,023,406,082.42 noticed in the contractors' arrears figures in the FS and the ones reported to the DMO is a post-balance sheet transaction and the evidence of the payment is attached. INFRASTRUCTURE LOANS The infrastructure loan comprises of the Vehicle Lease - ₦245,135,811.90 and Rural Water Project - ₦62,854,995.62 which amounts to ₦307,990,807.52. Please check page 97 of the FS to clarify this information.	IVA has noted the State's response.

5. 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	NONE	
2		
3		
4		