



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

**2019 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 JK Consulting Co. Ltd**



**November 2020**

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# 1 Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Ondo 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 Ondo State and shows areas where the State achieved results. In total, Ondo State achieved **10 (Ten)** DLRs out of 15 DLRs applicable to 2019 and 1 DLR was achieved in 2018.




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. **DLR 1.2:** Ensure that annual expenditure outturn deviation is reduced to a level within the requirements for this result.
2. **DLR 3.0:** Develop a functional State-level TSA where all Government revenues are credited before expenditure. A formally approved cash management strategy should be put in place, as well as an increase in the percentage of state government finances flowing through the TSA to at least the minimum requirement to achieve this result.
3. **DLR 4.2:** Increase its year-on-year IGR growth to at least the levels required for the achievement of this result.
4. **DLR 8:** Establish a Domestic Arrears Clearance Framework (ACF) and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal.

Furthermore, we noted a significant issue affecting the credibility of the Financial Statements for 2019. Primarily, there is a difference of ₦1,070,767,617.52 (One Billion, Seventy Million, Seven Hundred and Sixty Seven Thousand, Six Hundred and Seventeen Naira, Fifty Two Kobo), between the Total Debt Stock figure reported by the State on pages 87 and 90 of the 2019 Audited Financial Statement (₦97,438,345,601.48) and the 2019 figure reported by the Federal Debt Management Office, the Central Bank of Nigeria and the Federal Ministry of Finance (₦98,509,113,219.00).

**Table 1: Assessment Results**

<b>Key:</b>	Achieved		Not Achieved		Previously Achieved	
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
<b>DLI 1:</b> 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 weeks after each quarter end.
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 36.06%
<b>DLI 2:</b> Increased openness and citizens'	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.		Citizens' inputs from formal public consultations were

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
engagement in the budget process			published online on 5 <sup>th</sup> December 2019
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		Citizens' budget was published online on 29th April, 2019
<b>DLI 3:</b> 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 did not cover a minimum of 60% of the Government finances.
<b>DLI 4:</b> 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 meets all requirements
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: - Basic target: 20%-39%, Stretch target: 40% or more		There was a decline of 47%.
<b>DLI 5:</b> 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		The State had captured 87.93% of 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		The State had linked 98.68 % of the State' civil servants and pensioners BVN data to the payroll.
<b>DLI 6:</b> Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency; and 3) Cover all MDAs receiving funds from the state budget.		The Law meets all three requirements and an agency is in place.
	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		Contract award information was published in the OCDS format
<b>DLI 7:</b> 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 the 2018 APA
	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		Reports were accepted in an average of 1.5 months after the quarter end
<b>DLI 8:</b> 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 <b>and</b> Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.		The State ACF was not published online and the percentage decline in verified stock of domestic arrears was 4.3%

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
<b>DLI 9:</b> 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%. <b>and</b> Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.	<b>Stretch target achieved</b>	The Debt to Revenue ratio was 101.15% Debt deductions to Gross FAAC allocation was 14.92%

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

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### 2.1 Overview

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

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

### 2.2 Scope

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

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised on the requirements of the program and on the protocol for 2019. The assessment results are binary (Achieved 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 (30/08/2020 and 05/09/2020) 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
<b>DLI 1: Improved Financial Reporting and Budgeting Reliability</b>				
<b>DLR 1.1</b>	<b>Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management</b>		<b>Achieved</b>	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	<p>The Quarterly budget implementation reports were posted online on <a href="http://www.ondobudget.org/budget_information.php">http://www.ondobudget.org/budget_information.php</a> as follows:</p> <ul style="list-style-type: none"> <li>• Q1 – (08/05/2019) - 5.6 weeks (39 days)</li> <li>• Q2 – (08/08/2019) - 5.6 weeks (39 days)</li> <li>• Q3 – (07/11/2019) - 5.4 weeks (38 days)</li> <li>• Q4 – (21/01/2020) - 3 weeks (21 Days)</li> </ul> <p>Average week for the online publication is computed as below:</p> $\frac{5.6+5.6+5.4+3}{4}$ <p>Average = <u>5 Weeks (34 days)</u></p> <p>We downloaded the quarterly budget Implementation Reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.</p>	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.	<p>From our review of the Quarterly Budget Implementation reports downloaded from the State’s website (<i>see weblinks above</i>), we observed the following;</p> <ul style="list-style-type: none"> <li>• The Budget Implementation Reports include the approved budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures.</li> <li>• The Budget Implementation Reports include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date,</li> <li>• The Budget Implementation Reports include the balances against each of the revenue and expenditure appropriations.</li> <li>• We also observed that the State has no amended/revised budget or passed supplementary budgets.</li> </ul> <p>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.</p>	Satisfactory	The format used includes the necessary information but in a scattered manner which reduces the usefulness of the report. The State should improve the format of the reports
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 expenditures not attributable to any of	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 the Other Expenditures’ which include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	



Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
	the other three (3) expenditure classifications?															
<b>DLR 1.2</b>	<b>FY [2019] deviation from total budget expenditure is less than 25%</b>		<b>Not Achieved</b>													
1	<p>Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms?</p> <p>Is the expenditure outturn deviation computed less than 25%</p>	<p>The State computed the budget deviation for 2019 to be 36.06%</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th>Original Budget ₦</th> <th>Actual Outturn (pg 19) ₦</th> </tr> </thead> <tbody> <tr> <td>Capital (pg x)</td> <td>90,112,909,112.86</td> <td>30,892,893,036.59</td> </tr> <tr> <td>Rec. Exp (pg x)</td> <td>103,789,989,886.65</td> <td>93,089,982,138.35</td> </tr> <tr> <td><b>Total</b></td> <td><b>193,902,899,000.00</b></td> <td><b>123,982,875,174.94</b></td> </tr> </tbody> </table> $\frac{\text{₦}193,902,899,000.00 - \text{₦}123,982,875,174.94}{\text{₦}193,902,899,000.00} \times 100 = \underline{\underline{36.06\%}}$ <p>The budget performance deviation is 36.06%</p> <p><b>Source:</b> 2019 Audited Accrual Financial Statement Pages 19 and 20. Also, an Approved Budget and Actual Expenditure or Appropriation Law Pg X.</p>		Original Budget ₦	Actual Outturn (pg 19) ₦	Capital (pg x)	90,112,909,112.86	30,892,893,036.59	Rec. Exp (pg x)	103,789,989,886.65	93,089,982,138.35	<b>Total</b>	<b>193,902,899,000.00</b>	<b>123,982,875,174.94</b>	Unsatisfactory	The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result.
	Original Budget ₦	Actual Outturn (pg 19) ₦														
Capital (pg x)	90,112,909,112.86	30,892,893,036.59														
Rec. Exp (pg x)	103,789,989,886.65	93,089,982,138.35														
<b>Total</b>	<b>193,902,899,000.00</b>	<b>123,982,875,174.94</b>														
<b>DLI 2: Increased Openness and Citizens' Engagement in the Budget Process</b>																
<b>DLR 2.1</b>	<b>Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] budget</b>		<b>Achieved</b>													
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with	a) A Town-hall consultation was held with Akure South LGA, Ose LGA, Owo LGA etc. in attendance,	Satisfactory													

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	participation of local government authorities and State-based CSOs?	<ul style="list-style-type: none"> <li>b) The CSOs representatives in attendance were representatives of Civil Society and Up-line Centre for Development.</li> <li>c) The evidence provided by the State include Report/Communique, attendance list, pictures and videos of the consultations.</li> <li>d) The consultation was held on 3<sup>rd</sup> September, 2019 at Babafunke Ajasin Hall, Ministry of Women Affairs and Social Development, Igbatoro Road, Akure, Ondo State.</li> <li>e) A sample of 10 attendees were randomly selected and contacted through phone calls to confirm their attendance and they all confirmed their participation.</li> <li>f) We obtained information from the State on when the budget was drafted (a copy of Budget speech dated 17<sup>th</sup> December, 2019 was retained).</li> <li>g) The consultation was held on 3<sup>rd</sup> September, 2019 while the draft budget was prepared on 17<sup>th</sup> December, 2019. The Public consultation was done first.</li> </ul>		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	<ul style="list-style-type: none"> <li>a) The Minutes of the Public Consultation was co-signed by the CSO representatives of Coalition of Civil Society and Up-line Centre for Development.</li> <li>b) The title of the Minute was “The Report of the Consultative Meeting with CSOs, NGOs, CBOs and Persons with disabilities in Ondo State on 2020 - 2022 MTEF and 2020 Budget preparation” held on Tuesday, 3<sup>rd</sup> September, 2019.</li> <li>c) It was published on the Official State website on the 5<sup>th</sup> December, 2019 at: <a href="http://www.ondobudget.org/citizen_participation.php">http://www.ondobudget.org/citizen_participation.php</a></li> <li>d) See Appendix A for weblinks to the proposed/final budget</li> </ul>	Satisfactory	
<b>DLR 2.2</b> New	<b>Citizens’ budget based on approved FY19 State budget published online by end April 2019.</b>		<b>Achieved</b>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1 New	Has the State published online, on the State website(s) a <i>Citizens Budget based on the approved FY19 state budget</i> not later than 30 April 2019?	The Citizens budget based on approved FY19 state budget was published before the due date ( <a href="http://www.ondobudget.org/citizen_budget/2019%20Ondo%20State%20Citizens%20Budget-1.pdf">http://www.ondobudget.org/citizen_budget/2019%20Ondo%20State%20Citizens%20Budget-1.pdf</a> ) accessed on (02/09/2020).	Satisfactory	
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	We confirmed that the Citizens budget summarizes in a comprehensible manner to citizens the approved FY19 state budget and it was prepared in the format suggested to the States. It accurately includes the key budget information from the original budget, including the following: <ul style="list-style-type: none"> <li>i. A simple explanation of the annual budget/citizens budget;</li> <li>ii. Breakdown of revenues and expenditures</li> <li>iii. Disclosure of Budget deficit (if any) and how it will be financed.</li> <li>iv. Sectoral Allocation (MDAs by MDAs)</li> <li>v. Top Projects to be financed (at least 5)</li> </ul>	Satisfactory	
<b><i>DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA</i></b>				
<b>DLR 3.0</b>	<b>Improved cash management and reduced revenue leakages through implementation of State TSA</b>		<b>Not Achieved</b>	
1	Has the State established a functional State-level TSA?	<p>a. The State has established a modified functional state-level TSA where all IGR is swept into a single consolidated revenue account from collecting banks. This account is domiciled at First Bank of Nigeria and the name is: ODSG Consolidated Revenue A/C with Account Number 2002084301</p> <p>b. The State operates multiple accounts for IGR, FAAC and VAT. The Accounts are listed below:</p> <ul style="list-style-type: none"> <li>• IGR Main Account: First Bank, ODSG CONSOLIDATED REVENUE A/C Account Number: 2002084301</li> </ul>	Unsatisfactory	The State should establish a functional TSA where all revenues are received.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<ul style="list-style-type: none"> <li>• FAAC Account: United Bank for Africa ODSG Federation Account Allocation Committee (FAAC) Account No. 1021007722</li> <li>• VAT Account FCMB ODSG VAT Account number: 0409241025</li> </ul>		
2	<p>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.</p> <p>The State has a cash management strategy.</p> <ol style="list-style-type: none"> <li>a) The Cash Management Strategy is called the “Treasury Single Account Manual (Part One and Part Two)”</li> <li>b) It was produced in May 2019. The document was signed and approved by Honourable Commissioner for Finance and the Accountant General. An issue was initially reported when the State provided the IVA with an unsigned copy. This was later withdrawn, and a signed copy submitted.</li> <li>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 Paragraph 4 of Figure 8: Cash Management Policy, page 24 of the Ondo State Treasury Single Account – Operational Manual (Part One)</li> <li>d) The Strategy provides for daily sweeping of fund 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.</li> <li>e) The State is yet to provide 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 This has been reported as an issue.</li> </ol>	Unsatisfactory	The State should implement an approved cash management strategy which covers the processes through which the State is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
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)?	<p>a) The State has an application which enables it to have a central view of its cash balances in the Consolidated Revenue Account. The app is called Paydirect. It is powered by Interswitch. Also the State’s BAMS application was viewed and it shows balances from various banks in the TSA. The Banks application has been in use since June 2017.</p> <p>b) It was not explicitly stated in the Cash Management Strategy about central viewing of cash balances but the strategy adopted the use of e-payment. The app was in line with the State Cash Management strategy.</p> <p>c) The date of deployment of the app is June 2017.</p>	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 consolidated revenue account as part of the TSA.	<p>a) 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 “ODSG Consolidated Revenue Account” with account number 2002084301 in First Bank.</p> <p>b) The State provided the ODSG Consolidated Revenue Account Statement to the IVA team.</p>	Satisfactory													
5	Does the TSA cover a minimum of 60% of the State Government’s finances?	<p>The IVA computed the total cash inflow and outflow from the TSA account known as ODSG Consolidated Revenue Account with account number 2002084301 in First Bank against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019.</p> <p>See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total Inflows ₦</th> <th>Total Outflows ₦</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>9,184,786,585.30</td> <td>9,228,482,401.70</td> </tr> <tr> <td>Government Finances*</td> <td>117,549,065,910.12</td> <td>123,982,875,174.94</td> </tr> <tr> <td>Percentage</td> <td>7.8%</td> <td>7.44%</td> </tr> </tbody> </table> <p>The average in percentage computation is:</p>		Total Inflows ₦	Total Outflows ₦	TSA Bank Statement	9,184,786,585.30	9,228,482,401.70	Government Finances*	117,549,065,910.12	123,982,875,174.94	Percentage	7.8%	7.44%	Unsatisfactory	The State’s TSA should cover all of Government Finances, and at least the minimum required for the achievement of this DLR.
	Total Inflows ₦	Total Outflows ₦														
TSA Bank Statement	9,184,786,585.30	9,228,482,401.70														
Government Finances*	117,549,065,910.12	123,982,875,174.94														
Percentage	7.8%	7.44%														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{7.8\% + 7.44\%}{2}$ $= \underline{7.62\%}$ <p>The TSA covered 7.62% of the State's finances.</p> <p>*Sources: 2019 Audited Financial Statement (Cashflow Statement) Page 19 and the TSA Statement from First Bank of Nigeria for the year January 1 to 31st December, 2019.</p>		
<b>DLI 4: Strengthened Internally Generated Revenue (IGR) Collection</b>				
<b>DLR 4.1</b>	<b>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</b>		<b>Achieved</b>	
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?	<p>a) The State has a revenue law known as Ondo State Revenue Administration Law 2019 which was passed by the House of Assembly and assented by the Executive Governor on 22<sup>nd</sup> January, 2019.</p> <p>b) The Revenue law was published online at <a href="https://www.irs.on.gov.ng/assets/TaxLaws/ONDO%20STATE%20REVENUE%20ADMINISTRATION%20LAW.pdf">https://www.irs.on.gov.ng/assets/TaxLaws/ONDO%20STATE%20REVENUE%20ADMINISTRATION%20LAW.pdf</a></p> <p>c) The Revenue code includes all the State's IGR sources and all the Local government (falling under the State) IGR sources.</p> <p>d) The Revenue code includes the rate chargeable for each IGR source.</p> <p>Section 86 (1): from commencement of this law, no rates or levies shall be payable to the State except those contained in the schedule hereto, as amended from time to time.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>Third Schedule lists sources and rates for all State level revenues including MDAs and LGAs. And Presumptive tax and Land Use charges.</p>		
2	<p>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?</p> <p>The current Revenue law stipulates that the SBIR is the sole agency responsible for State revenue (Tax and non-tax) collection. This was stated in the following Sections of the State’s Revenue Administration Law 2019:  Section 13 (b): ...ensuring the effective and optimum recovery of all revenues, including taxes, levies and penalties...  Section 25 (1)(b): Collect, recover, and pay to designated account any tax, levies, fees or charges due to the State Government or any of the relevant Ministries of Agencies....  Section 25 (1)(d): Act as the sole entity to collect all revenue in collaboration with the relevant [MDA] and review the fees...  Section 98: Ondo BIRS shall be the sole authority to collect all taxes, levies, fees, charges and rates listed in the third schedule  Section 26 (1): Sets up Local Government Revenue Committee</p>	Satisfactory	
3	<p>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</p> <p>a) The SBIR has full oversight on the accounts. They are able to view/access a dashboard where all monies paid into the collecting bank is held before it is swept into the State’s TSA. The SBIR also sweeps the funds from the collecting banks on behalf of the Accountant-General.  b) The SBIR is also responsible for reporting and accounting for the revenues collected. The following Sections support the above conclusion.  Section 32: ...transfer into any of the banks designated by the board  Section 27(1): ...account for all amounts so collected in a manner to be prescribed by the Chairman of the LGA subject to the financial memorandum and guidelines for LG administration.  Section 99(2): ..any revenue due to any authority in the state shall be payable...any of the bank designated by the Board.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																
4	<p>Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?</p> <p>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.</p>	a) The code was approved by the State Legislature to have a legal basis. It was assented to by the Governor on the 22 <sup>nd</sup> of January, 2019.	Satisfactory																	
5	<p>Is the Publication published online, so it is automatically available to the public/all taxpayers?</p>	<p>a) The State revenue law/code was published online and automatically available to the public/taxpayers.</p> <p>b) The revenue code document was downloaded on the 31<sup>st</sup> of August, 2020</p> <p>c) The revenue law was published online at <a href="https://www.irs.on.gov.ng/assets/TaxLaws/ONDO%20STATE%20REVENUE%20ADMINISTRATION%20LAW.pdf">https://www.irs.on.gov.ng/assets/TaxLaws/ONDO%20STATE%20REVENUE%20ADMINISTRATION%20LAW.pdf</a> It was last modified on the 27<sup>th</sup> of June 2019 and re-created on the 2<sup>nd</sup> September, 2020.</p>	Satisfactory																	
<b>DLR 4.2</b>	<b>Annual nominal IGR growth rate meets target</b>		<b>Not Achieved</b>																	
1	<p>Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets?</p> <p>Basic Target: 20%-39% Stretch Target: 40% or more</p>	<p>a. The State used Accrual basis for revenue reporting in 2018 and 2019 Audited Financial Statements.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1" data-bbox="730 1157 1478 1429"> <thead> <tr> <th>REPORTING</th> <th>NGN</th> <th>NGN</th> <th>% GROWTH</th> </tr> <tr> <th>Item</th> <th>2018</th> <th>2019</th> <th></th> </tr> </thead> <tbody> <tr> <td>Memo: Reported IGR in AFS (Before Adjustments)</td> <td>119,664,963,675</td> <td>30,159,311,238</td> <td>-75%</td> </tr> <tr> <td>VALID IGR items to be counted as IGR</td> <td>56,511,120,972</td> <td>29,780,251,156</td> <td></td> </tr> </tbody> </table>	REPORTING	NGN	NGN	% GROWTH	Item	2018	2019		Memo: Reported IGR in AFS (Before Adjustments)	119,664,963,675	30,159,311,238	-75%	VALID IGR items to be counted as IGR	56,511,120,972	29,780,251,156		Unsatisfactory	The State should increase its IGR to achieve a minimum of 20% nominal annual growth rate.
REPORTING	NGN	NGN	% GROWTH																	
Item	2018	2019																		
Memo: Reported IGR in AFS (Before Adjustments)	119,664,963,675	30,159,311,238	-75%																	
VALID IGR items to be counted as IGR	56,511,120,972	29,780,251,156																		



Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
	Direct tax	26,939,030,572	20,290,215,273			
	Fines	29,572,090,400	9,490,035,883			
	"Adjusted IGR" for DLI 4.2 Calculation					
	Sum of all VALID items of IGR	56,511,120,972	29,780,251,156	-47%		
	$\frac{\text{₦ 2019 Adj IGR} - \text{₦ 2018 Adj IGR}}{\text{₦ 2018 Adj.IGR}} \times 100$ $= \frac{\text{₦29,780,251,156} - \text{₦56,511,120,972}}{\text{₦56,511,120,972}} \times 100$ $= - 47 \%$ <p>The annual nominal growth calculation showed a decline of 47%% based on the audited financial statements for 2019.</p> <p>Source: 2019 Audited Financial Statement Pg 19 and 20.</p> <p>Note: There were discrepancies between the IGR Direct Tax Figure reported in the Audited Financial Statement as above and the Figure of N30,135,881,918.33 reported in the Ondo State Internal Revenue Service Outturn Report. An issue report was raised for the State to make clarification. Clarification was provided of which a key point to note is that the balance stated above for Direct taxes in the 2019 AFS is exclusive of N10,150,115,157.89 of accrued PAYE revenues. We noted that a recalculation including the accrued revenues would not alter our conclusion.</p>					
<b>DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud</b>						

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 5.1	<b>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</b>		<b>Achieved</b>	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	<p>a) The State commenced its biometric data capture in 2015 by the State Information Technology Agency (SITA). Personnel data of employees (Civil Servants and Pensioners), images and fingerprints were captured by the system and transferred into the payroll for salary computation.</p> <p>b) The total number of Civil servants is 46,639</p> <p>c) The total number of Pensioners is 23,759</p> <p>d) The total no of staff on the State Nominal roll is the same with that of the Payroll which is 70,398 (Civil Servants- 46,639 and Pensioners- 23,759).</p> <p>e) The total of 61,900 biometrics data of civil servant (43,087) and pensioners (18,813) has been captured.</p> <p>f) The documents collected and reviewed are as follows:</p> <p>i. A copy of the Nominal Roll for all State civil servants</p> <p>ii. A copy of the Nominal Roll for all State pensioners</p> <p>iii. A report from the State Biometric Database (State Information Technology Agency) on the numbers of persons registered</p> <p>iv. A report from the State Central Pay Office on the numbers of civil servants and pensioners paid for the year under review</p> <p>v. Report of the Accountant-General and Financial Statement for the year ended 31st December, 2019 (page 11)</p> <p>vi. A report from the State Payment Platform (Pay Choice)</p> <p>vii. Screenshot of 20 Samples each for civil servants and pensioners on the database were undertaken and kept in the assessment file.</p> $\frac{61,900 \times 100}{70,398} = 87.93\%$	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>The State had captured 87.93% of the State' civil servants and pensioners.</p> <p>Note that the APA 2018 report showed 13,282 as total State civil servants while 2019 report shows the number has gone up to 46,639 which is a threefold increase. This is because in 2018 the IVA did not include UBEC and Local Government Staff in the total number of Civil Servants for the State but this was included in 2019. The State confirmed that the total persons on its payroll includes UBEC and Local Government office Staff and pensioners.</p>		
2	<p>Has the State linked the biometrics data to the State payroll to identify ghost workers?</p> <p>a) The State commenced the linkage of the biometric data to the payroll in 2015.</p> <p>b) The biometric data of 61,900 of civil servant (43,087) and pensioners (18,813) has been captured and linked to the payroll.</p> <p>c) The State did not identify any ghost workers and ghost pensioners in the year under review. This was corroborated by the letter addressed to the Clerk of the House/Permanent Secretary of Ondo State House of Assembly on the report of Staff Payroll Audit carried out by the State Auditor-General through a continuous audit system adopted for examination of records by the Resident Auditors in the Ministries, Departments and Agencies for the year ended 31<sup>st</sup> December, 2019.</p> <p>d) The changes experienced in 2019 payroll figure was as a result of leavers voluntarily, deaths and officers on study leave.</p> <p>e) The procedures put in place by the State Central Pay Office through the use of Pay Choice Payment Platform 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.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>a) No ghost worker was identified in the year under review. The IVA team was made to understand that having received recommendation from the verification committee to disengage an Officer suspected to be a ghost worker, such instruction will be carried out before the investigative committee will sit on the matter.</p> <p>b) This was confirmed in the progress report of the Central Pay Office.</p> <p>c) The State Auditor-General's Audit Report for the year 2019 was obtained and reviewed. No discrepancies were identified.</p>	Satisfactory	
5.2	<b>Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed</b>		<b>Achieved</b>	
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	<p>a) The State commenced the linkage of BVN data of Civil Servant and Pensioners in 2015 by the State Information Technology Agency (SITA). It had linked the Bank Verification Number data to 92.6% of its current Civil Servants and Pensioners on the state payroll</p> <p>b) The total number of staff on the State Nominal roll is the same with that of the Payroll which is 70,398 (Civil Servants- 46,639 and Pensioners- 23,759).</p> <p>c) A total of 69,472 civil servant (46,639) and pensioners (22,833) BVN data has been linked to payroll.</p> <p>d) The documents collected and reviewed are as follows:</p> <p>i. A copy of the Nominal Roll for all State civil servants</p> <p>ii. A copy of the Nominal Roll for all State pensioners</p> <p>iii. A report from the State Biometric Database (State Information Technology Agency) on the numbers of persons registered</p> <p>iv. A report from the State Central Pay Office on the numbers of civil servants and pensioners paid for the year under review</p> <p>v. Report of the Accountant-General and Financial Statement for the year ended 31st December, 2019 (page 11)</p> <p>vi. A report from the State Payment Platform (Pay Choice)</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>vii. Screenshot of 20 Samples each for civil servants and pensioners on the database were undertaken and kept in assessment file</p> $\frac{69,472}{70,398} \times 100 = 98.68\%$ <p>The State has linked 98.68 % of the State' civil servants and pensioners BVN data to the payroll.</p>		
2	Has the State taken steps to identify payroll fraud?	<p>a) The State has been able to link 100% of their Civil servant (46,639) BVN data to the payroll. 22,833 pensioners out of 23,759 has been linked. The other 926 pensioners BVN data were yet to be linked to the State payroll</p> <p>b) 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.</p> <p>c) The above conclusion were reached through information received from Ondo State Pay Choice Payroll System, the State Information Technology Agency (SITA) and the State Auditor-General's Audit Report for the year 2019.</p>	Satisfactory	
<b>DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money</b>				
<b>DLR 6.1</b>	<b>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</b>		<b>Achieved</b>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution?	<p>a) The State has an approved Public Procurement Legal framework approved by the State Legislature and assented to by the Governor on the 8<sup>th</sup> of August, 2017</p> <p>b) The Law was republished on the 23<sup>rd</sup> of January, 2020</p> <p>c) The Source of publication is:  <a href="https://ondobpp.quibiztec.com/wp-content/uploads/2020/01/Ondo-State-Public-Procurement-Law-2017.pdf">https://ondobpp.quibiztec.com/wp-content/uploads/2020/01/Ondo-State-Public-Procurement-Law-2017.pdf</a></p>	Satisfactory													
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	<p>The Ondo State Procurement Law conforms to the UNCITRAL Model Law and is substantially compliant with the DLR 6 requirements.</p> <p><b>1. E-procurement. (Compliant)</b> – S.2(e). The Board shall approve changes in the procurement process to adapt to e-procurement and improvements in modern technology when necessary. 2. Establishment of an independent procurement board. (Compliant).</p> <p><b>2. Establishment of an independence procurement board</b> - The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="730 984 1493 1446"> <thead> <tr> <th>Required Provisions*</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>The Functions and Powers of the Agency</td> <td>Compliant; see sections 5 and 6 of the Law</td> </tr> <tr> <td>The composition of the board</td> <td>Compliant; See section 1(2).</td> </tr> <tr> <td>Membership of the Board/Council includes representatives from Professional bodies and associations.</td> <td>Compliant; see sections 1(2)(h)</td> </tr> <tr> <td>The grounds for removal of the Chief Executive of the agency.</td> <td>Compliant; see section 7(4)</td> </tr> <tr> <td>Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review</td> <td>Compliant; See Section 54(7) appeals from decisions of the Council lie to the High Court.</td> </tr> </tbody> </table>	Required Provisions*	Result	The Functions and Powers of the Agency	Compliant; see sections 5 and 6 of the Law	The composition of the board	Compliant; See section 1(2).	Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see sections 1(2)(h)	The grounds for removal of the Chief Executive of the agency.	Compliant; see section 7(4)	Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See Section 54(7) appeals from decisions of the Council lie to the High Court.	Satisfactory	
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>*Provided by the World Bank</p> <p><b>3. Covers all MDAs receiving funds from the State budget including the LGAs.</b> (Compliant). The Law applies to all procurement of goods, works and services carried out by the State, LGA and other procuring entities.</p>		
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?	<p>a) The State has instituted an independent procurement regulatory function.</p> <p>b) The function was performed through a bureau which is responsible for prescribing regulations and procedures for public procurement in accordance with the legal framework</p> <p>c) An interview with the Chief Executive and Management was held. In their view the agency had been very effective and involved in the procurement process in the State. The Management also confirmed the development and operation of the bureau website (<a href="https://bpp.on.gov.ng/">https://bpp.on.gov.ng/</a>). A physical inspection of the agency was conducted and it was observed that the agency is active. The operational staff also confirmed the activeness and effectiveness of the agency.</p> <p>d) The bureau handled 32 cases in 2019. A walkthrough of 5 cases was performed to confirm the effective handling of the selected cases in line with the bureau guideline. The schedule of all contracts awarded during the year under assessment above the threshold was obtained.</p> <p>e) Based on the walkthrough of cases and interview held, the IVA confirmed that the agency is functional.</p>	Satisfactory	
<b>DLR 6.2</b>	<b>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]</b>		<b>Achieved</b>	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal	a) The schedule of all contracts awarded during 2019 above the threshold (as defined in the State procurement law) was obtained by the IVA from the State.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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).	<p>b) The State has 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).</p> <p>c) The State had published online information about Job Title, Job Location, Contract Price, Date of Award, Duration, Contractors' Names/Address, Description of Job, Procurement Entity/Contact Person/Phone.</p> <p>d) The publication on the State website was done on the 16<sup>th</sup> December, 2019 and the page was viewed on the 1<sup>st</sup> of September, 2020. Back end evidence was obtained and retained in the assessment file.</p> <p>e) The publication was seen at: <a href="https://bpp.on.gov.ng/2019-contract-awards/">https://bpp.on.gov.ng/2019-contract-awards/</a></p> <p>f) The schedule of all contracts awarded during the year under assessment above the threshold was obtained.</p>		
<b>DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework</b>				
<b>DLR 7.1</b>	<b>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.</b>		<b>Previously Achieved</b>	Not applicable, please see the 2018 APA report.
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?	This has been previously achieved.		This has been previously achieved.



Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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.	This has been previously achieved.		This has been previously achieved.
4	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.	This has been previously achieved.		This has been previously achieved.
<b>DLR 7.2</b>	<b>Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019</b>		<b>Achieved</b>	
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?	The State produced quarterly domestic debt reports approved by the DMO on average of 1.5months 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:  <ul style="list-style-type: none"> <li>• Q1 submitted on 17/05/2019 6.9 weeks (48 days)</li> <li>• Q2 submitted on 20/08/2019 7.3 weeks (51 days)</li> <li>• Q3 submitted on 16/11/2019 6.6 weeks (46 days) and</li> <li>• Q4 submitted on 05/02/2020 5.1 weeks (36 days)</li> </ul> The SDDRs were submitted within an average of 1.5 months (45 days).	Satisfactory	
2	<b>Note: Have you reviewed for accuracy and completeness from the DMO:</b>	We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Ondo State Debt Domestic Report and both showed a difference amount of ₦1,070,767,617.52	n/a	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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.	(One Billion, Seventy Million, Seven Hundred and Sixty Seven Thousand, Six Hundred and Seventeen Naira, Fifty Two Kobo), between the Total Debt Stock figure reported by the State on pages 87 and 90 of the 2019 Audited Financial Statement (₦97,438,345,601.48) and the 2019 figure reported by the Federal Debt Management Office and the Central Bank of Nigeria (₦98,509,113,219.00). The report was supported with the DMO's templates and guidelines.  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.		
<b>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</b>			<b>Not Achieved</b>	
<b>DLR 8.0</b>	<b>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.</b> <b>AND</b> <b>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.</b>  <b>-Basic target:</b> At least a 5% decline or maintain stock below N5 billion <b>-Stretch target:</b> More than 20% decline	The State submitted to the IVA the Annual State Arrears Recording, Verification, and Clearance Report (SARVCR).	Satisfactory	
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF). b) The ACF was provided to the IVA team c) The ACF was established by the 31 <sup>st</sup> December, 2019.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	Satisfactory	
3	Has the ACF been published on a State official website?	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	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?	Unsatisfactory	The State should ensure verification process are in place for the arrears in the database.
6	Has the State published online elements of the internal domestic arrears	Unsatisfactory	The State should publish online,

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations																		
	database for the FY <b>2018</b> and FY <b>2019</b> reported on a State official website, which constitutes the online publicly accessible arrears database?					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 published online elements of the Internal Domestic Arrears Database for years 2018 and 2019.			Unsatisfactory	a) The State should publish online lists of contractors with recognized 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 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.  <b>-Basic target:</b> At least a 5% year-on-year decline or maintain stock or arrears below N5billion. <b>-Stretch target:</b> More than 20% year-on-year decline.  The clearance/reduction of domestic expenditure arrears (contractors,	<table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2019 ₦</th> <th>2018 ₦</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>1,493,555,014.69</td> <td>1,788,428,672.47</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>-</td> <td>-</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td>5,049,934,134.05</td> <td>5,049,934,134.05</td> </tr> <tr> <td>Other types of domestic expenditure arrears</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total Domestic Arrears</b></td> <td><b>6,543,489,148.74</b></td> <td><b>6,838,362,806.52</b></td> </tr> </tbody> </table>	Aggregate Amount of:	2019 ₦	2018 ₦	Contractors Arrears	1,493,555,014.69	1,788,428,672.47	Pension and Gratuity arrears	-	-	Salary arrears and Staff claims	5,049,934,134.05	5,049,934,134.05	Other types of domestic expenditure arrears	-	-	<b>Total Domestic Arrears</b>	<b>6,543,489,148.74</b>	<b>6,838,362,806.52</b>			Unsatisfactory	The State should ensure a reduction in arrears by at least 5% to meet the Basic Target or maintain a domestic debt stock below N5billion.
Aggregate Amount of:	2019 ₦	2018 ₦																						
Contractors Arrears	1,493,555,014.69	1,788,428,672.47																						
Pension and Gratuity arrears	-	-																						
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Other types of domestic expenditure arrears	-	-																						
<b>Total Domestic Arrears</b>	<b>6,543,489,148.74</b>	<b>6,838,362,806.52</b>																						
		a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database.																						

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations						
	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.	$\frac{\text{N}6,838,362,806.52 - \text{N}6,543,489,148.74}{\text{N}6,838,362,806.52} \times 100$ $= \underline{\underline{4.3\%}}$ <p>The percentage decline is 4.3%</p> <p><b>Source:</b> State internal domestic expenditure arrears database</p>								
<b>DLI 9: Improved Debt Sustainability</b>										
<b>DLR 9.0</b>	<p><b>Average monthly debt service deduction is &lt; 40% of gross FAAC allocation for FY [2019]</b></p> <p><b>AND</b></p> <p><b>Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:</b></p> <p><b>-Basic target: &lt; [140%]</b></p> <p><b>-Stretch target: &lt; [115%]</b></p>		<b>Achieved</b>							
	<p>Has the State met:</p> <p>(i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2019) to the gross FAAC allocation for the same calendar year?</p> <p><b>Less than :&lt; [40%]</b></p>	<p>The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.</p> $\frac{\text{Total Service Deduction}}{\text{Gross FAAC}} = \frac{\text{N}10,033,394,756.00}{\text{N}67,226,567,148.00} \times 100$ $= \underline{\underline{14.92\%}}$ <p><b>Source:</b> FMoF (FAAC)</p>	Stretch target met							
	<p>Has the State met:</p> <p>(ii) the ratio of total debt stock at end-of-year (31<sup>st</sup> December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2019)?</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><b>Total Public Debt</b></p> <table border="1"> <thead> <tr> <th></th> <th>Financial Statements ₦</th> <th>DMO figures (Adj) ₦</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>67,502,414,614.20</td> <td>73,169,155,038.00</td> </tr> </tbody> </table>		Financial Statements ₦	DMO figures (Adj) ₦	Total Domestic Debts	67,502,414,614.20	73,169,155,038.00	Satisfactory stretch target met.	
	Financial Statements ₦	DMO figures (Adj) ₦								
Total Domestic Debts	67,502,414,614.20	73,169,155,038.00								

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations
<p><b>-Basic target:</b>&lt; [140%]  <b>-Stretch target:</b> &lt; [115%]</p>	Total External Debts	29,935,930,987.28	25,339,958,180.00		
	<b>Total Public Debts</b>	<b>97,438,345,601.48</b>	<b>98,509,113,219.00</b>		
	<b>Total annual revenue</b> ₦				
	2019 Adjusted IGR (see DLI 4.2)	29,780,251,156.00			
	Gross FAAC Allocation	67,226,567,148.00			
	Grants	-			
	Other Revenues	379,060,082.01			
	<b>Total Revenue**</b>	<b>97,385,878,386.01</b>			
	<p>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.</p>				
	<p>We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p>				
$= \frac{\text{Total Public Debts*}}{\text{Total Revenue}} \times 100$ $= \frac{\text{₦98,509,113,219.00}}{\text{₦97,385,878,386.01}} \times 100$ $= \underline{\underline{101.15\%}}$					
<p><b>Sources:</b> For Total Revenue 2019 Audited Financial Statement, Pg 19. For Total Public Debt from DMO* as at December 31,2019</p>					
<p>*Table 3 (i) below holds a breakdown of the Total Debt.</p>					
<p>**Table 3 (ii) holds the breakdown of Revenue</p>					
<p>b) 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.</p>					

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>c) There is a difference of ₦1,070,767,617.52 in the debt stock figure stated by the Federal DMO regarding State Domestic and External Debt (₦98,509,113,219.00) and the debt stock figure stated in the audited financial statement (₦97,438,345,601.48).</p> <p>d) The difference has been communicated to the State for explanation</p> <p>e) The difference has been calculated in value as ₦1,070,767,617.52 (₦98,509,113,219.00 - ₦97,438,345,601.48) and in percentage terms as 1.1% ((₦98,509,113,219.00 - ₦97,438,345,601.48) / ₦97,438,345,601.48 * 100)</p> <p>f) The SDEDR has been amended and resubmitted to the IVA along with explanations for any changes.</p>		

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

ONDO STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,015,319,425
BAIL OUT (SALARIES) (SOURCE CBN)	13,336,556,169
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	3,946,005,556
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,117,333,802
STATE BONDS	14,442,857,143
COMMERCIAL BANK LOANS	325,156,531
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,700,965,210
INFRASTRUCTURE LOAN (CBN FACILITY)	1,254,836,896
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	1,486,635,430
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	1,493,554,742
PENSION AND GRATUITY ARREARS	-
SALARY ARREARS AND OTHER CLAIMS	5,049,934,134
OTHER DEBTS	-
<b>TOTAL DOMESTIC DEBT (TDD)</b>	<b>73,169,155,038</b>
<b>TOTAL EXTERNAL DEBT (TED)</b>	<b>25,339,958,180</b>
<b>TOTAL PUBLIC DEBT (TED+TDD)</b>	<b>98,509,113,219</b>



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

	NGN
Item	2019
<b>1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)</b>	<b>67,226,567,149</b>
<b>1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)</b>	<b>54,757,343,752</b>
1.1.1 Gross statutory allocation	38,531,813,968.00
1.1.2 Derivation	13,529,650,112
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	2,695,879,672
<b>1.2 VAT</b>	<b>12,469,223,397</b>
<b>2. Internally Generated Revenues (IGR) - Adjusted</b>	<b>29,780,251,156</b>
<b>3. Grants (internal and external)</b>	-
<b>4A. Other revenues (4.1 + 4.2 + 4.3)</b>	<b>379,060,081</b>
4.1 Investment Income (e.g. dividends)	276,114,996
4.2 Interest Earned	102,945,085
4.3 Miscellaneous	-
<b>Total Revenues and Grants Calculations</b>	
<b>A) Total Revenues and Grants is (1+2+3+4A)</b>	<b>97,385,878,386</b>

## 4 Response from the State

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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 8: The State ACF was published online- <a href="https://oag.on.gov.ng">https://oag.on.gov.ng</a>	This has been noted and reflected in the report.
2	<p>DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, <b>Stretch target: 40% or more</b></p> <p>Kindly change Basic target met to Stretch target</p> <p>The annual nominal growth was 47%.</p>	The IVA reviewed this DLI and observed an error in reporting the decline of 47% as a growth. This has therefore been corrected and this DLI was not achieved.

## 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](mailto:sftas@oaugf.ng)

#### **Eligibility Criteria 2019 Part I - The online publication of Approved Budgets for 2020 by 31<sup>st</sup> January 2020**

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
<a href="http://www.ondobudget.org/download_budget.php">http://www.ondobudget.org/download_budget.php</a>	A search was done on the Ondo State website	The 2020 Budget was published on the State Official website, a copy was downloaded. A copy of the 2020 Appropriation Law was seen but this was not signed.	A request was made on 09/01/2020 and a follow up on 30/01/2020 to the focal persons to provide evidence of the signed Appropriation Law.	<b>EC partially met</b> No further response was received.

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?	No	Evidence of assent by the Governor should be made available

**Eligibility Criteria 2019 Part 2 - The online publication of Audited Financial Statements for FY2018 by 30<sup>th</sup> September 2019**

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
<a href="https://oag.on.gov.ng/2019/07/12/consolidated-financial-account-statement-2018/">https://oag.on.gov.ng/2019/07/12/consolidated-financial-account-statement-2018/</a>	A search was done on the Ondo State Accountant General Website and the Audited Financial Statements were downloaded. <sup>1</sup>	The Audited Financial Statements were easily accessed and downloaded.	N/A	EC met

Tests/checks performed	Results	Areas for improvement
<b>Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)</b>	Yes	None
<b>Were the Financial Statement for 2018 available published online before 30<sup>th</sup> September 2019?</b>	Yes	None
<b>Are the published financial statements clear and legible?</b>	Yes	None
<b>Can the Financial Statements be downloaded?</b>	Yes	None
<b>Do we have evidence of audit by the State Auditor-General?</b>	No <sup>2</sup>	The audited financial statements published online should include an audit certificate by the State Auditor-General
<b>Are the financial statements complete, including primary statements and disclosure notes?</b>	No <sup>3</sup>	The audited financial statements published online should include the Notes to the Account.
<b>Are there any indications that balances within the financial statements are not credible</b>	n/a	Please see the 2018 APA Report

<sup>1</sup> The webpages subsequently became inaccessible and were flagged by anti-virus software with the sign – ‘Dangerous Webpage Blocked’

<sup>2</sup> We subsequently saw the audit certificate in the hard copy provided during the 2018 APA.

<sup>3</sup> The State published newspaper clippings of the Audited Financial Statements and these did not include the Notes.