



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

2019 Annual Performance Assessment (APA) Report

OSUN 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 Osun 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 Osun State and shows areas where the State achieved results. In total, Osun State achieved **11 (eleven)** DLRs out of 15 DLRs applicable to 2019 and 1 DLR was achieved in 2018. Two of the achieved DLRs were due for assessment during the 2020 APA but have been assessed early as requested by the Programme.

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

1. DLR 1.2: Expenditure outturn deviation is reduced to a level within the annual requirements for this result.
2. DLR 8: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.
3. DLR 9: Strengthen the State's debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR.

Table 1: Assessment Results

Key:	Achieved 	Not Achieved 	Previously Achieved 
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		Quarterly budget implementation reports published on average within 4 weeks
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 33.9%
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.		Formal public consultations minutes were published online on the 11th December 2019.
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		The Citizens' budget was published online on the 29 th April 2019.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 60 percent of State government finances implementation of State TSA		The State has established a functional TSA
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		All the requirements were met

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	for State revenue collection and accounting. Code must be approved by the State legislature and published		
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	Basic Target Met	The annual nominal IGR growth rate was 21%.
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		The State has captured 100% Biometrics of civil servants and pensioners and linked to payroll.
	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 has linked 83% BVN data of civil servants and pensioners to payroll
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agencies; and 3) Cover all MDAs receiving funds from the State budget.		This is a 2020 APA result assessed early. All three requirements were met.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 monthly in OCDS format on the State website		Contracts award information was published online.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing State-level debt legislation, which stipulates: 1) responsibilities for contracting State debt; 2) responsibilities for recording/reporting State debt; and 3) fiscal and debt rules/limits.		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		Quarterly State debt reports were accepted by the DMO within an average 1.17months.
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established and Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the State's arrears clearance framework.		State did not submit any documents for the assessment of this result.
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. and Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.		Monthly debt service deduction was 51.6% of Gross FAAC, and total Debt Stock to Revenue was 200%.

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

2. Introduction

2.1 Overview

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Ltd was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2019. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place 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 (Pass or Fail), 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 24/08/2020 and 28/08/2020 with a team of four persons, starting with an opening meeting where all the information requested were handed over. The visit was concluded with an exit meeting where the initial findings were discussed, and each State was given further opportunity to provide clarifications and/additional information.

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

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

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management		Achieved	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	<p>The quarterly budget implementation reports were posted online https://osun.gov.ng/year-2019-budget-performance, as follows:</p> <ul style="list-style-type: none"> • Q1 – (April 29th, 2019)- 29 days (4.1weeks) • Q2 – (July 29th, 2019) - 29 days (4.1weeks) • Q3 – (October 28th, 2019) - 28 days (4 weeks) • Q4 – (January 28th, 2020) - 28 days (4 weeks) <p>The average weeks for the online publication are computed below:</p> $\frac{29+29+28+28}{4}$ <p>Average = <u>28.5 days (4.1 weeks)</u></p> <p>We downloaded the quarterly budget implementation reports for all the 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 unit (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 (https://osun.gov.ng/year-2019-budget-performance), we observed the following:</p> <ol style="list-style-type: none"> The budget implementation reports downloaded and the hard copies obtained from the State includes the approved budget appropriation for the year for each organizational unit (MDA) for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and Other expenditures). The reports obtained included the actual expenditures for each quarter and cumulative expenditures for the year to date, for each MDA The budget implementation reports included the balances against each of the revenue and expenditure appropriations for each MDA. The State did not have a supplementary/revised budget for 2019 The reports include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations. 	Satisfactory	
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	Upon review of the State’s Budget Performance Reports, 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	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 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												
	transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?															
DLR 1.2	FY [2019] deviation from total budget expenditure is less than 25%		Not Achieved													
1	<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>a. The State computed the budget deviation for FY2019 to be 57.84%.</p> <p>b. We computed the budget deviation for this APA year (2019), using the cash position of the finances. See the computation below:</p> <table border="1" data-bbox="716 646 1425 792"> <thead> <tr> <th></th> <th>Original Budget</th> <th>Actual Outturn</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td>93,086,214,050</td> <td>30,095,322,847.24</td> </tr> <tr> <td>Recurrent Expenditure</td> <td>61,320,327,350</td> <td>71,932,187,306.95</td> </tr> <tr> <td>Total</td> <td>154,406,541,400</td> <td>102,027,510,154.19</td> </tr> </tbody> </table> $\frac{\text{₱}154,406,541,400 - \text{₱}102,027,510,154.19}{\text{₱}154,406,541,400} \times 100 = \underline{\underline{33.9\%}}$ <p>The budget expenditure deviation was 33.9%</p> <p>Source: Budget: The Appropriation Law 2019 page 8 and 12. Actual: FY2019 (IPSAS Accrual) Audited Financial Statement page 21</p>		Original Budget	Actual Outturn	Capital	93,086,214,050	30,095,322,847.24	Recurrent Expenditure	61,320,327,350	71,932,187,306.95	Total	154,406,541,400	102,027,510,154.19	Unsatisfactory	The State should reduce the budget expenditure deviation to a level below the limits set for this result.
	Original Budget	Actual Outturn														
Capital	93,086,214,050	30,095,322,847.24														
Recurrent Expenditure	61,320,327,350	71,932,187,306.95														
Total	154,406,541,400	102,027,510,154.19														
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 [2020] budget		Achieved													

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Did the State conduct at least one “town-hall” consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	<p>We obtained and reviewed the attendance register, minutes, photographs, and videos of the public consultations.</p> <p>a) The public consultations were held in the three senatorial districts of Osun East, Osun West and Osun Central with local government representatives such as Ijebu-Ijesa West, Atakunmosa East, Ife Central, Ife North, Ayedire, Ede North, Iwo, Isokan, Boripe, Ila, Ifelodun, Osogbo, Irepodun, etc.</p> <p>b) The CSOs representatives in attendance included Impact Initiatives, Community Development Council (CDC), Christian Association of Nigeria (CAN), Non-Governmental Agencies (NGO), Market women, Hairdressers, Muslim Leader, Body of Imams etc.</p> <p>c) The Minutes, attendance list, and pictures were obtained as information and evidence that a formal public consultation was held.</p> <p>d) The consultations for the year 2020 budget were held at the following venues with date:</p> <ul style="list-style-type: none"> • Osun East- 4/9/2019 at Damol Conference Centre, Ilesa. • Osun West- 5/9/2019 at Zee Bee Events Centre, Iwo. • Osun Central- 6/9/2019 at Leisure spring hotel, Osogbo. <p>e) A sample of 10 attendees were contacted through telephone calls, the evidence (questionnaire) was documented, and the responses are satisfactory.</p> <p>f) The consultations were done first between 4th - 6th September 2019 and the budget was drafted on 6th November 2019.</p> <p>g) The “town hall” consultation was done first before the budget was drafted.</p>	Satisfactory	
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed	<p>a) The minutes titled “Report of the Citizens' Consultative Forum for the Year 2020 Budget held from 4th – 6th September 2019 across the three (3) Senatorial Districts in the State of Osun” was jointly prepared and a representative of a CSO (Impact Initiatives) from Ife co-signed the minutes.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	<p>b) The minutes, alongside the proposed annual budget were posted on 11th December, 20019 before the due date.</p> <p>Weblinks Osun.gov.ng/public-consultative-forum</p> <p>See Appendix A for weblinks to the proposed/final budget</p>		
DLR 2.2	Citizens' budget based on approved FY19 State budget published online by end April 2019.		Achieved	
1.	Has the State published online, on the State website(s) a Citizens Budget based on the approved FY19 State budget not later than 30 April 2019?	<p>The Citizens' budget based on approved FY19 State budget was published online on the 29th April 2019.,. We accessed the website on 4th August 2020.</p> <p>Weblink: osun.gov.ng/citizens-budgets</p>	Satisfactory	
2	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 State budget?	<p>We confirmed that the Citizen's budget summarizes, in a comprehensible manner, to the citizens the approved FY19 State budget. It accurately included the key budget information from the original budget, such as:</p> <ul style="list-style-type: none"> • A simple explanation of the annual budget/citizen's budget. • Breakdown of revenues and expenditures • Disclosure of Budget deficit and how it will be financed. • Sectoral Allocation (MDAs by MDAs) and • Top projects to be financed. <p>The Citizens budget and the suggested format provided to the state were compared and found to be same.</p>	Satisfactory	
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	Improved cash management and reduced revenue leakages through implementation of State TSA		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State established a functional State-level TSA?	<p>a. The State has established a functional State-level TSA.</p> <p>b. The State operates a single treasury account (i.e. one TSA provider) with the name and details as “Osun State Government TSA”, First Bank Account 2031606655.</p>	Satisfactory	
2	<p>Is there a formally approved cash management strategy in place?</p> <p>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 formally approved cash management strategy, with the following details:</p> <p>a) State Government of Osun Cash Management Strategy.</p> <p>b) The Cash Management Strategy was produced in July 2017 and signed by the Honourable Commissioner for Finance, Permanent Secretary - Finance and Accountant General of the State.</p> <p>c) The Strategy includes the processes through which the State Ministry of Finance or Budgets /Economic Planning can forecast cash commitments and requirements (Cash Management Strategy Section 2.4.2 Page 19 - 20)</p> <p>d) The Strategy states that “The office of the Accountant General shall retain all monies in the TSA until they are required to settle obligations as approved by the Governor” (see S.2.4.1 pages 15 and 16 (Account Sweeping Policy)</p> <p>e) The Strategy covers the processes through which the State Ministry of Finance or Ministry of Budgets/Economic Planning can forecast cash commitments and requirements. This is achieved through the cash forecast mechanism of the Medium-Term Expenditure Framework produced by the State. The State used and relied on the cash survey report to provide information on the availability of funds. We obtained the two aforementioned documents.</p> <p>Source: Cash Management Strategy - Page 19 - 20, Section 2.4.2, MTEF: 2019/2020 MTEF Summary of Forecast.</p>	Satisfactory	
3	Does the TSA have a system of cash management that allows for a central view of cash balances in	The State has a computer application where the State can view the cash balances in the bank account.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations												
<p>bank accounts on a single electronic dashboard (based on the approved cash management strategy)?</p>	<p>a) The State is using an app provided and produced by Upper Links Nig. Ltd called Bank Account Monitoring System (BAMS). b) The system is in line and approved by the cash management strategy on Section 2.4.1 - TSA, Page 13 - 18. c) The system (BAMS) was deployed in 2018.</p>														
<p>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>	<p>a) The State have one consolidated revenue account called "Osun State Government TSA" with the First Bank, Account number 2031606655. b) All Government funds go through this account (IGR and FAAC allocation) c) All government monies do not sit in the revenue collecting banks, they are swept into the TSA. d) We obtained the 2019 TSA Bank Statement</p>	Satisfactory													
<p>5 Does the TSA cover a minimum of 60% of the State Government's finances?</p>	<p>We 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 financial year ended 2019. See the computation below:</p> <p>Calculation of TSA/State government finances:</p> <table border="1" data-bbox="663 959 1440 1109"> <thead> <tr> <th></th> <th>Total Inflows</th> <th>Total Outflows</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>₦17,304,337,483.95</td> <td>₦17,324,180,531.66</td> </tr> <tr> <td>Government Finances*</td> <td>₦26,705,921,553.17</td> <td>₦27,556,410,514.32</td> </tr> <tr> <td>Percentage</td> <td>64.80%</td> <td>62.87%</td> </tr> </tbody> </table> <p>The average is percentage computation is:</p> $\frac{64.80\% + 62.87\%}{2}$ $= 63.84\%$ <p>Sources: FY2019 Audited Financial Statement (Cashflow Statement) Pg.22/23, TSA Statement from (First Bank for January to December 2019).</p>		Total Inflows	Total Outflows	TSA Bank Statement	₦17,304,337,483.95	₦17,324,180,531.66	Government Finances*	₦26,705,921,553.17	₦27,556,410,514.32	Percentage	64.80%	62.87%	Satisfactory	
	Total Inflows	Total Outflows													
TSA Bank Statement	₦17,304,337,483.95	₦17,324,180,531.66													
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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		Achieved	
1	Does the State have up-to-date consolidated revenue code which includes all the State’s IGR sources and all the local governments (falling under that State) IGR sources?	<p>a) The Osun Revenue Administration and Tax (Codification and Consolidation) Law 2019 was approved and assented on 12th December 2019.</p> <p>b) The Revenue code & rates are contained in the same document with the Revenue law.</p> <p>c) The State’s revenue code is contained in just one law.</p> <p>d) Osun Revenue Administration and Tax (Codification and Consolidation) Law 2019 was approved and assented on 12th December 2019.</p> <p>e) The code includes all State IGR sources and the Local Government (falling under the State) IGR sources.</p> <p>f) The Consolidated revenue code includes the rate chargeable for each IGR source as shown on Page No 174 - 285 of the Osun Revenue Administration and Tax (Codification and Consolidation) Law 2019.</p> <p>g) Section 126. interpretation. “Tax” includes any duty, levy, or revenue accruable to the government. First schedule- include presumptive tax classes and rates land use charge (clearly spelt out in the Land Use charge law and cross referenced), Hotel occupancy and Restaurant Consumption tax and LGA sources and rates. The updated law has all the MDAS sources and applicable rates.</p> <p><u>Weblinks:</u></p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		https://osun.gov.ng/wpcontent/uploads/2020/05/revlaw3.pdf		
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?	<p>a) The Consolidated Revenue Law stipulates that the State bureau of internal revenues (SBIR) is the sole agency responsible for the State revenue as seen below:</p> <ul style="list-style-type: none"> - Section 8 (2j) Page 15 of the Osun Revenue Administration and Tax (Codification and Consolidation) Law 2019, states that “the Service shall have power to collect all internally generated revenue in the State and Local Government Areas, Local Council Development Areas and Area Councils, shall nominate the banks accounts to which all revenues shall be paid into. - In Section 3, it states that the objective of the service shall be to solely control, administer and collect the various taxes, non-tax revenues and laws and to account for all such taxes and non-tax revenue collected in the State. - Section 90 states OIRS shall be sole authority to collect and account for all taxes, levies, fees, charges, and rates in the State. 	Satisfactory	
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR or SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	<p>a) The collection of revenues is made into accounts nominated by the SBIR and the SBIR has full oversight of the accounts.</p> <p>b) The Osun State Internal Revenue Service (OSIR) is responsible for reporting and accounting for the revenues according to the Osun Revenue Administration and Tax (Codification and Consolidation) Law 2019, see Section 8 (2c, 2d and 2j). Other sections confirming this include:</p> <ul style="list-style-type: none"> - Section 7(c)...collect, recover, and pay to the designated account any levy or other revenue howsoever established due to the State under this law or any other enactment (taxes taken together with section 3 it meets the condition) - Section 2(j) Local Government shall nominate the bank account into which revenues shall be paid. <p>Evidence:</p> <ul style="list-style-type: none"> • Letter from OSIR informing the Governor of the powers of the OSIR and the list of banks concerned. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																		
		<ul style="list-style-type: none"> The schedule of revenue collected by each MDA and through the nominated banks has been obtained. 																				
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>	The Osun Revenue Administration and Tax (Codification and Consolidation) Law 2019 was approved by the State House of Assembly on 26 th November 2019 and assented to by the Governor on 12th December 2019.	Satisfactory																			
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	<p>a) We were able to download and keep a file copy of the law, code, and rates, published by the State. We also obtained the hard copy.</p> <p>b) We assessed the publication on the 9th August 2020, 7.36pm</p> <p>Weblink: https://osun.gov.ng/wpcontent/uploads/2020/05/revlaw3.pdf</p>	Satisfactory																			
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved Basic target met																			
1	<p>Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets?</p> <p>Basic Target: 20%-39%</p> <p>Stretch Target: 40% or more</p>	<p>a. The Accrual basis of Accounting was used for revenue reporting in 2018 and 2019 from the Audited Financial Statements.</p> <p>b. We computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="2">NGN</th> <th rowspan="2">%</th> </tr> <tr> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Memo: Reported IGR in AFS (Before Adjustments) - (Page 22 2019 AFS)</td> <td>14,416,524,706.42</td> <td>17,500,393,240.09</td> <td>21%</td> </tr> <tr> <td>VALID IGR items to be counted as IGR</td> <td>14,416,524,706.42</td> <td>17,496,581,684.55</td> <td></td> </tr> <tr> <td>Direct taxes:</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Item	NGN		%	2018	2019	Memo: Reported IGR in AFS (Before Adjustments) - (Page 22 2019 AFS)	14,416,524,706.42	17,500,393,240.09	21%	VALID IGR items to be counted as IGR	14,416,524,706.42	17,496,581,684.55		Direct taxes:				Satisfactory	
Item	NGN			%																		
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Direct taxes:																						

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
	Personal income tax (PAYE)	5,682,032,436.41	9,326,507,210.33				
	Licenses	814,232,302.85	1,481,853,365.93				
	Levies	-					
	Fees	5,917,315,930.31	5,377,348,714.75				
	Fines	225,853,384.50	66,396,420.00				
	Charges	-	-				
	Sales of goods and services	237,945,888.84	345,258,363.03				
	Earnings (Excluding interest or investment income)	1,320,447,362.02	638,165,105.81				
	Rent of govt property/building	202,211,125.74	2,140,818.00				
	Rent on Land & Others	16,486,275.75	262,723,242.24				
	Adjustments						
	2019 Receivables		13,415,065.42				
	2018 Receivables paid in 2019		(17,306,620.96)				
	Suspense		80,000.00				
	"Adjusted IGR" for DLI 4.2 Calculation						
	Sum of all VALID items of IGR if AFS has that detail	14,416,524,706.42	17,496,581,684.55	21%			
	$\frac{(2019 \text{ Adj IGR}) - (2018 \text{ Adj IGR})}{(2018 \text{ Adj.IGR})} \times 100$ $\frac{\text{₦}17,496,581,684.55 - \text{₦}14,416,524,706.42}{\text{₦}14,416,524,706.42} \times 100$ $=21\%$						
	The annual nominal growth is 21%.						
	Source: FY2019 Audited Financial Statement Page 22.						

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		Achieved	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants and pensioners on the State payroll?	<p>The State commenced biometrics data capture on 15th December 2011 for all civil servants and pensioners. The process ended on 29th February 2012.</p> <p>a. The State engaged Chams Plc for the Biometrics capture and BVN data exercise.</p> <p>b. There were 17,123 civil servants on the nominal roll as at 31 December 2019.</p> <p>c. There were 11,389 pensioners were on nominal roll as at 31 December, 2019.</p> <p>d. No of Civil servants on: Nominal Roll: 17,123; on Payroll-16,660. No of Pensioners on Nominal Roll: 11,389; on Payroll - 11,389.</p> <p>e. As at 31 December 2019, the total capture on biometrics was:</p> <ul style="list-style-type: none"> • Civil servants- 17,123. • Pensioners - 11,389 <p>We obtained and relied on the following information for our conclusions:</p> <ul style="list-style-type: none"> • Biometrics Exercise Report from Chams, • Screenshots of total number of civil servants on BVN and biometrics database, • Screenshots of total number of pensioners on BVN and biometrics database, • Report of civil servant's revalidation exercise in February 2019, • Report of staff and pensioners on payroll as at 31 December 2019, 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<ul style="list-style-type: none"> Report of pensioners revalidation exercise, "I'm Alive." $\frac{\text{No of Biometric Data Captured}}{\text{Total No of Civil Servants + Pensioners}} \times 100$ $\frac{17,123 + 11,389}{17,123 + 11,389}$ $\frac{28,512}{28,512} \times 100$ $= 100\%$ <p>The State has captured 100% of the State' civil servants and pensioners biometric data.</p>		
2	<p>Has the State linked the biometrics data to the State payroll to identify ghost workers?</p> <p>The biometrics data were linked to the payroll during the biometrics exercise conducted from 15th December 2011 to 29th February 2012. The linking process continues for all recruitments.</p> <p>The civil servants' biometrics data linked to the payroll were 16,660. The Pensioners' biometrics data linked to Payroll - 11,389.</p> <p><u>Civil servants:</u> Total certificate infractions discovered during verification exercise carried out by Ministry of Human Resources were 126 in 2019.</p> <ul style="list-style-type: none"> 85 civil servants with certificate infractions were deactivated from the biometrics database. This was confirmed by the Verification Team by obtaining the list of those affected and conducting random checks on their Chams IDs on the database. 41 others who had infractions were reinstated after clearance on certificates issues. <p>Total 298 civil servants were removed from the payroll between January and December 2019 due to retirement, death, and leave without pay.</p> <p><u>Pensioners:</u></p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
	<p>Total of 451 pensioners were expunged from the system due to death and non-response to I'm Alive exercise. The Biometrics database captured the changes.</p> <p>The State government made savings as follows based on the exercise:</p> <p style="padding-left: 40px;">For civil servants - ₦4,799,899.36</p> <p style="padding-left: 40px;">For pensioners - ₦10,054,994.00</p> <p>Evidence: See above documents.</p>			
3	<p>Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?</p>	<p>a. No ghost workers were detected during the year because of long time use of biometrics (since 2011). However, civil servants with certificate infractions (irregularities) were removed during the staff verification exercise in February 2019. The number of those whose infractions were not resolved and were removed was 85. For pensioners, those who did not respond during I'M ALIVE verification conducted between January and March 2019 were 534. Their salaries were stopped in May 2019. 83 of them later responded and were reinstated by December 2019.</p> <p>b. The following records were kept for the Certificate Verification exercise:</p> <ol style="list-style-type: none"> 1. Submission of 'I AM ALIVE' Report of 2019. 2. Report of the Year 2019 Staff Verification Exercise (February 2019.) <p>c. The identified ghost workers were removed from the payroll:</p> <p style="padding-left: 40px;">For civil servants, March 2019.</p> <p style="padding-left: 40px;">For pensioners, May 2019.</p> <p>d. The payroll figure prior their removal from payroll</p> <p style="padding-left: 40px;">For civil servants, January 2019 payroll was ₦1, 354,692,626.35, February 2019 was ₦1, 359,492,525.71 before the verification exercise in February.</p> <p style="padding-left: 40px;">For pensioners, January 2019 payroll was ₦509,232,687.92.</p> <p>e. The payroll figure after they have been removed:</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>For civil servants, after the exercise, March Payroll was ₦1,355,878,256.67.</p> <p>For pensioners, after the exercise, the May 2019 payroll was ₦499,177,693.55.</p> <p>Sources: Analysis of Salaries and Pension Figures for January-December 2019.</p>		
<p>5.2</p> <p>Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed</p>		<p>Achieved</p>	
<p>1</p> <p>Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?</p>	<p>The BVN capture started with biometrics data capture in December 2011 and still ongoing.</p> <p>a) Chams Plc manages the State’s Biometrics Payroll database. b) Total no of civil servants was 17,123 as at 31 December, 2019. c) Total no of pensioners was 11,389 as at 31 December, 2019. d) 17,123 civil servants were on nominal roll as at 31 December, 2019. e) The BVN data of total number of civil servants - 15,620 (93.75%) and number of pensioners-9,565 (83.98%) has been linked to the payroll.</p> <p>We obtained for our review: Screenshot of BVN database as at December, 2019. Screenshot of payroll database for pensioners and civil servants</p> $\frac{\text{No of BVN Data Linked}}{\text{Total No of Civil Servants + Pensioners}} \times 100$ $\frac{15620 + 9,565}{17,123 + 11,389} \times 100 = \frac{25,185}{28,512} \times 100 = \mathbf{88.33\%}$ <p>The State has linked 88.33 % of the State’ civil servants and pensioners BVN data to the payroll.</p>	<p>Satisfactory</p>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Has the State taken steps to identify payroll fraud?	<p>a) Civil servants with BVN data-15,620. Pensioners with BVN data-9,565. Civil servants without BVN data – 1,503. Pensioners without BVN data – 1,824</p> <p>b) There was no record of payroll fraud. however, civil servants with certificate infractions and pensioners who did not respond to I'M ALIVE exercise were removed from payroll, (see above).</p> <p>c) For civil servants – the verification exercise was carried out by Ministry of Human Resources in February 2019. For pensioners - Office of State Accountant-General conducted I'M ALIVE exercise for pensioners from January to March 2019.</p> <p>d) The payroll figure prior to the verification exercise was: Civil servants- January 2019 payroll was ₦1, 354,692,626.35, February 2019 was ₦1,359,492,525.71 before the verification exercise in February. For pensioners, January 2019 payroll was ₦509,232,687.92</p> <p>e) After the exercise, payroll figures were: For civil servants - March Payroll was ₦1, 355,878,256.67. For pensioners - May 2019 payroll was ₦499,177,693.55.</p> <p>Evidence/Sources: Records kept by the State and obtained were: 1. Analysis of Salary and Pension Figures for FY2019. 2. Submission of I AM ALIVE Report of 2019. 3. Report of Staff Verification by Ministry of Human Resources and Capacity Building (in charge of civil servants' payroll)</p>	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget			
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 of Osun Public Procurement Law, 2015 with an amendment in 2019 duly signed into Law by the Executive Governor.</p> <p>b) The public procurement Law 2015 was approved by the State House of Assembly on 19th October, 2015 and assented by the Executive Governor on 10th February 2016 with an amendment law to the public procurement Law in 2019 passed by the State House of Assembly on 3rd December 2019 and assented to on the 19th December 2019.</p> <p>c) The law was published online on 19th December 2019.</p> <p><u>Weblink:</u> Osun.gov.ng/osun-public-procurement-law-2019</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 Osun State Public Procurement Law is structured in line with the UNCITRAL Model and meets the requirements as shown below:</p> <p><u>1. e-procurement</u> The Board shall design and set up a secure electronic portal to be known as the Osun Government Electronic Procurement System which shall be the primary source of information on government procurement matters and opportunities within the purview of the Law and regulations issued under it. The Board shall approve changes in the procurement process to adapt to improvements in modern technology - S.10 (3).</p> <p>The Law allows any procuring entity to consider any or all its bids by electronic auction and or simulation on its electronic.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
		<p>2. On Independence procurement regulatory agency:</p> <table border="1"> <thead> <tr> <th>Required Provisions*</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>The functions and Powers of the Agency</td> <td>Complies; see section 10 and 11 of the Law.</td> </tr> <tr> <td>The composition of the Board.</td> <td>Compliant; see section 3(3)</td> </tr> <tr> <td>Membership of the Board/Council include representatives from professional bodies and associations</td> <td>Compliant; see section 3(3e) provides for five members of the public, who must be members of five named professional bodies, though it does not call them representatives of the professional bodies, they must be members of such bodies to qualify to be appointed, this provision is considered satisfactory.</td> </tr> <tr> <td>The grounds for removal of the Chief Executive of the Agency.</td> <td>Compliant; See Section 13(4). The GM may be removed from office at the instance of the Governor, for gross misconduct, financial impropriety, fraud, and manifest incompetence subject to approval of the State House of Assembly.</td> </tr> <tr> <td>Regarding the decisions of the agency. Any other review after the Boards decision should be by Judicial review.</td> <td>Compliant; see sections 69(2)(iii). Appeals against decisions of the Board are made to the Osun State High Court.</td> </tr> </tbody> </table> <p>3. Cover all MDAs receiving funds from the State agency: Section 32 (1-5) The law applies to State MDAs. The law applies to State and Local Governments except for the proviso limiting application of open competitive bidding procedures to procurement activities of value above ₦50,000,000 (Fifty Million naira). -S32(4)</p>	Required Provisions*	Result	The functions and Powers of the Agency	Complies; see section 10 and 11 of the Law.	The composition of the Board.	Compliant; see section 3(3)	Membership of the Board/Council include representatives from professional bodies and associations	Compliant; see section 3(3e) provides for five members of the public, who must be members of five named professional bodies, though it does not call them representatives of the professional bodies, they must be members of such bodies to qualify to be appointed, this provision is considered satisfactory.	The grounds for removal of the Chief Executive of the Agency.	Compliant; See Section 13(4). The GM may be removed from office at the instance of the Governor, for gross misconduct, financial impropriety, fraud, and manifest incompetence subject to approval of the State House of Assembly.	Regarding the decisions of the agency. Any other review after the Boards decision should be by Judicial review.	Compliant; see sections 69(2)(iii). Appeals against decisions of the Board are made to the Osun State High Court.		
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Regarding the decisions of the agency. Any other review after the Boards decision should be by Judicial review.	Compliant; see sections 69(2)(iii). Appeals against decisions of the Board are made to the Osun State High Court.															
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,	<p>a) The State has instituted an independent procurement regulatory function through an agency known as “Osun Public Procurement Agency” with a Governing Board in place.</p> <p>b) The Agency is vested/responsible for the formulation of general policies and guidelines relating to public sector procurement for the approval of the Governor (section 10)</p>	Satisfactory													

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	agency or any other type of entity set up for the statutory purpose?	<p>c) We performed the following task and test to ascertain that the Agency was well established.</p> <p>(i) An interview with the General manager was conducted on the overall functions and running of the organization.</p> <p>(ii) A physical inspection of the agency was conducted, and pictures were retained, the agency is functional and active, the volume of transactions handled in 2019 were minimal.</p> <p>iii) We sampled few of the staff of the agency, questions were asked on the conduct of the agency on procurement processes and conclusions were reached.</p> <p>iv) We reviewed 5 procurement (contracts) documents/files for 2019, we did a walkthrough on their record procedures on those contracts.</p> <p>All the above ascertained the effectiveness of the agency.</p>		
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]		Achieved	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year(2019) that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS).	<p>a) We obtained the schedule of all contracts awarded in the year FY2019 above the threshold ₦50,000,000 and the State also provided minutes of virtual meeting of the State of Osun Public Procurement Agency Board, where a resolution (effective from FY2020 i.e. January 1st, 2020) on a new threshold of N10,000,000 was reached.</p> <p>b) Contracts published during the year 2019 are in line with the Open Contracting Data Standards (OCDS)</p> <p>c) The State published contract awards information on the 13th December 2019 and modified on April 23, 2020.</p> <p>d) The publication included the minimum fields required.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Weblink: https://osun.gov.ng/wp-content/uploads/2020/04/Osun-State-PPA-List-of-Contracts-for-2019-2.pdf</p> <p>Note: We observed that the online publication held only 7 contract awards. Further work was done to confirm this result and we were made to understand that only 7 contracts above N50m were awarded in 2019. We checked through the Procurement files and compared the records with what was published online.</p>		
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	
DLR 7.2	Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019		Achieved	
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?	<p>The State submitted quarterly SDDR (draft and final versions) to DMO within two months after end of each quarter. The reports were not stamped by DMO, but records of email correspondences on submission, amendments, and finalisation of SDDR for all the quarters were provided.</p> <p>Acknowledgements from DMO showed SDDRs were submitted within average of 1 month 17 days for all quarters. We obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> • Q1 - on 3rd May 2019 (4.5 weeks), • Q2 - on 20th August 2019 (7.2 weeks), • Q3 - on 18th November 2019 (7 weeks) • Q4 - on 29th January 2020 (4.1 weeks). 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{4.5+7.2+7+4.1}{4} = \frac{22.8}{4} = \underline{5.7 \text{ weeks}}$ <p>The SDDR were submitted within an average of 5.7weeks (1month 14days).</p>		
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO:</p> <p>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.</p>	<p>We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Osun State Debt Domestic Report and both showed the same amount of ₦186,990,122,982. The report was supported with the DMO's templates and guidelines.</p> <p>We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.</p> <p>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.</p>	n/a	
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	<p>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.</p> <p>AND</p> <p>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.</p> <p>-Basic target: At least a 5% decline or maintain stock below N5 billion</p>	The State did not attempt or provide any documents on this DLI for assessment	Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
	-Stretch target: More than 20% decline															
DLI 9: Improved Debt Sustainability																
DLR 9.0	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019] AND Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:</p> <p>-Basic target: < [140%]</p> <p>-Stretch target: < [115%]</p>		Not Achieved													
	<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 (1st January to 31st December 2019) to the gross FAAC allocation for the same calendar year? Less than :< [40%]</p>	<p>We computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA.</p> <p>Total Service Deduction ₦26,697,449,488 x100</p> <p>Gross FAAC Allocation ₦51,714,666,875</p> <p style="text-align: center;">= 51.6%</p> <p>Source: FMOF (FAAC)</p>	Unsatisfactory	The State should take steps to improve its debt sustainability.												
	<p>Has the State met:</p> <p>(ii) the ratio of total debt stock at end-of-year (31st December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2019)?</p> <p>-Basic target:< [140%]</p> <p>-Stretch target: < [115%]</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><u>Total Public Debt</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Financial Statements ₦</th> <th>DMO figures (Adj) ₦</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td style="text-align: right;">110,670,024,331.54</td> <td style="text-align: right;">157,769,547,943</td> </tr> <tr> <td>Total External Debts</td> <td style="text-align: right;">23,568,664,191.35</td> <td style="text-align: right;">29,220,575,039</td> </tr> <tr> <td>Total Public Debts</td> <td style="text-align: right;">134,238,688,522.89</td> <td style="text-align: right;">186,990,122,982</td> </tr> </tbody> </table>		Financial Statements ₦	DMO figures (Adj) ₦	Total Domestic Debts	110,670,024,331.54	157,769,547,943	Total External Debts	23,568,664,191.35	29,220,575,039	Total Public Debts	134,238,688,522.89	186,990,122,982	Unsatisfactory	The State should improve the ratio of its debt to its revenue to a level that enables the achievement of this result.
	Financial Statements ₦	DMO figures (Adj) ₦														
Total Domestic Debts	110,670,024,331.54	157,769,547,943														
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Total Public Debts	134,238,688,522.89	186,990,122,982														

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations										
	<p>Total annual revenue ₦</p> <table border="1" data-bbox="663 261 1465 443"> <tr> <td>2019 Adjusted IGR (see DLI 4.2)</td> <td>17,496,581,684.55</td> </tr> <tr> <td>Gross FAAC Allocation</td> <td>51,017,071,552.68</td> </tr> <tr> <td>Grants</td> <td>24,616,016,295.43</td> </tr> <tr> <td>Other Revenues</td> <td>155,071,343.11</td> </tr> <tr> <td>Total Revenue**</td> <td>93,284,740,875.77</td> </tr> </table> <p><u>The State’s domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is as at the end of Q4 2019.</u></p> <p>We have computed the total debts stock / Revenue percentage for the 2019 year, as follows:</p> $\frac{\text{Total Public Debts}^*}{\text{Total Revenue}} \times 100$ $\frac{\text{₦186,990,122,982}}{\text{₦93,284,740,875.77}} \times 100$ $= \underline{\underline{200\%}}$ <p>The State did not agree with the data from DMO used for the calculation of total public debt, and as a further check, we recalculated the percentage using the State’s submitted balances (see APA Issue No.5 on DLI 7.2 as at December 2019). The result is as follows:</p> $\frac{\text{₦146,907,217,968.07}}{\text{₦93,284,740,875.77}} \times 100$ $= \underline{\underline{157.48\%}}$ <p>Both percentage computations did not meet the requirements for this DLI.</p> <p>Sources: For Total Revenue 2019 Audited Financial Statement, Page 42. For Total Public Debt from DMO* as at December 31,2019</p>	2019 Adjusted IGR (see DLI 4.2)	17,496,581,684.55	Gross FAAC Allocation	51,017,071,552.68	Grants	24,616,016,295.43	Other Revenues	155,071,343.11	Total Revenue**	93,284,740,875.77		
2019 Adjusted IGR (see DLI 4.2)	17,496,581,684.55												
Gross FAAC Allocation	51,017,071,552.68												
Grants	24,616,016,295.43												
Other Revenues	155,071,343.11												
Total Revenue**	93,284,740,875.77												

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>*Table 3 below holds a breakdown of the Total Debt **Table 3(ii) holds the breakdown of Revenue</p> <p>(a) The Total State Debt Stock is ₦186,990,122,982. This includes: i. Total Domestic Debt (₦157,769,547,943) and ii. Total External Debt (₦29,220,575,039).</p> <p>(b) The Total Adjusted State Revenue is ₦93,284,740,875.77. This includes: i. Total Gross FAAC allocation: Statutory Transfers and VAT (₦51,017,071,552.68) ii. Total Adjusted IGR as calculated for DLI 4.2 (₦17,496,581,684.55) iii. Grants: Internal and External Grants - (₦24,616,016,295.43) iv. Other Revenues: Investment Income and Interest Earned (₦155,071,343.11)</p> <p>(c) The Osun State ratio of total debt stock at the end of year (31st December 2019) is 200% and further recalculation with State provided figure is 157.48% which is more than 140%, therefore, the State did not meet the basis target.</p> <p>(d). The debt stock stated in the Federal DMO State Domestic and External Debt Report (SDEDR) is not the same with the debt stock stated in the audited financial statement.</p> <p>(e). IVA Observed differences between the debt stock stated in the Financial Statement and the SDEDR provided by the Federal DMO.</p> <p>(f). The difference has been communicated to the State for explanation.</p> <p>(g). The difference has been calculated in value to be ₦52,751,434,459.11 and percentage terms 28%.</p> <p>(h). The SDEDR was amended but still differs from the figure from Federal DMO.</p>		

TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR OSUN STATE

OSUN STATE	AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713
BAIL OUT (SALARIES) (SOURCE CBN)	31,590,169,194
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	81,523,655,598
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,138,765,655
STATE BONDS	2,229,811,877
COMMERCIAL BANK LOANS	-
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	4,766,901,106
INFRASTRUCTURE LOAN (CBN FACILITY)	4,749,187,300
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	2,689,839,500
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	-
PENSION AND GRATUITY ARREARS	-
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	157,769,547,943
TOTAL EXTERNAL DEBT (TED)	29,220,575,039
TOTAL PUBLIC DEBT (TED+TDD)	186,990,122,982

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

	NGN
Item	2019
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	51,017,071,552.68
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	38,821,698,252.56
1.1.1 Gross statutory allocation	37,637,412,366.76
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	1,184,285,885.80
1.2 VAT	12,195,373,300.12
2. Internally Generated Revenues (IGR) - Adjusted	17,496,581,684.55
3. Grants (internal and external)	24,616,016,295.43
4A. Other revenues (4.1 + 4.2 + 4.3)	155,071,343.11
4.1 Investment Income (e.g. dividends)	29,343,136.05
4.2 Interest Earned	24,960,153.37
4.3 Miscellaneous	100,768,053.69
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	93,284,740,875.77

4. Response from the State

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	<p>The year 2019 APA Draft Report refers.</p> <p>(2) While we shall be consolidating and sustaining our deliverables' achievements under the SFTAS Programme for Results, we have duly noted all your recommendations on the areas where the State can improve its performance for the next (year 3) APA.</p> <p>(3) However, we shall continue our efforts in reconciling the debts figures with the Central Bank of Nigeria, Federal Ministry of Finance to enable the State report accurately to the Federal Debt Management Office, Abuja.</p> <p>(4) On behalf of the Executive Governor. Mr. Gboyega Oyetola, and the good people of the State, we thank your Team of highly professional staff led by Mr. Adewale Oyinlola and do accept the result of the 2019 APA.</p>	Well noted, thanks.

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 to prepare better for the next assessment. Note that the eligibility assessment will be conducted afresh on an annual basis and being deemed eligible in one year does not guarantee eligibility in subsequent years. Please visit the SFTAS guidelines for more detail on eligibility.

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

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

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
https://osun.gov.ng/download-osun-2020-budget-documents/	A search was done on Osun State website	The 2020 Budgets were published on the State Official website, a copy was downloaded. There's evidence of 2020 Budgets being signed by the Governor.	N/A	EC met

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

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

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
http://osun.gov.ng/wp-content/uploads/2019/08/OS-UN-STATE-2018-REPORT-1.pdf	A search was done on the Osun State Website and their Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded.	N/A	EC met

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