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

2020 Annual Performance Assessment (APA) Report

RIVERS STATE

By:

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

JUNE 2022

Table of Contents

1.   Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Rivers State for the 2020 year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines, and verification protocol.

Table 1 (below) reflects the outcome of the 2020 APA for Rivers State and shows areas where the State was able to achieve results. Rivers State achieved 6 **(**six**)** DLRs out of 15 DLRs applicable to the 2020 APA.

Table 1: Assessment Results

Key:	Achieved	Not Achieved	Prev. Achieved

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY20 quarterly budget implementation reports for Q2, Q3, and Q4 published on average within 4 weeks of quarter-end to enable timely budget management		• State did not publish its budget implementation reports online.
	DLR 1.2: FY20 deviation for total amended budget expenditure is < 15%	Achieved	
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2021 budget.		• The public consultation did not include the participation of Local Government authorities
	DLR 2.2: Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms	Achieved	
DLI 3: Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances.		• The State did not have a functional TSA • The State did not have a Cash Management Strategy
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		• Revenue code does not include all sources of revenue for Local Governments • Subject to the State providing a functional weblink of the Revenue law
	DLR 4.2: 2020-2019 annual nominal IGR growth rate meets target: i.e., 2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection		• The IGR declined by 2%
DLI 5: Biometric registration and Bank Verification	DLR 5.1: Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll	Achieved	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
Number (BVN) used to reduce payroll fraud	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed	🟩	
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency, and 3) Cover all MDAs receiving funds from the state budget		• The Law is not structured like the UNCITRAL Model Law
	DLR 6.2: (Basic Target) Framework contract for e-Procurement signed by 31 December 2020 AND Publication of contract award information above the threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available. DLR. 6.2 (Stretch Target) Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs **AND** *For those MDAs without e-procurement:* Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available		• State has not signed up to the Framework contract for e-procurement • Contract award information was not published in OCDS format.
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.	🟩	
	DLR 7.2: Quarterly state debt reports for Q2, Q3, and Q4 accepted by the DMO on average two months or less after the end of the quarter in 2020 **AND** Annual State debt sustainability analysis published by end of December 2020		• The quarterly (Q2-Q4) SDDR were not submitted within an average of two months of the quarter. • The Annual State Debt Sustainability Analysis did not meet the requirements.
DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 AND end 2020 reported in an online publicly accessible database, with a verification process in place. Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly accessible database, with verification process in place **AND** at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock of arrears below 5 billion.		• The State has not reduced stock of domestic expenditure arrears. The arrears increased by 24% • Internal Domestic Arrears Database does not include the required information

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 9: Improved debt sustainability	Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: Basic target: < 150%, Stretch target: < 125%.	Stretch Target met	

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

1. <u>DLR 1.1:</u> Budget implementation reports should include, at a minimum, the approved original and revised budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and other expenditures). It should also state balances against each of the revenue and expenditure appropriations. The balances should also be provided on a consolidated basis across the four (4) expenditure classifications.

2. <u>DLR 2.1:</u> Conduct at least one public consultation on the proposed budget with the participation of Local Government Authorities and State-based CSOs. The minutes of the consultation should be jointly prepared and signed with the CSOs representatives and be posted on the State's website with the proposed budget on or before the deadline for the publication of the approved annual budget.

3. <u>DLR 3.0</u>: Develop a functional State-level TSA where all Government revenues (IGRs ad FAAC) are credited into before expenditure. Formally approve and implement a cash management strategy. Increase the percentage of state government finances flowing through the TSA to eventually ensure that all government finances flow through the TSA.

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

5. <u>DLR 4.2</u>: Improve its IGR collection to achieve significant year-on-year growth in nominal IGR.

6. <u>DLR 6.1:</u> Amend the Procurement Law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency per the UNCITRAL Model Law.

7. <u>DLR 6.2</u>: e-Procurement should be implemented as soon as possible. Contract award information, above the set threshold, should be published online every month in OCDS format on the State's website. Implement e-procurement in all MDAs and publish contract award information in the OCDS format on the online portal for the MDAs.

8. <u>DLR 7.2</u>: Domestic Debt Stock reports are accepted by the DMO and annual State debt sustainability analysis is published within the required timeframe. The Annual State Debt Sustainability Analysis includes Medium Term Budget forecast; The Annual State Debt Sustainability Analysis includes a detailed description of the State's debt portfolio and borrowing options; The Annual State Debt Sustainability Analysis includes Analysis of the debt and fiscal figures in the preceding year.

9. <u>DLR 8</u>: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances is placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total arrears of less than N5bn as soon as possible.

Furthermore, we noted a variance of ₦144,249,608,677.58 between the 2020 Audited Financial Statement and the Rivers State Domestic Debt Report.

The Office of the Auditor-General for the Federation (OAuGF) as Independent Verification Agent and PricewaterhouseCoopers (PwC) agree on all the results shown in this report.

2.   Introduction

2.1   Overview

The Federal Government of Nigeria is implementing a four-year program to support the Nigerian States to strengthen fiscal performance and sustainability: The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results ("The Program").

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

All States can participate in the Program in each of the four years and benefit from the PforR funds by meeting set Eligibility Criteria and any or all the indicators of fiscal transparency, accountability, and sustainability.

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and PricewaterhouseCoopers (PwC) was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2020. To ensure a high-quality assessment, the IVA engaged the services of experts in Revenue Law, Procurement, to review the legislation and the Debt Management Office (DMO) for Debt Management-related DLRs to review the legislations in place in this State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2020 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines, and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state's eligibility for grants under the 2020 APA. The eligibility assessment results 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 sensitized on the requirements of the program and the protocol for 2020. The assessment results are binary (Achieved or Not Achieved), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between 07/02/2022 and 11/02/2022 with a team of 6 persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

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

The Office of the Auditor-General for the Federation (OAuGF) and PricewaterhouseCoopers (PwC) are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are

found valuable towards improving fiscal transparency, accountability, and sustainability in the management of the public finances and resources of the State.

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2020] quarterly budget implementation reports published with Q2, Q3, and Q4 reports published on average within [4 weeks] of quarter end to enable timely budget management**		**Not Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	The Quarterly budget implementation reports were not posted online. IVA was unable to download the quarterly budget Implementation Reports for all four quarters for the year 2020.	Unsatisfactory	The State should ensure all quarterly implementation reports are published within four weeks of the end of each quarter
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the	The Quarterly budget implementation reports were not posted online. IVA was unable to download the quarterly budget Implementation Reports for all four quarters for the year 2020.	Unsatisfactory	The State should ensure the reports include an approved budget appropriation for each organizational unit (MDAs) The State should ensure the reports include an approved budget appropriation for each of the core economic classifications of expenditure (Personnel,

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.			Overheads, Capital, and other expenditures)
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date?	The Quarterly budget implementation reports were not posted online. IVA was unable to download the quarterly budget Implementation Reports for all four quarters for the year 2020.	Unsatisfactory	The State should ensure the reports state the actual expenditures to each MDA and each expenditure classification as well as cumulative expenditures for the year to date.
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	The Quarterly budget implementation reports were not posted online IVA was unable to download the quarterly budget Implementation Reports for all four quarters for the year 2020.	Unsatisfactory	The state should prepare a Budget implementation report with revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications
DLR 1.2	**FY [2020] deviation from total amended budget expenditure is less than 15%**		**Achieved**	
1	Has the State computed the difference between the Amended approved total budgeted expenditure for the fiscal/calendar year and the actual total	The State did not compute the budget deviation. The IVA computed the budget deviation for this APA year as follows:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings			Conclusion	Recommendations
	expenditure in the fiscal/calendar year, divided by the Amended approved total budgeted expenditure and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 15%		Total Amended Budget (₦)	Actual (₦)		
		Capital (pg 8,)	171,033,409,154.55	184,372,147,761.15		
		Rec. Exp (pg 7?)	129,336,662,028.77	113,649,262,851.42		
		Total	**300,370,071,183.32**	**298,021,410,612.57**		

$$\frac{₦300,370,071,183.32 - ₦298,021,410,612.57) \times 100}{₦300,370,071,183.32}$$
$$= 78\%$$

The budget performance deviation is **0.78**%

Source: 2020 Audited Financial Statement Pg 27 and Approved Appropriation Law Pg 7-8.

The amended annual budget figures did not differ from the figures in the signed amended budget/appropriation when compared.

DLI 2: Increased Openness and Citizens' Engagement in the Budget Process						
DLR 2.1	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2021] budget**				**Not 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 the participation of local government authorities and State-based CSOs?	IVA obtained all necessary documents and reviewed them including the attendance register and: a) The IVA reviewed the attendance register for the "town hall" consultation. From the review, the IVA could not see the names of LGAs representatives at the consultation. b) The CSOs representatives in attendance were 1) Kadejah Pepple - Muslim Women 2) Celestine Osaji - National automobile Technician Association. 3) Martha Ilokpo - Mile 1 Market Women Association - c) The sources of information from which our conclusions were drawn are minutes, attendance lists, and pictures. d) The date of the consultation was 12th November, 2020 and the venue of the consultation on the budget proposal was the main auditorium, NBA House Port Harcourt Branch. e) IVA called a sample of 10 attendees to confirm their attendance at the public consultation. f) The State could not provide a date the budget was drafted or a copy of the draft budget. g) IVA could not compare the dates of the consultation and the date of the draft budget to ascertain which one was done first. h) The proposed budget was not published online.	Unsatisfactory	• The State should ensure the participation of Local Government authorities in public consultations. • The proposed annual budget should be published online.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2021 to enable citizens to find the inputs easily?	a) Mr. Harry Awolayeofor from HAVIDs Centre for Environment and Development co-signed the Minutes and a copy of the signed minutes has been retained in the file. b) The title of the minutes is PUBLIC CONSULTATION ON RIVERS STATE 2021 BUDGET ESTIMATES and the date of publication is 14th April, 2021 c) Some of the Organizations that have their representative's signatures present were: National automobile Technician Association, and the Islamic council. d) The weblink to the publication is https://www.riversstate.gov.ng/storage/media/application/pdf/1619708512l..pdf However, the IVA observed that the above State weblink gives the message "Error 404 – Page not found". The State is required to take remedial actions to resolve the issue with the weblink and ensure its functioning. The State is also expected to respond with feedback on the remedial action taken.	Unsatisfactory	The minutes of public consultations should be published online on or before January 31 of the budget year.
DLR 2.2	**Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms**		**Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1.	Did the state conduct dissemination events to explain amendments to the FY2020 State budget and was adequate evidence of the events published online and by the due date?	a) A review was done on all required documents, which include minutes, a list of attendees with names, organizations, and signatures b) The Amended Budget and the evidence of the dissemination events have been downloaded. c) The dissemination was done physically d) The evidence of the dissemination event was published online on September 30, 2020. e) The evidence of dissemination published online by the State were the minutes, pictures and the attendance list and copies were retained in the file f) The event was published in the same location as the Amended FY20 budget. g) IVA confirmed the date of publication of the evidence of the dissemination events to be 30th September, 2020. The evidence obtained to confirm the date of online publication was a screenshot of the publication date. h) The weblink of publication is http://riversstate.gov.ng/storage/media/application/pdf/1601487372.pdf	Satisfactory	
2	Has the State published online, on the State website(s) a *Citizens Budget based on the Amended Budget (2020)* not later than 30 September 2020?	The Citizens budget based on the Amended Budget (2020) was published on September 30th, 2020 via http://riversstate.gov.ng/storage/media/application/pdf/1601487372.pdf IVA accessed it on 08/02/2022	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	a) A comparison of the Amended Budget 2020 with the Citizens Budget was done and there were no areas of discrepancies. b) The Citizen's budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template. IVA confirmed with the metrics shown below: i. Simple explanation of the annual amended budget/citizen's budget. ii. The sources of revenues. iii. Sources of domestic and foreign grants, domestic loans, and other financing sources. iv. Total expenditure by economic classifications. v. The total revenue and grants, total expenditures, budget financing, vi. Sectoral Allocation (by MDAs). vii. Top Projects to be financed (at least 5) N: B. The citizen's budget was not serially numbered for ease of reference c) The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included.		
3 Is the Citizens Budget a comprehensible (to citizens) summary of the amended FY20 state budget?	a) The Citizens Budget included an explanation of the key changes between the Original FY20 Budget and the Amended FY20 Budget.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) The Citizens Budget included Data on reallocations and adjusted spending priorities. IVA confirmed that the amended FY20 state budget was summarized in a comprehensible manner to the citizens in the citizens' budget.		

4	Does the State website have functional feedback and response online mechanisms?	a) The State has established feedback Mechanism and response online mechanisms on its website
		b) The type of feedback mechanism established on the State website is an online complaint form and a Facebook platform
		c) The State's feedback mechanism provides at a minimum:
		  i. feedbacks from citizens
		  ii. State's responses to comments/feedbacks
		  iii. Display of timeframe and the State's government contact details.
		d) The IVA, alongside the state's IT personnel did a walkthrough on the State Government website with a Compliant Box "REGISTER A COMPLAINT - TALK TO US WE ARE LISTENING" and its Facebook platform and interacted with it. IVA reviewed prior responses on Facebook and confirmed that the State responded to some of them.
		e) IVA did a walkthrough with the State on how the State has responded to feedback submitted online. However, the budget office confirmed that there were no online comments from the citizens on the budget practice in the year under review, as most
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		citizens prefer walk-ins into the Government office to make inquiries. f) IVA concluded that the State's feedback mechanism is functional. g) The weblinks include: riversstate.gov.ng https://web.facebook.com/rvsgng/		
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	**Improved cash management and reduced revenue leakages through the implementation of State TSA**		**Not Achieved**	
1	Has the State established a functional State-level TSA?	a) The State did not provide evidence to show that it has established a functional state-level TSA. b) The State mentioned it operates one account as its TSA. The IVA team was unable to confirm it as the TSA bank statement was not made available	Unsatisfactory	The State should establish a functional TSA
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.	The State does not have a Cash Management Strategy. However, the State is still developing its Cash Management Strategy.	Unsatisfactory	The State should develop and implement an approved cash management strategy that covers the processes through which the State can forecast cash commitments and requirements and provide reliable information on the availability of funds.
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the	The State does not have a central view of cash balances in a single electronic dashboard where the cash balances in its bank account can be viewed.	Unsatisfactory	The State should establish a cash management system that allows for a central view of cash balances in bank accounts on a single electronic dashboard and

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	approved cash management strategy)?			should be in line with the approved Cash Management Strategy.
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.	a) The IVA visited 3 of the State MDAs (Education, Health, and Works). It was observed that the MDA only assesses Fee payers. The Fees payer is then required to visit any of the collecting banks to make payment. The MDAs then verify once the payments are made. Revenues collected by MDAs no longer sit in individual MDA accounts. b) The State did not provide the details of its TSA. c) The State said all of the State Government Finances (FAAC, VAT, and IGR) are paid into the TSA. The TSA statement was not made available hence, this could not be substantiated. d) The State MDA's said they no longer collect or keep cash as all payments are being made directly to the banks. Monies no longer sit in the MDAs. The IVA could not substantiate the statement as the bank statements were not made available. e) The TSA bank statement was not provided by the State.	Unsatisfactory	The State's TSA should have one consolidated revenue treasury account for state revenues (FAAC and IGR)
5	Does the TSA cover a minimum of 70% of the State Government's finances?	The IVA was unable to compute the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2020. This was due to the fact	Unsatisfactory	The State's TSA should cover all of Government Finances and the required documents should be made available

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		the State did not provide the IVA with its TSA bank statement		
		See the computation below:		

	Total Inflows	Total Outflows
TSA Bank Statement	Not available	Not available
Government Finances*	295,328,291,409.27	298,021,410,612.55
Percentage	N/A	N/A

The average is percentage computation is:

$$\frac{?? \% + ?? \%}{2} = ??\%$$

The TSA covered percentage of the State's finances could not be ascertained as the State do not have TSA Bank Statement

*Sources: 2020 State Auditor-General's Report (Cashflow Statement) Pg.27 and the TSA Statement (was not provided)

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**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	must be approved by the state legislature and published			
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates?	a) The Rivers State Board of Internal Revenue Service Law No 12 of 2012. (Principal Law) which was signed on 22nd February 2012, and Board of Internal Revenue Service (Amendment) Law No 12 of 2021 which was signed on 30th Dec. 2021 were provided. b) The Revenue code and rates were contained in the Revenue Law. c) The revenue laws were linked. d) The weblink for the Revenue Law is https://www.riversstate.gov.ng/news/publications/rivers-state-board-of-internal-revenue-service-law However, the IVA observed that the above State weblink gives the message "Error 404 – Page not found". The State is required to take remedial actions to resolve the issue with the weblink and ensure its functioning. The State is also expected to respond with feedback on the remedial action taken. e) There are no rates for, among others, market tax, pollution compensation, pools betting tax, entertainment tax, direct assessment on informal sector (PIT) (presumptive tax) Consumption Tax, Ministry of Education, Ministry of Commerce and Industry Tax. The tax schedule for Agriculture looks like an internal memo and is unclear. There is no	Unsatisfactory	The State should amend its current harmonized law to include all sources of revenue for local governments

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		schedule for Local Government taxes and applicable rates.		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	a) Section 2 of the Amendment Law amends section 10 of the Principal Law to include subsection 7 which states "the Board shall be the sole collector of all taxes and revenues in the State" b) The IVA Tax Consultants review states that Section 2 of the Amendment law amends Section 10 of the Principal Law to read "the Board shall be the sole collector of all taxes and revenues in the State" c) The IVA and the Tax Consultant's conclusion on the SBIR being the sole agency responsible for the State revenue collecting and accounting were aligned.	Satisfactory	
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	a) The IVA could not ascertain if the collection of revenue was made into an account nominated by the SBIR as no documentary evidence was provided by the SBIR. b) The IVA could not ascertain if the SIRS has full oversight of the accounts and are responsible for reporting and accounting for the revenues. No documentary evidence was provided by the SBIR.	Unsatisfactory	The state should revalidate revenue accounts by ensuring SBIR/SIRS nominates such accounts
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to	The Rivers State Board of Internal Revenue Service Law No 12 of 2012. was assented to by the Governor on 22nd February, 2012 while the 2021 Amendment Law was signed on 30th December, 2021.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	count for that year, up to 31 December 2020.			
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	a) A copy of the State Revenue Law was downloaded and retained in the assessment file. b) The Law was assessed and downloaded on 25th January, 2022 at 12.41 pm. c) The weblink for the Revenue Law is https://www.riversstate.gov.ng/news/publications/rivers-state-board-of-internal-revenue-service-law However, the IVA observed that the above State weblink gives the message "Error 404 – Page not found". The State is required to take remedial actions to resolve the issue with the weblink and ensure its functioning. The State is also expected to respond with feedback on the remedial action taken. The State did not respond to IVA's request. The website remains inaccessible when the IVA checked it on 13/06/2022	Unsatisfactory	The State should ensure the publication is done online and is accessible to the public/all taxpayers.
DLR 4.2	**2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection**		**Not Achieved**	
1	Has the 2020-2019 annual nominal IGR growth rate met the basic or stretch targets? **Basic Target:** N/A **Stretch Target:** equal to or higher than the 2019 nominal IGR collection	a. The State used the cash basis of accounting in its 2019 and 2020 State Auditor-General's Report. b. The IVA computed the annual nominal IGR growth rate for this year's APA. See the computation below:	Unsatisfactory	The State should ensure significant year-on-year improvements in its IGR collection.

Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
	REPORTING TEMPLATE: OPTION A	**NGN**		**% GROWTH**		
	Item	**2019**	**2020**			
	1. Reported IGR in AFS (Before Adjustments)	119,888,000,639	117,401,188,588	-2%		
	2. VALID items to be counted as IGR	109,474,641,286	107,620,581,338			
	Direct Tax	108,556,677,551	106,180,064,407			
	Licenses	13,179,003	213,173,198			
	Fees	266,788,786	440,317,662			
	Fines	220,341,020	32,795,423			
	Sales of goods and services	130,691,758	668,776,879			
	Earning (excluding interest or investment income)	196,037,638	603,297			
	Rent of gov't property/building	90,925,530	84,850,472			

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		3. "Adjusted IGR" for DLI 4.2 Calculation (A)					
		Sum of all VALID items of IGR	109,474,641,286	107,620,581,338	-2%		

$$\frac{₦107,620,581,338 - ₦109,474,641,286}{₦109,474,641,286} \times 100$$
$$= -2\%$$

There is a decline of -2%

Source: 2020 State Auditor-General's Report. Pg. 27

DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [90] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 90% of the current civil servants and pensioners on the State payroll?	The State commenced Biometric data capture of Civil Servants and Pensioners in April, 2018 and completed the process in September, 2019. a) The Biometric capture was outsourced to Cinfores Ltd. b) The total number of civil servants was 45,673 c) The total number of pensioners was 19,898	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		d) The total number of staff on the State Nominal roll was 65,571 and Payroll was 65,571.		
		e) The number of persons captured on biometrics data was 65,571		
		f) The state provided the following documents as evidence:		
		i. One-page report on Biometrics Exercise from River state Head of Service		
		ii. Nominal roll summary of civil servants		
		iii. Nominal roll Summary of pensioners		
		iv. Payroll summary of civil servants		
		v. Payroll summary of pensioners		
		vi. Statistics of captured staff and pensioners on the Biometric register.		
		vii. List of staff/Civil servants due for retirement in December, 2020.		
		viii. Screenshot of a total number of civil servants on the Biometric register		
		ix. Screenshot of a total number of pensioners on Biometric register		
		$$\frac{\text{No of Biometric Data Captured} \times 100}{\text{Total No of Civil Servants + Pensioners on payroll}}$$ $$\frac{65{,}571 \times 100}{45{,}673 + 19{,}898}$$ $$=100\%$$		
		The State had captured 100% of the State's civil servants and pensioners on its payroll.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced Biometric data capture of civil servants and pensioners in April, 2018 and completed it in September, 2019.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) Biometrics data of 45,673 for civil servants and 19,898 for pensioners was linked to the payroll		
		c) The state had no ghost workers detected during the biometric validations in 2020.		
		d) There were no ghost workers in the year 2020 thus money was not saved.		
		e) There were in-year changes to the civil servant and pensioner payrolls because of starters, leavers, deaths, etc., and were captured by the biometric exercise.		
		f) There were procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The state provided the following documents as evidence:		
		i. One-page report on Biometrics Exercise from River state Head of Service		
		ii. Nominal roll summary of civil servants		
		iii. Nominal roll Summary of pensioners		
		iv. Payroll summary of civil servants		
		v. Payroll summary of pensioners		
		vi. Statistics of captured staff and pensioners on Biometrics register		
		vii. List of staff/Civil servants due for retirement in December, 2020		
		viii. Screenshot of a total number of civil servants on the Biometric register		
		ix. Screenshot of a total number of pensioners on Biometric register		
		g) There were changes to the civil servants and pensioners payroll during the fiscal year as a result of starters, leavers, deaths, etc.		
		h) The changes were captured by the biometric exercise.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		i) The procedures in place to identify and remove ghost workers were:
		  i. Biometrics Re-Verification and
		  ii. Reports from various MDAs
		  iii. New employees' biometric data are captured immediately.		

3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) The State did not detect any ghost workers during the linkage in 2020.
		b) There was no record of ghost workers in 2020
		c) There was no removal of ghost workers in 2020 as the Ghost workers were removed from the payroll in 2019. Furthermore, IVA carried out a test on the list of retirees/those that died for the year 2020 provided and confirmed they were removed from the payroll.
		d) There were no ghost workers; the payroll figure was 65,571.
		e) There were no ghost workers in 2020, the payroll figure was 65,571
		f) The documents provided by the state are:
		  i. One-page report on Biometrics Exercise from River state Head of Service
		  ii. Nominal roll summary of civil servants
		  iii. Nominal roll Summary of pensioners
		  iv. Payroll summary of civil servants
		  v. Payroll summary of pensioners
		  vi. Statistics of captured staff and pensioners on Biometrics register
		  vii. List of staff/Civil servants due for retirement in December, 2020
		  viii. Screenshot of a total number of civil servants on the Biometric register
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ix. Screenshot of the total number of pensioners on the Biometric register.		
5.2	**Link BVN data to at least [90] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Achieved**	
1	Has the State linked the Bank Verification Number data to 90% of its current Civil Servants and pensioners on the State payroll?	The State commenced Biometric capture and BVN linkage of civil servants and pensioners in April, 2018 and completed in September, 2019 a) The Biometrics capture was outsourced to Cinfores Ltd in conjunction with the ICT department of Rivers State Government. b) The total number of civil servants was 45,673 c) The total number of pensioners was 19,898 d) The total no of staff on the State Nominal roll was 65,571 e) The number of BVN data linked to the payroll was 65,571. f) The documents provided by the State are: i. One-page report on Biometrics Exercise from River state Head of Service ii. Nominal roll summary of civil servants iii. Nominal roll Summary of pensioners iv. Payroll summary of civil servants v. Payroll summary of pensioners vi. Statistics of captured staff and pensioners on Biometrics register vii. List of staff/Civil servants due for retirement in December,2020 viii. Screenshot of a total number of civil servants on the Biometric register ix. Screenshot of a total number of pensioners on Biometric register	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		No of BVN Data Linked x 100 Total No of Civil Servants + Pensioners on payroll $\dfrac{65,571}{45,673 + 19,898}$ X 100 =100% The State has linked 100 % of the State's civil servants and pensioners' BVN data to the payroll.		

2	Has the State taken steps to identify payroll fraud?	a) The Staff with BVN data were 65,571 and according to the one-page report all staff have BVN
		
		b) There was no record of payroll fraud provided because the State noted that there was no case of fraud in the state in 2020.
		c) There were no records of payroll frauds identified.
		d) The payroll figure was 45,673 for civil servants and 19,898 for pensioners and there was no record of fraud identified in the year.
		e) There was no case of payroll fraud, hence there was no record of removal from further payments except for those that left the service of the Government which IVA confirmed through random checks on the payroll database for a sample selection of five.
		f) The documents provided by the state are:
		  i. One-page report on Biometrics Exercise from River state Head of Service
		  ii. Nominal roll summary of civil servants
		  iii. Nominal roll Summary of pensioners
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		iv. Payroll summary of civil servants v. Payroll summary of pensioners vi. Statistics of captured staff and pensioners on Biometrics register vii. List of staff/Civil servants due for retirement in December, 2020 viii. Screenshot of the total number of civil servants on the Biometric register ix. Screenshot of the total number of pensioners on the Biometric register.		
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget**		**Not Achieved**	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	a) The State has a public procurement framework. b) The framework has been approved by the State Legislature as a Law. c) The date of the passage by the State House of Assembly was not stated, but the date it was assented to by the Governor was 3rd May, 2008. d) The Procurement Law has been passed and assented to by the Governor.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		e) The authorizing body is the Rivers State Public Procurement Bureau and the date of approval was 3rd of May, 2008		
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.	There is partial compliance with the UNCITRAL Model Law. The Law is structured along with the UNCITRAL Procurement Law Model but deviates in some respects e.g., by giving the Governor power to award contracts of up to 30% value of each year's budget. a) **E-Procurement** - We noted the following during our review of the legislation. • The Board shall approve changes in the procurement process to adapt to the improvement in modern technology S. 2 (e). • The Bureau shall introduce, develop, update and maintain related databases and technology. S. 3 (p) • The Bureau shall establish a single internet portal that shall serve as a primary and definitive source of all information on government procurement containing and displaying all public sector procurement information at all times. S. 3 (q) The law, therefore, complies with the requirements for e-procurement. 2. **Independence -** The results of our assessment of the legislation for independence are in the table below:	Unsatisfactory	The State should ensure the Law is structured along with the UNCITRAL Procurement Law Model

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

Required Provisions*	Result
The Functions and Powers of the Agency	Compliant; see sections 2 and 3
The composition of the board	Compliant; See Section 1(3) (a-d)
Membership of the Board/Council includes representatives from professional bodies and associations.	Non- compliant
The grounds for removal of the Chief Executive of the agency.	Compliant; see section 5 (4)
Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Non-Compliant

*Provided by the World Bank

3. **Establishment of an independent procurement regulatory agency** -

a) The law provides for the establishment of an Independent Procurement Regulatory Agency. Section 1 (1)

b) Section 13 (1) (a-c) states: The provision of the Law shall apply to all procurement of goods, works, and services carried out by the Government of Rivers state and all procurement entities which derive funds proposed to be appropriated for any type of procurement described in this Law from public funds and procurement by Local Governments in the state. While Section 13 (2) (a) & (c) of the law provides that the law shall not apply to the following:
 a. Procurement of goods, works and services involving state security: and

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b. Procurement by the State government in an emergency. c) The IVA and the expert conclusion are aligned.		
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?	a) The State has instituted an Independent Procurement Regulatory Function. b) The function is performed by a Bureau. c) The agency is responsible for prescribing regulations and procedures for public procurements by the legal framework. Section 2 (a & b) and Section 3 (a) d) The regulatory agency is active and operational. The State Bureau of Public Procurement provided records of Certificate of No Objection performed during the year. However, the complete files relating to the procurement activities were said to behold in the various MDAs. e) The State could not state the number of Records of procurements/cases/transactions handled by the agency and documents were not made available because it is in the MDAs, hence the IVA could not carry out a walkthrough test.	Unsatisfactory	The State should ensure the establishment of an independent procurement regulatory agency to effectively carry out the required functions.
DLR 6.2	**Basic Target: Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Stretch Target: Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs AND For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.			
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2020) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	a) The State did not provide a schedule of all contracts awarded during the year under assessment above the threshold. b) There was no publication of contract award information in line with the Open Contracting Data Standards. c) The State did not publish online the contract award information, hence there is no date of publication. d) IVA could not carry out any walkthrough test because there was no publication in line with OCDS. e) The State did not publish contract award information containing the following: i. Project name - Nil ii. awarding institution - Nil iii. award date - Nil	Unsatisfactory	The state should adopt the OCDS and publish contract award information online as required under the standards.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		iv. name of contractor - Nil v. contract amount published - Nil f) The items on (e) above were not published. g) There was no weblink provided as evidence of publication of contracts awarded in 2020 There was no publication of the list of contracts given to ascertain or reconcile the amount involved to be compared with capital expenditure of N184,372,147,761.15 stated in the AFS. Therefore variation could not be established.		
2 New	Had the State signed up to the SaaS e-Procurement Framework Contract as at 31 Dec 2020?	a) The State has not signed the SaaS e-procurement Framework Contract b) The agreement of the SaaS e-procurement was not provided by the State to the IVA. c) The State did not show any arrangement put in place to implement e-procurement by the deadline of this DLR.	Unsatisfactory	The State should ensure that it has an arrangement in place to implement e-Procurement as soon as possible.
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works) the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	a) The State is yet to implement e-procurement in at least 3 MDA's b) IVA could not perform a walkthrough test of 5 transactions from MDA's because the State has not implemented e-procurement. c) IVA could not perform the selection of transactions because the State is yet to implement e-procurement. d) The State has not implemented the E-Publishing/Notification module for contract notice and contract award. e) The E-Publishing/Notification module for contract notice and contract award during the year 2020 was not effective.	Unsatisfactory	The State should ensure that e-procurement is implemented in all MDAs and at least 3 MDAs in the first instance (including Education, Health, and Public Works).

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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.**		**Achieved**	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law?	The State has approved public debt legislation. Copies of Rivers State Debt Management Office (Establishment) Law, No.6 of 2011 and Rivers State Fiscal Responsibility Law No. 8 of 2010 were provided. The details of these legislations are provided below: a) Rivers State Debt Management Office (Establishment) Law, No.6 of 2011 ("DMEL") - assented to on the 20th December 2011 b) Rivers State Fiscal Responsibility Law No. 8 of 2010 ("FRL") assented to on the 2nd September 2010.	Satisfactory	
2	Does the legislation include provisions that establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	Both laws were enacted by the State House of Assembly and assented to by the Executive Governor. The legislation includes all the required provisions as follows: **i. Responsibilities for contracting state debt** Section 6 (1a) of the DMEL states, "issue, on behalf of the State, such instruments as the State may desire to issue, from time to time.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Section 6 (1b) of the DMEL states that the Office shall "borrow on behalf of the government, from any individual or institutional bodies."		
		Section 6 (f), 7(a), and 20(c) of the DMEL also buttress the responsibilities for contracting State debt."		
		Section 20 of the DMEL (internal borrowing) also requires the DMO to determine the amounts and time schedules for the issuance of Government short-term and medium-term securities in the Nigerian money market.		
		ii. Responsibilities for recording and reporting state debt.		
		Section 6 (1c) of the DMEL states that the Office shall "maintain a reliable database of all instruments issued, loans taken or guaranteed by the Government or any of its agencies, and all contingent liabilities related to it."		
		Section 6 (n) of the DMEL states that the Office shall "collect and collate data on debt management and disseminate information with the approval of the Board."		
		Section 17 mandates the DMO Board to prepare and submit to the Commissioner not later than 30th of June every year, a report in such form as the Commissioner may direct on the activities of the Office during the immediately preceding year and shall include in the report a copy of the audited accounts of the Office for that year. In the same section, the law states that within		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	fifteen (15) days of the receipt of such a report, the Commissioner shall forward a copy each to the Governor and the State House of Assembly. Section 20 (bi) also buttresses the responsibilities for recording and reporting State debt. It states "maintain the register of holders of all instruments and other Debt Securities issued by the State and record the particulars of all holders and all transactions entered into with regards to such instruments and securities; to carry out the responsibility under this subsection" Section 20 (d) of the DMEL also required the DMO to "maintain a record of all guarantees by the Government, of any authorized loans, taken by any Local Government or other agency of Government." **iii. Establishing fiscal and debt rules or /limits** Section 6 (d) of the DMEL states that the State DMO will "prepare and submit to the Government a forecast of loan service obligations for each financial year. Section 6 (h) of the DMEL states that the State DMO shall "set guidelines for managing Government financial risks and financial exposure concerning all loans and instruments." Section 20 (e) of the DMEL stipulates that the State DMO shall "review and advise on the maintenance of statutory limits for all categories of loans or debt instruments at levels compatible		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		with economic activities required for sustainable growth and development in collaboration with the Accountant-General of the State. Similarly, Section 11 of the FRL states, (1)-Aggregate Expenditure Ceiling (aggregate expenditure...shall not be more than the estimated aggregate revenue plus a deficit, not exceeding three percent of the Estimated Domestic Gross Domestic Product of the State or any sustainable percentage as may be determined by the House of Assembly for each financial year. (2) Aggregate expenditure for the financial year may exceed the ceiling imposed...if in the opinion of the Governor there is a clear and present threat to State security or sovereignty of the Federal Republic of Nigeria." Section 36 of FRL covers the Framework for debt management during each financial year and Section 37 of FRL covers limits on consolidated debt of State and Local Government Councils. Other sections which satisfy criterion 3 are Sections 10 of the FRL, and Sections 7(b) of the DMEL.		
3	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt?	a) Section 1 of the DMO(E) Law, No.6 of 2011 provides for the creation of a State Debt Management Office. There is an operational State Debt Management Office. b) On Wednesday, 9th February 2022, the IVA visited the Rivers State Debt Management Office in Room 411 on the 4th Floor of the Ministry of Finance Building. An interview was	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		held with the Head of the State's Debt Management Office, who confirmed the operation of the department. According to him, the functions of the department include "collection of debt data from the MDAs, maintaining the debt data of the State and reporting & reconciliation of external debts with the DMO". The IVA also conducted an interview with a randomly selected staff of the Department who also confirmed that the department has been operational. c) Pictures of the department were also taken. d) The IVA reviewed the quarterly SDDR submitted to the Federal DMO, indicating that it was performing its core function of reporting the State's debt.		
DLR 7.2	**Quarterly state debt reports for Q2, Q3, and Q4 2020 accepted by the DMO on average two months or less after the end of the quarter in 2020 AND Annual state debt sustainability analysis published by end of December 2020**		**Not 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 2020?	a) The IVA obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: • Q2 submitted on 25 May 2021 - 329 days after the quarter-end,	Unsatisfactory	The State should submit timely Debt reports to the DMO.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	• Q3 submitted on 25 May 2021 - 237 days after the quarter-end • Q4 submitted on 25 May 2021 - 145 days after quarter-end. $$\frac{329+237+145}{3}$$ Average = 237 days (33.9 weeks) The SDDRs were submitted within an average of 33.9 weeks (237 days).		
2 **Note: Have you reviewed for accuracy and completeness from the DMO:** The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO, and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained. b) We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Rivers State Debt Domestic Report along with all underlying data and showed different amounts of ₦ 248,082,080,924.00 for the SDEDR and ₦ 232,256,660,109.58 for the SDDR. There is a variance of ₦15,825,420,814.42. The report was supported with the DMO's templates and guidelines. We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report.	n/a	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		c) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State has been compared with the "Report of the Auditor-General, Rivers State of Nigeria on the Accounts of the Rivers State Government of Nigeria for the year ended 31st December 2020."
		
		d) The debt stock figures reported in the SDDR have been compared with that of the State's Audited Financial Statement for the year ended 31st December 2020.
		
		e) There were discrepancies noted during the comparison.
		
		   o SDDR Figure: ₦232,256,660,109.58
		   ii. AFS Figure: ₦88,007,051,432.00
		   iii. Difference: ₦144,249,608,677.58
		
		f) An APA Issue was raised to the State. The IVA did not receive a response to the APA issue.
		
		g) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by Rivers State.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		h) The State debt stock figure report in the SDEDR has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by Rivers State. i) The following discrepancies were noted: i. SDEDR (DMO) Figure: ₦248,082,080,924.00 ii SDDR (State) Figure: ₦ 232,256,660,109.58 iii Difference: ₦ 15,825,420,814.42 j) An APA Issue was raised to clarify this discrepancy and the State responded, thus, "The debt stock figure (₦248,082,080,924) provided by the Federal DMO is not an agreed and conclusive figure. States were asked to review the reconciliation done by the CBN/DMO, which we did and we noted several errors which were forwarded to the CBN/DMO Reconciliation team. As of today, no conclusive position has been taken on the figures."		
3 New	Has the State published the State Debt Sustainability Analysis Reports (SDSAR) online by 31 December 2020?	a) The Rivers State Debt Sustainability Analysis Report (SDSAR) was published on its official website. b) The SDSAR was published on 31 December 2020. However, the IVA observed that the SDSAR obtained was dated 2019. c) The SDSAR was published by 31 December 2020. The IVA obtained a screenshot of the IT backend showing the date of publication.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		d) The weblink to the SDSAR for Delta State is: https://www.riversstate.gov.ng/news/publications/rs-2019-dsa-report		
4 New	Does the SDSAR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options, and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	k) Upon the DMO and IVA review of the State Debt Sustainability Analysis Report (SDSAR), we noted it did not include the following: 1) medium-term budget forecasts; 2) a detailed and adequate description of the debt portfolio and borrowing options, and 3) an adequate analysis of the debt and fiscal figures in the preceding calendar year. l) The SDSAR assessment report does not contain figures. Thus, a comparison could not be done between SDADR and the SDADR assessment report from the DMO.	Unsatisfactory	The State should ensure that the SDSAR includes the following: 1) medium-term budget forecasts; 2) a detailed description of the debt portfolio and borrowing options, and 3) an adequate analysis of the debt and fiscal figures in the preceding calendar year.
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Basic Target: Domestic arrears as of end 2019 and end 2020 are reported in an online publicly-accessible database, with a verification process in place.** **Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with a verification process in place AND at least a 5 percent decline in the verified stock of domestic arrears**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock below 5 billion.			
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF). b) A copy of the ACF was obtained from the State. c) The ACF was established in December 2019. d) The ACF was established before the year of assessment therefore the State had adequate time for the implementation of the ACF.	Satisfactory	

2	Does the ACF contain:
	1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.
		a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled.
		b) The ACF contains the requirement as evidence in the following sections:
		  i. Planned actions to settle expenditure arrears as detailed in section 2 pages 12-14 of the ACF
		  ii. Prioritization of domestic expenditure arrears to be settled as detailed in section 2.2 pages 14-15
		c) The other document submitted by the State to confirm the ACF was the SARVCR.
			Satisfactory	

3	Has the ACF been published on a State official website?	a) The ACF has been published on the State official website b) A copy of the ACF was downloaded c) The ACF was posted at https://www.riversstate.gov.ng/news/public	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ations/rs-arrears-clearance-framework-signed on 31st December 2020.		
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	d) The IVA could not ascertain if the clearance of domestic expenditure arrears is consistent with the ACF as the schedule of arrears cleared was not provided by the State.	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF
5.	Has the State established an Internal Domestic Arrears Database?	a) The State has not established an Internal Domestic Arrears Database. b) The State did not provide any evidence to substantiate the verification process in place for the arrears in the database in 2020. c) The State conducted the verification of arrears balances in 2021. d) The state submitted to the IVA the 2021 state arrears recording, verification, and clearance report (SARVCR)	Unsatisfactory	The State should ensure they establish an internal domestic arrears database.
6	Has the State published online elements of the internal domestic arrears database for the FY **2019** and FY **2020** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has not published online the required elements of the Internal Domestic Arrears Database as at the end of 2019 and 2020. b) The State does not have an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. c) The State does not have an online webpage that includes a facility for contractors with arrears (creditors) to report any omissions to the State. d) The State had no omissions reported by contractors.	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
7.	Does the online publication include? 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.	The State has not published the aggregate amount of the various arrears it has. Also, the list of contractors being owed 20million and above was not published online.				Unsatisfactory	a) The State should ensure they publish online lists of contractors with recognized arrears exceeding ₦20 million. b) The state should ensure contractors can verify that their claims are accurately reported c) The online publication should include aggregate amounts of contractors' arrears; the aggregate amount of pension and gratuity arrears; the aggregate amount of salary arrears and other staff claims
8.	Has the State met the following: (i) Percentage decline in the verified stock of domestic arrears at end 2020 compared to end 2019 meets target and is consistent with the state's arrears clearance framework. **-Stretch target:** At least a 5% year-on-year decline or maintain stock or arrears below ₦5 billion. *The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears, and other staff claims) is defined as the*	**Aggregate Amount of:**	**2020**	**2019**	**% diff.**		Unsatisfactory	The State should ensure a reduction of domestic arrears debt stock to below ₦5 billion
		Contractors Arrears	59,981,656,995	61,759,887,551.36	-2.88		
		Pension and Gratuity arrears	114,051,794,918	78,188,378,812.45	45.87		
		Judgment Debt					
		Total Domestic Arrears	**174,033,451,912.53**	**139,948,266,363.81**	**24.36**		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
decline in the nominal stock of total domestic expenditure arrears at the end of the year, compared to the previous year, expressed in percentage terms.	We obtained the Domestic arrears figure from the SDDR as the State had not established an Internal domestic arrears database ₦ 174,033,451,912.53 – ₦139,948,266,363.81 X 100 ₦ 139,948,266,363.81 = 24% The percentage increase is 24% **Source**: State Domestic Debt Report (SDDR)		
DLI 9: Improved Debt Sustainability			
DLR 9.0	**Total debt stock at end Dec [2020] as a share of total revenue for FY [2020] meets target:** **-Basic target: < [150%]** **-Stretch target: < [125%]**		**Achieved (Stretch target met)**	
1	Has the State met: (i) the ratio of total debt stock at end-of-year (31st December 2020) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2020)? **-Basic target:**< [150%] **-Stretch target:** < [125%]	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt**	Satisfactory	

Total Public Debt

	State Auditor-General's Report	DMO/SDEDR Figures
Total Domestic Debts	88,007,051,432.00	248,082,080,923.12
Total External Debts	26,681,184,544.00	36,841,529,625.60
Total Public Debts	114,688,235,976.00	284,923,610,548.71

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Total annual revenue 		

Total annual revenue

2020 Adjusted IGR (see DLI 4.2)	107,620,581,338
Gross FAAC Allocation	146,262,976,974
Grants	950,000,000
Other Revenues	9,780,607,250
Total Revenue	264,614,165,562

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

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

$$\frac{₦284,923,610,548.71^*}{₦264,614,165,562^{**}} \times 100$$

$$= 107.68\%$$

Sources:

I. For Total Revenue 2020 State Auditor-General's Report, Pages 31-32 (Notes 1.0-4.4)

II. For Total Public Debt State Domestic and External Debt Report from Federal DMO* as at December 31, 2020

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

b) The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same as the debt stock stated in the State Auditor-General's Report.

c) The IVA observed differences between the debt stock stated in the Federal DMO State

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Domestic and External Debt Report and that stated in the State Auditor-General's Report. The discrepancy between the State's debt figures in the State Auditor-General's Report and the DMO adjusted figures is due to differences between State Auditor-General's Report and what the State reports to DMO originally.		
		d) The difference has been communicated to the State for an explanation.		
		e) The difference has been calculated in value to be ₦170,235,374,573.71 and in percentage terms to be -148.43%.		
		f) The State DMO provided explanations regarding the difference between the total debt stock stated in the State Auditor-General's Report and the total debt stock stated in the Federal DMO SDEDR. The response from the State explained that the difference was due to the adoption of cash accounting and as such it does not include non-cash-based arrears such as contractors' arrears and pension/gratuity arrears in its financials.		

TABLE 3(i): DLI 9 31 DECEMBER 2020 STATE DEBT STOCK TABLES FOR RIVERS STATE

RIVERS STATE	2020 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,340,884,245.97
BAIL OUT (SALARIES) (SOURCE CBN)	9,324,613,607.51
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	21,460,951,967.55
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	7,173,862,889.46
STATE BONDS	-
COMMERCIAL BANK LOANS	8,677,079,336.23
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
INFRASTRUCTURE LOANS (CBN FACILITIES)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	2,117,601,194.85
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	131,423,599,915.54
PENSION AND GRATUITY ARREARS	46,563,487,766.01
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	**248,082,080,923.12**
TOTAL EXTERNAL DEBT (TED)	36,841,529,625.60
TOTAL PUBLIC DEBT (TED+TDD)	**284,923,610,548.71**

TABLE 3(ii): DLI 9 31 DECEMBER 2020 - ADJUSTED REVENUE TABLES FOR RIVERS STATE

TEMPLATE:	NGN
Item	**2020**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**146,262,976,974**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**122,304,566,567**
1.1.1 Gross statutory allocation	35,373,810,052
1.1.2 Derivation	74,426,348,552
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	12,504,407,963
1.2 VAT	**23,958,410,407**
2. Internally Generated Revenues (IGR) – Adjusted	**107,620,581,338**
3. Grants (internal and external)	**950,000,000**
4A. Other revenues (4.1 + 4.2 + 4.3)	**9,780,607,250**
4.1 Investment Income (e.g. dividends)	6,844,403,537
4.2 Interest Earned	
4.3 Other Receipts	2,936,203,713
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**264,614,165,562**

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	NONE	
2		
3		
4		