



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

**2018 Annual Performance Assessment (APA) Report**

**TARABA STATE**

By:

The Office of the Auditor-General for the Federation as the SFTAS Independent Verification Agent  
with support from JK Consulting Co. Ltd



March 2020

# Table of Contents

<b>1. Executive Summary .....</b>	<b>3</b>
<b>2. Introduction .....</b>	<b>5</b>
2.1 Overview.....	5
2.2 Scope .....	5
<b>3. Assessment Results.....</b>	<b>6</b>
3.1 Findings.....	6
<b>4. Response from the State.....</b>	<b>20</b>
<b>Appendix A - Report on the achievement of the Eligibility Criteria for 2018 .....</b>	<b>21</b>

# 1. Executive Summary

This Report details the outcome of the Annual Performance Assessment (APA) conducted on Taraba State for the 2018 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 2018 APA for Taraba State and shows areas where the State was able to achieve results. In total, Taraba State achieved **five (5)** Disbursement Linked Results (DLRs) out of 14 DLRs.

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 1.1: That Quarterly Budget Implementation reports are published on the State’s website within the expected timeframe which should include at minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications
- 2 DLR 2.1: That minutes of Public consultations on the proposed budget are jointly prepared and signed by the CSO representatives and are published online within the expected timeframe.
- 3 DLR 3: An approved cash management strategy is put in place and a functional State level Treasury Single Account is implemented.
- 4 DLR 4.1: The Consolidated State Revenue Law covers all Local Government IGR sources and stipulates the SBIR as the sole agency responsible for States’ revenue collection and accounting.
- 5 DLR 4.2: Achieve an annual IGR nominal growth rate of 20% as a minimum.
- 6 DLR 5.1: Biometric capture of all current civil servants and pensioners (and 90% coverage at a minimum for 2020). Link the Biometric data to the payroll and ensure all identified ghost workers are taken off the payroll within 3 months.
- 7 DLR 5.2: Link the BVN data of all the civil servants and pensioners to the payroll (90% coverage at a minimum for 2020).
- 8 DLR 7.2: The Quarterly State Domestic Debt Report is accepted by the DMO on average of two months or less after the end of the quarter.
- 9 DLR 8: Establish a Domestic Arrears Clearance Framework (ACF) as well as an internal domestic arrears database with the relevant balances published online.

**Table 1: Assessment Results**

Key:		Achieved	Not Achieved	
Disbursement Linked Indicators	Disbursement Linked Results (2018)		Results	Remarks
<b>DLI 1:</b> Improved financial reporting and budget reliability.	DLR 1.1: FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management.			The State uploaded only the Q4/2018 report.

	DLR 1.2: FY18 deviation for total budget expenditure is < 30%		The budget expenditure deviation was 17.76%
<b>DLI 2:</b> 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 FY19 budget.		There were no minutes of the town hall meeting.
<b>DLI 3:</b> Improved cash management and reduced revenue leakages through implementation of State TSA.	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of State government finances implementation of State TSA.		The State does not operate a functional State Level TSA.
<b>DLI 4:</b> Strengthened Internally Generated Revenue (IGR) collection.	DLR 4.1: 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 approved by the State legislature and published.		The Revenue code provided does not include Local Governments IGR sources.
	DLR 4.2: 2018-2017 annual nominal IGR growth rate meets target: Basic target: 20%-39%, -Stretch target: 40% or more.		The State had a decline of 51% in IGR.
<b>DLI 5:</b> Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud.	DLR 5.1: Biometric capture of at least 60 percent of current civil servants completed and linked to payroll and identified ghost workers taken off the payroll.		The State has no Biometric database.
	DLR 5.2: Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed		The BVN data of civil servants were not linked to the payroll
<b>DLI 6:</b> Improved procurement practices for increased transparency and value for money.	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e procurement. 2) Establishment of an independent procurement board; and 3) Cover all MDAs receiving funds from the State budget.		The Law is structured in line with the UNCITRAL Model Law and substantially complies with its requirements.
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the State website.		The State published contract award information above the set threshold online.
<b>DLI 7:</b> Strengthened public debt management and fiscal responsibility framework.	DLR 7.1: Approval of State-level legislation, which stipulates: 1) responsibilities for contracting State debt. 2) responsibilities for recording/reporting State debt; and 3) fiscal and debt rules/limits.		There is an approved State-level legislation.
	DLR 7.2: Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018.		The State did not submit the Q4 report for 2018 within the time limit
<b>DLI 8:</b> Improved clearance/reduction of stock of domestic expenditure arrears.	DLR 8: Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.		No Arrears Clearance Framework.
<b>DLI 9:</b> Improved debt sustainability.	DLR 9: Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018 and Total debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: Basic target: < 150%, Stretch target: < 125%.	<b>Basic Target Achieved</b>	Monthly debt service deduction is 12% of gross FAAC. The debt stock as a share of total revenue ratio is 134%.

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

## 2. Introduction

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### 2.1 Overview

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Limited 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 2018. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

### 2.2 Scope and APA Process

This Annual Performance Assessment (APA) Report covers the State’s performance in 2018 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 2018 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 sensitized on the requirements of the program and on the protocol for 2018. The assessment results are binary (pass or fail), as that is how the Program for Results component 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 2/12/2019 and 6/12/2019 with a team of five persons, starting with an opening meeting where all the information requested was to be handed over. The visit was concluded with an exit meeting where initial findings were discussed, and the State was given a 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. Limited are grateful to the State 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 (DLI) and Tests	Findings	Conclusion	Recommendations
<b>DLI 1: Improved Financial Reporting and Budgeting Reliability</b>				
<b>DLR 1.1</b>	<b>Financial Year [2018] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management</b>		<b>Not Achieved</b>	
1	Has the State published its quarterly budget implementation report to the State official website within six weeks of the end of each quarter?	The State published only the Q4 Quarterly Budget Implementation Report on the official website <a href="http://www.tarabastate.gov.ng">www.tarabastate.gov.ng</a> , and on 1 <sup>st</sup> March 2019 which is after the due date.	Unsatisfactory	The state should publish its quarterly budget implementation report on its official website
2	Does the reports include, at a minimum, the approved 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)?	The Q4 budget implementation report did not include the approved budget appropriation for the year for each organizational units (MDAS), except for the core economic classifications of expenditure (Personnel, Overheads, Capital and other Expenditures).	Unsatisfactory	The state quarterly Budget implementation report should include at minimum, the approved budget appropriation for the year for each organizational unit (MDAs).
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?	The Q4 Budget Implementation Report did not include cumulative Expenditures for each MDA and Expenditure Classification.	Unsatisfactory	The state should prepare Quarterly Budget Implementation Reports in compliance with SFTAS protocol
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	The Q4 Budget implementation report presented for review did not state balances against each of the revenue and expenditure appropriations.	Unsatisfactory	The report should state balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications.

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
	expenditures not attributable to any of the other three (3) expenditure classifications?			
<b>DLR 1.2</b>	<b>FY [2018] deviation from total budget expenditure is less than 30%</b>		<b>Achieved</b>	
1	Has the State Computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms?	<p>The computation of the percentage of outturn deviation for 2018 was done as follows:</p> <ul style="list-style-type: none"> <li>Approved Budget= N104,222,885,692.00</li> <li>Actual expenditure = N85,788,766,004</li> </ul> $\frac{N104,222,885,692.00 - N85,788,766,004}{N104,222,885,692.00} \times 100 = 17.7\%$ <p>Sources: 2018 Financial Statement (Pg10 and 11)</p>	Satisfactory	
<b>DLI 2: Increased Openness and Citizens' Engagement in the Budget Process</b>				
<b>DLR 2.1</b>	<b>Citizens' inputs from formal public consultations are published online, along with the proposed FY [2019] budget</b>		<b>Not Achieved</b>	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of Local Government authorities and State-based CSOs?	A public consultative meeting on proposed budget was held on 23rd November 2018 before the proposed budget was drafted. We obtained picture evidence of the consultation.	Satisfactory	
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily?	There were no minutes of the meeting.	Unsatisfactory	The State should ensure that minutes of public consultations are jointly prepared and signed with CSO Representatives and published online before or at the time of publishing the annual budget.

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
<b>DLI 3: Improved Cash Management and Reduced Revenue Leakages through Implementation of State TSA</b>				
<b>DLR 3.0</b>	<b>Improved cash management and reduced revenue leakages through implementation of State TSA</b>		<b>Not Achieved</b>	
1	Has the State established a functional State-level TSA?	The State does not have a functional State level TSA. Expenditures were made directly from the various accounts maintained by the state.	Unsatisfactory	The State should establish a functional state-level 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 is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	The State does not have a Cash Management Strategy through which the Ministry of Finance or Budget/Economic Planning can forecast Cash Commitments.	Unsatisfactory	The State should put in place an approved Cash Management Strategy.
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The State does not operate a functional TSA, therefore single Electronic Dashboard does not exist.	Unsatisfactory	The State should ensure its TSA has a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard.
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.	Revenue generating MDAs maintained individual Revenue Collection Accounts into which payment and Expenditure are made without recourse to the Lead Collection Bank Account with Polaris Bank.	Unsatisfactory	The state should maintain one consolidated Revenue Treasury account.
5	Does the TSA cover a minimum of 50% of the State Government's finances?	The State does not operate a functional TSA	Unsatisfactory	The state should ensure full implementation of TSA.
<b>DLI 4: Strengthened Internally Generated Revenue (IGR) Collection</b>				

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
<b>DLR 4.1</b>	<b>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 approved by the State legislature and published</b>		<b>Not Achieved</b>	
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the Local Governments (falling under that State) IGR sources? IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State and covered by the federal tax code.	The Taraba State Revenue Administration Law 2010 provided in hard and soft copies does not include local governments IGR sources.	Unsatisfactory	The state should have an up-to-date consolidated revenue code which includes all the state's IGR sources and all the local governments rates.
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	The Internally Generated Revenue Law does not stipulate that the state SBIR is the sole agency responsible for state revenue collection and accounting in the state.	Unsatisfactory	The State revenue law should stipulate the State Bureau of Internal Revenues (SBIR) as the sole agency responsible for state revenue (tax and non-tax) collection and accounting.
3	Is Collection of revenues made into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection?	The Commissioner of Finance nominated and manages IGR accounts domiciled in Polaris Bank with account no: 1790110750 as the lead bank for the collection of Revenue.	Unsatisfactory	Taraba State to ensure that the revenue accounts are nominated by the SIRS.
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	The code was assented to by the Governor on 13th September 2010.	Satisfactory	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	assessment to 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?	The Taraba State Revenue Administration Law, 2010 was published on the website: www.tarabastate.gov.ng/Finances/Taraba.	Satisfactory	
<b>DLR 4.2</b>	<b>Annual nominal IGR growth rate meets target</b>		<b>Not Achieved</b>	
1	<b>Has the 2018-2017 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39%, Stretch Target: 40% or more</b>	Revenue figures as obtained from the Audited Financial Statement (pg. 8) with the Notes to the account on pg.16.  2017- N6,441,443,522.65 2018- N6,922,496,761.49(less Reimbursement of N3,790,775,891.73) = N3,131,720,869.80  $= \frac{N3,131,720,869.80 - N6,441,443,522.65}{N6,441,443,522.65} \times 100$ $= -51\%$ Annual nominal IGR growth rate. = <b>-51%</b> .  Sources: 2018 Financial Statement (page8 and 16)	Unsatisfactory	Increase the IGR revenue to achieve a 20% nominal annual growth rate as a minimum
<b>DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud</b>				
<b>DLR 5.1</b>	<b>Biometric capture of at least [60] percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll</b>	Taraba State did not attempt this DLI. We requested for the Biometric report and nothing was presented for review.	<b>Not Achieved</b>	The State should conduct biometric capture of all current civil servants and pensioners, link the data to the payroll and ensure identified ghost workers are

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
				taken off the payroll within 3 months.
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 60% of the current civil servants on the State payroll?	See above	Unsatisfactory	
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	See above	Unsatisfactory	
3	Has the State removed confirmed ghost workers within three (3) months of each case being confirmed?	See above	Unsatisfactory	
<b>DLR 5.2</b>	<b>Link BVN data to at least [60] percent of current civil servants [and pensioners] on the payroll and payroll fraud addressed</b>	Taraba State did not attempt this DLI. We requested for the Biometric report and nothing was presented for review.	<b>Not Achieved</b>	The State should link the BVN data of its Civil Servants and Pensioners to the state payroll and take verifiable steps to identify payroll fraud
1	Has the State linked the Bank Verification Number data to 60% of its current Civil Servants to the State payroll?	See above	Unsatisfactory	
2	Has the State taken steps to identify payroll fraud?	See above	Unsatisfactory	
<b>DLI 6: Improved procurement practices for increased transparency and value for money</b>				
<b>DLR 6.1</b>	<b>Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) eProcurement; 2) establishment of an independent procurement board and 3) cover all MDAs receiving funds from the State budget</b>		<b>Achieved</b>	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations										
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.	The Governor signed the Taraba State Public Procurement Law, 2012 on 15 February 2012.	Satisfactory											
2	Does the law conform with the UNCITRAL Model Law which should provide for; (1) eProcurement, (2) establishment of an independent procurement board; and (3) cover all MDAs receiving funds from the State budget.	<p>The law is structured in line with the UNCITRAL Model Law and substantially complies to the requirements:</p> <p>1. eProcurement: Council to approve changes in procurement Process to adapt to improvements in modern Technology. S. 4 (e). Bureau to establish a single internet portal that shall serve as a primary and definitive source of all information on government procurement. S. 9 (r). Bureau to introduce, develop, update and maintain related data base and technology. S. 7 (q).</p> <p>2. The results of our assessment of the legislation for independence are in the table below:</p> <table border="1" data-bbox="709 1060 1371 1443"> <thead> <tr> <th data-bbox="709 1060 999 1089">Required Provisions*</th> <th data-bbox="999 1060 1371 1089">Result</th> </tr> </thead> <tbody> <tr> <td data-bbox="709 1089 999 1149">The Functions and Powers of the Agency</td> <td data-bbox="999 1089 1371 1149">Complies; sections 7 and 8 of the law.</td> </tr> <tr> <td data-bbox="709 1149 999 1209">The composition of the board</td> <td data-bbox="999 1149 1371 1209">Compliant; see section 3(2).</td> </tr> <tr> <td data-bbox="709 1209 999 1357">Membership of the Board/Council includes representatives from Professional bodies and associations.</td> <td data-bbox="999 1209 1371 1357">Compliant; see section 3(2)(f)</td> </tr> <tr> <td data-bbox="709 1357 999 1443">The grounds for removal of the Chief Executive of the agency.</td> <td data-bbox="999 1357 1371 1443">Compliant; See section 9(4) of the Law</td> </tr> </tbody> </table>	Required Provisions*	Result	The Functions and Powers of the Agency	Complies; sections 7 and 8 of the law.	The composition of the board	Compliant; see section 3(2).	Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see section 3(2)(f)	The grounds for removal of the Chief Executive of the agency.	Compliant; See section 9(4) of the Law	Satisfactory	The Council and the Bureau should issue e-procurement specific regulations.
Required Provisions*	Result													
The Functions and Powers of the Agency	Complies; sections 7 and 8 of the law.													
The composition of the board	Compliant; see section 3(2).													
Membership of the Board/Council includes representatives from Professional bodies and associations.	Compliant; see section 3(2)(f)													
The grounds for removal of the Chief Executive of the agency.	Compliant; See section 9(4) of the Law													

	Disbursement Linked Indicators (DLI) and Tests	Findings		Conclusion	Recommendations
		Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; see section 56(7) Appeal from decisions of the Bureau lie to the State High Court.		
		<p>*Provided by the World Bank</p> <p>3. The provisions of the law apply to all procurement of goods, works and services carried out by the State, all ministries, Board and parastatals and all procuring entities; all procuring entities outside the foregoing including Local Government Councils. s. 17 (1) (a &amp; b).</p>			
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: board, bureau, commission, council, agency or any other type of entity set up for the statutory purpose?	<p>The Team visited the BPP office and the following were observed:</p> <ul style="list-style-type: none"> <li>• The State has an established and independent procurement Regulatory and functional Bureau with full office paraphernalia, headed by a Director General.</li> <li>• The services/procurement of contracts above the MDAs' threshold were done through the Bureau with the issuance of certificate of "No objections"</li> <li>• We obtained copy of the public procurement Journal published on 11<sup>th</sup> July 2019, which depicts the BPP organogram. A physical inspection of the agency was carried out and snapshot of the Signboard displaying an independent office complex of the Bureau has been obtained.</li> <li>• The Team randomly selected five (5) contract files out of the thirteen Contracts that were awarded above the MDAs' thresholds as published on the official website of the State Procurement Bureau website: <a href="http://www.tocopo.tarabastate.gov.ng">www.tocopo.tarabastate.gov.ng</a></li> </ul>		Satisfactory	
DLR 6.2	Publish contract award information above a threshold set out in the Operations Manual on a monthly basis in OCDS format on [the State website/ on the online portal]			Achieved	

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year 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). For 2018, States can publish the information on the State official website or online portal if already established.	The State has an open contracting process. This is evident on the Bureau's official website: <a href="http://www.tocopo.tarabastate.gov.ng">www.tocopo.tarabastate.gov.ng</a> . All Contract processes were published to depict Management, analysis, award and Monitoring in conformity to the Open Contracting Data Standards (OCDS) format.	Satisfactory	
<b>DLI 7: Strengthened public debt management and fiscal responsibility framework</b>				
<b>DLR 7.1</b>	<b>Approval of State-level public debt legislation, which stipulates: 1) responsibilities for contracting State debt; 2) responsibilities for recording/reporting State debt; and 3) fiscal and debt rules/limits</b>		<b>Achieved</b>	
1	Is there an Approved State-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	The Team reviewed the Taraba State Fiscal Responsibility Law 2011(as amended, 2016), Taraba State Debt Management Office Establishment (Etc.) Law, 2016, assented to by the Governor on 9 December 2016. The State has an Approved State –level public debt legislation through the passage of a State Fiscal Responsibility Law (See Section 41-42 of Taraba State Fiscal Responsibility Commission Law).	Satisfactory	
2	Does the legislation provide for the creation of a State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council)?	The Taraba State Debt Management Issuance Law was (9 <sup>th</sup> December 2016), Part ii S3(1) makes provision for the establishment of the States Debt Management office.	Satisfactory	

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
3	Does the legislation include provisions which establish the following: (1) Responsibilities for contracting State debt; (2) Responsibilities for recording/reporting State debt; and (3) Fiscal and debt rules/limits for the State.	(i)The Responsibilities for contracting state debt can be found in s6. of the Taraba State Debt Management Office Establishment (Etc.) Law, 2016. (ii)The Responsibilities for recording/reporting state debt can be found in s5(1) of the Taraba State Debt Management Office Establishment (Etc.) Law, 2016. Section 42 (4) of Taraba State Fiscal Responsibility Law 2011 with amendment 2016 also covers reporting of debts where set limits are exceeded. (iii)Fiscal and Debt rules/limits for the state can be found in section 42 (1-8) of Taraba State Fiscal Responsibility Law 2011 with amendment 2016	Satisfactory	
4	Has the Unit (or Committee, Agency, Board, Bureau, Commission, Council) created by law been operational during the APA year.	The Debt Management was established in the year 2000. The Taraba State Debt Management Law was assented by the then Governor on 9 <sup>th</sup> December 2016.  Mr Shuaibu Umar joined the entity in the year 2010 as an Assistant Director. They have been involved in debt recording and reporting, identifying, collating, appraising debt in a meaningful manner and in accordance with international best practice. The processed information is reported quarterly through the recommended templates to Federal Debt Management Office, Abuja and have already submitted the Q4/2018 end SDDR for the APA.  We also noted from the submissions from the Federal DMO that the State has a unit interacting with the DMO and filing state level submissions on Debt Management.  We also obtained photographic evidence of the Debt Management office, and an e-copy of the Q4/Year-end SDDR for the 2018 APA Year and are retained in our file.	Satisfactory	
<b>DLR 7.2</b>	<b>Quarterly State debt reports accepted by the DMO on average two months or</b>		<b>Not Achieved</b>	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	<b>less after the end of the quarter in 2018</b>			
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2018?	<p>This DLI was assessed based on Q4 only, as the revised report template and DMO verification protocols were only implemented in Q4 2018.</p> <p>The State produced the domestic debt reports for the four quarters in 2018 and were submitted to DMO as follows:</p> <p>Q1- No acknowledgement copy from DMO's.</p> <p>Q2 - 5<sup>th</sup> July 2018.</p> <p>Q3 – No acknowledgement copy from DMO's.</p> <p>Q4 - 3<sup>rd</sup> April 2019 (3 months after the end of the quarter.</p>	Unsatisfactory	The state should produce quarterly State Domestic Debt Reports (SDDR), which should be approved by the DMO on average of two months.
2	<p><b>Note: Have you reviewed for accuracy and completeness from the DMO:</b></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 report for accuracy and completeness and found the following difference between the Financial Statements and the DMO figures.:</p> <ul style="list-style-type: none"> <li>• DMO data = N90,249581127.00</li> <li>• Total liability FS (Page9) =N49,044,860,639.90</li> </ul> <p>We observed a difference of N41,204,720,487.10 when the Total Liability stated in the Financial Statement (page9) was compared with the Total Debt stock stated in the DMO 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>	Unsatisfactory	The state should reconcile the discrepancy of N37,963,372,467.80 between the Total Debt Stock based on DMO data and Total Liability stated in the Financial Statements.

	<b>Disbursement Linked Indicators (DLI) and Tests</b>	<b>Findings</b>	<b>Conclusion</b>	<b>Recommendations</b>
	<b>DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears</b>			
<b>DLR 8.0</b>	<b>Domestic arrears as of end 2018 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.</b>		<b>Not Achieved</b>	
1	Has the State established an Arrears Clearance Framework (ACF)?	Taraba State has not established an Arrears Clearance Framework.	Unsatisfactory	The state should develop an ACF, approved by the Governor
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	See above	Unsatisfactory	The ACF should contain planned actions, prioritization of expenditure arrears
3	Has the ACF been published on a state official website?	See above	Unsatisfactory	The State should publish the ACF on its official website.
4	Has the State established an Internal Domestic Arrears Database?	Taraba State has not established an Internal Domestic Arrears Database	Unsatisfactory	The State should establish an Internal Domestic Arrears Database
5	Has the State published online elements of the internal domestic arrears database on a state official website, which constitutes the online publicly accessible arrears database?	See above	Unsatisfactory	See above
	<b>DLI 9: Improved debt sustainability</b>			
<b>DLR 9.0</b>	<b>Average monthly debt service deduction is &lt; 40% of gross FAAC allocation for FY [2018] AND Total debt stock at end Dec [2018] as a share of total revenue for FY [2018] meets</b>		<b>Achieved</b>  (Basic target met)	

	Disbursement Linked Indicators (DLI) and Tests	Findings	Conclusion	Recommendations
	<p>target: <b>Basic target:</b> &lt; [150%], <b>Stretch target:</b> &lt; [125%]</p>			
	<p>Has the State met: (i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2018) to the gross FAAC allocation for the same calendar year. <b>Less than</b> :&lt; [40%]</p>	<p>We computed the average monthly debt service deduction to FAAC allocation, see below: Total debt service =N5,066,035,739.21 Gross FAAC allocation=N40,959,579,880.53 = <math>\frac{N5,056,604,965}{N52,957,081,604.00} \times 100</math> <b>=10%.</b> The State average monthly debt service is 10%. Source: Home Finance -FMoF</p>	Satisfactory	
	<p>Has the State met: (ii) the ratio of total debt stock at end-of-year (31<sup>st</sup> December 2018) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1<sup>st</sup> January to 31<sup>st</sup> December 2018)? <b>-Basic target:</b>&lt; [150%], <b>-Stretch target:</b> &lt; [125%]</p>	<p>The Total debt stock figure is obtained from the DMO data and the revenue figure from the Audited Financial Statement for 2018. Total Debt Stock = N90,249,581,127.00* Total Revenue = N67,435,660,069 (Net of Reimbursements of N3,790,775,891.73) = <math>\frac{N90,249,581,127.00}{N67,435,660,069} \times 100</math> <b>=134%</b> The Total Debt Stock to Total Revenue is 134%. * Table 3 below holds a breakdown of the Total Debt.  Sources: Total Revenue: 2018 financial statement (pg.10 &amp;16) (ii)Total Debt Stock: DMO report as at 31<sup>st</sup> December 2018.</p>	Satisfactory	

**DLI 9 31 DECEMBER 2018 STATE DEBT STOCK TABLE FOR TARABA STATE**

<b>NAIRA</b>	<b>TARABA</b>
1. BUDGET SUPPORT LOAN (SOURCE FMOF)	16,869,000,000
2. BAIL OUT (SALARIES) (SOURCE CBN)	8,839,087,884
3. RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	10,933,452,294
4. EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,422,588,167
5. STATE BONDS	-
6. COMMERCIAL BANK LOANS	4,691,663,155
7. CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
8. BAIL-OUT (INFRASTRUCTURE)	-
9. MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF) (SOURCE CBN)	2,000,000,000
10. JUDGEMENT DEBTS	-
11. GOVT - GOVT DEBTS	-
12. CONTRACTORS' ARREARS	206,887,282
13. PENSION AND GRATUITY ARREARS	21,057,901,747
14. SALARY ARREARS AND OTHER CLAIMS	9,594,342,957
15. OTHER DEBTS	-
<b>TOTAL DOMESTIC DEBT (TDD)</b>	<b>83,614,923,485</b>
<b>TOTAL EXTERNAL DEBT (TED)</b>	<b>6,634,657,643</b>
<b>TOTAL PUBLIC DEBT (TED+TDD)</b>	<b>90,249,581,127</b>

**Table Notes**

1. Domestic debt stock figures (except for categories 1,2,4,7 and 9) are the figures as at 31 December 2018 reported by states to the DMO in their signed Q4 2018 state domestic debt reports.
2. Domestic debt stock categories 1,2,4,7 and 9 figures are the figures of outstanding loans as at 31 December 2018 reported by Federal Ministry of Finance and Central Bank of Nigeria to the DMO as part of the DMO Q4 2018 verification exercise.
3. External debt stock as at 31 December 2018 reported by the DMO.

## 4. Responses from the State

State should please use the box for responses.

	Response to the following issues raised in respect of the following DLIs	IVA Response / Treatment
<b>DLI 6.1:</b>	<p>The State has achieved this DLI because of the following reasons:</p> <p>i. The issue for determination according to the initial verification protocol is whether the Procurement Law provides for independent regulatory agency that may be performed through Board, Bureau, Commission or Council. Of course, our Procurement Law provides for that under section 3 of the said Law, but to say the law does not provide adequately for independence of that council, we feel this is out of the requirement set out in the initial verification protocol here quoted “Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform UNCTRAL Model Law and provide for (i) e-procurement; (ii) establishment of an independent procurement board; and (iii) cover all MDAs receiving funds from the state budget”.</p> <p>ii. Your recommendation that the council be headed by a Non – Executive Chairman, to have composite membership and their appointment and removal should be subject to the two third majority vote of the House of Assembly was not stated as a requirement for achieving the DLI under the initial verification protocol sent to the State.</p> <p>iii. Finally, a careful perusal of the verification protocol visa vi the State Procurement Law, we believe the State has met all the requirements under DLI 6.1.</p> <p><b>Plea:</b> Based on the above reasons, we wish to appeal that the assessment made by the IVA be satisfied.</p>	<p>Further review of the DLI on the issue of independence was carried out. The law substantially complies with UNCITRAL Rules but requires a few revisions. The DLR 6.1 is now assessed as “<b>Achieved</b>”</p>
<b>DLI 7.2</b>	<p><b>Reasons for the discrepancy between the 2018 Financial Statement and DMO total debt stock of Taraba State:</b></p> <p>The total debt stock of N87,008,233,108.00 reflected in the DMO report for 2018 is inclusive of Local Government Debt, while the figure of N49,044,860,639.90 debt/liability balance in the 2018 financial Statement of the State is the State liability exclusive of the Local Government Areas liabilities.</p> <p><b>Plea:</b> Based on the above reasons, we are requesting for the IVA to adopt the above reconciled figures as the authentic debt stock as at end of 2018.</p>	<p>Please note DLR7.2 was marked unsatisfactory because of the delay in submitting the SDDR for Q4 of 2018.</p> <p>Also note we obtained and applied the debt stock data of N90,249,581,127.00 from revised DMO/CBN/FMoF data for the purpose of our computation for DLR 9.0. This approach was applied consistently to all the States.</p>

## Appendix A

### Report on the achievement of the Eligibility Criteria for the 2018 performance year

#### Taraba State

**YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2018 PERFORMANCE YEAR.**

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

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

#### **Eligibility Criteria 2018 Part 1 - The online publication of Approved Budgets for 2019 by 28 February 2019**

Overview				
Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
<a href="http://tarabastate.gov.ng/taraba-budget-2019/">http://tarabastate.gov.ng/taraba-budget-2019/</a> <a href="http://tarabastate.gov.ng/Finances/HE_Approval.pdf">http://tarabastate.gov.ng/Finances/HE_Approval.pdf</a>	Search was done on Taraba State website	The 2019 Budgets were published on the State Official website, a copy was downloaded. <b>There's no evidence of 2019 Budgets being signed by the governor.</b>	A request was made on 12/03/2019 to the focal persons to provide evidence of the governor's assent. A phone call was put across on 22/03/19 to the focal persons for follow up on the governor's assent; the response was that it will be uploaded on the state's website.	<b>EC was met</b>  The State focal persons responded on 22/03/19 providing a link( <a href="http://tarabastate.gov.ng/Finances/HE_Approval.pdf">http://tarabastate.gov.ng/Finances/HE_Approval.pdf</a> ) to the state 2019 appropriation bill. A copy was downloaded.

Tests/checks performed	Results	Areas for improvement
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Is the approved budget for 2019 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 28 February 2019?	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	State should publish Governor's Assent with approved Budget.

**Eligibility Criteria 2018 Part 2 - The online publication of Audited Financial Statements for 2017 by 31 December 2018**

Source(s)	Initial Work Done	Initial Comments/Observation	Follow up	Final Assessment
<a href="http://tarabastate.gov.ng/tarab-state-financial-statement-2017/">http://tarabastate.gov.ng/tarab-state-financial-statement-2017/</a>	A search was done on the Taraba State Website	The 2017 financial statements were published on the State Official website, a copy was downloaded	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2017 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	
Were the Financial Statement for 2017 available published online before 31 December 2018?	Yes	
Are the published financial statements clear and legible?	Yes	
Can the Financial Statements be downloaded?	Yes	
Do we have evidence of audit by the State Auditor-General?	Yes	
Are the financial statements complete, including primary statements and disclosure notes?	Partly	No detailed notes provided. Disclosure notes should be published with the Financial Statements
Are there any indications that balances within the financial statements are not credible	Partly	i. No detailed notes provided. ii. 2016 IGR not broken down by tax and non-tax revenue. iii. No information on social

		benefit provided.
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