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

2021 Annual Performance Assessment (APA) Report

BAUCHI STATE

By:

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

FINAL REPORT

DECEMBER 2022

Table of Contents

1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Bauchi State for the 2021 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 2021 APA for Bauchi State and shows areas where the State was able to achieve results. In total, Bauchi State achieved 12 **(Twelve)** DLRs out of 15 DLRs applicable to the 2021 APA of which 3 **(Three)** DLRs were achieved in the 2018 and 2019 APAs.

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Table 1: Assessment Results

Key:	Achieved	Not Achieved	Previously Achieved

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY21 quarterly budget implementation reports for Q1, Q2, Q3 and Q4 published on average within 4 weeks of quarter-end to enable timely budget management		The State's documents properties date was not within the required period.
	DLR 1.2: FY21 deviation for total approved original 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 FY2022 budget and citizens' budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms.	*(Achieved)*	
	DLR 2.2: Citizen's Accountability Reports based on audited financial statements /reports are summarized and comprehensible versions of the audited statements and details of State government public consultations with citizens presenting the annual financial statements should be made available on the state official website (s) by 30th September of each subsequent financial year.	*(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 80 percent of state government finances.	*(Achieved)*	
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published	**2019**	
	DLR 4.2: 2020-2021 annual nominal IGR growth rate meets target -**Basic target**: 20%-39%	**Stretch Target Met**	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	-**Stretch target:** 40% or more		
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 95 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		
	DLR 5.2: Link BVN data to at least 95 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	2019	
	6.2 No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 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 should introduce adequate Business Continuity measures. |
| **DLI 7:** Strengthened public debt management and fiscal responsibility framework | DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits. | 2018 | |
| | DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2021 AND Annual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021. | | |
| **DLI 8:** Improved clearance/reduction of the stock of domestic expenditure arrears | DLR 8: Domestic arrears as of end 2020 and end 2021 reported in an online publicly-accessible database, with verification process in place.

AND

Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework.

Basic target: At least a 5 percent decline or maintain stock below 5 billion naira

Stretch target: More than 20 percent decline | Stretch Target Met | |
| **DLI 9:** Improved debt sustainability | Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021

AND | | Total Debt Stock to Revenue is ≥ 120% by end December 2021 |

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	Total debt stock at end of December 2021 as a share of total revenue for FY2021 meets target: Basic target: < 120%, Stretch target: < 95%.		

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

1. DLR 1.1: Budget implementation reports are published on the state official website within the due date.
2. DLR 6.2: 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.
3. DLR 9: Strengthened debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR.

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.

4. Introduction

a. 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 2021.

b. Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2021 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 2021 APA.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitized on the requirements of the program and the protocol for 2021. The assessment results are binary (Pass or Fail), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between (18/07/2022 and 22/07/2022) with a team of [6 team members] 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 are set out in this Report and the State is expected to revert within five working days with any comments on the results by using the free text box 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.

5. Assessment Results

a. 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 [2021] quarterly budget implementation 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 posted online on Q1- 2021 https://www.bauchistate.gov.ng/wp-content/uploads/2021/04/BPR3-C-BPR-Publication-Template-WL-UPDATED-13-APR-2021.pdf Q2- 2021 https://www.bauchistate.gov.ng/wp-content/uploads/2021/07/2021-2nd-Quarter-BPR-Publication.pdf Q3- 2021 https://www.bauchistate.gov.ng/wp-content/uploads/2021/10/Final-2-Bauchi-3rd-Quarter-BPR-Publication-CR.pdf Q4- 2021	Unsatisfactory	The State should ensure the Budget Implementation Reports are prepared and published within timeframe.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	https://www.bauchistate.gov.ng/wp-content/uploads/2022/01/Final-2-Bauchi-4th-Quarter-BPR-Publication-CR.pdf The State website was accessed on 18/07/2022. Dates of online publication are as follows: ● Q1 – 26/04/2021 - 3.71 weeks (26 days) ● Q2 – 26/07/2021 - 3.71 weeks (26 days) ● Q3 – 28/10/2021 - 4 weeks (28 days) ● Q4 – 27/01/2022 - 3.85 weeks (27 days) Average days (weeks) for the online publication was computed based on the last 4 quarters, as below: $$\frac{26+26+28+27}{4}$$ Average = 26.75 days (3.82 weeks) However, upon further review IVA noted inconsistencies in dates using "document properties" time stamp which is more reliable because it shows the date of online publication as the date is set automatically by the system upon upload. ● Q1 – 26/06/2022 – 64.57 weeks (452 days) ● Q2 – 26/06/2022 – 51.57 weeks (361 days) ● Q3 – 26/06/2022 – 34 weeks (238 days) ● Q4 – 26/06/2022 – 25.28 weeks (177 days) $$\frac{452+361+238+177}{4}$$ Average = 307 days (43.85 weeks) We downloaded the quarterly budget Implementation		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Reports for all four quarters for the year 2021, obtained and retained evidence of the timestamp of the publications.		
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.	From our review of the Quarterly Budget Implementation reports downloaded from the State's website (see web links above) we observed the following: a) The Budget Implementation Reports included the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classifications of expenditures. b) the Budget Implementation Reports included the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date. c) The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations. d) The State has no amended/revised budget or passed supplementary budgets. e) The Budget Implementation Reports showed only the approved original budget The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.	Satisfactory	
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the actual cumulative expenditures for the year to	The IVA reviewed the State's Budget Performance/implementation reports and confirmed that the report included the actual expenditures for each quarter attributed to each MDA, each expenditure classification, as well as the actual cumulative expenditures for the year to date.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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 State's Budget Performance reports shows the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which includes debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	
DLR 1.2	**FY [2021] deviation from total approved budget expenditure is less than 15%**		**Achieved**	
1	Has the State computed the difference between the Original/Approved total budgeted expenditure for the fiscal/calendar year 2021 and the actual total expenditure in the fiscal/calendar year 2021, divided by the Original approved total budgeted expenditure and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 15%	The State computed the budget deviation for 2021 to be 11.57% The IVA computed the budget deviation for this APA year. See the computation below:	Satisfactory	

Findings table (DLR 1.2, Test 1):

	Total Approved Budget (₦)	Actual Expenditure (₦)
Capital Exp. (Pages 2 & 1)	70,919,587,772.68	57,636,322,172.08
Rec. Exp. (Pages 2 & 1)	92,994,971,654.31	87,318,310,692.41
Total	**163,914,559,426.99**	**144,954,632,864.49**

$$\frac{₦163,914,559,427 - ₦144,954,632,864}{₦163,914,559,427} \times 100$$

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		= 11.57% The budget performance deviation is 11.57% **Source**: 2021 Audited Financial Statement Page 2 and Approved Budget and Actual Expenditure or Appropriation Law Page 1		
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 [2022] budget AND** **Citizens' budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms**		**Achieved**	

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?	a) The LGAs in attendance are Katagum, Zaki, Gamawa, Itas Gadau, Jama'are, Shira and Giade.
		b) The names of the representatives in attendance are:
		    i. Citizens group: Road Transport Union, Achaba Union, Fish & Meat Sellers, Craft men, Traditional Institution.
		    ii. CBOs: Zadawa Youth Development (ZYD) Central Zone, Co-operative Credit and Marketing Union Dambam (CCMU) Central Zone, Rice Farmer Association of Nigeria (FIFAN) Central Zone, Centre for Information Technology & Development (CITAD) Northern Zone.
		    iii. CSOs: Hayatu Development Initiative (HDI), People with Disability (PwD), Bauchi State Agency for Action & Mobilisation (BASAM), Kurba Youth Association (KYA), Excellent Foundation Jamaara
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	(EFJ).		
	c) The evidences obtained to confirm that the public consultation was held are minutes of the meeting, attendance list and pictures.		
	d) The consultation was held on 3rd September 2021 at Northern Senatorial District at Aminu Salah College of Education Azare.		
	e) A sample of 10 attendees has been contacted through phone calls to confirm their attendance.		
	f) The budget was drafted on 16/11/2021. A dated copy of the draft budget has been obtained. Evidence of the Governor's speech has been obtained.		
	g) The public consultation was held on 03/09/2021 while the budget was drafted on 16/11/2021. The consultation comes first.		
	h) The date of online publication of the proposed budget is 7th January 2022.		
	i) The proposed budget was published before the deadline of 31 January 2022.		
	j) The weblink for the publication of the proposed budget is https://www.bauchistate.gov.ng/wp-content/uploads/2022/01/Bauchi-State-Proposed-Budget-2022.pdf. This was accessed on (18/07/2022).		
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 2022 to enable citizens to find the inputs easily?	a) The CSO representative in attendance is Zubairu Oluwatosin (Fahimta Women & Youth Development Initiative, Bauchi State). A copy of the signed minutes has been retained on file.	Satisfactory	
	b) The title of the minutes is "REPORT ON THE CONDUCT OF THE BAUCHI STATE 2022 BUDGET PUBLIC HEARING IN THE 3 SENATORIAL DISTRICTS BY THE MINISTRY OF BUDGET AND ECONOMIC PLANNING SEPTEMBER 2021" dated 3rd September 2021.		
	c) The signatory represents Fahimta Women & Youth Development Initiative, Bauchi State		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		d) The weblink is https://www.bauchistate.gov.ng/wp-content/uploads/2021/12/Report-on-Bauchi-State-Public-Consultation-of-2022-Budget-Proposal.pdf and date of publication (15/12/2021). This was accessed on (18/07/2022). However, upon further review IVA noted inconsistencies in dates using "document properties" time stamp which is more reliable because it shows the date of online publication as the date is set automatically by the system upon upload. The date of publication using document properties says the document was published on 29/01/2022 whereas the State's IT service provider's timestamp says 15/12/2021. The State should ensure consistency in its publication dates. e) The minutes were sign-posted on the website.		
3	Has the State published online, on the State website(s) a *Citizens Budget based on the Approved Budget (2021)* not later than 30 April 2021?	a) The Citizens budget based on the Approved Budget (2021) was published on (28/04/2021) before the due date via https://www.bauchistate.gov.ng/wp-content/uploads/2021/04/Citizens-Budget-2021.pdf accessed on (18/07/2022). b) A comparison of the Approved Budget 2021 with the Citizens Budget was done, and no significant area of discrepancy was identified. c) The Citizen's budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template no discrepancies exist among the following: i. Simple explanation of the annual approved budget/citizen's budget. ii. The sources of revenues. iii. Sources of domestic and foreign grants, domestic	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		loans, and other financing sources.
		  iv. Total expenditure by economic classifications.
		  v. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap.
		  vi. Disclosure of Budget deficit (if any) and how it will be financed.
		  vii. Sectoral Allocation (by MDAs).
		  viii. Top Projects to be financed (at least 5).
		
		d) The minimum required budget information outlined above has been included.
		e) A different format was not used.		

4	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY21 state budget?	a) The Citizens Budget includes an explanation of the key components in the Approved FY21 Budget. We confirmed that the approved FY21 state budget was summarized in a comprehensible manner to the Citizens in the Citizens budget.	Satisfactory	

5	Does the State website have functional feedback and response online mechanisms?	a) The State has established a functional feedback and response online mechanism.
		b) The type of feedback mechanism established on the State website is an Email address ' info@feedback.bauchistate.gov.ng' contact number '+2347032233325' has been provided for questions and enquiries, a feedback form, also the weblink provided 'http://feedback.bauchistate.gov.ng/feedcate.php?cat efeed=MQ==' has feedbacks for budget/citizen participation.
		c) The State's feedback provides the following:
		  i. Acknowledgement of receipt of comments/feedbacks from citizens
		  ii. State's responses to comments/feedbacks
		  iii. Display of timeframe and the State's government		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		contact details. Screenshots of the above have been obtained. d) IVA filled the feedback form requesting for Title, Topic, Message, IVA submitted the message. Also, an email was sent 'info@feedback.bauchistate.gov.ng ' to ascertain the functionality of the feedback mechanism, IVA received an acknowledged message and a response. e) A demonstration was done by the State Ministry of Budget and Planning, and further evidence was provided to demonstrate how the State has responded to feedback submitted online. Screenshot of the mails sent, and feedback received were obtained. f) IVA has concluded on the functionality of the State's feedback mechanism. g) The weblink is http://feedback.bauchistate.gov.ng/index.php		
DLR 2.2	**Citizen's Accountability Report based on audited financial statements/report published online for FY2020 not later than 30th September 2021.**		**Achieved**	
1	Did the State prepare the Citizens Accountability Report to explain the full Annual Audit Report in a summarized form?	a) A copy of the Citizens Accountability Report FY2020 has been downloaded. b) A review was done on the downloaded Citizens Accountability Report. c) The Citizen's Accountability Report was published before September 30, 2021. A copy is retained on the file. d) The full Annual Audit Report for FY2020 has been compared with the Citizens Accountability Report. No	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		significant area of discrepancy has been identified.		
		e) IVA has obtained and reviewed the evidence of public consultations with Citizens to explain the FY2020 financial statement.		
2	Has the State published a Citizens Accountability Report based on the Annual Financial statements/ Audit Report for FY 2020 not later than 30 September 2021?	a) The Citizens Accountability Report based on the Annual Audit Report (2020) was published before the date on 29/09/2021 via https://www.bauchistate.gov.ng/wp-content/uploads/2021/09/BAUCHI-STATE-Citizens-Accountability-Report-Template-v6-09-07-2021-CR-BLANK.pdf and accessed by IVA on 18/07/2022.	Satisfactory	
		b) The full Annual Audit Report for FY2020 has been compared with the Citizens Accountability Report. No significant area of discrepancy has been identified.		
		c) The Citizen's Accountability Report was prepared according to the Template provided to the State and no discrepancies exist among the following: i) Simple explanation of the Citizens Accountability Report and Executive Summary. ii) The Budget Outturn. iii) The Revenue Outturn. iv) The Expenditure Outturn. v) The Audit Findings. vi) The Audited Financial Statements. vii) Top Sectoral Allocations. viii) Top Value Capital Projects. ix) Citizens-Nominated Projects-Implementation Status Report.		
		d) The minimum required citizen's accountability report information outlined above has been included.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		e) No different format was used.		
3	Is the Citizens Accountability Report a comprehensible (to citizens) summary of the FY20 Annual Audit Report?	a) The Citizen's Accountability Report presents in a summarized manner the Audited Financial Statement.	Satisfactory	
		b) The Citizens Accountability Report included a concise explanation of the key components of the FY2020 Audited Financial Statements.		
		c) The details of the public consultation report include what the citizens accountability report is and the need for the citizens including their representatives to take ownership of the process. The Auditor General's report was used while developing the Citizens Accountability Report. Copies of the public consultation and Citizen's Accountability Report for 2020 have been obtained and retained on file.		
		We confirmed that the FY20 Annual Audit Report or Audited Financial Statement was summarized in a comprehensible manner to the Citizens in the Citizens Accountability Report. We further confirmed that the CAR was published online by the deadline and presented at a public consultation held on 31/09/2021		
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		Achieved	
1	Has the State established a functional State-level TSA?	a) Bauchi State has established a functional state-level TSA.	Satisfactory	
		b) The State operates one main TSA, a sub-TSA account which is the IGR Account and other IGR Accounts (Accounts obtained and filed). The main accounts are:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		- IGR Main Account: Bauchi State IGR Sub Treasury Single Account; Polaris Bank; 1790299329. - FAAC Account: Bauchi State Consolidated Revenue Fund (CRF-TSA) Account; United Bank for Africa (UBA); 1018793263. - VAT Account: Bauchi State Consolidated Revenue Fund (CRF-TSA) Account; United Bank for Africa (UBA); 1018793263. The TSA is Bauchi State Consolidated Revenue Fund (CRF-TSA) Account; United Bank for Africa (UBA); 1018793263.		
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.	Bauchi State has a cash management strategy. a) The title of the document is Bauchi State Cash Management Strategy. b) The Cash Management Strategy was produced on June 23, 2019. It was signed by Mohammed Sabi'u Baba, who was the Secretary to the State Government. c) Section 7, Pgs. 33-36 of the Cash Management Strategy shows that it covered the processes mentioned. d) In sub-section 10.4, Pg.46, point 5, the Cash Management Strategy states that "All cash balances in revenue collection accounts of TSA sub-accounts in all commercial banks shall be swept to the Treasury Single Account on a monthly basis". e) Bauchi State has implemented the processes described in the cash management strategy to forecast cash commitments and requirements. The evidence obtained is the cash flow projection.	Satisfactory	
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	The State has a computer application where it views the cash balances in the bank account(s). a) The computer application is NIBSS PAY and it is produced by Nigeria Inter-Bank Settlement System (NIBSS) Plc. b) The computer application is in line with the approved	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	management strategy)?	cash management strategy. c) It was deployed on January 25, 2020.		
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) IVA deployed questionnaires at the ministries of Education, Health and Works. The Directors of Finance and Accounts (DFAs) in the different MDAs provided answers to the questions on their payment processes. The findings from the test revealed that payment for the ministries levies, etc are made to the State IGR Lead Account, from where they are swept to the TSA. The ministries do not also receive cash payments and do not have revenue accounts. IVA also obtained receipts to confirm that payments are made into the IGR Account. b) Bauchi State TSA is domiciled in the United Bank for Africa; Account Name: Bauchi State Consolidated Revenue Fund (CRF-TSA); Account: 1018793263 c) IVA ascertained that all government monies go through this account. d) Government monies do not sit in other revenue collecting banks. e) The TSA bank Statement was obtained.	Satisfactory	
5	Does the TSA cover a minimum of 80% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cash flow Statement for the year ended 2021. See the computation below: |	Total Inflows (₦)	Total Outflows (₦)
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TSA Bank Statement	125,873,184,079.81	119,646,490,759.49
Government Finances*	135,620,922,826.00	144,954,632,864.49
Percentage	93	83		Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The average percentage computation is: $$\frac{93\% + 83\%}{2}$$ **= 88%** The TSA covered 88% of the State's finances. IVA observed reversal valued at N3,137,378,847.22 in the bank statement. The TSA covers 85% after deduction. ***Sources:** 2021 Audited Financial Statement (Cash flow Statement) Pages 1-2 and the TSA Statement from United Bank for Africa: Bauchi State Consolidated Revenue Fund (CRF-TSA) Account: 1018793263 for January 1st, 2021, to December 31st, 2021. IVA went through the TSA Bank Statement and did not identify any transaction that appeared to be spurious.		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published**		**Achieved in 2019 APA**	
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and	Previously Achieved in 2019 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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?	Previously Achieved in 2019 APA		
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	Previously Achieved in 2019 APA		
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2021.	Previously Achieved in 2019 APA		
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	Previously Achieved in 2019 APA		
DLR	Annual nominal IGR growth		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
4.2	**rate meets target**		(Stretch Target Met)	
1	Has the 2021-2020 annual nominal IGR growth rate met the basic or stretch targets? **Basic Target:** 20% - 39% **Stretch Target:** 40%	a. Bauchi State used the cash accounting basis for revenue reporting in 2020 and 2021 from the Audited Financial Statements. b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:	Satisfactory	

REPORTING TEMPLATE : OPTION B	₦	₦	% GROWTH
Item	2020	2021	
1. Reported IGR in AFS (Before Adjustments)	13,039,294,812.42	17,902,447,967.63	37%
2. INVALID items to be deducted IF reported as part of IGR	960,015,149.73	731,409,865.42	
Paris club refund			
Reimbursements/refunds related to expenditures (e.g., from FGN for Federal	560,000.00	46,000.00	

Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
	roads)					
	Repayment- General	542,219,269.53	472,716,154.30			
	Investment Income (e.g. dividends)	163,512,592.21	5,882,865.30			
	Interest Earned	253,723,287.99	252,764,845.82			
	Miscellaneous					
	3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)					
	Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)	12,079,279,663	17,171,038,102	42%		

$$\frac{₦17,171,038,102 - ₦12,079,279,663}{₦12,079,279,663} \times 100$$
$$=42\%$$

The annual nominal growth was 42%

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Source: 2021 Audited Financial Statement Pg. 1-2		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [95] 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 95% of the current civil servants and pensioners on the State payroll?	The State commenced the Biometric data capture of the civil servant and pensioners in October 2016, and it is ongoing. a) It was outsourced to (Dynatech System Solution limited). b) The total number of civil servants is 28,990 c) The total number of pensioners is 10,110 d) The total number of civil servants and pensioners on the State Nominal roll and Payroll is 39,100 e) The total number of civil servants and pensioners on the Nominal roll and payroll did not change by 10% or more when compared with the previous year. See the computation below: <table><tr><td>Total No. of Civil Servants and Pensioners 2020</td><td>39,647</td></tr><tr><td>Total No. of Civil Servants and Pensioners 2021</td><td>39,100</td></tr></table> $\frac{39,100 - 39,647}{39,647} \times 100 = 1.38\%$ f) The total number of biometrics data captured is 39,100 g) The documents obtained for conclusion are "A report on biometric and BVN from the Bauchi state office of the Head of Civil Service ".	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\dfrac{39,100}{39,100} \times 100$ $= 100\%$ The State had captured 100% **biometrics** 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 the Biometric data capture of the civil servant and pensioners in October 2016, and it is ongoing. b) The biometrics data that have been linked to the payroll (i.e. for staff and pensioners) is 39,100. c) There were no ghost workers detected during the biometric validations. d) There were no ghost workers detected and as such no savings were recorded. e) The in-year changes to the civil servant and pensioner payrolls (as a result of leavers/pensioners, deaths, etc.) are captured by the biometric exercise. f) There are procedures in place for ensuring timely updates to the payroll to reflect leavers, retirees, and deaths. The document obtained to support our conclusion is "A report on biometric and BVN from the Bauchi State office of the Head of Civil Service". g) There were changes to the civil servant and pensioner payrolls during the fiscal year (as a result of leavers/deaths). h) The changes were captured by the biometric exercise. i) According to the Biometric and BVN Report of Civil Servants and Pensioners for Bauchi State as at December 2021, "The procedure in place to identify and remove ghost workers is initiated by MDAs via monthly submission of nominal roll as captured in the nominal roll template for upload onto the state enrolment portal. The staff officer (or equivalent) in	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		the MDA will upload the template and the director admin/human resource will review the uploaded data while the approval will be given by permanent secretary. Then finally the authorizer will be the chief executive of the MDA. The matching and linking service will seamlessly update and compare the data for duplicate checks, data updates and compliance process. The result is subject to audit and supervisors review to aid the state detect ghost workers and /or illegal staff and initiate an observation for their removal from both the nominal and payrolls of the State. The BVN and Biometric linkage process was 100% efficient as the matching uses national data bank in the financial ecosystem." This process was validated during a walkthrough.		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) There were no ghost workers, however, a total number of 1,166 staff were removed due to retirement/death during the FY2021. b) The record kept is "A report on biometric and BVN from the Bauchi State office of the Head of Civil Service" and list of leavers and deaths. c) There were no ghost workers identified. However, the leavers /retirees/ dead were identified and removed during the year 2021. d) The total payment before their removal from payroll is ₦36,952,405,042.83. e) The total payment after their removal from payroll is ₦36,819,608,693.64 f) The source of the information is "A report on biometric and BVN from the Bauchi State office of the Head of Civil Service".	Satisfactory	
5.2	**Link BVN data to at least [95] percent of current civil servants and pensioners on the payroll**		**Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	and payroll fraud addressed			
1	Has the State linked the Bank Verification Number data to **95%** of its current Civil Servants and pensioners on the State payroll?	The State commenced the Biometric data capture of the civil servant and pensioners in October 2016, and it is ongoing a) It was outsourced to (Dynatech System Solution limited) b) The total no of civil servants and number of pensioners is 39,100 c) The total no of civil servants and number of pensioners on the State Nominal roll is 39,100 d) The BVN data has been linked to the payroll is 39,100. e) The source of the information is "A report on biometric and BVN from Office of the Head of Civil Service (OHCS)" $$\frac{39,100 \times 100}{39,100} = 100\%$$ The State has linked 100% of the State's civil servants and pensioners' BVN data to the payroll.	Satisfactory	
2	Has the State taken steps to identify payroll fraud?	a) All civil servants and pensioners have their BVN data captured. b) There were no payroll frauds identified and as such, no records were kept. c) IVA did not obtain dates for when payroll frauds were identified as no payroll frauds were identified. d) As there were no payroll frauds identified, information on "total payments (emoluments of employee and pensioners) before any identification of fraud" was not in existence. e) There were no payroll frauds identified so	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		information on "emoluments of employee and pensioners before the fraud identification" was not in existence. f) The source of the information is "A report on biometric and BVN from the Office of the Head of Civil Service (OHCS)".		
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget**		**Previously Achieved In 2019 APA**	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	Previously achieved in the 2019 APA		
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	Previously achieved in the 2019 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	the State budget.			
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency, or any other type of entity set up for the statutory purpose?	Previously achieved in the 2019 APA		
DLR 6.2	**No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 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.**		**Not Achieved**	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the	a) The IVA obtained a schedule of all contracts awarded during the year under assessment. b) The IVA checked for the existence of the following: (i) Minimal contracts or no contracts shown for	Unsatisfactory	The State should introduce adequate Business Continuity measures.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
fiscal year (2021) 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)?	traditionally large spending MDAs, (ii) Minimal/limited awards in some or several months of the year, (iii) No contracts shown for several MDAs in the period, meaning they did not award any contracts, (iv) Variance of the total amount paid to contractors as per the 2021 schedule, to the State's actual capital expenditure. IVA noted the following: The variance between the total amount paid to contractors as per the 2021 schedule and the State's actual capital expenditure was approximately ₦27.5bn. The sum of contracts awarded = ₦30,149,660,678.56 State's CapEx = ₦57,636,322,172.08 The Accountant General's report showed that ₦35,743,355,477.04 was paid to contractors for contracts awarded during the assessment year. The CapEx was ₦57,636,322,172.08. This showed that there was a variance of ₦21,89,966,695 between the Accountant General's report and the State's CapEx. This varies greatly with the CapEx figure. An APA Issue has been raised to that effect. The Bauchi State Government is aware of the discrepancies between the total value of paid contracts in the 2021 from Accountant General to the tune of N35,743,355,477.04 and that of the 2021 Financial Statement with N57,636,322,172.08, which is higher. This is because the figure in the AFS (N57,636,322,172.08) is the total sum of payments		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	made to all contracts in the financial year, including payments to contracts awarded in the previous years (2019 and 2020), while the report from the Accountant General's Office provided only payments for contracts awarded in the year 2021, which is N35,743,335,477.04. c) The State published the information on all contracts awarded for the year. The State does not have a procurement threshold amount. d) The list of contracts published online is complete based on a review against the schedule of all contracts provided e) The data published is in line with the Open Contracting Data Standards (OCDS). f) The publication was sourced from the State's e-Procurement portal and the Procurement Bureau's page on the State's website. Weblink: http://142.11.219.193/ **and** https://www.bauchistate.gov.ng/publications/procurement-bureau/ Work done/tests carried out: (i) The IVA requested a schedule of all awarded contracts from the State and compared that with the online publication. There were no differences between the two sets of records. (ii)The schedule was also checked for accuracy and completeness. This was noted to be satisfactory. g) Below is the minimum contract award information that was published: (i) project name, (ii) awarding institution, (iii) award date, (iv) name of contractor, and		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		(v) the contract amount h) None of the items from (g) above was excluded. i) Weblink of the publication: http://142.11.219.193/ **and** https://www.bauchistate.gov.ng/publications/procurement-bureau/ The IVA raised an APA issue to the State to confirm the authenticity and accessibility to stakeholders of the first link above. The State responded thus; ''We had a Cyber Attack on our portal towards the end of April that affected us greatly until it was restored in early June. As a result, we migrated to a new server and decided not to use any domain name when there is no active procurement process. The URL for the E-procurement portal is https://142.11.219.193/.'' IVA notes the response from the State which confirms the State deliberately made the web portal inaccessible. The issue raised about a cyber-attack is noted, however, this is a risk for all web sites/portals and the common solutions do not include making the web portal inaccessible (as that defeats the objective of having a portal in the first place). The State lack of a Business Continuity Plan (BCP) in place made this unsatisfactory.		
2	Has the State implemented e-Procurement in at least 4 MDAs (including Education, Health, and Public Works) by June 30, 2022. The e-Procurement for the **2021** results DLI is the	a) The State implemented e-procurement in at least four (4) MDAs (including Education, Health and Public Works) by 30 June 2022. b) A report on all transactions for the four MDAs during the period 1 January 2021 to 30 June 2022 directly	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
implementation of at least five modules: e-Registration, e-Publishing/Notification, e-Procurement Plan, e-Tendering and e-Evaluation/e-Awarding?	from the e-procurement systems was obtained. c) A separate report of procurements for all four MDAs for the period 1 January 2021 to 30 June 2022 from the Accountant General was obtained. d) The go-live date for e-procurement at the 4 MDAs was January 10, 2021. The State confirmed this to the IVA in a letter, and the first contract processed on the portal also dates to January 2021. e) For all four MDAs after go-live, a comparison with the system generated report was done and all transactions after go-live stated in the Accountant General's report for the period 1 January 2021 to 30 June 2022 were conducted through the e-procurement system. f) A sample of five (5) transactions at random for each of the 4 MDAs was selected and a walkthrough test of the procurement lifecycle was conducted. The IVA ensured that contracts with at least 2 categories of expenditure from goods, works or services were selected. g) The selected transactions followed the procurement lifecycle. h) No parts of the transaction were conducted outside of the e-procurement system. i) The e-Registration, e-Publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules have been implemented and transactions were processed through them for the period 1 January 2021 to 30 June 2022. An APA issue was raised to the State to confirm the functionality of the e-evaluation module, as it was inactive after the verification process.		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	The State's response is as follows:		
	'On the interface of the e-evaluation module, the portal is designed to use a drop-down list to select individual procurement process to view their details. This clearly indicates that the elevation is neither absent nor non-functional. We have asked our designers to modify the interface to show each evaluation. You may also notice that the e-procurement portal was inaccessible for a number of days. We regret the inconveniences caused, as it was a precaution to the recent attack on the Bauchi State official website, which we are still trying to resolve and provide a lasting solution as soon as this verification is over. Our plan is to migrate to a new server, but it would affect our timestamps on publication dates.'		
	A second APA issue was raised concerning the absence of procurement plans for the remaining half of the year 2022 on the e-procurement platform.		
	The State's response is as follows: 'It is true that at the time of the verification, the quarterly procurement plan was not updated in the E-procurement portal. However, the E-procurement plan was updated and is provided in the portal as at the time we are giving this response. We regret the delay in making the E-procurement plan available in time. The E-procurement plan for this quarter is available on the portal and the portal can be accessed.'		
	j) The State processed all of its procurement transactions at the 4 MDAs through the five minimum required modules after go-live for the period of 1 January 2021 to 30 June 2022.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		k) The IVA viewed and obtained screenshots of all contracts on the e-procurement portal. Screenshots obtained include advert publishing, bid submission and evaluation and contract award.		
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	**State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt, and 3) fiscal and debt rules/limits.**		**Previously Achieved in 2018 APA**	
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?	Previously Achieved in 2018		
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	Previously Achieved in 2018		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	for the state.			
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?	Previously Achieved in 2018		
DLR 7.2	**Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2021 AND Annual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021**		**Achieved**	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average two months after the end of the quarter in 2021?	a) The state submitted quarterly State Domestic Debt Reports (SDDR) (final versions) to the DMO on an average of **2** months after the end of each quarter. We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: ● Q1 submitted on 07/05/2021 - 37 days, ● Q2 submitted on 10/08/2021 - 41 days, ● Q3 submitted on 02/11/2021 - 33 days and	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		• Q4 submitted on 11/02/2022 - 42 days. $$\frac{37+41+33+42}{4}$$ Average = 38.25 days (5.46 weeks) The SDDRs were submitted within an average of 1.37 months. The average number of days is 38.25 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) IVA has obtained the SDEDR from the Federal DMO. The Quarterly Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained. We have reviewed the DMO report and the DMO report confirmed the <u>accuracy</u> and <u>completeness</u> of the State Domestic Debt Report. A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data. b) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State has been compared with the State Audited Financial Statement. c) The debt stock figures reported in the SDDR has been compared with that of the State's Audited Financial Statement d) There were no discrepancies noted during the comparison. i. SDDR Figure: ₦98,112,505,086.17	N/A	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ii. AFS Figure: ₦98,112,505,086.17 iii. Difference (If any): There were no differences. e) There were no identified discrepancies. f) 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 the State.		
3	Has the State published online the State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) by 31 December 2021?	a) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published on the State official website. b) The date of publication was 20th December 2021. c) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published by 31 December 2021. The evidence obtained to confirm the date of online publication was a screenshot of the backend. d) The weblink https://www.bauchistate.gov.ng/debt-management/	Satisfactory	

4	Does the SDSA - DMSR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options; including a summary analysis of the projections of performance indicators used to assess Debt Management Strategy, and their implications for cost-risk profile of State debt portfolio in 2025; and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	Upon review of the SDSA -DMSR, it included the following:
		(1) Adequate presentation of medium-term budget forecasts, including:
		   (a) Presentation of MTB forecasts in either a table OR chart(s) (OR both table and chart(s)) with projected annual figures from 2021 to 2024.
		   (b) Description of assumptions underpinning the MTB forecasts from 2021 to 2024:
		   (c) A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024
		   (d) The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain illogical statements.
		(2) A detailed and adequate description of the debt portfolio and borrowing options, including:
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	(a) Presentation of debt and borrowing projections in the baseline scenario either using a table OR charts (OR both) with projected figures from 2021 to 2030.		
	(b) Description of assumptions underpinning the borrowing options presented: either a table with assumptions OR corresponding explanations in writing (OR both)		
	(c) A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2021-2030		
	(d) A summary analysis of the projections of performance indicators used to assess DMS throughout the period 2021-2025, and their implications for the cost-risk profile of the State debt portfolio in 2025.		
	(e) The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain illogical statements (e.g. negative figures for debt and borrowing projections; contradictory or illogical statements or arguments, etc.)		
	(3) Adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year, which contains the following;		
	(a) Presentation of revenue, expenditure, budget balance, and debt information, at least for 2020: either a table OR charts (OR both table and chart(s)) with historical figures for at least 2020		
	(b) A summary analysis of the information presented on revenue, expenditure, budget balance, and debt in 2020: analysis (in writing) of fiscal and debt situation in 2020.		
	(c) The presentation and analysis in the entire		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		historical period need to be of adequate quality, and do not contain illogical statements (e.g. negative figures for debt and borrowing projections; contradictory or illogical statements or arguments, etc.) b) A review and comparison between the information (figures) contained in the assessment report of the SDSA-DMSR obtained from the DMO and the SDSA-DMSR obtained from the State Website was done. There were no differences identified.		
DLI 8: *Improved Clearance/Reduction of Stock of* *Domestic Expenditure Arrears*				
DLR 8.0	**Domestic arrears as of end 2020 and end 2021 reported in an online publicly accessible database, with verification process in place.** **AND** **Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework.** **Basic Target: At least a 5 percent decline or maintain stock below 5 billion naira** **Stretch Target: More than 20 percent decline**		**Achieved** (Stretch Target met)	
1	Has the State established an	a) The State has established an Arrears Clearance	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Arrears Clearance Framework (ACF)?	Framework (ACF). b) We obtained a copy of the ACF from the State. c) Mention if the establishment of the ACF occurred by 31 December 2020. d) The duration of time between the establishment of the ACF and the **31 December 2021** year-end is adequate to allow time for the implementation of the ACF.		
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 evidence seen when reviewing the ACF that shows the ACF contains the two stated requirements are on page 11 for planned actions to settle the arrears and page 21 for explicit prioritisation of expenditure arrears to be settled. c) The documents submitted by the state to confirm the ACF exists is a soft copy of the ACF and a screenshot of the backend where it was published. A copy of the ACF was also downloaded.	Satisfactory	
3	Has the ACF been published on a State official website?	a) We confirmed that the ACF has been published on a State official website. b) We have downloaded a copy for validation. c) The web link - https://www.bauchistate.gov.ng/wp-content/uploads/2021/06/Updated-Bauchi-State-ACF-2020.pdf The evidence obtained to confirm the date of publication was a screenshot of the backend.	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The clearance of domestic expenditure arrears is consistent with the ACF. A walkthrough test on the internal domestic arrears database showed that the pension and gratuity arrears are being paid based on the ACF i.e. from the oldest to the	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		newest arrears on pension and gratuity. Contractors' arrears were not settled within the year of assessment. Payment Vouchers were collected as evidence of settlement of the pension and gratuity arrears.		

5.	Has the State established an Internal Domestic Arrears Database?	a) The State has established an Internal Domestic Arrears Database.
		b) The Internal Domestic Arrears Database includes the following:
		  a. The aggregate and individual amounts of contractors' arrears. For contractors' arrears, at a minimum, the internal domestic arrears database must also include the name of the contractor, the amount due at the end-of-year, the nature of the goods and services procured that generated the claim, and billing data (as applicable). The database should show the total domestic arrears stock at the end of each year.
		  b. The aggregate amount of pension and gratuity arrears.
		  c. The aggregate amount of salary arrears and other staff claims.
		  d. The aggregate amount of other types of domestic arrears
		c) A verification process is in place for the arrears in the database
		d) We confirmed through the evidence provided by the State that the State has conducted verification of arrears balances.
		e) We conducted tests to ascertain the accuracy of the figure in the internal domestic arrears database, including cross-checking with State account balances, payroll records, underlying contract data, etc.
		f) The state submitted to the IVA the annual state arrears recording, verification, and clearance report
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		(SARVCR)		
6	Has the State published online elements of the internal domestic arrears database for the FY **2020** and FY **2021** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has published online the required elements of the Internal Domestic Arrears Database as at the **end of 2020 and 2021.** b) We compared the aggregate and individual information available on the online publicly-accessible arrears database with the information in the internal domestic arrears database and verified the consistency and accuracy of the information on the online publicly-accessible arrears database. c) The website supporting the online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic arrears database and included as relevant in the online publicly accessible arrears database. d) We confirmed that the online web pages include a facility for contractors with arrears (creditors) to report any omissions to the State. e) The result of the test of the facility for contractors with arrears (creditors) to report any omissions to the State was that a mail was sent to the State through the Portal, and it was responded to. f) There were no omissions reported by contractors. g) Since there were no omissions reported by contractors, the need to confirm that any omissions of contractor arrears found to be valid were subsequently included in the internal domestic arrears	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	database was not necessary. h) The source of information was- https://www.bauchistate.gov.ng/bauchi-state-internal-domestic-arrears-database/ SIDA 2020: https://www.bauchistate.gov.ng/wp-content/uploads/2019/001/BAUCHI%20STATE%20%20INTERNAL%20DOMESTIC%20ARREARS%20DATABASE%20SUMMARRY%20%20as%20at%2031st%20December%202020.pdf SIDA 2021: https://www.bauchistate.gov.ng/wp-content/uploads/2021/12/BAUCHI%20STATE%20INTERNAL%20DOMESTIC%20ARREARS%20DATABASE%20SUMMARRY%20as%20at%2031st%20December%202021%20(2).pdf IVA concludes that the State has a functional online accessible database.		
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	The online publication includes the aggregate amount for the four types of arrears as shown. The online publication contains the names of contractors owed ₦20m in arrears and above.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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.			
8.	Has the State met the following? (i) Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework. **Basic target**: At least a 5 percent decline or maintain stock below 5 billion naira **Stretch target**: More than 20 percent decline *The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears, and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of the year, compared to the previous year, expressed in percentage terms.*		Satisfactory	

Findings for item 8:

Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)
Contractors Arrears	6,000,119,157.49	6,000,119,157.49	
Pension and Gratuity arrears	15,921,981,302.41	22,746,369,126.86	
Salary arrears and Staff claims	-		
Judgment Debt			
Other types of domestic expenditure arrears	2,182,851,235.15.	1,546,584,413.76	
Total Domestic Arrears	24,104,951,695	30,293,072,698.12	20.43

a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database, and confirmed it was the same as the balances stated within the SDDR and the AFS for 2021.

$$\frac{₦30,293,072,698.12 - ₦24,104,951,695}{₦30,293,072,698.12} \times 100$$

$$= 20.43\%$$

The percentage decline is 20.43%
Source: State internal domestic expenditure arrears database.

DLI 9: Improved Debt Sustainability				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 9.0	**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021 AND** **Total debt stock at end of December 2021 as a share of total revenue for FY 2021 meets target:** **-Basic target: < 120%** **-Stretch target: < 95%**		**Not Achieved**	
1	Has the State met: (i) the ratio of total debt stock at end-of-year (31st December 2021) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2021)? **-Basic target:< [120%]** **-Stretch target: < [95%]** (ii) Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021.	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt***	Unsatisfactory	The State should reduce its debt to revenue ratio and ensure debt is sustainable. As a general guide, debt should not be **more than 95% of** Revenues and should ideally be much less.

Total Public Debt*

	Financial Statements (₦)	DMO/ SDEDR Figures (₦)
Total Domestic Debts	98,112,505,086.17	108,490,929,512.52
Total External Debts	55,528,668,906.50	55,528,668,906.82
Total Public Debts	153,641,173,992.67	164,019,598,419.34

Total annual revenue

2021 Adjusted IGR (see DLI 4.2)	17,171,038,102.00
Gross FAAC Allocation**	74,113,208,270.00
Grants	7,327,682,979.10
Other Revenues	258,647,711.00
Total Revenue	98,870,577,062.10

a. We have computed the total debts stock / Revenue percentage for the 2021 year, as follows:

AFS Computation

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	₦153,641,173,992.69 x 100 ₦98,870,577,062.10 =155.3% **DMO Computation** 164,019,598,419.34 x 100 ₦98,870,577,062.10 =165.89% We have computed the total debt service deduction / Gross FAAC Allocation percentage for the 2021 year, as follows: ₦12,525,741,068 x 100 ₦74,113,208,271 =16.9% b. The IVA has obtained the SDEDR from Federal DMO. **Sources:** i. For Total Revenue 2021 Audited Financial Statement, Page 5 ii. For Total Public Debt from DMO* as at December 31, 2021 iii. NBS/OAGF (FAAC) *Table 3(i) below holds a breakdown of the Total Debt. ** Refer to the FAAC table on DLI9 provided.		

TABLE 3(i): DLI 9 31 DECEMBER 2021 STATE DEBT STOCK TABLES FOR BAUCHI STATE

S/N	BAUCHI STATE	2021 - AMOUNT (₦)
1	BUDGET SUPPORT LOAN (SOURCE FMOF)	22,021,729,672.49
2	BAIL OUT (SALARIES) (SOURCE CBN)	8,292,273,089.47
3	RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	5,846,961,154.97
4	EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,793,228,716.60
5	STATE BONDS	7,493,201,392.81
6	COMMERCIAL BANK LOANS	947,219,435.43
7	CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	1,871,455,905.15
8	ACCELERATED AGRIC DEVELOPMENT SCHEME LOAN	
9	BAIL-OUT (INFRASTRUCTURE)	
10	CBN DIFFERENTIATED CASH RESERVE REQ LOAN	10,000,000,000.00
11	HEALTHCARE DEDUCTIONS	2,000,000,000.00
12	BRIDGE FINANCE FACILITY	3,053,241,757.40
13	FAMILY HOMES FUND	12,000,000,000.00
14	ANCHOR BORROWERS PROGRAMME	
15	OTHER FGN INTERVENTIONS	
16	MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF)	1,066,666,666.15
17	JUDGEMENT DEBTS	215,019,050.40

18	GOVT - GOVT DEBTS	-
19	CONTRACTORS' ARREARS	6,000,119,157.49
20	PENSION AND GRATUITY ARREARS	15,921,981,329.41
21	SALARY ARREARS AND OTHER CLAIMS	-
22	OTHER DEBTS	1,967,832,184.75
	TOTAL DOMESTIC DEBT (TDD)	**108,490,929,512.52**
	TOTAL EXTERNAL DEBT (TED)	55,528,668,906.82
	TOTAL PUBLIC DEBT (TED+TDD)	**164,019,598,419.34**

TEMPLATE: OPTION A	₦
Item	2021
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**74,113,208,270.00**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**49,829,650,899.00**
1.1.1 Gross statutory allocation	42,228,386,337.00
1.1.2 Derivation	
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	7,601,264,562.00
1.2 VAT	**24,283,557,371.00**
2. Internally Generated Revenues (IGR) - Adjusted	**17,171,038,102.00**
3. Grants (internal and external)	**7,327,682,979.00**
4A. Other revenues (4.1 + 4.2 + 4.3)	**258,647,711.00**
4.1 Investment Income (e.g. dividends)	5,882,865.00
4.2 Interest Earned	252,764,846.00
4.3 Miscellaneous	
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**98,870,577,062.00**

6. 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	DLR 1.1 The State hereby disagree with your conclusion on DLI 1.1 on the following ground; 1. The Budget Performance Report were published as follows; Q1 26/04/2021 Q2 26/07/2021 Q3 28/10/2021 Q4 27/01/2021 2. Our backend shows that the BPRs were published as stated above. 3. IVA confirmed from our backend during 2021 APA visitation that the publications were done on the dates stated above. 4. The report of IVA initial findings agreed that the publications were appropriately done 5. The state hereby disagree with IVA conclusion in the draft report and maintained that the publications were done as stated above. We believe that relying on the document properties and ignoring the dates of publication which are proven based on clear evidence is unfair to the state. We have also verified the document properties of the publications mentioned above and found out that the date of the document properties are intact. It is believed that the time stamp that the IVA is relying on is not correct. According to the procedure to be used by the IVA for verification "Confirmation will be through a timestamp showing the date of publication". The IVA should therefore revisit the state's website, verify, and further disregard the dates on the document properties and uphold the dates confirmed by the evidence provided in the interest of justice and fair play.	IVA Notes the State's Response. However, IVA's conclusion remains valid. The Document Properties showed the Reports were created after the publication date, which is not consistent with the verification protocol.
2	DLR 6.2	IVA Notes the State's Response, however, the inaccessibility of the portal at the respective time is not acceptable

S/N	State Response to the draft report	IVA Follow-up, response, treatment
	On DLI 6.2, an APA issue was raised on the accessibility of our e-procurement portal and availability and use of the e-procurement plan module to which we responded and was considered ok as indicated in your draft report. The issue of the discrepancies in the contracts awarded was also raised and responded as satisfactory as indicated in your report. The claim that the state does not have a procurement threshold is not true. The Information regarding the procurement threshold is available upon request, which was provided to the IVA. Our list of contracts published online was also complete. Our publications were in line with the OCDS format. Our schedule and awarded contracts are the same, whose accuracy and completeness is satisfactory according to your report. Our portal was available and accessible as verified by the IVA. We have implemented e-procurement in 4 MDA successfully. The report on transactions on the portal were also available and found to be satisfactory according to your report. Our Go live was Jan 10, 2021. The e-Registration, e-Publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules have been implemented and transactions were processed through them for the period 10 January 2021 to 30 June 2022 which was within the time framework, and this was also considered and indicated in your report and considered as satisfactory. The State processed all of its procurement transactions at the 4 MDAs through the five minimum required modules after go-live for the period of 1 January 2021 to 30 June 2022.

The IVA viewed and obtained screenshots of all contracts on the e-procurement portal. Screenshots obtained include advert publishing, bid submission and evaluation and contract award as confirmed to be satisfactory according to your report. All the issues raised were considered as satisfactory and this is confirmed in your report. To our surprise however, the general conclusion by the IVA appeared unsatisfactory, which we believe is not clear reflection of our performance. In view of the above, and the intended goal of the entire exercise, we urge you to kindly reconsider your position on these DLI in the interest of justice and fair play. | in the light of the DLR requirements and it is recommended that The State introduces adequate Business Continuity measures. |
| 3 | | |
| 4 | | |