



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

2021 Annual Performance Assessment (APA) Report

BORNO 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	3
2. INTRODUCTION	6
2.1 OVERVIEW	6
2.2 SCOPE.....	6
3. ASSESSMENT RESULTS	8
3.1 FINDINGS.....	8
TABLE 3(I): DLI 9 31 DECEMBER 2021 STATE DEBT STOCK TABLES FOR BORNO STATE	51
TABLE 3 (II): DLI 9 31 DECEMBER 2021 - ADJUSTED REVENUE TABLES FOR BORNO STATE.....	53
4. RESPONSE FROM THE STATE.....	54

1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Borno 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 Borno State and shows areas where the State was able to achieve results. In total, Borno State achieved 14 (Fourteen) DLRs out of 15 DLRs applicable to the 2021 APA of which 3 (Three) DLRs were achieved in the 2020 APA.

Table 1: Assessment Results

Key:	Achieved	Not Achieved	Previously Achieved
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Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: 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		
	DLR 1.2: FY21 deviation for total approved original budget expenditure is < 15%		Budget deviation was 42%
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.		
	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.		
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.		
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	2020	
	DLR 4.2: 2020-2021 annual nominal IGR growth rate meets target -Basic target: 20%-39% -Stretch target: 40% or more	Stretch Target	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
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	2020	
	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		
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.	2020	
	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	Achieved (Stretch)	
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021 AND	Achieved (Base)	

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 1.2: Expenditure outturn deviation is reduced to a level within the annual limits proposed by the programme.

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

2. Introduction

2.1 Overview

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

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

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

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and PricewaterhouseCoopers (PwC) was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2021. To ensure a high-quality assessment, the IVA had some input/ support from Debt Management Office (DMO) to review the legislation in place in the State.

2.2 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 eligibility assessment results were reported previously to each state.

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 Six (6) persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

The draft conclusions from the work done 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.

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	Financial Year [2021] quarterly budget implementation reports published on average within [4 weeks] of quarter end to enable timely budget management		Achieved	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	<p>The Quarterly budget implementation reports were posted online on</p> <p>Q1- 2021 https://pfm.bo.gov.ng/wp-content/uploads/2021/04/BORNO-STATE-BPR-Publication-27-APR-21-CR.pdf</p> <p>Q2- 2021 https://pfm.bo.gov.ng/wp-content/uploads/2021/07/Borno-State-Q2-BPR-CR.pdf</p> <p>Q3- 2021 - https://pfm.bo.gov.ng/wp-content/uploads/2021/10/Borno-State-Q3-BPR-CR2.pdf</p> <p>Q4- 2021 https://pfm.bo.gov.ng/wp-content/uploads/2022/01/Borno-State-Q4-BPR-CR-27-01-2022.pdf</p> <p>The State website was accessed on 19/07/2022.</p> <p>Dates of online publication are as follows:</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<ul style="list-style-type: none"> • Q1 – (28/04/2021) – 4 weeks (28days) • Q2 – (26/07/2021) - 3.7weeks (26 days) • Q3 – (26/10/2021) - 3.7 weeks (26 days) • Q4 – (28/01/2022) - 4weeks (28 days) <p>Average days (weeks) for the online publication was computed based on the last 4 quarters, as below:</p> $\frac{28+26+26+28}{4} = 27 \text{ days}$ <p>Average = 27 days (3.85 weeks)</p> <p>We downloaded the quarterly budget Implementation Reports for all four quarters of the year 2021, and obtained and retained evidence of the timestamp of the publications.</p>		
2	<p>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.</p> <p>From our review of the Quarterly Budget Implementation reports downloaded from the State’s website (see web links above) we observed the following:</p> <ol style="list-style-type: none"> 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 did not have an amended/revised budget or passed supplementary budgets. However, the IVA observed that in the reported Q3 and Q4 BIR format by the State, the revised budget was populated 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>whereas the State did not have the budget changed, except, the implementations of authorized virements.</p> <p>e) The state did not have an amended/revised budget or passed supplementary budgets. Therefore, the Budget Implementation Reports did not show both the approved original budget and the approved budgets</p> <p>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.</p>		
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 date?	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	
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 showed 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 included debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
DLR 1.2	FY [2021] deviation from total approved budget expenditure is less than 15%		Not Achieved													
1	<p>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?</p> <p>Is the expenditure outturn deviation computed less than 15%</p>	<p>The State did not compute the budget deviation.</p> <p>The IVA computed the budget deviation for this APA year. See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total Approved Budget (₦)</th> <th>Actual Outturn (₦)</th> </tr> </thead> <tbody> <tr> <td>Capital Exp. (Pages 1 & 35)</td> <td>179,261,364,000</td> <td>56,512,570,572</td> </tr> <tr> <td>Rec. Exp. (Pages 1 & 35)</td> <td>69,131,252,000</td> <td>86,751,862,392</td> </tr> <tr> <td>Total</td> <td>248,392,616,000</td> <td>143,364,432,964</td> </tr> </tbody> </table> $\frac{\text{₦}248,392,616,000 - \text{₦}143,364,432,964}{\text{₦}248,392,616,000} \times 100 = 42\%$ <p>The budget performance deviation is 42%</p> <p>Source: 2021 Audited Financial Statement Page 35 and Approved Budget and Actual Expenditure or Appropriation Law Page 1.</p> <p>The approved annual budget figures shown in the AFS do not differ from the signed approved budget/appropriation.</p>		Total Approved Budget (₦)	Actual Outturn (₦)	Capital Exp. (Pages 1 & 35)	179,261,364,000	56,512,570,572	Rec. Exp. (Pages 1 & 35)	69,131,252,000	86,751,862,392	Total	248,392,616,000	143,364,432,964	Unsatisfactory	The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result.
	Total Approved Budget (₦)	Actual Outturn (₦)														
Capital Exp. (Pages 1 & 35)	179,261,364,000	56,512,570,572														
Rec. Exp. (Pages 1 & 35)	69,131,252,000	86,751,862,392														
Total	248,392,616,000	143,364,432,964														
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process																

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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?	<p>The documents obtained and reviewed include the attendance register, pictures, minutes of consultative meetings, etc.</p> <p>a) The LGAs that were in attendance are Nganzan, M.M.C, Jere, Konduga, Bama, Gwoza, Damboa, Biu, Chibok, Magumeri, askira-Uba, Shani, etc.</p> <p>b) The Citizens, Citizens groups, state-based CBOs and state-based CSOs in attendance were Comrade Bulama Abisso, Abubakar Sadiq Mu'azu, Tijjani Usman Bello, Adamu Nguble, Aisha Ali Indimi, Hassan Ibrahim, Babayo Mohd Hamma, Mohammed Abba Sanda, Rev. Emmanuel A. Balani, etc.</p> <p>c) The sources of information from which our conclusions were drawn include minutes, attendance, report, questionnaires and pictures.</p> <p>d) The date and venue of the consultation was 09/09/2021 and Multipurpose Hall, Government House Maiduguri respectively.</p> <p>e) IVA called 10 attendees to confirm their attendance at the public consultation.</p> <p>f) The budget was drafted on 30th December 2021. IVA obtained a Cover letter on Budget presentation to the House of Assembly.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>g) IVA compared the dates of the consultation and the date of the draft budget which were held on 9th September 2021 and 30th December 2021 respectively and the consultation was done before the budget was drafted.</p> <p>h) The proposed budget was published on 30th December 2021.</p> <p>i) The proposed budget was published on 30th December 2021 before the 31st January 2022 deadline.</p> <p>j) The web link for the publication of the proposed budget is: "https://pfm.bo.gov.ng/budgets/" This was accessed on 18/7/2022</p>		
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?	<p>a) The CSO that co-signed the Minutes is Comrade Bulama Abisso. A copy of the signed minutes has been retained on file.</p> <p>b) The title and date of the Minutes are "Report of a Town Hall Meeting organized by the Ministry of Finance, Budget and Economic Planning and the General Public to enable citizens make inputs to the 2022 Budget Process held at Multi-Purpose Hall Government, Maiduguri dated 9th September, 2021".</p> <p>c) The organization the signatory represented is Network of Civil Society Organization.</p> <p>d) The web link to the publication is https://pfm.bo.gov.ng/wp-content/uploads/2022/04/MINUTES%20OF%20TOWN%20HALL%20MEETING%202022%20WITH%20ATTENDANCE%20SHEET%20AND%20EVIDENCE%20OF%20PHOTO'S.pdf and date of publication was 30/09/2021. This was accessed on 18/07/2022</p> <p>e) The published minutes were adequately sign-posted on the State's website.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
3	Has the State published online, on the State website(s) a <i>Citizens Budget based on the Approved Budget (2021)</i> not later than 30 April 2021?	<p>a) The Citizens budget based on the Approved Budget 2021 was published on 27/04/2021 before the due date via https://pfm.bo.gov.ng/budgets/ and accessed on 18/07/2022.</p> <p>b) IVA confirmed that a comparison of the Approved Budget 2021 with the Citizens Budget was done and there were no discrepancies.</p> <p>c) The Citizen’s Budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template and IVA confirmed there were no discrepancies among the following:</p> <ul style="list-style-type: none"> i. Simple explanation of the annual approved budget/citizens budget: Pages 3-5 ii. The sources of revenues: Page 6 iii. Sources of domestic and foreign grants, domestic loans, and other financing sources: Pages 7- 10 iv. Total expenditure by economic classifications: Page 16 v. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap: Page 12 vi. Disclosure of Budget deficit (if any) and how it will be financed: Page 12 & 10 vii. Sectoral Allocation (by MDAs): Pages 13-14 viii. Top Projects to be financed (at least 5): Page 15 <p>d) The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) have been included.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
4	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY21 state 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?	<p>a) The State has established a functional feedback and response online mechanism on its website.</p> <p>b) The type of feedback mechanism established on the State website is an online feedback submission form that makes information such as first name, last name, email address, phone number, purpose, subject, and body of message.</p> <p>c) The State's feedback mechanism provides at a minimum:</p> <ul style="list-style-type: none"> i. Acknowledgement of receipt of comments/feedbacks from citizens. A message pops up after using the textbox and it states: "Feedback from Public Finance Management - Borno State. <finance@pfm.bo.gov.ng> This is to Acknowledge Receipt of Your Mail. We would get back to you shortly." ii. State's responses to comments/feedbacks. A screenshot of a mail showing State's automatic response to comments/feedback message was obtained. iii. Display of timeframe and the State's government contact details. The government contact details are "Feedback from Public Finance Management - Borno State. <finance@pfm.bo.gov.ng>10:45 (14 minutes ago)". IVA evidence of all of the above e.g., screenshot of items i to iii <p>d) The IVA conducted a user acceptability test to ascertain the functionality of the feedback mechanism by completing and submitting the online feedback form. The details filled included first name, last name, email</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>address, phone number, purpose, subject, and body of message. The result was the pop-up message stated above.</p> <p>e) IVA requested further evidence that demonstrates the State's response to feedback and the State only provided evidence that feedback messages were received from citizens.</p> <p>f) The State's feedback mechanism is functional.</p> <p>g) The web link for the State feedback page is https://pfm.bo.gov.ng/</p>		
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?	<p>a) The Citizens Accountability Report FY2020 has been downloaded.</p> <p>b) A review was done on the downloaded Citizens Accountability Report.</p> <p>c) The Citizen's Accountability Report was published before September 30, 2021 and a copy has been retained in the file.</p> <p>d) IVA compared the full Annual Audit Report for FY2020 with the Citizens Accountability Report and there were no areas of discrepancies found.</p> <p>e) IVA obtained and reviewed the evidence of public consultation with citizens explaining the FY2020 financial statement.</p>	Satisfactory	
2	Has the State published a Citizens Accountability Report	a) The Citizens Accountability Report based on the Annual Audit Report (2020) was published before the due	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	based on the Annual Financial statements/ Audit Report for FY 2020 not later than 30 September 2021?	<p>date on 27/09/2021 via https://pfm.bo.gov.ng/wp-content/uploads/2021/09/Borno-State-Citizens-Accountability-Reports-2020-updated.pdf and accessed by IVA on 18/07/2022.</p> <p>b) A comparison of the Annual Audit Report FY20 with the Citizens Accountability Report 2020 was done and there were no areas of discrepancies.</p> <p>c) IVA confirmed the Citizen’s Accountability Report was prepared according to the Template provided to the State and there were no discrepancies in the following:</p> <ul style="list-style-type: none"> i. Simple explanation of the Citizens Accountability Report and Executive Summary: Pages 2-3 ii. The Budget Outturn: Page 4 iii. The Revenue Outturn: Page 5 iv. The Expenditure Outturn: Page 6 v. The Audit Findings: Page 7 vi. The Audited Financial Statements: Page 8 vii. Top Sectoral Allocations: Page 9 viii. Top Value Capital Projects: Page 10-12 ix. Citizens-Nominated Projects-Implementation Status Report: Page 13 <p>d) The minimum required citizen’s accountability report information outlined above (extracted from the Template) has been included.</p>		
3	Is the Citizens Accountability Report a comprehensible (to citizens) summary of the FY20 Annual Audit Report?	<p>a) IVA confirmed that the FY20 Audited Financial Statement was summarized in a comprehensible manner to the Citizens in the Citizens Accountability Report. IVA further confirmed that the CAR was published online by the deadline and presented at a public consultation held on 29/09/2021.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>b) The Citizens Accountability Report included a concise explanation of the key components of the FY2020 Audited Financial Statements.</p> <p>c) The evidence and details of the public consultation obtained is the copy of the minutes of the public consultation held with the citizens in presenting the annual financial statement. This included a presentation of the annual financial statements (i.e., the Citizen's Accountability Report for 2020) and the copy has been retained by IVA. The web link for the minutes of public consultation is https://pfm.bo.gov.ng/wp-content/uploads/2021/09/Minutes%20of%20Public%20Consultative%20Meeting%20on%20Audited%20Financial%20Statements%202020.pdf</p>		
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?	<p>a. The State has established a functional state-level TSA.</p> <p>b. The State operates multiple accounts. The account details for the following are:</p> <ul style="list-style-type: none"> • IGR Main Account: BSBIRS Non-Expendable Account Zenith Bank 1011977763 • FAAC and VAT Account: Borno State Government Central Account (TSA) Zenith Bank 1010552167 	Satisfactory	
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	<p>The State has a cash management strategy.</p> <p>a) The Document's name is Borno State Government Cash Management Strategy.</p> <p>b) The Cash Management Strategy was produced on 25th March 2020 and was signed by the Commissioner of</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.	<p>Finance, the Accountant- General and assented to by the Governor.</p> <p>c) The Cash Management Strategy covers the timeline for the preparation of cash commitment forecast on a Quarterly basis. This is in Chapter 2 section 2.7 pg. 23.</p> <p>d) The strategy states cash sweeping exercises should be done bi-weekly. See page 68 of Borno Cash Management Strategy.</p> <p>IVA also observed that the Cash Management Strategy used in 2020 APA carried the same First Edition and same date by the signatories as was used in 2020 APA Reports.</p> <p>However, there were differences noted in Par 4.3 (Operations of TSA) in the 2021 APA document, where the requirements for sweeping was met (Clearly stated as “Collection into the IGR account will be swept at every 15th and 30th day of the month respectively, to allow effective accountability of the Internally Generated Revenue.”</p> <p>e) The evidence of the implementation of processes described in the cash management strategy to forecast cash commitments and requirements was the State’s Cashflow forecast for the year 2021, which showed the quarterly cash flow projections for the year.</p>		
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	<p>The State has a computer application where the State can view the cash balances in the bank accounts.</p> <p>a) The computer application name is REMITA and the name of the producer of the application is System Specs.</p> <p>b) The Computer Application is in line with the approved cash management strategy (Pg 81)</p> <p>c) The deployment date was March 3rd, 2020. However, the IVA observed that in the 2020 APA Reports, the State did not implement any computer application. The State is</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>required to clarify how the application got deployed in March 2020.</p> <p>The State responded that “Improved cash management and reduced revenue leakages through the implementation of State TSA</p> <p>Borno state commenced the implementation of the TSA in March 2020. However, the full directive to sweep all revenue to Main TSA Account fully commenced towards the end of the year 2020 and was fully deployed all through FY2021. By use of the Remita software as can be clearly seen in the Bank Statements presented to the IVA.”</p> <p>The State also attached a Circular from the State Accountant-General, dated 4th January 2021 with Ref. No. C.105/Vol. I/50 mandating the use of the Account No 1010552167 as their TSA.</p> <p>IVA confirmed that the Circular is consistent with the Cash Management Strategy and the implementation was done in 2021, which is relevant for the 2021 APA.</p>		
4	<p>Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.</p>	<p>a) IVA visited 4 MDAs as follows:</p> <ul style="list-style-type: none"> i. Borno State Urban Planning and Development Board ii. Ministry of Health iii. Borno State Transport Management Authority iv. Ministry of Water Resources <p>The checks conducted at 3 MDAs include:</p> <ul style="list-style-type: none"> i. IVA confirmed that the fees or levies collected by MDAs were paid directly into a Centralized IGR account with Zenith Bank 1011977763 through the use of the Remita platform. This 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
		<p>was achieved through interviews and questionnaires.</p> <p>ii. IVA also interviewed some fee payers through questionnaires and confirmed that the fees payers paid directly into the State Centralized IGR account with Zenith Bank (1011977763) via REMITA platforms.</p> <p>b) The State operates a TSA account with Zenith Bank with the account number 1011977763.</p> <p>c) All government monies go through this account.</p> <p>d) All government monies do not sit in the other revenue-collecting banks.</p> <p>e) The TSA bank Statement was obtained.</p>														
5	Does the TSA cover a minimum of 80% of the State Government's finances?	<p>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.</p> <p>See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>134,439,760,259.07</td> <td>136,803,126,041.74</td> </tr> <tr> <td>Government Finances*</td> <td>144,738,072,193.00</td> <td>143,364,432,964.00</td> </tr> <tr> <td>Percentage</td> <td>92.8%</td> <td>95.4%</td> </tr> </tbody> </table> <p>The average percentage computation is:</p> $\frac{92.8\% + 95.4\%}{2} = 94.1\%$ <p>The TSA covered 94.1% of the State's finances.</p>		Total Inflows (₦)	Total Outflows (₦)	TSA Bank Statement	134,439,760,259.07	136,803,126,041.74	Government Finances*	144,738,072,193.00	143,364,432,964.00	Percentage	92.8%	95.4%	Satisfactory	
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		<p>The IVA reviewed the inflows and outflows shown on the TSA Statements to identify spurious items that increase the year end totals for no justifiable reason. See the computation in the table below:</p> <table border="1"> <thead> <tr> <th></th> <th>Inflow (₦)</th> <th>Outflow (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>140,481,773,777.07</td> <td>142,845,139,559.74</td> </tr> <tr> <td>Less Reversals</td> <td>(6,042,013,518)</td> <td>(6,042,013,518)</td> </tr> <tr> <td>Net TSA</td> <td>134,439,760,259.07</td> <td>136,803,126,041.74</td> </tr> </tbody> </table> <p>*Sources: 2021 Audited Financial Statement (Cash flow Statement) Pages 35-37 and the TSA Statement from (Zenith Bank) for 2021 (01/012021 to 31/12/2021)</p>		Inflow (₦)	Outflow (₦)	TSA Bank Statement	140,481,773,777.07	142,845,139,559.74	Less Reversals	(6,042,013,518)	(6,042,013,518)	Net TSA	134,439,760,259.07	136,803,126,041.74		
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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 2020 APA													
DLR 4.2	Annual nominal IGR growth rate meets target		Achieved Stretch Target Met													
1	<p>Has the 2021-2020 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20% - 39% Stretch Target: 40%</p>	<p>a. The State adopted a cash basis of accounting 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:</p>	Satisfactory													

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations																																																																									
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		= 67%		
		The annual nominal growth was 67% Source: 2021 Audited Financial Statement Pg. 35		
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?	<p>The State commenced the Biometric data capture of the civil servant and pensioners in June 2016.</p> <p>a) The Biometric data capture was not outsourced to a consultant.</p> <p>b) The total number of civil servants is 15,995.</p> <p>c) The total number of pensioners is 13,604.</p> <p>d) The total number of civil servants and pensioners on the State Nominal roll and Payroll is 29,599.</p> <p>e) i. The total number of civil servants on payroll in 2021 changed (reduced) by 7.48 % when compared with the previous year 2020. The change is immaterial (lower than 10 %). See computation below:</p> $\frac{15,995 - 17,288}{17,288} \times 100 = - 7.48$ <p>ii. The total number of Pensioners on the payroll in 2021 changed (reduced) by 10.5 % when compared with the previous year 2020. See computation below:</p> <p style="text-align: center;"><u>Pensioners</u></p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{13,604 - 15,204}{15,204} \times 100$ $= -10.5$ <p>In response to the IVA's request for clarification/reason for the change, the State provided explanations about a circular assented by the Governor for 5 years increase in the retirement age of Academic staff of Tertiary Institutions in the State. Therefore, the workers that retired within that period were recalled to service, hence, the decrease in pensioner's payroll figures. The decrease in Pensioners figures translated into an increase in Civil Servants however, this did not cause an effect on the percentage change of 7.48 above. The evidence obtained is a copy of the law and the one-page report on the summary of biometric exercise.</p> <p>f) Biometrics data was captured for 29,599 Civil servants and Pensioners.</p> <p>g) The documents obtained for conclusion is the one-page report on the summary of Biometric data capture.</p> $\frac{29,599}{15,995 + 13,604} \times 100$ $= 100\%$ <p>The State had captured 100% biometrics of the State's civil servants and pensioners on its payroll.</p>		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	<p>a) The State commenced the linkage of the biometric data to the payroll in June 2016.</p> <p>b) The State has linked biometrics data to the payroll for 29,599 Civil servants and pensioners.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>c) No ghost workers were detected during the biometric validations.</p> <p>d) No ghost workers were detected during the biometric validations. Therefore, there were no savings.</p> <p>e) There were in-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths, etc.) and they were captured by the biometric exercise.</p> <p>f) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The documents obtained to support the conclusion is a one-page summary report of biometric data capture.</p> <p>g) There were changes to the civil servant and pensioner payrolls during the fiscal year (as a result of starters, leavers, deaths, etc.).</p> <p>h) The changes were captured by the biometric exercise.</p> <p>i) The procedures in place to identify and remove ghost workers are: (i) The State has a policy of conducting yearly verification exercises since the commencement in 2016 (ii) The State conducts monthly updates of payroll where all MDAs send salary variation orders for removal of staff from the payroll due to death, leavers, retirement and other reasons.</p>		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>a) There were no ghost workers detected during the linkage.</p> <p>b) There were no ghost workers detected during the linkage, therefore, there was no record kept.</p> <p>c) There were no ghost workers detected during the linkage. Therefore, there was no record of the date/month of their removal.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>d) There were no ghost workers detected during the linkage, therefore, there was no removal.</p> <p>e) There were no ghost workers and pensioners detected during the linkage, therefore, there were no payments figures obtained.</p> <p>f) The source(s) of this information are:</p> <p>i) Report on the Implementation of Biometric/BVN register report.</p> <p>ii) Screenshots of Data enrolment Script.</p>		
5.2	Link BVN data to at least [95] percent of current civil servants and pensioners on the payroll and payroll fraud addressed		Achieved	
1	Has the State linked the Bank Verification Number data to 95% of its current Civil Servants and pensioners on the State payroll?	<p>The State commenced the linkage of BVN data of the civil servant and pensioners in June 2016.</p> <p>a) It was not outsourced to a consultant.</p> <p>b) The total number of civil servants and pensioners are 15,995 and 13,604 respectively.</p> <p>c) The total number of civil servants and number of pensioners on the State Nominal roll 15,995 and 13,604 respectively.</p> <p>d) The total number of Civil Servants and Pensioners on the State payroll is 29,599.</p> <p>e) The documents obtained are:</p> <p>i. Report on the Implementation of Biometric/BVN register report.</p> <p>ii. Screenshots of Data enrollment Script.</p> $\frac{29,599}{15,995 + 13,604} \times 100 = 100\%$	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The State has linked 100 % of the State’s civil servants and pensioners’ BVN data to the payroll.		
2	Has the State taken steps to identify payroll fraud?	<ul style="list-style-type: none"> a) The number of civil servants and pensioners with BVN data is 29,599 and there is no staff without BVN. b) There was no payroll fraud identified, hence, there were no records kept for the identified payroll fraud. c) There was no payroll fraud identified, therefore there was no date to identify. d) There was no fraud detection. Hence, there was no figure obtained. e) The sources of this information are: i) Report on the Implementation of Biometric/BVN register report. ii) Screenshots of Data enrolment Script. 	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget		Previously Achieved In 2020 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		Achieved	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
<p>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.</p>			
<p>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 (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)?</p>	<p>a) IVA obtained a schedule of all contracts awarded during the year under assessment. IVA compared the procurements listed in the schedule of contracts awarded in the year that was provided by the State and the procurements published online in line with OCDS by the State and confirmed that the schedules (schedule published online and the schedule provided by the state) are complete and comprehensive.</p> <p>IVA also compared the total contract amount awarded in 2021 as N26,807,746,595.31 with the CAPEX as N56,612,570,572 and identified differences of N29,804,823,976.69. IVA communicated the difference to the State and the State provided a circular (BPP/BD/CIR/VOL1/1) on the Execution of Projects outside Maiduguri through Direct Labour. “Pursuant to Section 43 & 44 of the Borno State Bureau on Public Procurement Law 2019 and owing to the security challenges in the state. The council of Borno State Bureau on Public Procurement in its sitting 31st December 2020 has directed that all projects that are</p>	<p>Satisfactory</p>	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>outside MMC and Jere are to be carried out through direct labour (Force Account).</p> <p>The council’s decision is necessitated by the rising Insecurity in the State, that might lead to abandonment of project and unnecessary variations in Contracts due to “Force Majeure”.”</p> <p>IVA concluded that the schedule is complete and comprehensive.</p> <p>b) The State published the information on all contracts awarded for the year under assessment above the threshold online. The Procurement Threshold is ₦250million. Some on the list contain contract below N250million because some of the contracts were awarded in lots.</p> <p>c) The list of contracts published online is complete based on a review against the schedule of all contracts provided.</p> <p>d) The data published is in line with the Open Contracting Data Standards (OCDS).</p> <p>e) The sources of publication are: https://bpp.bo.gov.ng/ocds/ https://bpp.bo.gov.ng/ocds/ministry-of-education/ https://bpp.bo.gov.ng/ocds/ministry-of-health-2/ https://bpp.bo.gov.ng/ocds/ministry-of-housing-and-energy/ https://bpp.bo.gov.ng/ocds/ministry-of-trade-investment-and-tourism/ https://bpp.bo.gov.ng/ocds/ministry-of-reconstruction-rehabilitation-and-resettlement-2/</p> <p>IVA searched the State’s procurement website where transactions of contracts were published under open contract, IVA went through all the contract information for</p>		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>each MDAs published to ascertain whether all contract information published are above the threshold online and are in line with the OCDS format.</p> <p>IVA observed that the online publication through the above link showed no contract above threshold were awarded by the Ministry of Works in 2021. https://bpp.bo.gov.ng/ocds/ministry-of-education/ https://bpp.bo.gov.ng/ocds/ministry-of-health-2/</p> <p>These links show just 1 contract each above threshold was awarded by the MDAs in 2021.</p> <p>https://bpp.bo.gov.ng/ocds/ministry-of-reconstruction-rehabilitation-and-resettlement-2/</p> <p>This shows 4 contracts above threshold awarded by the MDA in 2021. All were awarded on the same date in February 2021. (Note the threshold is high at N250m). The State is to note that there is a general awareness of the significant investment in regeneration in the North East over several recent years.</p> <p>The State is required to clarify; why no contracts above threshold were awarded by the Ministry of Works in 2021, why only 1 contract each was awarded in 2021 by the Ministry of Education and by the Ministry of Health and why all 4 contracts awarded by the Ministry of Reconstruction and Rehabilitation were awarded on the same date in February 2021. Amongst other explanations (Details are in the Appendices), the state responded as follows “Kindly be informed that Contract Awards by MDAs are subject to State Executive Council Approval and Budgetary Provisions; besides, the State’s expenditure pattern is guided by the debt/revenue ratio policy that might have affected the two Ministries. Also note that the 2 ministries had a lot of projects</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>that were above threshold in 2020 that rolled over to 2021 fiscal year.”</p> <p>IVA notes the State’s response on the contracts awarded in 2021 as well as those rolled over from 2020 FY.</p> <p>f) The minimum contract award information that was published are as follows:</p> <ol style="list-style-type: none"> a. Project name, b. awarding institution, c. award date, d. name of contractor, and e. the contract amount. <p>g) The items from (g) above were published.</p> <p>h) The weblinks of publication: https://bpp.bo.gov.ng/ocds/ https://bpp.bo.gov.ng/ocds/ministry-of-education/ https://bpp.bo.gov.ng/ocds/ministry-of-health-2/ https://bpp.bo.gov.ng/ocds/ministry-of-housing-and-energy/ https://bpp.bo.gov.ng/ocds/ministry-of-trade-investment-and-tourism/ https://bpp.bo.gov.ng/ocds/ministry-of-reconstruction-rehabilitation-and-resettlement-2/</p> <p>i) The contract award information published on the State official procurement website was accessible to the public.</p>		
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 implementation of at least five	<p>a) The State has implemented e-Procurement in four (4) MDAs namely: Ministry of Works, Ministry of Health, Ministry of Education and Ministry of Agriculture by 30th June 2022 and the e-procurement portal is https://e-procurement.bpp.bo.gov.ng/epps/home.do</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>modules: e-Registration, e-Publishing/Notification, e-Procurement Plan, e-Tendering and e-Evaluation/e-Awarding?</p> <p>b) IVA obtained a report on all transactions for the four MDAs during the period 1 January 2022 to 30 June 2022 directly from the e-procurement systems.</p> <p>c) IVA obtained a separate report of procurements for all four MDAs for the period 1 January 2022 to 30 June 2022 from the Accountant General.</p> <p>d) The go-live date for e-procurement at the 4 MDAs was on 14th September 2021. The State conducted a go-live session with all stakeholders to demonstrate the e-Procurement portal using a demo site. The date for the first project registered in the e-procurement portal for each of the 4 MDAs were:</p> <p>Ministry of Works: 31/12/2021</p> <p>Ministry of Health: 06/05/2022</p> <p>Ministry of Agriculture: 11/06/2022</p> <p>Ministry of Education: 11/05/2022</p> <p>However, this suggests no contracts were awarded between the go-live dates and the dates of the first projects. For the Ministries of Health and Education, this would mean a period of 8 to 9 months.</p> <p>Note the requirement for all procurements by the pilot MDAs to be conducted through the e-procurement system regardless of size, as from 1 Jan 2022 at the latest.</p> <p>The State is required to clarify the above observation.</p> <p>The State responded as follows:</p> <p>“...Furthermore, based on provisions of the verification protocols, the requirement for States to comply with is that “States will need to have had at least 6 months of transactions (for the period 1 January 2022 to 30 June</p>		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>2022)”- which the State has achieved for all its four MDAs including Ministry of Education and Health. In addition, while the Two MDAs might have awarded their first contracts in May, that is not enough to suggest that the System was not in use before this time. The time of award of any procurement transaction is a function of many things including the procurement or selection method, availability of fund, type of procurement, and in this case, the processes for the award of first sets of contracts under these MDAs started with preparation and publication of their Procurement Plans which happened in February, 2022, expectedly after budget approval...”</p> <p>IVA Notes the State’s response.</p> <p>e) IVA compared the system generated report for all four MDAs after go-live with all transactions after go-live stated in the Accountant General’s report for the period 1 January 2022 to 30 June 2022 and confirmed that they were conducted through the e-procurement system.</p> <p>f) IVA conducted a walkthrough of the 5 transactions from each MDAs. Four (4) categories of expenditure were selected from Goods and one (1) category of expenditure was selected from Services for the Ministry of Health. Two (2) categories of expenditure were selected from Goods and Works and one (1) category of expenditure was selected from Services for the Ministry of Works, Two (2) categories of expenditure were selected from Goods and Services and one (1) category of expenditure was selected from Works for Ministry of Education. Two (2) categories of expenditure were selected from services and three (3) categories of</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>expenditure were selected from Goods for the Ministry of Agriculture.</p> <p>g) The selected transactions followed the procurement life cycle.</p> <p>h) None of the parts of the transaction were conducted outside of the e-procurement system.</p> <p>i) The e-Registration, e-Publishing/Notification, e-procurement planning, e-Tendering, and e-Evaluation/e-Awarding modules have been implemented and had transactions processed through them for the period 1 January 2022 to 30 June 2022.</p> <p>j) The State had 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 2022 to 30 June 2022 (and for a minimum of six months within that period).</p> <p>k) IVA obtained screenshots of transactions for the 4 MDAs that were processed through the five minimum required modules after go-live for the period of 1 January 2022 to 30 June 2022.</p>		
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt, and 3) fiscal and debt rules/limits.		Previously Achieved in 2020 APA	
DLR 7.2	Quarterly state debt reports accepted by the DMO on average two months or less		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>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</p>			
1	<p>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?</p>	<p>We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <ul style="list-style-type: none"> • Q1 submitted on (07/05/2021) 37 days, • Q2 submitted on (16/08/2021) 47 days, • Q3 submitted on (09/11/2021) 40 days • Q4 submitted on (14/02/2022) 45 days. $\frac{37+47+40+45}{4}$ <p>Average = 42.25 days (6 weeks)</p> <p>The SDDRs were submitted within an average of 1.5 months (42.25 days).</p>	Satisfactory	
2	<p>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</p>	<ol style="list-style-type: none"> a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained. b) The State Domestic and External Debt Report (SDEDR) from the Federal DMO, CBN, and FMOF, along with all underlying data has been compared with the supporting documents (including the DMO templates and guidelines), as the DMO's Report on State 	n/a	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
	<p>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>Domestic and External Debt Report (SDEDR) has been provided to the IVA.</p> <p>We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the State Debt Domestic Report, as the DMO's Report on State Domestic and External Debt Report (SDEDR).</p> <p>We reviewed the DMO assessment report and the DMO report confirmed the <u>accuracy</u> and <u>completeness</u> of the State Domestic Debt Report.</p> <p>A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.</p> <p>c) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State have been compared with the State Audited Financial Statement.</p> <p>d) The debt stock figures reported in the SDDR have been compared with that of the State's Audited Financial Statement.</p> <p>e) There were discrepancies noted during the comparison.</p> <p>i. SDDR Figure: ₦95,629,388,229</p> <p>ii. AFS Figure: ₦71,045,342,178</p> <p>iii. Difference: ₦24,584,046,051</p> <p>f) An APA issue was raised on the difference above and the State is yet to respond.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		g) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State.		
3	Has the State published online the State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) by 31 December 2021?	<p>a) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published on the State official website.</p> <p>b) The date of publication of (SDSA-DMSR) was 17th December 2021.</p> <p>c) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published by 31 December 2021. Evidence of screenshots of back end from the IT staff affirming the date of publication was obtained.</p> <p>d) The web link is https://pfm.bo.gov.ng/wp-content/uploads/2021/12/Borno-State-Debt-Sustainability-Analysis-DSA-DMS-Report-2021.pdf</p>	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	<p>Upon review of the SDSA -DMSR, it included the following:</p> <p>(1) Adequate presentation of medium-term budget forecasts, including:</p> <p>a) Presentation of MTB forecasts in tables and with projected annual figures from 2021 to 2024.</p> <p>b) Description of assumptions underpinning the MTB forecasts from 2021 to 2024: a table with assumptions and corresponding explanations in writing.</p> <p>c) A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>and fiscal figures in the preceding calendar year?</p>		
	<p>d) 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 stock; contradictory or illogical statements or arguments, etc.)</p> <p>(2) A detailed and adequate description of the debt portfolio and borrowing options, including:</p> <ul style="list-style-type: none"> a) Presentation of debt and borrowing projections in the baseline scenario using charts with projected figures from 2021 to 2030. b) Description of assumptions underpinning the borrowing options presented: either a table with assumptions and corresponding explanations in writing. 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.) <p>(3) Adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year, which contains the following;</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> a) Presentation of revenue, expenditure, budget balance, and debt information, at least for 2020: in tables 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 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.) 		
<i>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</i>				
DLR 8.0	<p>Domestic arrears as of end 2020 and end 2021 reported in an online publicly accessible database, with verification process in place.</p> <p>AND</p> <p>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.</p> <p><u>Basic Target:</u> At least a 5 percent decline or maintain stock below 5 billion naira</p>		Achieved (Stretch)	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Stretch Target: More than 20 percent decline			
1	Has the State established an Arrears Clearance Framework (ACF)?	<ul style="list-style-type: none"> a) The State has established an Arrears Clearance Framework (ACF). b) IVA obtained a copy of the ACF from the State. c) The establishment of the ACF occurred by 30 June 2021. d) The ACF was established on 31st December 2020 and updated 31st December 2021 which is adequate to allow time for the implementation of the ACF. 	Satisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	<ul style="list-style-type: none"> a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled. b) Section 4 contains planned actions for clearance of Borno State domestic expenditure arrears, while section 9 contains prioritization of arrears for clearance. c) A schedule of arrears cleared in the year was obtained and mandates raised by the Accountant General to clear a sample size of the arrears were also obtained. The arrears cleared were in line with the prioritization principles contained in the ACF. 	Satisfactory	
3	Has the ACF been published on a State official website?	<ul style="list-style-type: none"> a) The ACF has been published on a State official website. b) IVA have downloaded a copy for validation. c) The web link was https://pfm.bo.gov.ng/wp-content/uploads/2022/01/Arrears%20Clearance%20Framework%202021.pdf and the IT backend has been obtained as evidence for the date of publication. 	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	<p>The clearance of domestic expenditure arrears is consistent with the ACF.</p> <p>The State prioritizes payment to Contractors, Pension and gratuity Arrears and Salary Arrears of 15.15% in 2021 as against 23.54% in 2020 in line with the policy No.5 of the ACF.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		IVA observed that these payments were made as enshrined in the AFS and copies of Payment vouchers obtained.		
5.	Has the State established an Internal Domestic Arrears Database?	<ul style="list-style-type: none"> a) The State has established an Internal Domestic Arrears Database b) The Internal Domestic Arrears Database includes the following: <ul style="list-style-type: none"> a. The aggregate and individual amounts of contractors' arrears was N4,597,211,066.01 b. The aggregate amount of pension and gratuity arrears was N6,687,588,221.76. c. The aggregate amount of salary arrears and other staff claims was N316,273,102.00. c) A verification process is in place for the arrears in the database. d) IVA confirmed through the SARVCR provided that the State conducted verification of arrears balances. e) IVA 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 (SARVCR). 	Satisfactory	
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?	<ul style="list-style-type: none"> a) The State has published online the required elements of the Internal Domestic Arrears Database as at the end of 2020 and 2021. b) IVA 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 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>accuracy of the information on the online publicly accessible arrears database.</p> <p>c) The website supporting the online publicly accessible arrears database contained 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 his/her claim. The State Ministry of Finance confirmed 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.</p> <p>d) IVA confirmed that the online web pages include a facility for contractors with arrears (creditors) to report any omissions to the State.</p> <p>e) The result of the test of the facility for contractors with arrears (creditors) to report any omissions to the State.</p> <p>f) Records obtained showed citizens were not using the feedback facility as appropriate, they sent in various requests that had nothing to do with contract complaints. Further inquiries showed the Contractors still prefer writing formally to the Debt Office, rather than engaging the portal.</p> <p>g) No valid omissions were submitted through the portal nor included in the internal domestic arrears database.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations								
		<p>h) The weblink to the online publicly accessible arrears database is https://pfm.bo.gov.ng/wp-content/uploads/2022/06/Comparison%20of%20Outstanding%20Contractors%20Arrears%202020-2021.pdf</p> <p>i) No additional records were made available to the IVA, further interaction with DMO personnel revealed that the feedback facility is not appropriately utilised; the Contractors still prefer writing formally to the Debt Office, rather than engaging the portal.</p>										
7.	<p>Does the online publication include?</p> <p>1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.</p>	<p>The online publication includes the aggregate amount for the four types of arrears as shown. Also, contains the names of contractors owed ₦20m in arrears and above.</p> <p>The weblink is https://pfm.bo.gov.ng/wp-content/uploads/2022/06/List%20of%20Outstanding%20Contractors%20Arrears%20and%20Contracts%20above%20Twenty%20Million%20as%20at%2031st%20Dec%202021.pdf</p>	Satisfactory									
8.	<p>Has the State met the following?</p> <p>(i) Percentage decline in the verified stock of domestic arrears at end 2021 compared</p>	<table border="1"> <thead> <tr> <th>Aggregate Amount of:</th> <th>2021 (₦)</th> <th>2020 (₦)</th> <th>Diff. (%)</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>4,597,211,066.01</td> <td>9,360.153,993.00</td> <td></td> </tr> </tbody> </table>	Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)	Contractors Arrears	4,597,211,066.01	9,360.153,993.00		Satisfactory	
Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)									
Contractors Arrears	4,597,211,066.01	9,360.153,993.00										

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
<p>to end 2020 meets target and is consistent with the state's arrears clearance framework.</p> <p>Basic target: At least a 5 percent decline or maintain stock below 5 billion naira</p> <p>Stretch target: More than 20 percent decline</p> <p><i>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.</i></p>	Pension and Gratuity arrears	6,687,558,221.76	11,085,524,552.30				
	Salary arrears and Staff claims	316,273,102.00	516,273,102.00				
	Judgment Debt						
	Other types of domestic expenditure arrears						
	Total Domestic Arrears	11,601,072,389.77	20,961,951,647.30	45%			
	<p>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</p> $\frac{\text{₦}20,961,951,647.30 - \text{₦}11,601,072,389.77}{\text{₦}20,961,951,647.30} \times 100 = 45\%$ <p>The percentage decline is 45%</p> <p>Source: State internal domestic expenditure arrears database.</p> <p>IVA further observed that the year-end balance for Contractor arrears shown on the Q4 SDDR (and signed off on 11/02/2022) is N21.182bn. This is also the figure reflected within the DMO SDEDR for 2021. The figure is different from the figure stated in these findings which is N4,597,211,066.01. The inconsistencies noted above need to</p>						

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>be explained by the State as they cast doubt on the figures in the AFS and SARVCR.</p> <p>Note that the SDEDR figures are the valid figures for calculations regarding debt, hence their inclusion as a separate table in the Annexes. Where there is a significant difference between the SDEDR and other sources of information, this needs to be explained/clarified by the State to avoid an incorrect conclusion.</p> <p>Also, the year-end balance for Pension and Gratuity arrears shown on the Q4 SDDR (and signed off on 11/02/2022) is N10.203bn. This is also the figure reflected within the DMO SDEDR for 2021. However, the figure above is different from the figure stated in these findings which is N6,687,558,221.76.</p> <p>The inconsistency noted needs to be explained by the State as it casts doubt on the figures in the AFS and SARVCR.</p> <p>The State is therefore required to reconcile and resolve the discrepancies between the figures in the Q4 SDDR and the SDEDR from DMO and submit the reconciliation statement to the IVA.</p> <p>The State responded to the above as follows:</p> <p>" After identifying that an error was made in Q4 SDDR 2021 report submitted to the DMO by the former Head of the State Debt Management. The New Head Debt Management Department immediately wrote a letter dated 19th August 2022 (a copy attached herewith) to the DMO signifying that figures for Contractors Arrears, Pension and Gratuity Arrears as well as Salary Arrears were wrong.</p> <p>A team was assembled by the Borno State Ministry of Finance to visit DMO Abuja and the following Arrears balances are</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>agreed with the DMO after the verification exercise as correct balances as at 31st December, 2021 and subsequently the correction will be reflected as such in the 3rd Qtr 2022 SDDR report due to be signed off within a week, the Draft Copy of the 3rd Qtr 2022 SDDR is attached.</p> <p>So, the correct Balances of Arrears as at 31st December, 2021 are:</p> <ul style="list-style-type: none"> i. Contractors Arrears N4,597,066.01 ii. Pension and Gratuity Arrears N6,687,588,221.76 iii. Salary Arrears N316,273,102.00 <p>The above balances are in agreement with the AFS and SARVCR report 2021.”</p> <p>IVA noted the State’s Response.</p>		
DLI 9: Improved Debt Sustainability				
DLR 9.0	<p>Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021</p> <p>AND</p> <p>Total debt stock at end of December 2021 as a share of total revenue for FY 2021 meets target:</p> <p>Basic target: < 120%</p> <p>Stretch target: < 95%</p>		Achieved (Base target)	
1	<p>Has the State met:</p> <p>(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</p>	<p>The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison.</p> <p><u>Total Public Debt*</u></p>	Satisfactory (base target)	

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations																						
<p>year of assessment (1st January to 31st December 2021)?</p> <p>-Basic target:< [120%] -Stretch target: < [95%]</p> <p>(ii) Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021.</p>	<table border="1" data-bbox="705 212 1413 602"> <thead> <tr> <th></th> <th>Financial Statements (₦)</th> <th>DMO/ SDEDR Figures (₦)</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>72,085,146,710.00</td> <td>101,577,627,245.57</td> </tr> <tr> <td>Total External Debts</td> <td>5,543,019,623.00</td> <td>8,196,147,181.13</td> </tr> <tr> <td>Total Public Debts</td> <td>77,628,166,333.00</td> <td>109,773,774,426.70</td> </tr> </tbody> </table> <p data-bbox="695 646 961 670">Total Annual Revenue</p> <table border="1" data-bbox="711 675 1392 946"> <tbody> <tr> <td>2021 Adjusted IGR (see DLI 4.2)</td> <td>20,420,742,426.00</td> </tr> <tr> <td>Gross FAAC Allocation**</td> <td>75,272,626,268.00</td> </tr> <tr> <td>Grants</td> <td>2,843,629,633.00</td> </tr> <tr> <td>Other Revenues</td> <td>206,000,000.00</td> </tr> <tr> <td>Total Revenue</td> <td>98,742,998,327.00</td> </tr> </tbody> </table> <p data-bbox="711 954 1398 1016">a) The IVA has obtained the State Domestic and External Debt Report (SDEDR) from the Federal DMO.</p> <p data-bbox="762 1060 1371 1122">We have computed the total debts stock / Revenue percentage for the 2021 year, as follows:</p> <p data-bbox="695 1166 1020 1190">DMO DEBT COMPUTATION</p> $ \frac{\text{₦ } 109,773,774,426.70 \times 100}{\text{₦ } 98,742,998,327.00} = 111.2\% $ <p data-bbox="695 1382 1003 1406">AFS DEBT COMPUTATION</p>				Financial Statements (₦)	DMO/ SDEDR Figures (₦)	Total Domestic Debts	72,085,146,710.00	101,577,627,245.57	Total External Debts	5,543,019,623.00	8,196,147,181.13	Total Public Debts	77,628,166,333.00	109,773,774,426.70	2021 Adjusted IGR (see DLI 4.2)	20,420,742,426.00	Gross FAAC Allocation**	75,272,626,268.00	Grants	2,843,629,633.00	Other Revenues	206,000,000.00	Total Revenue	98,742,998,327.00		
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	$\frac{\text{₦}77,628,166,333.00 \times 100}{\text{₦}98,742,998,327.00}$ <p style="text-align: center;">=78.62%</p> <p>We have computed the total debt service deduction / Gross FAAC Allocation percentage for the 2021 year, as follows:</p> $\frac{\text{₦}4,584,108,055.00 \times 100}{\text{₦}75,272,626,268.00}$ <p style="text-align: center;">=6.1%</p> <p>b) The IVA has obtained the Federal DMO State Domestic and External Debt Report (SDEDR) to compare the debt stock stated in the Federal DMO State Domestic and External Debt Report with the debt stock stated in the audited financial statement.</p> <p>c) The IVA has obtained the Federal DMO State Domestic and External Debt Report (SDEDR) and used it for the computation.</p> <p>Sources:</p> <ol style="list-style-type: none"> i. For Total Revenue 2021 Audited Financial Statement, Page Nos. 43 and 46 under Statement No. 3 for Consolidated Revenue Funds ii. For Total Public Debt from DMO* as at December 31, 2021 iii. NBS/OAGF (FAAC) <p>*Table 3(i) below holds a breakdown of the Total Debt. ** Refer to the FAAC table on DLI9 provided.</p>		

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

S/N	BORNO STATE	2021 - AMOUNT (₦)
1	BUDGET SUPPORT LOAN (SOURCE FMOF)	21,955,277,617.69
2	BAIL OUT (SALARIES) (SOURCE CBN)	20,907,056,769.38
3	RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
4	EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	7,217,952,670.41
5	STATE BONDS	-
6	COMMERCIAL BANK LOANS	11,914,485,056.12
7	CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
8	ACCELERATED AGRIC DEVELOPMENT SCHEME LOAN	1,164,175,419.11
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	5,481,474,998.40
14	ANCHOR BORROWERS PROGRAMME	4,252,643,053.63
15	OTHER FGN INTERVENTIONS	-
16	MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF)	2,030,277,513.66
17	JUDGEMENT DEBTS	-

S/N	BORNO STATE	2021 - AMOUNT (₦)
18	GOVT - GOVT DEBTS	-
19	CONTRACTORS' ARREARS	4,597,211,066.01
20	PENSION AND GRATUITY ARREARS	6,687,558,221.76
21	SALARY ARREARS AND OTHER CLAIMS	316,273,102.00
22	OTHER DEBTS	-
	TOTAL DOMESTIC DEBT (TDD)	121,783,468,933.90
	TOTAL EXTERNAL DEBT (TED)	8,196,147,181.13
	TOTAL PUBLIC DEBT (TED+TDD)	129,979,616,115.03

TABLE 3 (ii): DLI 9 31 DECEMBER 2021 - ADJUSTED REVENUE TABLES FOR BORNO STATE

TEMPLATE: OPTION A	₦
Item	2021
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	75,272,626,269
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	52,449,255,715
1.1.1 Gross statutory allocation	43,862,086,875
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	8,587,168,840
1.2 VAT	22,823,370,554
2. Internally Generated Revenues (IGR) – Adjusted	20,420,742,426
3. Grants (internal and external)	2,843,629,633
A. Other revenues (4.1 + 4.2 + 4.3)	206,000,000
4.1 Investment Income (e.g. dividends)	200,000,000
4.2 Interest Earned	6,000,000
4.3 Miscellaneous	
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	98,742,998,328

4. Response from the State

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

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	<p>DLR 3.0 Improved cash management and reduced revenue leakages through the implementation of State TSA</p> <p>Borno state commenced the implementation of the TSA in March 2020. However, the full directive to sweep all revenue to Main TSA Account fully commenced towards the end of the year 2020 and was fully deployed all through FY2021. By use of the Remita software as can be clearly seen in the Bank Statements presented to the IVA.</p> <p>Attached is a copy of the circular from the office of the Accountant-General specifically on ensuring the sweeping of all revenue after every two weeks to the Main TSA Account.</p>	<p>IVA notes the State's response and this has been reflected in the report.</p>
2	<p>DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money</p> <p>Borno State Response;</p> <ol style="list-style-type: none"> 1. The under-listed Contracts which were consummated through the e-procurement platform was actually a 2021 Project based on the fact that the whole bidding process including newspaper advertisement were accomplished before the end of the Year. <ul style="list-style-type: none"> • Construction of Road and Drainage Network within MMC and Jere (Lot 1) Awarded on 17th January, 2022 in the sum of ₦8,059,998,659.43 • Construction of Road and Drainage Network within MMC and Jere (Lot 2) Awarded on 17th January, 2022 in the sum of ₦2,852,724,641.45. <p>https://e-procurement.bpp.bo.gov.ng/epps/cft/prepareViewCfTWS.do?resourceId=2184</p> <p>https://e-procurement.bpp.bo.gov.ng/epps/cft/prepareViewCfTWS.do?resourceId=2184</p> <p>Please, be informed also that, the following projects by the Ministry of works from 2019 to 2020 that spilled over to 2021 fiscal year;</p> <ol style="list-style-type: none"> i. Dualisation from custom flyover bridge to Muna welcome gage 10km at N5,967,939,805.57 (commenced November, 2020 and was completed in December 2021) ii. Construction of Custom Flyover Bridge N4,289,871,693.00 (commenced Nov 2019 and completed December 2021) iii. Also note that there were Works that was handled through Direct Labour in Compliance with our Circular no; BPP/BD/CIR/VOLI/1 on the Execution of Projects outside Maiduguri and Jere through Direct Labour due to insecurity in the State. Notable of it is the Construction of Roads and Drainages within Askira Town, Askira Uba LGA at N1, 234,896,050. 2. For Ministry of Health, it is an error to state that the ministry had only one contract awarded in 2021 as the following contracts were awarded in 2021 and they are accessible in the OCDS Portal; 	<p>IVA Notes the States Response. This has been reflected in the reports.</p> <p>However, the the requirements for the 2021 FY is that all contracts above threshold should be published in line with OCDS while contracts awarded in 2022 should be done through the E-procurement in the 4 pilot MDAs at least.</p>

S/N	State Response to the draft report	IVA Follow-up, response, treatment
	<ul style="list-style-type: none"> • Construction of Obstetrics, Gynecology and Pediatrics departments on 6th April, 2021 in the sum of ₦2,115,967,201 • Construction of Ophthalmology and ENT department where bids were opened and preferred winner was declared on 25th November 2021 at the sum of ₦444,392,240.65 • Construction of central sterilization and Supply departments where bids were opened and preferred winner was declared on 25th November 2021 at the sum of ₦564,648,764.95 • Construction of Radiology department where bids were opened and preferred winner was declared on 25th November 2021 at the sum of ₦563,499,677.73 • Construction of Medical and Surgical department awarded on 16th June, 2021 in the sum of ₦1,753,903,508.00 • Procurement of drugs awarded on 11th August, 2021 in the sum of ₦349,898,136.00 https://bpp.bo.gov.ng/ocds/category/ministry-of-health/ • There was a contract for Construction of Two story buildings of 33 classrooms at Buratai Biu at the sum of ₦264,315,167.00 by the Ministry of Education which was matched to OCDS Publication of 2020 because it was initiated in November, 2020 but was awarded on 7th January, 2021. https://bpp.bo.gov.ng/ocds/wp-content/uploads/2021/03/education-OCDS.pdf <p>Kindly be informed that Contract Awards by MDAs are subject to State Executive Council Approval and Budgetary Provisions; besides, the State’s expenditure pattern is guided by the debt/revenue ratio policy that might have affected the two Ministries. Also note that the 2 ministries had a lot of projects that were above threshold in 2020 that rolled over to 2021 fiscal year.</p> <p>3. The Four contracts under reference were actually a SINGLE Contracts but in 4 Lots for ease of implementation and monitoring by the Ministry; the Total cost of the Project is ₦468, 963,855:00, attached are the Advertisement on National Dailies, Minutes of Meeting of the Ministerial Tenders Board, Request for Certificate of No Objection by the Procuring Entity and Certificate of No Objection duly issued by the Bureau for your perusal. Kindly note that the Ministry is not in any way avoiding monetary threshold by awarding the contracts in Lots as the Contract has been duly advertised in compliance with guidelines on Open Competitive Bidding. So, awarding them (all for Lots) in one day is not an exemption in procurement but a standard practice</p> <p>4. We note the comments of the IVA. However, the suggestion is incorrect, not factual, totally misleading and out of context, and at variance with the provisions of the verification protocols. “Go live” date by the definition under this DLI is a common date of 31st Dec, 2021, for all States, regardless of when each respective State actually achieved their go live. By this, procurement activities of States before this common go live date (which is 31st Dec, 2021), are not subject of assessment and the basis</p>	

S/N	State Response to the draft report	IVA Follow-up, response, treatment
	<p>for passing or failing DLI 6.2. Furthermore, based on provisions of the verification protocols, the requirement for States to comply with is that “States will need to have had at least 6 months of transactions (for the period 1 January 2022 to 30 June 2022)”- which the State has achieved for all its four MDAs including Ministry of Education and Health. In addition, while the Two MDAs might have awarded their first contracts in May, that is not enough to suggest that the System was not in use before this time. The time of award of any procurement transaction is a function of many things including the procurement or selection method, availability of fund, type of procurement, and in this case, the processes for the award of first sets of contracts under these MDAs started with preparation and publication of their Procurement Plans which happened in February, 2022, expectedly after budget approval.</p> <p>Furthermore, although, the State achieved its go live in September 2021, due to hard work, ahead of many other States, the verifications protocols only compelled States to carry out all transactions using the e-procurement System from Jan 2022, a protocol the State complied with, which was even corroborated by the IVA in their report, Para 2(h -j) as follows: “None of the parts of the transaction were conducted outside of the e-procurement system”, “The State had 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 2022 to 30 June 2022 (and for a minimum of six months within that period”.</p> <p>It is therefore misleading and contradictory to suggest that the procurement activities in these two MDAs are not “entirely credible and indicates it is likely contracts are being processed outside the e-procurement system”.</p> <p>Meanwhile, to satisfy your curiosity without conceding; that period was a trying period of shifting from paper to e-procurement, where training and capacity building of critical staff took place and there was also technical hitches in deploying and integrating payment gateway (Remita) that is not in Conformity with the European Dynamic system (Vendors of the E-procurement platform) which took a longer period of time to resolve.</p> <p>Finally, please be abreast that all the e-procurement transactions consummated in the four Pilot MDAs and OCDS publications by Borno State Bureau on Public Procurement were in strict compliance with the</p>	<p>IVA did not contradict itself based in Para 4(h-j) because sampling method was used and for the ones checked, they were conducted through the E-procurement. However, further observations were raised on other contracts and the adequacy of the contracts published online especially in the light of the State’s reconstruction efforts.</p> <p>The Technical hitches alluded to by the State due to the Remita gateway not being in conformity with the E-procurement platform and which took longer period to resolve forms part of the reasons IVA views the credibility of usage of the E-procurement system.</p>

S/N	State Response to the draft report	IVA Follow-up, response, treatment						
	<p>provisions of the Borno State Public Procurement Law, 2019 and the Verification Protocols issued by the IVA.</p>							
3	<p>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears After identifying that an error was made in Q4 SDDR 2021 report submitted to the DMO by the former Head of the State Debt Management. The New Head Debt Management Department immediately wrote a letter dated 19th August 2022 (a copy attached herewith) to the DMO signifying that figures for Contractors Arrears, Pension and Gratuity Arrears as well as Salary Arrears were wrong. A team was assembled by the Borno State Ministry of Finance to visit DMO Abuja and the following Arrears balances are agreed with the DMO after the verification exercise as correct balances as at 31st December, 2021 and subsequently the correction will be reflected as such in the 3rd Qtr 2022 SDDR report due to be signed off within a week, the Draft Copy of the 3rd Qtr 2022 SDDR is attached.</p> <p>So, the correct Balances of Arrears as at 31st December, 2021 are: Contractors Arrears N4,597,066.01 Pension and Gratuity Arrears N6,687,588,221.76 Salary Arrears N316,273,102.00 The above balances are in agreement with the AFS and SARVCR report 2021. Also attached is the reconciled figures of Arrears in the Q4 SDDR with the DMO. However, the CBN intervention loan facilities have not been finalized, for example while the AFS 2021 is recording a balance of N15,847,708,989, for Budget Support Facility the figure reported by the DMO presumably submitted by the CBN is recording N21,278,834.279.63. Thus, there is a difference of almost N5,431,125,290.63. This was an addition by the CBN to which no documentary evidence was submitted to the State up till now.</p> <p>Attached are the revised SDDR as agreed and reconciled with the DMO for: - a) 4th Qtr 2021 SDDR, b) 1st Qtr 2022 SDDR , c) 2nd Qtr 2022 SDDR and d) The Draft 3rd Qtr 2022 to be signed off by the DMO in confirmation of the Contractors', Pension & Gratuity and Salary Arrears figures reflected in the AFS 2021.</p>	<p>IVA notes the State's response and have reflected it in the SDDR for Q4 2021. IVA Notes the State's efforts to reconcile its data after making errors.</p> <p>IVA notes that the Q3 2022 SDDR will be corrected but this hasn't been done as at 03/11/2022</p>						
4	<p>DLI 9: Improved Debt Sustainability The Borno State Team was at DMO headquarters Abuja. The team were able to verify that the Total debt of Borno State even according to the DMO records is Not ₦129,979,616,115.03, but ₦103,825,535,410.40. Below is the Correct Total Debt of Borno State According to the DMO</p> <table border="1" data-bbox="302 1263 1005 1386"> <thead> <tr> <th data-bbox="302 1263 497 1386"></th> <th data-bbox="497 1263 743 1386">Financial Statements (₦)</th> <th data-bbox="743 1263 1005 1386">DMO/ SDEDR Figures (₦)</th> </tr> </thead> <tbody> <tr> <td data-bbox="302 1386 497 1386"></td> <td data-bbox="497 1386 743 1386"></td> <td data-bbox="743 1386 1005 1386"></td> </tr> </tbody> </table>		Financial Statements (₦)	DMO/ SDEDR Figures (₦)				<p>IVA Notes the State's response.</p>
	Financial Statements (₦)	DMO/ SDEDR Figures (₦)						

S/N	State Response to the draft report			IVA Follow-up, response, treatment																										
	Total Domestic Debts	72,085,146,710.00	95,629,388,229.27																											
	Total External Debts	5,543,019,623.00	8,196,147,181.13																											
	Total Public Debts	77,628,166,333.00	103,825,535,410.40																											
	<p>The total domestic debt reported by the DMO was N95,629,388,229.27 and Not N121,783,468,933.90. (See DMO link https://www.dmo.gov.ng/debt-profile/sub-national-debts/3854-states-and-fct-domestic-debt-stock-as-at-december-31-2021/file)</p> <p>Secondly, the total domestic debt figure Should be reduced by Arrears that were overstated as below</p> <table border="1" data-bbox="302 675 1136 1114"> <thead> <tr> <th></th> <th>Financial Statements (₦)</th> <th>SDDR wrong Figure (₦)</th> <th>Overstatement (₦)</th> </tr> </thead> <tbody> <tr> <td>Contractors Arrears</td> <td>4,597,211,066.01</td> <td>21,182,968,277.39</td> <td>-16,585,757,211.38</td> </tr> <tr> <td>Pension & Gratuity</td> <td>6,687,588,221.76</td> <td>10,203,777,493.47</td> <td>-3,516,189,271.71</td> </tr> <tr> <td>Salary Arrears</td> <td>316,273,102.00</td> <td>420,138,307.24</td> <td>-103,865,205.24</td> </tr> <tr> <td>Total Arrears</td> <td>11,601,072,389.77</td> <td>31,806,884,078.10</td> <td>-20,205,811,688.33</td> </tr> </tbody> </table> <p>Hence the total domestic debt should be N95,629,388,229.27 -N20,205,811,688.33 = N 75,423,576,540.94</p> <p>The new calculation should read as below:</p> <table border="1" data-bbox="308 1255 1018 1386"> <thead> <tr> <th></th> <th>Financial Statements (₦)</th> <th>Adjusted DMO/ SDEDR Figures (₦)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Financial Statements (₦)	SDDR wrong Figure (₦)	Overstatement (₦)	Contractors Arrears	4,597,211,066.01	21,182,968,277.39	-16,585,757,211.38	Pension & Gratuity	6,687,588,221.76	10,203,777,493.47	-3,516,189,271.71	Salary Arrears	316,273,102.00	420,138,307.24	-103,865,205.24	Total Arrears	11,601,072,389.77	31,806,884,078.10	-20,205,811,688.33		Financial Statements (₦)	Adjusted DMO/ SDEDR Figures (₦)				
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S/N	State Response to the draft report			IVA Follow-up, response, treatment
	Total Domestic Debts	72,085,146,710.00	75,423,576,540.94	
	Total External Debts	5,543,019,623.00	8,196,147,181.13	
	Total Public Debts	77,628,166,333.00	83,619,723,722.07	
	Total Annual Revenue			
	2021 Adjusted IGR (see DLI 4.2)	20,420,742,426.00		
	Gross FAAC Allocation**	75,272,626,268.00		
	Grants	2,843,629,633.00		
	Other Revenues	206,000,000.00		
	Total Revenue	98,742,998,327.00		
	a) From the Reconciliation of Arrears with DMO.			
	The re-computed the total debts stock / Revenue percentage for the 2021 year, are as follows:			
	Reconciled DMO DEBT COMPUTATION			
	$\frac{\text{₦}83,619,723,722.07 \times 100}{\text{₦}98,742,998,327.00}$			
	$= 84.68\%$			
	AFS DEBT COMPUTATION			
	$\frac{\text{₦}77,628,166,333.00 \times 100}{\text{₦}98,742,998,327.00}$			
	$=78.62\%$			
	In both Instances Borno State has achieved the stretch target.			
	Also			
	Total debt service deduction / Gross FAAC Allocation percentage for the 2021 year, remains as follows:			
	$\frac{\text{₦}4,584,108,055.00 \times 100}{\text{₦}75,272,626,268.00}$			
	$=6.1\%$			
	All indices have been achieved.			