



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

2021 Annual Performance Assessment (APA) Report

DELTA 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

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1. Executive Summary

This report details the outcome of the Annual Performance Assessment (APA) conducted on Delta 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 Delta State and shows areas where the State was able to achieve results. In total, Delta State achieved 14 (Fourteen) DLRs out of 15 DLRs applicable to the 2021 APA of which 3 (Three) DLRs were achieved in the 2019 and 2020 APAs.

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%		
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	2019	
	DLR 4.2: 2020-2021 annual nominal IGR growth rate meets target - Basic target: 20%-39% - Stretch target: 40% or more	Stretch Target Met	

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	2019	
	6.2 No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs AND For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available		
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	Stretch Target Met	
DLI 9: Improved debt sustainability	Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021 AND	Stretch Target Met	

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 8: The arrears clearance is done in line with the Arrears Clearance Framework (ACF).

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 the Debt Management Office (DMO), to review the legislation and returns in place in this 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 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 (Achieved or Not Achieved), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between 11/07/2022 and 15/07/2022 with a team of 6 (Six) 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 on the state website: https://www.deltastate.gov.ng/sftas/ And as follows:</p> <p>a) Q1 - https://www.deltastate.gov.ng/wp-content/uploads/2021/04/BPR3-C-Delta-State-BPR-Publication-Template-WL-FINAL-26-APR-21-CR.docx</p> <p>b) Q2 – https://www.deltastate.gov.ng/wp-content/uploads/2021/07/2021-DELTA-STATE-SECOND-QUARTER-Q2-BUDGET-EXECUTION-REPORT-BER.pdf</p> <p>c) Q3 – https://www.deltastate.gov.ng/wp-content/uploads/2021/10/DELTA-STATE-BUDGET-</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>EXECUTION-REPORT-FOR-3RD-QUARTER-2021_NGF.pdf</p> <p>d) Q4 - https://www.deltastate.gov.ng/wp-content/uploads/2022/01/DELTA-STATE-4TH-2021-QUARTER-BP-REPORTS.zip</p> <p>These websites were accessed on 11/7/2022.</p> <p>Dates of the online publication are as follows:</p> <ul style="list-style-type: none"> • Q1 – (27/04/2021) - 3.86 weeks (27 days) • Q2 – (28/07/2021) - 4.0 weeks (28 days) • Q3 – (27/10/2021) - 3.86 weeks (27 days) • Q4 – (28/01/2022) - 4.0 weeks (28 days) <p>Average days (weeks) for the online publication was computed based on the last 4 quarters, as below:</p> $\frac{27+28+27+28}{4} = 27.5 \text{ days (3.92 Weeks)}$ <p>IVA downloaded the quarterly budget Implementation Reports for all four quarters for the year 2021 and retained evidence of the timestamp of the publications.</p>		
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the	<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> <p>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.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
	<p>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>b) The Budget Implementation Reports included the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date.</p> <p>c) The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations.</p> <p>d) The State has a supplementary budget.</p> <p>e) The Budget Implementation Reports showed both the approved original budget AND the approved supplementary budgets in the 4th Quarter of the year, because the State passed the supplementary budget on 15/10/2021.</p> <p>The Budget Implementation Reports showed the Approved Original Budget and the Supplementary Budget for Q4 2021.</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	<p>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?</p>	<p>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, expenditure classification, as well as the actual cumulative expenditures for the year to date.</p>	Satisfactory	
4	<p>Does the report state balances against each of the revenue</p>	<p>The State's Budget Performance Reports showed the balances against each of the revenue and expenditure</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
	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?	appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which includes debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory													
DLR 1.2	FY [2021] deviation from total approved budget expenditure is less than 15%		Achieved													
1	<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 computed the budget deviation for 2021 to be 3.28%</p> <p>The IVA computed the budget deviation for this APA year as follows:</p> <table border="1" data-bbox="701 959 1419 1385"> <thead> <tr> <th></th> <th>Total Approved Budget (₦)</th> <th>Actual Outturn (₦)</th> </tr> </thead> <tbody> <tr> <td>Capital Exp. (Budget – Page 3)</td> <td>210,625,771,321.19</td> <td>127,954,189,742.59</td> </tr> <tr> <td>Rec. Exp. (Budget – Page 3)</td> <td>173,328,826,567.81</td> <td>254,242,902,807.79</td> </tr> <tr> <td>Total</td> <td>383,954,597,889.00</td> <td>382,197,092,550.38</td> </tr> </tbody> </table>		Total Approved Budget (₦)	Actual Outturn (₦)	Capital Exp. (Budget – Page 3)	210,625,771,321.19	127,954,189,742.59	Rec. Exp. (Budget – Page 3)	173,328,826,567.81	254,242,902,807.79	Total	383,954,597,889.00	382,197,092,550.38	Satisfactory	
	Total Approved Budget (₦)	Actual Outturn (₦)														
Capital Exp. (Budget – Page 3)	210,625,771,321.19	127,954,189,742.59														
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations								
		$\frac{\text{₦}383,954,597,889.00 - \text{₦}382,197,092,550.38}{\text{₦}383,954,597,889.00} \times 100$ <p style="text-align: center;">= 0.46%</p> <p>The budget performance deviation is 0.46%</p> <p>The breakdown of Total Actual Recurrent expenditure is as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Description</th> <th>Actual expenditure</th> </tr> </thead> <tbody> <tr> <td>Total Outflow – Operating Activities</td> <td>₦225,607,584,026.87</td> </tr> <tr> <td>Total Outflow – Financing Activities</td> <td>₦28,635,318,780.92</td> </tr> <tr> <td>Total Actual Recurrent Expenditure</td> <td>₦254,242,902,807.79</td> </tr> </tbody> </table> <p>Source: 2021 Audited Financial Statement (Cash flow Statement) Pages 51 & 52 and Approved Budget Page 1.</p>	Description	Actual expenditure	Total Outflow – Operating Activities	₦225,607,584,026.87	Total Outflow – Financing Activities	₦28,635,318,780.92	Total Actual Recurrent Expenditure	₦254,242,902,807.79		
Description	Actual expenditure											
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Total Actual Recurrent Expenditure	₦254,242,902,807.79											
DLI 2: Increased Openness and Citizens’ Engagement in the Budget Process												
DLR 2.1	<p>Citizens’ inputs from formal public consultations are published online, along with the proposed FY [2022] budget</p> <p>AND</p> <p>Citizens’ budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms</p>		Achieved									

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
1	<p>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>	<p>The documents obtained and reviewed included the Minutes, the Attendance Register and Pictures.</p> <p>a) IVA confirmed some of the LGAs that were in attendance to be: Sapele LGA - Mr. Ejiro Oro Ika South - Larry Oye Oshimili North - Monetei Emmanuel Isoko South - Chief Brooklyn. O. Essi Burutu LGA - Emiemene Okilo</p> <p>b) IVA confirmed some of the Citizens, Citizens groups, State-Based CBOs, State-Based CSOs representatives in attendance. they include:</p> <p><u>For State’s Based CSO</u> Initiative for Peace and Stability - Comrade Joy Tobele J. D Foh Foundation - Dr Bridget Affoh Value Rebirth Centre - Pastor Edewor Eyedegbe</p> <p><u>For State’s Based CBO</u> Noble Delta Women for Peace and Development International - Azike Ogechi Delta Export Group - Favoured Akpochimora - UPU youth wing, Urhobo – Egbe Ambrose</p> <p>c) The sources of information from which our conclusions were drawn were minutes, attendance, and pictures.</p> <p>d) The date for the consultation was 30-08-2021 and the venue of the consultation on the budget proposal</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>was the Unity Hall, Government House, Asaba, Delta State</p> <p>e) IVA called 10 attendees to confirm their attendance at the public consultation.</p> <p>f) The budget was drafted on 21-10-2021. IVA obtained evidence of budget presentation to the House of Assembly to confirm that the drafting of the budget took place after the consultation.</p> <p>g) The date of the consultation was 30-08-2021 and the date of the draft budget was 21-10-2021. The consultation was done first.</p> <p>h) The date of online publication of the proposed budget was 23-10-2021.</p> <p>i) It was published before the deadline of 31 January 2022.</p> <p>j) The web link for the publication of the proposed budget is https://www.deltastate.gov.ng/wp-content/uploads/2021/10/2022-Proposed-Budget.zip.</p> <p>k) This was accessed on 12-07-2022.</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	<p>a) The minutes of public consultation was co-signed by Pastor Edewor Eyedegbe from Value Rebirth Centre, a representative of the CSO. A copy of the minutes has been retained in file.</p> <p>b) The title of the document is “Report of the Delta State 2022 Citizens Budget engagement meeting held on Monday, 30th August 2021 at the unity hall, government house, Asaba” and date of the publication of the Minutes was 22-09-2021.</p> <p>c) The Organisations that the signatories represent are: (i) The Civil Based Organisation</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	citizens to find the inputs easily?	<p>(ii) The Civil Society Organisations</p> <p>(iii) Local Government</p> <p>(iv) The Non-Governmental Organisation</p> <p>(v) Civil Servants</p> <p>d) The web link to the publication is: https://www.deltastate.gov.ng/sftas2/ https://www.deltastate.gov.ng/wp-content/uploads/2021/09/General-Report-on-2022-Citizens-Budget-engagement.zip</p> <p>The date of publication was 22-09-2021 This was accessed on 12-07-2022.</p> <p>e) The published minutes were adequately sign-posted on the website.</p>		
3	Has the State published online, on the State website(s) a Citizens Budget based on the Approved Budget (2021) not later than 30 April 2021?	<p>a) The Citizens Budget, based on the Approved FY2021 Budget was published on 23-04-2021 before the due date via https://www.deltastate.gov.ng/wp-content/uploads/2021/04/DELTA-STATE-2021-CITIZENS-BUDGET-final.pdf.</p> <p>b) This was accessed on 12-07-2022.</p> <p>c) A comparison of the Approved FY2021 Budget with the Citizens Budget was done and there were no discrepancies.</p> <p>d) The Citizen's budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template as follows: i. Simple explanation of the annual approved budget/citizen's budget. Page 2</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> ii. The sources of revenues. Page 8 iii. Sources of domestic and foreign grants, domestic loans, and other financing sources. Page 9-10 iv. Total expenditure by economic classifications. Page 11 v. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap. Page 7-10 vi. Disclosure of Budget deficit and how it will be financed. Page 7-8 vii. Sectoral Allocation (by MDAs). Page 12 viii. Top Projects to be financed (at least 5). Page 13-15 <p>e) The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included.</p>		
4	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY21 state budget?	<p>a) The Citizens Budget included an explanation of the key components /information in the Approved FY21 Budget.</p> <p>We confirmed that the approved FY21 state budget was summarized in a comprehensible manner to the Citizens in the Citizens budget.</p>	Satisfactory	
5	Does the State website have functional feedback and response online mechanisms?	<ul style="list-style-type: none"> a) The State has established a functional feedback and response online mechanisms on its website. b) The type of feedback mechanism established on the State website is an online chat mechanism powered by Tidio. c) The State's feedback mechanism provides at a minimum: <ul style="list-style-type: none"> i. Acknowledgement of receipt of comments/feedbacks from citizens ii. State's responses to comments/feedbacks 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>iii. Display of timeframe and the State's government contact details.</p> <p>IVA has obtained screenshots evidence of all of the above items.</p> <p>d) IVA interacted with the online chat box and called the designated phone number +234 813 554 3579 on the website to ascertain the functionality of the feedback mechanism. IVA concluded that the feedback mechanism is working.</p> <p>e) A demonstration was done in the State Ministry of Finance to provide further evidence on how the State responded to feedback submitted online. IVA requested for some information using the online chat box, the state responded using the same medium. Screenshots from these feedbacks have been retained in the file</p> <p>f) The State's feedback mechanism is functional.</p> <p>g) The web link is https://www.deltastate.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 Citizen's Accountability Report 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 on September 30, 2021, and a copy has been retained on file.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>d) IVA Compared the full Annual Audit Report for the year 2020 with the Citizen's Accountability Report and there were no discrepancies.</p> <p>e) IVA obtained and reviewed the evidence of public consultations with Citizens to explain the FY2020 Financial Statement.</p>		
2	Has the State published a Citizens Accountability Report based on the Annual Financial statements/ Audit Report for FY 2020 not later than 30 September 2021?	<p>a) The Citizens Accountability Report based on the Annual Audit Report (2020) was published on 30-09-2021 via https://www.deltastate.gov.ng/wp-content/uploads/2021/09/2020-CAR-Report.zip It was accessed by IVA on 12-07-2022</p> <p>b) A comparison of the Annual Audit Report FY2020 with the Citizens Accountability Report 2020 was done and there were no areas of discrepancies.</p> <p>c) The Citizen's Accountability Report was prepared according to the Template provided to the State. This was confirmed by identifying the following:</p> <ul style="list-style-type: none"> i. Simple explanation of the Citizens Accountability Report and Executive Summary. Pages 2-4 ii. The Budget Outturn. Pages 5-8 iii. The Revenue Outturn. Pages 9-13 iv. The Expenditure Outturn. Pages 14-17 v. The Audit Findings. Pages 18-22 vi. The Audited Financial Statements. Pages 23-26 vii. Top Sectoral Allocations. Pages 27-35 viii. Top Value Capital Projects. Pages 36-37 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>ix. Citizens-Nominated Projects-Implementation Status Report. Pages 38-43</p> <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) The Citizen's Accountability Report presented in a summarized manner the Audited Financial Statements.</p> <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 that was held has been obtained. It included a presentation of the Annual Financial Statements i.e., the Citizen's Accountability Report for 2020. IVA have retained the copies of the evidence obtained in the file.</p> <p>We confirmed that the FY2020 Annual Audit Report was summarized in a comprehensible manner to the Citizens in the Citizens Accountability Report. We further confirmed that the CAR was published online by the deadline and presented at a public consultation held on 30-08-2021.</p>	Satisfactory	
<i>DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA</i>				
DLR 3.0	Improved cash management and reduced revenue leakages through the implementation of State TSA		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State established a functional State-level TSA?	<p>a) Delta State has established a functional state-level TSA.</p> <p>b) Delta State operates one TSA. The State TSA is domiciled with Zenith Bank Plc. The account name is DTSG FAAC Account and the account number: 1012906702</p>	Satisfactory	
2	<p>Is there a formally approved cash management strategy in place?</p> <p>The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.</p>	<p>Delta State has an approved Cash Management Strategy</p> <p>a) The document's title is "Cash Management Strategy for the State"</p> <p>b) The document was prepared by the Accountant General of the State on the 25th of August 2020. The document was approved by the Executive Governor of the State on the 28th of August 2020.</p> <p>c) The State Cash Management Strategy has a provision through which the State Ministry of Finance can forecast cash commitments and requirements and provide reliable information on the availability of funds. This was contained in paragraph VII and VIII of the Cash Management Strategy.</p> <p>d) The strategy provides for sweeping of cash monthly.</p> <p>e) The evidence of compliance on sweeping of balances of other collecting banks to the State TSA has been obtained. IVA reviewed the TSA bank statement and noted receipt of balances from other collecting banks to the State TSA.</p>	Satisfactory	
3	Does the TSA have a system of cash management that	The State has an application where it can view the cash balances in the TSA.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	<p>a) The State uses Xpress Payment Solutions Limited. The State also has REEMs (Revenue Enhancement & Electronic Monitoring System). There are online and real-time platforms where the government and revenue officials in the State (and within specific MDAs) can monitor and track State revenue from all its revenue collecting bank accounts. The dashboard indicates different outcomes such as total transactions per time, cash equivalent of such transactions, revenue categorization per bank and MDAs, etc.</p> <p>b) The IVA confirmed that the System in use is in line with the State Cash Management Strategy. The Xpress Payment Solutions Limited's e-cashier platform has the capability for single view of all collections.</p> <p>c) The Application was deployed in December 2016</p>		
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	<p>a) The IVA administered questionnaires to representatives of the revenue generating MDAs that were visited. The MDAs are the Ministry of Health, Education, Lands & Survey, and Transportation. Responses to their respective questionnaires were obtained and retained in the assessment file.</p> <p>From these engagements, it was noted that the MDAs do not currently collect cash from fee payers in their respective MDAs.</p> <p>According to the MDAs, they generate a code which is then used for payment of the taxes, fees, or levies in the bank. A fee payer is then required to visit any of the collecting banks to make payment and ensure that an e-receipt for payment is generated and given to the fee payer. MDAs do not have access to print e-receipt</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
		<p>thereby compelling taxpayers to go through the bank. Samples of the Codes and the e-receipt were obtained from the State.</p> <p>MDAs monitor inflow and outflow into their respective accounts through the REEMS platform.</p> <p>b) The State TSA is known as DTSG FAAC Account, Account no. 1012906702 with Zenith Bank</p> <p>c) All the State Government Finances (FAAC, VAT, and IGR) go through the designated TSA of the State.</p> <p>d) The State MDAs no longer collect or keep cash, as all payments are made in the bank, where e-receipts are generated for fee payers. Also, Xpress Payment Solution Limited (TSA Dashboard) ensures that the revenue collected by the various banks is swept in line with the Cash Management Strategy. As a result, monies no longer sit in the MDAs or the revenue collecting banks.</p> <p>e) A copy of the State TSA Bank Statement with Zenith Bank Account number 1012906702 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 Consolidated 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>350,153,640,504.90</td> <td>350,072,909,223.76</td> </tr> <tr> <td>Government Finances*</td> <td>375,667,060,860.88</td> <td>382,197,092,550.38</td> </tr> <tr> <td>Percentage</td> <td>93.21%</td> <td>91.59%</td> </tr> </tbody> </table>		Total Inflows (₦)	Total Outflows (₦)	TSA Bank Statement**	350,153,640,504.90	350,072,909,223.76	Government Finances*	375,667,060,860.88	382,197,092,550.38	Percentage	93.21%	91.59%	Satisfactory	
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Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>The average percentage computation is:</p> $\frac{93.21\% + 91.59\%}{2} = 92.40\%$ <p>The IVA raised an APA issue report to the state, seeking explanations on the differences observed between the total inflows and outflows identified in the TSA Bank Statement and the Consolidated Cash flow Statement, and the State responded thus:</p> <p>“The revenue generated by Universities and other Higher institutions were recognised in the AFS since they are part of the State’s revenue. They are however, collected and utilized by the institutions in line with their autonomous status.”</p> <p>Furthermore, from the review of the TSA Bank Statement, the IVA identified 18 “ECA” and 18 “Bailout” transactions, accounting for ₦2,352,158,637.82 and ₦1,368,668,027.35 in the bank statement respectively. These transactions had both credit and debit entries of the same amount in the TSA statement. IVA raised an APA issue requesting for clarification on these transactions, and the State responded thus:</p> <p>“The ECA and Bailout repayments are direct ISPO instructions on the OAGF to debit the State’s statutory allocation at source and credit the State FAAC (TSA) Account. The State also has an instruction on the Bank (Zenith) to subsequently debit the account in repayment of the facility”.</p> <p>The State further provided evidence as follows;</p> <ol style="list-style-type: none"> i. ISPO for 240 months, 		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																								
	<p>ii. ISPO for 120 months, and</p> <p>iii. Deductions from FACC</p> <p>Following the clarification and evidence provided by the State, IVA concluded that the transactions were valid.</p> <p>Also, the IVA identified reversed transactions in the TSA Bank Statement and deducted the same from the total inflow and outflow calculated for the State's TSA Account. This is presented in the table below:</p> <table border="1" data-bbox="695 545 1394 885"> <thead> <tr> <th></th> <th>Credit (Inflow) ₦</th> <th>Debit (Outflow) ₦</th> </tr> </thead> <tbody> <tr> <td>Initial balance on the cash flow**</td> <td>350,153,640,504.9</td> <td>350,072,909,223.76</td> </tr> <tr> <td>Reversals identified and deducted</td> <td>41,231,018,372.87</td> <td>41,231,018,372.87</td> </tr> <tr> <td>Credit and debit balance after deducting reversals</td> <td>308,922,622,132.03</td> <td>308,841,890,850.89</td> </tr> </tbody> </table> <p>Based on the deductions done above, the IVA recomputed the percentage of government revenue that went through the TSA (using the revised TSA balances). The recalculation is as follows:</p> <table border="1" data-bbox="695 1094 1394 1347"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>Revised TSA Bank Statement**</td> <td>308,922,622,132.03</td> <td>308,841,890,850.89</td> </tr> <tr> <td>Government Finances*</td> <td>375,667,060,860.08</td> <td>382,197,092,550.38</td> </tr> <tr> <td>Percentage</td> <td>82.23%</td> <td>80.81%</td> </tr> </tbody> </table> <p>The average percentage computation is:</p>		Credit (Inflow) ₦	Debit (Outflow) ₦	Initial balance on the cash flow**	350,153,640,504.9	350,072,909,223.76	Reversals identified and deducted	41,231,018,372.87	41,231,018,372.87	Credit and debit balance after deducting reversals	308,922,622,132.03	308,841,890,850.89		Total Inflows (₦)	Total Outflows (₦)	Revised TSA Bank Statement**	308,922,622,132.03	308,841,890,850.89	Government Finances*	375,667,060,860.08	382,197,092,550.38	Percentage	82.23%	80.81%		
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{82.23\% + 80.81\%}{2}$ <p style="text-align: center;">=81.52%</p> <p>The TSA covered 82 % of the State's finances.</p> <p>Sources: *2021 Audited Financial Statement (Cash flow Statement) Pg.51 & 52 **TSA Statement from Zenith Bank Plc. for the period covering 1st January 2021 to December 31st, 2021.</p>		
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		Achieved in 2019 APA	
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments	This DLR was previously achieved in the 2019 APA	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	(falling under that State) IGR sources and rates?			
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	This DLR was previously achieved in the 2019 APA	Satisfactory	
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	This DLR was previously achieved in the 2019 APA	Satisfactory	
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2021.	This DLR was previously achieved in the 2019 APA	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																																				
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	This DLR was previously achieved in the 2019 APA	Satisfactory																																					
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?</p> <p>Basic Target: 20% - 39%</p> <p>Stretch Target: 40%</p>	<p>a. The Accrual Basis of accounting was used for the Audited Financial Statement in FY2020 and FY2021.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA.</p> <p>See the computation below:</p> <table border="1"> <thead> <tr> <th>REPORTING TEMPLATE: OPTION A</th> <th>₱</th> <th>₱</th> <th>% GROWTH</th> </tr> <tr> <th>Item</th> <th>2020</th> <th>2021</th> <th></th> </tr> </thead> <tbody> <tr> <td>Memo: Reported IGR in AFS (Before Adjustments)</td> <td>56,538,346,458</td> <td>80,498,079,826</td> <td>42%</td> </tr> <tr> <td>VALID IGR items to be counted as IGR</td> <td>56,252,242,343</td> <td>79,267,303,554</td> <td></td> </tr> <tr> <td>Direct tax</td> <td>54,592,689,731</td> <td>66,397,255,271</td> <td></td> </tr> <tr> <td>Licenses</td> <td>222,121,553</td> <td>1,419,488,122</td> <td></td> </tr> <tr> <td>Fees</td> <td>447,649,712</td> <td>3,375,787,149</td> <td></td> </tr> <tr> <td>Fines</td> <td>106,088,801</td> <td>326,222,069</td> <td></td> </tr> <tr> <td>Sales of goods and services</td> <td>439,657,401</td> <td>10,311,500</td> <td></td> </tr> </tbody> </table>	REPORTING TEMPLATE: OPTION A	₱	₱	% GROWTH	Item	2020	2021		Memo: Reported IGR in AFS (Before Adjustments)	56,538,346,458	80,498,079,826	42%	VALID IGR items to be counted as IGR	56,252,242,343	79,267,303,554		Direct tax	54,592,689,731	66,397,255,271		Licenses	222,121,553	1,419,488,122		Fees	447,649,712	3,375,787,149		Fines	106,088,801	326,222,069		Sales of goods and services	439,657,401	10,311,500		Satisfactory	
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Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		Earnings (Excluding interest or investment income)	439,657,401	41,712,934			
		Rent of govt. property/building	1,466,444	1,153,000			
		Rent on govt land and others	2,911,301	5,814,000			
		Revenue from Higher Institutions	2,911,523,736.00	6,943,803,334			
		Hospital MGT Board	421,342,087.06	745,756,176			
		"Adjusted IGR" for DLI 4.2 Calculation					
		Sum of all VALID items of IGR if AFS has that detail	56,673,584,431	79,267,303,554	39.87%		
		$\frac{\text{₦}79,267,303,554 - \text{₦}56,673,584,431}{\text{₦}56,673,584,431} \times 100 = 40\%$ <p>The annual nominal growth was 39.87%</p> <p>Source: 2021 Audited Financial Statement (Cashflow Statement - Pg. 51 & 52), Note 4 (Pg. 58), Note 9 (Pg. 66), and Notes 55 & 58 (Pg. 86)</p>					
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud							

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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			
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 its Biometric capture of Civil Servants and Pensioners in 2010.</p> <p>a) The biometrics capturing for the state was outsourced to a consultant called Hecker Bella Limited from 2010. The consultant completed the biometrics exercise in August 2020.</p> <p>b) The total number of Civil Servants reported by the State is 49,075</p> <p>c) The total number of pensioners reported by the State is 8,037</p> <p>d) The total number of Civil Servants and Pensioners on the State Nominal roll and Payroll is 57,112.</p> <p>e) The total number of Civil Servants and Pensioners reported in the 2020 APA is 48,547 and 7,959 respectively. This summed up to 56,506 individuals on the State's payroll during that 2020 assessment period. In 2021, the total number of civil servants and pensioners is 49,075 and 8,037 respectively, totaling 57,112 individuals for the 2021 assessment period.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>IVA compared the numbers reported for the 2020 and 2021 APA and identified an increase of 528 Civil Servants and 78 Pensioners. This resulted in a 1.08% and 0.97% increase to the civil servant and pensioner database, respectively. This is an aggregate increase of 1.02% for the Pensioners and Civil Servants' records when compared with the 2020 records. This is below the 10% threshold and hence not significant.</p> <p>f) The State has captured 100% of its Civil Servants and pensioners on its biometrics database. As of December 31, 2021, the State had captured a total number of 105,456 persons on its biometric database. The IVA confirmed that the number on the biometrics database included the total number of persons registered from the inception of the State biometric process. This included serving officers, retired officers, late or dismissed officers, currently serving political office holders and past political office holders, present and past NYSC members, interns, as well as late and active pensioners. The 57,112 active civil servants and pensioners in the State as of 31st December 2021 were included in the biometrics database.</p> <p>g) To arrive at the conclusion above, IVA selected 40 samples (20 civil servants and 20 pensioners) from the payroll and confirmed that their records were included in the biometrics database. The following documents were also obtained to reach the conclusion:</p> <ol style="list-style-type: none"> i. Report from the Office of the Head of Service (Governor's Office) on the State's biometric and BVN records for civil servants and pensioners in 2021. ii. Payroll Summary 		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		iii. Nominal roll summary iv. Sample from Deletion file v. Biometrics register summary vi. Sample from new inclusions and entrants' file vii. Monthly payroll summary for civil servants and pensioners from January to December 2021 $\frac{57,112 \times 100}{49,075 + 8,037} = 100\%$ <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?	a) The State commenced its Biometric capture of Civil Servants and Pensioners in 2010. After the commencement of the biometrics capturing exercise, biometrics data capture continued as a prerequisite to including an individual on the State's payroll. As a result, although biometrics data capture started in 2010, it is still a continuous process for the State. b) Biometrics capture is a prerequisite to payroll linkage. As a result, all personnel on the payroll in 2021 had been captured on biometric. In quantitative terms, this sums up to 57,112 personnel (49,075 civil servants and 8,037 pensioners) in 2021. c) The State did not identify any ghost worker between 1st January 2021 till 31st December 2021. d) The State did not identify any ghost worker during the assessment period, thus, there was no money saved. e) There were in-year changes to the civil servant and pensioner payrolls because of starters, leavers, deaths, etc. captured by the biometric exercise.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>f) The procedures in place for ensuring timely updates to the payroll to reflect leavers, retirees, and deaths are as follows:</p> <ul style="list-style-type: none"> i. On a monthly basis, the State conducts a pre-payment audit through the Audit Unit of the State's office of the Accountant-General. During this period, MDAs are required to provide updates on their staff records, which is then reflected on the monthly payroll computation for the State. During this activity, the State identifies staff records that should be excluded from the payroll (for reasons such as death, absconding, etc.). IVA obtained copies of these reports and retained them as evidence. ii. The payroll system is automated to delete staff records who have reached the end of their service with the State, either because of their age (maximum of 60) or because of their years in service (maximum of 35 years). iii. The State maintains an oversight on pensioners payroll through its Treasury Cash Offices (TCOs) present in all LGAs in the State. Pensioners are required to check-in with their TCOs on a quarterly basis to confirm that they are still alive. In the cases of protracted absence of pensioners, TCOs make enquiries to ascertain that such pensioners are still alive. Information on pensioners' death is forwarded to the State for deletion from payroll. IVA confirmed that TCOs were mapped to each pensioner on the State's pensioners database. 		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>g) There were changes to the civil servant and pensioner payrolls during the fiscal year because 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:</p> <ul style="list-style-type: none"> i. For pensioners-The various Treasury Cash Officers in the LGAs do Quarterly screening and death cases are sent to the computer center for deletion (where it arises). ii. For retirees the system automatically deletes an employee who reached the age of retirement. iii. For civil servants, the monthly payroll audit conducted across all MDAs serves as a control to eliminate ghost workers in the system. Each MDAs have a payroll verification committee and an Accounting Officer who accounts for the payroll summary per month and sends it to the State for reconciliation. It is only after the approval of these monthly payroll reports (and updates made) that payments are made to civil servants. 		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	<p>a) The State did not identify any ghost worker during its biometric linkage.</p> <p>b) The State did not identify ghost workers between 1st January and 31st December 2021. As such, there was no record/ documentation of ghost workers during the assessment period.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>c) The State did not identify ghost workers from its payroll between 1st January to 31st December 2021. As such, there was no record of a date/month when ghost workers were removed from the payroll.</p> <p>d) The total emoluments of employees and pensioners between 1st January and 31st December 2021 was ₦93,930,782,576.97.</p> <p>e) There was no ghost worker identified or removed from the payroll, as such the total emolument for the assessment period remained the same.</p> <p>f) The documents obtained from the State are:</p> <ol style="list-style-type: none"> i. Report on Delta State's Biometric and BVN Records for Civil Servants and Pensioners in 2021. ii. Comprehensive wage bills for pensioners and civil servants from January to December 2021 iii. Records of 2021 Gross Pay to public servants, DELSU and pensioners between January to December 2021 (from the Office of the head of Service - Computer Centre) iv. Sample from Deletion file v. Sample from new inclusions and entrants' file. vi. Monthly payroll update sample. 		
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	The State commenced BVN verification and linkage to its payroll data in 2018. After the kick-off, BVN linkage has	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations	
	<p>95% of its current Civil Servants and pensioners on the State payroll?</p>	<p>been a prerequisite to linking employee bank details to the payroll. Presently, no payment is made without bank details (which mandatorily has a BVN linked to it).</p> <p>a) The BVN linkage was not done separately from the biometrics database. As such, there was no separate consultant for the BVN linkage.</p> <p>b) The total number of civil servants and pensioners are 49,075 and 8,037 respectively which sums up to 57,112 personnel.</p> <p>c) BVN registration is a prerequisite to linking bank accounts to payroll. As such, 100% (57,112 personnel) of the payroll and nominal roll data have been linked to BVN.</p> <p>d) IVA obtained the following documents to reach the above conclusion:</p> <ol style="list-style-type: none"> i. Report on Delta State’s Biometric and BVN Records for Civil Servants and Pensioners in 2021 (from the Office of the Head of Service) ii. Sample of 20 civil servants and 20 pensioners to verify the linkage of their BVN records to their payroll and biometrics details. iii. Sample from new inclusions and entrants’ file. $\frac{57,112}{49,075 + 8,037} \times 100 = 100\%$ <p>The State has linked 100% of its Civil Servants and Pensioners’ BVN data to the payroll.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Has the State taken steps to identify payroll fraud?	<p>a) The State had no record of payroll fraud during the 2021 assessment period.</p> <p>b) There was no record kept for payroll fraud during the assessment period. This is because no ghost worker / payroll fraud was identified during the 2021 assessment period.</p> <p>c) There was no payroll fraud as identified for the 2021 assessment period.</p> <p>d) The total emoluments of employees and pensioners for the 2021 assessment period was ₦93,930,782,576.97.</p> <p>e) IVA did not calculate payroll fraud deductions from the total emoluments in 2021 because there was no recorded case of payroll fraud during the 2021 assessment period. As a result, the total emoluments for employees and pensioners did not change.</p> <p>f) The sources of information for the conclusions contained above are:</p> <ul style="list-style-type: none"> i. Report on Delta State’s Biometric and BVN Records for Civil Servants and Pensioners in 2021 from the Office of the Head of Service (Governor’s Office) ii. Delta State Government (2021 Gross Pay) from the Office of the Head of Service (Computer Centre) iii. Audited Financial Statement for the 2021 financial year 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<ul style="list-style-type: none"> iv. Pensioners Wage Bill (Global Monthly Payroll Summary) for all the months in the year v. Civil Servants Wage Bill (Global Monthly Payroll Summary) for all the months in the year. vi. Sample selection from the total list of deletions in 2021 vii. Sample selection from the total list of inclusions (new entrants) in 2021. 		
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget		Previously Achieved in 2019 APA	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	This DLR was Previously Achieved In 2019 APA		
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1)	This DLR was Previously Achieved In 2019 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.			
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency, or any other type of entity set up for the statutory purpose?	This DLR was Previously Achieved In 2019 APA		
DLR 6.2	No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs AND For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	website or online portal if available.			
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (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>a) IVA obtained a schedule of all contracts awarded during the year under assessment. i.e Jan 2021-Dec 2021.</p> <p>b) In a bid to check for the completeness of the contract schedule for 2021, IVA compared the total contracts awarded per the schedule provided by the State with the actual capital expenditure for the year in the AFS FY2021. IVA noted that the total contract sum from the schedule provided by the state was ₦135,297,821,045.69 while the actual capital expenditure in the 2021 AFS is ₦127,784,922,685.24. This resulted in a difference of ₦7,512,898,360.45</p> <p>IVA has communicated these findings to the State, and the state responded as follows:</p> <p>“The difference between the “total contracts awarded per the schedule published online by the State is not in line with the actual capital expenditure for the year” as observed is attributed to the following reasons:</p> <ol style="list-style-type: none"> i. That the state budget is prepared to accommodate ongoing/outstanding commitments which the budget circular issued during preparation of the annual clearly state the % of funds to be set aside for this purpose; ii. That payments for jobs executed are based on certificates issued by appropriate authorities; iii. That the bulk of the payments for year 2021 as contained in the AFS are for jobs awarded in preceding years; and iv. That jobs awarded in year of assessment may not be due for payments because they were yet to be delivered and certified; It should also be noted that the capital expenditure budget and payments are for the acquisition of assets which are mainly infrastructure and in most cases span a period of more than the fiscal year in question.” 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>c) IVA is satisfied with the explanation. The State published the information on all contracts awarded for the year under assessment. The state does not have a publication threshold as it publishes all contracts awarded.</p> <p>d) IVA confirmed the completeness of the list of contracts published online.</p> <p>e) The data published is in line with the Open Contracting Data Standards (OCDS).</p> <p>f) The source of the publication is https://ocds.deltappc.dl.gov.ng/open-contracting-table/</p> <p>IVA interacted with the database administrator of the Public Procurement Commission and visited the OCDS and E-procurement platforms online to ascertain whether all published contract information is in line with the OCDS format. We concluded that the published contract details are in line with the OCDS format.</p> <p>g) The minimum contract award information that was published were:</p> <ol style="list-style-type: none"> i. Project name, ii. Awarding institution, iii. Award date, iv. Name of contractor, and v. The contract amount <p>h) There were no items from (g) above that were not published.</p> <p>i) The web link where data was published was https://ocds.deltappc.dl.gov.ng/open-contracting-table/</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		j) The contract award information published on the state official website was accessible to the public.		
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 modules: e-Registration, e-Publishing/Notification, e-Procurement Plan, e-Tendering and e-Evaluation/e-Awarding?	<p>a) The State has implemented e-procurement in at least four (4) MDAs including Education, Health, Works and Energy by 30th June, 2022.</p> <p>b) A report on all transactions for the four MDAs during the period 1st January, 2022 to 30th June, 2022 directly from the e-procurement systems was obtained.</p> <p>c) A separate report of procurements for all four MDAs for the period 1st January, 2022 to 30th June, 2022 from the accountant-General was obtained</p> <p>d) The go-live date for e-procurement at the 4 MDAs is 31-12-2021, and the evidence obtained to prove the go-live date for each of the five expected minimum functionalities is the first awarded contract which was on 31-12- 2021.</p> <p>e) For all four MDAs after go-live, a comparison with the system generated report was done and IVA confirmed that all transactions after go-live stated in the Accountant General's report for the period 1 January, 2022 to 30 June, 2022 were conducted through the e-procurement system.</p> <p>f) A sample of five (5) transactions at random for each of the 4 MDAs was selected and a walkthrough test of the procurement lifecycle was conducted. i.e 20 samples of contract information were chosen and IVA conducted a test via the e-procurement portal by interfacing with it to confirm if any part of the contract transaction or whole transaction did not pass through the procurement life cycle.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>g) The selected transactions followed the procurement lifecycle.</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/e-Notification, e-Tendering and e-Evaluation/ e-Awarding modules have been implemented and 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) The evidence obtained for the selected sample transactions contract folders of the 20 selected contracts have been retained in the assessment file.</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	
1	Is there an Approved state-level public debt legislation	This DLR was previously achieved in the 2020 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law?			
2	Does the legislation include provisions that establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	This DLR was previously achieved in the 2020 APA		
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording and reporting state debt?	This DLR was previously achieved in the 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</p> <p>AND</p> <p>Annual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021</p>			
<p>1</p> <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>a) The state submitted quarterly State Domestic Debt Reports (SDDR) (final versions) to the DMO on an average of <u>2</u> months after the end of each quarter.</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 (20/05/2021) - 50 days after the quarter end, ● Q2 submitted on (17/08/2021) - 48 days after the quarter end, ● Q3 submitted on (16/11/2021), - 47 days after the quarter end and ● Q4 submitted on (18/02/2022). - 49 days after the quarter end. $\frac{50+48+47+49}{4} = \frac{194}{4} = 48.5\text{days}$ <p>Average = 6.93 Weeks (48.5 days)</p>	<p>Satisfactory</p>	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>Average = 1.73 Months</p> <p>The SDDR were submitted within an average of 1.73 Months (48.5 days).</p>		
2	<p>Note: Have you reviewed for accuracy and completeness from the DMO:</p> <p>The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO, and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.</p>	<p>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.</p> <p>We reviewed the DMO 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>b) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State have been compared with the State Audited Financial Statement.</p> <p>c) The debt stock figures reported in the SDDR has been compared with that of the State's Audited Financial Statement</p> <p>d) There were discrepancies noted during the comparison.</p> <p>i. SDDR Figure: ₦154,613,430,716.40</p> <p>ii. AFS Figure: ₦178,033,982,600.40</p> <p>iii. Difference: ₦23,420,551,884.00</p>	N/A	The State should submit accurate quarterly state domestic debt reports to the DMO

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) The identified discrepancies were communicated to the State Focal Person and the State responded as follows:</p> <p>“The documents are attached to clarify the differences between the Q4, 2021 SDDR submitted to the Federal DMO and the AFS:</p> <ul style="list-style-type: none"> i. Delta Reconciled Debt Dec 2020 ii. Delta State Reconciled Debt Stock for 2020 by DMO, Abuja iii. Response to IVA 2021 Observation iv. States Debts Reconciliation End 2020” <p>IVA observed from the attached documents that the difference is because of DMO requesting that the State Government update their loan records with the reconciled DMO figures, which the State reflected in its Audited Financial Statements.</p> <p>f) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been obtained and compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State.</p>		
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 was 15/12/2021</p> <p>c) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published by 31 December 2021. The evidence obtained</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>to confirm the date of online publication was a screenshot of the IT Backend.</p> <p>d) The web link is https://www.deltastate.gov.ng/wp-content/uploads/2021/12/Delta-DSA-DMS-2021.pdf</p>		
4	<p>Does the SDSA - DMSR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options; including a summary analysis of the projections of performance indicators used to assess Debt Management Strategy, and their implications for cost-risk profile of State debt portfolio in 2025; and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?</p>	<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 either a table OR chart(s) (OR both table and chart(s)) with projected annual figures from 2021 to 2024.</p> <p>(b) Description of assumptions underpinning the MTB forecasts from 2021 to 2024: either a table with assumptions OR corresponding explanations in writing (OR both)</p> <p>(c) A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024</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> <p>(a) Presentation of debt and borrowing projections in the baseline scenario either using a table OR charts (OR both) with projected figures from 2021 to 2030.</p> <p>(b) Description of assumptions underpinning the borrowing options presented: either a table with</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>assumptions OR corresponding explanations in writing (OR both)</p> <p>(c) A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2021-2030</p> <p>(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.</p> <p>(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> <p>(3) Adequate presentation and analysis of the debt and fiscal figures position in the preceding calendar year, which contains the following;</p> <p>(a) Presentation of revenue, expenditure, budget balance, and debt information, at least for 2020: either a table OR charts (OR both table and chart(s)) with historical figures for at least 2020</p> <p>(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.</p> <p>(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.)</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>b) IVA has reviewed and made comparisons between the information (figures) contained in the assessment report of the SDSA-DMSR obtained from the DMO and the SDSA-DMSR obtained from the State Website.</p> <p>c) There were not any differences identified</p>		
<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> <p><u>Stretch Target:</u> More than 20 percent decline</p>		Achieved (stretch)	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State established an Arrears Clearance Framework (ACF)?	<p>a) The State has established an Arrears Clearance Framework (ACF).</p> <p>b) A copy of the ACF has been obtained from the State.</p> <p>c) The establishment of the ACF occurred by 30 June 2021.</p> <p>d) The duration of time between the establishment of the ACF and the 31 December 2021 year-end is six (6) months, which is adequate to allow time for the implementation of the ACF.</p>	Satisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	<p>a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled.</p> <p>b) Section 1.6 of the State's ACF, describes the State's policies to clear existing arrears and prevent/manage the accumulation of arrears. Section 2.0 also describes the planned actions to settle arrears and Section 2.2.4 describes the prioritization of arrears clearance.</p> <p>The IVA obtained and reviewed the SARVCR, which makes reference to the ACF in respect of clearance of Arrears.</p>	Satisfactory	
3	Has the ACF been published on a State official website?	<p>a) The IVA has confirmed that the ACF has been published on a State official website.</p> <p>b) The IVA has downloaded a copy of the ACF for validation.</p> <p>c) The weblink is https://www.deltastate.gov.ng/wp-content/uploads/2021/06/Approved-ACF-for-Delta-State-Updated.zip. A screenshot of the date of publication has been obtained and retained in file.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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 not consistent with the State's ACF.</p> <p>The prioritization criteria for different types of arrears described in the State's ACF showed the percentage of total arrears proposed to be cleared in 2021 as 22%, for all arrears. However, the IVA observed that the ratio of arrears clearance to total Stock of arrears in 2021, were 63% and 3% for Contractor arrears and Judgement Debt respectively, which is not in line with the 22% criteria in the ACF. However, since the state performed much better than the arrear framework than this is achieved.</p>	Satisfactory	
5.	Has the State established an Internal Domestic Arrears Database?	<p>a) The State has established an Internal Domestic Arrears Database.</p> <p>b) The Internal Domestic Arrears Database included the following:</p> <ul style="list-style-type: none"> i. The aggregate and individual amount of contactors arrears as ₦21,587,267,654.12 ii. The aggregate amount of pension and gratuity arrears as ₦16,960,736,177.62 iii. The aggregate amount of salary arrears and other staff claims - Nil iv. The aggregate amount of other types of domestic arrears, Judgement Debt and MDAs Arrears, were ₦6,534,793,312.04 and ₦533,835,458.00 respectively. <p>c) There is a verification process in place for the arrears in the database.</p> <p>d) The SARVCR provided by the State confirms that the State performs verification of arrears. Section 3.1 shows the criteria adopted by the State in verifying its</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>arrears and the amount of arrears verified as at the year-end 2021.</p> <p>e) The team compared the domestic arrears reported in the AFS, page 80, Note 38, with the domestic arrears reported in the Internal Domestic Arrears database 2021 and observed a difference of ₦297,711,978.89 between the Contractor arrears of ₦21,289,555,675.23 reported in the State's AFS 2021 and ₦21,587,267,654.12 reported in the Internal Domestic Arrears Database 2021. Also, a difference of ₦699,000 between the Judgement arrears of ₦533,136,458.00 reported arrears in the State's AFS 2021 and the domestic arrears of ₦533,835,458.00 reported in the Internal Domestic Arrears Database. The team sent an APA issue to the State and the State replied that the difference is drawn from audit evidence showing casting errors as gotten directly from the Ministry of Justice (for judgment debt) and Ministry of Economic planning (for Contractor's arrears) to corroborate earlier data sent to the Office of the Accountant-General and Debt Management Department.</p> <p>f) The State submitted to the IVA the annual state arrears recording, verification, and clearance report (SARVCR) which has been retained in file.</p>		
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?	<p>a) The State has published online the required elements of the Internal Domestic Arrears Database as at the end of 2020 and 2021.</p> <p>b) The 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</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>and accuracy of the information on the online publicly-accessible arrears database.</p> <p>c) The website supporting the online publicly-accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of the claim.</p> <p>d) The 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 IVA tested the online portal, by filling out and submitting an online form and request to the State via the State website and obtained an immediate response from the State.</p> <p>f) There are no records maintained by the state on the omissions reported by contractors in each year and how they were treated. The State explained that they have not received any queries of omission of contractor arrears in the year 2021.</p> <p>g) There are no records maintained by the state on the omissions reported by contractors in each year</p> <p>h) The weblink of the publicly accessible database is https://www.deltastate.gov.ng/above-aggregate/</p>		
7.	Does the online publication include?	The online publication includes the aggregate amount for three types of arrears, Contractor arrears, Pension and Gratuity arrears and Other Types of arrears. The Online publication does not include the aggregate amount of salary arrears and other staff claims. In response to the	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations																
	<p>1) the aggregate amount of contractors' arrears;</p> <p>2) the aggregate amount of pension and gratuity arrears;</p> <p>3) the aggregate amount of salary arrears and other staff claims;</p> <p>4) other types of domestic arrears and</p> <p>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>IVA 's request for information about its salary arrears, the State replied that they do not have salary arrears. The team also observed from the SDDR and the AFS that there were no Salary Arrears reported in the year.</p> <p>The online publication contains the names of contractors owed ₦20m in arrears and above.</p>																					
8.	<p>Has the State met the following?</p> <p>(i) Percentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state's arrears clearance framework.</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>21,289,555,675.23</td> <td>95,998,332,911.38</td> <td>-77.82</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>16,960,736,177.62</td> <td>14,690,084,316.30</td> <td>15.46</td> </tr> <tr> <td>Judgement Debt</td> <td>533,136,458.00</td> <td>570,136,458.00</td> <td>-6.49</td> </tr> </tbody> </table>				Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)	Contractors Arrears	21,289,555,675.23	95,998,332,911.38	-77.82	Pension and Gratuity arrears	16,960,736,177.62	14,690,084,316.30	15.46	Judgement Debt	533,136,458.00	570,136,458.00	-6.49	Satisfactory (Stretch Target Met)	
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Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
	<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>	Other types of domestic expenditure arrears	6,534,793,312.04	5,848,657,655.59	11.73		
		Total Domestic Arrears	45,318,221,622.89	117,107,211,341.27	-61.30		
		<p>a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database, and confirmed that the balances stated within the SDDR and the AFS for 2021 (see page 80, Note 38) are not the same. This was communicated to the State and the State responded that the difference is as a result of audit evidence showing casting errors as gotten directly from the Ministry of economic planning (budget office) and Ministry of Justice.</p> $\frac{\text{₦}117,107,211,341.27 - \text{₦}45,318,221,622.89}{\text{₦}117,107,211,341.27} \times 100 = 61\%$ <p>The percentage decline is 61%</p> <p>To validate clearance of arrears in 2021, the IVA requested for evidence such as Schedule of payments in 2021 and samples of payment vouchers showing material payments for each category of arrears cleared in 2021.</p>					

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>IVA noted that the year-on-year decrease in contractor arrears appears not to be as a result of actual payments to reduce arrears.</p> <p>We noted that the cashflow statement does not show outflows that represent the settlement of arrears. All major outflows that could be towards the settling of arrears are accounted for as payments for overheads, increase in PPE and the settlement of loans.</p> <p>Also, the report on file from the Arrears Clearance Committee indicates the contractor arrears were adjusted downwards upon verification, along with other arrears.</p> <p>IVA therefore, requests the State to provide the breakdown of the Cashflow Statement outflows that contain the settlement of contractor arrears.</p> <p>The State responded that “The concern for a high outstanding contractors’ arrears had serious implications for infrastructure deliverables, which had made the State prioritize completion of ongoing projects in 2021, while there was specific guidance on execution of new projects for instance, the State expended the sum of ₦17,362,197,679.31 on COVID-19 Capital Expenditure items (as part of expenditure the State could not have left behind).</p>		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations															
	<p>Furthermore, the State Auditor-General’s report (Page 28) showed that the State Government engaged in more investment activities in infrastructural development as shown in the increased funding of Plant Property and Equipment, Advanced Payments Guarantee (APG), and Intangible Assets. Thus, an aggregate amount of ₦127,906,637,933.06 was expended during the year, wherein part of these expenditures went into offsetting part of the outstanding contractors’ arrears.</p> <table border="1" data-bbox="695 824 1409 1154"> <thead> <tr> <th>S/N</th> <th>Description</th> <th>Amount (₦)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Prepayment (PPEs)</td> <td>15,344,100,409.82</td> </tr> <tr> <td>2</td> <td>Purchase/ Construction of PPE</td> <td>107,299,029,068.33</td> </tr> <tr> <td>3</td> <td>Purchase of Intangible Assets</td> <td>5,263,508,454.91</td> </tr> <tr> <td></td> <td>Total</td> <td>127,906,637,933.06</td> </tr> </tbody> </table> <p>The significant increase in PPE expenditure, was borne out of the fact that the State completed some remarkable projects that required it to pay off the</p>	S/N	Description	Amount (₦)	1	Prepayment (PPEs)	15,344,100,409.82	2	Purchase/ Construction of PPE	107,299,029,068.33	3	Purchase of Intangible Assets	5,263,508,454.91		Total	127,906,637,933.06		
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	Total	127,906,637,933.06																

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>outstanding arrears before they could be commissioned, for instance, the Delta State Secretariat, which was commissioned on 29/11/2021. They all led to increase in PPE expenditure outflow while also addressing the gap of previous year's arrears.</p> <p>Source: State Audited Financial Statement 2021 and internal domestic expenditure arrears database 2021.</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 (Stretch Target Met)	
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</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	

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations							
<p>calendar year of the 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>		Financial Statements (₦)	DMO/ SDEDR Figures (₦)									
	Total Domestic Debts	178,033,982,600.40	162,728,123,232.99									
	Total External Debts	32,787,124,539.78	25,362,859,382.58									
	Total Public Debts	210,821,107,140.18	188,090,982,615.57									
	<p><u>Total Annual Revenue</u></p> <table border="1" data-bbox="711 797 1383 1070"> <tbody> <tr> <td data-bbox="711 797 1085 854">2021 Adjusted IGR (see DLI 4.2)</td> <td data-bbox="1085 797 1383 854">₦79,267,303,554</td> </tr> <tr> <td data-bbox="711 854 1085 911">Gross FAAC Allocation**</td> <td data-bbox="1085 854 1383 911">₦236,006,429,693</td> </tr> <tr> <td data-bbox="711 911 1085 967">Grants</td> <td data-bbox="1085 911 1383 967">₦3,441,320,000</td> </tr> <tr> <td data-bbox="711 967 1085 1024">Other Revenues</td> <td data-bbox="1085 967 1383 1024">₦8,346,716,481</td> </tr> <tr> <td data-bbox="711 1024 1085 1070">Total Revenue</td> <td data-bbox="1085 1024 1383 1070">₦327,061,769,729</td> </tr> </tbody> </table>					2021 Adjusted IGR (see DLI 4.2)	₦79,267,303,554	Gross FAAC Allocation**	₦236,006,429,693	Grants	₦3,441,320,000	Other Revenues
2021 Adjusted IGR (see DLI 4.2)	₦79,267,303,554											
Gross FAAC Allocation**	₦236,006,429,693											
Grants	₦3,441,320,000											
Other Revenues	₦8,346,716,481											
Total Revenue	₦327,061,769,729											
<p>a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2021 is as at the end of Q4 2021.</p> <p>We have computed the total debts stock / Revenue percentage for the 2021 year, as follows:</p> <p>AFS Computation:</p> $\frac{₦210,821,107,140.18 \times 100}{₦327,061,769,729.00}$												

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p style="text-align: center;">=64.46%</p> <p>DMO Computation</p> $\frac{188,090,982,615.57}{\text{₦}327,061,769,729.00} \times 100 = 57.5\%$ <p>We have computed the total debt service deduction / Gross FAAC Allocation percentage for the 2021 year, as follows:</p> $\frac{\text{₦}16,478,246,169}{\text{₦}236,006,429,693} \times 100 = 6.98\%$ <p>b. The debt stock stated in the Federal DMO State Domestic, and External Debt Report has been compared with the debt stock stated in the audited financial statement.</p> <p>Sources:</p> <ul style="list-style-type: none"> i. For Total Revenue 2021 Audited Financial Statement, Page 22 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 DELTA STATE

S/N	DELTA STATE	2021 - AMOUNT (₦)
1	BUDGET SUPPORT LOAN (SOURCE FMOF)	22,021,729,672.72
2	BAIL OUT (SALARIES) (SOURCE CBN)	10,534,309,801.87
3	RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	63,071,136,566.20
4	EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	6,906,927,726.44
5	STATE BONDS	
6	COMMERCIAL BANK LOANS	
7	CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	8,022,156,533.28
8	ACCELERATED AGRIC DEVELOPMENT SCHEME LOAN	1,471,706,059.64
9	BAIL-OUT (INFRASTRUCTURE)	
10	CBN DIFFERENTIATED CASH RESERVE REQ LOAN	
11	HEALTHCARE DEDUCTIONS	
12	BRIDGE FINANCE FACILITY	3,053,241,757.40
13	FAMILY HOMES FUND	
14	ANCHOR BORROWERS PROGRAMME	
15	OTHER FGN INTERVENTIONS	
16	MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSMEDF)	2,030,282,513.66
17	JUDGEMENT DEBTS	533,835,458.00
18	GOVT - GOVT DEBTS	

S/N	DELTA STATE	2021 - AMOUNT (₦)
19	CONTRACTORS' ARREARS	21,587,267,654.12
20	PENSION AND GRATUITY ARREARS	16,960,736,177.62
21	SALARY ARREARS AND OTHER CLAIMS	
22	OTHER DEBTS	6,534,793,312.04
	TOTAL DOMESTIC DEBT (TDD)	162,728,123,232.99
	TOTAL EXTERNAL DEBT (TED)	25,362,859,382.58
	TOTAL PUBLIC DEBT (TED+TDD)	188,090,982,615.57

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

TEMPLATE: OPTION A	₦
Item	2021
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	236,006,429,693
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	211,299,885,875
1.1.1 Gross statutory allocation	45,319,512,399
1.1.2 Derivation	143,263,105,786
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	22,717,267,690
1.2 VAT	24,706,543,818
2. Internally Generated Revenues (IGR) – Adjusted	79,267,303,554
3. Grants (internal and external)	3,441,320,000
4A. Other revenues (4.1 + 4.2 + 4.3)	8,346,716,481
4.1 Investment Income (e.g. dividends)	169,267,057
4.2 Interest Earned	8,585,000
4.3 Miscellaneous	8,168,864,424
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	327,061,769,729

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>DLI 8</p> <p>a. Observation on the decrease in contractor arrears not as a result of actual payments: The State's Response:</p> <p>The year 2021 was indeed a year of "Recovery" for the State Government and also an opportunity to further strengthen its Fiscal Position as it relates to its Debts and Revenue. The State worked assiduously to improve its IGR given the low performance in 2020 occasioned by the COVID-19 pandemic. Thus, in order to improve on its debt's performance, the State carried out a further review of the arrears reported by MDAs as at end of 2020 FY and 2021 FY which showed a total arrears position as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Summary of Delta State Debt Stock as at 31st December, 2021</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Contractors Arrears</td> <td>95,998,332,911.38</td> <td>21,587,267,654.12</td> </tr> <tr> <td>2</td> <td>Contributory Pension</td> <td>14,690,084,316.30</td> <td>16,960,736,177.62</td> </tr> <tr> <td>3</td> <td>MDA Arrears</td> <td>6,352,158,919.46</td> <td>6,534,793,312.04</td> </tr> <tr> <td>4</td> <td>Judgement Debt</td> <td>570,136,458.00</td> <td>533,835,458.00</td> </tr> <tr> <td></td> <td>Total</td> <td>117,610,712,605.14</td> <td>45,616,632,601.78</td> </tr> </tbody> </table> <p>The concern for a high outstanding contractors' arrears had serious implications for infrastructure deliverables, which had made the State prioritize completion of ongoing projects in 2021, while there were specific guidance on execution of new projects for instance, the State expended the sum of ₦17,362,197,679.31 on COVID-19 Capital Expenditure items (as part of expenditure the State could not have left behind).</p> <p>Furthermore, the State Auditor-General's report (Page 28) showed that the State Government engaged in more investment activities in infrastructural development as shown in the increased funding of Plant Property and Equipment, Advanced Payments Guarantee (APG), and Intangible Assets. Thus, an aggregate amount of ₦127,906,637,933.06 was expended during the year, wherein part of these expenditures went into offsetting part of the outstanding contractors' arrears.</p> <table border="1"> <thead> <tr> <th>S/N</th> <th>Description</th> <th>Amount (₦)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Prepayment (PPEs)</td> <td>15,344,100,409.82</td> </tr> <tr> <td>2</td> <td>Purchase/ Construction of PPE</td> <td>107,299,029,068.33</td> </tr> </tbody> </table>	Summary of Delta State Debt Stock as at 31st December, 2021		2020	2021	1	Contractors Arrears	95,998,332,911.38	21,587,267,654.12	2	Contributory Pension	14,690,084,316.30	16,960,736,177.62	3	MDA Arrears	6,352,158,919.46	6,534,793,312.04	4	Judgement Debt	570,136,458.00	533,835,458.00		Total	117,610,712,605.14	45,616,632,601.78	S/N	Description	Amount (₦)	1	Prepayment (PPEs)	15,344,100,409.82	2	Purchase/ Construction of PPE	107,299,029,068.33	<p>The IVA has noted the State's response. However, we still maintain our position regarding DLI 8.</p>
Summary of Delta State Debt Stock as at 31st December, 2021		2020	2021																																
1	Contractors Arrears	95,998,332,911.38	21,587,267,654.12																																
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S/N	State Response to the draft report		IVA Follow-up, response, treatment
	3	Purchase of Intangible Assets 5,263,508,454.91	
		Total 127,906,637,933.06	
	<p>The significant increase in PPE expenditure, was borne out of the fact that the State completed some remarkable projects that required it to pay off the outstanding arrears before they could be commissioned, for instance, the Delta State Secretariat, which was commissioned on 29/11/2021. They all led to increase in PPE expenditure outflow while also addressing the gap of previous year's arrears.</p> <p>b. Observation on Clearance of Arrears</p> <p>Paragraph 4 – on Clearance of arrears</p> <p>Further to the above, the State wishes to plead the Conclusion of “Unsatisfactory” DLI 8 in relation to the clearance of domestic expenditure arrears not being consistent with the State’s ACF.</p> <p>The State noted its prioritization criteria for different types of arrears with a proposal that 22% of the State’s arrears will be cleared in 2021. The State eventually cleared 63% of Contractor arrears.</p> <p>While the State is not objecting to IVA’s findings, we wish to state that Delta State Government had pressing infrastructure that was delivered to the benefit of the Citizens during the 2021 FY, which became imperative due to improved Internally Generated Revenue (IGR) as well as improved Statutory allocations to the State. Some of these factors were prudently considered at the start of the year.</p> <p>Also, to avoid long litigation and court processes, and paying more after judgements, the State, was constrained to clear the outstanding contractors’ arrears beyond its projection of 22% for year 2021.</p> <p>The clearance of the contractors’ arrears was given further impetus by the receipt of additional revenues beyond the State’s earlier projections and has had a salutary effect by ensuring peace and generally positive economic activity with its attendant multiplier effect on the State’s economy.</p> <p>The State is passionately appealing to the IVA and the World Bank, to encourage the State’s efforts in reducing the Arrears in a sustainable manner that will keep the State Fiscally disciplined, instead of punitive measures which can be discouraging.</p>		
2			
3			
4			