



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

2021 Annual Performance Assessment (APA) Report

ENUGU 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 Enugu 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 Enugu State and shows areas where the State was able to achieve results. In total, Enugu State achieved 9 (Nine) DLRs out of 15 DLRs applicable to the 2021 APA of which 2 (Two) 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.		The State TSA did not cover a minimum of 80% of the 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		<ul style="list-style-type: none"> Revenue code does not include all sources of revenue for Local Governments The Revenue Code does not stipulate the SBIR as the sole agency responsible for state revenue

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
			<ul style="list-style-type: none"> Collection of revenue was not made into accounts nominated by SBIR The Publication was not made online
	DLR 4.2: 2020-2021 annual nominal IGR growth rate meets target- Basic target: 20%-39%- Stretch target: 40% or more		The IGR growth rate was 12.3%
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 95 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		
	DLR 5.2: Link BVN data to at least 95 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency; and 3) Cover all MDAs receiving funds from the state budget	2020	
	<p>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</p> <p>AND</p> <p>For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available</p>		<ul style="list-style-type: none"> Incomplete contract award information online. The state did not implement e-procurement in at least 4 MDAs by the due date.
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.	2019	
	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	<p>DLR 8: 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>The percentage decline in the verified stock of domestic arrears at end of 2021 compared to end of 2020 meets target and is consistent with the state's arrears clearance framework.</p>		<ul style="list-style-type: none"> State has no Arrears Clearance Framework/The State ACF was not published online State has not established Internal Domestic Arrears Database

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	<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>		<ul style="list-style-type: none"> The percentage decline in the verified stock of domestic arrears was less than 5% [or the stock of arrears was above 5 billion]
DLI 9: Improved debt sustainability	<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 FY2021 meets target: Basic target: < 120%, Stretch target: < 95%.</p>		Total Debt Stock to Revenue is \geq 120% by end December 2021

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:

- DLR 3.0:** Increase the percentage of state government finances flowing through the TSA to eventually ensure that all government finances flow through the TSA
- DLR 4.1:** Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the revenues' sources (including the Local Governments' sources). The amended revenue law and code should be published online.
- DLR 4.2:** Improve its IGR collection to achieve significant year on year growth in nominal IGR.
- DLR 6.2:** e-Procurement should be implemented as soon as possible. Contract award information, above the set threshold, should be published online every month in OCDS format on the State's website. Implement e-procurement in all MDAs and publish contract award information in the OCDS format on the online portal for the MDAs.
- DLR 8:** A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances is placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total arrears of less than N5bn or a year-on-year decline of at least 20%.
- DLR 9:** Strengthened debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR.

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

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 (Pass or Fail), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between 25/07/2022 and 29/07/2022 with a team of 6 (Six) people, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

The draft conclusions from the work done are set out in this Report and the State is expected to revert within five working days with any comments on the results by using the free text box in Section 4.

The Office of the Auditor-General for the Federation (OAuGF) and PricewaterhouseCoopers (PwC) are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards improving fiscal transparency, accountability, and sustainability in the management of the public finances and resources of the State.

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	Financial Year [2021] quarterly budget implementation reports published on average within [4 weeks] of quarter end to enable timely budget management		Achieved	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	<p>The Quarterly Budget Implementation Reports were posted online on</p> <p>Q1- 2021 https://www.enugustate.gov.ng/wp-content/uploads/2021/04/Enugu-State-BPR-2021-Q1.pdf</p> <p>Q2- 2021 https://www.enugustate.gov.ng/wp-content/uploads/2021/07/Enugu-State-Q2-2021-BPR-Publication-Report.pdf</p> <p>Q3- 2021</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>https://www.enugustate.gov.ng/wp-content/uploads/2021/10/Enugu-State-BPR-Publication-Report-3rd-Quarter-2021.pdf</p> <p>Q4- 2021</p> <p>https://www.enugustate.gov.ng/wp-content/uploads/2022/01/Budget-Performance-Report-4th-Quarter-2021.pdf</p> <p>The Quarterly Budget Implementation Reports accessed on 26/07/2022.</p> <p>Dates of the online publication are as follows:</p> <ul style="list-style-type: none"> ● Q1 – 28/04/2021 - 4.0 weeks (28 days) ● Q2 – 28/07/2021 – 4.0 weeks (28 days) ● Q3 – 28/10/2021 – 4.0 weeks (28 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> $\frac{28+28+28+28}{4}$ <p>Average = 28 days (4.0 weeks)</p> <p>We downloaded the Quarterly Budget Implementation Reports for all four quarters for the year 2021, obtained 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	Satisfactory	From our review of the Quarterly Budget Implementation reports downloaded from the State’s website (see web links above) we observed the following:

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.	<p>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> <p>b) The Budget Implementation Reports included the actual expenditures for the quarter attributed to each MDA as well as the actual cumulative expenditures for the year to date.</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 Revised Budget</p> <p>e) The Budget Implementation Reports showed both the approved original budget AND the approved budget.</p> <p>The reports included the Approved Budget Appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations.</p>		
3	Does the report state the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the actual cumulative expenditures for the year to date?	The IVA reviewed the State's Budget Performance/Implementation Reports and confirmed that the report included the actual expenditures for each quarter attributed to each MDA, each expenditure classification, as well as the actual cumulative expenditures for the year to date.	Satisfactory	
4	Does the report state balances against each of the revenue and expenditure appropriations with balances	The State's Budget Performance Reports showed the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures'	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
	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?	which includes debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.														
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 13%</p> <p>The IVA computed the budget deviation for this APA year as follows:</p> <table border="1"> <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>101,134,758,500.00</td> <td>95,273,166,108.51</td> </tr> <tr> <td>Rec. Exp. (Budget Page 3)</td> <td>68,711,000,000.00</td> <td>76,934,059,299.62</td> </tr> <tr> <td>Total</td> <td>169,845,758,500.00</td> <td>172,207,225,408.13</td> </tr> </tbody> </table> $\frac{\text{₦}169,845,758,500.00 - \text{₦}172,207,225,408.13}{\text{₦}169,845,758,500.00} \times 100$ <p style="text-align: center;">= -1%</p> <p>The budget performance deviation is -1%</p>		Total Approved Budget (₦)	Actual Outturn (₦)	Capital Exp. (Budget Page 3)	101,134,758,500.00	95,273,166,108.51	Rec. Exp. (Budget Page 3)	68,711,000,000.00	76,934,059,299.62	Total	169,845,758,500.00	172,207,225,408.13	Satisfactory	
	Total Approved Budget (₦)	Actual Outturn (₦)														
Capital Exp. (Budget Page 3)	101,134,758,500.00	95,273,166,108.51														
Rec. Exp. (Budget Page 3)	68,711,000,000.00	76,934,059,299.62														
Total	169,845,758,500.00	172,207,225,408.13														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Source: 2021 Audited Financial Statement Page 33 and Approved Budget and Actual Expenditure or Appropriation Law Page 3.		
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	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	<p>The documents obtained and reviewed included the minutes, attendance register and pictures.</p> <p>a) IVA confirmed some of the LGAs that were in attendance to be:</p> <ul style="list-style-type: none"> i. Ezeagu LGA - HRH Igwe Amb L.O.C Agubuzu, (OON) ii. Nkanu East LGA - HRH Igwe H.A Edeani. iii. Igbo Eze North LGA - HRH Igwe Ikechukwu Okeh iv. Uzo Iwani - HRH Romans Eze v. Nsukka LGA - HRH Igwe M.C Utaz <p>b) IVA confirmed that some of the Citizens, Citizens groups, State-Based CBOs, State-Based CSOs representatives in attendance includes:</p> <p><u>For State based CSOs</u></p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>Heroine Women Foundation - Oyinye Memeh</p> <p>National Youth Assembly of Nigeria - Gabriel Udenma</p> <p>Nigeria Youth Parliament - Enejere Chidiebere</p> <p><u>For State's based CBOs</u></p> <p>Isi -Uzo Youth Parliament - Chibuebuka Onah</p> <p>Enugu State Female Comrades – Ogbu Judith</p> <p>c) The sources of information from which our conclusions were drawn were minutes of meeting, attendance, and pictures.</p> <p>d) The date for the consultation was 24/11/2021 and the venue of the consultation on the budget proposal was NIKE LAKE RESORT HOTEL, ENUGU.</p> <p>e) IVA called 10 attendees to confirm their attendance at the public consultation.</p> <p>f) The budget was drafted on 07/12/2021. IVA obtained a dated copy of the draft budget, and it has been retained in the file as evidence to confirm that the drafting of the budget took place after the consultation</p> <p>g) IVA compared the date of the consultation and the date of the draft budget. The consultation was done first.</p> <p>h) The draft budget was published on the State website dated 7/12/2021 which was before the deadline of 31 January 2022.</p> <p>i) The web link for the publication of the Proposed Budget is https://www.enugustate.gov.ng/wp-content/uploads/2022/03/2022-Enugu-State-Draft-Budget.pdf</p> <p>j) This was accessed on 26/07/2022.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2022 to enable citizens to find the inputs easily?	<p>a) The minutes of the public consultation meeting was co-signed by Barr. Chibuzor Cromwell, a representative of the OGP CSO. A copy of the minutes has been retained in file.</p> <p>b) The title of the document is “REPORT OF THE ONE-DAY CITIZENS’ ENGAGEMENT ON THE 2022 BUDGET HELD AT NIKE LAKE RESORT HOTEL, ENUGU ON THE 24TH NOVEMBER, 2021”, and date of the Minutes was 24/11/2021.</p> <p>c) The Organisations that the signatories represent are:</p> <ul style="list-style-type: none"> i. OGP CSO (CSO). The representative was Barrister Chibuzo Cromwell ii. Enugu State Council of Traditional Rulers (Local Government). The representative was HRH Igwe Amb. Lawrence Agubuzu iii. Ministry of Budget and Planning (Government). The representative was Honorable Ugwunta David Okelue PhD. <p>d) The web link to the publication is https://www.enugustate.gov.ng/wp-content/uploads/2022/01/ONE-DAY-CITIZENS-ENGAGEMENT-ON-THE-2022-BUDGET-.pdf and the date of publication was 30/01/2022. This was accessed on 26/07/2022</p> <p>e) The published minutes were adequately sign-posted on the State’s website.</p>	Satisfactory	
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 13/04/2021 before the due date via https://www.enugustate.gov.ng/wp-content/uploads/2021/04/Citizens-Budget-2021-Curved-final_210406_131317.pdf</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>This was accessed by the IVA on 26/07/2022</p> <p>b) A comparison of the Approved FY2021 Budget with the Citizens Budget was done and there were no discrepancies.</p> <p>c) The Citizen's budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template as follows:</p> <ul style="list-style-type: none"> i. Simple explanation of the annual approved budget/citizen's budget. Page 4 ii. The sources of revenues. Page 8 iii. Sources of domestic and foreign grants, domestic loans, and other financing sources. Pages 10-11 iv. Total expenditure by economic classifications. Page 9 v. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap. Pg 7-11 vi. Disclosure of Budget deficit and how it will be financed. Pages 7,10 vii. Sectoral Allocation (by MDAs). Page 12 viii. Top Projects to be financed (at least 5). Pages 13-21 <p>d) 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 FY2021 Budget.</p> <p>We confirmed that the approved FY2021 State Budget was summarized in a comprehensible manner to the Citizens in the Citizens Budget.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
5	Does the State website have functional feedback and response online mechanisms?	<p>a) The State has established functional feedback and response online mechanisms on its website.</p> <p>b) The type of feedback mechanism established on the State website is an online platform powered by “tawk.to”</p> <p>c) The State's feedback mechanism provides at a minimum:</p> <ul style="list-style-type: none"> i. Acknowledgement of receipt of comments/feedbacks from citizens. ii. State's responses to comments/feedbacks. iii. Display of timeframe and the State's government contact details. <p>IVA obtained evidence of all the above e.g., screenshot of items (i to iii)</p> <p>d) IVA sent an anonymous email to make some enquiries on the website in order to ascertain the functionality of the feedback mechanism. The State responded to the chat box through a direct response. IVA concluded that the feedback mechanism is working.</p> <p>e) A demonstration was done by the State Ministry of Budget and Planning to provide further evidence to demonstrate how the State has responded to feedback submitted online. Screenshots from these feedbacks have been retained in the file.</p> <p>f) The State’s feedback mechanism is functional.</p> <p>g) The weblink is https://mbp.en.gov.ng/</p>	Satisfactory	
DLR 2.2	Citizen’s Accountability Report based on audited financial statements/report published online for FY2020 not later than 30th September 2021.		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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 in the assessment file.</p> <p>d) IVA compared the full Annual Audit Report for the year 2020 with the Citizen’s Accountability Report and noted there were no discrepancies.</p> <p>e) IVA obtained and reviewed the evidence of public consultations with Citizens to explain the FY2020 Audited Financial Statement. The State held a public consultation on 25th -27th of August 2021 at Nike Lake Resort, Enugu where the AFS was presented to the Citizens (published in its CAR – Page 39). The State further presented the CAR to Citizens at its public consultation meeting on the FY2022 budget held on 24/11/2021 (Part c (Pg 2) of the Minutes of public consultation).</p>	Satisfactory	
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.enugustate.gov.ng/wp-content/uploads/2021/09/Enugu-State-Citizens-Accountability-Report-CAR-FY-2020.pdf and accessed by IVA on 26/07/2022</p> <p>b) A comparison of the Annual Audit Report FY2020 with the Citizens Accountability Report (2020) was done and there was no area of discrepancy.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<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. Page 5 ii) The Budget Outturn. Pages 6-8 iii) The Revenue Outturn. Pages 9-12 iv) The Expenditure Outturn. Pages 13-15 v) The Audit Findings. Pages 16-17 vi) The Audited Financial Statements. Pages 18-21 vii) Top Sectoral Allocations. Pages 22-28 viii) Top Value Capital Projects. Pages 29-35 ix) Citizens-Nominated Projects-Implementation Status Report. Pages 36-38 <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 presents in a summarized manner the FY2020 Audited Financial Statement.</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 and the Citizen’s Accountability Report for 2020. IVA have retained the copies of the evidence obtained in the file.</p> <p>IVA further confirmed that the FY2020 Audited Financial Statement was summarized in a comprehensible manner to the Citizens in the Citizens Accountability Report. The CAR was</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		published online by the deadline and presented at a public consultation held on 25 th -27 th of August 2021 and 24/11/2021.		
<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		Not Achieved	
1	Has the State established a functional State-level TSA?	<p>a. The State has not established a functional State-level TSA</p> <p>b. The State operates other accounts that sweeps into the State TSA/FAAC Account as follows:</p> <ul style="list-style-type: none"> • IGR Main Account: Account name: ENSG IGR pool Account Account number: 2029139369 Bank Name: First Bank Nigeria Plc • FAAC Account: Account name: Enugu State Government TSA/FAAC Account Account number: 1018791104 Bank Name: United Bank for Africa (UBA Plc). • VAT Account: Account Name: Enugu State Government VAT Account Account Number: 1018609458 Bank Name: United Bank for Africa (UBA Plc) 	Unsatisfactory	The State should establish a functional TSA

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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>The State has a Cash Management Strategy.</p> <p>a) The Document's name is "Government of Enugu State of Nigeria Cash Management Strategy".</p> <p>b) The document was produced in 2018 and was signed by the Permanent Secretary /Accountant-General.</p> <p>c) The Strategy includes the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds. (The specific chapters and sections that meet this requirement are pages 5-9).</p> <p>d) The Strategy states that cash sweeping from revenue collecting banks into the IGR pool account should be on an online/real-time basis before it finally ends up in the State's TSA (page 7 of the Cash Management Strategy).</p> <p>e) There is evidence of implementation of processes described in the Cash Management Strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds (the existence of cash commitments and requirements forecasts at the intervals stated in the Cash Management Strategy (monthly) was checked). (i.e., the States has applied the strategy to its forecasting of cash commitments and requirements)</p>	Satisfactory	
3	<p>Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?</p>	<p>The State has a computer application where the State can view the cash balances in the bank accounts.</p> <p>a) The computer application's name is Veripay. The application was developed by AppMart</p> <p>b) The TSA Dashboard is in line with the State's Cash Management Strategy. It shows the balances of the State for all the bank accounts that have been linked.</p> <p>c) The TSA Dashboard was deployed in 2019</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations												
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 following Revenue generating MDAs were visited: Ministry of Health, Ministry of Education, and the Ministry of works. The representatives of these three MDAs were administered questionnaires and they confirmed in the questionnaires that all revenues collected by the MDAs are done centrally through pay direct, point of sales (POS), and other terminals at the various Commercial banks. The revenues from the collecting banks are swept daily from the different collecting commercial Banks into the IGR pool account maintained at the First bank Plc and eventually end up in the TSA.</p> <p>b) The TSA of the State is the Enugu State Government TSA/FAAC Account: 1018791104 with UBA Plc.</p> <p>c) All Government monies go through this account.</p> <p>d) All government monies do not sit in the other revenue collecting banks as they are swept daily to the TSA bank account.</p> <p>e) The TSA bank statement was obtained.</p>	Satisfactory													
5	Does the TSA cover a minimum of 80% of the State Government's finances?	<p>The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cash flow Statement for the year ended 2021.</p> <p>See the computation below:</p> <table border="1"> <thead> <tr> <th></th> <th>Total Inflows (₦)</th> <th>Total Outflows (₦)</th> </tr> </thead> <tbody> <tr> <td>TSA Bank Statement</td> <td>78,589,074,354.00</td> <td>83,560,951,296.08</td> </tr> <tr> <td>Government Finances*</td> <td>168,771,247,882.89</td> <td>172,207,225,408.13</td> </tr> <tr> <td>Percentage</td> <td>46.57%</td> <td>48.52%</td> </tr> </tbody> </table>		Total Inflows (₦)	Total Outflows (₦)	TSA Bank Statement	78,589,074,354.00	83,560,951,296.08	Government Finances*	168,771,247,882.89	172,207,225,408.13	Percentage	46.57%	48.52%	Unsatisfactory	The State's TSA should cover all of Government Finances.
	Total Inflows (₦)	Total Outflows (₦)														
TSA Bank Statement	78,589,074,354.00	83,560,951,296.08														
Government Finances*	168,771,247,882.89	172,207,225,408.13														
Percentage	46.57%	48.52%														

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>The average percentage computation is:</p> $\frac{46.57\% + 48.52\%}{2}$ <p>= 47.54%</p> <p>The TSA covered 47.54% of the State's finances.</p> <p>*Sources: 2021 Audited Financial Statement (Cash flow Statement) Page 33 and the TSA Statement from (UBA Bank Plc.) for January 1, 2021, to December 31, 2021.</p> <p>We reviewed the inflows and outflows shown on the TSA Statement to identify spurious items that increase the year end totals for no justifiable reason. IVA did not identify any such spurious items and as such did not adjust the TSA Year end totals.</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		Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	the state legislature and published			
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under that State) IGR sources and rates?	a) The State does not have a Revenue Law.	Unsatisfactory	The State should amend its current harmonized law to include all sources of revenue for local governments
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	a) The State does not have a Revenue code that stipulates the SBIR/SIRS as the sole agency responsible for State revenue collection and accounting.	Unsatisfactory	The State should amend its Tax legislation to make it explicit in the law that the SBIR/SIRS is the sole collector for all State government revenues.
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	a) The State does not have a Revenue Law that stipulates that the SBIR/SIRS has full oversight of accounts and is responsible for reporting and accounting for the revenues.	Unsatisfactory	The state should revalidate revenue accounts by ensuring SBIR/SIRS nominates such accounts
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?	a) The State does not have a Revenue Code that was approved by the State Legislature and assented to by the Governor.	Unsatisfactory	The State should ensure that required amendments to the law are concluded as

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations																								
	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.			soon as possible given upcoming APAs.																								
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	a) The IVA was not able to download and keep in a file, a copy of the law, Code, and rates.	Unsatisfactory	The State should publish the Revenue law, sources, and rates online.																								
DLR 4.2	Annual nominal IGR growth rate meets target		Not Achieved																									
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. Cash accounting basis was used for revenue reporting in 2020 and 2021 from the Audited Financial Statements.</p> <p>b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:</p> <table border="1"> <thead> <tr> <th></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>23,644,771,592</td> <td>26,717,819,045</td> <td>13%</td> </tr> <tr> <td>VALID IGR items to be counted as IGR</td> <td>23,417,669,225</td> <td>26,306,232,078</td> <td></td> </tr> <tr> <td>Direct tax</td> <td>9,594,357,423</td> <td>9,050,374,663</td> <td></td> </tr> <tr> <td>Personal income tax (PAYE)</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		₱	₱	% GROWTH	Item	2020	2021		Memo: Reported IGR in AFS (Before Adjustments)	23,644,771,592	26,717,819,045	13%	VALID IGR items to be counted as IGR	23,417,669,225	26,306,232,078		Direct tax	9,594,357,423	9,050,374,663		Personal income tax (PAYE)				Unsatisfactory	The State should ensure significant year on year improvements in their IGR collection.
	₱	₱	% GROWTH																									
Item	2020	2021																										
Memo: Reported IGR in AFS (Before Adjustments)	23,644,771,592	26,717,819,045	13%																									
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Personal income tax (PAYE)																												

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations	
		Licences	121,321,712	82,871,409				
		Levies						
		Fees	9,443,117,482	14,010,308,174				
		Fines	16,910,777	29,345,618				
		Charges						
		Sales of goods and services	718,088,215	466,083,296				
		Earnings (Excluding interest or investment income)	174,167,377	252,234,455				
		Rent of govt. property/building	12,106,993	60,136,168				
		Rent on Land and Other General	676,723,005	622,911,991				
		Repayments (Back Duty Tax from Federal PAYE)	2,661,124,820.99	1,731,966,302.43				
		"Adjusted IGR" for DLI 4.2 Calculation						
		Sum of all VALID items of IGR if AFS has that detail	23,417,669,225	26,306,232,078	12.3%			
		$\frac{\text{₦}26,306,232,078 - \text{₦}23,417,669,225}{\text{₦}23,417,669,225} \times 100$ $= 12.3\%$						
		The annual nominal growth is 12.3%. Result not achieved as the annual nominal growth falls below 20%						

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Source: 2021 Audited Financial Statement (Cash Flow Statement - Page 33), Note - 4 (Page 37), Note - 45 (Page 59)		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	Biometric capture of at least [95] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		Achieved	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 95% of the current civil servants and pensioners on the State payroll?	<p>The State commenced Biometric capture in 2016 and completed the Biometric data capture of the Civil Servant and Pensioners in 2019.</p> <p>a) The process was outsourced to AppMart Integrated Limited.</p> <p>b) The total number of Civil Servants is 21,216</p> <p>c) The total number of Pensioners is 11,257</p> <p>d) The total number of staff on the State Nominal roll 32,473 (11,257 pensioners and 21,216 Civil Servants). This is the same record on the payroll during the period</p> <p>e) The total number of Civil Servants and Pensioners on the Nominal roll and payroll changed by less than 10% in comparison with the 2020 assessment period. The total number of Civil Servants and Pensioners in 2021 was 32,473, while the total for 2020 was 32,776, accounting for only about 1% (303) difference. This is below the 10% threshold required for seeking further clarifications from the State.</p> <p>f) The total number of biometrics data that has been captured during the assessment period is 32,473 (This includes 21,216 Civil Servants and 11,257 Pensioners).</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>g) The documents obtained in order for the IVA to form a conclusion includes:</p> <ul style="list-style-type: none"> • Summary Report of Pensioners and Civil Servants payroll from the State Payroll Office. • Summary Report on the State’s Biometrics and BVN records from the Computer Office in the State’s Accountant-General’s office. • Nominal roll and payroll records for civil Servants and Pensioners • Screenshots of 20 sampled Pensioners and 20 sampled Civil Servants • Pension Arrears verification and biometric data capturing committee report • Report of Inter-Ministerial Committee on biometric data capturing of Public Servants $\frac{32,473 \times}{21,216 + 11,257} = 100\%$ <p>The State had captured 100% biometrics of the State's Civil Servants and Pensioners on its payroll.</p>		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	<p>a) The State commenced Biometric in 2016 and finished the linkage of the biometric data to the payroll in the same year.</p> <p>b) The biometrics details of all Civil Servants and Pensioners have been linked to the payroll (21,216 Civil Servants and 11,257 Pensioners)</p> <p>c) There were no ghost workers identified in 2021.</p> <p>d) No amount was saved from ghost workers in 2021. This is because no ghost worker was identified during the assessment period.</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) There were in-year changes to the Civil Servant and Pensioner payrolls (as a result of starters, leavers, deaths, etc.) in 2021. These changes were captured by the biometrics exercise.</p> <p>f) There are procedures in place for ensuring timely (within 3 months of the event) updates of the payroll to reflect leavers, retirees, and deaths. The documents obtained to arrive at the conclusion above include:</p> <ul style="list-style-type: none"> • Sample copy of monthly payroll update (from MDAs to the payroll office). The letter indicated details of individuals whose records or employment status had changed for the month. • Summary of year 2021 biometric exercise for new employees. • One page report from the State Accountant-General's office (Computer centre). • Report of the Technical Committee on "Am Alive" pension verification exercise. <p>g) There were changes to the civil servant and pensioner payrolls during the fiscal year as a result of starters, leavers, deaths, etc.</p> <p>h) These changes were captured by the biometric exercise.</p> <p>i) There are procedures in place to identify and remove ghost workers within the State. The procedures include:</p> <ul style="list-style-type: none"> • Monthly payroll validation assessment of employee records within each MDAs. • Automated deletion of Civil Servants records that have either reached the maximum retirement age of 60 years or the maximum of 35 years in service. <p>j) "I am Alive" exercise to ascertain that ghost Pensioners are not on the State payroll.</p>		
3	Has the State removed confirmed ghost workers and	a) There were no ghost workers identified during the linkage.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	ghost pensioners within three (3) months of each case being confirmed?	<p>b) There were no records maintained for Ghost workers as there were no ghost workers identified during the assessment period (2021).</p> <p>c) The State did not report any ghost workers during the year and thus, none was removed from the payroll.</p> <p>d) The total payments (emoluments) for Civil Servants and Pensioners in 2021 was ₦32,812,009,995.81. The breakdown is shown below:</p> <ul style="list-style-type: none"> • Civil Servants - ₦25,619,967,330.80 • Pensioner - ₦7,192,042,665.01 <p>e) The payroll figure stated in (d) above did not change. This is because there were no ghost workers identified during the 2021 assessment year.</p> <p>f) The sources of this information included the following:</p> <ul style="list-style-type: none"> • Summary Report indicating number of ghost workers identified during the assessment period • Sample copy of monthly payroll update (from MDAs to the payroll office). The letter indicated details of individuals whose records or employment status had changed for the month. 		
5.2	Link BVN data to at least [95] percent of current civil servants and pensioners on the payroll and payroll fraud addressed		Achieved	
1	Has the State linked the Bank Verification Number data to 95% of its current Civil Servants and pensioners on the State payroll?	<p>The State commenced the linkage of Bank Verification Number (BVN) data of the Civil Servant and Pensioners in 2016 and completed the exercise in 2019 for Pensioners.</p> <p>a) It was outsourced to App Mart Integrated Limited in 2016.</p> <p>b) The total number of Civil Servants is 21,216. The total number of Pensioners is 11,257</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>c) The total number of Civil Servants and Pensioners on the Payroll is 21,216 and 11,257 respectively.</p> <p>d) BVN data has been linked to the payroll of all Civil Servants and Pensioners (32,473)</p> <p>e) The documents obtained for our conclusion include the following:</p> <ul style="list-style-type: none"> • Summary Report from the Accountant General (Computer Centre) • 2021 Payroll Record from the Accountant General's office • Screenshots of sampled Civil Servants and Pensioners, indicating their verification numbers and bank accounts which are mandatorily linked to BVN. $\frac{32,473}{21,216 + 11,257} \times 100 = 100\%$ <p>The State has linked 100% of the State's Civil Servants and Pensioners' BVN data to the payroll.</p>		
2	Has the State taken steps to identify payroll fraud?	<p>a) The total number of Civil Servants with BVN data is 21,216. The total number of Pensioners with BVN data is 11,257. There was none without BVN data.</p> <p>b) No record of payroll fraud was kept. This is because no payroll fraud was identified.</p> <p>c) There was no date record for payroll fraud. This is because no payroll fraud was identified.</p> <p>d) The total payments (gross emoluments) for Civil Servants in 2021 is ₦25,619,967,330.80, while the payments for Pensioners is ₦7,192,042,665.01</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>e) The gross emoluments stated in (d) above did not change in 2021. This is because no payroll fraud was identified during the assessment period.</p> <p>f) The source(s) of this information and reference documents include the following:</p> <ul style="list-style-type: none"> • Summary Report from the Accountant General (Computer Centre) • Summary Report of payments to Pensioners and Civil Servants during the 2021 assessment period. • Sample of Nominal and payroll records for Civil Servants and Pensioners 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 2020 APA	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	Previously Achieved in 2020 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.	Previously Achieved in 2020 APA		
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency, or any other type of entity set up for the statutory purpose?	Previously Achieved in 2020 APA		
DLR 6.2	No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs AND		Not Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.			
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (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 contracts awarded during the year under assessment from the state's website. i.e. Jan 2021-Dec 2021</p> <p>b) In a bid to check for the completeness of the contract published online, for 2021, IVA compared the total contracts published online with the actual capital expenditure reported for the year in the FY2021 AFS.</p> <p>The total contracts published online amounted to ₦11,076,374,857 while the actual capital expenditure in the 2021 AFS was ₦35,585,557,715.11, resulting in a difference of ₦24,509,182,858.11.</p> <p>IVA communicated these findings to the State and the response was:</p> <p>"The reason why there is difference of ₦24,509,182,858.11 between contracts published online and actual capital expenditure for 2021 includes:</p> <p>i. Some of the payments are for contracts awarded before 2021 while the schedule of contracts published for 2021 are for the contracts awarded in 2021.</p> <p>ii. Some of the capital expenditures executed in 2021 were by direct labour from the State Ministry of Works</p>	Unsatisfactory	The state should publish <u>all</u> contract award information online as required under the standards, and in line with thresholds stated within legislation and guidance.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>and such capital expenditures were not awarded to third parties (contractors)".</p> <p>IVA noted the State's response which showed the published contracts are not complete.</p> <p>c) The State does not have a publication threshold in its procurement law/manual and as a result, was required to publish all the information on contracts awarded for the year under assessment. However, IVA observed that the published contracts are not complete.</p> <p>d) The list of contracts published online is not complete based on our reviews. IVA further noted that high spending MDAs such as the Ministry of Health and Education have no information in the schedule 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 http://dueprocess.en.gov.ng/report/ncontracting_portal.php</p> <p>IVA interacted with the database administrator of the E-procurement Portal and visited the OCDS and E-procurement platforms online to ascertain whether all published contract information is in line with the OCDS format. IVA concluded that the published contract details are in line with the OCDS format.</p> <p>g) The minimum contract award information that was published includes:</p> <ul style="list-style-type: none"> (i) Project name, (ii) awarding institution, (iii) award date, (iv) name of contractor, and (v) the contract amounts. 		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		<p>h) There were no items from (g) above that were not published.</p> <p>i) The web link is: http://dueprocess.en.gov.ng/award_contract_.php</p>		
2	<p>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>	<p>a) The State has not implemented e-procurement in at least four (4) MDAs (including Education, Health, and Public Works) to show at least 6 months of transaction from 1st January 2022 to 30 June 2022. Evidence shows that the State commenced transactions on e-procurement in June 2022.</p> <p>b) A report on all transactions for the four MDAs during the period 1 January 2022 to 30 June 2022 which showed only June 2022 transactions was obtained directly from the e-procurement system.</p> <p>c) A separate report of procurements for all four MDAs for the period 1 January 2022 to 30 June 2022 from the Accountant General was obtained.</p> <p>d) The go-live date for e-procurement at the 4 MDAs was 20/10/2021 and the evidence obtained to prove the go-live date are screenshots from when the Ministries were registered on the E-procurement platform and ready for use for the five expected minimum functionalities.</p> <p>e) For all four MDAs after go-live, a comparison with the system generated report was done and IVA noted that all transactions after go-live stated in the Accountant General's report for the period 1 January 2022 to 30 June 2022 were not conducted through the e-procurement system. i.e the records were not in the E-procurement database.</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. That is, 20 samples</p>	Unsatisfactory	<p>The State should ensure that e-procurement is implemented in all MDAs, and in at least 4 MDAs in the first instance (including Education, Health, and Public Works).</p>

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>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 transactions did not pass through the procurement life cycle. It was observed that only transactions for June 2022 were available on the e-procurement portal.</p> <p>g) The selected transactions followed the procurement lifecycle.</p> <p>h) The transactions selected were conducted outside of the e-procurement system.</p> <p>The e-registration, e-publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules have been implemented and had transactions processed through them for only June 2022. Furthermore, the e-publishing/tender notification module did not provide detailed specifications on the actual goods and services required. The column for copies of the pdf publication is non-functional. The format and implementation of this module did not appear to be complete.</p> <p>i) The format and implementation of the module may be incomplete.</p> <p>j) IVA could not ascertain whether 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. This is due to the discrepancies observed in the expenditure reports from the Accountant General on the 4 pilot MDAs and the system generated report on E-procurement. IVA's review showed that contracts in the Accountant General schedule were not processed through the E-procurement in the 4 pilot MDAs.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		k) The evidence obtained are selected sample transactions and contract folders of the 20 selected contracts, we also obtained expenditure reports from the Accountant General from Jan 2022 - June 2022, these have been retained in the file.		
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 2019 APA	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law?	This DLR was previously achieved in 2019 APA		
2	Does the legislation include provisions that establish the following?	This DLR was previously achieved in 2019 APA		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	<p>1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and</p> <p>3) Fiscal and debt rules/limits for the state.</p>			
4	<p>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?</p>	<p>This DLR was previously achieved in 2019 APA</p>		
DLR 7.2	<p>Quarterly state debt reports accepted by the DMO on average two months or less 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>		Achieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average two months after the end of the quarter in 2021?	<p>a) The State submitted quarterly State Domestic Debt Reports (SDDR) (final versions) to the DMO on an average of 2 months after the end of each quarter.</p> <p>We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows:</p> <p>USING THE DATE OF POSTING FROM POST OFFICE</p> <ul style="list-style-type: none"> ● Q1 submitted on 24/05/2021 - 54 days, ● Q2 submitted on 31/08/2021 - 62 days, ● Q3 submitted on 24/11/2021 - 55 days and ● Q4 submitted on 25/02/2022 - 56 days. $\frac{54+62+55+56}{4} = 227/4 = 56.75 \text{ days}$ <p>Average = 8.1 Weeks (56.75 days)</p> <p>Average = 2.03 Months</p> <p>The SDDRs were submitted within an average of 2.03 months (56.75 days).</p> <p>USING THE DATE OF RECEIPT (ACKNOWLEDGEMENT) BY FEDERAL DMO</p> <ul style="list-style-type: none"> ● Q1 submitted on 26/05/2021 - 56 days, ● Q2 submitted on 06/09/2021 - 68 days, ● Q3 submitted on 06/12/2021 - 67 days and ● Q4 submitted on 17/05/2022 - 137 days. 	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$\frac{56+68+67+137}{4} = 328/4 = 82 \text{ days}$ <p>Average = 11.71 Weeks (82 days)</p> <p>Average = 2.92 Months</p> <p>The SDDRs were submitted within an average of 2.92 months (82 days).</p> <p>However, the World Bank Debt Specialist, Samer, was informed of this scenario on the field. He agreed that the State should pass and not be penalised due to failure of the postal system in Nigeria.</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 showed that the State's signed off data for Q4 2021 was yet to be received. The IVA obtained the acknowledgement copy of the DMO receipt of the Q4 SDDR to be 17/05/2022. However, the DMO report confirmed the accuracy and completeness 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>	N/A	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<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 as follows:</p> <ul style="list-style-type: none"> i. SDDR Figure: ₦74,857,380,772.82 ii. AFS Figure: ₦74,340,298,629.31 iii. Difference: ₦517,082,143.51 <p>e) The IVA raised an APA Issue to the State’s Focal Person on the identified discrepancies and the State responded that “the Office of the State Accountant General does not keep records of the State debts. Both the figures in the State DDR to DMO, Abuja and those contained in the State Audited Financial Statements were generated by the State Debt Management Office. The discrepancy between the two arose because debt figure for MSMEDF forwarded to the Accountant General for inclusion in the 2021 Financial Statements was done before a recourse was made to the State reconciled figure for the same MSMEDF by the FMF, B&P and the DMO, Abuja. The MSMEDF reconciled figure for Enugu State as at 31/12/2021 was ₦1,738,006,218.34”.</p> <p>The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State.</p>		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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 30/12/2021.</p> <p>c) The State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) was published by 31 December 2021. The evidence obtained to confirm the date of online publication included the IT Backend Screenshot.</p> <p>d) The web link is https://www.enugustate.gov.ng/wp-content/uploads/2021/12/ENUGU-STATE-2021-DEBT-SUSTAINABILITY-ANALYSIS-DEBT-MANAGEMENT-STRATEGY.pdf</p>	Satisfactory	
4	Does the SDSA - DMSR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options; including a summary analysis of the projections of performance indicators used to assess Debt Management Strategy, and their implications for cost-risk profile of State debt portfolio in 2025; and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	<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 with projected annual figures from 2021 to 2024. See page 21 (Section 4.1 - Medium Term Budget Forecast) of Enugu State Government report of the 2021 SDSA-DMSR.</p> <p>(b) Description of assumptions underpinning the MTB forecasts from 2021 to 2024 is seen in a table with assumptions and corresponding explanations in writing. See page 21 (Section 4.1 - Medium Term Budget Forecast) of Enugu State Government report of the 2021 SDSA-DMSR.</p> <p>(c) A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024. See Paragraphs 3.1, and 3.2 in pages</p>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

8 – 14 of Enugu State Government report of the 2021 SDSA-DMSR.

(d) The presentation and analysis in the entire forecast period were of adequate quality, and did not contain illogical statements.

(2) A detailed and adequate description of the debt portfolio and borrowing options, including:

(a) Presentation of debt and borrowing projections in the baseline scenario was done using tables and charts with projected figures from 2021 to 2030. See Pages 15-17 (Paragraph 4) of Enugu State Government report of the 2021 SDSA-DMSR.

(b) Description of assumptions underpinning the borrowing options presented in a table with assumptions and corresponding explanations in writing. See **pages 23-24, Paragraph 4.2 – Borrowing Options** of Enugu State Government report of the 2021 SDSA-DMSR

(c) A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2021-2030. See pages 24-28, Paragraph 4.3 – Debt Management Strategy of Enugu State Government report of the 2021 SDSA-DMSR

(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. See pages 33-46 of Enugu State Government report of the 2021 SDSA-DMSR

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>(e) The presentation and analysis in the entire forecast period were of adequate quality, and did not contain illogical statements.</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. See Page 21 (Section 4.1 - MEDIUM TERM BUDGET FORECAST) and DSA simulation results on Paragraph 5.2 (Pages 34 -46) of Enugu State Government report of the 2021 SDSA-DMSR.</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. See paragraph 4 (pages 15) of Enugu State Government report of the 2021 SDSA-DMSR.</p> <p>(c) The presentation and analysis in the entire historical period were of adequate quality, and did not contain illogical statements</p> <p>b) IVA reviewed and made comparison between the information (figures) contained in the assessment report of the SDSA-DMSR obtained from the DMO and the SDSA-DMSR obtained from the State Website.</p> <p>c) There were no differences identified</p>		
<p><i>DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears</i></p>			

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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>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>		Not Achieved	
1	Has the State established an Arrears Clearance Framework (ACF)?	The State has not established an Arrears Clearance Framework (ACF).	Unsatisfactory	The State should establish an Arrears Clearance Framework (ACF)
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of	The State has not established an Arrears Clearance Framework (ACF).	Unsatisfactory	The ACF should contain: 1) Planned actions to settle arrears 2) An explicit prioritization of

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	expenditure arrears to be settled.			expenditure arrears to be settled
3	Has the ACF been published on a State official website?	The State has not established nor published its Arrears Clearance Framework (ACF) online.	Unsatisfactory	The State should ensure the ACF is published on her Official website
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The State has not established an Arrears Clearance Framework (ACF).	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF
5.	Has the State established an Internal Domestic Arrears Database?	The State has not established an internal Domestic Arrears Database.	Unsatisfactory	<p>a) The state should ensure they establish an internal domestic arrears database.</p> <p>b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; the aggregate amount of pension and gratuity arrears; the aggregate amount of salary arrears</p>

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
				and other staff claims
6	Has the State published online elements of the internal domestic arrears database for the FY 2020 and FY 2021 reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has not published online elements of its Internal Domestic Arrears Database as at the end of 2020 and 2021.	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.
7.	Does the online publication include? 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears; 3) the aggregate amount of salary arrears and other staff claims; 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to	The State has not published online elements of its Internal Domestic Arrears Database.	Unsatisfactory	a) The State should ensure they publish online lists of contractors with recognized arrears exceeding ₦20 million. b) The state should ensure contractors can verify that their claims are accurately reported

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations																												
<p>verify that their claims are being accurately reported in the database.</p>																															
<p>8. 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> <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>	<table border="1" data-bbox="695 391 1419 987"> <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>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Pension and Gratuity arrears</td> <td>28,648,888,909.54</td> <td>26,847,958,721.56</td> <td>-6.71</td> </tr> <tr> <td>Salary arrears and Staff claims</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Judgement Debt</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Other types of domestic expenditure arrears</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Domestic Arrears</td> <td>28,648,888,909.54</td> <td>26,847,958,721.56</td> <td>-6.71</td> </tr> </tbody> </table> <p>a. We did not obtain the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database to do the required computation, as the State did not provide its Internal Domestic Arrears (SIDA) database</p> $\frac{\text{₦}26,847,958,721.56 - \text{₦}28,648,888,909.54}{\text{₦}28,648,888,909.54} \times 100 = -6.71\%$	Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)	Contractors Arrears	0	0	0	Pension and Gratuity arrears	28,648,888,909.54	26,847,958,721.56	-6.71	Salary arrears and Staff claims				Judgement Debt	0	0	0	Other types of domestic expenditure arrears				Total Domestic Arrears	28,648,888,909.54	26,847,958,721.56	-6.71	Unsatisfactory	The State should ensure a reduction of domestic arrears debt stock to below ₦5 billion
Aggregate Amount of:	2021 (₦)	2020 (₦)	Diff. (%)																												
Contractors Arrears	0	0	0																												
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Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations									
		The percentage increase is 6.71% Source: State Audited Financial Statement 2021, page 34.											
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>		Not Achieved										
1	<p>Has the State met:</p> <p>(i) the ratio of total debt stock at end-of-year (31st December 2021) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2021)?</p> <p>-Basic target: < [120%]</p> <p>-Stretch target: < [95%]</p> <p>(ii) Average monthly debt service deduction is < 40% of</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> <table border="1"> <thead> <tr> <th></th> <th>Financial Statements ₦</th> <th>DMO/ SDEDR Figures ₦</th> </tr> </thead> <tbody> <tr> <td>Total Domestic Debts</td> <td>74,340,298,629.31</td> <td>75,975,735,464.09</td> </tr> <tr> <td>Total External Debts</td> <td>53,355,817,257.29</td> <td>53,355,817,257.31</td> </tr> </tbody> </table>		Financial Statements ₦	DMO/ SDEDR Figures ₦	Total Domestic Debts	74,340,298,629.31	75,975,735,464.09	Total External Debts	53,355,817,257.29	53,355,817,257.31	Unsatisfactory	The State should reduce its debt to revenue ratio and ensure debt is sustainable. As a general guide, debt should not be more than 95% of Revenues and should ideally be much less.
	Financial Statements ₦	DMO/ SDEDR Figures ₦											
Total Domestic Debts	74,340,298,629.31	75,975,735,464.09											
Total External Debts	53,355,817,257.29	53,355,817,257.31											

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations										
	gross FAAC allocation for FY2021.	<table border="1"> <tr> <td>Total Public Debts</td> <td>127,696,115,886.60</td> <td>129,331,552,721.40</td> </tr> </table>	Total Public Debts	127,696,115,886.60	129,331,552,721.40										
Total Public Debts	127,696,115,886.60	129,331,552,721.40													
<u>Total Annual Revenue</u>															
<table border="1"> <tr> <td>2021 Adjusted IGR (see DLI 4.2)</td> <td>₦26,306,232,078</td> </tr> <tr> <td>Gross FAAC Allocation**</td> <td>₦64,075,682,108</td> </tr> <tr> <td>Grants</td> <td>₦2,234,714,560</td> </tr> <tr> <td>Other Revenues</td> <td>₦144,924,525</td> </tr> <tr> <td>Total Revenue</td> <td>₦92,761,553,271</td> </tr> </table>						2021 Adjusted IGR (see DLI 4.2)	₦26,306,232,078	Gross FAAC Allocation**	₦64,075,682,108	Grants	₦2,234,714,560	Other Revenues	₦144,924,525	Total Revenue	₦92,761,553,271
2021 Adjusted IGR (see DLI 4.2)	₦26,306,232,078														
Gross FAAC Allocation**	₦64,075,682,108														
Grants	₦2,234,714,560														
Other Revenues	₦144,924,525														
Total Revenue	₦92,761,553,271														
<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>															
AFS COMPUTATION															
$\frac{\text{₦127,695,115,886.60} \times 100}{\text{₦92,761,553,271}} = 137.66\%$															
DMO COMPUTATION															
$\frac{\text{₦129,331,552,721.40} \times 100}{\text{₦92,761,553,271}} = 139.42\%$															

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	<p>We have computed the total debt service deduction / Gross FAAC Allocation percentage for the 2021 year, as follows:</p> $\frac{\text{N}4,764,455,427 \times 100}{\text{N}64,075,682,108} = 7.44\%$ <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, Pages 33, 37 and 59 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 ENUGU STATE

S/N	ENUGU STATE	2021 - AMOUNT (₦)
1	BUDGET SUPPORT LOAN (SOURCE FMOF)	21,943,540,631.39
2	BAIL OUT (SALARIES) (SOURCE CBN)	4,071,921,262.90
3	RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	5,391,892,474.38
4	EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,678,919,117.90
5	STATE BONDS	-
6	COMMERCIAL BANK LOANS	-
7	CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
8	ACCELERATED AGRIC DEVELOPMENT SCHEME LOAN	
9	BAIL-OUT (INFRASTRUCTURE)	
10	CBN DIFFERENTIATED CASH RESERVE REQ LOAN	
11	HEALTHCARE DEDUCTIONS	2,000,000,000.00
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)	1,262,733,955.03
17	JUDGEMENT DEBTS	-
18	GOVT - GOVT DEBTS	-
19	CONTRACTORS' ARREARS	-

Internal

S/N	ENUGU STATE	2021 - AMOUNT (₦)
20	PENSION AND GRATUITY ARREARS	28,571,932,665.91
21	SALARY ARREARS AND OTHER CLAIMS	-
22	OTHER DEBTS	1,553,599.18
	TOTAL DOMESTIC DEBT (TDD)	75,975,735,464.09
	TOTAL EXTERNAL DEBT (TED)	53,355,817,257.31
	TOTAL PUBLIC DEBT (TED+TDD)	129,331,552,721.40

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

TEMPLATE: OPTION A	₦
Item	2021
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	64,075,682,108
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	42,450,925,087
1.1.1 Gross statutory allocation	35,503,395,755
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	6,947,529,332
1.2 VAT	21,624,757,021
2. Internally Generated Revenues (IGR) – Adjusted	26,306,232,078
3. Grants (internal and external)	2,234,714,560
4A. Other revenues (4.1 + 4.2 + 4.3)	144,924,525
4.1 Investment Income (e.g. dividends)	94,958,031
4.2 Interest Earned	53,897
4.3 Miscellaneous	49,912,596
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	92,761,553,271

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 3 –</p> <p>Issue 1: The State has not established a functional State level TSA</p> <p>Response:</p> <p>Enugu State Government has an established and functional State level TSA. The then State Accountant General in 2020 wrote to His Excellency, the Governor and secured approval to link other accounts operated by the State to ENSG FAAC Account with the UBA plc, which since then has been in use as the State TSA/FAAC Account. The account no. is 1018791104. Bank: UBA Plc. See Appendix 1 for the approval in the assessment file. ENSG IGR Pool Account and Enugu State Government VAT, as you stated on p.19 of your draft are some of those accounts linked.</p> <p>Issue 2: The TSA covered 47.54% of the State’s Finances in the year 2021.</p> <p>Response: The TSA covered 81.51% of the State Government Finances in the year 2021. We will therefore appreciate if you kindly review your computations and hence your conclusion of 47.54% coverage, because from p.33 of the State 2021 AFS (which you referenced, see Appendix 2):</p> <ol style="list-style-type: none"> 1. Below the line receipts and payments (FIRS and Control amounts) were accidentally added to arrive at Government Finances, inflow N168,771,247,882.89 and N172,207,225,408. 13 as outflow for the year 2021. 2. Necessary adjustments for recognized receipts and payments, which by their nature, do not pass-through TSA were not made e.g., draw-down from external loans, deductions at source and payments made on behalf of the State at Abuja (FAAC). 3. External loan draw-down goes straight to designated account approved and monitored by the lender (World Bank) and it does not pass-through TSA. 4. Funds deducted at source and paid on behalf of the Government do not pass through the TSA but are recognized only for accounting purposes. <p>B. COMPUTATIONS</p>	<p>IVA has noted the State’s response and has maintained its position on DLI 3. Kindly note that the BTL receipts and payments when taken out of the cash and other cash equivalent affect the cashflow balance which implies that they contain genuine transactions carried out by the State.</p>

S/N	State Response to the draft report	IVA Follow-up, response, treatment																												
	<p>From p.33 which you referred to (2021 AFS), State Government unadjusted inflow (Revenue) is as follows.</p> <p style="text-align: center;">N</p> <table> <tr> <td>Total receipts (including gross FAAC).</td> <td style="text-align: right;">87,036,092,816.65</td> </tr> <tr> <td>Proceeds from Aids and Grants</td> <td style="text-align: right;">2,234,714,560.00</td> </tr> <tr> <td>Proceeds from external loans</td> <td style="text-align: right;">10,901,539,293.86</td> </tr> <tr> <td>Proceeds from internal loans</td> <td style="text-align: right;">5,007,180,457.14</td> </tr> <tr> <td>Proceeds from other capital receipts</td> <td style="text-align: right;"><u>67,033,000.00</u></td> </tr> <tr> <td>Unadjusted inflow</td> <td style="text-align: right;">105,246,560,127.65</td> </tr> </table> <p>Note: Below the Line (BTL) receipts are not part of Government inflow and therefore should not count. They are (see note 16 appendix 3):</p> <p>a. Withholding taxes due to the Federal Inland revenue Services</p> <p>b. VAT due to Federal Inland Revenue Salaries</p> <p>c. Union deductions</p> <p>d. Loan deductions for salaries and other deductions for payroll</p> <p>e. JAAC contributions to LGs</p> <p>f. Monthly net total salary control account (which is cleared out by monthly net total salary control account) BTL payments.</p> <p>g. Local Government Funds</p> <p>C. Adjusted State Government inflow 2021.</p> <table> <tr> <td>Gross Inflow 2021</td> <td style="text-align: right;">N 105,246,560,127.65</td> </tr> </table> <p>Less: Funds that by their nature do not pass-through TSA</p> <table> <tr> <td>a. Draw-down from external loans.</td> <td style="text-align: right;">10,901,539,293.86</td> </tr> <tr> <td>b. Funds deducted at source at Abuja</td> <td></td> </tr> <tr> <td colspan="2">(See note 15, Appendix 4)</td> </tr> <tr> <td>I. FAAC deductions: Ecological Fund</td> <td style="text-align: right;">816,578,189.98</td> </tr> <tr> <td>ii. . FAAC deductions: Acting Software</td> <td style="text-align: right;">9,321,595.08</td> </tr> <tr> <td>iii. . FAAC deductions: Health Care.</td> <td style="text-align: right;">377,394,787.80</td> </tr> <tr> <td>iv. . FAAC deductions: Excess Crude.</td> <td style="text-align: right;">539,835,573.54</td> </tr> </table>	Total receipts (including gross FAAC).	87,036,092,816.65	Proceeds from Aids and Grants	2,234,714,560.00	Proceeds from external loans	10,901,539,293.86	Proceeds from internal loans	5,007,180,457.14	Proceeds from other capital receipts	<u>67,033,000.00</u>	Unadjusted inflow	105,246,560,127.65	Gross Inflow 2021	N 105,246,560,127.65	a. Draw-down from external loans.	10,901,539,293.86	b. Funds deducted at source at Abuja		(See note 15, Appendix 4)		I. FAAC deductions: Ecological Fund	816,578,189.98	ii. . FAAC deductions: Acting Software	9,321,595.08	iii. . FAAC deductions: Health Care.	377,394,787.80	iv. . FAAC deductions: Excess Crude.	539,835,573.54	
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	v. . FAAC deductions: Budget Support	929,448,706.55
	vi. . FAAC deductions: Bail out Loan	227,108,825.76
		<u>13,801,226,972.57</u>
	Adjusted State Government inflow 2021	91,445,333,155.08
	D. Unadjusted Government outflow 2021	N
	I. Total payments	73,938,533,948.59
	ii. External loan repayment	1,200,387,931.55
	iii. Internal loan repayment	1,795,137,419.48
	iv. Capital expenditure	<u>35,585,557,715.11</u>
	Unadjusted State Government outflow	112,519,617,014.73
	Note: Below the Line (BTL) payments are not part of Government outflow and therefore should not count. They are (see note 17 appendix 5):	
	i. Withholding taxes due to the FIRS	
	ii. VAT due to FIRS	
	iii. Union deductions/Remittance	
	iv. Loan deductions from salaries	
	v. Deductions at source	
	vi. Monthly net ppay total control account	
	vii. Local Government Funds.	
	*External loan draw-down goes straight to designated account approved and monitored by the lender (World Bank) and it does not pass through TSA.	
	E. Adjusted State Government 2021 Inflow	N
	Gross outflow	112, 519,617,014.73
	Less: Funds that do not pass through	
	a. External loan repayment	1,200,387,931.55*
	b. Funds deducted and paid for State Govt, at Abuja (FAAC)	
	i. FAAC deductions: Ecological Fund	816,578,189.98
	ii. FAAC deductions: ; Acting Software	9,321,595.08

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2	<p>DLR 6.2</p> <p>1. Response to DLR 6.2 (1b &c)</p> <p>The reason why there is difference of N24,509,182,858.11 between contracts published online and actual capital expenditure for 2021 includes:</p> <p>i. Some of the payments are for contracts awarded before 2021 while the schedule of contracts published for 2021 are for the contracts in 2021.</p> <p>ii. Some of the capital expenditures executed in 2021 were by direct labour from the State Ministry of Works and such capital expenditures were not awarded to third parties (contractors). Therefore, the contracts published for 2021 are the complete contracts awarded in 2021 fiscal year.</p> <p>2. Response to DLR 6.2 (1d)</p>	<p>The IVA still maintains its position. The State did not have a publication threshold in its procurement law/manual and as a result, was required to publish all the information on contracts awarded for the year under assessment.</p> <p>The State is to ensure the implementation of e-procurement in at least four (4) MDAs (including Education, Health, and Public Works) show at least 6 months of transaction from 1st January 2022 to 30 June 2022. Evidence shows that the State commenced transactions on e-procurement in June 2022.</p> <p>The findings in the draft report still remains valid.</p>												

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	<p>Contract awards for all four pilot MDAs and other high spending ministries (including Ministry of Health and Education) were published in the 2021 contract award publication. Kindly find the attached pdf file downloaded from the Enugu e-GP which shows all 2021 contract award publication including Ministry of Health and Education.</p> <p>3. Response to DLR 6.2 (2a&2e)</p> <p>According to Enugu State Law, procurement process starts from budgeting to procurement planning to tendering to evaluation then award. These steps and processes usually require different levels of approvals which is dependent on the availability of funds to finance the projects. For 2022, the four pilot MDAs (Health, Education, Works, Water Resources), started their procurement processes in March 2022, by the publication of e-procurement plans through the Enugu E-Procurement System. Hence, transactions started by March 2022, while e-Tendering and awards were done in June 2022.</p> <p>4. Response to DLR 6.2 (2c &e): The Accountant General’s report obtained for January 1 to June 30, 2022 did not show transactions for the awards through the e-Procurement system because; payments for the e-GP awards have not been made as at 30th June 2022. All payments reflected on the Accountant General’s report are payment for awards for previous years before 2022.</p> <p>5. Response to DLR 6.2 (2f) : All transactions done in June 2022 started in March 2022 through publication of e-procurement plan in March 2022.</p> <p>6. Response to DLR 6.2 (2h & 2i) : In 2022, the four pilot MDAs conducted all their procurement activities through the eProcurement system, starting with publication of procurement plans in March 2022. Any transaction done outside the e-Procurement system was through direct labour (in which a third-party contractor is not engaged, the MDA/procuring entity is responsible for the execution of the project directly using funds approved.)</p> <p>The e-publishing/tender notification module is fully functional on the Enugu e-GP. For published tenders, users can access detailed specifications on the actual works, goods and services by clicking the tender title. After clicking, it takes them to another web page where they will see full tender details and specifications in the new web page.</p> <p>Tender documents such as Bill of Quantities, Drawings, etc, are available in the dashboard of registered contractors after they have paid for tender fees for that particular tender. The tender notice/PDF publication is optional, because it reflects the same information available on the tender details web page when you click the tender title of any interested tender.</p> <p>7. Response to DLR 6.2 (2j &2k) – The four pilot MDAs utilized the five e-Procurement modules as follows;</p> <ul style="list-style-type: none"> i. E-Registration of MDAs & E-Registration of Contractors/supplier/consultants. ii. E-Procurement Planning procurement plans were published in March 2022 for 4 pilot MDAs. 	

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	<p>iii. E- Notification – MDAs get notification on their dashboards, contractors/suppliers/consultants get email and dashboard notifications.</p> <p>iv. E-Publishing – Procurement plan, tender adverts & details, award notices are published on the system.</p> <p>v. E- Tendering – All tendering processes from advert, tender fees payment to bid submission are done through the system.</p> <p>vi. E-Evaluation & Award – Tender evaluation was done electronically on the system and award was done through the system.</p> <p style="text-align: center;"><u>RESPONSE TO IVA EXECUTIVE SUMMARY</u></p> <p><u>In response to your email to provide feedback to the Enugu State final report on the 2021 APA DLR 6.2. We noticed the IVA made two remarks as regards DLR 6.2 which are:</u></p> <p><u>i. Incomplete contract award information online.</u></p> <p><u>ii. The state did not implement e-procurement in at least 4 MDAs by the due date. All contracts awarded by the four pilot MDAs through the e-Procurement System are automatically published on the e-GP and OCDS Portal, also contracts awarded by non-pilot MDAs are also published on the OCDS portal. (Find attached screenshot file of awards published on the system before 30th June, 2022)</u></p> <p><u>The Enugu State E-Procurement System went live in October 2021. (Find attached screenshot file from Admin dashboard as evidence). The four pilot MDAs registered are on the e-GP system; i. Ministry of Health, ii. Ministry of Education, iii. Ministry of Works and iv. Ministry of Water Resources.</u></p> <p><u>To provide proof that Enugu state implemented e-Procurement in the four pilot MDAs listed above are;</u></p> <p><u>a) The Enugu e-Procurement System was used to publish the procurement plans for the four pilot MDAs in March 2022.</u></p> <p><u>b) The Enugu e-Procurement System was used for all procurement processes for the four pilot MDAs between June to 28th July, 2022. (Find attached files of virtual bid opening recording as evidence). Google links to the virtual bid opening zoom recordings:</u></p> <p><u>Ministry of HEALTH – Zoom Bid Opening Link:</u> https://drive.google.com/file/d/1bqdkX1uqEvFqMOTNT8xluKsNlc76B7cJ/view?usp=sharelink</p> <p><u>Ministry of Works, Education & Water Resources –</u> http://drive.google.com/file/d/1JZmDOBbWxzDrW7h7HzMe2IHj5U6uQV6/view?usp=sharelink</p>	

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3		
4		