

Public Financial Management
Rapid Annual Assessment
(PFM-RAA)

Wazobia State Government



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Abbreviations and Acronyms

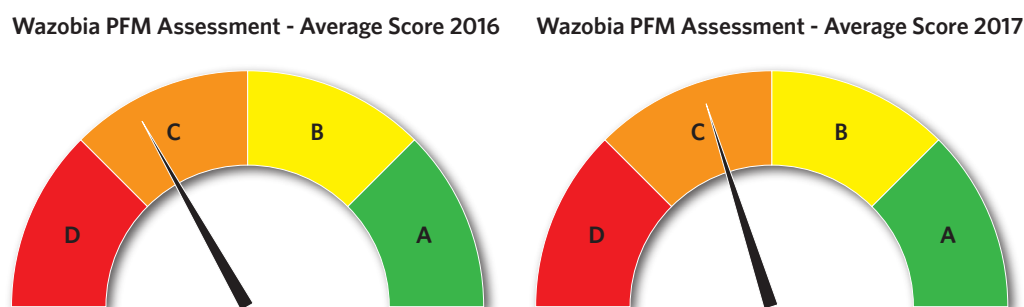
ARC	Accountable, Responsive and Capable government
BPS	Budget Policy Statement
COFOG	Classification of Functions of Government (United Nations)
CRF	Consolidated Revenue Fund
DMD	Debt Management Department
EFU	Economic and Fiscal Update
ExCo	Executive Council
FGD	Focus Group Discussion
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
GFS	Government Financial Statistics (International Monetary Fund GFS Manual)
IFMIS	Integrated Financial Management Information System
IGR	Internally Generated Revenue
IPSAS	International Public Sector Accounting Standards
MDA	Ministry, Department, Agencies
MOF	Ministry of Finance
MOJ	Ministry of Justice
PEFA	Public Expenditure and Financial Accountability
PERL	Partnership to Engage, Reform and Learn
PFM	Public Financial Management
PPL	Public Procurement Law
RAA	Rapid Annual Assessment
SHOA	State House of Assembly
SN	Sub-National
TIN	Tax Identification Number
TSA	Treasury Single Account
WHT	Withholding Tax

Executive Summary

The Wazobia State Public Financial Management Rapid Annual Assessment (PFM-RAA) was undertaken for two assessment periods (2016 and 2017), to determine the status of public finance and accountability in the state, as well as to identify targets for performance improvement for 2017 (which would be assessed in 2018).

This assessment will enable the state to prepare action plans and strategies to achieve the set improvement targets. The summary of the assessment results is presented here.

Figure 1: PFM Status 2016 and 2017



Wazobia PFM Assessment Score Dynamics - 2016 to 2017

Dynamic	No.	10	20	30	40	50	60	70
Score Improved	19							
Score Stayed the Same	42							
Score Worsened	11							
Score Not Comparable	0							

In aggregate terms, Wazobia State improved its PFM performance between the two assessment periods. The most notable areas of improvement were in Budget Preparation (as a result of the introduction of medium term budgeting), Internal Revenue (progress on TIN (Tax Identification Number) and WHT (Withholding Tax)) and Institutional and Legislative Framework (passing of the Fiscal Responsibility and Public Procurements laws, and establishment of the Efficiency Unit). There was a slight decline in fiscal performance due to poor capital receipts.

Figure 2: Improvement Targets for 2018

Wazobia PFM Assessment Target Score Dynamics - 2018 Improvements from 2017

Dynamic	No.	10	20	30	40	50	60	70	
Score Improved	56								
Score Stayed the Same	16								
Score Worsened	0								
Score Not Comparable	0								

Action Plan to achieve improvement targets - there is now a need to develop a detailed PFM Reform Action Plan based on the above targets (see Table 2 on page 14).

Section One: Introduction

The aim of the Public Financial Management (PFM) Rapid Annual Assessment (RAA) Framework is for states to be able to self-assess their Public Financial Management (PFM) systems, processes and performance on an annual basis. The aim is to track progress and provide targets for subsequent years for areas of improvement. The titling of the assessment framework as "Rapid" is based on the following:

- Less reliant on evidence than other assessments (e.g. PEFA);
- Time horizon is one year only;
- Overall less indicators than other PFM assessments (e.g. PEFA).

The PFM-RAAF has a total of 72 indicators which are grouped into nine clusters:

- Fiscal Performance (20 indicators: A to T)
- Budget Preparation (10 indicators: A to J)
- Budget Execution (8 indicators: A to H)
- Internal Revenue (4 indicators: A to D)
- Accounting and Reporting (8 indicators: A to H)
- Audit (3 indicators: A to C)
- Debt Position (6 indicators: A to F)
- Institutional and Legal Framework (6 indicators: A to F)
- Openness and Transparency (7 indicators: A to G)

71
resolutions

The indicators were developed with several key fiscal initiatives in mind: the Fiscal Sustainability Plan (FSP) which has been put to states as part of the Federal Budget Support Facility; the National Economic Council (NEC) 71 resolutions (those relating to PFM) which are aimed at returning the Nigerian economy to growth; and the Open Budget Index (OBI) which are relevant to the National Action Plan for the Open Government Partnership (targets set for cluster 9 (Openness and Transparency) indicators should at least reflect the Action Plan targets/timetable).

More information on the assessment process can be found in the PFM-RAA Manual and Assessment Framework.

The PFM-RAA Framework is one of two assessment tools that have been developed under the Partnership to Engage, Reform and Learn (PERL) programme – the other being the Governance Assessment (GA). The two assessments have been designed in such a way that the scores of seven indicators under the Fiscal Performance cluster in the PFM-RAA will feed four indicators in the GA.

This report includes a brief summary of the scores (section two) as well as the detailed scoring for each indicator (section three). Finally, a list of workshop participants is presented in section four.

Approach

This first iteration of the PFM-RAA in Wazobia State looked at two time periods:

- 2017 assessment (which looks largely at the 2017 Budget Preparation process and 2016 budget implementation, plus an as-is assessment of other areas);
- 2016 assessment (as above but one year earlier) - this was to provide a baseline and to assess progress over the last year.

15 officials

The assessment was undertaken in an out-of-state Focus Group Discussion (FGD) environment with 15 officials from Wazobia State Government (see list of participants in section 4) over a three-day time period, in Abuja, in September 2017. The FGD was facilitated by the PERL-ARC programme.

A government lead was nominated for each of the nine clusters of indicators with the responsibility of having the final say on the scoring, and for “owning” the targets for 2018 and coordinating the reforms to improve scores within the clusters. These are shown in Table 1 below.

Table 1: Cluster Owners

Cluster	Owner
<i>Fiscal Performance</i>	<i>PS Planning and Budget</i>
<i>Budget Preparation</i>	<i>PS Planning and Budget</i>
<i>Budget Execution</i>	<i>Accountant General</i>
<i>Internal Revenue</i>	<i>Chairman, BIR</i>
<i>Accounting and Reporting</i>	<i>Director Final Accounts</i>
<i>Audit</i>	<i>Auditor General</i>
<i>Debt Position</i>	<i>Director Debt Management</i>
<i>Institutional and Legal Framework</i>	<i>PS Finance</i>
<i>Openness and Transparency</i>	<i>PS Finance</i>

After the initial FGD session, a subsequent one-day validation session was held in Abuja on 10-October-2017.

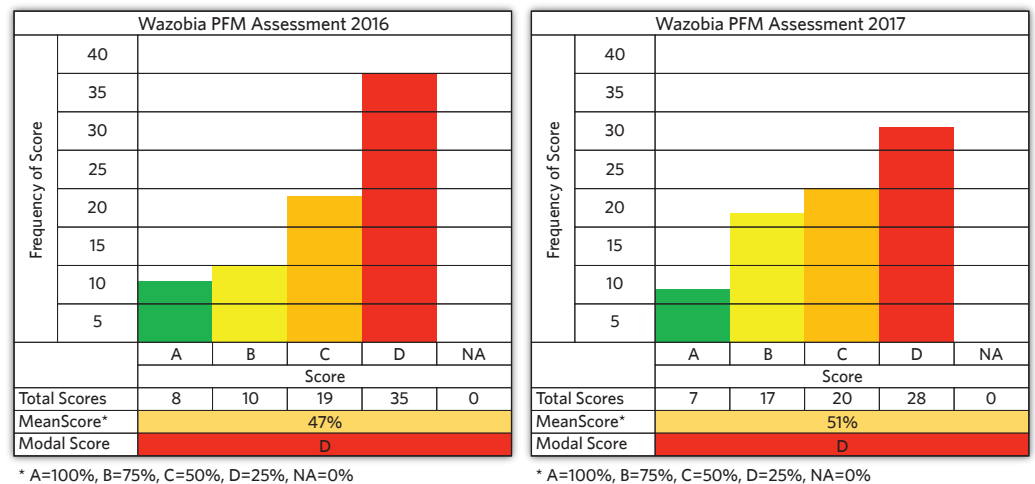
Section Two: Scores

Summary of Aggregate Scores

Overall, Wazobia State Government (WSG) improved across all averaging methods – although D was still the modal score, the number of indicators that scored D decreased by seven. The numerical score also increased from 47% to 51%.

A summary of the aggregate scores is provided in Figure 3 below.

Figure 3: Summary of Aggregate Scores



WSG’s improvements were in three main areas – Budget Preparation, Internal Revenue and Institutional and Legal Framework. Fiscal Performance regressed slightly due to poor capital receipts. IGR has been affected positively by the implementation of the Tax Identification Number (TIN) and the Automated Withholding Tax (WHT) system. Finally, Wazobia State passed Procurement and Fiscal Responsibility legislation in 2017 and began the process of creating an efficiency unit which had a positive impact on the Institutional and Legal Framework indicator scores. Of the ten indicators that worsened, six were in the Fiscal Performance cluster.



In total, the following dynamics were observed between 2016 and 2017.

Figure 4: Score Dynamics between 2016 and 2017

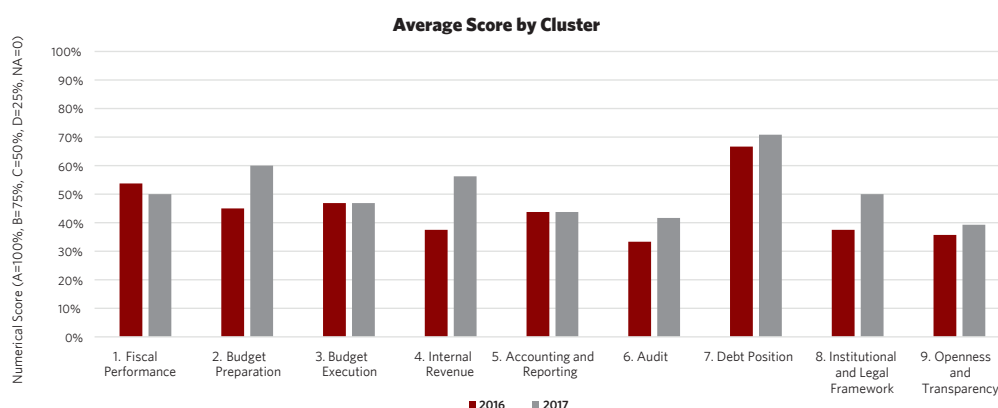
Wazobia PFM Assessment Score Dynamics - 2016 to 2017

Dynamic	No.	10	20	30	40	50	60	70
Score Improved	19							
Score Stayed the Same	42							
Score Worsened	11							
Score Not Comparable	0							

Summary of Scores and Targets

A summary of the scores (mean) by cluster for 2016 and 2017 are presented in the table below.

Figure 5: Mean Score by Cluster – 2016 and 2017



Individual summaries for each cluster are provided below.

Cluster	Year	Score	25%	50%	75%	100%
1. Fiscal Performance	2016	53.8%				
	2017	50.0%				



1. Fiscal Performance – in order to assess the scores for the two years under review, fiscal performance data was compiled for the period of 2014-2016. The data for the two scoring periods are presented in Table 3 (for 2016 scoring) and in Table 4 (for 2017 scoring) section 3 below. The data was used to generate the fiscal performance percentage and scored as summarised in Table 5 (2016 scores) and in Table 6 (2017 scores) section 3.

Six indicators worsened in 2017 but four also improved. Generally, the worsening was caused by poor capital receipts, but the improvements were due to IGR growth and improvements in Federation Account revenues.

Cluster	Year	Score	25%	50%	75%	100%
2. Budget Preparation	2016	45.0%				
	2017	60.0%				

2. Budget Preparation – the preparation for the first time of an Economic and Fiscal Update, Fiscal Strategy Paper and Budget Policy Statement (EFU-FSP-BPS) document helped improve the medium term aspects of the budget preparation scoring. The legislature (SHoA) was also given more time to review the budget, and the budget document improved (again as a result of the EFU-FSP-BPS document).

Cluster	Year	Score	25%	50%	75%	100%
3. Budget Execution	2016	46.9%				
	2017	46.9%				

3. Budget Execution – on the whole, budget execution indicators remained unchanged, two indicators improved (monitoring of cash flows and consolidation of cash balances), however, there were significant budget adjustments in 2016 which meant a decrease in the scoring for the associated indicator.

Cluster	Year	Score	25%	50%	75%	100%
4. Internal Revenue	2016	37.5%				
	2017	56.3%				

4. Internal Revenue - the implementation of WHT and TIN helped improved tax scores, however a review of Tax Rates and Tariffs is needed as these are now out of date.

Cluster	Year	Score	25%	50%	75%	100%
5. Accounting and Reporting	2016	43.8%				
	2017	43.8%				

5. Accounting and Reporting - all indicators under Accounting and Reporting stayed the same between the two periods. The reforms in this year are due to start in late 2017 with assistance from the World Bank, so 2018 scoring might see some improvements.

Cluster	Year	Score	25%	50%	75%	100%
6. Audit	2016	33.3%				
	2017	41.7%				

6. Audit - as with accounting, the large extent of reforms are yet to take place in the area of internal and external audit. However, the submission of audited financial statements for 2016 was earlier than the previous year so there was a one grade improvement for this indicator.

Cluster	Year	Score	25%	50%	75%	100%
7. Debt Position	2016	66.7%				
	2017	70.8%				

7. Debt Position - two indicators changed between 2016 and 2017 - the debt sustainability assessment in October 2015 meant a better score in the 2016 assessment than 2017 (as in 2017 it was more out of date). However, there was a more favorable rating by a rating agency in early 2017, meaning this score improved by two grades.

Cluster	Year	Score	25%	50%	75%	100%
8. Institutional and Legal Framework	2016	37.5%				
	2017	50.0%				

8. Institutional and Legal Framework - the passing of the Fiscal Responsibility and Procurement laws meant slight improvements, however, a lot of the provisions of the laws are not yet being complied with. The Efficiency Unit has also been established but is not really fully operational yet.

Cluster	Year	Score	25%	50%	75%	100%
9. Openness and Transparency	2016	35.7%				
	2017	39.3%				

9. Openness and Transparency - budget performance reports were produced for 2016 so there was a small improvement here, but they are not yet publicly available. All other indicators remained the same.

PFM Reform Actions

The purpose of the PFM-RAAF is not only to assess current and historical performance, it also provides a platform and concrete indicators as the basis for setting targets for improvements to the PFM systems, processes and performance that would be assessed again in a year’s time.

Due to the time constraints in the assessment sessions (three days), the level of detail provided in term of actions to achieve the targets was limited. It is likely the next iteration of the PFM assessment in 2018 will provide some realism.

The state should therefore work to develop an Action Plan to achieve the targets set for 2018.

Targeted improvements on an aggregate level are presented in Figure 6 below.

Figure 6: Targeted Score Dynamic between 2017 and 2018

Wazobia PFM Assessment Target Score Dynamics - 2018 Improvements from 2017

Dynamic	No.	10	20	30	40	50	60	70
Score Improved	56							
Score Stayed the Same	16							
Score Worsened	0							
Score Not Comparable	0							

Full scores, justification and targets for 2018 are provided in the Section 3.

Table 2: Summary of Scores and Targets

Indicator Number	Title	Score 2016					Score 2017					2018 Target				
		A	B	C	D	NA	A	B	C	D	NA	A	B	C	D	
1. Fiscal Performance																
1.A	Aggregate expenditure out-turn compared to original approved budget			C												
1.B	Composition of expenditure out-turn compared to original approved budget		B					B								
1.C	Recurrent expenditure out-turn compared to original approved budget		B					B								
1.D	Capital expenditure out-turn compared to original approved budget				D											
1.E	Aggregate expenditure out-turn compared to original approved budget - Education Sector				D											
1.F	Aggregate expenditure out-turn compared to original approved budget - Health Sector				D											
1.G	Aggregate expenditure out-turn compared to original approved budget - Agriculture sector	A							C							
1.H	Aggregate expenditure out-turn compared to original approved budget - Infrastructure Sector															
1.I	Aggregate expenditure out-turn compared to original approved budget - Water Sector				D											
1.J	Aggregate Revenue Out-turn			C												
1.K	Composition of revenue out-turn compared to original approved budget			C												
1.L	Federal Account Revenue out-turn compared to original approved budget		B													
1.M	IGR out-turn compared to original approved budget			C												
1.N	Capital Receipts out-turn compared to original approved budget				D											
1.O	Proportion of Recurrent Expenditure funded by IGR				D				C							
1.P	Proportion of Recurrent Expenditure funded by IGR and VAT															
1.Q	Capital Expenditure Ratio		B													
1.R	Personnel Expenditure Ratio		B													
1.S	Overheard Expenditure Ratio	A														
1.T	Real IGR Growth			C												
2. Budget Preparation																
2.A	Existence of and adherence to a fixed budget calendar			C												
2.B	Multi-year fiscal forecasts and functional allocations				D											
2.C	Existence of costed sector strategies				D											
2.D	Timeliness of reliable information to SN governments on their allocations from central government for the coming year				D											
2.E	Guidance on the preparation of budget submissions								C							
2.F	The classification system used for formulation of the central government's budget															
2.G	Scope of the legislatures scrutiny of the Budget															
2.H	Adequacy of time for the legislature to provide a response to budget proposals															
2.I	Timely budget approval by the legislature	A														
2.J	Comprehensiveness of information included in budget documentation				D											
3. Budget Execution																
3.A	Transparent and rules based systems in the horizontal allocation to LGCs of unconditional transfers from State Government	A														
3.B	Extent to which cash flows are forecast and monitored				D											
3.C	Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs		B													
3.D	Effectiveness of expenditure commitment controls															
3.E	Extent of consolidation of the governments cash balances															
3.F	Transactions are processed within the IFMIS Environment															
3.G	Frequency of conciliation of revenue accounts with Treasury		B													
3.H	Proportion of Expenditure that is actioned through the TSA															
4. Internal Revenue																
4.A	Implementation of Tax Identification Number (TIN)				D											
4.B	Implementation of Automated With-holding Tax (WHT) System				D											
4.C	Regular Updates to Tax Rates and Tariffs		B													
4.D	Proportion of Revenue collecting MDAs that remit all their revenue to CRF Account				D											

Indicator Number	Title	Score 2016					Score 2017					2018 Target				
		A	B	C	D	NA	A	B	C	D	NA	A	B	C	D	
5. Accounting and Reporting																
5.A	Accounting standards used				D											C
5.B	The classification system used for reporting of the State Government's budget			C												
5.C	Regularity of bank reconciliations				D										B	
5.D	Quality of debt data recording and reporting			C												C
5.E	Completeness of the financial statements		B													
5.F	Income/ expenditure information on donor-funded projects which is included in fiscal reports				D											D
5.G	Existence of Fixed Asset Register				D											D
5.H	Timeliness of submission of the financial statements		B													C
6. Audit																
6.A	Biometric Assessment of State Employees Undertaken				D											
6.B	Extent of Continuous Audit				D											D
6.C	Timeliness of submission of audit reports to legislature			C											B	
7. Debt Management																
7.A	Scope and frequency of debt sustainability analysis	A														
7.B	Existence of Consolidated Debt Service Accountant				D											
7.C	Average monthly debt service ratio is less than 40% of FAAC Allocation	A														
7.D	Total Liabilities as percentage of total Recurrent Revenue	A														
7.E	Stock of expenditure payment arrears and any recent change in the stock				D											C
7.F	Attainment and Maintenance of a credit rating			C												
8. Legislative and Institutional Framework																
8.A	Fiscal Responsibility Law				D											
8.B	Organic Budget Law or equivalent				D											D
8.C	Financial Management Law	A														
8.D	Procurement Law				D											
8.E	Audit Law				D											D
8.F	Existence of Efficiency Unit				D											D
9. Openness and Transparency																
9.A	Public Access to EFU-FSP-BPS document				D											
9.B	Public Access to Budget presented to SHoA				D											D
9.C	Public Access to full Appropriations Act			C												
9.D	Public Access to Citizens Budget				D											D
9.E	Public Access to Periodic Budget Performance Report				D											D
9.F	Public Access to Financial Statements			C												
9.G	Public Access to Audited Accounts			C												

Section Three: Detailed Assessment (2016 and 2017) and Targets (2018)

The assessment was conducted for two years – 2016 and 2017 (covering 2015 and 2016 performance respectively). A target was also recorded for 2018 (which would assess performance in 2017).

3.1. Fiscal Performance

The fiscal performance indicators assess some of the “symptoms” of the PFM system as a whole from a financial perspective (not necessarily from a Value for Money perspective) – most notably the ability of the State to budget accurately, to make positive steps in increasing revenue generation, and in the composition of expenditure both from an economic and a sectoral perspective.

In order to assess the scores for the two years under review, fiscal performance data was compiled for the period 2014 to 2016. The data for the two scoring periods is presented in Table 3 and Table 4 below.

Table 3: Fiscal Performance Data (for 2016 Assessment)

Item	Prior Year Actual (2014)	Original Budget (2015)	Actual (2015)
Revenue and Expenditure Overview			
Recurrent Revenue		82,000,000,000	63,244,607,259
Statutory Allocation		42,000,000,000	32,558,963,587
Net Derivation		0	0
VAT		16,000,000,000	15,785,442,365
Other Federation Account Receipts		12,000,000,000	6,532,788,412
IGR	7,958,326,441	12,000,000,000	8,367,412,895
Other Recurrent Revenue		0	0
Capital Receipts		36,750,000,000	11,587,996,325
Total Revenue		118,750,000,000	74,832,603,584
Aggregate Expenditure		118,750,000,000	74,832,603,584
Personnel		32,325,000,000	28,876,332,541
Overhead		18,900,000,000	14,000,565,743
Capital Expenditure		67,525,000,000	31,955,705,300
Sector Expenditure			
Total Education Sector Expenditure		14,843,750,000	7,483,260,358
Total Health Sector Expenditure		8,906,250,000	3,741,630,179
Total Agriculture Sector Expenditure		11,875,000,000	11,224,890,538
Total Infrastructure Sector Expenditure		33,250,000,000	19,456,476,932
Total Water Sector Expenditure		2,375,000,000	748,326,036
Other Social Sector Expenditure		5,937,500,000	1,870,815,090
Other Economic Sector Expenditure		17,812,500,000	7,483,260,358
Governance Sector Expenditure		17,812,500,000	11,224,890,538
Judicial Sector Expenditure		5,937,500,000	1,870,815,090
Macroeconomic Indicator			
Inflation			9.70%
Debt Statistics			
Debt Deductions from FAAC Allocations			1,877,529,324
Total Liabilities at end of Financial Year			13,225,874,126
Stock of Expenditure Arrears at end of Financial Year			7,556,332,547

Table 4: Fiscal Performance Data (for 2017 Assessment)

Item	Prior Year Actual (2015)	Original Budget (2016)	Actual (2016)
Revenue and Expenditure Overview			
Recurrent Revenue		75,000,000,000	61,271,298,494
Statutory Allocation		36,000,000,000	28,445,632,791
Net Derivation		0	0
VAT		18,000,000,000	15,986,332,576
Other Federation Account Receipts		6,000,000,000	4,251,669,873
IGR	8,367,412,895	15,000,000,000	12,587,663,254
Other Recurrent Revenue		0	0
Capital Receipts		78,996,000,000	12,114,558,967
Total Revenue		153,996,000,000	73,385,857,461
Aggregate Expenditure		153,996,000,000	73,385,857,461
Personnel		36,000,000,000	28,554,763,225
Overhead		18,200,000,000	16,758,996,542
Capital Expenditure		99,796,000,000	28,072,097,694
Sector Expenditure			
Total Education Sector Expenditure		19,249,500,000	8,439,373,608
Total Health Sector Expenditure		11,549,700,000	6,237,797,884
Total Agriculture Sector Expenditure		15,399,600,000	9,540,161,470
Total Infrastructure Sector Expenditure		43,118,880,000	19,814,181,514
Other Social Sector Expenditure		7,699,800,000	2,935,434,298
Other Economic Sector Expenditure		23,099,400,000	11,741,737,194
Governance Sector Expenditure		23,099,400,000	8,806,302,895
Judicial Sector Expenditure		7,699,800,000	5,870,868,597
Macroeconomic Indicator			
Inflation			13.50%
Debt Statistics			
Debt Deductions from FAAC Allocations			2,455,879,623
Total Liabilities at end of Financial Year			20,145,247,889
Stock of Expenditure Arrears at end of Financial Year			7,458,996,235

Summaries of the scoring for the two periods under review are provided in Table 5 and Table 6 below.

Table 5: Fiscal Performance Percentages and Scores (2016 Assessment)

Ind.	Description	Value	Score			
			A	B	C	D
1.A	Aggregate expenditure out-turn compared to original approved budget	63.0%			C	
1.B	Composition of expenditure out-turn compared to original approved budget	22.7%		B		
1.C	Recurrent expenditure out-turn compared to original approved budget	83.7%		B		
1.D	Capital expenditure out-turn compared to original approved budget	47.3%				D
1.E	Aggregate expenditure out-turn compared to original approved budget - Education Sector	50.4%				D
1.F	Aggregate expenditure out-turn compared to original approved budget - Health Sector	42.0%				D
1.G	Aggregate expenditure out-turn compared to original approved budget - Agriculture sector	94.5%	A			
1.H	Aggregate expenditure out-turn compared to original approved budget - Infrastructure Sector	58.5%			C	
1.I	Aggregate expenditure out-turn compared to original approved budget - Water Sector	31.5%				D
1.J	Aggregate Revenue Out-turn	63.0%			C	
1.K	Composition of revenue out-turn compared to original approved budget	30.9%			C	
1.L	Federal Account Revenue out-turn compared to original approved budget	78.4%		B		
1.M	IGR out-turn compared to original approved budget	69.7%			C	
1.N	Capital Receipts out-turn compared to original approved budget	31.5%				D
1.O	Proportion of Recurrent Expenditure funded by IGR	19.5%				D
1.P	Proportion of Recurrent Expenditure funded by IGR and VAT	56.3%		B	C	
1.Q	Capital Expenditure Ratio	42.7%		B		
1.R	Personnel Expenditure Ratio	38.6%				
1.S	Overhead Expenditure Ratio	18.7%	A			
1.T	Real IGR Growth	-4.2%			C	

Table 6: Fiscal Performance Percentages and Scores (2017 Assessment)

Ind.	Description	Value	Score			
			A	B	C	D
1.A	Aggregate expenditure out-turn compared to original approved budget	47.7%				D
1.B	Composition of expenditure out-turn compared to original approved budget	16.0%		B		
1.C	Recurrent expenditure out-turn compared to original approved budget	83.6%		B		
1.D	Capital expenditure out-turn compared to original approved budget	28.1%				D
1.E	Aggregate expenditure out-turn compared to original approved budget - Education Sector	43.8%				D
1.F	Aggregate expenditure out-turn compared to original approved budget - Health Sector	54.0%				D
1.G	Aggregate expenditure out-turn compared to original approved budget - Agriculture sector	62.0%			C	
1.H	Aggregate expenditure out-turn compared to original approved budget - Infrastructure Sector	44.3%				D
1.I	Aggregate expenditure out-turn compared to original approved budget - Water Sector	23.8%				D
1.J	Aggregate Revenue Out-turn	47.7%				D
1.K	Composition of revenue out-turn compared to original approved budget	69.6%				D
1.L	Federal Account Revenue out-turn compared to original approved budget	81.1%		B		
1.M	IGR out-turn compared to original approved budget	83.9%		B		
1.N	Capital Receipts out-turn compared to original approved budget	15.3%				D
1.O	Proportion of Recurrent Expenditure funded by IGR	27.8%			C	
1.P	Proportion of Recurrent Expenditure funded by IGR and VAT	63.1%		B		
1.Q	Capital Expenditure Ratio	38.3%			C	
1.R	Personnel Expenditure Ratio	38.9%		B		
1.S	Overheard Expenditure Ratio	22.8%		B		
1.T	Real IGR Growth	32.5%	A			

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the PS Planning and Budget.

The scoring for the 16 indicators (A-P) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 7 below.

Table 7:

1.A - Aggregate expenditure out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Deviation of between 30% and 45% (positive or negative)	Last Financial Year	63%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	48%
2018 Target	A	Less than 15% deviation (positive or negative)	Last Financial Year	Improve score to above 85%

1.B - Composition of expenditure out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	23%
2017	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	16%
2018 Target	A	Less than 15% deviation (positive or negative)	Last Financial Year	Improve score to less than 15%

1.C - Recurrent expenditure out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	84%
2017	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	84%
2018 Target	A	Less than 15% deviation (positive or negative)	Last Financial Year	Improve score to above 85%

1.D - Capital expenditure out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Deviation of more than 45% (positive or negative)	Last Financial Year	47%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	28%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.E - Aggregate expenditure out-turn compared to original approved budget - Education Sector

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Deviation of more than 45% (positive or negative)	Last Financial Year	50%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	44%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.F - Aggregate expenditure out-turn compared to original approved budget - Health Sector

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Deviation of more than 45% (positive or negative)	Last Financial Year	42%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	54%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.G - Aggregate expenditure out-turn compared to original approved budget - Agriculture Sector

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	Less than 15% deviation (positive or negative)	Last Financial Year	95%
2017	C	Deviation of between 30% and 45% (positive or negative)	Last Financial Year	62%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.H - Aggregate expenditure out-turn compared to original approved budget - Infrastructure Sector

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Deviation of between 30% and 45% (positive or negative)	Last Financial Year	59%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	40%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.I - Aggregate expenditure out-turn compared to original approved budget - Water Sector

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Deviation of more than 45% (positive or negative)	Last Financial Year	32%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	24%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.J - Aggregate revenue out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Deviation of between 30% and 45% (positive or negative)	Last Financial Year	63%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	48%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.K - Composition of revenue out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Deviation of between 30% and 45% (positive or negative)	Last Financial Year	31%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	71%
2018 Target	A	Less than 15% deviation (positive or negative)	Last Financial Year	Improve score to above 85%

1.L - Federal Account Revenue out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	78%
2017	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	81%
2018 Target	A	Less than 15% deviation (positive or negative)	Last Financial Year	Improve score to above 85%

1.M - IGR out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Deviation of between 30% and 45% (positive or negative)	Last Financial Year	70%
2017	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	84%
2018 Target	A	Less than 15% deviation (positive or negative)	Last Financial Year	Improve score to above 85%

1.N - Capital Receipts out-turn compared to original approved budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Deviation of more than 45% (positive or negative)	Last Financial Year	32%
2017	D	Deviation of more than 45% (positive or negative)	Last Financial Year	15%
2018 Target	B	Deviation of between 15% and 30% (positive or negative)	Last Financial Year	Improve score to above 70%

1.O - Proportion of Recurrent Expenditure funded by IGR

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Less than 20%	Last Financial Year	20%
2017	C	Between 20% and 40%	Last Financial Year	28%
2018 Target	B	Between 40% and 60%	Last Financial Year	Improve score to above 40%

1.P - Proportion of Recurrent Expenditure funded by IGR and VAT

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Between 40% and 60%	Last Financial Year	56%
2017	B	Between 60% and 80%	Last Financial Year	63%
2018 Target	A	More than 80%	Last Financial Year	Improve score to more than 80%

1.Q - Capital Expenditure Ratio

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Between 40% and 60%	Last Financial Year	43%
2017	C	Between 20% and 40%	Last Financial Year	38%
2018 Target	B	Between 40% and 60%	Last Financial Year	Improve score to more than 40%

1.R - Personnel Expenditure Ratio

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Between 30% and 40%	Last Financial Year	39%
2017	B	Between 30% and 40%	Last Financial Year	39%
2018 Target	A	Less than 30% of total expenditure	Last Financial Year	Improve score to less than 30%

1.S - Overhead Expenditure Ratio

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	Less than 20% of total expenditure	Last Financial Year	19%
2017	B	Between 20% and 30%	Last Financial Year	23%
2018 Target	A	Less than 20% of total expenditure	Last Financial Year	Improve score to less than 20%

1.T - Real IGR Growth

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	IGR declined by between 0% and 10% compared to the average national inflation rate	Last Financial Year	-4%
2017	A	IGR grew by 10% more than the average national inflation rate	Last Financial Year	33%
2018 Target	A	IGR grew by 10% more than the average national inflation rate	Last Financial Year	Maintain score

3.2. Budget Preparation

The indicators under Budget Preparation assess the entire cycle from the calendar, through the MTEF process (both top down and bottom up) into the annual budget preparation, review and approval (passing into Law). Generally, the indicators look at the last preparation cycle – so the score in 2017 refers to the preparation of the 2017 budget (in 2016) and so on.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the PS Planning and Budget.

The scoring for the eight indicators (A-I) for 2016 and 2017, as well as the target for 2018 for this cluster are presented in Table 8 below.

Table 8: Scoring and Targets for Budget Preparation indicators

2.A - Existence of and adherence to a fixed budget calendar

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	An annual budget calendar exists, but is rudimentary and substantial delays may often be experienced in its implementation, and allows MDAs little time to complete detailed estimates (less than four weeks in total).	Latest Approved Budget	Only three weeks allowed for MDAs to submit their budgets.
2017	B	A clear annual budget calendar exists, but some delays were experienced in its implementation. The calendar allows MDAs reasonable time (at least four weeks from receipt of the budget circular) so that most of them are able to meaningfully complete their detailed estimates on time.	Latest Approved Budget	Budget calendar in place which gives MDAs four weeks to prepare their budget submissions, but the preparation of the EU-FSP-BPS was not completed until after the budget call circular was issued.
2018 Target	A	A clear annual budget calendar exists, is generally adhered to, and allows MDAs enough time (at least six weeks from receipt of the budget circular) to meaningfully complete their detailed estimates on time.	Latest Approved Budget	Need to start the EFU-FSP-BPS process earlier and complete in the one month time period as allowed in the Budget Calendar.

2.B - Multi-year fiscal forecasts and functional allocations

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	No forward estimates are produced.	Latest Approved Budget	No MTEF or EFU-FSP-BPS, only Annual Budgeting.
2017	C	Three year estimates for Revenue and Expenditure by Main Economic Classifications (Fiscal Framework) are produced.	Latest Approved Budget	EFU-FSP-BPS produced for the first time - but BCC was issued before the EFU-FSP-BPS was finalised so the ceilings were not consistent.
2018 Target	A	Three year estimates for Revenue and Expenditure by Main Economic Classifications (Fiscal Framework) and Functional / Administrative allocations (Budget Framework) are produced and the annual budget is consistent (BCC and Budget Speech) with the first year of the Multi-Year estimates.	Latest Approved Budget	As above, if the EFU-FSP-BPS is completed before the annual budget process starts, this will ensure the ceilings are consistent. EFU-FSP-BPS already includes envelopes for the main functional areas.

2.C - Existence of costed sector strategies

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Sector strategies may have been prepared for some sectors.	Latest Approved Budget	No MTEF or EFU-FSP-BPS, only Annual Budgeting.
2017	C	Statements of sector strategies exist for several major sectors but are only substantially costed for sectors representing up to 25% of primary expenditure OR costed strategies cover more sectors but are inconsistent with aggregate fiscal forecasts.	Latest Approved Budget	MTSSs prepared for Health and Education sectors and costed. But these are the only sectors to be finished at this point.
2018 Target	B	Statements of sector strategies exist and are fully costed, broadly consistent with fiscal forecasts, for sectors representing 25-75% of primary expenditure.	Latest Approved Budget	The aim is to have 10 of the 16 sector MTSSs prepared and costed before the start of the next Annual budget process. Several development partner projects are supporting sectors and will assist in this. MoPB will also assist other sectors.

2.D - Timeliness of reliable information to LCGs on their allocations from central and state government for the coming year

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Reliable estimates on transfers are issued after LCGs budgets have been finalized, or earlier issued estimates are not reliable.	Latest Approved Budget	No estimates are provided to LCGs before the start of the year. The only information provided is in the monthly FAAC reports.
2017	D	Reliable estimates on transfers are issued after LCGs budgets have been finalized, or earlier issued estimates are not reliable.	Latest Approved Budget	No estimates are provided to LCGs before the start of the year. The only information provided is in the monthly FAAC reports.
2018 Target	A	LCGs are provided reliable information on the allocations to be transferred to them before the start of their detailed budgeting processes.	Latest Approved Budget	EFU-FSP-BPS to be updated to include LGC estimates for Statutory Allocation, VAT and Other Federation Account distributions on the same estimation basis as those for the state.

2.E - Guidance on the preparation of budget submissions

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	A budget circular is issued to MDAs, including ceilings for individual administrative units or functional areas. The budget estimates are reviewed and approved by ExCo only after they have been completed in all details by MDAs, thus seriously constraining ExCo's ability to make adjustments.	Latest Approved Budget	MDA level ceilings for Personnel and Overheads. There are no ceilings for Capital.
2017	C	A budget circular is issued to MDAs, including ceilings for individual administrative units or functional areas. The budget estimates are reviewed and approved by ExCo only after they have been completed in all details by MDAs, thus seriously constraining ExCo's ability to make adjustments.	Latest Approved Budget	MDA ceilings are included for each of Personnel, Overheads and Capital.
2018 Target	A	A comprehensive & clear budget circular is issued to MDAs, which reflects ceilings approved by SHoA prior to the circular's distribution to MDAs.	Latest Approved Budget	It is intended that the EU-FSP-BPS will be submitted to SHoA including sector envelopes. It is intended that the lead MDA in each sector prepares the MDA level allocations.

2.F - The classification system used for formulation of the central government's budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	The budget formulation and execution is based on administrative and economic classification using GFS standards or a standard that can produce consistent documentation according to those standards.	Latest Approved Budget	GFS compatible Economic and Administrative Classification used only for budget preparation and execution.
2017	C	The budget formulation and execution is based on administrative and economic classification using GFS standards or a standard that can produce consistent documentation according to those standards.	Latest Approved Budget	GFS compatible Economic and Administrative Classification used only for budget preparation and execution.
2018 Target	B	The budget formulation and execution is based on administrative, economic and functional classification (using at least the 10 main COFOG functions), using GFS/COFOG standards or a standard that can produce consistent documentation according to those standards.	Latest Approved Budget	The state has recently adopted the six segment NCOA and will use all segments bar the programme segment when preparing the 2017 budget.

2.G - Scope of the legislature's scrutiny of the Budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	SHoA review covers details of expenditure and revenue, but only at a stage where detailed proposals have been finalized.	Latest Approved Budget	SHoA reviewed and approved the budget after the ExCo review.
2017	C	SHoA review covers details of expenditure and revenue, but only at a stage where detailed proposals have been finalized.	Latest Approved Budget	SHoA reviewed and approved the budget after the ExCo review.
2018 Target	B	SHoA review covers fiscal policies and aggregates for the coming year as well as detailed estimates of expenditure and revenue.	Latest Approved Budget	SHoA is scheduled to review the EFU-FSP-BPS for 2018-2020 but will not review MTSSs.

2.H - Adequacy of time for the legislature to provide a response to budget proposals, both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	SHoA has at least four weeks to review the budget proposals.	Latest Approved Budget	Four weeks provided for SHoA review of budget (actually took less than three weeks).
2017	B	SHoA has at least six weeks to review the budget proposals.	Latest Approved Budget	SHoA allowed six weeks to review budget.
2018 Target	A	SHoA has at least eight weeks to review the budget proposals.	Latest Approved Budget	Budget Calendar will be updated to ensure the budget reaches SHoA by end of October.

2.I - Timely budget approval by the legislature

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	The Budget was approved before the start of the Financial Year.	Latest Approved Budget	Budget was passed on 21st December.
2017	B	The Budget was passed in January of the Financial Year.	Latest Approved Budget	Budget was passed in late January as many SHoA members were away during December.
2018 Target	A	The Budget was approved before the start of the Financial Year.	Latest Approved Budget	Budget Calendar will be updated to ensure the budget reaches SHoA by end of October.

2.J - Comprehensiveness of information included in budget documentation

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Recent budget documentation fulfils 2 or less of the 9 information benchmarks.	Latest Approved Budget	Only two pieces of information provided - summary of revenues and expenditures by main economic item, and current year budget.
2017	A	Recent budget documentation fulfils 7-9 of the 9 information benchmarks.	Latest Approved Budget	All items included except the information on financial assets.
2018 Target	A	Recent budget documentation fulfils 7-9 of the 9 information benchmarks.	Latest Approved Budget	Maintain same as previous year.

3.3. Budget Execution

The Budget Execution indicators focus on management of cash, financial management (budget, commitment) controls and the transparency of fiscal relations between the state and local governments. It also looks at the use of IFMIS in the execution of the budget.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the Accountant General.

The scoring for the eight indicators (A-H) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 9 below.

Table 9: Scoring and Targets for Budget Execution indicators

3.A - Transparent and rules based systems in the horizontal allocation to LGCs of unconditional and conditional transfers from State government (both budgeted and actual allocations)

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	The horizontal allocation of almost all transfers (at least 90% by value) from central government is determined by transparent and rules based systems.	Last Financial Year	All transfers are rule based.
2017	A	The horizontal allocation of almost all transfers (at least 90% by value) from central government is determined by transparent and rules based systems.	Last Financial Year	All transfers are rule based.
2018 Target	A	The horizontal allocation of almost all transfers (at least 90% by value) from central government is determined by transparent and rules based systems.	Last Financial Year	No change anticipated.

3.B - Extent to which cash flows are forecast and monitored

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Cash flow planning and monitoring are not undertaken.	Last Financial Year	Cash planning was not undertaken.
2017	C	A cash flow forecast is prepared for the fiscal year, but is not updated regularly.	Last Financial Year	A cash plan was produced but after the financial year started, and it was not updated.
2018 Target	B	A cash flow forecast is prepared for the fiscal year and updated quarterly on the basis of actual cash inflows and outflows.	Last Financial Year	The aim is to have a cash plan prepared before the start of the budget year and to review and update quarterly.

3.C - Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Significant in-year adjustments to budget allocations take place only once or twice in a year and are done in a fairly transparent way.	Last Financial Year	A single supplementary budget was passed in October.
2017	D	Significant in-year budget adjustments are frequent and not done in a transparent manner.	Last Financial Year	There were several adjustments to the budget due to short-falls (loans not materialising) - not all amendments were subject to transparent processes.
2018 Target	A	Significant in-year adjustments to budget allocations take place only once or twice in a year and are done in a transparent and predictable way.	Last Financial Year	The aim is to have no more than one supplementary budget and for it to be reviewed by SHoA.

3.D - Effectiveness of expenditure commitment controls

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Commitment control systems are generally lacking OR they are routinely violated.	Current	Only controls in place are at the payment stage.
2017	D	Commitment control systems are generally lacking OR they are routinely violated.	Current	Only controls in place are at the payment stage.
2018 Target	C	Expenditure commitment control procedures exist and are partially effective, but they may not comprehensively cover all expenditures or they may occasionally be violated.	Current	It is the aim of the state to implement a new IFMIS which will include an commitment module.

3.E - Extent of consolidation of the governments cash balances

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Calculation of balances takes place irregularly, if at all, and the system used does not allow consolidation of bank balances.	Current	MDAs have accounts for overhead expenditure - there is no consolidation of balances. Many MDAs collect and retain their own revenues.
2017	C	Calculation and consolidation of most government cash balances take place at least monthly, but the system used does not allow consolidation of bank balances.	Current	All revenues are paid into a central treasury account. MDAs still retain overhead expenditure accounts.
2018 Target	C	Calculation and consolidation of most government cash balances take place at least monthly, but the system used does not allow consolidation of bank balances.	Current	Maintain same as previous year.

3.F - Transactions are processed within the IFMIS Environment

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	IFMIS does not exist or only releases of cash are recorded (no transactional level recordings).	Current	IFMIS is not yet in place.
2017	D	IFMIS does not exist or only releases of cash are recorded (no transactional level recordings).	Current	IFMIS is not yet in place.
2018 Target	C	Transactions are recorded in IFMIS ex-poste.	Current	IFMIS should be operational and piloted in ten MDAs.

3.G - Frequency of reconciliation of revenue accounts with Treasury

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Quarterly	Last Financial Year	Quarterly reconciliation of Accounts.
2017	B	Quarterly	Last Financial Year	Quarterly reconciliation of Accounts.
2018 Target	A	Monthly	Last Financial Year	Aim to have monthly reconciliation, to be assisted by IFMIS.

3.H - Proportion of Expenditure that is actioned through the TSA

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	less than 50% of recurrent expenditure.	Last Financial Year	No TSA in place.
2017	D	less than 50% of recurrent expenditure.	Last Financial Year	No TSA in place.
2018 Target	C	Between 75% and 50% of recurrent expenditure.	Last Financial Year	Aim to have all personnel and capital expenditure executed through TSA with assistance from IFMIS for ten pilot MDAs.

3.4. Internal Revenue

Tax Policy and Administration in the State is key to realizing revenue in line with the level of macroeconomic activity in the State. This cluster looks at key indicators of good tax policy and administration.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the Chairman BIR.

The scoring for the four indicators (A-D) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 10 below.

Table 10: Scoring and Targets for Internal Revenue indicators

4.A - Implementation of Tax Identification Number (TIN)

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	TIN not implemented at all.	Current	TIN not implemented.
2017	B	TIN Active but no reconciliation with FIRS.	Current	TIN implemented by no reconciliation with FIRS.
2018 Target	A	TIN Active in state BIR and reconciled with FIRS.	Current	Aim to reconcile with FIRS on quarterly basis.

4.B - Implementation of Automated With-holding Tax (WHT) System

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Nothing in place.	Current	WHT system not in place.
2017	B	State in Process of implementing Automated WHT System.	Current	State in process of implementing WHT - started in January 2017.
2018 Target	A	Automated WHT Remittance System in place to allow immediate deduction, remittance and certification generation.	Current	WHT system should be implemented by September 2017.

4.C - Regular Updates to Non-Tax Rates and Tariffs

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	Some rates and tariffs reviewed in last 12 months.	Current	Some rates and tariffs were reviewed in September 2015 under the new administration.
2017	C	Some rates and tariffs reviewed in last 24 months.	Current	Some rates and tariffs were reviewed in September 2015 under the new administration.
2018 Target	A	All Rates and Tariffs reviewed in last 12 months.	Current	Intention for a full review of all rates and Tariffs in Q1 2018.

4.D - Proportion of Revenue collecting MDAs that remit all their revenue to CRF Account

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Less than 70% IGR collected by all MDAs is remitted to the CRF Account.	Last Financial Year	Many MDAs still retain and spend their revenue.
2017	D	Less than 70% IGR collected by all MDAs is remitted to the CRF Account	Last Financial Year	Many MDAs still retain and spend their revenue.
2018 Target	B	Between 90% and 80% IGR collected by all MDAs is remitted to the CRF Account.	Last Financial Year	Large revenue collecting MDAs to be included in IFMIS pilot and centralising revenue receipts.

3.5. Accounting and Reporting

Accounting and Reporting are critical for internal management of the state’s resources and also allow for external scrutiny from a number of key stakeholders (civil society, private sector, lenders and development partners). The indicators under this cluster look at the key aspects of sound accounting and reporting.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the Director Final Accounts.

The scoring for the eight indicators (A-H) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 11 below.

Table 11: Scoring and Targets for the Accounting and Reporting indicators

5.A - Accounting standards used

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	IPSAS not used.	Last Financial Year	IPSAS not used.
2017	D	IPSAS not used.	Last Financial Year	IPSAS not used.
2018 Target	C	IPSAS Cash Fully Complied with.	Last Financial Year	Aim to comply with Cash IPSAS. World Bank providing Technical Assistance support.

5.B - The classification system used for reporting of the State Government's budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	The budget execution is based on administrative and economic classification using GFS standards or a standard that can produce consistent documentation according to those standards.	Last Financial Year	GFS compatible Economic and Administrative segments used.
2017	C	The budget execution is based on administrative and economic classification using GFS standards or a standard that can produce consistent documentation according to those standards.	Last Financial Year	GFS compatible Economic and Administrative segments used.
2018 Target	A	The budget execution is based on administrative, economic and sub-functional classification, using GFS/COFOG standards or a standard that can produce consistent.	Last Financial Year	New NCOA will be operational in 2018 and used for 2017 accounts.

5.C - Regularity of bank reconciliations

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Bank reconciliation for all Treasury managed bank accounts take place less frequently than quarterly OR with backlogs of several months.	Current	Quarterly bank reconciliations done for all Treasury Accounts by end of the following quarter.
2017	D	Bank reconciliation for all Treasury managed bank accounts take place less frequently than quarterly OR with backlogs of several months.	Current	Quarterly bank reconciliations done for all Treasury Accounts by end of the following quarter.
2018 Target	B	Bank reconciliation for all Treasury managed bank accounts take place at least monthly, usually within 4 weeks from end of month.	Current	Aim, with support from IFMIS, to do monthly reconciliations.

5.D - Quality of debt data recording and reporting

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Domestic and Foreign Debts are recorded at least annually.	Last Financial Year	Annual debt reconciliation was completed in January 2016.
2017	C	Domestic and Foreign Debts are recorded at least annually.	Last Financial Year	Annual debt reconciliation was completed in January 2017.
2018 Target	C	Domestic and Foreign Debts are recorded at least annually.	Last Financial Year	No change anticipated.

5.E - Completeness of the financial statements

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	A consolidated government statement is prepared annually. They include, with few exceptions, full information on revenue, expenditure and financial assets/liabilities.	Last Financial Year	Annual consolidated statements are prepared and include most required information.
2017	B	A consolidated government statement is prepared annually. They include, with few exceptions, full information on revenue, expenditure and financial assets/liabilities.	Last Financial Year	Annual consolidated statements are prepared and include most required information.
2018 Target	A	A consolidated government statement is prepared annually and includes full information on revenue, expenditure and financial assets/liabilities.	Last Financial Year	Aim to improve to an A.

5.F - Income/expenditure information on donor-funded projects which is included in fiscal reports

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Information on donor financed projects included in fiscal reports is seriously deficient and does not even cover all loan financed operations.	Last Financial Year	Donor expenditure is often spent from project accounts outside the control of Treasury. MDAs are not always forthcoming with data on receipts and expenditures. This has led to poor budget performance in many years.
2017	D	Information on donor financed projects included in fiscal reports is seriously deficient and does not even cover all loan-financed operations.	Last Financial Year	Same as previous year - a lot of donor expenditure is outside the control of treasury.
2018 Target	D	Information on donor financed projects included in fiscal reports is seriously deficient and does not even cover all loan-financed operations.	Last Financial Year	Improvement in this area requires support from the Donors and also pressure from the Governor on MDAs.

5.G - Existence of Asset Register

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Not in place nor planned.	Current	Not in place.
2017	D	Not in place nor planned.	Current	Not in place.
2018 Target	C	In place for less than 25% or planned.	Current	As part of the WB supported Accounting Reforms, pilot MDAs will be required to create Asset Registers but it will be some years before a significant proportion of assets are captured (likely registration of new assets only).

5.H - Timeliness of submission of the financial statements

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	B	The consolidated government statement is submitted for external audit within 10 months of the end of the fiscal year.	Last Financial Year	Accounts submitted on 28th August.
2017	B	The consolidated government statement is submitted for external audit within 10 months of the end of the fiscal year.	Last Financial Year	Accounts submitted on 3rd July.
2018 Target	A	The statement is submitted for external audit within 6 months of the end of the fiscal year.	Last Financial Year	Aim to produce accounts before 30 June - will be supported by IFMIS and WB Accounting Technical Assistance.

3.6. Audit

Internal and External audit are significant components of the PFM system in any country or state. This cluster concentrates on three key areas for state governments in Nigeria – biometric assessment (with the view of eliminating ghost workers in order to rationalise the public payroll), continuous audit and timely submission of the audited accounts to the legislature.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the Auditor General.

The scoring for the three indicators (A-C) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 12 below.

Table 12: Scoring and Targets for Audit indicators

6.A - Biometric Assessment of State Employees Undertaken

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Neither planned nor carried out in last 24 months.	Current	Not undertaken since 2014.
2017	D	Neither planned nor carried out in last 24 months.	Current	Not undertaken since 2014.
2018 Target	A	Carried out in last 12 months.	Current	Planned for November 2017.

6.B - Extent of Continuous Audit

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Not in place nor planned.	Current	No continuous audit in place.
2017	D	Not in place nor planned.	Current	No continuous audit in place.
2018 Target	D	Not in place nor planned.	Current	Reforms not planned in this area.

6.C - Timeliness of submission of audit reports to legislature

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Audit reports are submitted to legislature within 12 months of end of period covered (for audit of financial statements from their receipt by the auditors).	Last Financial Year	Audited statement submitted on 13 November.
2017	B	Audit reports are submitted to legislature within 9 months of end of period covered and in the case of financial statements from their receipt by the auditor.	Last Financial Year	Audited Accounts submitted on 30 September.
2018 Target	B	Audit reports are submitted to legislature within 9 months of end of period covered and in the case of financial statements from their receipt by the auditor.	Last Financial Year	Same as previous year.

3.7. Debt Management

Debt management, in terms of contracting, servicing and repayment, is often a major element of overall fiscal management. Poor management of debt and guarantees can create unnecessarily high debt service costs and significant fiscal risks. The maintenance of a debt data system and regular reporting on main features of the debt portfolio and its development are critical for ensuring data integrity and related benefits, such as accurate debt service budgeting, timely service payments, and well-planned debt roll-over. Poor debt management procedures can lead to increased borrowing costs, poor decision making and possible default on debt with associated consequences.

The data for assessing indicators 7.C-7.E are presented in Table 13 and Table 14 below.

Table 13: Debt Data for Scoring 2016

Item	Prior Year Actual (2014)	Original Budget (2015)	Actual (2015)
Debt Statistics			
Debt Deductions from FAAC Allocations			1,877,529,324
Total Liabilities at end of Financial Year			13,225,874,126
Stock of Expenditure Arrears at end of Financial Year			7,556,332,547

Table 14: Debt Data for Scoring 2017

Item	Prior Year Actual (2015)	Original Budget (2016)	Actual (2016)
Debt Statistics			
Debt Deductions from FAAC Allocations			2,455,879,623
Total Liabilities at end of Financial Year			20,145,247,889
Stock of Expenditure Arrears at end of Financial Year			7,458,996,235

The scoring of indicators 7.C-7.E are presented in Table 15 and Table 16 below.

Table 15: Scoring of Indicators 7.C-7.E for 2016

Ind.	Description	Value	Score			
			A	B	C	D
7.C	Ratio of average monthly debt service deducted from FAAC revenue	3.4%	A			
7.D	Total Liabilities as percentage of total Recurrent Revenue	20.9%	A			
7.E	Stock of expenditure payment arrears	10.1%				D

Table 16: Scoring of Indicators 7.C-7.E for 2017

Ind.	Description	Value	Score			
			A	B	C	D
7.C	Ratio of average monthly debt service deducted from FAAC revenue	5.0%	A			
7.D	Total Liabilities as percentage of total Recurrent Revenue	32.9%	A			
7.E	Stock of expenditure payment arrears	10.2%				D

The indicators in this cluster assess processes as well as some key indicators on debt position.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, Director Debt Management.

The scoring for the five indicators (A-E) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 17 below.

Table 17: Scoring and Targets for Debt Management indicators

7.A - Scope and frequency of debt sustainability analysis

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	DSA for External and Internal Debt has been undertaken.	Last 12 months	DSA undertaken in October 2015 for all debt.
2017	B	DSA for External Debt has been undertaken.	Last 12 months	DSA undertaken in October 2015 for all debt.
2018 Target	A	DSA for External and Internal Debt has been undertaken.	Last 12 months	Full DSA planned for March 2018 and then annually before the start of the budget process.

7.B - Existence of Consolidated Debt Service Account

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Nothing in place.	Current	Nothing in place.
2017	D	Nothing in place.	Current	Nothing in place.
2018 Target	A	In place and funded with 5% of IGR.	Current	Plan to establish account in January 2018 and fund with 5% of IGR.

7.C - Ratio of average monthly debt service deducted from FAAC revenue

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	Less than 10% of total gross allocation.	Last Financial Year	3%
2017	A	Less than 10% of total gross allocation.	Last Financial Year	5%
2018 Target	A	Less than 10% of total gross allocation.	Last Financial Year	Maintain same as previous year.

7.D - Total Liabilities as percentage of total Recurrent Revenue

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	Less than 50%	Last Financial Year	21%
2017	A	Less than 50%	Last Financial Year	33%
2018 Target	A	Less than 50%	Last Financial Year	Maintain same as previous year.

7.E - Stock of expenditure payment arrears (as a percentage of actual total expenditure for the corresponding fiscal year)

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	More than 10% of actual expenditure.	Last Financial Year	10%
2017	D	More than 10% of actual expenditure.	Last Financial Year	10%
2018 Target	C	Between 5% and 10% of Actual Expenditure.	Last Financial Year	Get below 10%.

7.F - Attainment and maintenance of a Credit Rating

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	A credit rating has been undertaken in the last 36 months and with an unfavourable rating.	Current	Last Credit rating was in March 2014; rating was C.
2017	A	A credit rating has been undertaken in the last 24 months and with a positive/favourable rating.	Current	Rating undertaken in March 2017; rating was B.
2018 Target	A	A credit rating has been undertaken in the last 24 months and with a positive/favourable rating.	Current	Will be the same as last year as the rating was done in 2017.

3.8. Legislative and Institutional Framework

The institutional and legal frameworks for Public Financial Management are keen foundations for a strong PFM system. Legislation flows into regulations and manuals that are core to the day-to-day operation of government whilst institutions, and relationships between institutions, are also key to sound PFM practices. Best practice in PFM in Nigeria has evolved in recent years with the introduction of fiscal responsibility legislation and commissions, whilst the recent squeeze on resources has highlighted the need for efficiency in expenditure.

The indicators in this cluster look at the core legislation underpinning PFM and the new above-mentioned institutions requirements.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the PS Finance.

The scoring for the six indicators (A-F) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 18 below.

Table 18: Scoring and Targets for the Legislative and Institutional Framework indicators

8.A - Fiscal Responsibility Law

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Nothing.	Current	FLR not yet passed - with SHoA for review.
2017	C	FRL in place and partially adhered to.	Current	The FRL was passed in February 2017. Not all provisions are adhered to.
2018 Target	A	FRL in place and adhered to. The FRL covered up to 5 of the 8 key elements.	Current	FRL to be complied with. It covers all eight provisions.

8.B - Organic Budget Law or equivalent

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Nothing.	Current	No Organic Budget Law.
2017	D	Nothing.	Current	No Organic Budget Law.
2018 Target	D	Nothing.	Current	Plan to review content of existing laws to identify gaps but unlikely new law will be passed before 2019 elections.

8.C - Financial Management Law

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	A	Financial Management Law enacted after 1999 and adhered to.	Current	Financial Management law updated in 2011 - all provisions adhered to.
2017	A	Financial Management Law enacted after 1999 and adhered to.	Current	Financial Management law updated in 2011 - all provisions adhered to.
2018 Target	A	Financial Management Law enacted after 1999 and adhered to.	Current	Financial Management law updated in 2011 - all provisions adhered to.

8.D - Procurement Law

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Nothing.	Current	PPL not yet passed - with SHoA for review.
2017	C	In place and adhered to partially or covered less than 3 of the key elements.	Current	The PPL was passed in June 2017. Not all provisions are adhered to.
2018 Target	A	In place and adhered to. The PPL covered at least 5 key elements of due process mechanism in procurement.	Current	PPLL to be complied with. It covers all due process requirements.

8.E - Audit Law

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Nothing.	Current	Not in place.
2017	D	Nothing.	Current	Audit law being drafted.
2018 Target	D	Nothing.	Current	Audit law is scheduled to be passed before elections in 2019 but probably not until late 2018.

8.F - Existence of Efficiency Unit

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Nothing.	Current	Nothing in place.
2017	C	In process of being established.	Current	Being established.
2018 Target	B	In place but not fully staff nor operational.	Current	Provisions being made in 2018 to recruit officers to new unit.

3.9. Openness and Transparency

The budget is a government's ex-ante plan for how it is going to use the public's resources to meet the public's needs, and is based on the policy priorities of the incumbent administration. At the same time, accounts provide confirmation of what resources were mobilized and where they were spent – both in-year and ex-poste. Transparency means people can access information on how much is allocated to different types of spending, what revenues are collected, and how international donor assistance and other public resources are used.

While providing the public with comprehensive and timely information on the government's budget and financial activities can strengthen oversight and improve policy choices, keeping the process closed can have the opposite effect. Restricting access to information creates opportunities for governments to hide unpopular, wasteful, and corrupt spending, ultimately reducing the resources available to fight poverty.

The indicators in this cluster look at the availability of the key documents in the budget preparation, execution and accounting / audit process.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, the PS Finance.

The scoring for the seven indicators (A-G) for 2016 and 2017 as well as the target for 2018 for this cluster are provided in Table 19 below.

Table 19: Scoring and Targets for Openness and Transparency indicators

9.A - Public Access to EFU-FSP-BPS document

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Not available.	Latest Approved Budget	EFU-FSP-BPS not produced.
2017	D	Not available.	Latest Approved Budget	EFU-FSP-BPS produced for the first time but not publicly available.
2018 Target	B	Available online only.	Latest Approved Budget	Intention to upload EFU-FSP-BPS to the state website.

9.B - Public Access to budget presented to SHoA

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Not available.	Latest Approved Budget	Not publicly available.
2017	D	Not available.	Latest Approved Budget	Not publicly available.
2018 Target	D	Not available.	Latest Approved Budget	Not intended to be published.

9.C - Public Access to full Appropriations Law

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Available in hard copy only.	Latest Approved Budget	Available in printed copy from MoF.
2017	C	Available in hard copy only.	Latest Approved Budget	Available in printed copy from MoF.
2018 Target	A	Available online and in hard copy.	Latest Approved Budget	Intended to publish softcopy on state website and maintain production of hard copy.

9.D - Public Access to Citizens Budget

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Not available.	Latest Approved Budget	Not produced.
2017	D	Not available.	Latest Approved Budget	Not produced.
2018 Target	D	Not available.	Latest Approved Budget	State will look into producing in later years.

9.E - Public Access to Periodic Budget Performance Report

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	D	Quarterly Budget Performance Report not prepared.	Latest Approved Budget	Not produced.
2017	C	Quarterly Budget Performance Report Prepared but not available to public.	Latest Approved Budget	Produced for first time in 2017.
2018 Target	A	Quarterly Budget Performance Report is available online and in hard copy.	Latest Approved Budget	Will be produced with assistance from IFMIS.

9.F - Public Access to Financial Statements

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Available in hard copy only.	Latest Approved Budget	Available in printed copy from MoF.
2017	C	Available in hard copy only.	Latest Approved Budget	Available in printed copy from MoF.
2018 Target	A	Available online and in hard copy.	Latest Approved Budget	Intended to publish softcopy on state website and maintain production of hard copy.

9.G - Public Access to Audited Accounts

Year	Score	Score Narrative	Time Frame	Score / Target Justification
2016	C	Available in hard copy only	Latest Approved Budget	Available in printed copy from MoF
2017	C	Available in hard copy only	Latest Approved Budget	Available in printed copy from MoF
2018 Target	A	Available online and in hard copy.	Latest Approved Budget	Intended to publish softcopy on state website and maintain production of hard copy.

Section Four: Workshops Participants

Table 20: List of Participants at Focus Group Discussion

No.	Name	Owner of Reform
1	Aminu Mohamed	Accountant General
2	Ibriham Ahmed	Auditor General
3	Kelechi Jones	Director Treasury Operations
4	Olusola Oyewole	Director Final Accounts
5	Chinedu Ibe	Chairman, BIR
6	David Samson Oluko	Speaker, SHoA
7	Benson Agbeniga	Clerk, SHoA
8	Yusuf Muhamad Abbas	PS Finance
9	Chukwu Ugwu	PS Planning and Budget
10	Margaret Oluko	Director Planning
11	Rachel Obasinjo	Director Budget
12	Andrew Ojoko	Director Debt Management
13	Harriet Morah	Director Statistics
14	Tayeb Mustapha	Head of Public Procurement Bureau
15	Abdullahi Ahmed	Head of Efficiency Unit
16	Winston Jones	Consultant
17	Farida Mohamed	Consultant

Table 21: List of Participants at Focus Group Validation Meeting

No.	Name	Owner of Reform
1	Aminu Mohamed	Accountant General
2	Ibriham Ahmed	Auditor General
3	Kelechi Jones	Director Treasury Operations
4	Olusola Oyewole	Director Final Accounts
5	Chinedu Ibe	Chairman, BIR
6	David Samson Oluko	Speaker, SHoA
7	Benson Agbeniga	Clerk, SHoA
8	Yusuf Muhamad Abbas	PS Finance
9	Chukwu Ugwu	PS Planning and Budget
10	Margaret Oluko	Director Planning
11	Rachel Obasinjo	Director Budget
12	Andrew Ojoko	Director Debt Management
13	Harriet Morah	Director Statistics
14	Tayeb Mustapha	Head of Public Procurement Bureau
15	Abdullahi Ahmed	Head of Efficiency Unit
16	Winston Jones	Consultant
17	Farida Mohamed	Consultant

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