Yobe State Government

2014 PEFA PFM Performance Repeat Assessment

Self-Assessment by Yobe State Government

Validated - December 2014

Basic Information

Currency	Naira = 100 kobo
Official Exchange Rate ((US $, Nov 2014)	165 Naira (Average)
Fiscal/Budget Year	Calendar Year, January - December
Weights and Measures	Metric System

Yobe State

Location	Nigeria
Government	Elected Executive Governor and unicameral Legislature
Political arrangement	Administrative, political, and fiscal autonomy
Administrative HQs	Damaturu
Industrial/Commercial Cities	Potiskum
Population	2.32 million (2006 census); 2.72 million (2011 projection)
Area	46,609 km^2
Population Density	50 persons/km^2; 58 persons/km^2 (2011 projection)
Languages	English (official); Hausa, Kanuri, & Fulani (local; widely accepted)

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Acronyms and Abbreviations

AC – Appropriation Committee
ACBF – African Capacity Building Foundation
AfDB – Afrcian Development Bank
AGA(s) – Autonomous Government Agencies
AIA – Activity Implementing Agency
AIE – Authority to Incur Expenditure
AIT – Activity Implementing Team
ATRRS – Accounts Transaction Recording and Reporting System
BAC – Body of Appeal Commissioners
BC – Budget Calendar
BC&CoA – Budget Classification and Chart of Accounts
BCC – Budget call circular
BMPIU – Budget Monitoring and Price Intelligence Unit
BOJ – Best of Judgement
CAC – Corporate Affairs Commission
CBN – Central Bank of Nigeria
CGT – Capital Gains Tax
CoA – Chart of Accounts
COFOG – Classification of the Functions of Government
COMESA – Common Market for Eastern and Southern Africa
CPAR – Country Procurement Assessment Review
CRF – Consolidated Revenue Fund
CSC – Civil Service Commission
CSOs – Civil Society Organizations
DMD – Debt Management Department
DMO – Debt Management Office
DP – Development Partner
DSA – Debt Sustainability Analysis
EBOs – Extra budgetary Operations
EBFs - Extra Budgetary Funds
EMIS – Education Management Information Service
EST – Economic Strategic Team
EU – European Union
EU-SRIP – European Union Support for Reforming Institutions Programme
F & AC – Finance and Appropriation Committee (of the State House of Assembly – the specialized legislative committee in charge of the budget)
FA – Federation Account – the constitutional fund that accumulates all centrally and sharable revenues of the Federation, with the exception of value added tax revenue
FAAC – Federation Account Allocation Committee, a quasi-formal intergovernmental body comprising representatives of the Federal Government, each of the 36 state governments, LGs, and some key federal/national bodies; FAAC meets monthly to share centrally collected revenues among the three tiers of government
FCT – Federal Capital Territory
FG – Federal Government
FGN – Federal Government of Nigeria
FI - Financial Instructions
FM – Financial Memoranda
FMF – Federal Ministry of Finance
FR – Financial Regulations
FRC – Financial Reporting Council
FSP – Fiscal Strategy Paper
FY – Fiscal/Financial Year
GCC – Government Counterpart Contribution
GDP – Gross Domestic Product
GFS – Government Finance Statistics
HC – High Court
HIV/AIDS – Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HOS – Head of Service
HRM – Human Resources Management
IA – Internal Audit
ICTU – Information Communication Technology Unit
IFA – International Federation of Accountants
IFPRI – International Food Policy Research Institute, Washington, DC
IGR – Internally generated revenue
IIA – Institute of Internal Auditors
ILO – International Labour Organization
INTOSAI – International organization of Supreme Audit Institutions
IPPIS – Integrated Personnel and Payroll Information System
IPSAS – International Public Sector Accounting Standards
ISPPIA – International Standards for Public Practice in Internal Audit
JPB – Joint Planning Board
JPC – Joint Planning Committee
JTB – Joint Tax Board
LG(s) – local government(s)
LGA(s) – Local Government Area(s)
M & E – Monitoring and Evaluation
MDA – Ministries, Departments, and Agencies
MDGs – Millennium Development Goals
MoBEP – – Ministry of Budget and Economic Planning
MoU(s) – Memorandum(s) of Understanding
MTB – Ministerial Tender's Board
MTEF – Medium Term Expenditure Framework
MTSS – Medium Term Sector Strategies
NA – National Assembly
NASB – Nigeria Accounting Standards Board
NASS – National Assembly
NBS – National Bureau of Statistics
NCS – National Council of State
NEC – National Economic Council
NGO – Non-Government Organization
NPC – National Planning Commission
NR – not rated
NTP – National Tax Policy
OAG – Office of the Accountant General
OPS – Organized Private Sector
OSSAP-MDGs – Office of the Senior Special Assistant to the President on the MDGs
PAC – Public Accounts Committee – the specialized legislative committee that scrutinizes audit reports
PE(s) – Public Enterprise(s)
PEFA – Public Expenditure and Financial Accountability

PEMFAR – Public Expenditure Management and Financial Accountability Review, a 2006 World Bank study in Nigeria published in 2007
PER – Public Expenditure Review
PFM – Public Financial Management
PFM-PR – Public Financial Management Performance Report
PFMU – Project Financial Management Unit
PG(s) – presidents general (of town unions)
PIA – Project Implementation Agreement
PIT – Personal Income Tax
PITA – Personal Income Tax Act (1993)
PoS – Point of Sale
PP – Public Procurement
PPP – Purchasing Power Parity
PPSB – Post Primary Schools Board
PS – Permanent Secretary, usually the top civil servant in a government Ministry or quasi-ministerial department
PSR – Public Service Rules
SAI- Supreme Audit Institution (in Yobe State, the state Auditor General)
SAO – State Authorizing Officer
SAP – Structural Adjustment Programme
SBIR – State Board of Internal Revenue
SC - Supreme Court
SEC – State Executive Council
SECO – Swiss Economic Cooperation Office
SEEDS – State Economic Empowerment and Development Strategy; state governments' version of NEEDS (see NEEDS above)
SIMCA - Simple Accounting Software
SG(s) – State Government(s)
SHoA – State House of Assembly
SLOGOR - State and Local Governance Reform
SNG(s) – Subnational government(s)
SPC – State Planning Commission
STB - State Tenders Board
TIAD – Treasury Internal Audit Department
TIN – Taxpayer Identification Number
UN – United Nations
UNDP – United Nations Development Programme
UNICEF – United Nations Children's Educational Fund
VAT – Value Added Tax
WAEMU – West African Economic and Monetary Union
WB – The World Bank
YBSG – Yobe State Government

Summary Assessment

0.1 This 2014 Public Financial Management (PFM) assessment is Yobe State's second repeat Public Expenditure and Fiscal Accountability (PEFA) assessment after the 2010 and 2011 exercises. The assessment covers the entire PFM System of the state, applied all 31 country and donor indicators, and used all four extant PEFA guidelines. These are (i) *Public Financial Management Performance Measurement Framework, revised January 2011, (ii) "Field guide" for undertaking an assessment using the PEFA performance measurement Framework, May 3, 2012, (iii) Supplementary Guidelines for the application of the PEFA Framework to Sub-National Governments, released in January 2013, and (iv) "Good Practice When Undertaking a Repeat Assessment: Guidance for Assessment Planners and Assessors, February 1, 2010*. The output indicators relied on audited financial statements for 2011 to 2013; other indicators used more recent data, where available, as the guidelines require. The assessment process was supported by the State Partnership for Accountability, Responsiveness, and Capability (SPARC).

0.2 This summary is a condensed view of the detailed assessment in *Section 3*. It provides an integrated and strategic overview of the state of the PFM System. It begins by highlighting the main message of the assessment in a storyline that also summarizes progress since the last assessment. It next presents a condensed overview of performance around the six core dimensions of the Framework, indicating potential impacts of each on the other core dimensions and on attainment of the overarching goals of aggregate fiscal discipline, strategic allocation of resources, and effective service delivery. Finally, it assesses the prospects for reform planning and implementation in the state, outlining institutional and other factors that have facilitated or undermined PFM reforms in the past and factors that could do so in the further.

Story Line

0.3 *Real improvement in the Yobe State PFM System is deeper than the marginal or mixed picture painted by a nominal comparison of the current and last assessments*. The comparison suggests that the 2014 assessed only one "B+", one "B", and three fewer "Ds" better at the indicator level, than the 2011 assessment *(Figure 0.1)*, while recording one "C+", one "C", and two "NRs" worse. The picture is even more confusing at the dimensions level *(Figure 0.1)*. This misleading picture stems from the overrating of some dimensions in 2011 due to the presentation of inaccurate evidence, because of the "competitive" nature of that assessment. Sponsors of that assessment advertised it as a ranking and decision making exercise among six states to determine which states to continue to support. In contrast, Yobe State Government (YBSG) requested this current exercise to assess reform progress. The state also led the entire process and both provided evidence that is more reliable and used it to paint a more accurate picture of the PFM System. Thus, the rating of several dimension declined. In addition, several reforms are in process and have not yet affected results.

Figure 0.1: Performances of 2014 & 2011 Assessments by Indicators and Dimensions

Indicator Performance: 2014 vs 2011	2014	2011	+/-
A	0	0	0
B+	1	0	1
B	1	0	1
C+	4	5	-1
C	2	3	-1
D+	8	7	1
D	9	12	-3
NR	7	5	2
Check	32	32	0

Performance of Dimensions: 2014 vs	2014	2011	+/-
A	9	8	1
B	8	8	0
C	15	17	-2
D	34	39	-5
NR	13	7	6
Check	79	79	0

0.4 *Reforms in comprehensive and transparency of the PFM System yielded the most visible results since the last assessment; accounts, recording, and reporting and auditing and external scrutiny also showed improved results.* Thus, PI-6 (Budget documentation to the legislature) improved from “D” in 2011 to “B” and PI-9 (oversight of aggregate fiscal risks from other public sector entities) from “D” to “C”. Reforms are also very advanced in PI-5 (classification of the budget). Similarly, PI-22 (timeliness and regularity of accounts reconciliation improved from “C+” to “B+” and PI-26 (scope and nature of auditing from “D+” to “C+” *(Figure 0.2)*. Advanced reforms are also visible in the annual budget process (PI-11), Internal Audit (IA) (PI-21), annual financial statements (PI-25), and legislative scrutiny of external audit reports (PI-28). However, some areas of the PFM System had their scores revised down due to over assessment in 2011 *(Figure 0.2)*.

Figure 0.2: Summary of Improved & Diminished Performances, and Areas of Ongoing Reforms

Summary of Assessment Results, Showing Indicators Of Improved Performance, Ongoing Reforms, And Diminished Performance due to Overating			
Performance Indicator	Scores		Comments
	2014	2011	
Improved Performance in 2014			
PI-6 Comprehensiveness of information included in the budget	B	D	
PI-9 Oversight of aggregate fiscal risk from other public sector entities	C	D	
PI-22 Timeliness and regularity of accounts reconciliation	B+	C+	
26 - Scope, nature, and follow-up of external audit	C+	D+	
Tangible Ongoing Reforms Not Yet Affecting in Results			
5 - Classification of the budget	D↑	D	New Chart of Accounts (COFOG, IPSAS complaint)
11. Orderliness and participation in the annual budget process	C+↑	C+	
21 - Efectiveness of internal audit	D↑	D	Internal audit started in 2012
25 - Quality and timeliness of annual financial statements	D+↑	C	Migration to IPSAS cash accounting basis ongoing; will show in 2014 accounts
28 - Legislative scrutiny of external audit reports	NR↑	D	Legislative scrunity of audit reports has commenced but no year concluded yet
Diminished Performance Due to Overating in 2011			
7 - Extent of unreported government operations	NR	D	
17 - Recording and management of cash balances, debt, and guarantees	D	D+	
19 - Transparency, competition, and complaints mechanisms in procurement	D	D+	New procurement and fiscal responsibility laws passed by the legislature, not yet assented to by the Governor
23 - Availability of information on resources received by service delivery units	NR	D	
25 - Quality and timeliness of annual financial statements	D+	C	
27 - Legislative scrutiny of annual budget law	D+	C+	
28 - Legislative scrutiny of external audit reports	NR	D	The "NR" in 2014 is because reforms ae ongoing, but not yet completed, unlike in 2011 when no reforms were ongoing at all, resulting a "D" score.

Integrated Assessment of PFM Performance and their Impacts

0.5 *This section expounds the foregoing performances more closely and briefly analyses the potential risks that identified weaknesses in the PFM System portend to the attainment of three key budgetary outcomes.* These outcomes are aggregate fiscal discipline, strategic prioritization and allocation of resources, and efficient service delivery. The analysis focuses on the six core dimensions of the assessment framework: (i) Credibility of the budget, (ii) Comprehensiveness and transparency, (iii) Policy-based budgeting, (iv) Predictability and control in budget execution, (v) Accounting, Recording, and Reporting, and (vi) External Audit and Scrutiny.

Credibility of the Budget

0.6 *Ongoing reforms are yet to improve credibility of the budget significantly*. Budget deviations and expenditure composition variances have decreased in size since the last assessment, but not by sufficiently much to improve scores. Poor revenue performance, inability to realize projected financing, optimistic expenditure budgeting, and poor budget execution continue to affect ability to 'bring in' the budget - virements particularly continue to undermine fiscal discipline and sanctity of the budget; the executive vires and legislature ratifies ex post. Inability to implement the budget as made.

Table 0.1: A. PFM Out-turns: Credibility of the Budget

Indicator	2014 Assessment						2011 Baseline					Brief Explanation of Difference
	Dimension Ratings				Overall Score	Brief Explanation and Cardinal Data Used	Dimension Ratings				Overall Score	
	i	ii	iii	iv			i	ii	iii	iv		
1. Aggregate expenditure out-turn compared to original approved budget	D				**D**	Budget deviation was 20.2%, 26.5%, and 22.3% in 2011, 2012, and 2013 respectively	D				**D**	Budget reforms that following the 2011 assessment have reduced the level of deviations, but not sufficiently to lift the score
2. Composition of expenditure out-turn compared to original approved budget	D	A			**D+**	Administrative composition variance was 20.2%, 26.5%, and 22.3% in 2011, 2012, and 2013 respectively	D	A			**D+**	Ongoing reforms have improved respect for budgetary provisions since 2011, but not sufficiently to improve the score
3. Aggregate revenue out-turn compared to original approved budget	D				**D**	Internally generated revenue was 71.7%, 31.9%, and 92.4% in 2011, 2012, and 2013 respectively	D				D	Domestic revenue performance has deteriorated since the last assessment, largely contributed to by the armed insurgency affecting the state since October 2011
4. Stock and monitoring of expenditure payment arrears	NR	D			**NR**	No data on stock of expenditure payment arrears, although the stock unlikely to be high, given the state's	NR				**NR**	No change

Table 0.1: A. PFM Out-turns: Credibility of the Budget												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
						payment policy.						

Comprehensiveness and Transparency

0.7 *Tangible reforms are continuing in this area.* Improvements are visible in budget documentation to the legislature and public access to fiscal reports (with the online posting of audit report and recently, of financial statements) and implementation of a new Classification of the Functions of Government (COFOG) and International Public Service Accounts Standard (IPSAS) compliant chart of accounts has advanced significantly *(Figure 0.2)*. However, important transparency issues remain in the handling of federation allocations to LGs and unreported government operations.

Table 0.2: Key Crosscutting Issues: Comprehensiveness and Transparency												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
B. Key Cross-cutting Issues: Comprehensiveness and Transparency												
5. Classification of the budget	D↑				D↑	The chart of accounts tracks expenditures by administrative units and economically; however, system is not Government Finance Statistics (GFS) compliant	D				**D**	The classification system has not changed significantly since the last assessment
6. Comprehensiveness of information included in the budget	B				**B**	The House receives three of the seven relevant item	D				**D**	Recent improvements led to the legislature's access to prior and previous year's budget and actual data
7. Extent of unreported government operations	NR	D			**NR**	Fiscal reports do not include all government activities and income & expenditure of donor projects, but data to calculate proportion of Extra Budgetary Funds (EBFs) is insufficient.	D	D			**D**	2011 assessment used budgetary allocations to Autonomous Government Agencies (AGAs) to estimate performance
8. Transparency of inter-governmental	NR	D	D		**NR**	The State Government's	NR	D	D		**NR**	Failure to provide evidence

Table 0.2: Key Crosscutting Issues: Comprehensiveness and Transparency												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
fiscal relations						(SG's) handling of resources accruing to LGs is complicated and not easy to understand; budget call circular issued by supervising ministry does not include fiscal expectations						to verify claim of guidance to Local Governments (LGs) on fiscal planning is the difference in the scores
9. Oversight of aggregate fiscal risk from other public sector entities	C	C			**C**	Accounts of most parastatals and government companies are up to date (2013); accounts of LGs are up to date (2013), but there is no consolidation of fiscal risks.	D	D			**D**	The state commenced enforcement of audit and submission of annual reports in 2012
10. Public access to key fiscal information	C				**C**	The public has access to four of the listed eight items.	C				C	The state now posts the full annual audit report on its website, but this additional requirement met is not sufficient to alter the overall score

Policy-Based Budgeting

0.8 *Budget process and multiyear fiscal reforms continued, but did not result in improved performance.* Political decisions continue to undermine the budget calendar (resulting in perennial late presentation of the budget to the legislature for approval) and the link between capital and current budgets. Lack of sector strategies and poor costing of the budget are also evident and adversely affect credibility of the budget.

Table 0.3: Policy-Based Budgeting												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
11. Orderliness and participation in	D↑	A	C		**C+↑**	The budget calendar allows Ministries, Departments and	D	A	C		**C+**	Post 2011 reforms are improving adherence to the

Table 0.3: Policy-Based Budgeting													
Indicator	**2014 Assessment**						**2011 Baseline**						**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**		
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**			
the annual budget process						Agencies (MDAs) eight weeks, but cabinet delays submission to the legislature; the call circular includes approved expenditure ceilings; approval of 2014 budget was on Jan 29, 2014, 2013 budget on Jan 8, 2013, and 2012 budget on March 13, 2012							budget calendar and scope of expenditure ceilings
12. Multi-year perspective in fiscal planning, expenditure policy, and budgeting	B	D	D	D	**D+**	Rolling three-year fiscal aggregates inform budget envelopes since fiscal 2013, but there are no costed strategies and no links between recurrent and capital budgets, and no Debt Sustainability Analysis (DSA).	B	D	C	D	**D+**		Incorrect information on the link between fiscal aggregates and budget envelopes and costed strategies led to wrong scores in 2011

Predictability and Control in Budget Execution

0.9 *Important reforms are underway in IA, payroll controls, and public procurement (with the passage of the new procurement law, awaiting assent).* However, performance remained generally at the same level as the last assessment. In particular, tax administration remains weak and availability of funds unpredictable *(Table 0.4).* Significant improvements are necessary in cash planning, release of funds, respect for rules and procedures, and internal auditing to enhance performance.

Table 0.4: Predictability and Control in Budget Execution												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
13. Transparency of taxpayer obligations and liabilities	B	D	D		**D+**	Tax legislation is clear, but administrative discretion waives certain reliefs for civil servants; the state does not have an organized/systematic tax enlightenment programme; the state has no functional tax appeal mechanism in place.	B	D	D		**D+**	No change in performance
14. Effectiveness of measures for taxpayer	D	D	D		**D**	Taxpayer registration is not compulsory, but penalties for non-declaration are adequate, though rarely enforced; tax	D	C	D		**D**	The 2011 assessment overrated evidence on

Table 0.4: Predictability and Control in Budget Execution												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
registration and tax assessment						audits are ad hoc, commissioned only when issues arise.						penalties
15. Effectiveness in collection of tax payments	NR	C	D		**D+**	No records of tax arrears; transfers to Treasury accounts is monthly; reconciliation does not take place.	D	C	D		**D+**	Decline in performance; arrears and collection records were available during 2011 assessment
16. Predictability in the availability of funds commitment of expenditures	D	D	D		**D**	Cash management is by rationing, rather than planning and monitoring; MDAs do not receive any information on cash availability; frequent but non-transparent in-year adjustment to the approved budget.	D	D	D		**D**	No change in performance
17. Recording and management of cash balances, debt, and guarantees	D	C	D		**D+**	External debt records are complete and of good quality, but domestic records are not complete. Consolidation of bank balances takes place at least monthly, but only involves treasury held accounts; different bodies approve different types of debt without a unifying overview.	D	B	C		**C**	New evidence contradicts evidence of 2011 of at least, weekly consolidation of bank balances
18. Effectiveness of payroll controls	D	B	C	D	**D+**	Reconciliation of payroll and personnel data does not take place; average time to effect changes to the payroll is 2 – 3 months; improved payroll controls still leave gaps; electronic staff verification and data capture completed in 2014 for most personnel.	D	B	C	B	**D+**	No change in performance despite introduction of more robust U-Pay and Simple Accounting Software (SIMCA) software in 2011
19. Transparency, competition, and complaints mechanisms in procurement	C	D	D	D	**D**	The regulatory framework has some hierarchical arrangement, applies to all public procurement, and is accessible to the public. Data on contracts awarded without open competition and justification is not available. The public has no access to vital procurement information, and the state has no independent procurement resolution process.	B	D	D	D	**D+**	The 2011 assessment correctly stated that the regulations do not make competitive bidding default, but wrongly counted it in rating dimension (i)
20. Effectiveness in internal	C	B	C		**C+**	Widespread overrides make commitment control measures ineffective; 100% prepayment	B	B	C		**C+**	Information more readily volunteered by

Table 0.4: Predictability and Control in Budget Execution												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
controls for non-salary expenditure						audit and external audit controls of routine accounting functions make other rules excessive; use of simplified rules by MDAs violate procedures.						government show overrating of dimension (i) in 2011; commitment controls were also ineffective then
21. Effectiveness of internal audit	D	D	D		**D↑**	Internal audit commenced in 2012, focusing on individual transactions and prepayment audit; reports is irregular, most managers do not receive reports.	D	D	D		**D**	Genuine IA reforms commenced in 2012 with establishment of the IA unit in the Treasury

Accounting, Recording, and Reporting

0.10 *Important improvements occurred in bank reconciliation, timeliness of accounts production, and in year budget reporting.* Migration to IPSAS cash accounting basis is also underway and migration to full IPSAS accrual accounting is in the plan. These will help correct some inherent weaknesses in the accounting system.

Table 0.5: Accounting, Recording, and Reporting												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
22. Timeliness and regularity of accounts reconciliation	A	B			**B+**	Both treasury managed and MDA held accounts reconciled monthly within four weeks' advances cleared immediately after purpose of at by yearend, whichever is earlier.	A	D			**C+**	Performance improved significantly over the 2011 status quo, when advances remained outstanding long after yearend
23. Availability of information on resources received by service delivery units	NR				**NR**	No data to confirm claim of a comprehensive health care survey, last conducted in 2012.	D				**D**	No data to confirm reported improvement since 2011 assessment
24. Quality and timeliness of in-year budget reports	C	A	A		**C+**	In-year reports are timely, but cover budget heads and payments only (not commitments); data is reliable and forms the basis for yearend financial statements.	C	A	C		**C+**	Installation of new accounting software improved data quality

Table 0.5: Accounting, Recording, and Reporting												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
25. Quality and timeliness of annual financial statements	C↑	A	D↑		**D+↑**	Consolidated accounts cover all central MDAs, but assets and liabilities not included and does not disclose any accounting standards; 2013 financial statements submitted for audit on April 22, 2014.	C	C	C		**C**	New software enhanced capacity for timely reporting

External Scrutiny and Audit

0.11 Timeliness of submission of audit to the legislature has improved and the legislature has commenced scrutiny of audit reports, though it had not concluded any at the time of this assessment. However, some flaws persist, e.g., weak legislative oversight and ex post ratification of unauthorized budget amendments by the executive.

Table 0.6: External Scrutiny and Audit												
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
26. Scope, nature, and follow-up of external audit	C	A	B		**C+**	Audits cover all central government expenditures, but focuses mainly on transactions, hence similar transactional problems repeat annually with no systemic solution; fiscal 2013 audit report submitted three and a half months after receipt of financial statements from the Treasury (Apr 22 – Aug. 6).	B	A	B		D+	Incorrect evaluation of evidence on scope of audit led to overrating of the indicator in 2011
27. Legislative scrutiny of annual budget law	C	A	C	D	**D+**	Budget review covers detailed revenue and expenditure, but not fiscal policy and involves legislative committees; approval of the 2013 budget took 3 weeks (Jan. 2 – 22, 2013); ex poste legislative approval of unauthorized virements is regular.	C	A	A	C	**C+**	Time taken for legislative budget approval has reduced since the last assessment and ex post approval of authorized virement has increased
28. Legislative scrutiny of external	NR↑	NR	NR		**NR↑**	PAC has not completed hearings on any reports; the committee commenced hearing in February 2014	D	D	D		**D**	DFID facilitated reforms have commenced, but not sufficiently

Table 0.6: External Scrutiny and Audit													
Indicator	**2014 Assessment**						**2011 Baseline**					**Brief Explanation of Difference**
	Dimension Ratings				**Overall Score**	**Brief Explanation and Cardinal Data Used**	**Dimension Ratings**				**Overall Score**	
	i	**ii**	**iii**	**iv**			**i**	**ii**	**iii**	**iv**		
audit reports						and has thus far held only one sitting; the sitting was on the backlog of 2005 – 2011 reports.						advanced to produce evidence for scoring

Assessment of the impact of PFM weaknesses

0.12 PFM reforms continue to make marginal progress and several substantive reforms are underway; however, weaknesses persist in nearly all areas of the PFM System. Weaknesses in one area of the PFM System could undermine reforms and strengths in other areas due to the interrelatedness of the PFM System. Collectively, these weaknesses could adversely affect overall achievement of budget outcomes in several ways, as the next few paragraphs explain.

0.13 *Lack of realism contributes to dysfunctional budget policy and suboptimal attainment of budgetary goals in several ways: erosion of fiscal discipline, upsetting the policy basis of budgeting, reducing value for money, and undermining budget realism and public trust.* For instance, composition variance often entails *ad hoc* (midstream) reordering of budget priorities and distorts intended budgetary outcomes. 'Necessary" midstream budget reordering could be the effect of poor project costing by some MDAs and could result in both aggregate budget deviation and composition variance. These complicate budgetary management and accountability for resources. Low budget credibility affects public trust in the budget as a true expression of government policy intentions. Consistent failure to implement the budget leads to public to "know and accept (?)" the budget would probably fail. There is no way thus to hold anyone to account, and this perpetuates budget indiscipline.

0.14 *Weaknesses in comprehensiveness and transparency of the PFM System contribute to the perception of a high level of public corruption.* Lack of transparency affects the entire PFM System, from credibility of the budget to accounting and record keeping. In particular, the link with audit and legislative scrutiny is clear – failure of audit follow up is both a result of and leads to lack of transparency. However, ignorance of fiscal outcomes and performances prevents the public from making valuable facts-based inputs and suggestions to improve governance and reduces opportunities for effective corrective intervention. Incomplete information also affects government agencies by limiting fair and transparent competition for resources during budget preparation. Unfair competition hinders allocative efficiency and leads to suboptimal allocation of resources. Finally, lack of comprehensive and transparent information increases the chances of wastes in the use of resources and hinders efficient and effective service delivery and value for money.

0.15 Policy weaknesses directly affect credibility of the budget and budgetary outcomes. They affect ability to control and implement the budget as planned, thereby causing or contributing to budget deviations and composition variances. Policy and planning weaknesses contribute to the unplanned budget reallocations (especially through service-wide votes) that feature in budget implementation and unauthorized expenditures reported in the external audit reports. Policy weakness is also a transparency issue because, in this case, it shrouds expenditure ceilings for the recurrent budget, which constitutes more than 70% of the budget.

0.16 Unpredictability of resource flow denies service delivery units the ability to plan and use resources effectively and efficiently. This links directly to credibility of the budget. Unpredictability of resource flow also affects procurement practices through uncompetitive tendering process. Uncompetitive tendering can reduce the efficiency of existing programs and increase the cost of procuring services. There are also questions on the extent of value for money in service delivery generally. Finally, unpredictability of resources is a transparency issue and it limits the completeness of information available to service delivery units for budget management.

0.17 Accounting, recording, and reporting weaknesses particularly affect credibility of the budget and transparency and comprehensiveness of the PFM System. Insufficient accounts disclosures affect public trust. Inadequacies in interim budget execution reporting constrain management decision making and control of budget performance as late release of the reports thus undermine ability to allocate resources effectively. It also affects ability to plan and manage services. In addition, it prevents timely detection of wastages and suboptimal use of resources. Finally, poor accounting and reporting affects availability of evidence for effective audit and oversight of the use of funds.

0.18 Lack of audit oversight and reporting affects transparency of the system and ability to hold public officers to account. Audit reports are replete with infractions of the rules. Poor legislative oversight made it difficult to hold government accountable to manage resources efficiently and in a rules-based manner. Failure to follow up on audit findings impact on budget credibility and comprehensive of the budget. For example, findings of excess expenditure that repeatedly feature in audit reports contribute to budget deviation and composition variance. Further, inability to follow up on findings affects transparency of the PFM System and contributes to poor accounting, recording, and reporting.

Prospects for Reform Planning and Implementation

0.19 *Two prevailing factors enhance the chances of deepening and sustaining PFM reforms in Yobe State: enthusiasm of some relevant senior personnel and the support of development partners.* Senior officials of the key ministries of Finance and Budget & Economic Planning are the key drivers of ongoing reform. The two permanent secretaries and their senior directors are all reform-minded. They also appear to be successfully selling several benefits of reforms to their immediate political supervisors. This accounts for the progress evident in transparency, fiscal planning, and accounting since the 2011 assessment. Evidence of this enthusiasm also shows in these officials requesting this repeat assessment to gauge and chart the path of progress.

0.20 *Development partners are recognizing and supporting this enthusiasm for reform.* Consequently, UK DFID, the European Union (EU), and the World Bank Group (WBG) continue to support the state with successive technical assistance programmes. Continued flow of technical aid is vital for successful PFM reforms in Yobe State, given the state's weak finances, being the poorest of Nigerian states. Reforms will probably not proceed much further or faster without this assistance by development partners. Winding up of European Union Support for Reforming Institutions Programme (EU-SRIP) in 2011 had raised concerns about the sustenance of the reforms. However, the quick appearance of UK DFID ensured continuity. The DFID programmes of SPARC and State Voice & Accountability Initiative (SAVI) are ending in 2015, but the EU-World Bank State and Local Governance Reform (SLOGOR) project is stepping in to continue the reform. There is also the expectation of likely return of DFID activities in some new form.

0.21 *Among the factors that have hindered or slowed reform progress of recent are absence of political support for vital reforms and the armed insurgency currently afflicting the state.* Frequent violent attacks in various parts of the state have scared consultants from visiting the state and slowed reform progress in other ways, including by distracting the attention of senior political and administrative officials, diverting development resources to fighting the insurgents, and delaying the rollout of some reform activities. For instance, bombing, burning, and destruction of schools, bridges, government offices, documents, vehicles, and other physical infrastructure occasioned repairs that both took away the attention of planners and required mopping up available resources. Similarly, incessant attacks on the state's commercial capital, Potiskum, have affected business activity, tax revenue, and delayed initiation of planned tax reforms. PFM reforms will undoubtedly benefit from early resolution of the insurgency.

0.22 *Insurgency aside, reform progress is slow in some areas due to weak political support.* Areas most clearly affected include scrutiny of audit reports by the legislature, budgeting, (especially by aligning budgeted expenditure to the available resources), and non-political control of budget execution, especially by requiring additional political approval for projects. Indeed, political control of the PFM System is the main threat to sustainable PFM reforms. Deep and sustainable PFM reforms will remains elusive without the PFM System being directly accountable to the populace, instead of through politicians, as is currently the case.

Section 1: Introduction

1.1 This 2014 assessment of the Yobe State PFM System is the second repeat assessment using the PEFA PFM Performance Measurement Framework. The first (baseline) and second assessments took place in 2010 and 2011, respectively. This 2014 assessment should have fewer biases than the earlier two; the first was full of errors and poor interpretation of the Framework. The second took place in a competitive atmosphere among six EU supported states, with the EU announcing that the outcome would influence allocation of new technical assistance resources. The YBSG requested this assessment to assess the status of reforms since the 2011 assessment, led the entire process, was more forthcoming with documentary evidence, and corrected errors in the 2011 exercise.

1.2 Ongoing PFM reform efforts began with fiscal and budget management, procurement, fiscal responsibility, accounting, HR and payroll management, etc., reforms initiated by the Federal Government (FG) in Fiscal 2003/4. However, the reforms did not automatically apply to state governments, because of their autonomy in many fiscal decisions. The FG mere encouraged state governments to adapt the reforms at their respective paces; donors assisted states in doing this. Thus, the EU began to support Yobe State in 2006 with PFM reforms through its *SRIP*. The UK DFID joined the effort in 2011, as SRIP wound down.

1.3 The DFID *State Partnership for Accountability, Responsiveness, and Capability (SPARC)* sponsored this 2014 assessment, but the Yobe State Ministry of Finance (MoF) anchored it. SPARC financed the consultancy services and assessment and validation workshops. The MoF raised an inter-ministerial technical team of more than 30 persons who contributed thousands of staff hours in sourcing, assessing evidence, and assigning rating performance. The team also reviewed and validated the draft report. The permanent secretary of the MoF led the team, which also included the permanent secretary of the Ministry of Budget & Economic Planning (MoBEP), accountant general, auditors general for state and for local government, and the principal directors in the treasury and planning/budget (see Appendix 2 for the full list of participants).

1.4 The assessment process comprised both desk and field work. The desk assignment began in July 2014 and involved advance collection, review, and analysis of documentary evidence and drafting and finalization of the assessment report after validation by the consultants. The fieldwork comprised two workshops to assess and rate evidence, and validate the draft report. Both workshops held in Kano (away from the state due to the activities of insurgencies as explained in *Section 2*, below). The rating and assessment workshop was held between September 1 and 13 and validation of the draft PFM-PR from December 11 to 13, 2014. The assessment workshop included a one and a half-day training workshop on the PEFA Framework and methodology for members of the inter-ministerial government team and SPARC officials. This final report reflects the outcome of the validation exercise.

1.5 This current assessment assessed all 32 indicators, i.e., the 28 core, the single Higher Level Government (HLG), and the three donor indicators, as the 2011 assessment did. The assessment applied three Framework documents: *the Public Financial Management Performance Measurement Framework, revised January 2011, "Field guide" for undertaking an assessment using the PEFA performance measurement framework May 3, 2012, and the*

Supplementary Guidelines for the application of the PEFA Framework to Sub-National Governments, released in January 2013. It also relied on *"Good Practice When Undertaking a Repeat Assessment: Guidance for Assessment Planners and Assessors, released on February 1, 2010.* The output indicators relied on audited financial statements for 2011 to 2013; other indicators used data that are more recent, where available, as the guidelines require. However, there was no data to complete Table 1.7 below, as the guidelines require.

Table 1.7:Size of Central Government Measured by Proportion of Expenditures					
	Number	**2011**	**2012**	**2013**	**Average**
Parastatals					
Mainline MDAs					
Total IGR					
% Parastatals					
% Mainline MDAs					
Source:					

Section 2: Country Background Information

2.1 This section briefly describes Yobe State socioeconomic situation, its budgetary outcomes, and the budgetary and institutional framework for public financial management in the state. The purpose is to put the assessment in perspective.

2.1 The Socioeconomic Situation

2.2 Yobe is a state in the northeast of Nigeria created out of the old Borno state on 27th of August, 1991. The state occupies an area of about 46,609[1] kilometres and borders the Republic of Niger to the north, Jigawa and Bauchi states to the west, Borno state to the east and Gombe and Borno to the South. The projected population in 2014 is 2.96 million (2006 census: 2.3 million; growth rate 3.2%)[2] 1.54 million males, and 1.42 million females. The population density is 63. The state comprises many ethnic groups, including Manga, Kanuri, Fulani, Karai-Karai, Bolewa, Bade, Ngizim, Ngamo, Babur, Maga, Hausa, etc. The official language in the state is English, but Hausa, Kanuri and Fulani have gained wide acceptability.[3] The state has 17 LGs and 14 emirate councils.[4]. Damaturu is the administrative headquarters, but Potiskum is the commercial nerve centre.

2.3 Peasant farming is the main occupation of the populace, with a high percentage in livestock rearing, fishing, and trading. Other agricultural produce include rice, wheat, maize, beans, cotton, corn, groundnut, gum, and livestock. Yobe has rich mineral resources that have remained untapped: gypsum, kaolin, limestone, diatomite, granites, silica, potassium, and soda ash.[5] Culturally, the state is renowned for "world famous durbar and other rich cultures and traditions that find routes from their historical linkages with the Arab lands". Tourist attractions in the state include the Dokshi spring water in Gulani, Dagona birds sanctuary in Bade, Old Gorgaram city in Jakusko, Birnin Gazargamo in Gaidam, Tulo-tulowa village in Yusufari, Old Daniski settlement and Goya valley in Fika, 8000 year old Dufuna canoe in Fune, Grave yard of past Emirs of Fika, wetlands and Bade fishing and cultural festival in Jakusko.[6]

2.4 The weather is hot and dry for most of the year, as in most of northern Nigeria. The hottest months are between March and May, when temperatures range from 39° to 42° centigrade. Rainy season varies across the state, but generally lasts for about 120 days (between June and September) in the northernmost tip and more than 140 days (May to October) in the south. Annual rainfall ranges from 500 mm -1000 mm. The state has two vegetative zones - the Sahel in the north and the Sudan savannah in the south; both are experiencing severe threats of desert encroachment, which is creating arid and semi-arid conditions in the state.[7] The

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[1] The National Bureau of Statistics; Yobe state puts this at 47,153 km^2 (see the state's official website: www.yobestate.gov.ng)

[2] National Population Commission: Released 2006 Census Figures; the state's website puts the figure at 2.5 million persons

[3] www.yobestate.gov.ng

[4] Fika, Bade, Damaturu, Machina, Gazargamo, Gujba, Nguru, Tikau, Potiskum, Yusufari, Gudi, Fune, Jajere and Ngelzarma

[5] www.yobestate.gov.ng

[6] www.yobestate.gov.ng

[7] www.yobestate.gov.ng

topography is generally flat, except for the southern parts of Gujba and Fika Local Government Areas where the land is mostly rocky. The northern parts are flat with undulating sand dunes. The River Yobe is one of the most important geographical features of the state.

Politics and Governance

2.5 Governance is by constitutional democracy with an elected Chief Executive (Governor) and 24-member legislature (House of Assembly). The election cycle is every four years, but the governor has a two-term limit. The 1999 Constitution of the Federal Republic of Nigeria, as amended is the groundnorm for the entire country. The governor appoints and presides over a cabinet of Commissioners confirmed by the elected state legislators. There is also an independent judiciary, headed by a Chief Judge (CJ). The National Judicial Council (NJC) recommends the CJ, the governor appoints, and the legislature confirms. Constitutionally, the NJC must recommend the most senior serving state judge, unless there are good reasons for not doing so.

2.6 The state also has 17 local government council areas[8] created under the constitution, each with elected executive and legislative arms. The Local Governments (LGs) have constitutional autonomy in political, administrative, and fiscal affairs, but the state leadership severely circumscribes this autonomy by controlling their finances and appointment, promotion, and discipline of senior staff. This is also the situation in most other states of the Federation. State governors (including of Yobe) controversially sack elected local government councils and officials, including the executive chairs and appoint 'caretaker' replacements.

Socio-economic Performance

2.7 *Table 2.8* presents some recent quick statistics on Nigeria taken from The World Bank's external website[9].

Table 2.8: Quick Statistics on Nigeria

Population, total (millions), 2013	173.6
Population growth (annual %)	2.3
GDP (current US$) (billions), 2013	521.8
GNI per capita, Atlas method (current US$), 2013	2,710
GDP growth (annual %), 2013	5.4
Inflation rate, 2013	8.5
Poverty head count (%), 2010	46
Improved water source, rural (% of rural population with access), 2012	49
Life expectancy at birth, total (years), 2012	52
Mortality rate, infant (per 1,000 live births)	
School enrolment, primary (% gross)	85
Literacy rate, youth female (% of females ages 15-24)	
Prevalence of HIV, total (% of population ages 15-49)	
CO_2 emissions (metric tons per capita), 2010	0.5

Source: The World Bank citing World Development Indicators

[8] Bade, Bursari, Damaturu, Fika, Fune, Gaidam, Gujba, Gulani, Jakusko, Karasuwa, Machina, Nangere, Nguru, Potiskum, Tarmuwa, Yunusari and Yusufari

[9] http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/NIGERIAEXTN/0,,menuPK:368922~pagePK:141132~piPK:141109~theSitePK:368896,00.html

2.8 Yobe State does not compile independent socio-economic statistics on several indicators, but the National Bureau of Statistics (NBS) compiles data for the whole country. NBS data puts absolute poverty rate in Yobe State at 73.8% in 2010, food poverty rate at 58.4%, and percentage of people living below US $1.00 per day at 74.1%. NBS data also put unemployment rate in Yobe State at 39% in 2011, the highest in the country. Data on school enrolment is also poor, possibly now aggravated by the armed insurgency afflicting the state since 2011.

2.2 Intergovernmental Fiscal Relations

2.9 *This section briefly examines the fiscal relationship between the federal and subnational governments on the one hand and states and LGs on the other.*

Distribution Fiscal, Taxing, and Revenue Powers in the Nigerian Federation

2.10 *Nigeria intergovernmental fiscal arrangement is paradoxical with strong centralization of revenue powers and equally strong decentralization of spending powers.* State governments have spending autonomy, but they depend on federal grants to fund their budgets. Nigeria accumulates the most important revenues at the centre, periodically distributing them with pre-agreed formulas. The Federal Government administers revenues from crude oil sales, petroleum profit taxes, royalties, and other oil charges, company income taxes, customs duties, excise duties, stamp duties, value added tax, education tax, etc. The revenues accrue to two main accounts: the VAT Pool Account for value added tax proceeds, and the Federation Account for others.[10] The Federation Account Allocation Committee (FAAC)[11] applies the sharing formulas to balances of these accounts monthly.

2.11 *The vertical and horizontal sharing formulas for VAT revenues are straightforward.* The vertical formula is 15:50:35 for federal, states, and LGs respectively. The horizontal formula for state governments is population (10%), derivation (50%), and equality of states (40%). A similar arrangement applies to LGs (*see Box 2.1*). However, states like Lagos and Ogun[12] would prefer a different arrangement. These states account for much of VAT revenue proceeds for the country because they are large commercial hubs. Thus, for instance, Lagos state wants VAT administration decentralized to state governments. However, other state governments prefer federal administration because they do not have as many commercial activities and a strong revenue administration system as Lagos state.

2.12 *The vertical and horizontal formulas for Federation Account revenues are more complicated.* Mineral producing states enjoy 13% of revenues from mineral sources only, as a first line charge.[13] The horizontal formula for sharing this amount (i.e., 13% derivation) varies directly with the quantity contributed by the state. The vertical distribution formula applying to the residue[14] is 52.68% to the Federal Government, 26.70% to states, and 20.72% to LGs. The horizontal sharing formula applied to the 24.70% accruing to SGs is as *in Box 2.1*.

[10] Education tax accumulates in the Tertiary Education Tax Fund (TETFUND), an independent Fund managed solely for funding tertiary education

[11] Comprising representatives of the three levels of government

[12] And to some extent, Rivers

[13] This charge applies only to natural resource revenues, not to all revenues

[14] i.e., after deducting the 13 percent

2.13 *Both Federation Account and VAT revenues proceeds are unconditional transfers to state and LGs, by constitutional guarantee.* Nigerian governments often refer to these revenues[15] as statutory transfers or allocations, because of this constitutional protection. These transfers constitute between 80 and 95% of the revenues of Subnational Governments (SNGs), except Lagos and Rivers.

2.14 *State governments also have constitutionally defined independent revenue sources, but they may not necessarily legislate on them.* The federal government legislates on several of these state revenues as well, although SGs have residual powers to legislate on areas not covered by federal powers. The most important Internally Generated Revenue (IGR) source for SGs is Personal Income Tax (PIT). The Federal Government legislates on PIT, but SGs administer it. SGs also collect stamp duties on individuals (taxes on registration of legal instruments), capital gains tax on individuals, etc. In addition, state governments generate additional revenue from several minor sources including, registration of business premises, licences, fees, fines, and investment earnings.

2.15 *States' IGR often do not perform well.* The reasons are weak revenue administration systems of most state governments and high poverty incidence. Consequently, in many states, IGR does not contribute more than 10% to the revenue of many SGs. Lagos state is an outstanding exception here, generating about 65% of its revenues from is internal sources. Rivers state also generates a significant proportion of its revenues (about 25%) from within.

2.16 *The legislature must first appropriate all revenues before expenditure.* The governor proposes an expenditure outlay to the legislature for consideration and approval. The approved Appropriation Law becomes the budget. Respective budgets remain standalone documents; Nigeria does not consolidate federal, states, and local budgets.

2.17 *Similarly, each government has its own fiscal reporting and auditing regime.* The FG does not exercise oversight over SNGs; that is the function of the electorates of respective governments. Thus, the FG has little power to enforce common standards. For instance, the FG cannot require SGs to produce interim budget execution reports. However, the federal, state, and LGs agreed a common financial reporting format for final accounts in 2002, although compliance is voluntary. Nevertheless, the Federal Government has enacted the Financial Reporting Council Act, 2011 for the production of public and commercial accounting and auditing standards. Besides, the governments are cooperating to secure consistency of fiscal reporting through phased adoption of IPSAS from 2013.

2.18 *The constitution delineates expenditure responsibilities between federal and state governments.* Exclusive federal responsibilities include macroeconomic management, foreign relations, defence, internal security, legal tender, prisons, archives, etc. In addition, the FG has concurrent responsibility with SGs in some areas. These include higher education, industrial, commercial, and agricultural development, scientific and technological research, statistics, etc. For each activity in this concurrent list, the constitution defines the extent of powers exercisable by the Federal and state governments. State governments also exercise residual powers over areas not defined in either the legislative and concurrent lists.

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[15] Especially the Federation Account component

Table 2.9: Vertical and Horizontal Revenue Sharing Formulas – FA and VAT Revenues

Vertical Sharing	***% Share - Federation Account (FA) Revenues***	***% Share - Value Added Tax Revenues***
13% Derivation - Oil Producing States	13.00% off the top (mineral revenues only)	Nil
Federal Government	52.68	15.00
State Governments	26.70	50.00
Local Governments	20.62	35.00
Total	**100.00**	**100.0**

States' Horizontal Revenue Sharing Formulas

Principle	***Federation Account (FA) Revenues (%)***	***VAT Revenue (%)***
Equality	45.23	40.00
Population	25.60	10.00
Population density	1.45	
IGR effort	8.31	
Landmass	5.35	
Terrain	5.35	
Rural roads/inland waterways	1.21	
Potable water	1.50	
Education	3.00	
Health	3.00	
Derivation	0.00	50.00
Total	**100.00**	**100.00**

2.19 *Jurisdictional overlap is common in practice, notwithstanding these detailed constitutional provisions.* There are practical difficulties in achieving political, administrative, and fiscal coordination of these expenditure assignments, despite constitutional elaboration. In addition, local habits promote federal presence in direct execution of traditional SNG tasks, such as direct construction and supervision of roads, water, schools, health, and other projects.

Fiscal Federalism and the Nigerian Local Government System

2.20 *Constitutionally guaranteed revenue sources of LGs are federation revenues,*[16] *SG transfers, and taxes.* The FG channels LGs' share of federation revenues through their parent state governments (by constitutional provision). However, SGs seldom pass on the resources as sent. Practices differ, but states that pass on the funds at all do so after certain first line deductions: local government staff salaries, primary education, staff pensions, staff training, etc. Most times, state government laws[17] authorize these deductions. In addition to these 'statutory deductions' some state governments make additional deductions for joint projects, bank charges and other operations expenditures, including contracts. Sometimes, LGs receive no meaningful resources for investment, after these deductions.

2.21 *State governments' transfer is another source of funding for LGs.* The Constitution[18] requires each SG "to pay to local government councils … such proportion of its **total** revenue on such terms and in such manner as" the National Assembly may prescribe. The applicable

[16] Federation Account and VAT Pool Accounts
[17] Made under sections 7 and 8 of the Constitution
[18] Section 162(7) of the 1999, as amended

percentage contribution now is 10%. In other words, SGs should transfer 10% of their total revenues from all sources to their local government councils. However, state governments do not comply fully with this provision, but the practice differs among states. Some states irregularly transfer a percentage of their **IGR,** while other states do not transfer at all. SGs' argument for non-compliance range from "offsetting LGs' failure to remit proceeds of personal income tax deducted from the salaries of LG staff'[19] to the "unfairness of requiring SGs to make additional transfers to LGs that also receive local federation allocations". However, the essence of the constitutional provision is to make LGs the hub of social and economic development, being the grassroots tier of government. Adequate funding is vital for LGs to function as 'development centres,' as the constitution refers to them. Grants and transfers are important components of this funding arrangement, given the poor tax base of LGs, as explained below.

2.22 *Local governments also have independent revenue.* Among the constitutionally defined "main functions" is the collection of revenues from several local sources, including:[20]

- Collection of rates, radio and television licenses;
- Licensing of bicycles, manual trucks, canoes, wheel barrows, and carts;
- Registration of all births, deaths, and marriages;
- Assessment and levying of privately owned houses or tenements (subject to the State's Law);
- Control and regulation of outdoor advertising, movement and keeping of pets, shops and kiosks, restaurants, bakeries, laundries, and sale of liquor.

2.23 *These local taxes are difficult to administer and easy to evade due to weak structures and high levels of illiteracy and poverty.* There is no organized birth and death registration system; many rural dwellers die at home and their relatives bury them without registration. LGs dare not request tenement rates from ancestral house owners. Usually, state governments do not allow LGs the freedom to manage property rates in townships and opened-up cities. Besides, many barrow owners do not understand why they should pay tax out of their poverty. In plain language, the local people resist payments of these taxes; therefore, their performance is poor.

2.24 *State governments have constitutional responsibility for defining expenditure responsibilities for their LGs within constitutional guidelines.* In addition, *Schedule 4* of the Constitution includes "Functions of a Local Government". These are general guidelines or model functions defining the broad limits from which state governments may select specific roles for their LGs; SGs may not legally assign roles to LGs outside this constitutional boundary. *These ideal or model functions consist of both revenue collection functions and "active" developmental functions.* The developmental functions comprise:

- Consideration and making recommendations to the State on economic development particularly on the areas of authority of the local government;
- Participation[21] in the following matters:
    - The provision and maintenance of primary, adult, and vocational education;
    - Development of agriculture and natural resources, excluding exploitation of mineral resources;
    - Provision and maintenance of health services;
    - Such other functions as may be conferred by the House of Assembly.

[19] Personal income tax is mostly a state tax. Employers, including local government councils that deduct this tax from their staff emoluments must pay this over to the relevant state government

[20] Schedule 4 of the 1999 Constitution, as amended

[21] Emphasis added (see comment in succeeding paragraph)

2.25 *The wording of these functions is significant.* The Supreme Court of Nigeria held in 2002 that in using the word "participation," the Constitution did not intend to impose those responsibilities on LGs. The Court decided that the responsibilities were still those of state governments, and that LGs could only "participate" in them to the extent defined in the relevant state government's law.[22]

2.26 *This decision has two important implications for fiscal decentralization.* First, LGs do not have original responsibility for economic and social developmental in any sector, including agriculture, health, and education. Developmental functions belong to state governments and LGs are not originally or solely accountable for them. Second, actual developmental contribution of a local government is within the context of a law made by the State for that purpose. Thus, it is not appropriate to hold LGs accountable for roles that the SG did not expressly cede to them, under Nigerian law.

2.27 *State governments control staffing, budgeting, fiscal reporting and auditing in their LGs.* A number of dedicated SG institutions superintend over the affairs of LGs: ministries of LGs, [23] local government service commissions, offices of the auditor general for LGs, and the state-LGs joint account and allocation committees (JAACs).[24] State governments appoint all senior administrative and technical staff of LGs, including treasurers that keep the books and prepare the financial statements and accounts. State appointed auditors audit the books and report to state Houses of Assembly. In some states, there are expenditure and payments thresholds, above which LGs must first obtain approval from the state government.

2.28 *In summary, LGs have little or no fiscal autonomy, including over their revenues, budgets, and financial reporting.*[25] It is not clear that this is as the constitution intends it. However, the Constitution sowed the seed for the development when it guarantees "the system of local government by democratically elected local government councils," but requires "the government of every state [to] ensure their existence under a Law which provides for the establishment, structure, composition, finance and functions. Some state governments have emasculated LGs, reducing them to mere departments of the state government. For example, most LGs in the country have no elected councils, notwithstanding the constitutional guarantee. State governors sack elected councils and install caretaker committees in their place. Some states do not even have caretaker committees; instead, state appointed administrative heads run them.[26]

2.2 Description of Budgetary Outcomes

[22] Attorney General of Ogun State and 35 others vs. Attorney General of the Federation; the case involved responsibility for primary education
[23] Or equivalent institution
[24] JAAC is a constitutional creation
[25] Some state governments control local government budgets by having state legislatures approve them.
[26] For example, Anambra state, this situation existed for over five years now.

2.29 Figure 2.3 summarizes Yobe State fiscal performance from 2011 to 2013 by expressing key public finance outcomes as percentage of revenue. The two primary revenue sources are internally generated (own) revenues and shared (and mostly unconditional) federation revenues. Yobe State's on average, own revenues accounted for only about 4.5% of total between 2011 and 2013. Own revenue sources comprise taxes (mostly personal income tax), fines and fees, licenses, earnings and sales, rent on government property, interests and dividends, and miscellaneous sources. Federal conditional transfers (grants) are significant, but data to calculate its size is lacking.

Figure 2.3: Actual Yobe State Government Public Finance

	Percentage (% of Revenue*)				Actual (naira millions)			
	2011	2012	2013	Average	2011	2012	2013	Average
Total Revenue	100.0%	100.0%	100.0%	100.0%	47,367.28	53,958.10	61,510.01	54,278.4
Own Revenue (IGR)	*5.1%*	*3.5%*	*4.9%*	4.5%	*2,414.42*	*1,885.05*	*3,012.01*	2,437.1
Grants (unconditional Federation Flo	*94.9%*	*96.5%*	*95.1%*	95.5%	*44,952.86*	*52,073.05*	*58,498.00*	51,841.3
Total Expenditures	113.0%	102.0%	108.1%	107.7%	53,522.16	55,059.42	66,489.00	58,356.8
*Non-interest expenditure***	*113.0%*	*102.0%*	*108.1%*	107.7%	*53,522.16*	*55,059.42*	*66,489.00*	58,356.8
*Interest Expenditure****				#DIV/0!				
Aggregate deficits (incl. Grants)	-13.0%	-2.0%	-8.1%	-7.7%	- 6,154.89	- 1,101.32	- 4,979.00	- 4,078.4
Primary (Deficits)/Surplus	*-13.0%*	*-2.0%*	*-8.1%*	-7.7%	- *6,154.89*	- *1,101.32*	- *4,979.00*	- 4,078.4
Net Financing	0.0%	0.0%	0.0%	0.0%	-	-	-	-
External +	*0.0%*	*0.0%*	*0.0%*	0.0%				
Domestic ++	*0.0%*	*0.0%*	*0.0%*	0.0%				
Net financing surplus/(deficit)	*-13.0%*	*-2.0%*	*-8.1%*	*-7.7%*	- *6,154.89*	- *1,101.32*	- *4,979.00*	- 4,078.4

*Used because GDSP is unavailable

**Total Payments, not total expenditure; Yobe state uses the cash basis of accounting, which records all cash outflows for the year as expenditures

***The budgetbooks show provision for interest payment, but actual amounts shown as paid in fianical statements is neglible. Domestic interest bearing debt is negligible, and foreign debt is mostly IDA credits, attracting very little interest rates. However, financial statements often lump deb and amortization together.

+Draw down on foreign loan/grants as stated in the financial statements

++Paris Club Debt Exit Proceeds Exchange differential + MDG conditional grant + reimbursements + internal loans, as stated in the financial stateme

2.30 Primary (non-interest) expenditures represent an average of 107.7% of total revenues from all sources. The amount for interest expenditure is unavailable, but should be inconsequential, because the state borrows very little in practice. Existing debts are mostly International Development Association (IDA) credits from the World Bank that attract minimal interest. However, the books do not identify interests and other service charges on foreign debt, lumping them together with amortization.

Allocation of Resources

2.31 General administration attracted the highest budgetary allocation between 2011 and 2013, averaging 28.6% *(Figure 2.4)*. General administration lumps together those administrative units that comprise the hub of the bureaucracy - offices of the governor and deputy governor, their personal staff, cabinet office, office of the head of service, the ministries of Finance and Budget & Economic Planning, and other such central management agencies. It includes items classified as 'miscellaneous'. It represents the cost of running the executive arm of government. However, it excludes the cost of the legislative arm of government (which on its own averaged 2.1%) and the Justice (including the Judiciary), 1.1%. It also excludes civil service wages and salaries, except for those of the staff directly working in the affected agencies. Transport, which includes roads, education, and health sectors follow.

Figure 2.4: Yobe State - Distribution of Actual Budgetary Allocations by Administrative & Economic Divisions

		2011	2012	2013	Average
1	Gen Adm	24.9%	28.0%	27.5%	26.8%
2	Trans & Ener	28.6%	18.9%	25.9%	24.5%
3	Educ	16.7%	19.4%	17.2%	17.8%
4	Health	6.1%	6.6%	8.0%	6.9%
5	Agric	3.3%	5.9%	4.0%	4.4%
6	Rel Affs	3.2%	3.1%	2.3%	2.9%
7	P & G	2.3%	2.3%	3.1%	2.6%
8	Wat Res	2.6%	2.0%	2.0%	2.2%
9	Housing	2.9%	2.7%	1.1%	2.2%
10	House of Ass	2.5%	1.9%	1.9%	2.1%
11	Infon	1.2%	1.4%	1.1%	1.2%
12	Justice	1.0%	1.3%	1.1%	1.1%
13	You & Soc De	0.6%	1.4%	1.2%	1.0%
14	Environ	0.9%	1.1%	0.8%	0.9%
15	Commerce	0.7%	0.9%	0.5%	0.7%
16	Lands & Surv	0.6%	0.5%	0.4%	0.5%
17	Works	0.5%	0.6%	0.4%	0.5%
18	Local Govt	0.4%	0.5%	0.4%	0.5%
19	Integ RD	0.3%	0.4%	0.4%	0.4%
20	Sports	0.4%	0.4%	0.3%	0.4%
21	Sum of the Re	0.4%	0.5%	0.4%	0.4%

	2011	2012	2013	Average
Recurrent Expenditure	39.5%	53.4%	48.5%	47.2%
Wages & Salaries	21.4%	31.8%	28.2%	27.1%
Goods & Services	18.1%	21.6%	20.3%	20.0%
Interest payments	0.0%	0.0%	0.0%	0.0%
Transfers	3.4%	4.1%	3.4%	3.6%
Others (Admin Overheads)	14.8%	17.5%	16.9%	16.4%
Capital Expenditure	61.6%	46.6%	51.5%	53.2%

Note: there is a small discrepancy in 2011, arising from data reconciliation issues.

2.32 Capital expenditure averaged about 53.2% of spending *(Figure 2.4)*. Capital spending was highest in 2011, but it declined sharply in 2012 to accommodate general wage increases of that year; administrative overhead also increased in 2012. As already explained, debt service obligation is minimal; however, the manner of keeping the books do not allow for its calculation.

2.3 Description of the Legal and Institution Framework for PFM

2.33 This section discusses the context of economic reforms in Nigeria, and the legal and the institutional framework for PFM in Yobe State.

The Context of Economic and Fiscal Reforms in States

2.34 *The National Economic Empowerment and Development Strategy (NEEDS) in May 2004 set the initial tone for PFM reforms in Nigeria.*[27] NEEDS was the first successful coherent articulation of the vision for and role of the key institutions in the process of national development and poverty reduction. NEEDS quickened the pace of several rather sluggish federal public service and PFM initiatives reforms.[28] State governments keyed into the reforms by preparing and anchoring their own development strategies, SEEDS[29] on similar principles. An FG/donors partnership provided necessary incentive and technical support for willing states

[27] NEEDS was a home-grown poverty reduction strategy with three main pillars, empowering people to take care of their development, growing the private sector to lead the development effort, and changing the way government does its business. The PFM reforms anchor on the last pillar.

[28] NEEDS, which spanned of 2003 – 2007, has expired. The government prepared NEEDS II, but did not implement it; the incoming government in 2007 set it aside for its 7-point agenda. The vision 20/20 20 is the current reform blue print.

[29] State Economic Empowerment & Development Strategy

to do this. The incentive included the benchmarking of states' reform progress in two *SEEDS benchmarking exercises* in 2005 and 2006.

Legal and Institutional Framework for PFM and PFM Reform in Yobe State

2.35 *Nigeria state governments are fiscally autonomous by constitutional arrangement, which allows SNGs to institute development reforms at their individual paces.* However, the legal and institutional arrangements for reform are similar across Nigerian governments, notwithstanding the lack of statutory compulsion. This is predictable, given the country's common ancestry and inheritance of British colonial laws. Most SNGs understandably model their PFM improvements on the FG's. Besides, SGs wait to replicate successful reform stories pioneered at the FG, given the FG's larger resources and greater access to technical support.

Legal Framework for PFM in Yobe State

2.36 The 1999 Constitution of the Federal Republic of Nigeria[30] provides the most important legal framework for reforms. Other key legal instruments laws include the Personal Income Tax Act (PITA),[31] and the Value Added Tax Act (1993).[32]. The state legislature recently passed Fiscal Responsibility and Procurement Bills, awaiting assent by the governor. The Constitution is the basic law and prevails in the case of any contradictory other legislation.

2.37 *Sections 120 – 129 of the Constitution contain provisions on SG accounts, audit, and investigations.* It requires each state to maintain a Consolidated Revenue Fund (CRF) to accumulate all accruing revenues exclusively, except as authorized by the state legislature for payment into another account for a specific purpose. This purpose of this is to ease legislative control and audit of public funds. Withdrawal from the CRF is by prior legislative approval of an appropriation law (budget). The governor annually tables expenditure proposals for the coming year in an Appropriation Bill for legislative consideration and approval. The constitution does not require multiyear projection of revenue and expenditure, the Fiscal Responsibility Bill awaiting the governor's assent does. Neither the constitution nor any other law sets specific time for presentation and approval of the Appropriation Bill; presentation is at "at any time" during the outgoing year and time take to approve is at the discretion of the legislature. This often leads to late approval of the budget, well into the fiscal year.

2.38 *Sections 125 – 127 relate to audit of SGs' accounts.* The sections provide for the office of auditor general, with safeguards for independence. First, the appointment and removal are by executive nomination and legislative approval. Second, appointment is up to retirement age. Third, removal may only be for the specific reasons of infirmity of mind or body, misconduct, and inability to discharge functions of office. Fourth, the auditor general "shall not be subject to direction or control of any authority or person". Fifth, the auditor's remuneration is a direct charge on the Consolidated Revenue Fund (CRF), and is not subject to executive or legislative approval. However, running costs and staff salary are subject to the annual budget approval and control processes. Besides, audit staff are regular civil servants, recruited and posted by the Civil

[30] As amended to date
[31] As amended in 2011
[32] All as amended to date

Service Commission. These weaken independence of the Office. An audit law can cure these "defects", but Yobe State is yet to enact one.

2.39 *The constitution requires the auditor general to audit all public accounts, offices, and courts and submit the report to the legislature within 90 days of receipt of the financial statement.* However, the auditor does not directly audit the accounts of government statutory corporations, commissions, authorities, agencies, etc., established by Law. The constitution limits the role of the auditor general here to (i) Providing them with a list of qualified external auditors from which to choose, (ii) Providing them with guidelines on fees to pay, (iii) Commenting on their annual accounts and auditor's report, and (iv) Conducting periodic checks.

2.40 *Sections 128 – 129 give the state legislature power to conduct investigations into the public accounts of the state.* These provisions empower the Public Accounts Committee (PAC) to review audit findings and direct restitution and recovery of lost public funds.

<u>Other PFM Laws</u>

2.41 The state Fiscal Responsibility Law, 2010 seeks to secure fiscal discipline by instituting multiyear fiscal planning, regulating borrowing, and encouraging savings. The state Public Procurement Law, 2010 institutionalizes open competitive bidding as default procurement method and establishes the Public Procurement Board to regulate the process. There is also a new statistics law. The status of the Audit Law of 1957 is ambiguous. The FG has not repealed it, but the Constitution subsumes its entire contents. Subsequently publications of revised versions of the Laws of the Federation have not reproduced it, creating doubts on whether it is still part of Yobe State laws. Some state governments[33] still cite its provisions as authority for public audit.

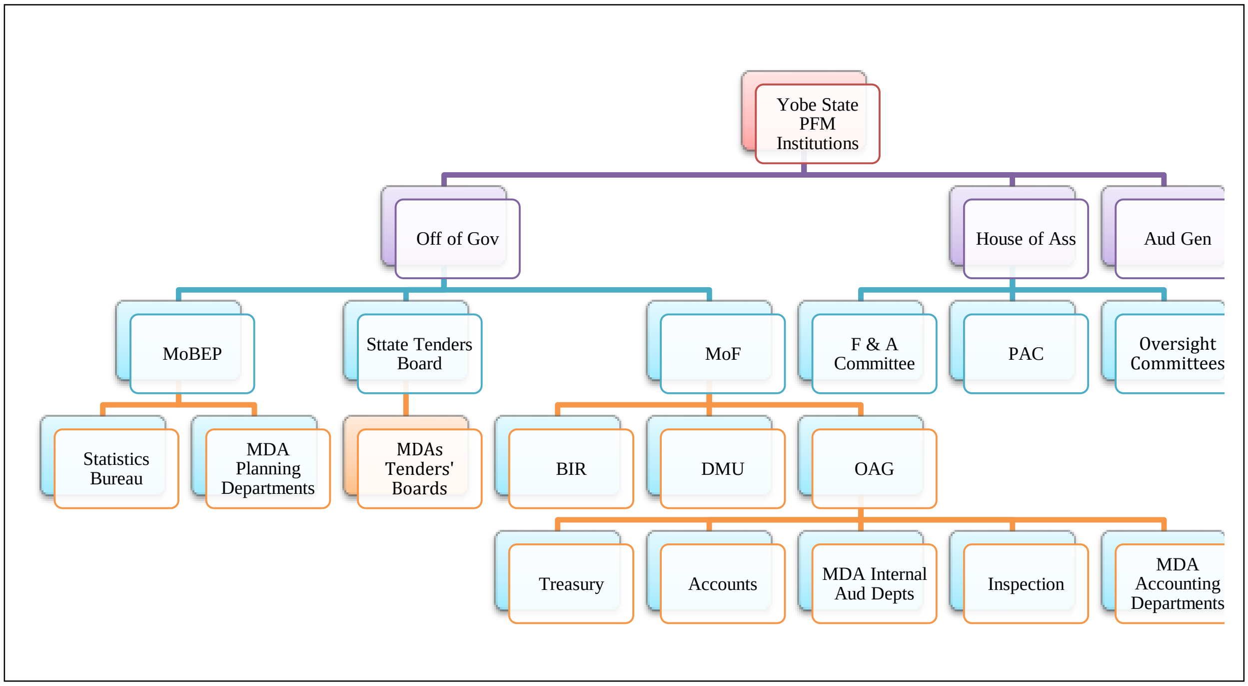
2.42 Some quasi-legal instruments also regulate PFM processes. The state *Financial Instructions* contain detailed guides on accounting, internal auditing, and stores procedures and routines. The Public Service Rules define the PFM functions, including detailed job descriptions and specifications. They also include procedures on recruitment, advancement, discipline, and boarding.

Institutional Framework for PFM in Yobe State

2.43 *The governor, the House of Assembly, and the auditor general superintend PFM in Yobe State.* The governor proposes the budget and executes it after legislative approval. Ministries, departments and agencies (MDAs) assist the governor to perform these functions. MDAs receive authorization of the governor to commence project execution, notwithstanding legislative approval. The governor's express authorisation is necessary for MDAs to award contracts (notwithstanding that it is the approved budget) and for the treasury to honour due certificates. The House of Assembly appropriates expenditure in the budget, maintains oversight over budget execution, and enforces audit findings. The auditor general reviews and reports on budget implementation.

[33] For example, Enugu and Rivers States

2.44 MoF and MoBEP are key executive PFM institutions. The later coordinates strategic and fiscal planning and the budget. The former manages public finances. The Board of Internal Revenue (BIR), the Office of the Accountant General (OAG), and the Debt Management Unit (DMU) are semi-autonomous and professional arms of the MoF, each charged with a specific function. The BIR performs revenue administration; the OAG is the treasury, while the DMU manages public debt. Treasury functions include collection (not generation), expenditure management, accounting, and internal audit. The OAG posts personnel to run the finance and internal audit department of MDAs. The treasury also has sub-treasuries and pay offices across the state to facilitate transactions. MDA and sub-treasury accountants make monthly, quarterly, half-yearly and annual returns (including bank reconciliation) to the accountants-general.



Section 3: Assessment of the PFM Systems, Processes, and Institutions

3.1 This is the second repeat PEFA assessment of the Yobe State PFM System; the earlier assessments took place in 2010 and 2011. This current assessment assessed all 32 indicators, i.e., the 28 core, the single HLG, and the three donor indicators, like the 2011 assessment did. The assessment applied three Framework documents: *the Public Financial Management Performance Measurement Framework, revised January 2011, "Field guide" for undertaking an assessment using the PEFA performance measurement framework May 3, 2012, and the Supplementary Guidelines for the application of the PEFA Framework to Sub-National Governments, released in January 2013*. It also relied on *"Good Practice When Undertaking a Repeat Assessment: Guidance for Assessment Planners and Assessors, released on February 1, 2010.* The output indicators relied on audited financial statements for 2011 to 2013; other indicators used more recent data, where available, as the guidelines require.

3.2 The assessment took place over a six month period, July to December 2014, beginning with documentation review and desk analysis in July. Fieldwork and scoring took place between September 1 and 13 and validation of the draft PFM-PR from December 11 to 13, 2014. Both exercises involved senior government officials, led by the Permanent Secretaries for the MoF and MoBEP, the Accountant General, Auditor General. Deputy state Auditor General for LGs, Directors of Budget and Planning, and many other high ranking officials in the state's PFM System. The Commissioners for Finance and Budget & Economic Planning, and Permanent Secretaries for Health and Education participated in the validation exercise.[34] The state team led the scoring exercise.

Budget Credibility (PI-1 – PI-4)

3.3 These four indicators assess the realism and extent of implementation of the budget. The usefulness of the budget as a tool for attainment of policy goals rests on the premise that the document approved by the legislature is realistic and that the government will dutifully implement it, i.e., that the budget is credible. A credible budget is therefore, a *contract* between citizens and government, expressing public policy priorities and measures to attain them. Such budget is comprehensive, affordable, and sustainable, implemented as planned, and delivers on contents and objectives. Features that facilitate credible budgeting include (i) Robust macro-fiscal frameworks, (ii) Realistic revenue projection and collection, (iii) Credible assessments of costs of government programmes (existing and new initiatives), (iv) Transparent and disciplined budget planning processes, (v) Dependable systems of budget execution, financial management and accountability, and (vi) Availability of good information on spending and service delivery. *PI 1 – 4* below assesses the credibility of YBSG budgets from 2011 – 2013.

PI-HLG 1: Predictability of Transfers from Higher Level of Government

3.4 *This indicator assesses the extent to which amount and timing of FG transfers to SGs are predictable.* Poor predictability of inflows and shortfall in amounts affect the SNGs' fiscal management and ability to deliver services. The indicator covers all transfers from the FG – shared revenue, conditional grants, and earmarked project funds, etc. These include statutory

[34] The full lists of participants in the assessment and validation exercises are in the Appendix section.

allocation, value added tax (VAT), excess crude account (ECA), (universal basic education (UBE), tertiary education fund (TETFUND/ETF), Subsidy Reinvestment Programme (SURE-P), Ecological Fund (EF), Stabilization Fund (SF), Natural Resource Development Fund), National Primary Health Care Development Agency (NPHCDA) Fund, Millennium Development Goals (MDGs) Fund, etc. Disbursement of shared revenues and other unconditional grants is without any strings attached; however, disbursement of each tranche of project-tied grants is subject to pre-conditions regarding management, project designs, procurement and workplans, transparency, accounting, and auditing (including performance auditing). *Score Box 3.1* below assesses the performance of Yobe State on the three dimensions of this indicator.

<table>
<tr><th colspan="6">Score Box 3.1: Predictability of Transfers from a Higher Level of Government</th></tr>
<tr><th colspan="2" rowspan="2">Dimensions</th><th colspan="2">2014 Assessment</th><th>2011</th><th rowspan="2">Explanation</th></tr>
<tr><th>Score</th><th>Comments</th><th>Score</th></tr>
<tr><td>(i)</td><td>Annual deviation of actual total HLG transfers from the original total estimated amount provided to SN entity for inclusion in the latter's budget.</td><td>NR</td><td>Insufficient information to assess – the SG does not project flows of statutory allocations and VAT from available FG Fiscal Strategy Paper (FSP)/MTEF data.</td><td>NR</td><td rowspan="4">No change in the status quo</td></tr>
<tr><td>(ii)</td><td>Annual variance between actual and estimated transfers of earmarked grants.</td><td>NR</td><td>Insufficient data – SG does not plan with projected and actual information on major earmarked grants (SUBEB, TETFUND, SURE-P, MDGs) available on the projects' website.</td><td>NR</td></tr>
<tr><td></td><td>In-year timeliness of transfers from HLG (compliance with timetable for in-year distribution of disbursements agreed within one month of the start of the SN fiscal year.</td><td>A</td><td>SGs receive unconditional transfers on schedule, i.e., immediately after each FAAC meeting. Inability to meet preconditions delays access to tied funds.</td><td>A</td></tr>
<tr><td></td><td>Score (Method M1)</td><td>NR</td><td></td><td></td></tr>
</table>

Rationale for the Score

3.5 *Annual deviation of actual total HLG transfers from the original total estimated amount provided to SN entity for inclusion in the latter's budget* – the data is available, but not processed and used. By statutory requirement, the FG annually consults with SGs in advance of preparing the FSP. The FG also publishes the finalized document on its website. The FSP contains the Medium Term Fiscal/Expenditure Framework (MTFF/MTEF), including the expected revenues from all sources. State governments can apply the well-known statutory revenue sharing formula to determine their respective prospective allocations for budgeting purposes. However, Yobe State does not do this. The state rather plans with the average of previous receipts, which often poorly approximates real projections. The practice since introduction of fiscal/budget management reforms in 2003 has been to augment shortfall in earnings from the Excess Crude Account (ECA) savings. Thus, the likelihood of significant shortfalls in expectations is remote. In addition, there are usually no delays in disbursement, transparently done around the middle of every month by the Federation Account Allocation Committee (FAAC). The committee comprises political and technical FG/SG officials responsible for finance, and the major revenue generation and oversight agencies.

3.6 *Annual variance between actual and estimated transfers of earmarked grants* – the state does not include planned and actual data on earmarked FG grants in its state's fiscal reports, although they are available on the web and are in the possession of the grants management agencies. [35] Universal Basic Education Commission (UBEC), TETFUND, and NPHCDA etc., proceeds flow directly into the accounts of the special agencies that manage them. The state government owns and controls the agencies and appoints their management bodies. The FG does not delay in releasing these funds to special federal management authorities, which superintends their disbursements. These accounts are in the Central bank of Nigeria (CBN). The federal authorities set and publish (including on their websites) conditions that state agencies must fulfil to access their proceeds. Annually, the federal authorities advise state recipient agencies of their allocations and publish the same on their websites. States in breach of the conditions have their funds withheld in the CBN until they fulfil the necessary conditions. *Figure 3.5* shows that YBSG has not been able to access amounts totalling nearly two billion naira universal basic education grant since 2012.

Figure 3.5: Un-accessed Matching UBEC Grants

UNIVERSAL BASIC EDUCATION COMMISSION

NO. 7 GWANI STREET, WUSE ZONE 4, ABUJA

APPENDIX -III

UNACCESSED MATCHING GRANT FROM 2005 - 2014 AS AT 8TH SEPTEMBER,201

S/N	STATE	2005-2006	2007-2008	2009-2010	2011	2012	2013	2014	TOTAL
1	ABIA	1.38	0.00	0.00	26,430,893.96	852,936,713.92	1,030,797,297.30	455,067,567.56	2,365,232,474.12
2	ADAMAWA	1.38	0.00	0.00	0.00	0.00	0.00	455,067,567.56	455,067,568.94
3	AKWA IBOM	1.38	0.00	0.00	0.00	0.00	1,030,797,297.30	455,067,567.56	1,485,864,866.24
4	ANAMBRA	1.38	0.00	0.00	0.00	0.00	0.00	455,067,567.56	455,067,568.94
5	BAUCHI	1.38	4,865.00	0.00	0.70	0.00	0.00	455,067,567.56	455,072,434.64
6	BAYELSA	1.38	0.00	18,700,883.26	0.00	0.00	1,030,797,297.30	455,067,567.56	1,504,565,749.50
7	BENUE	1.38	0.00	0.00	125,312,302.21	852,936,713.92	1,030,797,297.30	455,067,567.56	2,464,113,882.37
8	BORNO	0.00	0.00	0.00	0.00	0.00	257,699,999.71	455,067,567.56	712,767,567.27
9	C/ RIVER	1.38	0.00	0.00	0.00	852,936,713.92	1,030,797,297.30	455,067,567.56	2,338,801,580.16
10	DELTA	1.38	0.00	0.00	0.00	0.00	1,030,797,297.30	455,067,567.56	1,485,864,866.24
11	EBONYI	1.38	0.00	311,390,982.82	872,527,306.70	852,936,713.92	1,030,797,297.30	455,067,567.56	3,522,719,869.68
12	EDO	1.38	0.00	0.00	0.00	0.00	1,030,797,297.30	455,067,567.56	1,485,864,866.24
13	EKITI	1.38	0.00	0.00	527,306.70	0.00	1,030,797,297.30	455,067,567.56	1,486,392,172.94
14	ENUGU	2.38	0.00	0.00	226,430,893.96	852,936,713.92	1,030,797,297.30	455,067,567.56	2,565,232,475.12
15	GOMBE	1.38	0.00	0.00	0.00	0.00	10.00	455,067,567.56	455,067,578.94
16	IMO	1.38	0.00	0.00	0.00	0.00	10.00	455,067,567.56	455,067,578.94
17	JIGAWA	1.38	0.00	0.00	-0.04	0.00	604,328,940.64	455,067,567.56	1,059,396,509.54
18	KADUNA	1.38	0.00	0.00	-0.04	0.00	0.00	455,067,567.56	455,067,568.90
19	KANO	1.38	0.00	0.00	0.00	0.00	0.00	455,067,567.56	455,067,568.94
20	KATSINA	1.38	0.00	0.00	0.00	0.00	0.00	58,277,027.02	58,277,028.40
21	KEBBI	1.38	0.00	0.00	0.00	0.00	1,030,797,297.30	455,067,567.56	1,485,864,866.24
22	KOGI	1.38	0.00	0.00	527,306.70	852,936,713.92	1,030,797,297.30	455,067,567.56	2,339,328,886.86
23	KWARA	1.38	0.00	0.00	1,000.00	0.00	1,030,797,297.30	455,067,567.56	1,485,865,866.24
24	LAGOS	1.38	0.00	0.00	0.00	0.00	0.00	455,067,567.56	455,067,568.94
25	NASARAWA	1.38	0.00	0.00	0.00	852,936,713.92	1,030,797,297.30	455,067,567.56	2,338,801,580.16
26	NIGER	1.38	0.00	0.00	5,000,000.00	341,177,085.62	1,030,797,297.30	455,067,567.56	1,832,041,951.86
27	OGUN	1.38	0.00	0.00	0.00	852,936,713.92	1,030,797,297.30	455,067,567.56	2,338,801,580.16
28	ONDO	1.38	0.00	0.00	0.00	0.00	1,030,797,297.30	455,067,567.56	1,485,864,866.24
29	OSUN	1.38	0.00	0.00	9,527,306.70	0.00	1,030,797,297.30	455,067,567.56	1,495,392,172.94
30	OYO	1.38	0.00	0.00	0.00	852,936,713.92	1,030,797,297.30	455,067,567.56	2,338,801,580.16
31	PLATEAU	1.38	0.00	0.00	0.00	0.00	10.00	455,067,567.56	455,067,578.94
32	RIVERS	1.38	0.00	0.00	0.00	0.00	1,030,797,297.30	455,067,567.56	1,485,864,866.24
33	SOKOTO	1.38	0.00	0.00	0.00	0.00	0.00	58,277,027.02	58,277,028.40
34	TARABA	1.38	0.00	0.00	0.00	0.00	0.00	455,067,567.56	455,067,568.94
35	YOBE	1.38	0.00	0.00	0.00	426,468,356.96	1,030,797,297.30	455,067,567.56	1,912,333,223.20
36	ZAMFARA	1.38	0.00	0.00	0.00	0.00	0.00	455,067,567.56	455,067,568.94
37	F.C.T. ABUJA	1.37	0.00	0.68	0.00	0.00	618,822,841.42	455,067,567.56	1,073,890,411.03
	CURRICULUM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL	50.67	4,865.00	330,091,866.76	1,266,284,317.55	8,444,075,867.86	23,127,595,055.07	16,043,918,918.64	49,211,970,941.55

[35] Actual MDG, ecological fund, excess crude account, and stabilization fund receipts feature in financial statements.

3.7 *In-year timeliness of transfers from HLG (compliance with timetable for in-year distribution of disbursements agreed within one month of the start of the SN fiscal year –* distribution of federation revenues complies strictly with the monthly timetable established in the Allocation of Revenue (Federation Account, etc.) 1982 Act.[36] The Federation Account Allocation Committee (FAAC) handles the distribution, applying pre-established formulas. The fiscal framework published around September defines expected revenues and shares. As already stated, the practice is to make up revenue shortfalls from a reserve account during distribution. There are no delays in transferring funds to SNGs. The FG immediately transfers due amounts to the different governments electronically. Transfer of earmarked funds also does not suffer delays, except for states that do not meet the condition.

Reforms Underway

3.8 No reforms are currently evident in this area.

PI-1: Aggregate Expenditure Out-turn Compared to the Original Approved Budget

3.9 This indicator compares the *originally* budgeted primary expenditure[37] (i.e., approved by the Legislature at the commencement of the fiscal year[38]) and actual performance from 2011 to 2013. The original budget represents the clearly thought out government plans and policies, and corresponding expenditure and output commitments. Thus defined, this indicator measures the difference between actual and the originally budgeted primary expenditure, i.e., excluding expenditure on donor funded projects and debt service. *Score Box 3.2* below summarizes the performance of Yobe State on this indicator from 2007 to 2009.

Score Box 3.2: Primary Budget Performance of Yobe State, 2011 – 2013

	2014 Assessment Result			**2011 Assessment Result**			**Explanation**
	2013	**2012**	**2011**	**2007**	**2008**	**2009**	
Percentage Deviation (%)	22.3	29.6	23.0	43.6	38.74	5.1	Budget reforms that followed the 2011 assessment have reduced the level of deviations, but not sufficiently high to lift the score. The reforms include the work of DFID programmes (SPARC & SAVI) with the House of Assembly. This has led the House to retrain from arbitrary increases to budget proposals.
Score (Method M1)	D			D			
Source of Data	Audited financial statements, 2011 - 2013			Financial statements; 2007 & 2008 (audited), 2009 (unaudited)			

Rationale for the Score

3.10 This analysis relied on hard copies of 2011 – 2013 budget books published by the Ministry of budget & Economic Planning and audited financial statements published by the

[36] Cap A15 Laws of the Federation, 2004
[37] I.e. excluding debt service obligations and donor commitments, over both of which government has little control during the year.
[38] This definition appropriately excludes supplementary budgets passed midstream

Office of the Accountant General. The state does not yet have an integrated financial management information system (IFMIS), which would have integrated budgeting and execution reporting.

3.11 Aggregate primary expenditure outturn deviated from the original primary budget by more than 15% in each of 2011, 2012, and 2013 *(Table 3.1)*. The calculation of primary expenditure excluded debt related payment (amortization and interest), but did not successfully exclude all budgeted donor funding, due to the style of reporting used by the state. Budget documents provided by the government usually combine amounts for donor projects and the state's counterpart contribution, but do not properly identify them as such. On the other hand, financial statements provided by the Treasury include counterpart funding only (and not donor contribution, which does not pass through the Treasury) as part of overall spending of the parent MDA. However, donor funded projects in the budget are small, and do not affect the overall outcome of the assessment.

3.12 Several factors contribute to these deviations, including the following:

- The approved budget is not sacrosanct; it is more a political statement than a technical expression of what is feasible,[39] being clear at the time of preparation it will not be possible to fund it;
- The capital budget accounts for most of the variance (nearly 92%*)*; capital budget implementation was only 61% *(Figure 3.6*). Conversely, recurrent budget implementation was 99.1%, with administrative overheads exceeding estimates at more than 108%;
- Costing of the budget is poor and unrealistic; expenditure estimates are 'rough guesses' at best, often differing markedly from actual costs;
- Late approval of the budget (well into the fiscal year) reduces time available for its implementation;
- Shortfalls in estimated revenue are also a factor. The government never realized projected revenues, leaving a financing gap that adversely affected capital budget execution;
- Failure to realize projected borrowing, used to plug the deficit gap – the states always prepare deficit budgets, which appears to be balanced, because of the erroneous treatment of grants and borrowing and revenue. Even then, all of the borrowing[40] and most of the grants never materialize, leaving the financing gap unbridged.

Figure 3.6: Composition of Primary Expenditure

Composition of Primary Expenditure, 2011 - 2013

	2011			2012			2013			Average					Performanc
	Budget	Actual	Deviation	Budget	Actual	Deviation	Budget	Actual	Deviation	Budget	Actual	Nom Deviation	Absolute Deviation		Implementat
	Naira Millions													%	
Capital	43,574.96	28,477.35	(15,497.61)	48,144.87	25,646.44	(22,498.42)	53,798.16	34,216.97	(19,581.19)	48,639.33	29,446.92	(19,192.41)	19,192.41	91.9%	60.
Recurrent expenditure	24,892.15	25,044.82	152.67	30,057.53	29,412.98	(644.55)	32,570.14	32,272.03	(298.11)	29,173.27	28,909.94	(263.33)	1,699.98	8.1%	99.
Personnel	12,865.26	14,809.17	1,943.92	19,237.64	17,509.74	(1,727.91)	19,226.81	18,778.88	(447.93)	17,109.90	17,032.60	(77.30)	77.30	0.4%	99.
Overhead	8,857.12	7,910.62	(946.50)	7,771.31	9,626.48	1,855.17	10,004.42	11,250.74	1,246.32	8,877.62	9,595.95	718.33	718.33	3.4%	108.
Recurrent grants & Subventions	3,169.77	2,325.02	(844.74)	3,048.58	2,276.77	(771.81)	3,338.91	2,242.41	(1,096.50)	3,185.75	2,281.40	(904.35)	904.35	4.3%	71.
Total	68,867.10	53,522.16	(15,344.94)	78,202.40	55,059.42	(23,142.98)	86,368.30	66,489.00	(19,879.29)	77,812.60	58,356.86	(19,455.74)	20,892.39	100.0%	75.

[39] i.e., the approved expresses neither the possible nor the probable

[40] Yobe state never borrows commercially; the 'borrowing element' is merely to present a balanced budget outlook.

Reforms Underway

3.13 Many of the anomalies here are political; reforms sponsored by SPARC and SAVI have been ongoing; however, they have not been able to address all the issues.

PI-2: Composition of Expenditure Out-turn Compared to Original Approved Budget

3.14 *PI-2* measures the extent to which actual budget allocations respect budged allocation, i.e., the budget composition variance using the functional or administrative allocations. The calculation uses the main budgetary heads (votes) of MDAs included in the approved budget. The importance of this is that the budget is unlikely to be a useful statement of policy intent if sub-aggregate composition of expenditure varies considerably from the original budget. As with *PI-1*, the calculation uses primary expenditure. In addition, dimension (i) excludes contingency vote(s) set aside for unforeseen events. Dimension (ii) recognizes the "good practice" of not charging contingency vote(s) expenditures directly to the contingency vote, but viring them to those votes responsible for the unforeseen expenditure. The dimension assesses the volume of expenditure recorded against contingency votes, since they represent a deviation from policy intent. *Score Box 3.3* below presents the scoring.

Score Box 3.3: Composition Variance - Outturn vs. Original Approved Budget

		2014 Assessment Result				**2011 Assessment Result**				**2011 Assessment Result**
		2011	**2012**	**2013**	**Score**	**2006**	**2007**	**2008**	**Score**	
i)	Extent of variance in expenditure composition during the last three years, **excluding** contingency items (%)	20.2%	26.5%	22.3%	D	40.1	21.9	42.2	D	Ongoing reforms have improved respect for budgetary provisions since 2011, but not sufficiently to improve the score.
ii)	The average amount of expenditure actually charged to the contingency vote over the last three years	The state did not use contingency votes, properly defined			A	The state did not use contingency votes properly defined			A	
Score (Method M1)		**D+**				**D+**				
Source of Data		Audited financial statements, 2011 - 2013				Financial statements; 2007 & 2008 (audited), 2009 (unaudited)				

Rationale for the Score

3.15 *Extent of variance in expenditure composition during the last three years, excluding contingency items* – virements between administrative budget heads results in a composition variance of 20.2%, 26.5%, and 22.3% in 2011, 2012, and 2013 respectively. The government is still unable to adhere to approved budget allocations, despite increased fiscal reforms since the 2011 assessment. The factors that contribute to budget deviation in *PI-1* are also relevant here. The governor enjoys discretion in the authorizing new capital expenditures within the approved budget, as explained in *PI-1* above. This process of authorizing some and not the others implicitly reallocates funds between budget heads. In addition, virement during the second half/last quarter of the year is regular practice in the state. Some MDAs incur excess expenditure on some budget heads, but the state does not exceed the approved budget aggregate. The State House of Assembly ratifies these virements ex post, as explained in *PI-16.* General administration is the main beneficiary of these reallocations, as shown in *Figure 3.7* below.

Figure 3. 7: Yobe State - Composition of Budgeted & Actual Expenditure

Expenditure Summary for PEFA Assessment (Naira Millions, %)											
		2011		2012		2013		Average		% Average	
		Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
1	Gen Adm	14,749.21	13,324.73	15,219.09	15,438.58	19,413.43	18,290.60	16,460.57	15,684.64	21.2%	26.9
2	Trans & Energy	16,670.43	15,313.09	20,348.61	10,417.22	19,179.36	17,251.74	18,732.80	14,327.35	24.1%	24.6
3	Educ	12,126.82	8,955.38	14,476.57	10,675.75	17,005.50	11,407.22	14,536.30	10,346.11	18.7%	17.7
4	Health	5,814.56	3,285.41	6,250.57	3,655.86	8,118.00	5,315.73	6,727.71	4,085.67	8.6%	7.0
5	Agric	2,382.29	1,753.13	3,746.99	3,244.27	4,479.80	2,673.87	3,536.36	2,557.09	4.5%	4.4
6	Rel Affs	2,131.68	1,729.24	2,348.01	1,714.99	2,368.84	1,517.53	2,282.84	1,653.92	2.9%	2.8
7	P & G	782.89	1,230.52	982.89	1,282.04	1,200.00	2,049.65	988.59	1,520.74	1.3%	2.6
8	Wat Res	3,312.80	1,369.90	3,064.45	1,110.20	2,783.79	1,306.76	3,053.68	1,262.29	3.9%	2.2
9	Housing	3,611.10	1,528.80	2,390.65	1,512.98	2,335.80	742.05	2,779.18	1,261.28	3.6%	2.2
10	House of Ass	1,689.29	1,311.78	1,239.35	1,067.49	1,398.84	1,246.31	1,442.49	1,208.53	1.9%	2.1
11	Infon	677.50	636.18	1,181.43	780.53	1,044.30	723.05	967.74	713.25	1.2%	1.2
12	Justice	661.88	532.34	601.88	696.36	754.95	712.81	672.90	647.17	0.9%	1.1
13	You & Soc Dev	791.25	317.00	1,219.20	753.91	1,880.61	770.80	1,297.02	613.90	1.7%	1.1
14	Environ	527.02	484.49	751.16	585.24	882.16	526.82	720.11	532.18	0.9%	0.9
15	Commerce	761.74	387.21	2,104.42	518.20	1,330.69	355.53	1,398.95	420.32	1.8%	0.7
16	Lands & Surv	282.13	325.38	390.32	273.17	318.42	273.85	330.29	290.80	0.4%	0.5
17	Works	236.95	245.77	352.90	308.28	321.41	288.14	303.76	280.73	0.4%	0.5
18	Local Govt	219.94	226.60	257.67	301.00	327.40	299.13	268.34	275.57	0.3%	0.5
19	Integ RD	1,002.28	157.26	742.21	220.88	663.05	285.30	802.51	221.15	1.0%	0.4
20	Sports	211.43	188.84	221.02	231.72	275.01	199.07	235.82	206.54	0.3%	0.4
21	Sum of the Rest	223.91	219.11	313.01	270.77	286.96	253.06	274.63	247.65	0.4%	0.4
	Total	68,867.10	53,522.16	78,202.40	55,059.42	86,368.30	66,489.00	77,812.60	58,356.86	100.0%	100.0

3.16 *The average amount of expenditure actually charged to the contingency vote over the last three years* – the state government's use of 'contingencies' is not in accord with good practices. The annual budget regularly provides for contingency votes, which it sometimes revises in the course of the year, as shown in *Table 3.10.* However, the votes are not for 'unforeseen expenditures", strictly defined, and the budget does not vire expenditure on the votes to the "spending MDAs". The budget charges them directly to the contingency votes. A slight exception occurred in 2011 when the budget charged the difference between the original provision of 3,007.68 million and the revised provision of 1,729.58 million naira to the responsible MDAs. The amount was a provision to offset wage increases, the specific composition of which was still under negotiation at the time of approving the budget. The budget charged the actual expenditure of 1.67396 billion directly against contingency vote for that year, as it did in 2012 and 2013.

Table 3.10: Contingency Votes (Naira Millions)

	2011	2012	2013
Original	3,007.68	1,000.00	1,053.60
Revised	1,729.58	1,500.00	1,053.60
Actual	1,673.96	1,482.80	1,053.51

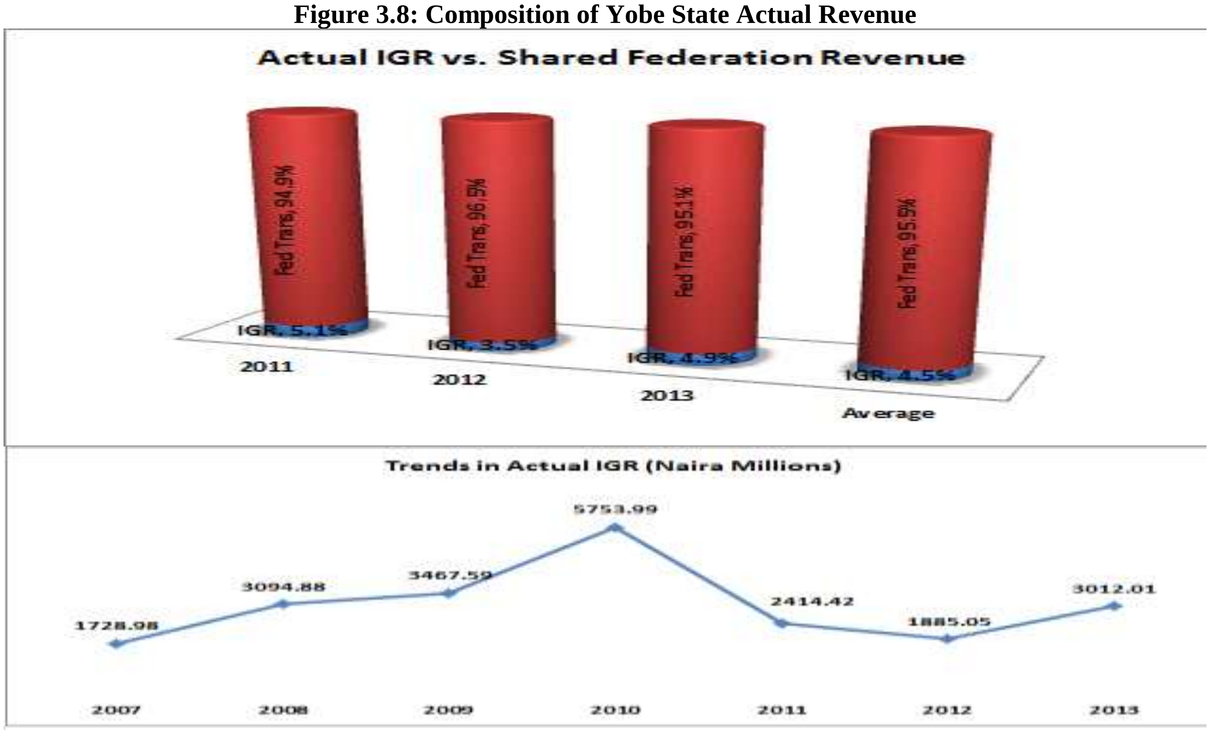
Reforms Underway

3.17 General budget and fiscal reforms are on-going in the state, facilitated by the DFID programme, SPARC, but there are no indications of specific action in this area.

PI-3: Aggregate Revenue Out-turn Compared to Original Approved Budget

3.18 *PI-3* assesses domestic revenue performance, measuring the quality of forecasting. Accurate forecasting of domestic revenue is crucial to budget performance since budgeted revenue is the basis of budgetary allocations spending. The sole dimension of the indicator is "actual revenue compared to domestic revenue in the originally approved budget."[41] This indicator deals with that portion of revenue, over which the government has control and can predict, i.e., the state's IGR. It does not deal with shared revenue flows from the federation account, which accounts for more than 95% of the state's budget revenue *(Figure 3.8)*.

Figure 3.8: Composition of Yobe State Actual Revenue



Yobe State: Composition of Actual IGR

	2007	2008	2009	2010	2011	2012	2013	Average
Taxes	44.0%	33.4%	43.3%	30.0%	59.8%	74.2%	47.7%	47.5
Fines & Fees	0.0%	2.0%	10.2%	6.8%	3.3%	14.8%	26.9%	9.2
Licenses	9.9%	14.6%	6.2%	16.5%	4.4%	9.9%	1.8%	9.0
Earnings & Sales (inc. asset dispo	9.0%	12.9%	33.7%	31.8%	21.5%	1.1%	20.1%	18.6
Rent on Government Property	0.0%	0.0%	1.4%	0.7%	1.1%	0.0%	0.0%	0.5
Interest & Dividend	0.0%	0.6%	0.0%	0.3%	0.5%	0.0%	0.0%	0.2
Boards & Parastatals	26.4%	22.8%	5.0%	4.0%	8.0%	0.0%	3.5%	10.0
Miscellaneous	10.7%	13.8%	0.1%	9.8%	1.4%	0.0%	0.0%	5.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0

[41] See revised PI-3 on the PEFA website.

3.20 *Score Box 3.4* presents rating of this indicator, which is a "D".

Score Box 3.4: Domestic Revenue Performance (% Revenue Collected vs. Budget)								
	2014 Assessment				**2011 Assessment**			**Explanation**
	2011	**2012**	**2013**	**Score**	**2007**	**2008**	**2009**	
IGR	71.7%	31.9%	92.4%	D	175.5	361.1	240.5	Domestic revenue performance has deteriorated since the last assessment, largely contributed to by the armed insurgency affecting the state since October 2011.
Federation Flows	85.2%	95.2%	107.2%		107.5	67.4	102.0	
Total Revenue	84.4%	89.3%	110.0%		109.4	72.4	107.5	
Scoring Method: M1	D				D			

Rationale for Scoring

3.21 Budgeted domestic revenue (IGR) was below 92% in 2011 and 2012. This represents a sharp decline in performance since the last assessment of 2011, when IGR performance averaged 260%. That performance was due to under-budgeting of IGR then. The armed insurgency mounted by the Boko Haram sect in some parts of the country (including Yobe State) seriously contributed to the decline in revenue performance from 2011 *(see Figure 3.8)*. The crisis was particularly severe in 2012, affected all spheres of life, including business activities. This accounts for the very low IGR performance in that year. The insurgency began to wane in 2013, allowing economic life activity to pick up in the cities. This explains the upsurge in IGR that year. However, the insurgency does not fully explain the decline from a 5,753.99 million naira in 2011 to 2,414.42 million naira in 2012, because the insurgency began in the state in late October 2011. The state government realizes this; it is consequently introducing measures aimed at boosting IGR.

Reforms Underway

3.22 Ongoing reforms include introduction of e-collection by the Board of Internal Revenue to minimize leakages and enhance revenue collection. The executive has also reviewed long standing low figures for fees, fines and rates, awaiting legislative approval before implementation. The values are ridiculously low, having remained the same since about the post-independence era. Finally, the executive has also drafted a Bill to strengthen BIR; the Bill is also awaiting legislative action.

PI-4: Stock and Monitoring of Expenditure Payment Arrears

3.23 This indicator assesses existence and size of expenditure payment arrears (EPS) and effort to control and address the systemic problems that cause them. Expenditure payment arrears arise under contractual commitments or specific legal obligations, when payment obligations to employees, suppliers, contractors, and loan creditors (interest payment) become overdue. Payment arrears signpost a number of PFM problems: non-transparent financing, procurement difficulties, limited commitment controls, cash rationing, award of contracts without adequate budget cover, under-budgeting of specific items, bookkeeping defects, and sheer lack of information. The indicator has two dimensions, as *Score Box 3.5* shows.

Score Box 3.5: Stock and Monitoring of Expenditure Payment Arrears

Dimensions		2014 Assessment		2011	
		Score	Comments	Score	Comments
(i)	Stock of Expenditure Payment Arrears (as a %age of actual total expenditure for the corresponding fiscal year) and any recent change in the stock	NR	No data on stock of expenditure payment arrears, although the stock unlikely to be high, given the state's payment policy	NR	No change in status since the last assessment in 2011.
(ii)	Availability of data for monitoring the stock of expenditure payment arrears	D	No reliable data on stock of arrears	D	
	Score (Method M1)	NR			

Rationale for the Score

3.24 *Stock of Expenditure Payment Arrears (as a %age of actual total expenditure for the corresponding fiscal year) and any recent change in the stock* – data to rate this indicator is unavailable, although the state's payment policy would likely keep the stock of EPA low. The state ensures adequate budget and cash cover before awarding new contracts; arrears arising from new contracts are therefore likely to be low. The state also does not owe salaries. However, that state has not completely paid off contract arrears inherited from preceding administrations; arrears of gratuity payments also exist. The PFM System lacks clear and complete record of these arrears.

3.25 *Availability of data for monitoring the stock of expenditure payment arrears* – the state does not keep consist records of EPA that could help monitoring efforts.

Reforms Underway

3.26 No reforms are evident in this area.

3.2 Comprehensiveness and Transparency (PI-5 – PI-10)

3.27 These crosscutting indicators assess the comprehensiveness and transparency of the PFM System: planning, budgeting, accounting, audit, and reporting. They measure the completeness of oversight over budget and fiscal risks and public accessibility to fiscal information. Comprehensiveness ensures that all activities and operations of governments take place within an established fiscal policy framework and are subject to adequate management and reporting arrangements. Transparency enables external scrutiny of government policies/programs and their implementation.

PI-5: Classification of the Budget

3.28 PI-5 assesses the robustness and consistency of budget and accounts classification with international standards. A robust system allows the tracking of budget and reporting data on administrative, functional/sub-functional, economic, and programme categories. The Government Finance Statistics (GFS) classification provides a recognized international framework for economic and functional classification of transactions. The GFS classifies revenues into three levels and expenditures into four. The functional classification applied in

GFS is the UN-supported COFOG, which has 10 main areas at the highest level[42] and 69 at the second (sub-functional) level. The indicator has only one dimension, assessed in *Score Box 3.6* below.

Score Box 3.6: Classification of the Budget				
	2014		2011	
Classification	**Extent of Conformity with GFS/COFOG**	**Comment**	**Extent of Conformity with GFS/COFOG**	**Explanation**
Administrative unit	Administrative classification	The chart of accounts tracks expenditures by administrative units and economically; however, system is not GFS compliant.	Administrative classification, but not GFS Compliant	The classification system has not changed significantly since the last assessment.
Economic	Economic classification, but not GFS compliant		Economic classification, but in line GFS standards	
Functional	None		Can be mapped to GFS/COFOG with difficulty	
Program	None		None	
Budgeting & Reporting	Use the same codes, but reporting not as detailed		Use the same codes, but reporting not as detailed	
Score	**D↑**		**D↑**	

Rationale for the Score

3.29 The current budget and classification system has administrative and economic features, but is not functional. It is a 10-digit code. The first four identify the organization and sub organization, the next two the transaction (i.e., revenue/expenditure), and the last four the activities/project classification as indicated in the table below. The organizational classification has only two levels: main and sub. Revenue classification also has two levels: main (Federation Account, Taxes, licenses, fines and fees, grants, loans, etc.) and sub (e.g., statutory allocation, VAT, pay as you earn, direct assessment, etc.). Recurrent expenditure is also at two levels, as is classification of capital expenditure. The inherent flaws in this system include the lack of functional classification and inability to hold all expenditure in one code. The classification treats recurrent and capital expenditure as different transaction items such as revenue, rather than the breakdown of the same expenditure. Thus, the organizational code does not hold the recurrent and capital expenditures together. The chart also misclassifies loans, opening cash balances, and capital receipts (e.g., reimbursements) as revenue, rather than finance.

Table 3.11: Structure of Yobe State Budget Classification		
Org/Sub-organizational Code	**Revenue/Exp. Classification Code**	**Activities/Project Classification Code**
Digit	Digit	Digit
XXXX	XX	XXXX
Source: YBSG, *"Budget Classification & Chart of Accounts"*, 2011, p. 7		

Reforms Underway

[42] I.e., (i) general public services, (ii) defense, (iii) public order and safety, (iv) economic affairs, (v) environmental protection, (vi) housing and community amenities, (vii) health, (viii) recreation, culture, and religion, (ix) education, and (x) social protection.

3.30 Serious SPARC-supported reforms are ongoing in this area under the auspices of the IPSAS reforms of the federation. The federal and state governments have adopted the IPSAS cash basis of accounts from this year (2014), and plan to adopt accrual basis in 2016. In line with this, the Accountant General of the Federation has published a 52-digit chart of accounts with complete functional, economic, administrative, programme, regional, and fund segments. States are adopting this at their pace. Yobe State is currently working on adapting this chart to suit it.

PI-6: Comprehensiveness of Information Included in Budget Documentation

3.31 This indicator assesses the completeness of documentation accompanying the budget proposal submitted to the Legislature for scrutiny. Sufficient documentation allows the Legislature to have a complete picture of the underlying assumptions and inherent fiscal risks. The indicator lists nine essential documentations, including fiscal forecasts, budget proposals, and out-turns of the previous year. These will provide a better overall perspective of the fiscal situation than the budget proposals (revenue and expenditure estimates/projections) alone can provide. The number of these items provided to the Legislature along with the budget proposal determines the indicator score. *Score Box 3.7* presents the assessment.

Score Box 3.7: Comprehensiveness of Information Included in Budget Documentation				
Item		**2014 Assessment**	**2011 Assessment**	**Explanation**
		Whether Provided		
1.	Macro-economic assumptions, including state level estimates of economic growth in the SNG jurisdiction, etc.	Not applicable	Not provided	January 2013 Guideline permits exclusion of no applicable items from scoring.
2.	Fiscal deficits (where relevant)	Not provided; hidden deficit	Not provided; hidden deficit	No change
3.	Deficit financing, describing anticipated composition (where relevant)	Not provided	Not provided	No change
4.	Debt stock, including details, at least for the beginning of the current year (where relevant)	Not provided	Not provided	No change
5.	Financial assets, including details, at least for the beginning of the current year	Not provided	Not provided	No change
6.	Prior year's budget out-turn, presented in the same format as budget proposal	**Provided, during submission of proposal**	Not provided	Improvement introduced since last assessment.
7.	Current year's budget (either the revised budget or the estimated out-turn), presented in the same format as the current budget	**Provided, during submission of proposal**	**Provided, during budget hearings**	No change
8.	Summarized budget data for both revenue and expenditure according to main heads of classification, including data for the current and previous year	**Provided during submission of proposal**	Not provided	Improvement introduced since last assessment.
9.	Explanation of budget implications of new policy initiatives, with estimates of the budgetary impact of all major revenue policy changes and/or some major changes to expenditure programme	Not applicable – no new initiatives introduced in last budget	Not provided	January 2013 Guideline permits exclusion of no applicable items from scoring.
	Score (Method M1)	**B**	**D**	**Past 2011 assessment improvements led to submission of prior**

Score Box 3.7: Comprehensiveness of Information Included in Budget Documentation				
Item		2014 Assessment	2011 Assessment	Explanation
		Whether Provided		
				and previous years' data.

Rationale for the Score

3.32 Macroeconomic assumptions – not applicable to the state; the Federal Government annually publishes an FSP that includes basic revenue and other underlying parameters, as well as fiscal targets for the entire country - GDP growth rate, inflation, exchange rate, debt, etc. targets. State governments have not been preparing different scenarios.

3.33 Fiscal deficits – not provided; the budgets are always deficit budgets, balanced with financing items (internal borrowing, reimbursements, and draw down on external loans) misclassified as revenue. The presentation hides the deficit element, and the legislature receives information on the existence of deficits. The state government does not take steps during the year to borrow internally; the state has a no-commercial borrowing policy.

3.34 *Deficit financing* – not provided.

3.35 Debt stock – not provided.

3.36 Financial assets – not provided; the financial statements contain a list of shares owned in companies stated at historical costs. However, the information comes too late to serve as input into the budget.

3.37 Prior Year's budget outturn – provided as part of documentation at the time of submission of budget proposal.

3.38 Current year's budget outturn – provided first six to eight months' information to the Legislature during submission of budget proposal.

3.39 Summarized budget data according to the main heads for both revenue and expenditure according to the main classifications used, including for the current and previous year – provided during submission of budget proposal.

3.40 Budget implications of new government policies – not applicable; there are no new policies in the last approved budget - 2014.

3.41 Budget documentation to the Legislature is incomplete with only three out of seven applicable items. The applicable score is B.

Reforms Underway

3.42 Reforms initiated by EU-SRIP and advanced by DFID-SPARC contributed to the improvement in scores from D in 2011 to B in 2014; however, no new reforms are evident in this area.

PI-7: Extent of Unreported Government Operations

3.43 *PI-7* assesses the extent to which fiscal reports include all budgetary and extra budgetary activities. Extra budgetary operations (EBOs) are activities of government not included in the annual budget, for example, those funded through extra budgetary funds (EBFs).[43] EBFs carry out legal and legitimate activities outside the usual government process. EBFs carry out specific government functions outside of the mainstream, sometimes to ensure efficient and effective service delivery, e.g., state-owned tertiary educational institutions. Such extra budgetary funds exist by special laws or regulations and generally follow different accounting rules, classification systems, or even different fiscal years. However, concern for comprehensiveness requires that fiscal reports for public consumption include all government operations (including extra budgetary revenues and expenditure). Fiscal reports include annual budget estimates, in-year budget reports, year-end financial statements, etc. Comprehensive fiscal reports allow a complete picture of revenue, expenditure, and financing across all categories. Score Box 3.8 scores the two dimensions of this indicator.

Score Box 3.8: Extent of Unreported Government Operations

Dimension		**2014**			**2011**	**Explanation**
		Score	**Comment**	**Information Source**	**Score**	
(i)	The level of extra budgetary expenditure (other than donor funded projects) which is unreported, i.e., not included in fiscal reports	NR	Fiscal reports exclude extra budgetary operations, but there is no data to calculate proportion	Ministry of Finance / Ministry of Budget & Economic Planning	D	2011 assessment used budgetary allocations to AGAs to estimate performance.
(ii)	Income/expenditure information on donor-funded projects included in fiscal reports	D	Fiscal reports do not include income and expenditure of donor projects		D	No change
Score (Method M1)		**NR**			**D**	

Rationale for the Score

3.44 *Level of unreported extra budgetary expenditure (other than donor funded projects)* – fiscal reports do not cover all activities of government, but data to estimate proportion is

[43] "The extra-budgetary" units/entities subsector includes a variety of units that belong to the central government, but have their own separate budgets. Most usually, these units receive transfers from the budgetary central government, but also generate some of their own revenues (grants from international organizations, sale of products and services, etc.). Examples of these units include universities and technical institutes, research centers, regulatory bodies, councils, commissions, special funds (e.g., road fund, development fund, housing fund, etc.), nonprofit institutions, hospitals, and other government agencies"; see IMF, **Government Finance Statistics: Compilation Guide for Developing Countries** September 2011, p. 80

insufficient. The state's EBFs[44] include tertiary educational institutions (Yobe State University, Yobe State Polytechnic, College of Education, etc.), Water Corporation, Yobe Television, Yobe Radio, hospitals, Motor licensing Office, etc. These EBFs receive budgetary grants in addition to retaining their revenue collections, which they do not report to the MoF. The Ministries of Finance and Budget & Economic Planning have not yet succeeded in persuading them to report their financial operations. However, the proposed Fiscal Responsibility Law under preparation includes provisions to compel them to make returns or lose their grants.

3.45 *Income/expenditure information on donor-funded projects included in fiscal reports* – fiscal reports do not include information on income and expenditure of donor-funded operations. Quite a few donors are active in Yobe State, including Islamic Development Bank (IDB), DFID, CSDP, UNICEF, the World Bank, Maternal & New Born Child (MNCH), Action against hunger (ACF), Women for Health, Africa Development Bank (AfDB), World Health Organization (WHO), European Union, etc. The budget and final accounts contain information on government's counterpart contributions to donor-funded projects, but not of donor contributions.

Reform Underway or Ongoing in the Area

3.46 Ongoing IPSAS reform includes reporting of donor-funded projects in the accounts.

PI-8: Transparency of Inter-Governmental Fiscal Relations

3.47 *PI-8* assesses the transparency of criteria for horizontal distribution of revenues due to SNGs. Transparency requires clarity, publication, and correct application of the criteria and it will enhance SNGs' ability for short and medium terms fiscal (including expenditure) planning. The indicator also assesses whether the government informs SNGs in advance of expected allocation in the coming year to enhance its planning. Finally, it measures the extent to which the government tracks and consolidates SNG expenditure information. Expenditure tracking will provide accurate information on sectoral resource allocations and actual spending effort. This is vital given the increasing role SNGs play the delivery of primary services, especially in education and health. *Score Box 3.9* summarizes performance on this indicator.

Score Box 3.9: Transparency of Inter-Governmental Fiscal Operations

Dimension		2014		2011	Explanation of Difference
		Score	Comment	Score	
(i)	Transparent and rules based systems in the horizontal allocation among LGs of unconditional and conditional transfers from the SG (both budgeted and actual allocations)	NR	The SG's handling of resources accruing to LGs is complicated and not easy to understand	NR	No change in status quo
(ii)	Timeliness of reliable information to LGs on their allocations from State Governments for the coming year	D	2013 budget Call circular contradicts assertion of provision of revenue expectation to LGs every September	D	No change
(iii)	Extent to which financial information (at least on revenue and expenditure) is collected and reported by the SG according to sectoral categories	D	No consolidation of sectoral financial information	D	No change
Score (Method M2)		**NR**		**NR**	

[44] Boards and parastatals, as the state refers to them

Rationale for the Score

3.48 *Transparent and rules based systems in the horizontal allocation among LGs* – the complex horizontal revenue distribution arrangement makes it difficult to determine the %age of revenue transparently distributed. Constitutional provisions entitle LGs to allocations from both the federation and state governments, but the state government does not fulfil this obligation. Constitutional provisions also require the FG to channel LGs' allocations through state governments. However, the manner of distribution of the resources is unclear. First, there is an unexplained 5% gap in the SG's and LGs' accounting of the level of resources *(Figure 3.9)*. Second, the method of determination of most of the 19 statutory deductions[45] at source by the SG in 2013 is unclear. The deductions total 14.3 billion naira or 43% of consolidated LG expenditures. Third, the state government does not give the balance of funds after the deductions to LGs, but holds them in accounts maintained on their behalf. Respective LGs make requisition for funds with justification of need to the Governor through the supervising ministry. LGs may only commit expenditures so approved, but the state pays the contractors directly. Fourth, the rationale for blanket allocation of 83 million naira to 16 LGs and 96 million to the 17th for administrative overheads is unclear *(Figure 3.9)*.

Figure 3.9: Analysis of Resources Accruing to LGs

Analysis of 2013 Local Governments' Funds (Naira Millions, %)

		FG Releases Through State Government				Expenditure						
		Total Allocations as in		Unexplained Difference		Not in LGs' Control				Subject to SNGs' Partial Control		
	Local Govt.	MLGCA Doc	LGs' Fin Stat	Amount	%	Stat Ded at Source	CAPEX	Loan Repay	Total	Personnel	Overheads	Total
1	Bade	1,725.28	1,817.57	(92.29)	-5%	925.99	331.82	8.80	1,266.61	480.54	83.00	563.5
2	Bursari	1,936.48	2,037.18	(100.70)	-5%	886.26	601.49	-	1,487.75	464.86	83.00	547.8
3	Damaturu	1,660.52	1,748.19	(87.66)	-5%	889.10	431.00	-	1,320.10	384.98	83.00	467.9
4	Fika	1,790.50	1,886.08	(95.59)	-5%	817.87	359.13	-	1,176.99	722.29	83.00	805.2
5	Fune	2,559.18	2,694.13	(134.95)	-5%	1,066.87	796.79	-	1,863.66	901.69	83.00	984.6
6	Geidam	2,089.53	2,197.99	(108.45)	-5%	918.00	689.72	-	1,607.72	523.13	83.00	606.1
7	Gujba	1,880.22	1,976.34	(96.12)	-5%	881.32	553.18	-	1,434.50	517.84	83.00	600.8
8	Gulani	1,705.96	1,796.30	(90.34)	-5%	791.00	422.43	0.55	1,213.98	517.84	83.00	600.8
9	Jakusko	2,216.28	2,333.82	(117.54)	-5%	763.67	788.01	-	1,551.68	507.12	83.00	590.1
10	Karasuwa	1,603.56	1,691.01	(87.45)	-5%	798.47	458.73	0.14	1,257.34	368.96	83.00	451.9
11	Machina	1,441.31	1,519.13	(77.82)	-5%	635.43	506.94	-	1,142.37	300.99	83.00	383.9
12	Nangere	1,578.01	1,664.33	(86.32)	-5%	727.92	272.94	-	1,000.86	595.62	83.00	678.6
13	Nguru	1,816.13	1,913.39	(97.26)	-5%	861.98	358.00	0.56	1,220.54	619.05	83.00	702.0
14	Potiskum	1,942.12	2,047.50	(105.38)	-5%	1,042.54	417.84	0.21	1,460.60	545.19	83.00	628.1
15	Tarmuwa	1,787.36	1,839.65	(52.29)	-3%	663.45	838.30	-	1,501.74	320.42	83.00	403.4
16	Yunusari	1,862.58	1,960.36	(97.78)	-5%	811.50	489.22	0.44	1,301.16	589.18	83.00	672.1
17	Yusufari	1,834.44	1,930.32	(95.89)	-5%	796.67	708.96	20.88	1,526.51	328.36	96.00	424.3
	Total	**31,429.46**	**33,053.30**	**(1,623.84)**	**-5%**	**14,278.05**	**9,024.49**	**31.59**	**23,334.12**	**8,688.08**	**1,424.00**	**10,112.0**

Source of Data: Documents Provided by the Min of Loc Government & Chieftancy Affairs on Monthly FAAC Revenue Distrubtion to LGs, and 2013 LGs' Financial Statements

[45] The deductions were are admin charges (1%), LG Pension Board, YSUBEB (basic education), YOSU (state university), emirate councils, religious affairs, political affairs, joint projects, ward projects, PHCMB (primary healthcare), sanitation commission, training fund, border surveillance, miscellaneous, NEAZAP (environment), Y.M.I.C. (Islamic centre), MI(S)C, Police/Security service, and Water Corporation. However, minutes of the February 26, 2013 meeting of the Yobe State Local Government Joint Account Allocation Committee (JAAC) provided in evidence lists on six deductions: YSUBE, YoSU, LGPB, 1% Admin Charge, LGSC, and Emirate

3.49 *Timeliness of reliable information to LGs on their allocations* – the Ministry of LG & Chieftaincy Affairs issues annual budget call circulars to LGs, but guidelines provided do not include advice on resource envelopes.[46] This is contrary to oral assertion of provision of expected fiscal estimate at an average of monthly federation receipts for the first eight months, multiplied by 12.

3.50 *Extent to which financial information (at least on revenue and expenditure) is collected and reported by the SG according to sectoral categories* – The Ministry informed that LGs send quarterly returns on revenue and expenditure to the Ministry, but did not provide evidence in support. The state confirmed it does not consolidate LG fiscal information. Besides, LGs use a different classification system from the state.

Reforms Underway

3.51 No reforms are evident in this area.

PI-9: Oversight of Aggregate Fiscal Risks from Other Public Sector Entities

3.52 *PI-9* measures the extent of government tracking of fiscal risk exposure of AGAs, PEs, and subnational governments. Such risks can take the form of debt default (with or without government guarantee), operational losses, trade debts, unfunded pension obligations, etc. The indicator underlines government's responsibility to obtain and consolidate periodic financial and other statements to monitor exposure of AGAs and PEs against pre-set targets. Monitoring allows proactive, transparent, and accountable measures consistent with governance arrangements and relative responsibilities of those institutions. *Score Box 3.10* presents the assessment.

Score Box 3.10: Oversight of Aggregate Fiscal Risk from Other Public Sector Entities

Dimension		2014		2011	Explanation
		Score	**Comment**	**Score**	
(i)	Extent of the SG's monitoring of AGAs and PEs	C	Most parastatals and government companies had audited and submitted their 2012 annual accounts to the auditor general, but consolidation is lacking	D	Monitoring began in fiscal 2012.
(ii)	Extent of the SG's monitoring of LGs' fiscal position	C	The state auditor general for LGs audits the accounts of the 17 LGs annually, but does not consolidate them	C	No change
	Score (Method M1)	**C**		**D+**	

Rationale for the Score

3.53 *Extent of the SG's monitoring of AGAs and PEs* – most AGAs and PEs have audited and submitted their accounts end 2013. FY 2013 audit report does not include this information, but

[46] See Fiscal 2013 circular ref. MLG/S/FIN/II/T.2, dd November 5, 2012, titled, *Call Circular for 2013 Budget Preparation*

the Office of the Auditor General produced copies as proof. FY 2012 audit report shows fiscal monitoring of boards and parastatals (AGAs and PEs) commenced in 2012, when they began to submit their annual reports to the auditor general. They had "previously disregarded" requests to do so.[47] The audit report shows a total of 60 AGAs and PEs, as shown in *Table 3.6*. Forty-seven of these audited their accounts up to December 2012, 11 up to 2010 and 2 up to 2009. However, there is no consolidation of the reports.

3.54 *Extent of the SG's monitoring of LGs' fiscal position* – the state auditor general for LGs audits accounts of the 17 LGs annually. The accounts are up to date fiscal 2013. However, there is no consolidated overview.

Reforms Underway

3.55 No other form of monitoring of LGs' fiscal position is evident.

PI-10: Public Access to Key Fiscal Information

3.56 *PI-10* assesses the level of access that the public has to key fiscal reports: budget documentation, in-year budget report, annual financial statements, annual audit, major contract awards, resources available to service delivery units, and service delivery fees and charges. Public access is vital to promoting transparency and accountability. Public access can be through unrestricted and free official websites, official gazettes, public libraries, or even sale at cost of production to the interested persons, etc. The document should be accessible at the public's location. *Score Box 3.11* lists these items and Yobe State's score.

Score Box 3.11: Public Access to Key Fiscal Information

	Item	2014		2011	Explanation
		Whether Accessible	**Rationale for the Score**	**Whether Accessible**	
1.	Annual budget documentation: the public can obtain a complete set of documents (including the items listed under *PI-6*) through appropriate means when it is submitted to the State House of Assembly (SHoA)	Not accessible	The SG does not make the budget proposal and documentation available to the public, but CSOs in budgeting work participate in the budgeting process.	The state government does not make the executive budget proposal and documentation available to the public.	No change in performance, although budget related CSOs now consulted in budget process, i.e., since the last assessment.
2.	In-year budget execution reports: routinely made available to the public through appropriate means within one month of their completion	Not accessible	The State prepares and submits reports to the legislature, but does not make it available to the public.	The State prepares, but does not make quarterly budget reports available to the public.	No change in performance, but changes since 2011 now ensure submission of report to the Legislature.
3.	Year-end financial statements: available to the public through appropriate means within	Not accessible at time of assessment	The public had limited access to financial statements as at the time of the assessment in September 2014. However, the	The public does not have access to reports of the accountant general;	No change

[47] 2012 audit report, p. 27 - 29

Score Box 3.11: Public Access to Key Fiscal Information					
Item		2014		2011	Explanation
		Whether Accessible	Rationale for the Score	Whether Accessible	
	six months of completed audit		state has subsequently commenced posting them on its website, www.yobestate.gov.ng	despite claims, the state's website does not host the financial statements.	
4.	External audit reports: all reports on consolidated central government operations made available to the public through appropriate means within six months of completed audit	**Accessible**	Audit reports published on auditor general's website, www.osag.yb.gov.ng.	The auditor general sends copies of his report to the SHA and the 36 states' auditors' general, but does not release it to the state's citizens.	Reform introduced after 2011 posts audit reports on website immediately after submission to the House.
5.	Contract awards: that the SG publishes award of all contracts with value above US $ 100,000 equivalent (N120 million naira) at least quarterly through appropriate means	**Accessible**	Information on contract awards posted on state's website, www.yobestate.gov.ng.	The State Government does not publish a procurement journal and it does not publish the information on its official website.	Post 2011 assessment reforms posts information on contract awards on the web.
6.	Resources available to primary service units: the SG publicizes information through appropriate means at least annually, or available on request, for primary service units, e.g., hospitals	Not accessible	The SG does not publish information on resource availability to its primary service units.	The SG does not publish information on resource availability to its primary service units.	No change
7.	Fees and charges for major service organizations are posted at the service delivery site and in other appropriate locations/media	**Accessible**	Some user fees and charges (hospital fees; road taxes, land charges, etc.) usually displayed at points of service.	Some user fees and charges (hospital fees; road taxes,, land charges, etc.) usually displayed at points of service.	No change
8	Services provided to the community, e.g., potable water, sewage, street lighting, etc.	**Accessible**	Public officials hold regular town hall meetings to discuss services delivery.	No applicable	Item added in January 2013 Supplementary guidelines
	Score (Method M1)	**C**		**C**	Performances has improved in two areas, but still within the range of "C" score

Reforms Underway

3.57 No reforms are evident in this area. However, the Federal Government introduced the Freedom of Information Act in 2011 as a federal law applicable nationwide. This should help redefine the state's attitude on public access to information over time.

3.3 Policy Based Budgeting (PI-11 – PI-12)

3.58 A discipline pursuit of budgetary objectives of fiscal discipline, strategic prioritization, and efficient service delivery requires that clear policies and sectoral strategies underpin the budget. This set of two indicators assesses the extent to which this is the case. The two indicators are *orderliness and participation in the annual budget process* and *multi-year perspective in fiscal planning, expenditure policy, and budgeting*.

PI-11: Orderliness and Participation in Annual Budget Process

3.59 *PI-11* assesses how effective and orderly participation in the annual budget process is. Effective participation requires an integrated top-down, bottom-up budget process. MDAs should receive appropriate guidance, e.g., hard budget constraints (binding medium-term priorities and sectoral ceilings) at the commencement of the budget process. Orderliness involves timely adherence to a predetermined and fixed budget formulation calendar. The calendar should allow MDAs meaningful time to prepare their detailed proposals and legislature to approve the budget before the start of the fiscal year. Delay in approving the budget undermines the process by creating uncertainties about levels of approved expenditures and slowing down operations, especially processing of major contracts. The indicator has three dimensions, assessed in *Score Box 3.12* below.

Score Box 3.12: Orderliness and Participation in the Annual Budget Process					
Dimension		**2014 Assessment**		**2011 Assessment**	**Explanation**
		Score	**Comment**	**Score**	
(i)	Existence and adherence to a fixed budget calendar	D↑	Clear budget calendar allows MDAs eight weeks to prepare proposals, but cabinet habitually delays approval and submission of proposal to the legislature.	D	Post 2011 reforms secured MDA adherence to the budget calendar, but not yet the Cabinet's.
(ii)	Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions	A	The 2014 call circular contains clear guidelines, including prior approved recurrent and capital expenditure ceilings.	A	No change, but expenditure ceilings now include personnel.
(iii)	Timely budget approval by the State House of Assembly (within the last three years)	C	FY 2014, 2013, & 2012 budgets approved on Jan 29, 2014, Jan 8, 2013, and Mar 13, 2012, respectively.	C	No change in performance.
Score (Method M2)		**C+**		**C+**	**Changes in adherence insufficient to improve performance**

Rationale for the Score

3.60 *Existence and adherence to a fixed budget calendar* – changes introduced since the last assessment of 2011 have secured MDAs' adherence to the budget calendar. The budget calendar is clear and allows MDAs up to eight weeks to prepare their proposals. However, it is has not been possible to enforce adherence on the cabinet. This continues to result in the habitual untimely submission of the budget proposal to the legislature.

3.61 *Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions* – the 2014 budget call[48] conveys guidelines to MDAs, including personnel, capital, and overhead expenditure ceilings. Ceilings have progressively improved to this level of coverage. Ceilings covered only capital expenditure prior to 2011 and overheads as well from 2011. The Governor approves the ceilings (on behalf of the Cabinet) in advance, based on a technical paper prepared by the Ministry of Budget & Economic Planning. The ceilings include a planning reserve, eventually distributed according to the Governor's special interest. No MDA gets a lower allocation than that approved by the Governor early on in this process.

3.62 *Timely budget approval by the State House of Assembly (within the last three years)* – the timing of legislative approval of the budget in the last three years is as follows: FY 2014 on January 29, 2014, FY 2013 on January 8, 2013, and FY 2012 on March 13, 2012.

Reforms Underway

3.63 Budget reforms are continuing, facilitated by DFID SPARC. The reforms facilitated MDA adherence to the budget calendar and widening of expenditure ceilings to include all expenditure.

PI-12: Multi-year Perspective in Fiscal Planning, Expenditure Policy and Budgeting

3.64 This indicator assesses the reflection of the multi-year nature of economic development on fiscal planning and expenditure decisions. It examines the existence of costed sector strategies and forward estimates of both recurrent and capital expenditure. Costed strategies help to evaluate policy alternatives/options and affordability of current and new policies. They simplify policy choices, identification of priorities, and establishment of medium-term sector allocations. Multiyear fiscal planning also defines forward costing of new initiatives, transparent selection criteria for investments (capital) spending, and integration of strategy into the annual budget. *Score Box 3.13* shows the performance of Yobe State on the four dimensions of measurement under this indicator.

Score Box 3.13: Multi-year Perspective in Fiscal Planning, Expenditure Policy and Budgeting					
Dimension		**2014 Repeat**		**2011 Baseline**	**Explanation**
		Score	**Comment**	**Score**	
(i)	Preparation of multi-year forecasts and functional allocations or programs	B	The annual three-year fiscal aggregates have formed the basis of budget envelopes since 2012 (fiscal 2013).	B	Information provided for the 2011 assessment that this started since 2010 was incorrect.

[48] See Ministry of Budget & Economic Planning circular ref *MPEP/EST/S/001/Vol. VI/981* dated 07/08/2013

Score Box 3.13: Multi-year Perspective in Fiscal Planning, Expenditure Policy and Budgeting					
Dimension		**2014 Repeat**		**2011 Baseline**	**Explanation**
		Score	**Comment**	**Score**	
(ii)	Scope and frequency of debt sustainability analysis (DSA)	D	No DSA; the state's actual debt profile is unclear; no comprehensive record the size debt, including inherited and contingent.	D	No change
(iii)	Existence of sector strategies with multi-year costing of recurrent and investment expenditures	D	The health sector has prepared a strategy, but with no costing; the state development plan - YOSERA 3 also has no costed strategies	C	MTEF expenditure estimates are arbitrary figures, and do not involve any realistic costing process; the 2011 assessment overrated this dimension.
(iv)	Linkages between investment budgets and forward expenditure estimates	D	No linkages between investment and recurrent expenditure planning	D	No change
Score (Method M2)		**D+**		**D+**	**Overall assessment the same due to compensating issues outlined above.**

Rationale for Score

3.65 *Preparation of multi-year forecasts and functional allocations or programs* – Yobe State has prepared three-year rolling medium-term forecasts (revenue and expenditure) since 2012, i.e., against fiscal 2013 with technical assistance provided by DFID.[49] The process is in its second year. It analyses and uses the World Bank's *World Economic Outlook* and local economic environment to arrive at assumptions that form the basis of its predictions. The forecasts are according to the state's economic and administrative classification system describes in *PI-5* above and they form the basis for the budget ceilings given to MDAs in the call circular *(see PI-11)*. This corrects the erroneous information provided by the state during the 2011 assessment that the process started in 2010; fiscal estimates then comprised mere numbers that neither rolled nor informed expenditure ceilings.

3.66 *Scope and frequency of debt sustainability analysis (DSA)* – the state has not carried out any DSA before. The Debt Management Unit (DMU) in the Ministry of Finance does not have capacity to carry out a debt sustainability analysis. The state's argument is that it does not need a DSA because its debt profile is small may indeed be correct. However, it is not possible to confirm this in the absence of a comprehensive record of debt, including inherited and contingent liabilities. Given the state's weak revenue base and dependence on federal grants, a DSA may not be out of place.

3.67 *Existence of sector strategies with multi-year costing of recurrent and investment expenditures* – there are no costed strategies. Health has prepared a medium-term sector strategy (MTSS), but it is yet to cost it. The development plan – **Yobe State Economic Reform Agenda (YOSERA) 3, 2012 – 2015** – analyses sectors - education, health, water and sanitation,

[49] Through its *State Partnership for Accountability, Responsiveness, and Accountability (SPARC)* programme

agriculture, energy, and solid mineral, development – but does not include costed strategies. Sectoral information covers situation analysis, problems and challenges, and policy thrust with some general estimates (not costing).

3.68 *Linkages between investment budgets and forward expenditure estimates* – recurrent and capital (investment) budgeting are separate activities without any link or relationship.

Reforms Underway

3.69 The state commenced serious budget and multiyear fiscal planning reforms in 2012, with the assistance of the DFID programme – SPARC. The reforms include drafting of Fiscal Responsibility requiring preparation of MTEF for legislative approval annually and developing capacity for fiscal programming.

3.4 Predictability and Control in Budget Execution (PI-13 – PI-21)

3.70 Indicators in this set assess the orderliness and predictability of budget implementation. They also review arrangements for exercising control and stewardship over the use of public funds.

PI-13: Transparency of Taxpayer Obligation and Liabilities

3.71 *PI-13* evaluates the ability of the tax system to communicate taxpayer responsibilities transparently. A transparent tax system has clear tax legislation, easy access to information on tax liability, and mechanism for aggrieved taxpayers to contest administrative rulings on tax liability, etc. Such tax system is comprehensive, with limited discretionary powers for individual negotiation of liability and exemptions. *Score Box 3.14* presents the rating of the performance of Yobe State on each of the three dimensions of this indicator, and the overall score.

Score Box 3.14: Transparency of Taxpayer Obligations and Liabilities

Dimension		2014 Score	2014 Comments	2014 Information Source	2011 Score	Explanation
(i)	Clarity and comprehensiveness of tax liabilities	B	Tax legislation is clear, but administrative discretion waive certain reliefs for civil servants.	Board of Internal Revenue/2014 Approved Provisions/2013 audited financial statements	B	No change
(ii)	Taxpayers' access to information on tax liabilities and administrative procedures	D	No organized/systematic tax education and enlightenment programme in the state; even civil servants cannot determine their tax liabilities.		D	
(iii)	Existence and functioning of a tax appeals mechanism	D	There is no functional tax appeal mechanism in place.		D	
	Score (Method M2)	**D+**			**D+**	

Rationale for the Score

3.72 *Clarity and comprehensiveness of tax liabilities* – tax contributes very little of Yobe State's total revenue, only 3.0%, 2.6%, and 2.3% in 2011, 2012, and 2013, respectively. However, tax is the major internal revenue source, constituting 59.8%, 74.2%, and 47.7% in 2011, 2012, and 2013, respectively. The 2014 budget lists the major taxes collected by the state as personal income tax (PIT) and stamp duties.[50] Both are federally legislated taxes over which state governments have administrative and retention jurisdiction.[51] The Joint Tax Board (JTB) defines administrative procedures and regulations on them and other common taxes. The collection authority is the Yobe State Board of Internal Revenue (BIR). Legislative provisions and administrative procedures on the major taxes are clear and comprehensive. Tax laws have explicit clauses on liability, penalties, administration, and appeals process. The 2011 amendments to the Personal Income Tax Act (PITA) severely restrict discretionary powers of the Governor to forgive taxes and the tax authority to waive interest and penalty. However, there are elements of discretion in automatically granting all civil servants the maximum allowable reliefs (personal, wife, four children, two dependent relatives, etc.), notwithstanding their status and in the application of best of judgment (BOJ) assessments, when the taxpayer is not forthcoming with information on his/her income.

3.73 *Taxpayers' access to information* – Yobe State does not have a systematic programme of tax enlightenment. Even civil servants, subject to PAYE, do not know the method of calculating their taxes; the MoF merely applies a table of taxes supplied by the Board of Internal Revenue. Access to taxpayer information comprises mostly of radio/TV jingles and billboards admonishing taxpayers to pay their taxes. Tax education campaigns comprise of irregular radio/TV programmes and occasional sensitization meetings with trades associations (road transport workers union and the chamber of commerce) mostly in the state capital Damaturu. The security situation in the state makes it difficult to carry out such meetings in the local government areas. The last such meeting held in February or March 2014.

3.74 *Existence of a functioning tax appeal mechanism* – there is no effective independent tax appeals system in the state, even though tax regulation includes elaborate provisions for that and enjoin the state to set such.

Reforms Underway

3.75 No reforms are evidence there.

PI-14: Effectiveness of Measures for Taxpayer Registration and Tax Assessment

3.76 *PI-14* measures effectiveness of systems for registering taxpayers and facilitating tax administration to enhance assessment and boost tax revenue. Taxpayer registration is a

[50] See 2014 Approved Estimates, p. 3; the budget classifies PAYE direct assessment, and withholding tax as separate taxes, but they are actually all variations or methods of collecting of PIT.

[51] Yobe State (and most of public sector Nigeria) classifies road taxes as licenses. Road taxes include motor vehicle license, driver's license, learner's permit, certificate of roadworthiness, and vehicles plan number. Other taxes that Yobe State apparently does not currently collect include capital gains tax (individuals only), pools betting and lotteries, gaming and casino tax, business premises registration fee, development levy (individuals only), naming of streets registration fees in the state capital, rights of occupancy fees on land owned by the state government, market taxes and levies where state is financed is involved, etc.

compulsory civil obligation, often governed by law with penalties for non-compliance. A good registration system creates a comprehensive taxpayer database with control features, including a unique taxpayer identification number (TIN) linked to/combined with other government registration systems involving taxable turnover of assets[52] and occasional surveys of potential taxpayers, e.g., by selective, physical inspection of business premises and residences. *Score Box 3.15* summarizes performance of this indicator.

Score Box 3.15: Effectiveness of Measures for Taxpayer Registration and Tax Assessment							
Dimension		**2014**			**2011**	**Explanation**
		Score	**Comments**	**Information Source**	**Score**	
(i)	Controls in taxpayer registration system	D	Taxpayer registration is not compulsory.	Board of Internal Revenue	D	No change
(ii)	Effectiveness of penalties for non-compliance with registration and tax declaration	D	Penalties for non-declaration are adequate, but rarely enforced; no penalties for non-registration.		C	The 2011 assessment overrated the evidence.
(iii)	Planning and monitoring of tax audit programs	D	Tax audits are ad hoc, commissioned only when issues arise.		D	No change
Score (Method M2)		**D**			**D+**	

Rationale for the Score

3.77 *Controls in taxpayer registration system* – Manual tax registers exists for individual taxes, but they have no link with each other or with any public service delivery system. The registration process creates a file with a unique number for each identified taxpayer. This number shows the particular tax zone to which the taxpayer belongs and appears on all correspondence with the taxpayer. The databases do not have links with each other and registration is not a requirement for accessing public services. However, there are occasional surveys that help to validate some of the information.

3.78 *Effectiveness of penalties for non-compliance with registration and tax declaration* - There are penalties for noncompliance with tax declarations, but not necessarily for non-registration. Taxpayer registration is not a legal requirement, but the 1999 constitution makes payment of tax a compulsory civil obligation. However, registration of PAYE agents is ‘voluntarily compulsory’ by law. PAYE agents are corporate bodies and firms employing a certain minimum number of persons; they have an obligation to collect and pay over PIT from their employees to the Revenue. Stiff penalties apply for failure to register, deduct appropriate tax, and timeously remit proceeds of the deduction to the Revenue. The tax authority collects a list of eligible PAYE taxpayers from them, registers and issues each with a unique file number. Thus, there is a register for PAYE, although it is manual. The tax authority creates similar records for other taxpayers when it identifies them. However, there are penalties in the law for tax defaulters. Similarly, self-assessment taxpayers that fail to declare their taxes are also liable to penalties. However, enforcement of these penalties is lax in Yobe State.

[52] Issuance of business licenses, opening of bank accounts and pension fund accounts, etc., for instance

3.79 *Planning and monitoring of tax audit programs* – tax verification (as Yobe State refers to it) is an ad hoc activity carried out only when issues arise. There is no tax audit department and no programme of audit. Tax verification involves checking the records of MDAs, LGs and companies. It was not possible to produce the records or ascertain the number of such verifications conducted in 2013.

Reforms Underway

3.80 No reform is evident in the state in this area. The Joint Tax Board (JTB) instituted a comprehensive and integrated ICT based taxpayer registration system unique individual taxpayer identification number (TIN). Yobe State is yet to key into the program.

PI-15: Effectiveness in Collection of Tax Payments

3.81 *PI-15* assesses ability to collect taxes (including arrears) and taxpayers' willingness to pay voluntarily. Collection is important, because assessment does not raise revenue. Prompt payment and transfer of collections to the Treasury will enhance controls and ensure that the funds are quickly available for use. The indicator evaluates the quality of records for tracking arrears, and the extent of reconciliation of assessments record against collections and arrears. The indicator has three dimensions, assessed in *Score Box 3.16*.

Score Box 3.16: Effectiveness of Collection of Tax Payments

Dimension		2014 Score	2014 Comments	2014 Information Source	2011 Score	Explanation
(i)	Collection ratio for gross tax arrears, being a %age of tax arrears at beginning of a fiscal year, which was collected during that fiscal year (average of last two fiscal years)	NR	No records of tax arrears to inform calculation of arrears ratio.	Board of Internal Revenue / Treasury / MoF	D	Decline in performance; records of arrears and collection were available during the 2011 assessment.
(ii)	Effectiveness of transfer of collections to the Treasury by the revenue administration	C	Transfers to Treasury accounts is monthly.		C	No change
(iii)	Frequency of complete accounts reconciliation between tax assessments, collection, arrears records, and receipt by Treasury	D	There is no reconciliation of assessments, collections, transfers, and arrears.		D	No change
Score (Method M1)		**D+**			**D+**	

Rationale for the Score

3.82 *Collection ratio for gross tax arrears, being the %age of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two fiscal years)* – the state does not keep records of tax arrears. This represents decline in the 2011 situation when the state provided records of tax arrears and collection from 2005.

3.83 Effectiveness of transfer of collections to the Treasury by the revenue administration – the state operates a dual collection system – cash for road taxes and pay-direct system for other taxes. Tax and other payers pay directly into four banks: Skye (lead), Zenith, and First Bank of Nigeria (collecting banks). The BIR, not the Treasury, operate these non-expense accounts.

Collecting banks transfer weekly to the lead bank, but the lead bank transfers monthly. The Revenue sends monthly mandates (transactions transcript) to the Treasury to facilitate reconciliation. After the transfer, the Treasury collects a bank statement from the bank to ensure that the due entire amount was transferred. However, Ministry of Finance pays its collections directly into the CRF. These revenues include PAYE, vetting fees (on contracts vetted by the Ministry of Justice). In addition, the Vehicle Licensing Office collects cash for road taxes; state law authorizes it to retain the proceeds for effective service delivery.

3.84 *Frequency of complete accounts reconciliation between tax assessments, collections, arrears records, and receipts by the Treasury* – no reconciliation of tax records and collection takes place. This is a decline from the status quo at 2011, when some reconciliation was taking place, although the reconciliation did not extend to the treasury receipts.

Reforms Underway and Planned

3.85 There is no indication of reforms in this area.

PI-16: Predictability in Availability of Funds for Commitment Expenditure

3.86 PI-16 assesses availability of reliable information to MDAs on funds available to them for implementation of the approved budget. Timely and reliable information is crucial so MDAs can effectively schedule commitments. Release of information can be by releasing funds at staged and regular intervals, say quarterly, during the budget year. It can also be by budget law granting MDAs full authority to spend, with no further information on resource availability required. The conditions necessary for successful use of this method include (i) a record of fiscal and budget discipline, (ii) strict commitment to achievement of budget targets, (iii) measures to forestall midstream shortfalls in revenue collection, e.g., by drawing from savings, short-term (bridging) finance, and sale of (financial) assets, and (iv) realistic, achievable budget. Notwithstanding all these, the MoF may, impose delays on ministries in making new commitments when there is temporary cash squeeze. This indicator has three dimensions, assessed in Score Box 3.17.

Score Box 3. 17: Predictability in the Availability of funds for Commitment of Expenditures

Dimension		2014			2011	Explanation
		Score	Comments	Information Source	Score	
(i)	Extent to which cash flows are forecast and monitored	D	Cash management is by rationing, rather than planning and monitoring.	Ministry of Finance / Treasury / Ministry of Budget & Economic Planning	D	No change
(ii)	Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment	D	MDAs do not receive any information on cash availability.		D	No change
(iii)	Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs	D	Frequent but non-transparent in-year adjustment to the approved budget		D	No change

Rationale for the Score

3.87 *Extent to which cash flows are forecast and monitored* – the state does not engage in proactive cash planning and monitoring; cash management is currently by rationing. The government is the centre of cash management. The Treasury supplies the Governor with periodic (usually weekly) information on actual cash position, which he uses to approve payments. The Governor's express approval is necessary before MDAs can embark on new capital projects or make payments on ongoing capital projects. MDAs must raise requests to the Governor, who approves at his discretion. There is no guarantee that he will grant a particular request for new projects. Many legislature-approved budgets do not receive this executive authorization and therefore remain unimplemented. However, payment will be made when due once the project receives this authorization.

3.88 *Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment* – MDAs do not receive any information on expenditure commitment ceilings, because they do not make expenditure decisions. The Governor makes such decisions; he approves expenditure commitments across MDAs. The MoF/Treasury provides the Governor with regular information on the cash position for this purpose.

3.89 *Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs* – adjustments to the approved budget are frequent, but not transparent. Budget adjustments are both formal and informal. Selective authorization of capital budget commitment described above represents informal adjustment to the project. The process does not follow transparent rules of reprioritization and does not involve consultation with MDAs. Virement is also frequent, as explained in PI-20, 27; the manner of its application in the state is both formal and informal. The legislature *formally* ratifies ex post, *informal* adjustments made to specific budget heads.

3.90 The criteria for such readjustment are not clear, not published, and not transparent. Formal budget adjustment occurs when the government considers it necessary to prepare supplementary budgets. This process follows the normal budget routines. However, supplementary budgeting does not appear to be a common feature of YBSG budgeting process. Virements affected 79, 98, and 117 votes in 2011, 2012, and 2013, respectively.

Reforms Underway

3.91 No reform is evident in this area.

PI-17: Recording and Management of Cash Balances, Debt, and Guarantees

3.92 *PI-17* evaluates the quality of debt management. Effective debt management will help reduce unnecessary borrowing, debt service costs, and fiscal risks. Maintenance of a Treasury Single Account (TSA), centralization of all bank accounts, or regular consolidation of cash balances will help reduce unnecessary borrowing. Proper management of guarantees through accurate recording and reporting of guarantees issued by the government and single government entity to approve all guarantees are also useful tools of debt management. *Score Box 3.18* assesses the three dimensions of this indicator.

Score Box 3.18: Recording and Management of Cash Balances, Debt, and Guarantees						
Dimension		**2014**		**Information Source**	**2011**	**Explanation**
		Score	**Comment**		**Score**	
(i)	Quality of debt data recording and reporting	D	External debt records are complete and of good quality, but domestic records are not complete.	Ministry of Finance	D	Domestic debt recording has commenced, but not progressed sufficiently to impact on rating.
(ii)	Extent of consolidation of the government's cash balances	C	Treasury held accounts (only) consolidated monthly or more frequently to advise Governor.		B	New evidence contradicts evidence of 2011 of at least, weekly consolidation.
(iii)	Systems for contracting loans and issuance of guarantees	D	Different bodies approve different types of debt without a unifying overview.		C	No change in performance.
Score (Method M2)		**D+**			**C**	

Rationale for the Score

3.93 *Quality of debt data records – external debt records are complete and of good quality, but domestic records are not.* The Debt Management Department (DMD) in the Office of the Accountant General (OAGF), Ministry of Finance holds the state's debt figures. The federal Debt Management Office (DMO) in Abuja manages, records, and reports on federal and state governments' external debt. The DMO periodically reconciles individual state (foreign) debt figures with states' debt offices. However, Yobe State DMD does not reconcile these figures with its MDAs. First, the quality of domestic debt is not comparable quality. The records do not include contingent liability and information on gratuities and contractor arrears is not up to date. Besides, debt data collection and reporting does involve MDAs. The DMD does not circulate a template of all classes of debt to MDAs to periodically report on with evidence. Data collection from such primary sources will ensure comprehensiveness and proper reconciliation of data. Existing contingent liability not recorded include known guarantees of bank loan to the Nigeria Labour Congress and debts owed by LGs. (The 2013 financial statements of LGs show that at least, seven LGs are servicing debts of unreported amounts. Local governments cannot borrow without state government guarantee.)

3.94 *Extent of consolidation of the government's cash balances – The Treasury periodically consolidates treasury held bank accounts to advise the governor, but the consolidation excludes MDA and EBF held accounts.* Yobe State has 35 treasury head bank accounts and 33 MDA accounts. There is no record of accounts of extra-budgetary funds. Consolidation of treasury account balances is part of the documentation necessary to advise the governor in approving new commitments and payments. There are no set time intervals for such advice, but it happens at least, once a month.

3.95 *System for contracting loans and issuance of guarantees – different government entities approve different types of debt without a unified overview.* The Ministry of Finance, the Governor, and the House of Assembly play a role in approving state borrowing, but the Legislature does not appear to play any role in approving guarantees. The initiative to borrow is a high-level political decision, but the Ministry of Finance must appraise the borrowing to establish certainty of amount, clarity of purpose, conditions/terms/rates on offer, including the cost of borrowing, etc. The cabinet (state executive council) makes the choice and approves the debt. The House of Assembly considers and approves the borrowing. The government did not take overdrafts during the period covered by this assessment. The Ministry of Local Government & Chieftaincy Affairs must approve local government borrowing; however, LGs did not take any new loan in the period under assessment. Borrowings do not take place within the context of an overall debt ceiling for the state. *Sections 41 – 46* of the federal Fiscal Responsibility Act (nationally applicable) lists conditions for contracting new debts. These include borrowing for only capital expenditure and human development, borrowing only on concessional terms, borrowing within a debt ceiling, and approval by the relevant Legislature. Yobe has not yet enacted a Responsibility Law to domesticate these provisions.

Reforms Underway

3.96 The state is currently preparing fiscal responsibility legislation.

PI-18: Effectiveness of Payroll Controls

3.97 *PI-18* evaluates payroll controls. The wage bill is one of the largest items of government expenditure and is often susceptible to weak controls, abuse, and corruption. The indicator assesses the link between the personnel database (nominal roll) and the payroll, including procedures for amending the nominal roll. The database (computerized or not) must be verifiable and should provide the staff list for payroll. Enhanced controls would confirm the payroll against the establishment list and individual staff files. Amendments to the nominal roll particular attract strict controls, including proper authorization, timely processing, generation of change report, and resulting in an audit trail. In addition, regular personnel audits help identify ghost workers, fill data gaps, and identify control weaknesses. The indicator has four dimensions, assessed in *Score Box 3.19*.

Score Box 3.19: Effectiveness of Payroll Controls					
Dimension		2014		2011	Explanation
		Score	Comments	Score	
(i)	Degree of integration and reconciliation between personnel records and payroll data	D	A payroll database exists covering all MDAs and AGAs, but there is no nominal roll. MDAs and AGAs have personnel records, but do not reconcile them with the payroll.	D	No change in score, but ongoing reforms has replaced the old payroll database since the last assessment in 2011.
(ii)	Timeliness of changes to personnel records and the payroll	B	Time taken depends on nature of change, but averages 2 - 3 months.	B	No change in performance
(iii)	Internal controls of changes to personnel records and the payroll	C	Evidence shows that current controls are not sufficient to secure full integrity of data.	C	No change in performance, despite new SIMCA software; no independent oversight of personnel records/changes
(iv)	Existence of payroll audits to identify control weaknesses and/or ghost workers	B	Electronic staff verification and data capture completed in 2014 for most personnel.	B	No change in performance
Score (Method M1)				**D+**	**No change in performance**

Rationale for the Score

3.98 *Degree of integration and reconciliation between personnel records and payroll data* – the rating of this dimension remains "D", as in 2011, although there have been some incremental Improvements since that earlier assessment. The state still does not usually reconcile personnel, payroll, and nominal rolls; it still does not have a personnel database, as was the case during the 2011 assessment. However, the state replaced the old payroll database of 2008 with a more robust one - U-Pay - in 2011. The new database consolidates the payroll of all MDAs and AGAs as the replaced 2008 version, but has the added advantage of being able to accommodate the nominal roll. The nominal roll module is not yet functional, because the data is not yet ready. U-Pay has an automated e-Salary platform that pays directly into staff bank accounts. Personnel records exist, kept by administrative units, but the Ministry of Finance that hosts the payroll does not reconcile it against these records. Some *ad hoc* inspection of personnel records does take place, but not for reconciling personnel records with the payroll. Such inspections are only as specific issues may arise.

3.99 *Timeliness of changes to personnel records and the payroll* – this score here is also the same as in the 2011 assessment, "B". Average time taken to effect changes in the payroll is two to three months, although this varies depending on the nature of the change. The cut-off date for duly authorized changes to the payroll is the 10th of that month. The MoF reflects authorized changes requests brought to it by that date, but rolls over requests received after that date to the following month. Deletion from the payroll is generally faster to effect than additions, as is the practice everywhere. Notice of deletion received after the cut-off date results in suspension of actual payment to the affected staff, notwithstanding that the payroll already includes it. Administrative units advise the MoF on staff movements – addition and deletion; however, the units do not always update their records promptly, resulting in a time lag in notifying the MoF of changes. This is the major reason for the delays, and is more common with AGAs than with MDAs. Retirement cases also result in greater delays than others cases do, due to the time taken by administrative units to complete the documentation process.

3.100 *Internal controls of changes to personnel records and the payroll* – the rating for this dimension does not change from what it was in the 2011 assessment, despite some improvements since that last assessment. These improvements have resulted in reduction in the frequency of errors, but important flaws still exists. Authority for changes to the payroll is clear. Using promotions as example, the administrative unit raises and transfers details of a *Variation Order* to a *coding sheet*, which the accounting officer (e.g., permanent secretary) signs, along with either of the director of personnel or director of finance and supplies, and sends to the MoF for implementation. A committee sitting monthly in the MoF reviews the documentation for completeness and correctness. The coding sheet states the new salary grade level, but the MoF determines the appropriate placement, i.e., salary step. MoF personnel then reflect the change into the payroll, after due authorization by the director of computer services. Many other changes follow the similar authorization procedure; however, certain changes require the approval of the Commissioner for Finance, e.g., change of pay point. The MoF does a payroll run, which the internal audit vets. The MoF uses an Access-based software to audit the payroll. The software is the Simple Accounting Software (SIMCA).

3.101 A lingering source of internal control concern is the lack of independent corroboration over changes made by administrative units to make changes to the records they keep and communicate this to Payroll to effect. The Head of Service has no role in changes, except in cases of additions, which require his/her approval. This could still lead to cases of undetected forged promotion letters, as was the case during the 2011 assessment.

3.102 *Existence of payroll audits to identify control weaknesses and/or ghost workers* – the rating for this dimension does not change from the 2011 performance. A series of staff verification and biometric data capture exercises have taken place since 2018, but no payroll audit. The latest biometric exercise started in 2011 and ran through 2014, and covered all civil servants, excluding the top cadre and political appointees. A committee comprised of both retired and serving civil servants conducted the exercise, but serving civil servant served outside their administrative units.

Reforms Underway and Ongoing

3.103 No reforms are currently ongoing in this area.

PI-19: Transparency, Competition, and Complaints Mechanism in Procurement[53]

3.104 *PI-19* assesses the quality and transparency of the public procurement process. It measures the extent to which open and fair competition is the preferred procurement method and the circumstances that may warrant use of a less competitive option. Public procurement is vital because, "Few activities create greater temptations or offer more avenues for corruption than public procurement. Damage from corruption is estimated at normally between 10% and 25%, and in some cases, as high as 40 to 50%, of the contract value."[54] This is behind the attention the PEFA PFM Measurement Framework paid to procurement. The Framework devotes *PI-19* entirely to public procurement. In addition, the following indicators also affect procurement the subject PI-4, 10, 12, 16, 20, 21, 26, and -28. The indicator has four dimensions, assessed in *Score Box 3.20*. Dimension (i) deals with the scope of the legal and regulatory framework, the other three dimensions focus how the system operates in practice.

<table>
<tr><th colspan="8">Score Box 3. 20: Transparency, Competition, and Complaints Mechanism in Procurement</th></tr>
<tr><th colspan="2" rowspan="2">Dimension</th><th colspan="4">2014</th><th>2011</th><th rowspan="2">Explanation</th></tr>
<tr><th>Score</th><th colspan="2">Comment</th><th>Information Source</th><th>Score</th></tr>
<tr><td colspan="2"></td><td>C</td><td colspan="2">The legal and regulatory framework for procurement should</td><td></td><td>B</td><td rowspan="5">Error in the 2011 rating; the Financial Regulations that regulate public procurement do not make open</td></tr>
<tr><td rowspan="4">(i)</td><td rowspan="4">Transparency, comprehensiveness and competition in the legal and regulatory framework</td><td rowspan="4"></td><td>• be organized hierarchically and precedence is clearly established</td><td>√</td><td rowspan="4">State Tenders Board</td><td>√</td></tr>
<tr><td>• be freely and easily accessible to the public through appropriate means</td><td>√</td><td>√</td></tr>
<tr><td>• apply to all procurement undertaken using government funds</td><td>√</td><td>√</td></tr>
<tr><td>• make open competitive procurement</td><td>X</td><td>√</td></tr>
</table>

[53] This is the new title of the indicator following an amendment in September 2010. The old title was, "Competition, Value for Money, and Controls in Procurement"

[54] Transparency International (TI): TI Handbook on Curbing Corruption on Public Procurement (2006), www.transparency.org/content/download/12496/120034

Score Box 3. 20: Transparency, Competition, and Complaints Mechanism in Procurement							
Dimension		2014				2011	Explanation
		Score	Comment		Information Source	Score	
			the default method of procurement and define clearly the situations in which other methods can be used and how this is to be justified				competition the default procurement method. Rate should have been C, not B.
			• provide for public access to all of the following procurement information: government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints	X		X	
			• provide for an independent administrative procurement review process for handling procurement complaints by participants prior to contract signature	X		X	
(ii)	Use of competitive procurement methods	D	Data not supplied			Data not Supplied	
(iii)	Public access to complete, reliable and timely procurement information	D	No public access to any of the items			No public access to any of the items	
(iv)	Existence of an independent administrative procurement complaints system	D	***Complaints are reviewed by a body which***				
			• is comprised of experienced professionals, familiar with the legal framework for procurement, and includes members drawn from the private sector and civil society as well as government	X		X	
			• is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	X		X	
			• does not charge fees that prohibit access by concerned parties	X		X	
			• follows processes for submission and resolution of complaints that are clearly defined and publicly available	X		X	
			• exercises the authority to suspend the procurement process	X		X	
			• issues decisions within the timeframe specified in the rules/regulations	X		X	
			• issues decisions that are binding on all parties (without precluding subsequent access to an external higher authority)	X		X	
	Score (Method M2)	**D**				**D+**	**No change**

Rationale for the Score

3.105 *Transparency, comprehensiveness and competition in the legal and regulatory framework* – The regulatory framework organized procurement hierarchically, applies to all public procurement, and is accessible to the public. Yobe State does not have specific procurement legislation; the procurement regulatory framework comprises relevant provisions of the Revised Financial Regulations, 2011. Paragraph 3607 of the regulations establishes the State Tenders Board (STB) with powers "to deal with contracts for works, services, or the purchase of stores whether the source of funds is Federal or state".[55] The provisions have elements of hierarchy and precedence by requiring that government (not the STB) confirm "contracts in excess of 500,000 naira, or negotiated contracts". Thus, the STB is the processing authority for large sum contracts, but the state executive council (cabinet) is the approving authority. The Regulations do clearly make open competitive bidding the default procurement process. The financial Regulations is accessible to the public for a fee. However, there are no provisions for public access to procurement information or appeals process.

3.106 *Use of competitive procurement methods* – there is no data on contracts awarded without open competitive bidding and the justification for them.

3.107 *Public access to complete, reliable and timely procurement information* – the public has no access to any of the listed item.

3.108 *Existence of an independent administrative procurement complaints system* – there is no independent procurement resolution process in Yobe State.

Reforms Underway

3.109 The state legislature recently passed a modern procurement Bill, which is awaiting assent by the governor. In addition, Yobe State is one of the beneficiaries of a World Bank administered EU grant for governance reforms, including developing capacity for public procurement. The grant is a follow up to the 2011 repeat PEFA assessment of the state, sponsored by the EU.

PI-20: Effectiveness of Internal Controls for Non-Salary Expenditures

3.110 *PI-20* reviews effectiveness of internal controls for non-salary operations, i.e., relevance, comprehensiveness, understandability, acceptance, and level of compliance. Compliance is particularly crucial to controls effectiveness; circumvention must be occasional, only genuine and exceptional emergencies, and transparent, properly documented, and result in an audit trail. Effective internal controls are necessary to protect the integrity of the procurement process; weak controls create gaps that could lead to errors, wastes, and fraud. *Score Box 3.21* outlines the three dimensions of this indicator and their ratings.

[55] Para 3608 of Yobe State **Revised Financial Regulations, 2011**

3.111

<table>
<tr><th colspan="7">Score Box 3.21: Effectiveness of Internal Controls for Non-Salary Expenditure</th></tr>
<tr><th colspan="2" rowspan="2">Dimension</th><th colspan="2">2014</th><th>2011</th><th rowspan="2">Explanation</th></tr>
<tr><th>Score</th><th>Comments</th><th>Score</th></tr>
<tr><td>(i)</td><td>Effectiveness of Expenditure Commitment Controls</td><td>C</td><td>Commitment controls are only partially effective due to wide spread override.</td><td>B</td><td rowspan="3">Information more readily volunteered by government show overrating of dimension (i) in 2011; commitment controls were also ineffective then.</td></tr>
<tr><td>(ii)</td><td>Comprehensiveness, relevance, and understanding of other control rules/procedures</td><td>B</td><td>Clear recording, custody and reporting rules and procedures exist, but are excessive due to multiple checking.</td><td>B</td></tr>
<tr><td>(iii)</td><td>Degree of compliance with rules for processing and recording transactions</td><td>C</td><td>Compliance with rules, is improving, but important concerns remain.</td><td>C</td></tr>
<tr><td colspan="2">Score (Method M1)</td><td colspan="2">C+</td><td>C+</td><td>Incorrect baseline assessment</td></tr>
</table>

Rationale for the Score

3.112 *Effectiveness of expenditure commitment controls* – the Financial Regulations (FR) provide for payment, but not commitment controls, because of the cash accounting in use. The measures include maintenance of vote books, avoidance of excess expenditure on a vote, and monthly returns to the Ministry of Finance. However, the state introduced additional measures to secure commitment and strengthen payment controls, including advance approval of capital commitments and payments by the governor. The conditions precedent include confirmation of vote balance by the Ministry of Budget & Economic Planning, cash availability by the MoF, and outstanding commitments by the Treasury. Despite these, overrides necessitate extensive virements towards the end of the year to correct *(see PI-27)*. The MoF authorizes and compiles the excess expenditures and sends them *en bloc* for legislative ratification.

3.113 *Comprehensiveness, relevance, and understanding of other control rules/procedures* – clear and well-understood recording, custody, and reporting rules and procedures exist, but they are excessive in several respects. For example, the FR requires that internal auditors ensure *"100% prepayment audit of all checked and passed vouchers"*. This additional check of already "check and passed" vouchers is excessive and distracts auditors from the more important audit work. In addition, the auditor general permanently stations auditors in all MDAs, for the same purpose in some cases, a tradition that precedes the creation of the Internal Audit (IA) function in 2012. For example, there are four teams of external auditors permanently stationed in the MoF. This is excessive. The requirement for the external auditor contract documents and awards before finalization is an unnecessary involvement in routine procurement processes. The 2013 audit report complains extensively of cases of non-adherence to this requirement.[56]

3.114 *Degree of compliance with rules for processing and recording transactions* – the 2013 audit report commends the adequate recording "into various books of accounts" and vouching of "all incurred expenditure in respect of public funds … there was no adverse report made by

[56] See 2013 Audit Report, pp 20 - 21

[auditors posted to various MDAs] in respect of any MDA in this regard”.[57] However an “area of serious concern” is “the documentation and/or attachment of supporting evidence to enable auditors substantiate and validate payments, as required in the financial regulations rules 510, 512, 519(b) and 603”. The audit report listed 62 such cases cutting across various MDAs. Processing rules require attachment of all supporting documents.

Reforms Underway

3.115 No reforms are visible here.

PI-21: Effectiveness of Internal Audit

3.116 *PI-21* assesses the effectiveness of internal audit, measured by its ability to provide sufficient and timely feedback to management and support external audit. Internal audit must then focus on systems monitoring not prepayment audit unit[58] and produce relevant and timely reports. The indicator also examines management’s reaction to internal audit reports. The approach to internal audit must be professional and independent, adhering to international standards such as *International Standards for the Professional Practice in Internal Audit (ISPPIA)* issued by the Institute of Internal Auditors (IIA). The indicator has three dimensions rated in Score Box 3.22 below.

Score Box 3.22: Effectiveness of Internal Audit

Dimension		2014		2011	Explanation
		Score	Comments		
(i)	Coverage and quality of internal audit function	D	The internal audit function is new; it focuses on individual transactions rather than on systems monitoring.	D	The state introduced the IA function in 2012, but training and posting of personnel to MDAs was in 2013. This contradicts information provided in 2011 that IA commenced in 2010.
(ii)	Frequency and distribution of reports	D	Reports are not yet regular in most units.	D	
(iii)	Extent of management response to internal audit findings	D	Most managers do not receive reports.	D	
Score (Method M1)		**D↑**		**D**	

Rationale for Score

3.117 *Coverage and quality of internal audit function* – the IA function commenced in 2012[59] with establishment of the unit in the office of the Accountant General. Training and posting of personnel to MDAs took place in 2013; currently, the accountant general has posted internal auditors to all central government MDAs. The Financial Regulations (FR) specifies the functions to encompass accounting (prepayment audit) and auditing functions.[60] However, IA spends almost 100% of its time on prepayment; its focus is not on systems, but on individual

[57] 2013 Audit report, p 19

[58] Which is an accounting control function assesses assessed under *PI-20*.

[59] This contradicts the evidenced provided in 2011 that formed the basis of the assessment, i.e., that the function commenced in 2010.

[60] See Yobe State **Revised Financial Regulations**, January 2011, pp. 102 – 104

transactions. It therefore does not meet any professional standards. The 2013 audit report emphasizes the need to post senior officials as internal auditors and develop their capacity.[61]

3.118 *Frequency and distribution of reports* – only the Ministry of Finance reported its internal auditor producing reports; the reports are half yearly. Internal auditors in other units have not started preparing reports.

3.119 *Extent of management response to internal audit findings* – there is no evidence of audit reports or any response to their findings; see above.

Reforms Underway

3.120 Internal audit reforms are continuing, focusing on developing the capacity of internal auditors for systems auditing and preparation of reports.

3.5 Accounting, Recording, and Reporting

3.121 The accounting and reporting process helps secure and strengthen integrity of the PFM System. The accounting system maintains records and disseminates information for management decision-making and public enlightenment. *PIs 22 – 25* measure how effectively the accounting process discharges these obligations.

PI-22: Timeliness and Regularity of Accounts Reconciliation

3.122 *PI-22* assesses verification of recording practices of accountants, especially reconciliation of bank and book balances and treatment of suspense accounts and advances. 'Advances' here refer to cash payments for which there is yet no record of expenses, even if such payments are for a specific purpose, e.g., travels advances and operational imprests. Advances exclude budgeted transfers (subventions) to parastatals and local government classified as expenditures when made, even if the practice is periodic reporting on any earmarked portion. Reconciliation is critical to internal control, helping to secure reliability and integrity of financial information. Timeliness and frequency of reconciliation are fundamental to reliability. The indicator has two dimensions, assessed in *Score Box 2.23* below.

[61] See 2013 audit report, pp 8 - 9

3.123

Score Box 3.23: Timeliness and Regularity of Accounts Reconciliation						
Dimension		2014			2011	Explanation
		Score	Comments	Information Source	Score	
(i)	Regularity of bank reconciliations	A	Both treasury managed and MDA held accounts reconciled monthly within four weeks.	Ministry of Finance / audit reports	A	Improvement in baseline performance.
(ii)	Regularity of reconciliation and clearances of suspense accounts and advances	B	Advances cleared immediately after purpose or at yearend, whichever is earlier.		D	Significant improvement over the 2011 *status quo*, when advances remained outstanding long after yearend.
Score (Method M2)		B+			C+	

Rationale for the Score

3.124 *Regularity of bank reconciliations – monthly reconciliation of treasury held accounts takes place within one week and of MDAs within four weeks of month end.* There are 35 treasury-held and 33 MDA held accounts. Samples of bank reconciliation statements provided by the Cashbook Control Unit shows proper explanation of all materials issues. Automaton of the cashbook enables the Treasury to achieve this; cashbook entries are real time. The Treasury pays salary centrally, but gives MDAs allocations for their overhead and capital expenditures. MDA directors of finance are responsible for reconciling MDA held accounts and complete reconciliation statement as part of the documentation required for collecting the monthly overhead allocation. The MoF is in the process of automating MDA processes to facilitate recording and reconciliation.

3.125 *Regularity of reconciliation and clearances of suspense accounts and advances* – the state does not have suspense accounts and there is significant improvement in enforcing rules on advances. The sub accounts department of the Treasury controls advances. The state makes advances for various purposes, including remittances to MDAs for their monthly overheads. The rule is for MDAs to submit monthly returns, explaining how they used the advances. Retirement of other advances is at stated periods or upon conclusion of the task, provided no advances remain unretired or explained at fiscal yearend. MDAs' compliance with these rules have improved significantly from the 2008 status quo,[62] because of the stricter enforcement of the policy of withholding monthly allocations to defaulting MDAs.

Reforms Underway

3.126 No reforms are under way here.

[62] When the audit report stated that "most imprests were not fully retired or not retired at all"; *2008 audit report, p. 3*; and even the "Ministry (of Finance) … failed to maintain advances ledger during the year under review despite my comment in previous reports contrary to provisions of Financial Instructions, No. 1804", *2008 audit report, p. 10*

PI-23: Availability of Information on Resources Received by Service Delivery Units

3.127 *PI-23* measures the extent to which the PFM System tracks cash and in-kind resources available to frontline service delivery units at the community level, e.g., schools and health clinics. Frontline service delivery units are furthest in the resource allocation chain; often there may be significant delays in providing resources to them and they withstand the worst of resource shortfall. Tracking information on resource allocation and availability to such primary service delivery units will help determine the extent to which the PFM System supports frontline service delivery. *Score Box 3.24* assesses the only dimension of this indicator.

Score Box 3.24: Availability of Information on Resources received by Service Delivery Units						
Dimension		**2014**			**2011**	**Explanation**
		Score	**Comments**	**Information Source**	**Score**	
(i)	Collection and processing of information to demonstrate resources that were actually received (in cash and kind) by the most common front-line service delivery units (focus on primary schools and primary health clinics) in relation to overall resources made available to the sectors(s) irrespective of which level of government is responsible for the operation of the funding unit	NR	No data to confirm claim of a comprehensive health care survey, last conducted in 2012	Ministry of Health / Ministry of Education	D	It was not possible to confirm reported improvement over the 2011 status quo.
Score (Method M1)		**NR**			**D**	

Rationale for the Score

3.128 The Planning, Research, & Statistics of the Health Management Information system (HMIS) reports on periodic survey of resources available in the sector, last conducted in 2012. The World Bank funded Health Systems Development Project (HSDP) funded the survey. The exercise generated cash and in-kind resources and sector indices across all LGs of the state. However, it was not possible to get and review a copy of the report. Funding for primary education and healthcare delivery comes from several sources: including the Federal Government, the state government, LGs, development partners (including non-governmental organizations), and the private sector. Funding is in both cash and in-kind[63] and sometimes involves counterpart contributions from the state and other agencies. The Treasury does not generate data on these resources. The Education sector does not generate data on resource availability in education.

Reforms Underway

3.129 No reform is evident in this area.

[63] For example, the essential drugs programme in the health sector through which the Central Pharmaceutical Stores procures essential drugs and distributes to hospitals.

PI-24: Quality and Timeliness of In-year Budget Reports

3.130 *PI-24* assesses the ability of the accounting system to produce quality reports on all aspects of budget execution. In-year budget reports provide information for monitoring and corrective decision-making and cover both commitment and payment expenditures. Reports must be regular, timely, available to the Ministry of Finance and the cabinet (for monitoring purposes) and MDAs for managing their affairs, and identify new actions needed to "bring in" the budget. In-year reports include interim budget performance reports to the Legislature. The quality of in-year budget reporting determines the timeliness of final accounts and the ease of data verification, including bank reconciliations. The indicator has three dimensions, assessed in *Score Box 3.25* below.

Score Box 3. 25: Quality and Timeliness of In-year Budget Reports

Dimension		2014		2011	Explanation
		Score	**Comments**	**Score**	
(i)	Scope of reports in terms of coverage and compatibility with budget estimates	C	In-year reports compare estimates to payments (not commitments) along main administrative headings	C	No change in performance
(ii)	Timeliness of issues of the reports	A	Quarterly reports issued before end of month following end of quarter	A	No change
(iii)	Quality of information	A	Data is reliable and forms the basis for preparing year-end financial statements	C	New software installed enhanced data quality
Score (Method M1)		**C+**		**C+**	**Significant improvement in data quality**

Rationale for the Score

3.131 *Scope of reports in terms of coverage and compatibility with budget estimates* – the Ministry of Budget & Economic Planning (MBEP) produce quarterly budget. The reports cover estimates and actual payments along the same heads covered by the budget, using reports and returns from the Ministry of Finance, Board of Internal Revenue, and MDAs. The reports cover all budget items revenues (domestic and federal grants), expenditures (personnel, overheads, and capital), and subventions to parastatals. However, the report covers only payments, but not commitments. Besides, the report is available only to the cabinet, the legislature, and MoF, but not to MDAs and the public, as well.

3.132 *Timeliness of issues of the reports* – the reports are timely; the MBEP has an established tradition of releasing them in the month following the end of the relevant quarter. For example, the Quarter 4 of 2013 report bears January 2014 release date.

3.133 Quality of information – data quality is good, having improved tremendously since the 2011 assessment, when figures reported in the final accounts differed significantly from figures reported in the four quarters in year budget reports, which also aggregates annual performance figures. The reports share the same database as the financial statements, sequel to accounting software installed since the 2011 assessment.

Reforms Underway

3.134 No reforms are evident in this area.

PI-25: Quality and Timeliness of Annual Financial Statements

3.135 This indicator assesses completeness, timeliness, and conformity of annual financial statements to generally accepted accounting standards. Completeness requires that financial statements cover the central government, independent departments, and deconcentrated units. Timeliness indicates how well the accounting system is functioning and the quality of records maintained. Compliance with international standards promotes understandability and transparency in dealing with assets and liabilities. This indicator has three dimensions, as rated in *Score Box 3.26*.

Score Box 3.26: Quality and Timeliness of Annual Financial Statements					
		2014 Assessment		**2011 Baseline**	**Explanation**
	Dimension	**Score**	**Comments**	**Score**	
(i)	Completeness of the financial statements	C	Consolidated accounts cover all central MDAs, but use of cash basis does not allow complete information on assets and liabilities.	C	No change in score, but financial statements now include information on financial assets.
(ii)	Timeliness of submission of the financial statements	A	Fiscal 2013 financial statements submitted for audit on April 22, 2014.	C	Use of new accounting software improved timeliness of reporting.
(iii)	Accounting standards used	D↑	No disclosure of accounting standards but reports are consistently conform to local financial reporting formats.	C	Wrong rating in 2011
Score (Method M1)		D+↑		**C**	

Rationale for the Score

3.136 *Completeness of the financial statements* – annual financial statements cover revenue, expenditures, and investments of all central MDAs and deconcentrated units, but not autonomous government agencies (AGAs). The statements also now disclose both net and gross revenues, i.e., they show authorized deductions at source (e.g., foreign debt service, payments for fertilizer, police reform, and refund of FAAC expenses). This is an improvement over the situation in 2011, when the statements did not indicate whether reported revenue was at gross or net of deductions. However, the statements need to classify the deductions appropriately as either expenditure or financing items and correctly enter them in the books. Further, information on assets and liabilities is mostly missing from the statements; the state has not yet adopted the accrual basis of accounting that will allow disclosure of the information.

3.137 *Timeliness of submission of the financial statements* – submission of the 2013 financial statements for audit was on April 22, 2014, within four months of the end of the fiscal year.

3.138 *Accounting standards used* – the statements do not disclose any accounting standard, but they have consistently adhered to local reporting requirements. Public sector in Nigeria did not use any internationally recognized accounting standard prior to adoption of IPSAS cash basis in fiscal 2014. Nigerian governments instead used a standardized "Financial Reporting Model" for the federal, states, and LGs produced by the Conference of Accountants General for the Federation and states in 2002. The reporting model is not an accounting standard and does not purport to comply with IPSAS. Indeed the report encouraged respective federal and state governments to adopt any accounting standards of their choice, but to disclose such standards in the report. The purpose of the model was to secure consistency of federal, states, and LGs reporting for ease of comparison. Yobe State statements are in line with this reporting format.

Reforms Underway

3.139 Yobe State adopted the IPSAS cash basis in January 2014 with the rest of Nigeria. It is preparing the 2014 financial statements in line with that. The state is also planning to adopt the accrual basis with the rest of the country over time.

3.6 External Scrutiny and Audit

3.140 These indicators assess the quality of external oversight of the budget process by bodies unconnected with its preparation, implementation, recording, and reporting, e.g., the Legislature and the Supreme Audit Institution (SAI). Audit scrutinizes the final accounts and internal controls against internationally accepted principles and standards and makes recommendations for improvement to the Legislature to rule on. The Legislature also reviews and approves the executive budget proposal, and also examines audit findings and recommendations, and makes rulings for the executive to enforce.

PI-26: Scope, Nature, and Follow-Up of External Audit

3.141 This indicator assesses the quality of external audit reports, i.e., its scope, mandate, standards and procedures, and independence (political, administrative, financial, and emotional independence), and the extent of follow up of its findings. *Score Box 3.27* summarizes the assessment.

Score Box 3. 27: ***Scope, Nature, and Follow Up of External Audit***

Dimension		2014		2011	Explanation
		Score	**Comments**	**Score**	
(i)	Scope/nature of audit performed (including adherence to auditing standards)	C	Audits cover all central government revenues and expenditures, but do not focus much on system monitoring.	B	Wrong assessment in 2011; there was also no systems audit then.
(ii)	Timeliness of submission of audit reports to legislature	A	Fiscal 2013 audit report submitted three and a half months after receipt of financial statements from the Treasury (Apr 22 – Aug. 6)	A	No change
(iii)	Evidence of follow-up on audit recommendations	B	Response to audit queries is high; continual reoccurrence of similar issues is due to failure of audit to focus on their systemic causes.	B	No change
Score (Method M1)		**C+**		**B+**	**Incorrect evaluation of evidence in 2011 explains the decline in performance.**

Rationale for the Score

3.142 *Scope/nature of audit performed (including adherence to auditing standards)* – s 125 - 127 of the 1999 Constitution, as amended, governs audit of state governments, providing for the appointment of an auditor general to audit all central government agencies.[64] Audit of AGAs and PEs is by external auditors appointed from a list provided by the auditor general. The auditor general also comments on their audit reports for the benefit of the legislature and conducts periodic checks on their books. The auditor general is self-regulating and not subject to control by any person in performing audit functions. The provisions also grants audit access to all books, records, and documents required for audit. Yobe State auditor general conducts financial audits (revenues, expenditures, and financial assets) of all central governments agencies in Yobe State, but not AGAs & PEs. However, audit is mainly of transactions, involving little or no systems and performance audits. Audit is in accordance with audit guidelines issued by the Nigeria Conference of Auditors General of the Federation and States in 1997.[65] The guidelines cover a wide range of issues, including competence and qualification, independence of the auditor, work standards (audit planning, supervision, audit review, evaluation of internal controls, working papers, audit evidence, etc.), and various forms of reports: financial audit, audit opinion, adverse opinion, disclaimer of opinion, domestic report, etc. However, the guidelines are old and need revision, and they do not conform to ISSAI[66] standards, issues by the International Organization of Supreme Audit Institutions (INTOSAI).

3.143 *Timeliness of submission of audit reports to legislature* – submission of 2013 audit to the State House of Assembly was on August 6, 2013, three and half months after receipt of the corrected financial statement from the Treasury on April 22. The Treasury first submitted the statements on January 30, but the auditor general returned them for correction of "some vital observations".

3.144 *Evidence of follow-up on audit recommendations* – the 2013 audit report suggests "some improvement in the manner of MDAs responding to audit queries compared to … previous years". This is probably due to the reporting of "all cases of non-response to audit queries … (in) previous years (2009 – 2012)" to the Public Accounts Committee. However, similar transactional infractions repeat yearly in audit report. This is due to the lack of systems audit to identify and recommend measures to correct their underlying causes. Audit unduly focuses on transactions, which are the results of systemic issues.

Reforms Underway

3.145 No reforms are evident in this area.

[64] The state does not have an independent audit law, but the constitution makes provision for external audit.
[65] See **Public Sector Auditing Standards**, issued by the Auditor General of the Federation and All States' Auditors' General, November, 1997
[66] International Standards of Supreme Audit Institutions

PI-27: Legislative Scrutiny of Annual Budget Law

3.146 PI-27 assesses the thoroughness and rigour involved in the legislature's approval of the Appropriation Bill. Accountability and transparency of government requires a rigorous and clear process in scrutinizing and approving the budget. *Score Box 3.28* rates the four dimensions of the indicator: (i) scope of the legislature's scrutiny, (ii) the internal legislative procedures, (iii) time allowed for that process, and (iv) rules for in-year budget amendments and the level of adherence to them.

Score Box 3.28: Legislative Scrutiny of the Annual Budget Law					
Dimension		2014		2011	Explanation
		Score	Comments	Score	
(i)	Scope of Legislatures Scrutiny	C	Legislative review involves detailed revenue and expenditure proposals, but not fiscal policy or framework.	C	No change in performance
(ii)	Extent to which Legislature's procedures are well-established and respected	A	Well-established review procedures includes committee hearings with MDA.	A	No change in performance
(iii)	Adequacy of time for the Legislature to provide response to budget proposals, both to detailed estimates, and where applicable, for proposals on macro fiscal aggregates earlier in the budget cycle (time allowed in practice for all stages combined)	C	Draft budgets routinely submitted in late December/early January, but the House regulates time taken to approve budget; 2014 budget submitted Dec 31, 2013, approved Jan. 29, i.e., after 4 weeks.	A	Declining performance; official explanation for reduced time taken to approve the budget is legislative involvement in many executive budget decisions from early stages.
(iv)	Rules for in-year amendments to the budget without ex-ante approval by the Legislature	D	Rules for in year amendments are clear, but not strictly adhered to.	C	Extra-legal use of virement and ex post legislative approval has become a systemic feature.
	Score (Method M1)	**D+**		**C+**	**Deteriorating performance in time taken to approve budget and virement**

Rationale for the Score

3.147 *Scope of Legislatures Scrutiny* – budget scrutiny reviews detailed revenue and expenditure heads and subheads, but not medium term fiscal frameworks and policies. The state does not currently prepare fiscal frameworks. The major budget policy statement is the Governor's annual budget address to the legislature. The address reviews the outgoing year's development and budget performance, defines the coming year's thrust, and outline revenue and expenditure proposals for the coming year. The speech is not a statement of medium term fiscal policy or strategy. The House debates the budget speech during the second reading of the Appropriation Bill, but does not vote on it. However, a clause in the state's proposed Fiscal Responsibility Bill requires advance legislative approval of a fiscal framework.

3.148 *Extent to which legislature's procedures are well established and respected* – House rules[67] contains *"Procedure on Money Bills (Budget)"* in paragraph 90. The procedure involves first, second and third readings and passage of the bill. In between these is committal of the Bill to the Appropriations committee, detailed review by standing committees, and approval by Committee of the whole House. Presentation of the Appropriation Bill and speech by the Governor constitutes the first reading. The second reading involves a debate on "the financial and economic state of Yobe and the country's financial policy"; there is no discussion of detailed estimates at this stage. Next, the House commits the Bill to the Appropriation Committee for detailed discussion. Standing committees of the House become sub committees of the Appropriation Committee for this purpose; they shall consider estimates for the ministries, departments, and agencies, which come under their charge. The sub committees analyse sectoral allocations budget in detail according to a timetable prepared in conjunction with the Appropriation Committee. The committees report to the Appropriation Committee, which after deliberation, reports to the committee of the whole House, for this purpose called. "Committee of Supply". The Committee of Supply discusses the Appropriation Committee's report budget head by budget head. The Appropriation Committee reflects the amendments made by the Committee of Supply and represent the Bill for third reading. Following a clause-by-clause reading of the entire amended Bill, the House reads the Bill a third time and the budget passes. The House respects these rules; 15 years of practice have entrenched them.

3.149 *Adequacy of time for the Legislature to provide response to budget proposals* – the SHoA regulates itself and does not feel constrained by the budget calendar. It takes as much time as it deems appropriate to approve the Appropriation & Finance Bills. It took four weeks to approve the 2014 budget, i.e., December 31, 2013 – January 29, 2014. Officials explain that the time is adequate, because the executive involves legislators in key budget decisions from early stages in the process. The potential danger in this is the possible loss of the detachment needed for proper scrutiny.

3.150 *Rules for in-year amendments to the budget* – the rules require prior legislative approval before virement from or overspending on budget heads. However, unauthorized use of virement and ex post legislative ratification is increasing, affecting 79, 98, and 117 votes in 2011, 2012, and 2013, respectively *(Figure 3.5)*. Legislature approval is usually towards the end of the year (mostly in November/December). Donor-votes are mostly capital, but recurrent heads enjoy much of the benefit. Virement away from capital affects ability to meet service delivery goals.

[67] **The Standing Rules of the Yobe State House of Assembly, Damaturu,** reviewed in May 2013

Figure 3. 10: Analysis of Virement

Yobe State Budget: Analysis of Virement (Naira Millions)	2011	2012	2013
Number of Votes Affected	79	98	
Amount vired (total), comprising	4,715.90	9,132.00	8,743.00
Out of capital provisions	4,575.90	9,132.00	7,790.00
Out of recurrent provisions	140.00	-	953.00
Amount vired to Recurrent expenditure, com	2,219.00	3,470.00	3,400.00
Government House	400.00	500.00	
Deputy Governor		90.00	30.00
Other Transport & Travelling			3.00
Other Maintenance Service in General			300.00
Maintenance of Plants	40.00		
Special Services		1,000.00	1,000.00
Special services (2)			5.00
Consultancy Services			20.00
Conferences & Workshops			60.00
Duty Visit/duty Visit Outside Nigeria		30.00	30.00
Hospitality	50.00	50.00	
Committee & Commissions	50.00	160.00	30.00
Committee & Commissions (2)			100.00
Other Miscellaneous Expenses			100.00
Other miscellaneous (2)			70.00
Charitable Grant		30.00	
Contingency		500.00	
R.C.A security	500.00	300.00	660.00
Passage			20.00
Pension & Gratuity	200.00	300.00	855.00
Electricity charges			40.00
Rentage			5.00
Medical Treatment			50.00
Public Office Holders		200.00	20.00
High Court			6.00
Sharia Court of Appeal			6.00
Upkeep Allowance		10.00	
Hotel & Accommodation		300.00	
Hajj Operations	500.00		
Repairs of Motor Vehicle	20.00		
Repairs of Patrol & Sec vehicle	40.00		
Repairs of Electricity Equipment	40.00		
Korean Technical Team	20.00		
Procurement of Diesel	350.00		
Outfit allowances (1)	7.00		
Outfit allowances (2)	2.00		

Sources: Compiled from official memos refs: GO/S/EST/62/S.2, dd Dec. 4, 2013; YBHA/S/GEN/10/VOL.III/270, dd dec. 12, 2012; Yobe State House of Assembly Votes & Proceedings No.37, Tuesday. Oct. 4, 2011 and the House resolution of Nov. 30, 2011

Reforms under Way

3.151 No reforms are ongoing in this area. Reforms embarked upon after the 2011 assessment stopped at containing spending within the overall budget aggregate; it did not extend to limiting virement.

PI-28: Legislative Scrutiny of External Audit Reports

3.152 *PI-28* assesses the extent of the legislature's scrutiny of audit reports. Usually, a dedicated legislative committee (the Public Accounts Committee, PAC) examines eternal audit reports and questions responsible parties over irregular audit findings. The examination covers both government entities directly audited by the Supreme Audit Institution, and AGAs audited by other auditors. The committee makes recommendations to the full House for approval as resolutions for the executive to implement. The House must allocate adequate financial and technical resources to facilitate the work of this committee. *Score Box 3.29* set out the states performance on the three dimensions of this indicator.

3.153

Score Box 3.29: Legislative Scrutiny of External audit Reports					
Dimension		**2014**		**2011**	**Explanation**
		Score	**Comments**	**Score**	
(i)	Timeliness of examination of audit reports by the Legislature (for reports received within the last three years)	NR↑	PAC has not completed hearings on any reports; the committee commenced hearing in February 2014 and has thus far held only one sitting; the sitting was on the backlog of 2005 – 2011 reports.	D	DFID's State Voice & Accountability Initiative is facilitating this new reform by providing technical assistance.
(ii)	Extent of hearings on key findings undertaken by the Legislature	NR		D	
(iii)	Issuance of recommended actions by the Legislature and implementation by the executive	NR		D	
Score (Method M1)		**NR↑**		**D**	

Rationale for the Score

3.154 *Timeliness of examination of audit reports by the Legislature* – the House has not completed any hearing in the last three years. Legislative scrutiny of audit reports is a new initiative, which DFID's SAVI is facilitating with technical assistance. The Public Accounts Committee is currently sitting on 2005 – 2011 audit reports together, submitted together by the SAI. Hearing is only on the audits done directly by the auditor general (i.e., central budgetary government accounts), and not on audit of AGAs done by other auditors.

3.155 *Extent of hearings on key findings undertaken by the Legislature* – the evidence is insufficient to rate this dimension. Public hearings commenced in February 2014 on 2005 – 2011 reports, and only one hearing has held thus far. Offices of the auditor general and accountant general attended the hearing, as well as queried MDAs.

3.156 *Issuance of recommended actions by the Legislature and implementation by the executive* – the House has not issued any recommendation.

Reforms Underway

3.157 DFID sponsored reform is in progress, building capacity in the State House of Assembly to superintend audit reports.

3.7 Donor Practices

3.158 The three indicators in this set assess the impact of donor practices on country PFM System. The indicators deal with both direct budget (D-1) and project (D-2) support, and use of national procedures by donors (D-3).

D-1: Predictability of Direct Budget Support

3.159 D-1 assesses the predictability of flow and timing of direct budget support. Direct budget support is an important source of revenue for many aid dependent countries. Predictability is therefore as important for fiscal management as predictability of other revenues is. Poor predictability can transmit shocks into the revenue performance and shortfalls may affect ability to implement the budget as planned. Delays in in-year distribution of aid flows also have similar serious implications. *Score Box 3.30* assesses the two dimensions of this indicator.

Score Box 3. 30: Predictability of Direct Budget Support

Dimension		2014			2011	Explanation
		Score	**Comments**	**Information Source**	**Score**	
(i)	Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the Government submitting its budget proposals to the Legislature (or equivalent body for approval)	NA	Not applicable. The state does not receive direct budget support.	Ministry of Finance / Ministry of Budget & Economic Planning	No change	Yobe State has no direct budget support
(ii)	In-year timeliness of donor disbursements (compliance with aggregate quarterly estimates)	NA				
Score (Method M1)		**NA**				

Rationale for the score

3.160 YBSG does not enjoy direct budget support.

D-2: Financial Information provided by donors for Budgeting and Reporting on Project and Program Aid

3.161 Predictability is also important in project/program-tied aid because it affects implementation specific budget lines or items. The ability of the government to budget the resources and report actual disbursement and use of funds may depend on the extent of its involvement in planning and management of resources. Limited government involvement may create difficulties in budgeting and reporting. The less involved the government is, the greater the responsibility of the donor to provide necessary information for budgeting and reporting. For cash aid, disbursement may be through a separate bank account or as extra-budgetary funds. The government (through the spending units and the Treasury, perhaps) should be able to budget and report on cash received through such assistance. However, the government totally depends on donors for information on in-kind assistance. Whether assistance is in cash or kind, donor reports are vital for reconciliation between donor disbursement records and government project accounts. This indicator assesses the completeness and timeliness or budget estimates on project support by donors. It also assesses the frequency and coverage of reporting by donors on actual funds flow. *Score Box 3.31* assesses the two dimensions of this indicator.

3.162

Score Box 3. 31: Financial Information provided by Donors for Budgeting and Reporting on Project and Program Aid							
Dimension		2014			2011	Explanation
		Score	Comments	Information Source	Score	
(i)	Completeness and timeliness of budget estimates by donors for project support	NR	UN agencies provide advance information to the SG that could help complete budget estimates. Neither is a major donor. Government officials directly execute WB projects and they produce workplans, but do not integrate them into the state's budgets. However, quantitative data is not available to properly assess.	Ministry of Finance / Ministry of Budget & Economic Planning	No change	
(ii)	Frequency and coverage of reporting by donors on actual flows for project support	D	No quantitative data from donors. Donors do not provide quarterly report on their activities to the Government. Through the client connection function, the state has on line and real time access to disbursement information on WB financed projects.			
Score (Method M1)		**NR**				

Rationale for the Score

3.163 The United Nations Development Programme (UNDP) signs an MOU with state governments (including Yobe) participating in its programmes. The MoU indicates cost of programmes in areas of its support intervention. Each year, the UNDP produces a workplan, which indicates the budget for each activity. The UNDP implements these programmes, directly disbursing funds to contractors and consultants. Therefore, participating SGs pay their counterpart funds in cash to the UNDP. Activities not completed in one year carry over to the next year.

3.164 Similarly, UNICEF signed a Programme Implementation Agreement with the SG on its programme. The organization produces an annual workplan at the beginning of each year, which it shares with the SG. The workplan shows the cost of projects/programmes and respective contributions of UNICEF and the Government. Unlike the UNDP, UNICEF does not require bulk release of Government counterpart funding to it. Rather, the release is in tranches in the implementing agency of the Government to match the timing release of UNICEF's own funds. UNDP and UNICEF are not major donors to Yobe State and their intervention constitutes a small fraction of donor assistance to the State.

3.165 DFID Programmes – SPARC & SAVI – implement their projects directly and do not give ex ante and ex post information to the government on their cost. Other smaller donors do the same.

3.166 The World Bank channels funds for its projects through the State's Projects Financial Management Unit (PFMU). This Unit operates as an extra-budgetary fund, with its own management. Although managed by Treasury staff, the WB resources do not mix with the SG's. Procurement, disbursement, accounting, and auditing are in accordance with World Bank procedures for aid management rather than the SG's. Executing agencies for WB projects produce annual workplans, budgets, as well as annual disbursement and procurement plans. However, there is no deliberate requirement by the State Government for them to produce these plans early during the budget period and to share them for budget purposes. Similarly, although WB projects produce regular annual audit reports, the SG does view or integrate them into its financial system. Through the "client connection function", the state has on-line and real-time access to disbursement information on WB financed projects. However, it does not integrate this into its reports.

D-3: Proportion of Aid Managed by Use of National Procedures

3.167 This indicator assesses the extent to which donor agencies rely on domestic procedures to manage their assistance programmes. Some general national or domestic legislation and regulations establish procedures for the management of funds. Implementation of these procedures is usually through mainstream line management structures and functions of Government. At the Federal level, the Finance (Control and Management) Act, 1958 and the Financial Regulations (last revised in 2009) drawn from it contain detailed procedures on banking, authorization, procurement, disbursement, accounting, audit, and reporting of the use of Government funds. The YBSG officially adopts the federal financial Regulations. Some donors do not trust existing domestic structures and arrangements. Consequently, they establish parallel structures to manage their assistance. This diverts capacity away from managing the state system and becomes worse when different donors require different management arrangements. Use of national/domestic structures help focus efforts on strengthening and complying with the national procedures, including for domestic operations.

<table>
<tr><th colspan="7">Score Box 3. 32: Proportion of Aid Managed by Use of National Procedures</th></tr>
<tr><th colspan="2" rowspan="2">Dimension</th><th colspan="3">2014</th><th>2011</th><th rowspan="2">Explanation</th></tr>
<tr><th>Score</th><th>Comments</th><th>Information Source</th><th>Score</th></tr>
<tr><td>(i)</td><td>Overall proportion of aid funds to central Government managed through national/State procedures</td><td>D</td><td>Donors do not use domestic procedures to manage their assistance programmes.</td><td>Ministry of Finance</td><td rowspan="2">Not assessed in 2010</td><td></td></tr>
<tr><td colspan="2">Score (Method M1)</td><td></td><td colspan="2">D</td><td></td></tr>
</table>

Rational for the Score

3.168 Donors do not use domestic procedures to manage their assistance. The narrative in D-2 describes the system used by different donors to manage their aid programmes.

Section 4: Government Reform Processes

4.1 This chapter reviews progress made in PFM reform since the last assessment of 2011 and prospects for reform success and sustenance. The DFID / UKAid has been collaborating with the state's PFM reform effort since 2011 through two of its programmes - State Partnership for Accountability, Responsiveness, and Capability (SPARC) and State Accountability and Voice Initiative (SAVI). Yobe State is also participating in a new World Bank administered, but EU funded PFM reform programme - State & Local Governance Reform (SLOGOR) Project. The project is the successor to EU's Support for Reforming Institutions Programme (SRIP), which expired in 2011; it is EU's response to the outcome of the 2011 PFM assessment, which it sponsored. This chapter reviews ongoing and planned reforms under these initiatives.

4.1: Description of Ongoing & Planned Reforms

4.2 Ongoing PFM reforms focus on budget, internal audit, public procurement, accounts and treasury, HR and payroll, and internally generated revenue, as highlighted below. SPARC and SAVI are supporting several of these.

3.169 *Revenue generation reforms* – several reforms aimed at increasing internally generated revenue are going on concurrently. These reforms include introduction of e-collection by the Board of Internal Revenue (BIR) to minimize leakages and enhance revenue collection. The executive has also reviewed long standing low figures for fees, fines and rates, awaiting legislative approval before implementation. The values are ridiculously low, having remained the same since about the post-independence era. Finally, the executive has also drafted a Bill to strengthen BIR; the Bill is also awaiting legislative action.

4.3 *Budget reforms* – budget reforms are continuing with the facilitation of DFID SPARC. The efforts are concentrating on securing adherence to the budget calendar and widening of expenditure ceilings to include all expenditure, realistic budget and multiyear fiscal planning reforms, and enactment of the Fiscal Responsibility Law, already in draft form, and legislative capacity to properly oversight the budget.

4.4 *Internal audit reform*s – Reform efforts are focusing on developing the capacity of new internal auditors in several areas, including the audit charter, audit processes and procedures, and reporting. Capacity is currently low in these areas, given the newness of the internal audit function in the state. For instance, the function currently focuses almost fully on prepayment audit, paying no attention to system monitoring. Reforms introduced in 2012 created the internal audit function in the Treasury, which has already posted personnel to all MDAs as internal auditors. The defunct EU SRIP also has assisted the state in finalized work on Internal Audit Manual to guide the function.

4.5 *HR and Payroll Reforms* – attention is now shifting to completion of the nominal roll, compilation of which has been ongoing for some time now. The payroll segment of the reforms is ready with the acquisition of the U-Pay software, which can also take the nominal roll. Absence of a nominal roll is a major factor affecting the integrity of payroll controls. Creation of a viable personnel database under the control of the Head of Service will complement the payroll database under the supervision of the Ministry of Finance.

4.6 *Accounting reforms* – ongoing efforts here include implementation of the IPSAS cash basis of accounting, which Yobe State adopted recently with the rest of the country. The 2014 financial statements currently under preparation will comply with the requirements. The state is also planning to adopt the accrual basis with the rest of the country over time. In addition, the state is adopting and (will implement) the new GFS compliant National Chart of Accounts for IPSAS (cash and accrual), which has six classifications/segments at the subnational level. The segments are administrative, economic, functional, programme, fund, and geographic. SPARC is also supporting these reforms.

4.7 *Procurement reforms* – the most visible effort here is the draft law on public procurement currently before the Legislature. No other reforms (including administrative) are visible. The usual practice in most Nigerian government's intent on reforming the procurement process is to first begin administratively by setting up a Procurement (Due Process) Office to gradually develop capacity for modern procurement. The process of enacting legal provisions may follow a little later or further down the line drawing from lessons learned by the administrative process.

4.8 *The PFM component of the incoming EU-World Bank SLOGOR project will "aim to develop and modernize the PFM Systems of participating states, with the objective of improving their transparency, accountability and quality.* To achieve these objectives, the component will support revenue generation, fiscal planning and standardization of PFM procedures, processes, and reporting among participating state governments for consistency with the Federal Government." The summary of the activities is as follows:

- Review of existing financial management legislation and regulations, drafting of new legislation and regulations where necessary, and organization of sensitization seminars on public finance reforms
- Review and strengthen systems of control and functionality in public financial management with support to SIFMIS in states that are assessed to be capable of implementing SIFMIS
- Strengthen budget execution processes and institutions in the public service, particularly as they interface with the SIFMIS
- Review and modernization of the accounting and financial reporting
- Strengthen the state external audit function, including capacity building for members of the public accounts committees of the states' legislatures
- Strengthening of state tax and IGR administration in participating states
- Support the development of social accountability mechanisms in key areas such as planning, budgeting and public procurement, which will involve the public in the oversight of the use of public resources
- Review and strengthening of public procurement processes and practices; institutions and engagement with civil society; and
- Capacity building in PFM, including the conduct of a thorough assessment of existing skills and training needs of MDAs responsible for state PFM functions.[68]

[68] International Development Association: Project Appraisal Document (PAD) on A Proposed Grant in The Amount Of Eur54.99 Million To The Federal Republic of Nigeria For A State And Local Governance Reform Project, October 27, 2014

4.2: Institutional Factors Supporting Reform Planning and Implementation and Sustainability

4.9 *Two prevailing factors enhance the chances of deepening and sustaining PFM reforms in Yobe State: enthusiasm of some relevant senior personnel and the support of development partners.* Senior officials of the key ministries of Finance and Economic Planning & Budget are the key drivers of ongoing reform. The two permanent secretaries and their senior directors are all reform-minded. They also appear to be successfully selling several benefits of reforms to their immediate political supervisors. This accounts for the progress evident in transparency, fiscal planning, and accounting since the 2011 assessment. Evidence of this enthusiasm also shows in these officials requesting this repeat assessment to gauge and chart the path of progress.

4.10 *Development partners are recognizing and supporting this enthusiasm for reform.* Consequently, UK DFID, the EU, and the WB continue to support the state with successive technical assistance programmes. Continued flow of technical aid is vital for successful PFM reforms in Yobe State, given the state's weak finances, being the poorest of Nigerian states. *Reforms* will probably not proceed much further or faster without this assistance by development partners. Non-renewal of the withdrawal of EU-SRIP in 2011 had raised concerns about the sustenance of the reforms. However, the quick appearance of UK DFID ensured continuity. The DFID programmes of SPARC and SAVI are ending in 2015, but the EU-World Bank SLOGOR project is stepping in to continue the reform. There is also the expectation of likely return of DFID activities in some new form.

4.11 *Among the factors that have hindered or slowed reform progress of recent are the absence of political support for vital reforms and the armed insurgency currently afflicting the state.* Frequent violent attacks on various parts of the state have scared consultants from visiting the state and slowed reform progress in other ways, including by distracting the attention of senior political and *administrative* officials, diverting development resources to fighting the insurgents, and delaying the rollout of some reform activities. For instance, bombing, burning, and destruction of schools, bridges, government offices, documents, vehicles, and other physical infrastructure occasioned repairs that both took away the attention of planners and required mopping up available resources. Similarly, incessant attacks on the state’s commercial capitol, Potiskum, have affected business activity, tax revenue, and delayed initiation of planned tax reforms. PFM reforms will undoubtedly benefit from early resolution of the insurgency.

4.12 *Insurgency aside, reform progress is slow in some areas due to weak political support for them.* Areas most clearly affected include scrutiny of audit reports by the legislature, budgeting, (especially by aligning budgeted expenditure to the available resources), and non-political control of budget execution, especially by requiring additional political approval for projects. Indeed, political control *of* the PFM System is the main threat to sustainable PFM reforms, as illustrated in *Figure 4.11*. Deep and sustainable PFM reforms will not be easy to achieve unless the PFM System becomes directly accountable to the citizenry, rather than through the political authorities, as is currently the case.

Figure 4.11: PFM Accountability in Nigerian States - Status Quo vs. Recommended

Appendixes

Appendix 1: Yobe State PEFA PFM Performance, 2014 Indicators Summary

Indicator	2014 Assessment						2011					Brief Explanation of Difference in scores
	Dimension Ratings				Overall Indicator Scoring	Brief Explanation and Cardinal Data Used	Dimension Ratings				Overall Indicator Scoring	
	i	ii	iii	iv			i	ii	iii	iv		
HLG-1 Predictability of Transfers from Higher Level Government												
Predictability of Transfers from Higher Level Government	NR	NR	A		**NR**	Budgeting does not provide information on planned transfers from the FG to the state, even though they are available, but there is no delay in the transfer of due funds to the state	NR	NR		A	**Not rated**	No change
A. PFM Outturns: Credibility of the Budget												
1. Aggregate expenditure out-turn compared to original approved budget	D				**D**	Budget deviation was 20.2%, 26.5%, and 22.3% in 2011, 2012, and 2013 respectively	D				**D**	Budget reforms that followed the 2011 assessment have reduced the level of deviations, but not sufficiently to lift the score
2. Composition of expenditure out-turn compared to original approved budget	D	A			**D+**	Administrative composition variance was 20.2%, 26.5%, and 22.3% in 2011, 2012, and 2013 respectively	D	A			**D+**	Ongoing reforms have improved respect for budgetary provisions since 2011, but not sufficiently to improve the score
3. Aggregate revenue out-turn compared to original approved budget	D				**D**	Internally generated revenue was 71.7%, 31.9%, and 92.4% in 2011, 2012, and 2013 respectively	D				D	Domestic revenue performance has deteriorated since the last assessment, largely contributed to by the armed insurgency affecting the state since October 2011
4. Stock and monitoring of expenditure payment arrears	NR	D			**NR**	No data on stock of expenditure payment arrears, although the stock unlikely to be high, given the state's payment policy	NR				**NR**	No change
B. Key Cross-cutting Issues: Comprehensiveness and Transparency												
5. Classification of the budget	D↑				D↑	The chart of accounts tracks expenditures by administrative units and economically;	D				**D**	The classification system has not changed

Indicator	2014 Assessment						2011					Brief Explanation of Difference in scores
	Dimension Ratings				Overall Indicator Scoring	Brief Explanation and Cardinal Data Used	Dimension Ratings				Overall Indicator Scoring	
	i	ii	iii	iv			i	ii	iii	iv		
						however, system is not GFS compliant						significantly since the last assessment
6. Comprehensiveness of information included in the budget	B				**B**	The House receives three of the seven relevant item	D				**D**	Recent improvements led to the legislature's access to prior and previous year's budget and actual data.
7. Extent of unreported government operations	NR	D			**NR**	Fiscal reports do not include all government activities and income & expenditure of donor projects, but data to calculate proportion of EBFs is insufficient	D	D			**D**	2011 assessment used budgetary allocations to AGAs to estimate performance
8. Transparency of inter-governmental fiscal relations	NR	D	D		**NR**	The SG's handling of resources accruing to LGs is complicated and not easy to understand; budget call circular issued by supervising ministry does not include fiscal expectations	NR	D	D		**NR**	Failure to provide evidence to verify claim of guidance to LGs on fiscal planning is the difference in the scores
9. Oversight of aggregate fiscal risk from other public sector entities	C	C			**C**	Accounts of most parastatals and government companies are up to date (2013); accounts of LGs are up to date (2013), but consolidation of fiscal risks is lacking	D	D			**D**	The state commenced enforcement of audit and submission of annual reports in 2012
10. Public access to key fiscal information	C				**C**	The public has access to four of the listed eight items	C				**C**	The state now posts the full annual audit report on its website, but this additional requirement meet is not sufficient to alter the over score
C. Budget Cycle												
C (i). Policy-Based Budgeting)												
11. Orderliness and participation in the annual budget process	D↑	A	C		**C+↑**	The budget calendar allows MDAs 8 weeks, but cabinet delays submission to the legislature; the call circular includes approved expenditure ceilings; approval of 2014 budget was on Jan 29, 2014, 2013 budget on Jan 8, 2013, and 2012 budget on March 13, 2012	D	A	C		**C+**	Post 2011 reforms are improving adherence to the budget calendar and scope of expenditure ceilings
12. Multi-year perspective in fiscal	B	D	D	D	**D+**	Rolling three-year fiscal aggregates inform budget envelopes since fiscal 2013, but there	B	D	C	D	**D+**	Incorrect information on the link between fiscal

Indicator	2014 Assessment						2011					Brief Explanation of Difference in scores
	Dimension Ratings				Overall Indicator Scoring	Brief Explanation and Cardinal Data Used	Dimension Ratings				Overall Indicator Scoring	
	i	ii	iii	iv			i	ii	iii	iv		
planning, expenditure policy, and budgeting						are no costed strategies and no links between recurrent and capital budgets, and no DSA						aggregates and budget envelopes and costed strategies led to wrong scores in 2011
C (ii). Predictability and Control in Budget Execution												
13. Transparency of taxpayer obligations and liabilities	B	D	D		**D+**	Tax legislation is clear, but administrative discretion waive certain reliefs for civil servants; the state does not have an organized/systematic tax enlightenment programme; the state has no functional tax appeal mechanism in place	B	D	D		**D+**	No change in performance
14. Effectiveness of measures for taxpayer registration and tax assessment	D	D	D		**D**	Taxpayer registration is not compulsory, but penalties for non-declaration are adequate, though rarely enforced; tax audits are ad hoc, commissioned only when issues arise	D	C	D		**D**	The 2011 assessment overrated evidence on penalties
15. Effectiveness in collection of tax payments	NR	C	D		**D+**	No records of tax arrears; transfers to Treasury accounts is monthly; reconciliation does not take place	D	C	D		**D+**	Decline in performance; arrears and collection records were available during 2011 assessment
16. Predictability in the availability of funds commitment of expenditures	D	D	D		**D**	Cash management is by rationing, rather than planning and monitoring; MDAs do not receive any information on cash availability; frequent but non-transparent in-year adjustment to the approved budget	D	D	D		**D**	No change in performance
17. Recording and management of cash balances, debt, and guarantees	D	C	D		**D+**	External debt records are complete and of good quality, but domestic records are not complete. Consolidation of bank balances takes place at least monthly, but only involve treasury held accounts; different bodies approve different types of debt without a unifying overview	D	B	C		**C**	New evidence contradicts evidence of 2011 of at least, weekly consolidation of bank balances
18. Effectiveness of payroll controls	D	B	C	D	**D+**	Reconciliation of payroll and personnel data does not take place; average time to effect changes to the payroll is 2 – 3 months; improved payroll controls still leave gaps; electronic staff verification and data capture completed in 2014 for most personnel	D	B	C	B	**D+**	No change in performance despite introduction of more robust U-Pay and SIMCA software in 2011
19. Transparency,	C	D	D	D	**D**	The regulatory framework has some	B	D	D	D	**D+**	The 2011 assessment

Indicator	2014 Assessment						2011					Brief Explanation of Difference in scores
	Dimension Ratings				Overall Indicator Scoring	Brief Explanation and Cardinal Data Used	Dimension Ratings				Overall Indicator Scoring	
	i	ii	iii	iv			i	ii	iii	iv		
competition, and complaints mechanisms in procurement						hierarchical arrangement, applies to all public procurement, and is accessible to the public. Data on contracts awarded without open competition and justification is not available. The public has no access to vital procurement information, and the state has no independent procurement resolution process						correctly stated that the regulations do not make competitive bidding default, but wrongly counted it in rating dimension (i)
20. Effectiveness in internal controls for non-salary expenditure	C	B	C		**C+**	Widespread overrides make commitment control measures ineffective; 100% prepayment audit and external audit controls of routine accounting functions make other rules excessive; use of simplified rules by MDAs violate procedures	B	B	C		**C+**	Information more readily volunteered by government show overrating of dimension (i) in 2011; commitment controls were also ineffective then
21. Effectiveness of internal audit	D	D	D		**$D^{\uparrow}$**	Internal audit commenced in 2012, focusing on individual transactions and prepayment audit; reports is irregular, most managers do not receive reports	D	D	D		**D**	Genuine IA reforms commenced in 2012 with establishment of the IA unit in the Treasury
C (iii). Accounting, Recording, and Reporting												
22. Timeliness and regularity of accounts reconciliation	A	B			**B+**	Both treasury managed and MDA held accounts reconciled monthly within four weeks' advances cleared immediately after purpose of at by yearend, whichever is earlier	A	D			**C+**	Performance improved significantly over the 2011 status quo, when advances remained outstanding long after yearend
23. Availability of information on resources received by service delivery units	NR				**NR**	No data to confirm claim of a comprehensive health care survey, last conducted in 2012	D				**D**	No data to confirm reported improvement since 2011 assessment
24. Quality and timeliness of in-year budget reports	C	A	A		**C+**	In-year reports are timely, but cover budget heads and payments only (not commitments); data is reliable and forms the basis for yearend financial statements	C	A	C		**C+**	Installation of new accounting software improved data quality
25. Quality and timeliness of annual financial statements	$C^{\uparrow}$	A	$D^{\uparrow}$		**$D+^{\uparrow}$**	Consolidated accounts cover all central MDAs, but assets and liabilities not included and does not disclose any accounting standards; 2013 financial statements	C	C	C		**C**	New software enhanced capacity for timely reporting

Indicator	2014 Assessment						2011					Brief Explanation of Difference in scores
	Dimension Ratings				Overall Indicator Scoring	Brief Explanation and Cardinal Data Used	Dimension Ratings				Overall Indicator Scoring	
	i	ii	iii	iv			i	ii	iii	iv		
						submitted for audit on April 22, 2014						
C (vi). External Scrutiny & Audit												
26. Scope, nature, and follow-up of external audit	C	A	B		**C+**	Audits cover all central government expenditures, but focuses mainly on transactions, hence similar transactional problems repeat annually with no systemic solution; fiscal 2013 audit report submitted three and a half months after receipt of financial statements from the Treasury (Apr 22 – Aug. 6)	B	A	B		D+	Incorrect evaluation of evidence on scope of audit led to overrating of the indicator in 2011
27. Legislative scrutiny of annual budget law	C	A	C	D	**D+**	Budget review covers detailed revenue and expenditure, but not fiscal policy and involves legislative committees; approval of the 2013 budget took 3 weeks (Jan. 2 – 22, 2013); ex poste legislative approval of unauthorized virements is regular	C	A	A	C	**C+**	Time taken for legislative budget approval has reduced since the last assessment and ex post approval of authorized virement has increased
28. Legislative scrutiny of external audit reports	NR↑	NR	NR		**NR↑**	PAC has not completed hearings on any reports; the committee commenced hearing in February 2014 and has thus far held only one sitting; the sitting was on the backlog of 2005 – 2011 reports	D	D	D		**D**	DFID facilitated reforms have commenced, but not sufficiently advanced to produce evidence for scoring
D. Donor Practices												
D-1. Predictability of Direct Budget Support	NR	NR			**NR**	Yobe State does not use direct budget support	NR	NR			**Not rated**	No change
D-3. Financial information provided by donors for budgeting and reporting on project and program aid	NR	D			**NR**	Donors do not provide the state with financial information on their activities	NR	D			**Not rated**	
D-4. Proportion of aid that is managed by use of national procedures	D				**D**	Donors do not use domestic procedures to manage their assistance programmes	D				**D**	

Appendix 2: Excel Calculations for PI-1 & PI-2

Table 2

Data for year =	2011					
administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	percent
General Administation	14749,213	13324,733	11 462,8	1 861,9	1 861,9	16,2%
Transport & Energy	16670,427	15313,094	12 955,9	2 357,2	2 357,2	18,2%
Education	12126,816	8955,3793	9 424,7	-469,3	469,3	5,0%
Health	5814,5565	3285,4148	4 519,0	-1 233,5	1 233,5	27,3%
Agriculture	2382,2884	1753,1311	1 851,5	-98,3	98,3	5,3%
Religious Affairs	2131,6782	1729,2366	1 656,7	72,5	72,5	4,4%
Pensions & Gratuities	782,887	1230,5245	608,4	622,1	622,1	102,2%
Water Resources	3312,8007	1369,9038	2 574,6	-1 204,7	1 204,7	46,8%
Housing	3611,0986	1528,7993	2 806,5	-1 277,7	1 277,7	45,5%
House of Assembly	1689,2935	1311,7772	1 312,9	-1,1	1,1	0,1%
Information	677,50277	636,17705	526,5	109,6	109,6	20,8%
Justice	661,87703	532,33712	514,4	17,9	17,9	3,5%
Youth & Soc Dev	791,248	316,99771	614,9	-297,9	297,9	48,5%
Environment	527,02254	484,49194	409,6	74,9	74,9	18,3%
Commerce	761,742	387,21413	592,0	-204,8	204,8	34,6%
Lands & Survey	282,13476	325,3805	219,3	106,1	106,1	48,4%
Works	236,95441	245,76516	184,2	61,6	61,6	33,5%
Local Government	219,94092	226,60201	170,9	55,7	55,7	32,6%
Integrated RD	1002,2791	157,25786	779,0	-621,7	621,7	79,8%
Sports	211,42644	188,83748	164,3	24,5	24,5	14,9%
Sum of the Rest	223,91361	219,10819	174,0	45,1	45,1	25,9%
allocated expenditure	68867,1	53522,163	53 522,2	0,0	10 818,4	
contingency						
total expenditure	68867,1	53522,163				
overall (PI-1) variance						22,3%
composition (PI-2) variance						20,2%
contingency share of budget						0,0%

Table 3

Data for year =	2012					
administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	percent
General Administation	15219,085	15438,577	10 715,2	4 723,4	4 723,4	0,44081147
Transport & Energy	20348,607	10417,222	14 326,7	-3 909,5	3 909,5	0,27288073
Education	14476,574	10675,749	10 192,4	483,3	483,3	0,0474203
Health	6250,573	3655,8565	4 400,6	-744,9	744,9	0,16927413
Agriculture	3746,988	3244,2664	2 638,1	606,2	606,2	0,22976646
Religious Affairs	2348,014	1714,99	1 653,1	61,8	61,8	0,03740739
Pensions & Gratuities	982,887	1282,0445	692,0	590,0	590,0	0,85262681
Water Resources	3064,45	1110,1978	2 157,6	-1 047,4	1 047,4	0,48543971
Housing	2390,65	1512,9802	1 683,2	-170,2	170,2	0,10111161
House of Assembly	1239,346	1067,4914	872,6	194,9	194,9	0,22337677
Information	1181,43	780,52847	831,8	-51,3	51,3	0,06164065
Justice	601,88	696,35573	423,8	272,6	272,6	0,64327282
Youth & Soc Dev	1219,2	753,90808	858,4	-104,5	104,5	0,12172226
Environment	751,157	585,23556	528,9	56,4	56,4	0,10659427
Commerce	2104,423	518,20095	1 481,6	-963,4	963,4	0,65025332
Lands & Survey	390,32	273,1695	274,8	-1,6	1,6	0,00596923
Works	352,9	308,2826	248,5	59,8	59,8	0,2407543
Local Government	257,674	300,99506	181,4	119,6	119,6	0,65911771
Integrated RD	742,212	220,87986	522,6	-301,7	301,7	0,57731526
Sports	221,024	231,7224	155,6	76,1	76,1	0,48907654
Sum of the Rest	313,006	270,76962	220,4	50,4	50,4	0,22867128
allocated expenditure	78202,4	55059,422	55 059,4	0,0	14 589,0	
contingency						
total expenditure	78202,4	55059,422				
overall (PI-1) variance						29,6%
composition (PI-2) variance						26,5%
contingency share of budget						0,0%

Table 4

Data for year =	2013					
administrative or functional head	budget	actual	adjusted budget	deviation	absolute deviation	percent
General Administation	19413,426	18290,596	14 945,1	3 345,5	3 345,5	0,22385568
Transport & Energy	19179,361	17251,735	14 764,9	2 486,9	2 486,9	0,16843131
Education	17005,499	11407,216	13 091,4	-1 684,1	1 684,1	0,12864559
Health	8118,0019	5315,7319	6 249,5	-933,8	933,8	0,14941356
Agriculture	4479,8	2673,8678	3 448,7	-774,8	774,8	0,22467132
Religious Affairs	2368,839	1517,5272	1 823,6	-306,1	306,1	0,1678426
Pensions & Gratuities	1200	2049,6518	923,8	1 125,9	1 125,9	1,2187245
Water Resources	2783,785	1306,7568	2 143,0	-836,3	836,3	0,39023343
Housing	2335,796	742,047	1 798,2	-1 056,1	1 056,1	0,58733177
House of Assembly	1398,842	1246,3106	1 076,9	169,4	169,4	0,15734316
Information	1044,299	723,05358	803,9	-80,9	80,9	0,10060565
Justice	754,946	712,81378	581,2	131,6	131,6	0,22649205
Youth & Soc Dev	1880,606	770,79887	1 447,7	-677,0	677,0	0,46758805
Environment	882,163	526,81751	679,1	-152,3	152,3	0,22426051
Commerce	1330,694	355,53156	1 024,4	-668,9	668,9	0,65294005
Lands & Survey	318,424	273,84837	245,1	28,7	28,715666	0,11714335
Works	321,411	288,14142	247,4	40,7	40,709233	0,16452683
Local Government	327,395	299,12536	252,0	47,1	47,086505	0,1868224
Integrated RD	663,048	285,30014	510,4	-225,1	225,13484	0,44106468
Sports	275,006	19907,3%	211,7	-12,6	12,6	0,05968337
Sum of the Rest	286,957	25306,0%	220,9	32,2	32,2	0,14554478
allocated expenditure	86368,299	66 489,0	66 489,0	0,0	14 816,0	
contingency						
total expenditure	86368,299	66489,004				
overall (PI-1) variance						23,0%
composition (PI-2) variance						22,3%
contingency share of budget						0,0%

Appendix 3: List of Yobe State Government & Donor Officials that Participated in Assessment Workshop of September 1 - 6, 2014

PARTICIPATION OF YOBE STATE GOVERNMENT & DONOR OFFICIALS IN THE 2014 REPEAT PEFA ASSESSMENT

S/N	NAME	ORGANISATION	DESIGNATION	PHONE	Email	Assessment Workshop, Kano, Sept. 1-6, 2014					
						01-Sep	02-Sep	03-Sep	04-Sep	05-Sep	06-Sep
1	Mohammed A. Geidam	Ministry of Finance	Perm. Sec.	08035971897	mageidam@mageidam.com	√	√	√	√	√	√
2	Adamu I. Danchuwa	Ministry of Finance	Acct. Gen	08065034224	aidanchuwa@gmail.com	√	√	√	√	√	√
3	Alh. Musa K. Amshi	Min of Budget & Econ Plg	Perm. Sec.	08080240540	musakadamshi@gmail.com	√	√	√	×	√	×
4	Wakil Maina	Ministry of Finance	Director of Treasury Op	08038300657	wakilmaina@yahoo.com	√	√	√	√	×	√
5	Samaila Babale	Office of the Head of Service	Dir. SW	07065641618	samailababale@gmail.com	×	√	√	√	√	×
6	Muh'd Hasan Bogocho	Ministry of Finance	HBP	08068011931	bogocho2009@yahoo.com	×	√	√	√	√	√
7	Yusuf Aji Amshi	Ministry of Finance	DPA	08034453326	y.amshi@yahoo.com	√	√	√	√	√	√
8	Babaji D. Galadima	Min of Budget & Econ Plg	State Director of Budget	080243912995	bgaladimia79@gmail.com	√	√	√	√	√	√
9	Danladi Haruna	Budget Ap	Member	08069226170		×	√	√	√	×	×
10	Shaib Alh. Yakub	Health Management Board	Dir of Plg, Res., & Stat	07034828444		×	√	√	√	×	×
11	Muh'd Abba Gana	Min of Budget & Econ Plg	DMBE	08068303969	abbaganam@yahoo.com	×	√	√	√	×	×
12	Saleh Ibrahim	Min of Budget & Econ Plg	Director of Statistics	08036356118	sedagona@yahoo.com	×	√	√	√	×	×
13	Shettima Balube	Ministry of Finance	State Tenders Board	08036239685	balube@yahoo.com	×	√	√	√	√	×
14	Kashim Buba Mashio	KARA SUWA	Treasurer	08036179053	kbmashio@yahoo.com	×	√	√	√	√	×
15	Hammadu Ngordi Jajere	State Ministry of Health	Dir of Plg, Res., & Stat	08036493700	hngordijajere@gmail.com	×	√	√	√	√	√
16	Ishiaku U. Mohammed	Yobe House of Assembly	Clerk Fin. & Appr. Committee	08036178984	ishaku250@gmail.com	×	√	√	√	√	×
17	Ali Ibrahim L.	Yobe House of Assembly	DDPRG	07063224272		×	√	√	√	√	×
18	Asheikh Mustapha	Yobe House of Assembly	Clerk Pub Accts Committee	08060260526	sheikhmdtr@gmail.com	×	√	√	√	√	×
19	Musa Mustapha	Gulani Local Government	Treasurer	08065912697	musamustapha95@gmail.com	×	√	√	√	√	×
20	Musa Hashim	Nangere Local Government	Treasurer	08036228717	musahashimu@gmail.com	×	√	√	√	√	×
21	Malam Kura Alh.	Ministry of Finance	Head, Debt Mgt Unit	07032688870	kuras31@yahoo.com	×	×	√	√	√	√
22	Moh'd Ahmed K.	Ministry of Finance	HPFMU	08067246283	makgbono@yahoo.com	×	√	√	√	√	√
23	Baba Adam Moh'd	Office of Auditor Gen. (LGA)	Deputy Auditor Gen.	08036698979	moh'dadam@rocktail	×	√	√	√	√	×
24	Zanna Ahmed	Min of Loc Govt & Chieftaincy Affairs	Dir of Local Govt	080686338218	zannaahmad@gmail.com	×	√	√	√	√	×
25	Ba'aba Habu	Yobe State Water Corp	Dir of Plg, Res., & Stat	08036931657	baabahabu04@yahoo.com	×	√	√	√	√	×
26	Hussani A. Kabawo	Min. of Water Res	Dir of Plg, Res., & Stat	08064992104	hussainikab@gmail.com	×	√	√	√	×	×
27	Muh'd M. Yaro	Trade Union Congress	Chairman	07037279724	muhammadmalamyaro@yahoo.com	×	√	√	√	√	×
28	Dahiru Musa	Ministry of Education	D ep Dir of Plg, Res., & Stat	08038143080	yobemoe@yahoo.com	×	√	√	√	√	×
29	Lawan M. Ibrahim	Nigerian Labour Congress	Chairman	08036078671		×	√	√	√	×	×
30	Dauda Mohammed Gombe	Budget Ap	Member	08035548664	daudagombe15@gmail.com	×	√	√	√	×	×

PARTICIPATION OF YOBE STATE GOVERNMENT & DONOR OFFICIALS IN THE 2014 REPEAT PEFA ASSESSMENT											
S/N	NAME	ORGANISATION	DESIGNATION	PHONE	Email	Assessment Workshop, Kano, Sept. 1-6, 2014					
						01-Sep	02-Sep	03-Sep	04-Sep	05-Sep	06-Sep
31	Alh. Baba Shehu	Budget	Secretary	08033137376	absdapchi@gmail.com	×	√	√	√	×	×
32	Ahmed Wakili	Board of Internal Revenue	DFID SPARC	08033830568	ahmedwakili@yahoo.com	×	√	√	√	√	×
33	Muhammad J. Gashua	State Audit. Dept.	Auditor Gen.	08037865016	muhammadjawagashia@yahoo.com	√	√	√	√	√	√
34	Hassan Abdullahi T.	DFID (SPARC)	Head, Fin & Admin	08065355033	hassanabdullahi@sparc-Nigeria.com	√	√	√	√	√	×
35	Malmusa A. Kaku	Yobe Investment Co. LTD	MD/CEO	08066020618	moumosa_2005@yahoo.com	×	√	√	√	√	√
36	Kachallah Ali Garba	Min of Loc Govt & Chieftaincy Affairs	Director, Budget	08175592383	K.K.Ali@yahoo.com	×	√	√	√	√	×
37	Yusuf Ahmed Jajere	DFID (SPARC)	State Programme Manager			√	√	×	√	×	√
38	Mai Modu	DFID (SPARC)	TCM			√	√	√	√	√	√
39	Mohammed Ali Sambo	Ministry of Health	HMIS Officer	08034619862	assambo2002@gmail.com	×	×	×	×	×	√