

AKWA IBOM STATE
FISCAL RESPONSIBILITY BOARD

2022
ANNUAL REPORT

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AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD
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AKWA IBOM STATE
FISCAL RESPONSIBILITY BOARD

2022
ANNUAL REPORT

VISION, MISSION AND VALUES

OUR VISION

A transparent and accountable Government Financial Management Institutional framework in Akwa Ibom State for efficient and effective management of financial resources

OUR MISSION

To ensure that sourcing for, collection, custody, accounting and utilization of public funds are done in a transparent, prudent and timely manner

OUR VALUES

- Transparency
- Accountability
 - Prudence
 - Efficiency
 - Fairness

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LIST OF ABBREVIATIONS

ACF	Arrears Clearance Framework
AFS	Annual Financial Statement
AG	Accountant General
AKBPP	Akwa Ibom State Bureau of Public Procurement
AKFRB	Akwa Ibom State Fiscal Responsibility Board
AKIRS	Akwa Ibom Internal Revenue Service
AKPHCDA	Akwa Ibom Primary Health Care Development Agency
AK-RUWASA	Akwa Ibom Rural Water and Sanitation Agency
APC	All Progressives Congress
APS	Annual Program Statement
AKSG	Akwa Ibom State Government
BCC	Budget Call Circular
BVN	Bank Verification Number
CB	Citizens Budget
CLA	Collaborating, Learning, and Adapting
COFOG	Classification of the Functions of Government
COP	Chief of Party
COR	Contracting Officer's Representative
COVID-19	Novel Coronavirus Disease 2019
CRF	Consolidated Revenue Fund
CSO	Civil Society Organization
CSRC	Consolidated State Revenue Code
DAI	Development Alternatives Incorporated
DCOP	Deputy Chief of Party
DLI	Disbursement Linked Indicators
DMD	Debt Management Department
DMO	Debt Management Office
DO	Development Objective
DRM	Domestic Revenue Mobilization
DSA	Annual Debt Sustainability Analysis
EFU-FSP-BPS	Economic and Fiscal Update, Fiscal Strategy Paper and Budget Policy Statement
EU	European Union
EXCO	Executive Council
FAAC	Federation Accounts Allocation Committee
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FIL	Freedom of Information Law
FIRS	Federal Inland Revenue Service
FRB	Fiscal Responsibility Board

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FRL	Fiscal Responsibility Law
FRN	Federal Republic of Nigeria
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
GESI	Gender and Social Inclusion
GFS	Government Finance Statistics
GIFMIS	Government Integrated Financial Management Information System
GUC	Grant Under Contract
HDI	Human Development Index
HFR	Nigeria Health Facility Registry
HMB	Hospitals Management Board
HoS	Head of Service
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IGR	Internally Generated Revenues
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IR	Intermediate Results
ISSAI	International Standards of Supreme Audit Institutions
JAAC	Joint Account Allocation Committee
JTB	Joint Tax Board
LGA	Local Government Area
LGC	Local Government Council
LGPI	Local Government Performance Index
LGSC	Local Government Service Commission
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MEL	Monitoring Evaluation and Learning
MGCI	Municipal Governance Capacity Index
MOLGCA	Ministry of Local Government and Cheiftaincy Affairs
MOU	Memorandum of Understanding
MTDMSR	Medium-Term Debt Management Strategy Report
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTRS	Medium Term Revenue Strategy
MTSS	Medium Term Sector Strategy
NCoA	National Chart of Accounts
NEC	National Economic Council
NGF	Nigeria Governors' Forum
OAG	Office of Attorney General
OAG	Office of the Auditor General

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OBI	Open Budget Index
OCDS	Open Contracting Data Standard
PAC	Public Accounts Committee
PDP	Peoples Democracy Party
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PforR	Program for Results
PHC	Primary Health Centres
PPL	Public Procurement Law
PPP	Public Private Partnership
PWD	People living with disabilities
RAAF	Rapid Annual Appraisal Framework
SACA	State Agency for Control of AIDS
SAI	Supreme Audit Institution
SBO	State Budget Office
SDP	State Development Plan
SFRL	State Fiscal Responsibility Law
SFTAS	States Fiscal Transparency, Accountability, and Sustainability
SHoA	State House of Assembly
SIFMIS	State Integrated Financial Management Information System
SMoE	State Ministry of Education
SMED	State Ministry of Economic Development
SMoF	State Ministry of Finance
SMoH	State Ministry of Health
SOP	Standard Operating Procedure
SSG	Secretary to State Government
State2State	State Accountability, Transparency, and Effectiveness Activity
TIN	Tax Identification Number
TOT	Training of Trainers
TSA	Treasury Single Accounts
UBEC	Universal Basic Education Commission
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
UNESCO	United Nation Educational Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
US	United States
USAID	United States Agency for International Development
VAT	Value Added Tax
WASH	Water Sanitation and Hygiene
WB	World Bank

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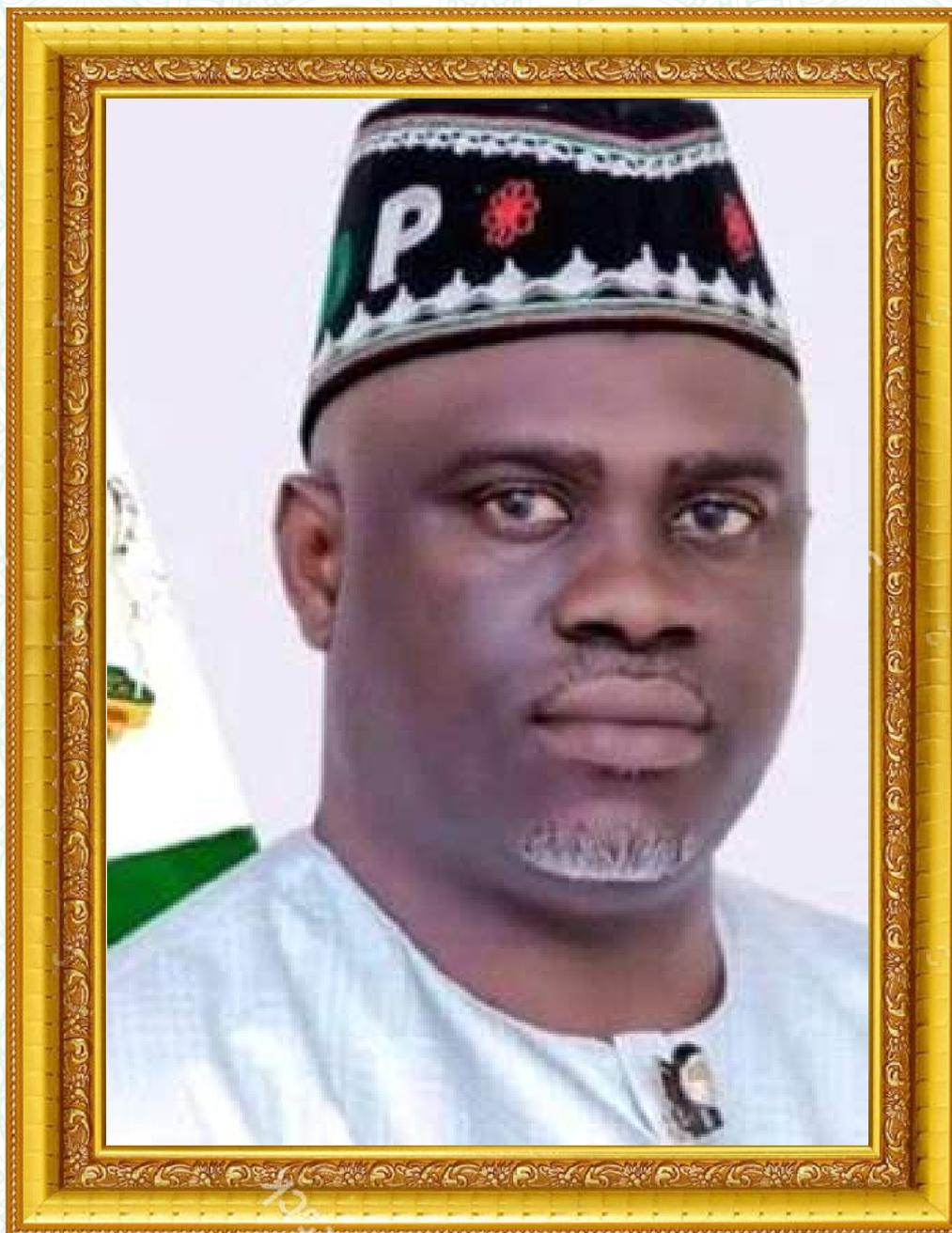


HIS EXCELLENCY
MR. UDOM EMMANUEL
EXECUTIVE GOVERNOR OF AKWA IBOM STATE





HIS EXCELLENCY
MR. MOSES EKPO, MFR
DEPUTY GOVERNOR OF AKWA IBOM STATE



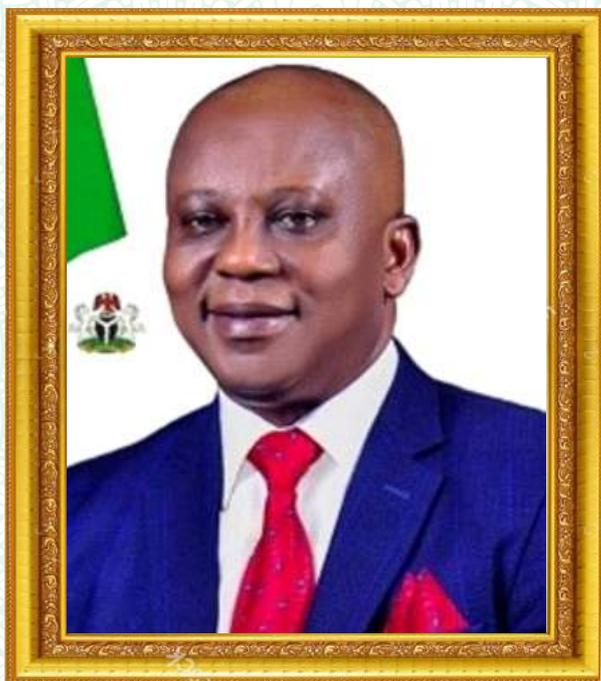
RT. HON. ANIEKAN BASSEY
SPEAKER
AKWA IBOM STATE HOUSE OF ASSEMBLY



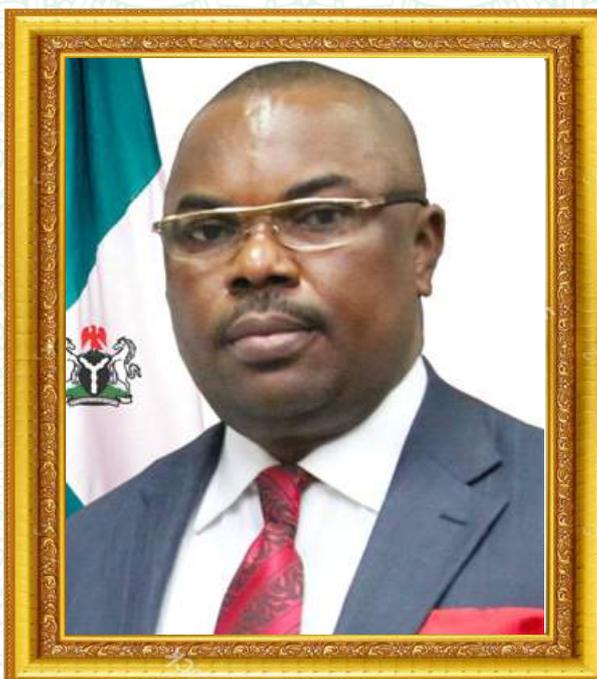
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VICTOR OKON EDET
DIRECTOR-GENERAL
AKS FISCAL RESPONSIBILITY BOARD

MEMBERS OF AKWA IBOM STATE FISCAL RESPONSIBILITY COUNCIL



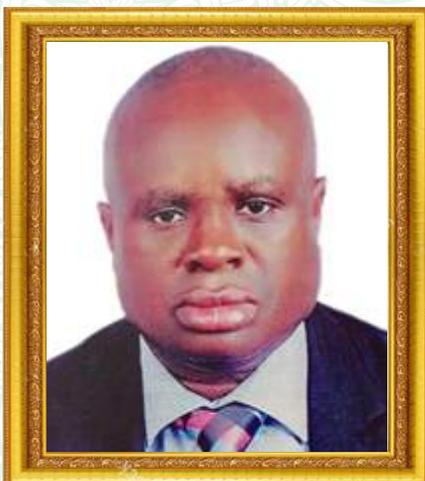
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MRS. AGNES UDOENWENWEN
EXECUTIVE CHAIRMAN,
OBOT AKARA LOCAL GOVERNMENT AREA
MEMBER



MRS. EME-ETTE IMUK
PERMANENT SECRETARY,
MINISTRY OF FINANCE
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BARR. CHRISTOPHER UDOH
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MINISTRY OF JUSTICE
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MEMBER

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PASTOR UWEM ANDREW ESSIEN
STATE ACCOUNTANT-GENERAL
MEMBER



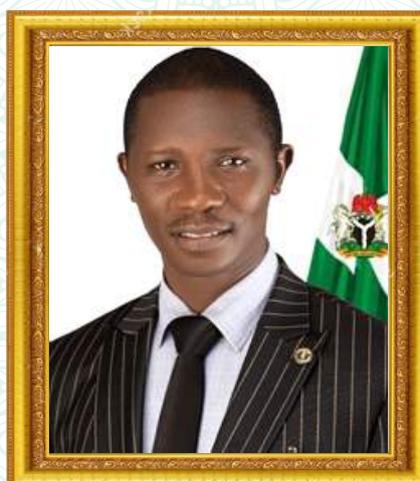
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MRS MFON COSMAS EKANDEM
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MEMBER



VICTOR OKON EDET
DIRECTOR-GENERAL
AKS FISCAL RESPONSIBILITY BOARD
SECRETARY

MANAGEMENT STAFF OF THE AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD



VICTOR OKON EDET
DIRECTOR-GENERAL
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UBONG EFANGA INYANG
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**NKOYO EDET
OTOHOTOHO**
HEAD OF ADMIN DEPT.



**OFONIME
MICHAEL EFANGA**
HEAD OF PRS DEPT.



**UMANA
AKPAN HENRY**
HEAD OF ACCOUNTS DEPT.

EXECUTIVE SUMMARY

The Akwa Ibom State Fiscal Responsibility Board came into existence following a bill for a Law to establish the Akwa Ibom State Fiscal Responsibility Board and other matters related thereto passed by the Akwa Ibom State House of Assembly on Tuesday, 25th August, 2020 and assented to by His Excellency, the Executive Governor, Mr. Udom Emmanuel on Friday, 2nd October, 2020.

2. ESTABLISHMENT OF THE STATE FISCAL RESPONSIBILITY BOARD

The Board was established through the Secretary to the State Government's (SSG's) Circular No.2 of 2021: "Establishment of Akwa Ibom State Fiscal Responsibility Board" dated 24th June, 2021.

3. INAUGURATION OF THE STATE FISCAL RESPONSIBILITY COUNCIL

The State Fiscal Responsibility Council was inaugurated by His Excellency, the Executive Governor of Akwa Ibom State, Mr. Udom Emmanuel, represented by the Secretary to the State Government, Dr. Emmanuel Ekuwem, on Tuesday, 29th June 2021; nine (9) months after the assent to the State Fiscal Responsibility Bill. The inauguration had, however, enabled the State to meet up the 30th June, 2021 deadline of SFTAS 2021 Annual Performance Assessment (APA).

4. Inaugurated members of the Akwa Ibom State Fiscal Responsibility Council were as follows:

S/N	POST	INSTITUTIONS/BODIES REPRESENTING	NAME	POSITION IN THE COUNCIL
1	Hon. Commissioner	Ministry of Finance	Dr. Nsikan Linus Nkan	Chairman
2	Executive Chairman, Obot Akara Local Government	Local Government Chairmen	Mrs Agnes Udoenwenwen	Member
3	Permanent Secretary	Ministry of Finance	Mrs. Eme-Ete F. Imuk	Member
4	Permanent Secretary	Ministry of Economic Development	Mr. Effiong Ekpenyong	Member
5	Solicitor General/Permanent Secretary	Ministry of Justice	Barr. Christopher Udoh	Member
6	State Accountant General	Office of the Accountant General	Pastor Uwem Andrew Essien	Member
7	Associate Professor, Economics Department, University of Uyo	Current Tertiary level teaching	Dr. Ettah Bassey Essien	Member
8	Head of State Budget Office	State Budget Office	Mr. Otu Edem Asuquo	Member
9	The Chairman, Forum of LG Directors of Finance & Director of Finance (Ibesikpo Asutan LGC)	Local Governments' Directors of Finance	Mrs. Mfon Cosmas Ekandem	Member
10	Director-General	AKS Fiscal Responsibility Board	Victor Okon Edet	Secretary

5. INAUGURAL MEETING OF THE STATE FISCAL RESPONSIBILITY COUNCIL

The inaugural meeting of the Council was held on Monday, 30th August, 2021 at the Conference Room of the State Ministry of Finance. The Council approved the Departmental and Management Structure of the Board and guidelines for the discharge of the functions of the Board.

6. DEPLOYMENT OF STAFF TO THE BOARD

Staff deployed to the State Fiscal Responsibility Board were done in three (3) batches. The first batch was when the Office of the State Accountant-General posted two (2) Accounting Staff to the Board on a posting letter dated 16th August, 2021.

The staff were: Mr. Umana Akpan Henry, CNA as Head of Accounts/ Finance Department and Mr. Polycarp Uko as the Cashier. Both staff were and are still in the payroll of the State Ministry of Finance.

The second batch of deployment was done in posting letter dated 28th September, 2021, when the State Ministry of Finance deployed eight (8) No. staff to the Board. All the staff of the Board, including the Director-General, were in the payroll of the State Ministry of Finance as they were all deployed from within the Ministry except for the Cashier who was in the State Debt Management Office but was still being paid from the Ministry's payroll.

In 2022, the State Ministry of Finance deployed two (2) additional staff to the Board. They were the Director of ICT and a Data Processing Officer.

7. OFFICE SPACE FOR THE BOARD

In 2022, the State Fiscal Responsibility Board was assigned a total of five (5) office rooms in the State Ministry of Finance block. The rooms are not enough to accommodate three (3) Heads of Department, who are operating from elsewhere.

8. HIGHLIGHT OF 2022 ACHIEVEMENTS OF THE AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD

The State Fiscal Responsibility Board from January - December, 2022 has recorded the following achievements:

8.1 Capacity Building for State Civil/Public Servants

In order for the Board to carry out her function of developing and implementing knowledge and skills improvement programmes on fiscal management issues for the State Civil Service, the Board partnered with USAID State2State Activity and undertook the following trainings:

8.1.1 Capacity Building for State Civil/Public Servants on the Development Akwa Ibom State Budget Manual. The Workshop was held at Luton Park Hotels, Uyo from Thursday, 24th to Friday 25th March, 2022 with 40 participants in attendance.

8.1.2 Workshop on the Local Governments Budget Consultation in the three (3) Senatorial Districts of the State for Local Governments officials, Traditional Rulers, CSOs and other stakeholders as follows:

- Monday, 19th September, 2022 for participants from Uyo Senatorial Districts at EMMJM Hotel, Uyo

- Tuesday, 20th September, 2022 for participants from Ikot Ekpene Senatorial Districts at Cardinal Ekandem Hall, Ikot Ekpene.
- Wednesday, 21st September, 2022 for participants from Eket Senatorial Districts at Eden Hotel, Eket.

8.2 Sensitisation of Relevant Stakeholders on Fiscal Responsibility law and Circulars

In order for the Board to exercise her power as contained in the Akwa Ibom State Fiscal Responsibility Law, Section 5(c) on directing any course of action that will bring the affairs of MDAs or Local Government in line with the State Fiscal Responsibility Law or any templates issued, the Board organised the following sensitization programmes:.

8.2.1 Sensitization of Permanent Secretaries and Heads of Extra Ministerial Agencies on the Akwa Ibom State Fiscal Responsibility Law.

The event was held at Rosmohr Gold Hotel, Uyo from Wednesday, 18th – Friday, 20th May, 2022 and was declared open by the Head of the State Civil Service, Elder Effiong Essien.

8.2.2 Sensitization of Civil Society Organisations (CSOs) on the State Fiscal Responsibility Law and the State Budget Calendar on Friday, 24th June, 2022 at Luton Park Hotel, Uyo

8.3 Organisation of Technical Training on Increasing Citizen Partnership in the Budget Process:

The training was organised by the Board, in collaboration with the Nigerian Open Government Partnership (OGP), for Planning, Research and Statistics Staff and Civil Society Organisations (CSOs) from Thursday, 23th – Friday, 26th May, 2022 at Uyo.

8.4 Development of a Budget Process Manual for Akwa Ibom State:

The State Budget Process Manual guides how budget is formulated, approved, implemented, monitored and evaluated in the State. It was developed by the State Fiscal Responsibility Board in June, 2022 with support from USAID State2State Activity.

8.5 Printing and Distribution of the State Budget Process Manual:

The State Budget Process Manual was printed and distributed to MDAs, Civil Society Organisations (CSOs) and other stakeholders in the State.

8.6 Issuance of Fiscal Responsibility Circulars

For the Board to carry out her mandate as contained in the Akwa Ibom State Fiscal Responsibility Law Section 7(1) (f) on making regulations and issue guidelines for Implementing the provision of the Fiscal Responsibility Law, the Board, within the period, issued the:

- Akwa Ibom State Fiscal Responsibility Circular No.1 of 2022: Introduction of Budget Process Manual in the State** dated 29th June, 2022. This Circular

enforces the operationalization of the Budget Manual in the State and compliance with processes therein.

- ii. **Akwa Ibom State Fiscal Responsibility Circular No.2 of 2022: Implementation of Internal Public Sector Accounting Standard (IPSAS) at the Local Governments** dated 14th November, 2022. This Circular enforces the adoption of IPSAS and National Chart of Accounts at the Local Government Level of the State.

8.7 Hosted the State Budget Committee meetings as follows:

- Sunday, 26th June, 2022 at Ibom Icon Hotel, Uyo for presentation of the 2023-2025 Fiscal Strategy Paper to guide in determination of the 2023 Budget Size
- Sunday, 10th July, 2022 also at Ibom Icon Hotel, Uyo for Conclusion of 2023 Budget Size Determination
- Sunday, 16st July, 2022 still at Ibom Icon Hotel, Uyo for Finalization of 2023 Budget Size Determination
- Saturday, 10th September, 2022 equally at Ibom Icon Hotel, Uyo for the Harmonization of the 2023 Estimates (Recurrent and Capital)

8.8 Hosting of 2022 Mid-Year Budget Implementation Review for Critical Social Services Sector:

The event was held for Health, Education, Public Works, Water, Hygiene and Sanitation Sectors MDAs from Tuesday, 13th - Wednesday, 14th September, 2022 at EMMJM Hotel, Uyo with support from USAID State2State Activity.

The State Budget Office presented Appraisal of the 2022 Mid-Year Budget implementation while the Office of the Accountant General showcased disbursements to all the MDAs that made Presentations.

8.9. Capacity Building for Development of Key Performance Indicators (KPIs) towards Performance Management:

In order for the Board to discharge her responsibility of developing and implementing a mandatory Performance Management and Reporting System for all MDAs in the State, the Board organised a Workshop to train Directors of Planning, Research and Statistics (PRS) Departments and other Performance Management Desk Officers in the State, on the development of Key Performance Indicators (KPIs) for evaluation of MDAs Performance towards Performance Management.

The Workshop was held on Wednesday, 2nd November, 2022 at EMMJM Hotel, Uyo and was declared open by the Head of Civil Service, Elder Effiong Essien.

8.9.1 Issuance of Instructions to some MDAs reminding them of their Responsibilities:

The Board has been empowered by the provision of the State Fiscal Responsibility Law Section 5(c) to direct any course of action that will bring the affairs of MDAs or LG in line with the FRL. As such, the Board within the period, drew the attention of some MDAs and reminded them of their responsibilities for necessary action. Such reminders were made to the following MDAs within the period:

- Ministry of Economic Development in letters on:
 - **Deadline for Publishing of 2022 Citizen Budget**, dated 1st April, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/13
 - **Collation of Economic Data and Information**, dated 4th April, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/15
 - **Minimum Required Budget Information to be contained in a Citizen Budget (Inputs for Preparation of the 2022 Citizen Budget)**, dated 13th April, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/18
 - **Contents of a Good Budget Call Circular**, dated 22nd June, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/20
 - **Time Limit for Presentation and Approval of 2023-2025 MTEF**, dated 4th July, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/24
 - **Inputs for the draft 2023-2025 MTEF Published on the Website for Public Consultation**, dated 13th July, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/130
- Ministry of Local Government and Chieftaincy Affairs in letters on:
 - **Submission of 2022 Local Governments' Quarterly Budget Implementation Report to the State Fiscal Responsibility Board** dated 12th August, 2022 with Ref. No: AKS/FRB/S/07/VOL.I/127
 - **Issuance of Estimates Call Circulars for 2023 Budget Preparation of LGs in the State and also for 2023 Budget Preparation**, 16th August, 2022 with Ref. No: AKS/FRB/S/07/VOL.I/129
 - **Supporting Documents to enable the Ministry issue Call Circular for 2023 LGs Budget Preparation**, dated 23rd August, 2022 with Ref. No: AKS/FRB/S/07/VOL.I/131.

8.10 PROVIDED TECHNICAL SUPPORT TO MINISTRY OF LOCAL GOVERNMENT & CHIEFTAINCY AFFAIRS FOR THE HANDLING OF LOCAL GOVERNMENTS' 2023 BUDGET PREPARATION. The technical support were in the areas of:

- Preparation of 2023 Budget Call Circular to LG Councils, the second done by the Ministry of Local Government & Chieftaincy Affairs.
- Forecasting and Estimating of Local Governments' 2023 Federal Allocations
- Capacity Building of LG Directors of BPRS on the preparation of LG 2023 IPSAS compliance Budget on 14th October, 2022.
- Development of Akwa Ibom State Local Governments' Consolidated Revenue Codes.

8.11 Enforcement of the Payment of Personnel Emoluments of Political Office Holders and Appointees in the State from January, 2022 at respective MDAs which the officials serve, rather than being pooled, as before, by the General Service Office (GSO). This is the outcome of the AKS Fiscal Responsibility Circular No.1 of 2021

8.12 Preparation, Printing and distribution of the Board's 2021 Annual Report.

8.13 PARTICIPATION AT PROGRAMMES/ WORKSHOP ORGANISED BY OTHER BODIES

Staff of the Board attended the following Programmes:

8.13.1 South-South Zonal Awareness and Sensitization Programme organised by the Fiscal Responsibility Commission, Abuja at Calabar from 21st-21rd - November, 2022. The Board used the opportunity to record achievement by presenting the Publications of the Board to the Chairman Fiscal Responsibility Commission, Abuja.

8.13.2 Nigerian Bar Association Conference which was attended by the Director of Legal at Lagos

8.13.3 Nigerian Statistical Association Conference at Nasarawa State.

9.0 PENDING ACTIVITIES OF THE BOARD FOR THE YEAR

9.1 Conduct of 2022 Public Finance Management Assessment.

9.2 Production and distribution of the Board's 2022 Annual Report.

9.3 Building capacity for the preparation and production of Local Government Budget Process Manual for distribution.

9.4 Development, Printing and Distribution of Public Finance Management Performance Indicators Scoring Matrix Almanac.

9.5 Second phase of capacity building for relevant officers on the Development of Key Performance Indicators (KPIs) for measurement of Performance in the State Civil / Public Service.

9.6 Institutionalization of Performance Management System in Akwa Ibom State Civil/ Public Service.

10.0 CONSTRAINTS: The following are the constraints of the Board:

- Funding constraint as the Board has not secured any take-off grant since its inception.
- Inadequate Office Space.
- Absence of a Fiscal Management Portal.
- Insufficient Staff resulting from inadequate office space.
- Lack of Utility Vehicle.

11.0 RECOMMENDATIONS: The following recommendations are made to mitigate the constraints of the Board:

- Provision of funding to the Board.
- Evacuation of old payment Vouchers by Office of the State Accountant-General in the two (2) Offices assigned to the Board.

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD 2022 ANNUAL REPORT

- Release of fund for the establishment of a Fiscal Management Portal.
- Provision of Utility Vehicle to the Board is necessary.
- Intensive Public Finance Management Capacity Building in the Service.

12.0 SUMMARY OF THE 2022 SCORES FOR 53 INDICATORS OF AKS PUBLIC FINANCIAL MANAGEMENT (PFM) PERFORMANCE

The detailed findings of the 2022 PFM Assessment are presented from Chapter 3 to Chapter 9 in this Report as Pillars. The findings of the assessment have enabled the Board to identify gaps in the State PFM and proffer solutions in this report to close the gaps.

The indicators were assessed on an ordinal scale of 1 to 4, with 4 being the highest score and 1 being the least score; and color-coded in green, yellow, amber and red. Each indicator has a specific definition for the parameters for the assessment team to use in assigning a score of 1 to 4.



Out of the 53 indicators assessed, 22 indicators were rated 4 (and improvement from 14 indicators in 2021), while 11 indicators were rated 3, 10 indicators were rated 2 whereas 11 indicators were rated 1.

SUMMARY OF THE 2022 PFM SCORES ON 53 INDICATORS OF AKWA IBOM STATE PFM AS ASSESSED

3.0 Budget Planning, Administration and Execution		Previous Score (2021)	2022 Score	Target for 2023
3.1	Fiscal Responsibility Law	4	4	4
3.2	Existence of and adherence to a fixed budget calendar	1	4	4
3.3	Medium-term expenditure and revenue estimates	2	4	4
3.4	Medium Term Sector strategies	1	1	4
3.5	Guidance on budget preparation	2	3	4
3.6	Budget submission to the legislature	3	3	4
3.7	Scope of the legislature's scrutiny of the Budget	2	4	4
3.8	Adequacy of time for the legislature to provide a response to budget proposals	4	4	4
3.9	Timely budget approval by the legislature	3	4	4
3.10	Aggregate expenditure out-turn compared to original approved budget	1	1	4
4.0. Budget Transparency		Previous Score (2021)	2022 Score	Target for 2023
4.1	Budget Classification	2	4	4
4.2	Citizens' engagement in the budget process - budget planning, administration and execution	1	2	4
4.3	Comprehensiveness of Information Provided in Budget Documentation	1	4	4
4.4	Public access to fiscal information (State Government)	1	2	4
4.5	Public access to fiscal information (Local Government)	1	1	4
4.6	Citizens' Budget (State Government)	2	4	4
4.7	Citizens' Budget (Local Government)	1	1	4

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5.0. Internal Controls and Financial Reporting		Previous Score (2021)	2022 Score	Target for 2023
5.1	Cash Management through Treasury Single Accounts (TSA)	3	3	4
5.2	Transactions are processed within the IFMIS Environment	2	2	4
5.3	Bank account reconciliations	2	3	4
5.4	Advance accounts	2	4	4
5.5	Financial data integrity processes	4	4	4
5.6	Biometric Assessment of State Employees Undertaken	3	3	4
5.7	Coverage of internal audit	4	4	4
5.8	Nature of audits and standards applied	2	2	4
5.9	Response to internal audits	1	1	4
5.10	In-year budget implementation reports	4	4	4
5.11	Accounting standards	2	4	4
5.12	Completeness of the financial statements	4	4	4
5.13	Timeliness of submission of the financial statements	3	4	4
6.0 Domestic Resource Mobilisation		Previous Score (2021)	2022 Score	Target for 2023
6.1	Implementation of Tax Identification Number (TIN)	3	3	4
6.2	Consolidated state revenue code	3	3	4
6.3	Regular Updates to Tax Rates and Tariffs	4	2	4
6.4	Property Taxation	1	2	4
6.5	Transfer of revenue collections	1	1	4
6.6	IGR out-turn compared to original approved budget	1	2	4
6.7	Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR	2	1	4
6.8	Annual Nominal IGR Growth Rate	1	2	4
7.0 Auditing		Previous Score (2021)	2022 Score	Target for 2023
7.1	Audit Law	4	4	4
7.2	Supreme Audit Institution (SAI) independence	1	1	4
7.3	Audit coverage and standards (State Government)	4	4	4
7.4	Timeliness of submission of audit reports to legislature (State Government)	4	4	4
7.5	Timeliness of submission of audit reports to legislature (Local Government)	2	2	4
7.6	External audit follow-up (State Government)	1	3	4
7.7	External audit follow-up (Local Government)	1	3	4
7.8	Hearings on audit findings by Public Accounts Committee of SHoA	1	4	4
8.0 Debt Management		Previous Score (2021)	2022 Score	Target for 2023
8.1	Debt Management Law	4	4	4
8.2	Recording and reporting of debt and guarantees	3	3	4
8.3	Annual debt sustainability analysis and medium-term Debt Management Strategy report	2	2	4
8.4	Domestic arrears	2	1	4
8.5	Existence of Consolidated Debt Service Account	2	2	4
8.6	Ratio of average monthly debt service deducted from FAAC revenue	4	4	4
8.7	Total Liabilities as percentage of total Recurrent Revenue	4	3	4
8.8	Existence of Credit Agency Rating	1	1	4

INTRODUCTION

The Akwa Ibom State Fiscal Responsibility Board is established to ensure prudence and transparency in the management of financial resources of the State, encourage proper accountability by all organs of government in respect of State resources, make all arms of government, agencies and parastatals subject to and answerable to the provisions of the law in conducting the fiscal affairs of the State, channel expenditure of the State towards provision of public goods, infrastructure, social and economic services, and premise government spending on a credible expenditure management.

2. The Key objective of this Report is to fulfil Section 13(1) of the Akwa Ibom State Fiscal Responsibility Law that requires the Board to submit its Annual Report to the State House of Assembly on or before March in each financial year.

3. Chapter 1 runs through the functions and powers of the State Fiscal Responsibility Board and that of the Fiscal Responsibility Council while Chapter 2 deals with the Structure of the Fiscal Responsibility Board, Organograms and the duties of the various Departments of the Board.

4. Chapter 3 assesses Budget Planning, Administration and Execution in the State as at December, 2022 with its 10 Indicators namely: Fiscal Responsibility Law, Existence of and adherence to a fixed Budget Calendar, Medium-term Expenditure and Revenue Estimates, Medium-term Sector Strategies, Guidance on Budget Preparation, Budget submission to the Legislator, Scope of the Legislature's scrutiny of the Budget, Adequacy of time for the Legislature to provide a response to Budget proposals, Timely Budget approval by the Legislature and Aggregate Expenditure out-turn compared to original Approved Budget.

5. Chapter 4 analyses Budget Transparency with its 7 Indicators of: Budget Classification; Citizens' engagement in the budget process - budget planning, administration and execution; Comprehensiveness of Information Provided in Budget Documentation; Public access to fiscal information (State Government); Public access to fiscal information (Local Government); Citizens' Budget (State Government) and Citizens' Budget (Local Government)

6. Chapter 5 deals with Internal Controls and Financial Reporting with its 13 Indicators of: Cash Management through Treasury Single Accounts (TSA); Transactions are processed within the IFMIS Environment; Bank Account Reconciliations; Advance Accounts; Financial Data Integrity Processes; Biometric Assessment of State Employees Undertaken; Coverage of Internal Audit ; Nature of Audits and Standards Applied; Response to Internal Audits; In-year Budget Implementation Reports' Accounting Standards; Completeness of the Financial Statements; and Timeliness of submission of the Financial Statements.

7. Chapter 6 handles Domestic Resource Mobilisation with its 8 Indicators of: Implementation of Tax Identification Number (TIN); Consolidated state revenue code; Regular Updates to Tax Rates and Tariffs; Property Taxation; Transfer of revenue collections; IGR out-turn compared to original approved budget; Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR; and Annual Nominal IGR Growth Rate.

8. Chapter 7 analyses Auditing with its 8 Indicators of: Audit Law; Supreme Audit Institution (SAI) independence; Audit coverage and standards (State Government); Timeliness of submission of audit reports to legislature (State Government); Timeliness of submission of audit reports to legislature (Local Government); External audit follow-up (State Government); External audit follow-up (Local Government); and Hearings on audit findings by Public Accounts Committee of SHoA.

9. Chapter 8 deals with Debt Management with its 8 Indicators of: Debt Management Law; Recording and reporting of debt and guarantees; Annual debt sustainability analysis and medium-term Debt Management Strategy report; Domestic arrears; Existence of Consolidated Debt Service Account; Ratio of average monthly debt service deducted from FAAC revenue; Total Liabilities as percentage of total Recurrent Revenue; and Existence of Credit Agency Rating.

10. Chapter 9 highlights the Summary of Findings of the 2022 PFM assessment in the State while Chapter 10 suggests Recommendations to reposition PFM reforms in the State and Next Steps.

11. Chapter 11 showcases the Achievements of the Akwa Ibom State Fiscal Responsibility Board from January to December, 2022, Challenges and the Way Forward for the Board, whereas, Chapter 12 is the Conclusion of the Report.

12. The Annexure is the Audited Account of the Board for the period 1st January to 31st December, 2022.

CHAPTER ONE

MANDATES OF THE FISCAL RESPONSIBILITY BOARD AND COUNCIL

1.0 INTRODUCTION

The Akwa Ibom State Fiscal Responsibility Board and Other Matters Law, No. 013 of 2020 gave the legal backing for the establishment of the Akwa Ibom State Fiscal Responsibility Board and Other Matters connected thereto. The law applies to Akwa Ibom State government, the SHoA, Judiciary, LGAs, all MDAs and authorities in their handling and management of public funds. The Law was enacted and came into effect on October 2020 with the assent of the Governor. It assigns functions, gives powers to the Board and establishes Fiscal Responsibility Council with functions.

1.1 FUNCTIONS OF THE BOARD

The Board was established to perform the following functions:

- (a) Monitor and enforce the provisions of the State Fiscal Responsibility Law in order to promote the economic objectives of the State.
 - (b) Regularly institute such standard good practices, whether international or local, that will result in greater efficiency in the revenue collection, control of public debt and expenditure, and transparency in fiscal matters.
 - (c) Undertake fiscal and financial studies, analysis and diagnosis and disseminate the result to the public as well as develop and implement knowledge and skills improvement programmes on fiscal management issues for the State civil service.
 - (d) Establish, maintain and keep regularly updated fiscal management portal that will serve as a definitive source of fiscal management information for the public.
 - (e) Make regulations for carrying out all functions by all MDAs under this Law.
 - (f) Make regulations and issue guidelines from time to time for implementing the provisions of this Law, including providing administrative sanctions for infractions of the Law.
 - (g) Develop and implement a mandatory performance management and reporting system for all MDAs in Akwa Ibom State.
 - (h) Settle administrative disputes, if any, arising and relating to the provisions of this Law.
 - (I) Perform any other function consistent with the promotion of the objectives of this Law.
- (2) The Board shall be independent in the performance of its functions.

1.2 POWER OF THE BOARD

For the purpose of performing its functions under the State Fiscal Responsibility Law, the Board have been given the power to –

- (a) Compel any person, authority, arm of the Government of Akwa Ibom State, MDA or Local Government to which the Law applies to disclose information in whatever form relating to public funds and expenditure and to comply with the Law or regulations made pursuant to the State Fiscal Responsibility Law.
- (b) Investigate or cause an investigation into whether any person has violated any provisions of the State Fiscal Responsibility Law.

- (c) Direct any course of action that will bring the affairs of MDA or Local Government in line with the State Fiscal Responsibility Law or any templates issued pursuant to regulations made under the State Fiscal Responsibility Law.
- (d) Develop and supervise the application of a protocol for creation, retention, management, retrieval and dissemination of all publicly held information in Akwa Ibom State relating to matters covered by the State Fiscal Responsibility Law.
- (e) Create a lean administrative structure, such as is necessary for effectively carrying out its functions.

1.3 ESTABLISHMENT OF FISCAL RESPONSIBILITY COUNCIL

The Akwa Ibom State Fiscal Responsibility Law establishes for the Akwa Ibom State Fiscal Responsibility Board a body to be known as the Fiscal Responsibility Council (referred to in the Law as “the Council”).

1.4 FUNCTIONS OF FISCAL RESPONSIBILITY COUNCIL

The Council is to perform the following functions:

- (a) Approve general policy and guidelines for the discharge of the functions of the Board, and for implementation by the management and staff.
- (b) Supervise implementation of the policies of the Board.
- (c) Approve the number and minimum qualification of senior staff that may be necessary for the proper and efficient performance of the functions of the Board for the State Civil Service Commission to appoint.
- (d) Determine the Departmental and Management structure of the Board.
- (e) Ensure that the Board has a lean staff strength and management structure and that staff are made up of persons with specialized qualification and experience in fiscal planning, economics, enforcement and related issues, except staff below Grade Level 06.
- (f) Ensure that the staff have all resources required to efficiently carry out their functions.
- (g) Regulate its proceedings and make standing orders with respect to the holding of its meetings, notices to be given, the keeping of minutes of its proceedings and such other matters as the Council may, from time to time determine.
- (h) Ensure that the Management and staff of the Board under the leadership of the Director-General shall have free hands in carrying out the day-to-day functions of the Board.
- (i) Do other things which in its opinion are necessary to ensure the efficient performance of the functions of the Board.

CHAPTER TWO

2.0 STRUCTURE OF AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD

In order to enable the Board perform her responsibilities, the Board is designed with two (2) broad structures as follows:

- a) Fiscal Responsibility Council headed by the Hon. Commissioner for Finance and
- b) The Board's Management headed by the Director-General

2.1 FISCAL RESPONSIBILITY COUNCIL

The Council supervises the implementation of the Policies of the Board

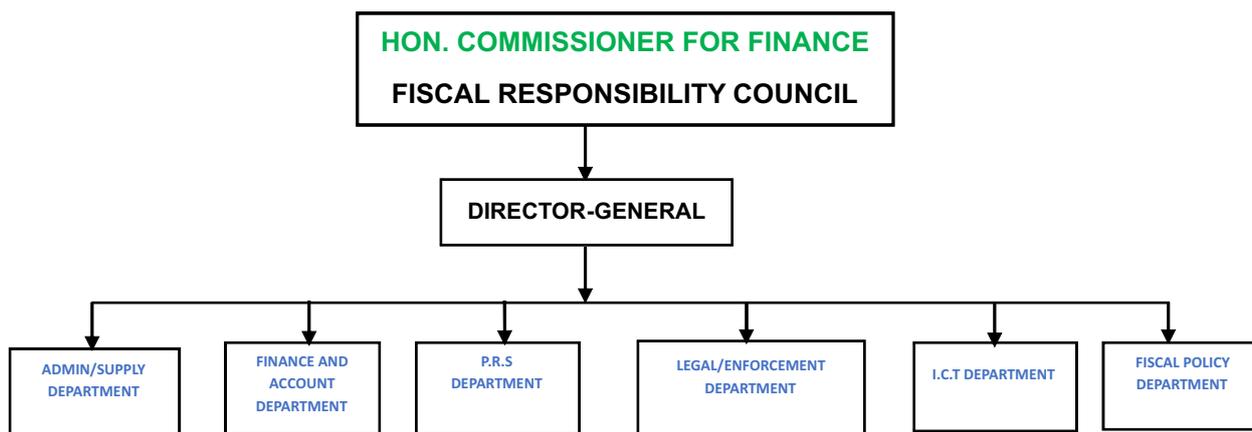
S/N	POST	INSTITUTIONS/BODIES REPRESENTING	NAME	POSITION IN THE COUNCIL
1	Hon. Commissioner	Ministry of Finance	Dr. Nsikan Linus Nkan	Chairman
2	Executive Chairman, Obot Akara Local Government	Local Government Chairmen	Mrs Agnes Udoenwenwen	Member
3	Permanent Secretary	Ministry of Finance	Mrs. Eme-Ete F. Imuk	Member
4	Permanent Secretary	Ministry of Economic Development	Mr. Effiong Ekpenyong	Member
5	Solicitor General/Permanent Secretary	Ministry of Justice	Barr. Christopher Udoh	Member
6	State Accountant General / Permanent Secretary	Office of the Accountant General	Pastor Uwem Andrew Essien	Member
7	Associate Professor, Economics Department, University of Uyo	Current Tertiary level teaching	Dr. Ettah Bassey Essien	Member
8	Head of State Budget Office	State Budget Office	Mr. Otu Edem Asuquo	Member
9	The Chairman, Forum of LG Directors of Finance & Director of Finance (Ibesikpo Asutan LGC)	Local Governments' Directors of Finance	Mrs. Mfon Cosmas Ekandem	Member
10	Director-General	AKS Fiscal Responsibility Board	Victor Okon Edet	Secretary

2.2 FISCAL RESPONSIBILITY BOARD MANAGEMENT STRUCTURE

The Board's Management Structure is as follows:

- Office of the Director-General
- Administration/Supplies Department
- Accounts/Finance Department
- Planning, Research & Statistics Department
- Legal, Investigation and Enforcement Department
- ICT Department
- Fiscal Policy Department

2.2.1 ORGANOGRAM OF AKS FISCAL RESPONSIBILITY BOARD



2.2.2 HIGHLIGHTS OF THE OFFICES AND DEPARTMENTS IN THE FISCAL RESPONSIBILITY BOARD

2.2.2.1 OFFICE OF THE DIRECTOR-GENERAL

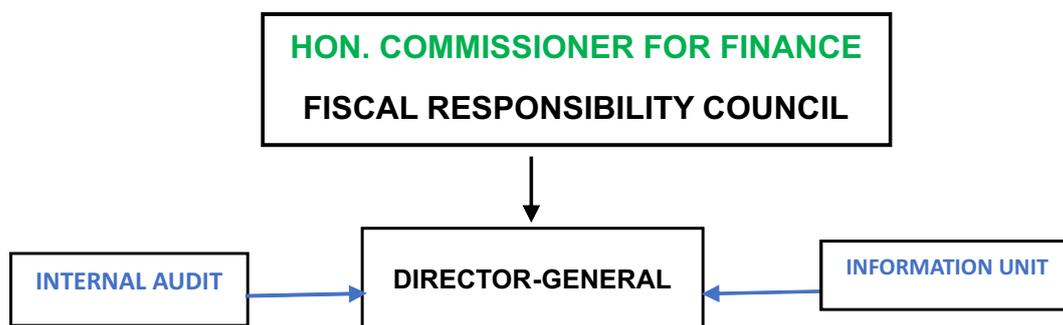
INTRODUCTION:

The Office of the Director-General is the coordinating office for the Board's policy implementation.

SPECIFIC RESPONSIBILITIES OF THE DIRECTOR-GENERAL

- i. He is the head of the Board's Management Committee,
- ii. The Director-General is responsible for the policy implementation and day-to-day Administration of the Board.
- iii. He is the Secretary of the Fiscal Responsibility Council.

ORGANOGRAM OF THE OFFICE OF THE DIRECTOR-GENERAL



2.2.2.2 ADMINISTRATION/ SUPPLIES DEPARTMENT

2.2.2.2.1 INTRODUCTION:

The Administration/Supplies Department of the Akwa Ibom State Fiscal Responsibility Board is saddled with responsibilities that cut across and touch on all staff of the Board.

The Department is sub-divided into various units, to be manned by Unit Heads which will be tasked with different personnel responsibilities.

The Units are:

- (i) Secret Registry
- (ii) Open Registry
- (iii) Records Registry
- (iv) Personnel Registry
- (v) Transport Unit
- (vi) Security Unit
- (vii) Stores Unit

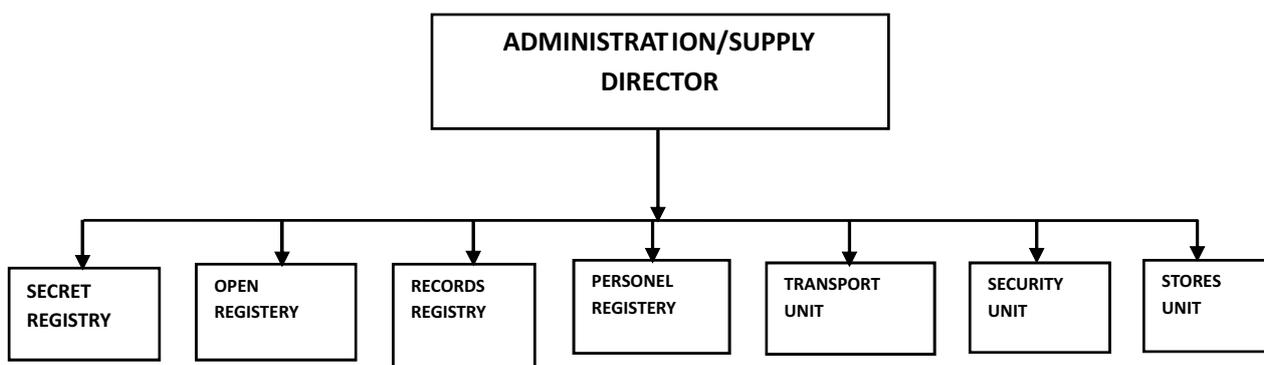
At the moment, there are no personnel to man the Units because of lack of enough Office space.

2.2.2.2.2 RESPONSIBILITIES OF THE ADMINISTRATION/SUPPLIES DEPARTMENT

These include the following:

- i. General Management and support services/coordination of staff in liaison with Heads of Departments
- ii. Assisting the Director-General in policy formulation and implementation
- iii. Preparation of draft memos, policy papers and speeches
- iv. Recruitment, promotion, discipline, deployment, staff development and training in liaison with Heads of Departments in the Board
- v. Departmental vote control under delegated authority
- vi. Inter-Ministerial relationship on personnel matters
- vii. Recommendation of special advances to Civil Servants
- viii. Member Ministerial/Inter-Ministerial Tenders Board
- ix. Any other duties as may be assigned by the Director-General

2.2.2.2.3 ORGANOGRAM OF THE ADMINISTRATION/SUPPLY DEPARTMENT



The Administration/Supplies Department is headed by Mrs. Nkoyo Edet Otohotoho – an Administrative Officer.

2.2.2.3 ACCOUNTS/FINANCE DEPARTMENT

2.2.2.3.1 INTRODUCTION

The Accounts/ Finance Department is one of the three (3) core Departments in the State Fiscal Responsibility Board. The Department is responsible for processing, interpretation of Financial Circulars, preparation and implementation of all accounting policies of Akwa Ibom State Government and effectively facilitating financial activities of every incoming financial year.

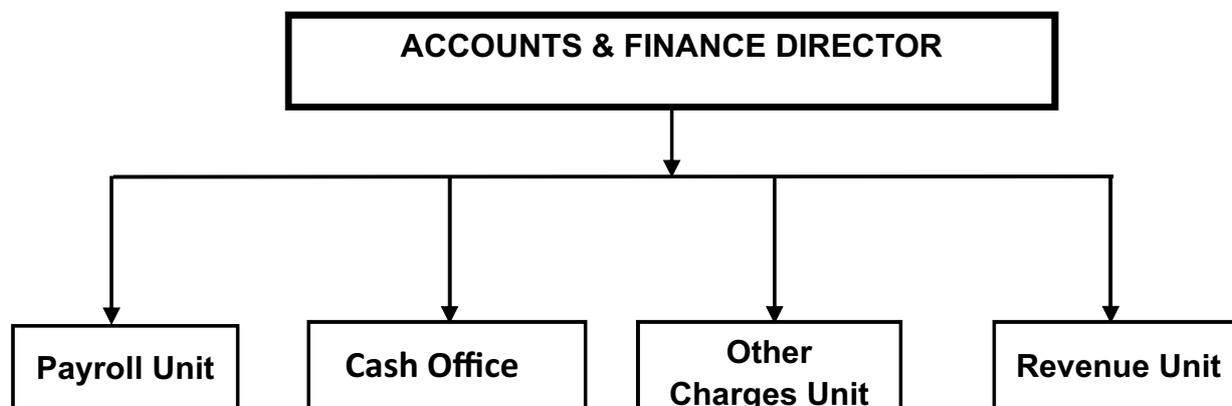
2.2.2.3.2 COMPOSITION OF THE DEPARTMENT

- i. Cash Office
- ii. Payroll Unit
- iii. Other Charges Unit
- iv. Revenue Unit

2.2.2.3.3 RESPONSIBILITIES OF ACCOUNTS/FINANCE DEPARTMENT

- i. Implementation of Accounting Policies in the Board
- ii. Interpretation of Financial Policies/Accounting Circulars
- iii. Preparation of staff salaries and salary variations for the Board
- iv. Maintaining all accounting records for Government expenditure within the limit of the Board
- v. Analysing and processing of Financial Statements
- vi. Intermediary in financial matters with the Service and the Board
- vii. Handling all Board's cash/bank transactions and reconciliations
- viii. Retirement of Vouchers for Recurrent and Capital expenditures
- ix. Treating all Accounting related matters

2.2.2.3.4 ORGANOGRAM OF THE ACCOUNT/FINANCE DEPARTMENT



The Accounts/Finance Department is headed by Mr. Umana Akpan Henry, CNA

2.2.2.4 PLANNING, RESEARCH AND STATISTICS (PRS) DEPARTMENT

2.2.2.4.1 INTRODUCTION

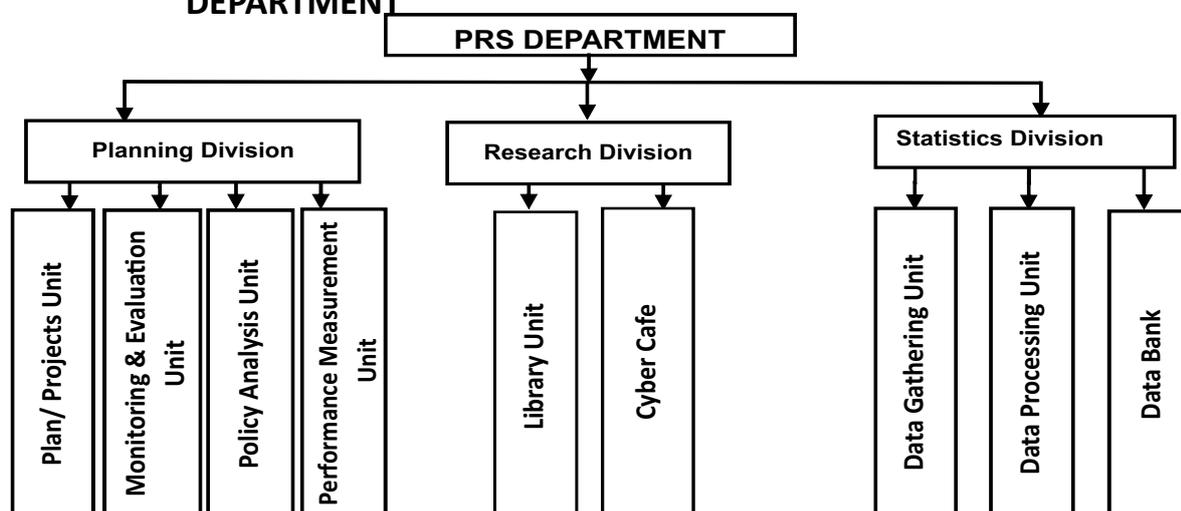
In line with Decree 43 of 1988 (Civil Service Re-Organisation Decree), paragraph 9, section III, the PRS Department is one of the Common Services Departments in the Board.

2.2.2.4.2 DUTIES OF PRS DEPARTMENT

The following are the duties and responsibilities of the PRS Department in the Board:

- i. Identifying and planning of Projects / Programmes for inclusion in the Annual Budget and Development Plan.
- ii. Coordinating planning activities of all Departments / Units of the Board with a view to assigning priorities based on relative importance of the projects to the desired needs of the sector and in line with the State / National Policies.
- iii. Monitoring and Evaluation of Plan/Capital Projects implemented by the Board.
- iv. Research into sectors over which the Board has jurisdiction, internal organization and operational modalities of the Board
- v. Management of the Board's Research/Data Resources such as: Library, Cyber café, Data Bank, Internet Service, Intercom Service, etc.
- vi. Collection, Processing and Production of relevant statistics and data relating to the Board.
- vii. Serve as Secretariat to the Tenders Board of the Fiscal Responsibility Board.
- viii. Setting and Monitoring of Performance and efficiency targets for various Sections and Staff of the Board.
- ix. Handling of Board's Manpower Statistics including Nominal Roll
- x. Coordinating the Board's Manpower Planning and Capacity building
- xi. Providing Secretariat to all Donor Assisted/Externally Funded Programmes in the Board such as: USAID, World Bank, NDDC Programmes, etc.

2.2.2.4.3 ORGANOGRAM OF THE PLANNING, RESEARCH & STATISTICS (PRS) DEPARTMENT



The Planning, Research & Statistics (PRS) Department is headed by Mr. Ofonime Michael Efanga – a Statistician.

2.2.2.5 LEGAL, INVESTIGATION AND ENFORCEMENT DEPARTMENT

2.2.2.5.1 INTRODUCTION

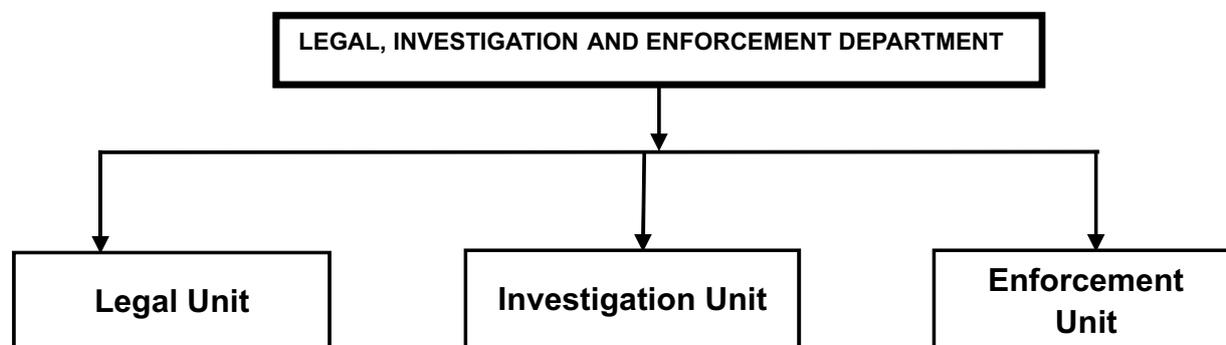
The Legal, Investigation and Enforcement Department was created for monitoring the observance and the enforcement of the provisions of the State Fiscal Responsibility Law.

2.2.2.5.2 FUNCTIONS OF LEGAL, INVESTIGATION AND ENFORCEMENT DEPARTMENT

The Legal, Investigation and Enforcement Department shall:

- i. Monitor and enforce the provision of the Fiscal Responsibility Law
- ii. Investigate or cause an investigation into whether any person has violated any provision of the Fiscal Responsibility Law
- iii. Undertake direct prosecution of any person deemed to have committed an offence or violated any provision of the Fiscal Responsibility Law
- iv. Advise the Board on whether to engage the services of an experienced legal practitioner to undertake prosecution of offenders/ violators of the law
- v. Handle the work related to the amendments to the legislations as per the policy decisions taken by the government from time to time.

2.2.2.5.3 ORGANOGRAM OF THE LEGAL, INVESTIGATION AND ENFORCEMENT DIRECTORATE



The Legal, Investigation and Enforcement Department is headed by Barr. Ime Effiong Akpan Umofiah – Assistant Director (Legal)

2.2.2.6 INFORMATION AND COMMUNICATION TECHNOLOGY (I.C.T) DEPARTMENT

2.2.2.6.1 INTRODUCTION

The ICT has been necessary for the development of Programs and Information System Management.

2.2.2.6.2 FUNCTIONS OF ICT DEPARTMENT

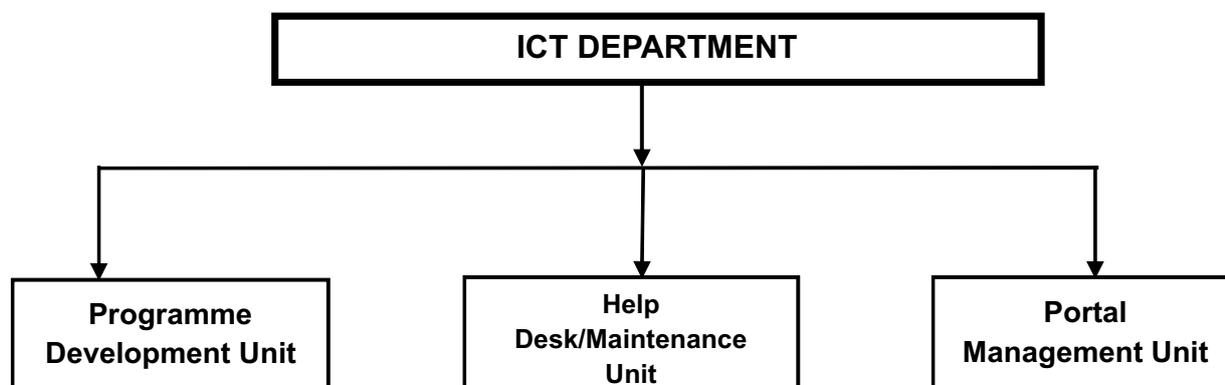
The Department has the responsibilities of:

- i. Establishing, maintaining and keeping regularly updated portal that will serve as a definitive source of fiscal management information for the public
- ii. Writing and Testing Programmes
- iii. Carrying out on the spot systems investigation and finalising the detailed layout of files
- iv. Studying Systems and Analysing problems
- v. Gathering and analysing information for developing new and modifying existing data processing systems
- vi. Undertaking systems design and programming
- vii. Arranging and coordinating ICT related training and development programmes for staff of the Board.
- viii. Advising the Board on data processing and computer matters
- ix. Liaising with the Planning, Research and Statistical Department and other relevant departments/units of the Board.

The Department is to be divided into three (3) units and they are:

- i. Programme Development Unit
- ii. Help Desk/Maintenance Unit
- iii. Website Unit

2.2.2.6.3 ORGANOGRAM OF THE PROGRAMME ANALYSIS



The Programme Analysis Department is headed by Mr. Ubong Efanga Inyang – Assistant Director (Programme Analysis)

2.2.2.7 FISCAL POLICY DEPARTMENT

2.2.2.7.1 INTRODUCTION

Basically, Fiscal Policy Department exists in order to formulate policies which will promote the economic objective of the State.

2.2.2.7.2 FUNCTIONS OF FISCAL POLICY DEPARTMENT

The functions of the Fiscal Policy Department in the Fiscal Responsibility Board are as follows:

- i. Formulation of Fiscal Policy and Medium Term Fiscal Strategy with inputs from relevant Stakeholders
- ii. Helping in initiating guidelines from time to time for implementation of Fiscal Policies in the State
- iii. Disseminating such standard practices that shall result in greater efficiency in the management of public expenditure, revenue collection and allocation, public debt control and transparency in fiscal matters;
- iv. Undertake fiscal and financial studies, analysis and diagnosis and disseminate the result;
- v. Developing and implementing knowledge and skill improvement programmes for the State Civil/Public Service on fiscal management issues;
- vi. Reviewing of Fiscal Out-turn and Fiscal Performance including Government revenue and receipts while maintaining proper interaction with all Departments engaged in revenue collection.
- vii. Implementation of requirements under Fiscal Responsibility Law, including Annual Reporting.
- viii. Undertaking analysis/research on various fiscal and macroeconomic matters.
- ix. Handling any other responsibility that may be assigned.

CHAPTER THREE

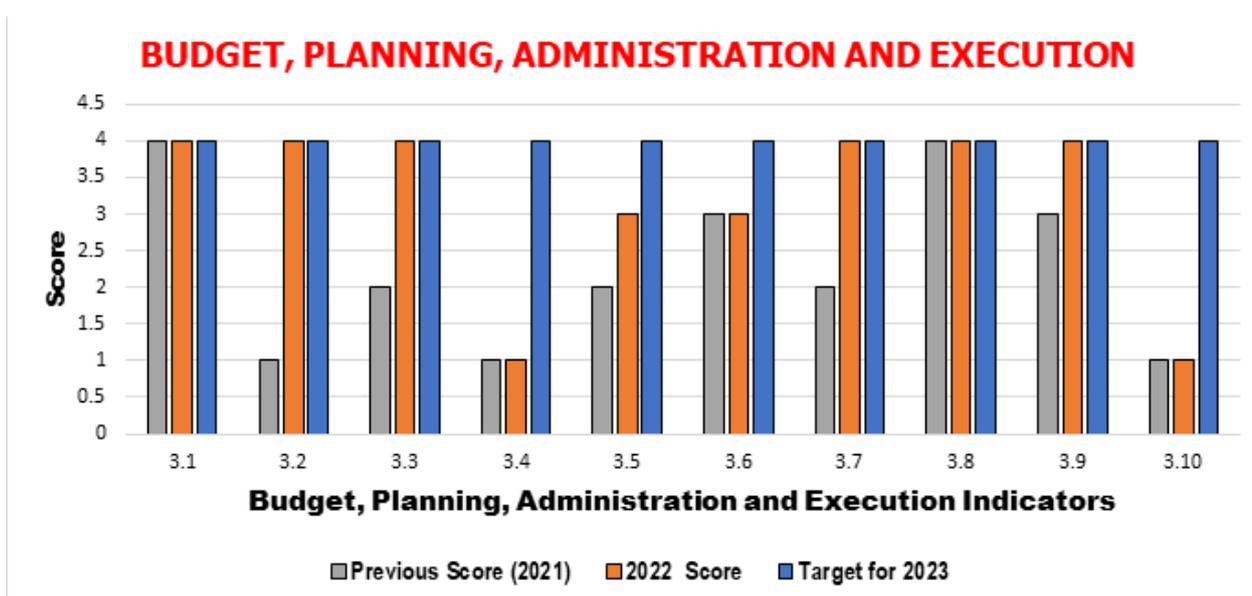
3.0 PILLAR 1: BUDGET PLANNING, ADMINISTRATION AND EXECUTION

Budget Planning, Administration, and Execution are at the heart of good Public Expenditure Management. The indicators under Pillar 1 assess Akwa Ibom State's Budget Planning, Administration and Execution systems and processes. There are 13 indicators to assess the entire cycle from the Calendar, through the Medium-Term Expenditure Framework (MTEF) process (both top down and bottom up) into the annual budget preparation, review, approval, and execution. Summary of scores for Pillar 1 is shown in Table 1 and Figure 1.

Table 1: Summary Scores for Pillar 1 Budget Planning, Administration and Execution

3.0 Budget Planning, Administration and Execution		Previous Score (2021)	2022 Score	Target for 2023
3.1	Fiscal Responsibility Law	4	4	4
3.2	Existence of and adherence to a fixed budget calendar	1	4	4
3.3	Medium-term expenditure and revenue estimates	2	4	4
3.4	Medium Term Sector strategies	1	1	4
3.5	Guidance on budget preparation	2	3	4
3.6	Budget submission to the legislature	3	3	4
3.7	Scope of the legislature's scrutiny of the Budget	2	4	4
3.8	Adequacy of time for the legislature to provide a response to budget proposals	4	4	4
3.9	Timely budget approval by the legislature	3	4	4
3.10	Aggregate expenditure out-turn compared to original approved budget	1	1	4

Figure 1: Summary of Scores for Pillar 1 Budget Planning, Administration and Execution



3.1 FISCAL RESPONSIBILITY LAW

This indicator assesses whether the State has passed a State Fiscal Responsibility Law, if the law does exist, whether the Law covers 8 key elements of a Fiscal Responsibility Law.

The Fiscal Responsibility Law (FRL) is intended to ensure prudence and transparency in the management of financial resources of the State, encourage proper accountability by all organs of government in respect of State resources, make all arms of government, agencies and parastatals subject to and answerable to the provisions of the law in conducting the fiscal affairs of the State, channel expenditure of the State towards provision of public goods, infrastructures, social and economic services, and premise government spending on a credible expenditure management framework. The Nigeria Governors' Forum (NGF) in 2007 committed that individual States should enact the FRL in their respective states.

The indicator scored 4: The Akwa Ibom State Fiscal Responsibility Law was passed in 2020.

Table 2: Indicator 3.1 - Fiscal Responsibility Law

3.1 - Fiscal Responsibility Law			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2021)	4	FRL in place and covered the 8 key elements provided above	Akwa Ibom Fiscal Responsibility Law was passed by SHoA and assented to by the Governor on 2 nd October, 2020. The State FRL covered the 8 key elements of FRL.
Evidence	Akwa Ibom State Fiscal Responsibility Law, 2020		

The indicator scored 4: The 2020 Law covered the 8 key elements of FRL as indicated below.

- Independence of Implementation Organ;
- Medium-Term Fiscal Framework (making it mandatory for Governors to make public and lay before the legislature State Medium-Term Fiscal Framework);
- Annual Budget (clarity that funds can only be disbursed within the limit set in the Appropriation Law and No public expenditure will be made on contracts, agreement or other undertaking except the due process is followed and in accordance with the laid down procedures);
- Maintenance of reserve (rules for setting aside a proportion of State income as reserve/savings);
- Conditions for borrowing, covering the following:
 - Responsibilities for contracting state debt,
 - Responsibilities for recording and reporting state debt, and
 - Fiscal and debt rules and/or limits for the state.

- Transparency and Accountability Rules (mandatory for the state to ensure a timely disclosure and publication of all transactions which involve public revenues and expenditure.

Application of FRL to Local Governments; and Measures to enforce compliance (provisions have been made for enforcement).

3.2 EXISTENCE OF AND ADHERENCE TO A FIXED BUDGET CALENDAR

This indicator assesses if Akwa Ibom State has a clear budget calendar that allows for sufficient time for all parties in the budget process to meaningfully perform their functions such that the appropriation bill is approved by State House of Assembly and assented to by the Governor before the start of the financial year.

The State Ministry of Finance, Ministry of Economic Development, other Ministries, Departments and Agencies (MDAs), the State Executive Council (EXCO), State House of Assembly (SHoA) and Civil Society Organizations (CSOs) actively participate in the budget planning and preparation process. Good practice requires an integrated top-down and bottom-up budgeting process, involving all parties in an orderly and timely manner. Each stage of the budget planning and preparation process must be performed in a particular manner and within a fixed timeline for the Appropriation Bill to be approved by the State House of Assembly before the start of the financial year.

Delays in approving the appropriation bill may create uncertainty about the level of approved expenditures and delays in some government activities, including implementation of major programs and projects.

The Existence of and adherence to a fixed budget calendar - Scoring Matrix is as follows:

Score 4 If a clear annual budget calendar exists, is generally adhered to, and allows MDAs at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time.

Score 3 If a clear annual budget calendar exists and is largely adhered to. The calendar allows MDAs at least four weeks from receipt of the budget circular. Most budgetary units are able to complete their detailed estimates on time.

Score 2 if annual budget calendar exists, and some MDAs comply with it and meet the deadlines for completing estimates.

Score 1 if Performance is less than required for a score of '2'

Table 3: Indicator 3.2 - Existence of and adherence to a Fixed Budget Calendar

3.2 - Existence of and adherence to a Fixed Budget Calendar			
Time Frame	Last budget submitted to SHoA		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	A clear annual budget calendar exists, is generally adhered to, and allows MDAs at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time. The State budget calendar was produced by the AKS Fiscal Responsibility Board.	There is a clear annual Budget Calendar for the State produced by the State Fiscal Responsibility Board. The Budget Calendar is generally adhered to and allows MDAs at least six weeks from receipt of the Budget Circular to meaningfully complete their detailed estimates on time.
Evidence	Budget Call Circular 2022-2023, AKS Standard Budget Calendar		

The indicator scored 4: There is a clear annual Budget Calendar for the State produced by the State Fiscal Responsibility Board. The Budget Calendar is generally adhered to and allows MDAs at least six weeks from receipt of the Budget Circular to meaningfully complete their detailed estimates on time.

3.3 MEDIUM-TERM REVENUE AND EXPENDITURE ESTIMATES

This indicator assesses the extent to which Medium-Term Expenditure Estimates are prepared and updated as part of the annual budget process.

The preparation of medium-term estimates is intended to strengthen fiscal discipline and improve the predictability of budget allocations. Medium-Term Estimates should be disaggregated by high-level administrative, program (or functional), and economic classification. For administrative or program (or functional) classification, estimates should be at a level of detail that identifies the service delivery Program or Department. The revenues should be disaggregated by type of revenue at a level of detail that differentiates state's own revenue from transfers and shared revenues. Also, the estimates of revenue and expenditure should be for the budget year and two following fiscal years considering the economic context. Key demographic and economic indicators, such as inflation rates, interest rates, and Gross Domestic Product growth that are produced by the Federal Government, the State Government itself, or some other reliable institution help the State Government to forecast revenue and expenditure.

The Scoring Matrix is as follows:

Score 4 if Budget documentation fulfils 10 elements, including every basic element (1–4);

Score 3 if Budget documentation fulfils 7 elements, including at least 3 basic elements (1–4);

Score 2 if Budget documentation fulfils at least 3 basic elements (1–4); and

Score 1 if Performance is less than required for a score of '2'.

Table 4: Indicator 3.3 - Medium-Term Expenditure and Revenue Estimates

3.3 - Medium-Term Expenditure and Revenue Estimates			
Time Frame	Last budget submitted to SHoA		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Estimates of expenditure and revenue (by type) for the budget year and the two following fiscal years.	In 2023 Budget, there was in place, Estimates of expenditure and revenue (by economic type) for the budget year and the two following fiscal years and are linked to a macroeconomic framework and mineral sector assumptions. Estimates of expenditure are allocated by administrative or program (or functional) classification and was presented to ExCo and SHoA for review and approval as provided in the State FRL.
Evidence	2022-2024, 2023-2025 MTEF		

The indicator scored 4: An indicate forecast was produced for 2021 budget but the fiscal forecast scenarios were not based on alternative macroeconomic and mineral sector assumptions. Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) was produced for 2022 Budget but the draft document was not

presented to ExCo and SHoA for review and approval as provided in the State FRL. However, for 2023 Budget, there was in place, Estimates of expenditure and revenue (by economic type) for the budget year and the two following fiscal years and are linked to a macroeconomic framework and mineral sector assumptions. Estimates of expenditure are allocated by administrative or program (or functional) classification and was presented to ExCo and SHoA for review and approval as provided in the State FRL.

3.4 EXISTENCE OF COSTED SECTOR STRATEGIES

The indicator ascertains the existence or otherwise of costed Sector Strategies (Medium-Term Sector Strategies.)

Expenditure policy decisions or options should be described in sector strategy documents, which are fully costed in terms of estimates of forward expenditures (including expenditures both of a recurring nature as well as those involving investment commitments and their recurrent cost implications) to determine whether current and new policies are affordable within aggregate fiscal targets. On this basis, policy choices should be made and indicative Medium-Term Sector Allocations established. The extent to which forward estimates include explicit costing of the implication of new policy initiatives, involve clear, strategy-linked selection criteria for investments and are integrated into the annual budget formulation process will then complete the policy-budget link.

Table 5: Indicator 3.4 - Existence of Costed Sector Strategies

3.4 - Medium Term Sector Strategies			
Time Frame	Last budget submitted to SHoA		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Performance is less than required for a score of '2'.	The State is yet to develop medium - term sector strategy for any sector.
Evidence			

The indicator scored 1: There were no costed Medium-Term Sector Strategies. It is believed that with the capacity building undertaken by USAID State2State Activity for State officials on the preparation of Medium Term Sector Strategy, performance on this indicator is hope to be improved during the next assessment.

3.5 GUIDANCE ON THE PREPARATION OF BUDGET SUBMISSIONS

This indicator assesses the clarity and comprehensiveness of top-down guidance on the preparation of budget submissions. It examines the budget Circular(s), to determine whether clear guidance on the budget process is provided, including whether expenditure ceilings or other allocation limits are set for MDAs and/or functional areas.

The formal annual budget preparation process starts with the issuance of annual Budget Call Circular (BCC) to all MDAs. The budget for the entire upcoming fiscal year (and relevant subsequent years for medium-term budget systems) should be covered in the guidance provided by the Circular(s). The Circular should also set out the budget procedures for the preparation of the budget. To avoid last-minute

changes to budget proposals, it is important that political leadership is actively involved in setting aggregate allocations on expenditure priorities from an early stage of the budget preparation process. This should be initiated through review and approval of the ceilings in the Budget Circular, either by approving the Budget Circular or by approving a preceding proposal for aggregate ceilings—for example, in a budget outlook paper or approved Medium Term Fiscal Outlook or Framework.

The Guidance on budget preparation - Scoring Matrix is as follows:

Score 4 If a comprehensive and clear budget call circular or circulars are issued to MDAs, covering total budget expenditure for the full fiscal year. The budget reflects MDAs ceilings approved by ExCo prior to the circular's distribution to MDAs.

Score 3 If a comprehensive and clear budget call circular is issued to MDAs, which reflects ceilings approved by ExCo. This approval takes place after the circular distribution to MDAs, but before MDAs have completed their submission.

Score 2 If a budget call circular is issued to MDAs, including ceilings for individual administrative units or functional areas. The budget estimates are reviewed and approved by ExCo only after they have been completed in all details by MDAs, thus seriously constraining ExCo's ability to make adjustments.

Score 1 if the Performance is less than required for a score of '2'

Table 6: Indicator 3.5 - Guidance on budget preparation

3.5 - Guidance on budget preparation			
Time Frame	Last budget submitted to SHoA		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	A clear budget call circular was issued to MDAs, which reflects ceilings approved by ExCo in MTEF document. This approval took place after the State Budget Office Circular distribution to MDAs, but before MDAs have completed their submission.	The 2022 and 2023 budget call circular s were issued to MDAs, with ceilings. But the approval of the ceilings by ExCo in MTEF document took place after the State Budget Office Circular to MDAs have already been distributed but before MDAs completed their submissions.
Evidence	2022 and 2023 Budget Call Circulars (for Recurrent and Capital Expenditure)		

The indicator scored 3: For 2021 budget, MDAs were requested in the Budget Call Circular to adopt as ceiling, their total capital expenditure in the 2020 approved budget. The ceilings (i.e., to adopt 2020 approved capital expenditure as ceilings) were not approved by EXCO prior to issuance of Call Circular. The 2021 budget size of MDAs were approved by EXCO when the draft consolidated Budget was presented to EXCO for review and approval. However, for 2022 and 2023 Budgets, comprehensive and clear budget Call Circulars were issued to MDAs, which reflect ceilings approved by ExCo in MTEF document. This approval took place after the State Budget Office Circulars had already been issued and distribution to MDAs, but before MDAs had completed their submissions.

3.6 BUDGET SUBMISSION TO THE LEGISLATURE

This indicator assesses the timeliness of the submission of the State Budget to the SHoA so that the SHoA has adequate time for its budget review and the budget proposal can be approved before the start of the fiscal year.

The Budget submission to the Legislature- Scoring Matrix is as follows:

Score 4 If the Executive has submitted the Annual Budget proposal to the SHoA at least two months before the start of the fiscal year in each of the last three years.

Score 3 If the Executive has submitted the Annual Budget proposal to the SHoA at least two months before the start of the fiscal year in two of the last three years and submitted it before the start of the FY in the third year.

Score 2 If the Executive has submitted the Annual Budget proposal to the SHoA at least one month before the start of the fiscal year in two of the last three years.

Score 1 if the Performance is less than required for a score of '2'

Table 7: Indicator 3.6 - Budget Submission to the Legislature

3.6 - Budget submission to the legislature			
Time Frame	Last three (3) Budget submitted to SHoA		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	The Executive has submitted the Annual Budget proposal to the SHoA at least two months before the start of the fiscal year in two of the last three years and submitted it one month and 27 days before the start of the FY in the third year.	2019 Budget was submitted to SHoA on 14/11/2018; 2020 budget was submitted to SHoA on 10/10/2019; 2021 Budget was submitted to SHoA on 20/10/2020 ; 2022 Budget was submitted to SHoA on 26/10/2021 and 2023 Budget forwarded to SHoA on 10/10/2022 but presented at SHoA on 7/11/2022.
Evidence	SHoA records and Budget speech by His Excellency, the Governor of Akwa Ibom State.		

The indicator scored 3: The Governor presented the 2019 budget in November of the preceding year and the 2020, 2021 and 2022 Budgets to SHoA in October of the preceding year. However, the Governor forwarded the 2023 Budget to SHoA on 10th October, 2022 but the SHoA scheduled for the Governor's presentation on the 7th November, 2023 (i.e., two of the last three years budgets were presented to SHoA at least two months before the end of the year while one year budget (i.e. 2023) was forwarded to SHoA within the required timeframe (i.e. 10/10/2022) but made to present at the floor of the SHoA one month and 27 days before the end of the year as shown in Table 8 below.

Table 8: Appropriation Bill: Submission, Passage and Governor's Assent Dates

Year	Date Presented to SHoA	Date of Passage of Bill into Law by SHoA	Date of Governor's Assent
2018	November 21, 2017	February 13, 2018	February 21, 2018
2019	November 11, 2018	March 13, 2019	March 20, 2019
2020	October 10, 2019	December 5, 2019	December 18, 2019
2021	October 10, 2020	December 8, 2020	December 10, 2020
2022	October 26, 2021	December 2, 2021	December 20, 2021
2023	November 7, 2022	December 15, 2022	December 30, 2022

Source: Compiled from records submitted by the SHoA

3.7 SCOPE OF THE LEGISLATORS' SCRUTINY OF THE BUDGET

This indicator relates to whether the debate on and scrutiny of budget documents by the State House of Assembly cover fiscal policies, medium-term fiscal forecasts, and medium-term priorities as well as the specific details of expenditure and revenue estimates including estimates of costs of completing past approved policies and/or projects according to originally promised timelines and costs of implementing education or health services to meet standards/guidelines in place.

Section 120(2) of the 1999 Constitution (as amended) provides that “No moneys shall be withdrawn from the Consolidated Revenue Fund of the State except to meet expenditure that is charged upon the fund by this Constitution or where the issue of those moneys has been authorized by an Appropriation Law, Supplementary Appropriation Law or Law passed in pursuance of section 121”. If the State House of Assembly does not rigorously examine and debate the law, that power is not being effectively exercised and will undermine the accountability of the government to the electorate.

Table 9: Indicator 3.7 - Scope of the legislature's Scrutiny of the Budget

3.7 - Scope of the legislature's scrutiny of the Budget			
Time Frame	Last approved budget		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	The SHoA's review covers details of expenditure and revenue.	Executive presented the detail budget (i.e., revenue and expenditure) to SHoA with other the supporting documents such as macroeconomic and mineral assumptions used for forecasts, explanation for policies guiding budget as contained in the approved 2023-2025 MTEF.
Evidence	SHoA records and Budget speech by His Excellency, the Governor of Akwa Ibom State.		

The indicator scored 4: The Executive Budget presented to SHoA for review covered fiscal policies, medium-term fiscal forecasts, and medium-term priorities as well as details of expenditure and revenue revenue with already passed 2023-2025 MTEF/FSP as additional supporting documents which contain macroeconomic and mineral assumptions used for forecasts, explanation for policies guiding budget, Debt stock, Summary information of fiscal risks, etc. Therefore, review of 2023 Budget handled in 2022 financial year by SHoA covered the relevant details. The presentation of the 2023-2025 MTEF/FSP to SHoA and their approval brought in an improvement to the scope of legislative scrutiny from the 2022 Budget where only revenue and expenditure without other supporting documents was presented to SHoA.

3.8 ADEQUACY OF TIME FOR THE LEGISLATURE TO PROVIDE A RESPONSE TO BUDGET PROPOSALS.

This indicator flows from 3.7 above; it relates to the time allowed at the State House of Assembly for the scrutiny and debate of the detailed estimates. The time allowed for the scrutiny and debate is an indication of detailed and rigorous examination and debate of the law.

The Adequacy of Time for the Legislature to Provide a Response to Budget Proposals - Scoring Matrix is as follows:

Score 4 If the SHoA has at least eight weeks to review the budget proposals.

Score 3 If the SHoA has at least six weeks to review the budget proposals

Score 2 If the SHoA has at least four weeks to review the budget proposals

Score 1 If Performance is less than required for a score of '2'

Table 10: Indicator 3.8 - Adequacy of time for the Legislature to Provide a Response to Budget Proposals

3.8 - Adequacy of time for the legislature to provide a response to budget proposals			
Time Frame	Last approved budget		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	SHoA has at least eight weeks to review the budget proposals	2021 Budget was submitted to SHoA on 20/10/2020 and approved on 08/12/2020 (i.e., 8 weeks after date of submission) while 2022 Budget was submitted to SHoA on 26/10/2021 and approved on 02/12/2021 (i.e., 7 weeks after date of submission) whereas 2023 Budget was submitted to SHoA on 10/10/2022, presented on 07/11/2022 and approved on 15/12/2022 (i.e., 9 weeks after date of submission)
Evidence	SHoA records and ExCo records.		

The indicator scored 4: The Governor presented the 2021 Executive Budget Proposal to SHoA on 20th October 2020 and the SHoA approved the budget on 8th December 2020 (8 weeks after date of presentation). The 2022 Executive Budget Proposal was presented to SHoA on 26th October 2021 and the SHoA approved the budget on 2nd December, 2021 (8 weeks after date of presentation) whereas the Governor forwarded the 2023 Executive Budget Proposal to SHoA on 10th October 2022 while SHoA scheduled the presentation on 7th November, 2022 and the SHoA approved the budget on 15th December 2022 (6 weeks after date of presentation and 10 weeks from the date forwarded). In all, Members of SHoA had sufficient time for to review and subject the budget proposal to rigorous scrutiny as well as provide realistic response to the budget proposal to MDAs.

3.9 TIMELY BUDGET APPROVAL BY THE LEGISLATURE

The indicator assesses timeliness in the approval of the Appropriation Bill by the SHoA.

Good practice requires that the planning, preparation, and approval of the budget must be completed on or before the start of the financial year (i.e., January 1). The first challenge of the budget process in Nigeria is that the Federal, and most States Budgets are approved many months into the financial year. Late approval of the budget has been identified as a major cause for non-implementation of the budget and variation between budget and actual performance.

The Timely budget approval by the legislature - Scoring Matrix is as follows:

Score 4 If the SHoA approved and Governor assented to the annual budget before the start of the year in each of the last three fiscal years.

Score 3 If the SHoA approved and Governor assented to the annual budget before the start of the year in two of the last three fiscal years, with a delay of up to one month in the third year.

Score 2 If the SHoA approved and Governor assented to the annual budget within one month of the start of the year in two or more of the last three fiscal years.

Score 1 If Performance is less than required for a score of '2'

Table 11: Indicator 3.9 - Timely budget approval by the legislature

3.9 - Timely budget approval by the legislature			
Time Frame	Last approved budget		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	The SHoA approved and Governor assented to the annual budget before the start of the year in even all the last four fiscal years.	2019 Budget was approved on 12/03/2019; 2020 Budget was approved on 05/12/2019; 2021 Budget was approved on 08/12/2020; 2022 Budget was approved on 02/12/2021; 2023 Budget was approved on 15/12/2022.
Evidence	SHoA records and ExCo records.		

The indicator scored 4: 2019 budget was approved in March, 2019, two months into the fiscal year the budget was meant for while 2020, 2021, 2022 and 2023 Budgets were approved by SHoA in December and signed into law by the Governor in December before the start of the budgets' financial year (i.e., January 1st).

3.10 - Aggregate expenditure out-turn compared to original approved budget.

This indicator measures the deviation of actual expenditure from the budgeted expenditure originally approved by the SHoA and assented by the Governor at the commencement of the fiscal year.

The ability to implement the budgeted expenditure as originally planned is an important factor in supporting the government's ability to deliver the public services for the year as expressed in policy statements, output commitments and work plans. The indicator reflects this by measuring the actual total expenditure compared to the originally budgeted total expenditure (as defined in government budget documentation and audited accounts). It is to be noted that this indicator covers ALL expenditure (i.e., including Debt Servicing and Donor funded expenditure). The indicator assessed for 2022 financial year in this 2022 Annual Report was with 2022 draft Financial Statements as the Statements was yet to be audited by the Auditor General of the State.

The Aggregate Expenditure Out-turn compared to original approved Budget- Scoring Matrix is as follows:

Score 4 for the Indicator is Less than 10% deviation (positive or negative);

Score 3 for the Indicator is Less than 15% deviation (positive or negative);

Score 2 for the Indicator is Less than 25% deviation (positive or negative) and

Score 1 signifies that Performance is less than required for a score of '2'.

Table 12: Indicator 3.10 - Aggregate expenditure out-turn compared to original approved budget

3.10-Aggregate expenditure out-turn compared to original approved budget			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Performance is less than required for a score of '2'.	Aggregate expenditure outturn of 40.4% for 2022 budget even lower than 41.2% for 2021.
Evidence	2022 Approved Budget and 2022 Draft Financial Statements		

The indicator scored 1: The aggregate expenditure outturn of 2022 Budget is 40.4% with score of 1. The aggregate expenditure outturn of 2021 budget was 41.2%, while that of 2020 was 48% whereas aggregate expenditure outturn of 2019 budget was 37.2%.

Table 13: Summary Of 2022 Full Year Budget Performance Report

SUMMARY OF 2022 FULL YEAR BUDGET PERFORMANCE REPORT			
DETAILS	APPROVED AMENDED REVISED PROVISION 2022 N	ACTUAL (JAN-DEC., 2022) (UNAUDITED) N	% PERFORMANCE
Revenue Internal Sources	41,826,466,000	28,394,003,176.22	67.9
Retained Revenue of Parastatals	2,027,490,000	1,144,996,235.75	56.5
Sub-Total (Internally Generated Revenue)	43,853,956,000	29,538,999,411.97	67.4
Statutory Revenue	50,000,000,000	38,167,703,702.73	76.3
Derivation Revenue	180,000,000,000	237,572,899,902.97	132.0
Excess Crude, Exchange gain, Augmentation and Others	40,000,000,000	17,758,030,008.49	44.4
Value Added Tax (VAT)	25,000,000,000	27,625,165,302.18	110.5
Total (Recurrent Revenue)	338,853,956,000	350,662,798,328	103.5
Less			
a) Personnel Costs	71,082,847,070	56,491,258,297.88	79.5
b) Overhead Costs	160,950,707,190	93,975,142,474.37	58.4
c) Social contribution and Social Benefits (Pensions & Gratuity)	27,200,000,000	20,361,335,499.74	74.9
d) Grant, Contributions and Subsidies	1,200,000,000	934,117,737.96	77.8
e) Public Debt Services	74,700,000,000	60,012,200,739.86	80.3
Total (Recurrent Expenditure)	335,133,554,260	231,774,054,749.81	69.2

Source: Akwa Ibom State Budget Office, Uyo

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SUMMARY OF 2022 FULL YEAR BUDGET PERFORMANCE REPORT (Contd.)			
DETAILS	APPROVED AMENDED REVISED PROVISION 2022 N	ACTUAL (JAN-DEC., 2022) (UNAUDITED) N	% PERFORMANCE
Recurrent Surplus(Transfer from consolidated Revenue Fund)	3,720,401,740	118,888,743,578.53	3,195.6
Opening Balance	44,550,445,560	44,550,445,553.00	100.0
Direct Credit Substitute/Discounting Facility	160,000,000,000	56,582,548,950.18	35.4
External Bank Loan	3,990,000,000	-	-
Grants	24,168,164,000	4,725,086,259.87	19.6
Ecological Funds	25,000,000,000	553,447,259.87	2.2
Investment Income	200,000,000	137,226,077.08	68.6
Reimbursement from Federal Government on Roads	15,000,000,000	-	-
Other exceptional income 13% Derivation Revenue Account	41,434,993,500	26,685,093,381.34	64.4
Stabilization Account	1,000,000,000	-	-
Refund from Federal Government/Federal Account	39,118,475,400	-	-
Total(Capital Receipts)	358,182,480,290	252,122,591,059.87	70.4
Total(Capital Expenditure)	358,182,480,290	181,602,322,042.95	50.7
BUDGET SIZE	693,316,034,550	413,376,376,792.76	59.6

Source: Akwa Ibom State Budget Office, Uyo

CHAPTER FOUR

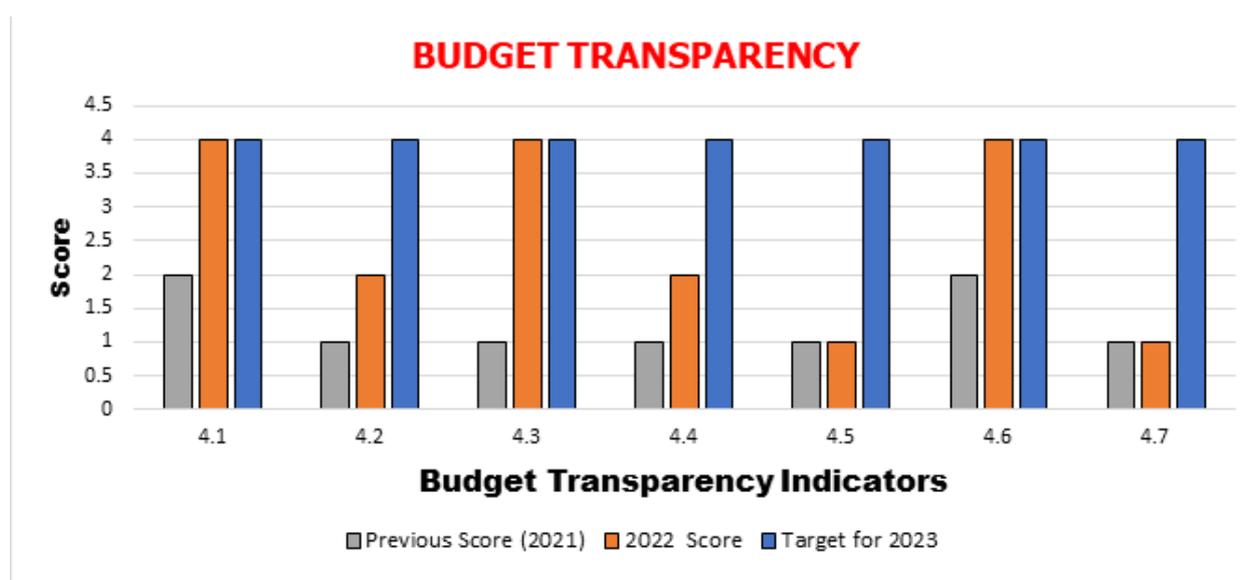
4.0 PILLAR 2: BUDGET TRANSPARENCY

Budget transparency as a measure of the public disclosure of all relevant fiscal information in a timely and systematic manner provides the foundation for accountability and quality service delivery in governance. The seven (7) indicators under this pillar assess the public access to State and Local Government fiscal information from the availability of the legal framework for disclosing public information, through the comprehensiveness of the fiscal information, into the timeliness, format and citizens' ability to analyse the information disclosed. Summary of scores for Pillar 2 is shown in table 14 and figure 2.

Table 14: Summary Scores for Pillar 2: Budget Transparency

4.0 Budget Transparency		Previous Score (2021)	2022 Score	Target for 2023
4.1	Budget Classification	2	4	4
4.2	Citizens' engagement in the budget process - budget planning, administration and execution	1	2	4
4.3	Comprehensiveness of Information Provided in Budget Documentation	1	4	4
4.4	Public access to fiscal information (State Government)	1	2	4
4.5	Public access to fiscal information (Local Government)	1	1	4
4.6	Citizens' Budget (State Government)	2	4	4
4.7	Citizens' Budget (Local Government)	1	1	4

Figure 2: Summary of Scores for Pillar 2



4.1 BUDGET CLASSIFICATION

This indicator assesses the State's budget classification to determine if the entire budget cycle - budget formulation, execution and reporting are based on every level of administrative, economic, location, programme and functional classification using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards.

The tracking of expenditure and revenues against administrative, functional/sub-functional, economic, and programme categories is largely dependent on the robustness of the budget classification system. In recognition of the above, the National Economic Council (NEC) and Federal Executive Council (FEC) adopted the Government Finance Statistics (GFS) classification and also approved that the Federation Account Allocation Committee (FAAC) sub-committee produce National Chart of Accounts (NCOA) and reporting templates. The NCOA, which has six (6) segments with a total of 52 digits, was approved for use by federal, states and local governments to produce an IPSAS-compliant budget and Accounting Statements on the Cash Basis of accounting from 2014, and Accrual Basis accounting from 2016.

The Budget Classification - Scoring Matrix is as follows:

Score 4 If Budget formulation, execution, and reporting are based on every level of administrative, economic, location, programme and functional, classification using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards.

Score 3 If Budget formulation, execution, and reporting are based on administrative, economic, and functional classification, using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards.

Score 2 If Budget formulation, execution, and reporting are based on administrative and economic classification using GFS standards (at least level 2 of the GFS standard— 2 digits) or a classification that can produce consistent documentation comparable with those standards.

Score 1 is if Performance is less than required for a score of '2'

Table 15: Indicator 4.1 – Budget Classification

4.1 - Budget Classification			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	2022 and 2023 Budgets formulation, execution, and reporting are based on every level of administrative, economic, location, programme and functional, classification using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards.	The 2023 Budget formulation, execution, and reporting are based on every level of administrative, economic, location, programme and functional, classification using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards.
Evidence	The 2019 Approved Budget The 2020 Approved Budget The 2021 Appropriation Law The 2022 Approved Budget The Accountant General's Draft Financial Statements		

The indicator scored 4. The 2020 Budget formulation, execution and reporting, such as the 2020 approved budget, in-year budget performance reports, the Report of the Accountant General and the 2019 Audited Financial Statements were only based on administrative and economic classification using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards. The State has columns for location, programme and functional classifications in the 2020 and 2021 Budget, but classifications are not truly based on location, programme and functions. As part of the ongoing governance reforms, the State has adopted the use GFS/COFOG standards which classification can produce consistent documentation comparable with those standards in the 2022 budget formulation, execution and reporting.

Equally, the 2023 Budget formulation, execution, and reporting are based on every level of administrative, economic, location, programme and functional, classification using GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards

4.2 CITIZENS' ENGAGEMENT IN THE BUDGET PROCESS - BUDGET PLANNING, ADMINISTRATION, AND EXECUTION

This indicator assesses the level of State Government engagement with citizens and stakeholders in the budget process and covers the ten key elements of citizens' engagement and participation in the budget process.

Citizens' engagement in the budget process –planning, administration, execution and audit enables the citizens to make inputs in the budget process. Citizens' input does not only lead to allocative efficiency improvement. It enhances the acceptance of government programmes, improves social justice, government's credibility and trust within the State as well as effective and efficient service delivery. The building of sustainable public institutions, which promotes accountable, responsive and government/governance is easier when the citizens are involved in the budget process.

The ten key elements covered by the assessment are:

1. Whether the State has formal process for engaging citizens during the budget formulation process?
2. Does the state ExCo hold consultations with the public on development plans?
3. Does the state Ministry of Finance and Ministry of Budget and Planning hold consultations with the public on Fiscal Strategy Paper?
4. Does the state MDAs hold consultations with the public on sector strategies?
5. Does the state ExCO and MDAs hold consultations with the public on draft Budget Estimates?
6. Does the state have functional feedback and response mechanisms

- (suggestion box, website, dedicated phone, dedicated team and others)?
7. Does the state ExCo and MDAs provide formal feedback to the public on how their inputs have been used to develop the State Draft Budget Estimates?
 8. Are the Citizens' inputs from formal public consultations on State Draft Budget published online?
 9. Does the state ExCo (including MDAs) have established practical mechanisms to identify the public's perspective on budget execution?
 10. Does the state ExCo (including MDAs) provide formal feedback to the public on how their inputs have been used to improve budget execution?

The Citizens' engagement in the budget process - Budget Planning, Administration, and Execution – Scoring Matrix is as follows:

Score 4 is when the Engagement processes cover element 1, 7 & 8 and at least any 5 others key elements provided above;

Score 3 is when the Engagement processes cover element 1, 7 & 8 and at least any 3 others key elements provided above;

Score 2 is when the Engagement processes cover at least any 4 key elements provided above

Score 1 is when Performance is less than required for a score of '2'.

Table 16: Indicator 4.2 – Citizens' engagement in the budget process - Budget

4.2 - Citizens' engagement in the budget process - Budget Planning, Administration and Execution			
Time Frame	Last budget submitted to SHoA (for elements 1-6), Last completed fiscal year (for elements 7&8)		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	The Citizen Engagement processes cover 5 key elements provided excluding Element 7 (at least 4 is for a Score of 2).	The State fulfilled 5 key basic elements (1, 3, 5, 6, & 8) of citizens' engagement and participation in the 2022 and 2023 budgets process and missed out in 5 other basic elements (2, 4, 7, 9 & 10). For not fulfilling element 7 alone which is: The State ExCo and MDAs providing formal feedback to the public on how their inputs have been used to develop the State draft Budget, the State lost out the Score of 3 or 4. However, whereas the State has feedback and response mechanisms, such as website, emails, telephone numbers published online, the mechanisms are not as functional as they should be. The State engaged the citizens during the 2022 and 2023 Budget proposal (before submission to the SHoA).
Evidence	Report of the Public hearing on the 2022 and 2023 budgets; Attendance list to the public hearing on the 2022 and 2023 budget; Photo gallery		

The indicator scored 2. The State, through the Ministry of Economic Development (MED), constituted Citizens Budget Committee made up of citizens group and the MED as adhoc platform to gather citizens input into the State's budget process. However, the Committee as it were, acts more as a validation platform rather than an inputs collection and collation structure during the budget formulation process. Nonetheless, the State fulfilled 5 key basic elements (1, 3, 5, 6, & 8) of citizens' engagement and participation in the 2022 and 2023 budgets process. The elements fulfilled in the 2022 and 2023 Budgets process are the following:

- the State has formal process for engaging citizens during the budget formulation process
- the state Ministry of Finance and Ministry of Economic Development hold consultations with the public on Fiscal Strategy Paper
- the state MDAs hold consultations with the public on draft Budget Estimates
- the State has functional feedback and response mechanisms (website, email, dedicated telephone numbers)
- Citizens' inputs from formal Public Consultations on State Draft Budget are published online.

In order to improve on the Score, The State Ministry of Economic Development needs to most importantly fulfil Element 7 where the State ExCo and MDAs provide formal feedback to the public on how their inputs have been used to develop the State Draft Budget Estimates

The elements which the State has not fulfilled in the 2022 and 2023 Budgets process and needs to accomplish are the following:

- the state ExCo should hold consultations with the public on development plans
- the state MDAs should hold consultations with the public on sector strategies
- the state ExCo and MDAs should provide formal feedback to the public on how their inputs have been used to develop the State Draft Budget Estimates
- the state ExCo (including MDAs) should have established practical mechanisms to identify the public's perspective on budget execution
- the state ExCo (including MDAs) should provide formal feedback to the public on how their inputs have been used to improve budget execution

4.3 COMPREHENSIVENESS OF INFORMATION PROVIDED IN BUDGET DOCUMENTATION

This indicator assesses the comprehensiveness of the information provided in the annual budget documentation submitted to the SHoA, to ascertain if it allows a complete picture of the State government's fiscal forecasts, budget proposals, and outturn of the current and previous fiscal years, as measured against a specified list of four basic and eight additional elements.

The SHoA's ability to effectively carry out constitutionally assigned responsibility of budget scrutiny and approval is largely dependent on the comprehensiveness of the information provided in the annual budget documentation. This, in turn, ensures the integrity and quality of the reports. The set of budget documents provided by the

executive should show clearly the fiscal targets and the level of expenditures compatible with the set targets, expenditure policies and resources allocated in conformity with both policies and fiscal targets, macroeconomic assumptions, and outturn of the current and previous fiscal years (including mechanisms for aggregate expenditure control and strategic allocation of resources and how it addresses operational efficiency and performance issues).

The scoring requirements refer to the number of elements that are included in the last annual budget proposals submitted by ExCo to SHoA. The full specification of the information benchmark must be met to be counted in the score. The elements are as follows:

Basic elements

1. Forecast of the fiscal deficit or surplus or accrual operating result.
2. Previous year's budget outturn presented in the same format as the budget proposal.
3. Current fiscal year's budget presented in the same format as the budget proposal. This can be either the revised budget or the estimated outturn.
4. Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used, including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates. (Budget classification is covered in 2.A above).

Additional elements

5. Deficit financing, describing its anticipated composition.
6. Macroeconomic and mineral sector assumptions, including at least estimates of national GDP growth, national inflation, the exchange rate (US Dollar), crude oil price and crude oil production.
7. Debt stock, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard.
8. Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard.
9. Summary information of fiscal risks, including contingent liabilities such as guarantees, and contingent obligations embedded in structured financing instruments such as public private partnership (PPP) contracts, and so on.
10. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs.
11. Documentation on the medium-term fiscal forecasts.
12. Quantification of tax expenditures where applicable.

The Comprehensiveness of Information Provided in Budget Documentation - Scoring Matrix is as follows:

Score 4 if Budget documentation fulfils 10 elements, including every basic element (1–4);

Score 3 if Budget documentation fulfils 7 elements, including at least 3 basic elements (1–4);

Score 2 if Budget documentation fulfils at least 3 basic elements (1–4); and

Score 1 if Performance is less than required for a score of '2'.

Table 17: Indicator 4.3 – Comprehensiveness of Information Provided in Budget Documentation

4.3 - Comprehensiveness of Information Provided in Budget Documentation			
Time Frame	Last budget submitted to SHoA		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	With the development of the EFU-FSP-BPS (2022-2024) for 2022 Budget and EFU-FSP-BPS (2023-2025) for 2023 Budget, the 2022 and 2023 Budget proposals improved and fulfilled all the first 11 elements of comprehensiveness of information provided in budget documentation in compliance with the State's Fiscal Responsibility Law and the Indicator secures a Score of 4.	<p>The 2021 proposed budget submitted to the SHoA fulfilled only two (3&4) out of the four key basic elements and additional elements.</p> <p>The 2022 and 2023 proposed budget submitted to the SHoA fulfilled all the four key basic elements and seven additional elements since those elements were contained in the MTEF approved by the SHoA.</p>
Evidence	The 2022 budget approved budget		

The indicator scored as 4. The 2021 Budget proposal fulfilled only the 2 basic elements out of the 4 basic elements and additional 8 elements. The detail of the elements fulfilled by the 2021 budget proposal is as below:

Basic elements

1. Current fiscal year's budget presented in the same format as the budget proposal. This can be either the revised budget or the estimated outturn.
2. Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used, including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates.

With the development of the EFU-FSP-BPS (2022-2024) for 2022 Budget and EFU-FSP-BPS (2023-2025) for 2023 Budget, assisted by the USAID State2State Activity in the State, the 2022 and 2023 Budget proposals improved and fulfilled all the first 11 elements of comprehensiveness of information provided in budget documentation in compliance with the State's Fiscal Responsibility Law and Indicator secures a Score of 4.

4.4 PUBLIC ACCESS TO FISCAL INFORMATION (STATE GOVERNMENT)

This indicator assesses the public access to fiscal information, the format and quality of fiscal information made available, medium of access, and usability of the fiscal information for analysis and effective engagement with the State.

Public access to fiscal information is considered critical to fiscal transparency and accountability, especially, if the information is easily and freely accessible to the general public, without restriction, and within a reasonable time.

Fiscal transparency depends on whether information on state government fiscal plans, positions, and performance is easily accessible to the general public. Public access is defined as availability without restriction, within a reasonable time, without a requirement to register, and free of charge.

Public access to the following information is considered critical:

Basic elements

1. Annual executive budget proposal documentation. A complete set of executive budget proposal documents (as presented by the state government) is available to the public within one week of the executive's submission of them to the SHoA.
2. Enacted budget. The annual budget law approved by the SHoA and assented by the Governor is publicized within two weeks of Governors assent.
3. In-year budget execution reports (at least quarterly reports). The reports are routinely made available to the public within one month of their issuance.
4. Annual budget execution report. The report is made available to the public within six months of the fiscal year's end.
5. Audited annual financial report, incorporating or accompanied by the external auditor's report. The reports are made available to the public within nine months of the fiscal year's end.

Additional elements

6. Pre-budget statement (for example, MTEF or EFU-FSP-BPS). The broad parameters for the executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year.
7. Summary of the budget proposal. Either (i) a clear, simple summary of the executive budget proposal is publicly available within two weeks of the executive budget proposal's submission to the SHoA, or (ii) the enacted budget understandable by the non-budget experts, often referred to as a 'citizens' budget,' and where appropriate translated into the most commonly spoken local language(s), is publicly available within one month of the budget's approval.
8. Citizens Accountability Report based on audited financial statements/reports

made available two weeks of the preparation of audited financial report.

The Public Access to Fiscal Information (State Government) - The Scoring Matrix is as follows:

Score 4 is when the State Government makes available to the public seven elements, including all five basic elements, in accordance with the specified time frames

Score 3 is when the State Government makes available to the public five elements, including at least four basic elements, in accordance with the specified time frames

Score 2 is when the State Government makes available to the public four basic elements, in accordance with the specified time frames.

Score 1 is when the performance is less than required for a score of '2'.

Table 18: Indicator 4.4 – Public Access to Fiscal Information (State Government)

4.4 - Public Access to Fiscal Information (State Government)			
Time Frame	Last completed fiscal year		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	The 2022 Indicative Score is 2 an improvement from 1 in the 2021 Assessment as a result of interventions which made the State to fulfill only 4 Basic Elements (1,3,4 &5) and 2 additional Elements (6 &7) making it a total of 6 fulfilled elements.	The 2022 Indicative Score is 2 an improvement from 1 in the 2021 Assessment as a result of interventions which made the State to fulfill 4 Basic Elements (1,3,4 &5) and 1 additional Element (No.6) making it a total of 5 fulfilled elements . The detailed justification is as presented below
Evidence	1st quarter 2022 Budget implementation report 2nd quarter 2022 Budget implementation report 3rd quarter 2022 Budget implementation report 4th quarter 2022 and Annual Budget (January - December 2022) implementation report 2021 1st Quarter 2021 Budget Implementation Report 2021 Citizens Budget 2021 Proposed Budget 2021 Appropriation Law 2021 Approved Budget 2019 2020 and 2021 Audited Financial Statements (Auditor's Report)		

The indicator is scored as “2”. The 2021 Assessment score was 1 as the State met 3 (elements 1, 3, and 4) out of the 5 key basic elements of public access to fiscal information. The 2019 MTEF or EFU-FSB-BPS and Citizens' Accountability Report were not prepared; hence, not publicly available. In-year budget execution reports were made available for the 4 quarters in the year 2020 and were published online within the specified time frames of four weeks, while the 2020 annual execution report was published as part of the 4th quarter 2020 in-year report. The enacted budget was published online on January 23, 2021, which was outside the specified time frame of two weeks of Governors assent. The 2021 enacted budget was published after 35 days (6 weeks, 2 days) after the Governor assented to the law on 10th December, 2020. The 2019 Audited Financial Report was also available on May 8, 2021 (16 months after the end of fiscal year), which was outside the specified time frame of 9 months after the end of fiscal year.

Overall, the State then met only three basic elements in accordance to with the specified time frames. The elements fulfilled under the public access to fiscal information are:

Basic elements

- i. Annual executive budget proposal documentation. A complete set of executive budget proposal documents (as presented by the state government) was available to the public within one week of the executive's submission of them to the SHoA.
- ii. In-year budget execution reports (at least quarterly reports). The reports were routinely made available to the public within one month of their issuance.
- iii. Annual budget execution report. The report was made available to the public within six months of the fiscal year end.

The 2022 Indicative Score is 2 an improvement from 1 in the 2021 Assessment as a result of interventions which made the State to fulfill 4 Basic Elements (1,3,4 &5) and 1 additional Element (No.6) making it a total of 5 fulfilled elements.

The fulfilled elements are as follows:

Basic elements

- a. **Basic element 1:** Annual executive budget proposal documentation (as presented by the state government) was available to the public within one week of the executive's submission of them to the SHoA. This was attached on invitation of CLO to Public hearing.
- b. **Basic element 3:** In-year 2022 budget execution reports were routinely made quarterly available to the public on Website as follows: Q1-28/4/2022; Q2-28/7/2022; Q3-28/10/2022 and Q4-28/1/2023 all within one month of their issuance.
- c. **Basic element 4:** 2022 Annual budget execution report was also made available to the public on 28th January, 2023. This was within six months of the fiscal year's end, as required.
- d. **Basic element 5:** Audited annual financial report, incorporating or accompanied by the external auditor's report for 2020 and 2021 Financial Years were respectively made available to the public on the Website on 31st July, 2021 and 30th June, 2022. The reports were made available to the public within nine months of the fiscal year's end, as required.

Additional element

- e. **Additional element 6:** Pre-budget statement (i.e. 2022-2025 MTEF or EFU-FSP-BPS) was made available to the public on the Website on 16th September, 2021 (which was within four months before the start of the fiscal year.

The State did not make the following Elements available within the specified timeframe:

Basic element

- i. **Basic element 2:** The 2022 annual budget law approved by the SHoA and assented by the Governor was publicized on the State Website on 25th January, 2022 (5 weeks and 3 days from 20th December, 2021 date of the Governor's assent). This was outside two weeks of Governor's assent in line with the indicator.

Additional element

- ii. **Additional elements 7:** The enacted budget understandable by the non-budget experts, often referred to as a '**citizens' budget**,' was publicly available on the Website on 29th April, 2022 (Four months after budget approval). This was not within one month of the budget's approval as required
- iii. **Additional elements 8:** Citizens Accountability Report based on audited financial statements/reports was made available to the Public on Website on 30th September, 2022 (3 months and 4 days of the preparation of audited financial report on 27th June, 2022). This was outside two weeks of the preparation of audited financial report as required

To improve on Indicator for Public Access to Fiscal Information, The State MDAs need to:

Basic elements

- a. Make available to the public on the Website within one week of the executive's submission to the SHoA, Annual executive budget proposal documentation (as presented by the state government). **In this regards, the SHoA needs to have a Website.**
- b. Publicized on the State Website on within two weeks of Governor's assent in line with the indicator, the annual budget law approved by the SHoA and assented by the Governor.

Additional elements

- c. Make available to the public within four months before the start of the fiscal year, the Pre-budget statement (for example, MTEF or EFU-FSP-BPS).
- d. **Citizens' budget** should be publicly made available on the Website within one month of the budget's approval as required.
- e. Make available on the Website within two weeks of the preparation of audited financial report, Citizens Accountability Report based on the audited financial statements/reports.

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Table 19: Timeliness of Public Access to Fiscal Information (State)

Key Elements	Date of budget submission to SHoA/Date of budget assent by the Governor/Date of issuance of reports	Date published online	Standard specified time frame	Actual time frame
2021 Annual executive budget proposal documentation, as presented by the state government to the SHoA.	October 10, 2020	October 14, 2020	Within one week of the executive's submission of them to the SHoA	4 days after submission to the SHoA
2021 Enacted budget. The annual budget law approved by the SHoA and accented by the Governor is publicized	December 10, 2020	January 23, 2021	Within two weeks of Governors accent.	32 days (6 weeks + 2 days)
2020 In-year budget execution reports (at least quarterly reports)	1 st Quarter: May 12, 2020	1 st Quarter: May 12, 2020	Within one month of their issuance	Within one month of their issuance
	2 nd Quarter: July 13, 2020	2 nd Quarter: July 14, 2020		
	3 rd Quarter: October 16, 2020	3 rd Quarter: October 22, 2020		
	4 th Quarter: January 27, 2021	4 th Quarter: January 28, 2021		
	2021 – 1 st Quarter: April 26, 2021	2021 – 1 st Quarter: April 27, 2021		
2020 Annual budget execution report		January 28, 2021 (included as part of the 4 th Quarter report)	Within six months of the fiscal year's end	Within one month of issuance
2019 Audited annual financial report, incorporating or accompanied by the external auditor's report	April 28, 2020	May 8, 2021	Within nine months of the fiscal year's end.	16 months of the fiscal year's end
2021 Pre-budget statement (for example, MTEF or EFU-FSP-BPS)	NA	NA	At least four months before the start of the fiscal year	NA
2021 Summary of the budget proposal (Citizens' budget)	December 10, 2020	April 29, 2021	Within one month of the budget's approval	4 months 20 days
2019 Citizens accountability report based on audited financial statements/reports	NA	NA	Two weeks of the preparation of audited financial report	NA

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Timeliness of Public Access to Fiscal Information (State) **contd.**

Key Elements	Date of budget submission to SHoA/Date of budget assent by the Governor/Date of issuance of reports	Date published online	Standard specified time frame	Actual time frame
2022 Annual executive budget proposal documentation, as presented by the state government to the SHoA.	October 26, 2021	November 2, 2021	Within one week of the executive's submission to the SHoA	7 days after submission to the SHoA
2022 Enacted budget. The annual budget law approved by the SHoA and accented by the Governor is publicized	Approved by SHoA on December 2, 2021 Assented to by the Governor on December 20, 2021	January 25, 2022	Within two weeks of Governors assent.	5 weeks and 3 days of Governor's assent.
2022 In-year budget execution reports (at least quarterly reports)	1 st Quarter: April 27, 2022	1 st Quarter: April 28, 2022	Within one month of their issuance	Within one month of their issuance
	2 nd Quarter: July 27, 2022	2 nd Quarter: July 28, 2022		
	3 rd Quarter: October 25, 2022	3 rd Quarter: October 28, 2022		
	4 th Quarter: January 17, 2023	4 th Quarter: January 28, 2023		
	2021 – 1 st Quarter: April 26, 2021	2021 – 1 st Quarter: April 27, 2021		
2022 Annual budget execution report	January 25, 2022	January 28, 2022 (included as part of the 4 th Quarter report)	Within six months of the fiscal year's end	Within one month of issuance
2020 Audited annual financial report, incorporating or accompanied by the external auditor's report	27 th July, 2021	31 st July, 2021	Within nine months of the fiscal year's end.	7 months of the fiscal year's end.
2021 Audited annual financial report, incorporating or accompanied by the external auditor's report	27 th June, 2022	30 th June, 2022	Within nine months of the fiscal year's end.	6 months of the fiscal year's end.
2022 Pre-budget statement (for example, MTEF or EFU-FSP-BPS)	16 th September, 2021	16 th September, 2021	At least four months before the start of the fiscal year	Within four months before the start of the fiscal year
2022 Summary of the budget proposal (Citizens' budget)	29 th April, 2022	29 th April, 2022	Within one month of the budget's approval	4 months and 18 days after budget's approval
2021 Citizens accountability report based on audited financial statements/reports	27 th June, 2022	30 th September, 2022	Two weeks of the preparation of audited financial report	3 months and 4 days of the preparation of audited financial report

4.5 PUBLIC ACCESS TO FISCAL INFORMATION (LOCAL GOVERNMENT – AT LEAST 3 LOCAL GOVERNMENTS ONE FROM EACH SENATORIAL ZONE AND ONE SHOULD BE URBAN LOCAL GOVERNMENT)

This indicator assesses the public access to fiscal information, the format and quality of fiscal information made available, medium of access, and usability of the fiscal information for analysis and effective engagement with the Local Government Areas in Akwa Ibom State.

Public access to Local Government's Fiscal Information is considered critical to Fiscal Transparency and Accountability, especially, if the information is easily and freely accessible to the general public, without restriction, and within a reasonable time. The public access to fiscal information at the local government level is even more important given the central role of the local government system for sustainable development.

Indicators are the same as in Public Access to Fiscal Information (State Government). However, the following information are considered to be critical in respect of a Local Government:

1. **Local government annual executive budget proposal documentation.** Draft budget presented by the local government executive.
2. **Local government enacted budget.** The annual budget approved by the local government legislative council and/or SHoA and assented by the local government Chairman or Governor (depending on the approval authority as provided in the State Local Government Law) is publicized within two weeks of approval and assent.
3. **Local government in-year budget execution reports.** The reports are routinely made available to the public within one month of their issuance (at least quarterly reports).
4. **Local government annual budget execution report.** The report is made available to the public within six months of the fiscal year's end.
5. **Local government audited annual financial report, incorporating or accompanied by the external auditor's report.** The reports are made available to the public within nine months of the fiscal year's end.

The Public Access to Fiscal Information (Local Government) - The Scoring Matrix is as follows:

Score 4 is when all three local governments makes available to the public all five elements, in accordance with the specified time frames.

Score 3 is when all three local governments makes available to the public three elements, in accordance with the specified time frames.

Score 2 is when all three local governments makes available to the public two elements, in accordance with the specified time frames.

Score 1 is when performance is less than required for a score of '2'.

Table 20: Indicator 4.5 - Public Access to Fiscal Information (Local Government)

4.5 - Public access to fiscal information (Local Government)			
Time Frame	Last completed fiscal year		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Performance is less than required for a score of '2'.	There is no information on local Government's Budget and in-year budget implementation reports. The 2018 and 2019 Audited Financial Statements of the 31 Local Governments in the State were published in December 31, 2020. The 2019 Audited Account was submitted to the SHoA and published 12 months after the end of fiscal year and the 2018 was published 24 months after the end of fiscal year. The only improvement in the 2022 PFM Assessment is that the 2020 Local Government Audited Report was published on the State's website on 28 TH September, 2021, while the 2022 Local Government Audited Report was published on the State's website on 29 th June, 2022 which are within 9 months and 6 months after the end of 2020 and 2021 fiscal years, respectively. Just like in 2021 Assessment, this is the only publicly available Local Government Fiscal Information that was published online. The reports was published on the State's and Ministry of Finance websites.
Evidence	Submission of Office of the Auditor-General for Local Government 2021 Local Government Audited Report 2020 Local Government Audited Report 2019 Local Government Audited Report 2018 Local Government Audited Report		

The indicator scored 1. Just as in 2021 Assessment, none of the 31 local governments in Akwa Ibom State provided public access to any fiscal information (executive budget proposal, enacted budget, in-year and annual budget execution reports), either on the State's official website or printed copies. Nonetheless, local governments 2019 Local Government Audited Report and 2018 Local Government Audited Report which were the only publicly available Local Government Fiscal Information were published online outside the stipulated time frame of nine months at fiscal year's end. In 2021 Assessment, the reports were published on the State's website on December 31, 2020, which are 12 months and 24 months after the end of 2019 and 2018 fiscal years, respectively.

The only improvement in the 2022 PFM Assessment is that the 2020 Local Government Audited Report was published on the State's website on 28TH September, 2021, while the 2022 Local Government Audited Report was published on the State's website on 29th June, 2022 which are within 9 months and 6 months after the end of 2020 and 2021 fiscal years, respectively. Just like in 2021 Assessment, this is the only publicly available Local Government Fiscal Information

that was published online. The reports was published on the State's and Ministry of Finance websites.

4.6 CITIZENS' BUDGET (STATE GOVERNMENT)

This indicator assesses the existence of the Citizens' Budget document and if the availability of the six key aspects and sections of the Citizens Budget are in the document.

A Citizens Budget is a document that summarizes and explains basic budget information. It is a report to the people, presented in an accessible format using simple and clear language they can understand. The Citizens' Budget is an important document, because it allows for citizens to easily ascertain how the government plans to acquire and spend resources and the criteria for its allocations. The Citizens Budget is a powerful tool with which governments can make budget information available to non-technical audiences and, thereby, raise awareness of the importance of the budget. This document is meant to bridge the gap between simply publishing budget information (transparency) and translating budget information into plain language understood by the majority (accessibility).

It acts as a veritable bridge between fiscal transparency and fiscal information accessibility.

The assessment will not be restricted to the existence of Citizens budget but will also review the Citizens Budget to ascertain whether the six key aspects and sections of the Citizens Budget are in the document.

The six key aspects and sections of Citizens Budget (CB) are:

1. Introduction and basic concepts. The CB should start with a brief introduction on what a CB is, its main purpose, a brief definition of what a 'budget' is and any other information that would help the reader to learn about and understand the budget and its process.
2. Revenue. Revenue refers to all the resources available to a government for providing goods and services, implementing public policies and performing its activities. Since the amount of revenue will define allocations to sectors and activities, it is important that the CB includes a brief explanation of what 'revenue' is. It is also necessary to show the main sources of revenue and why these sources are important.
3. Expenditure. Generally, the allocation of public resources is based on a planning process aimed at designing and implementing public policies that respond to the most important needs of a country and that help the government to achieve its priorities. For citizens to understand the complexity of allocating resources, the CB should explain what 'expenditure' is, present the budget policy priorities for the fiscal year, show the three main ways in which expenditure might be classified (who is spending, on what and for what

- purposes) and provide a general overview of the allocations to the most relevant sectors: health, education, WASH, infrastructure, and so on.
4. Debt. Another important part of the budget has to do with the borrowings that the government will incur. This is especially important, because the debt underlying certain resources could be repayable under conditions that might have an impact on the amount of resources available for years to come.
 5. Other important information. A CB is not only a document that shows expenditure and debt, it is also a very useful communication tool for the government in explaining to its constituent's relevant information regarding the budget. For instance, the CB might include information on allocations to local government, highlights on expenditure, budget policy priorities, opportunities for public participation, and so on.
 6. Format. Another very relevant aspect of a CB has to do with the format, language and visual aids that the document uses to explain the complexity of the budget process, the budget terms, the amounts of revenue and expenditure, and how the government is planning to use the public resources. Visual aids and simple language are valuable resources for governments to use in assisting citizens to understand complex terms easily.

The Citizens' Budget (State Government) - Scoring Matrix is as follows:

Score 4 is if Citizens Budget is published online and covered the 6 key aspects and sections provided above.

Score 3 is if Citizens Budget is published online and covered the 5 key aspects and sections provided above.

Score 2 is if Citizens Budget is published online and covered the 3 key aspects and sections provided above.

Score 1 is if Performance is less than required for a score of '2'

Table 21: Indicator 4.6 - Citizens' Budget (State Government)

4.6 - Citizens' Budget (State Government)			
Time Frame	Last approved budget		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	The 2022 Citizens Budget published online and covered the 6 key aspects and sections of Citizens Budget (CB) provided above.	The 2021 Citizens Budget made available online and printed copies distributed covered only 3 keys aspects and sections of Citizens Budget. However, the 2022 Citizens' Budget has the 6 key aspects and sections of Citizens Budget (CB). As such, there is an improvement in the Score from 2 in 2021 to 4 in 2022 Assessment.
Evidence	Online 2022 Citizens' Budget and printed copy		

The indicator scored 4. The 2022 Approved Citizens Budget was published online on April 29, 2022, which was 4 months 18 days after the 2022 Budget was assented by the Governor on December 20, 2021. The publication, which was outside the specified time frame of one month though met 6 key aspects and sections of Citizens Budget (CB). The key elements met are the following: **(1) Introduction; (2) Revenue;**

(3) Expenditure; and (4) Debt; (5) Other important information and (6) Format.

For the 2022 Citizens' Budget, the 6 key aspects and sections of Citizens Budget (CB) have been adopted. As such, there is an improvement in the Score from 2 in 2021 to 4 in 2022.

4.7 CITIZENS' BUDGET (LOCAL GOVERNMENTS)

This indicator assesses the existence of the Citizens' Budget document and if the five key aspects and sections of the Citizens Budget are in the document. For Local Governments, the Citizen Budget Indicator is the same as indicator 4.6 for Citizen Budget (State). However, the key aspects and sections are five as aspect 4 under 4.6 is not required for local governments.

The Citizens Budget as a document that summarizes and explains basic budget information is a powerful tool to disseminate budget information to non-technical audiences. It is written in a simple and clear language and presented in an accessible format understood by the majority of the people. The Citizens Budget does not only raise awareness, on the importance of Budgets, but allows citizens to easily ascertain how the government plans to acquire and spend resources and the criteria for its allocations. It acts as a veritable bridge between fiscal transparency and fiscal information accessibility.

The Citizens' Budget (Local Governments) - Scoring Matrix is as follows:

- Score 4** If Citizens Budget is published online and covered the 5 key aspects and sections as provided 4.6.
- Score 3** If Citizens Budget is published online and covered the 4 key aspects and sections as provided 4.6.
- Score 2** If Citizens Budget is published online and covered the 3 key aspects and sections as provided 4.6.
- Score 1** If Performance is less than required for a score of '2'

Table 22: Indicator 4.7 - Citizens' Budget (Local Governments)

4.7 - Citizens' Budget (Local Government)			
Time Frame	Last approved budget		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Performance is less than required for a score of '2'.	Just like in 2021, the 2022 LG Citizens' budget is not available
Evidence	No evidence		

The indicator scored 1. The LGAs do not have 2022 Citizens Budget and have neither prepared nor published Citizens Budget document in the past years.

CHAPTER FIVE

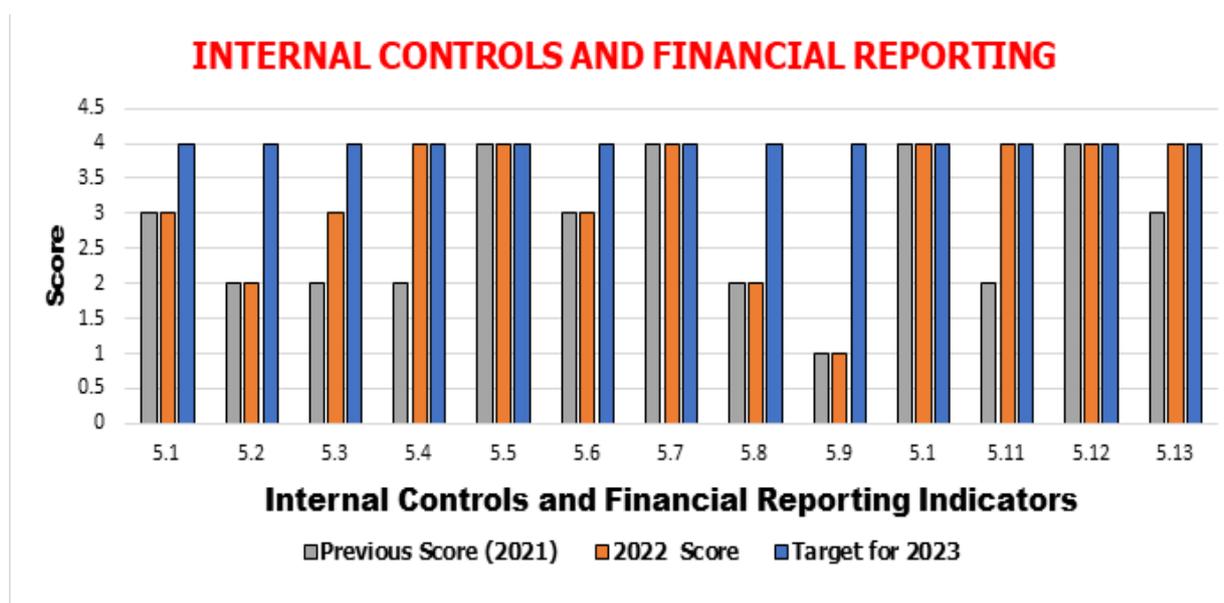
5.0 PILLAR 3: INTERNAL CONTROLS AND FINANCIAL REPORTING

One of the weaknesses in Public Financial Management in Nigeria is poor enforcement of internal controls. State and local governments need to improve the quality and functioning of their systems of internal controls, including the full adoption of International Public Sector Accounting Standards (IPSAS). Compliance with internal control measures is therefore very crucial and must be properly addressed to minimize errors, wastages, and potential fraud. This Pillar 3 assesses the extent of compliance with internal control measures and financial reporting. Summary of scores for Pillar 3 is shown in Table 23 and Figure 3.

Table 23: Summary Scores for Pillar 3: Internal Controls and Financial Reporting

5.0. Internal Controls and Financial Reporting		Previous Score (2021)	2022 Score	Target for 2023
5.1	Cash Management through Treasury Single Accounts (TSA)	3	3	4
5.2	Transactions are processed within the IFMIS Environment	2	2	4
5.3	Bank account reconciliations	2	3	4
5.4	Advance accounts	2	4	4
5.5	Financial data integrity processes	4	4	4
5.6	Biometric Assessment of State Employees Undertaken	3	3	4
5.7	Coverage of internal audit	4	4	4
5.8	Nature of audits and standards applied	2	2	4
5.9	Response to internal audits	1	1	4
5.10	In-year budget implementation reports	4	4	4
5.11	Accounting standards	2	4	4
5.12	Completeness of the financial statements	4	4	4
5.13	Timeliness of submission of the financial statements	3	4	4

Figure 3: Summary of Scores for Pillar 3 Internal Controls and Financial Reporting



5.1 CASH MANAGEMENT THROUGH TREASURY SINGLE ACCOUNT (TSA)

This indicator assesses whether Akwa Ibom State operate Cash Management through Treasury Single Account (TSA). The TSA is a unified structure of government bank accounts, enabling consolidation and optimal utilization of government cash resources. Through this bank account or set of linked bank accounts, the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. The TSA is primarily designed to: enthrone centralized, transparent, and accountable revenue management; facilitate effective cash management; ensure cash availability; promote efficient management of domestic borrowing at minimal cost; block loopholes in revenue management; and establish an efficient disbursement and collection mechanism for Government funds. There is a formally approved Cash Management Strategy in place and in implementation. The strategy should cover the processes through which the State Ministry of Finance or Economic Development is able to forecast cash commitments and requirements and provide reliable information on the availability of funds. Therefore for TSA to be effective and efficient there should be a system of Cash Management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved Cash Management Strategy). The minimum percentage of State Government finances that is managed by the State Ministry of Finance or the State Accountant General's Office on the single electronic dashboard is defined. "State Government finances" is defined as including all budgetary and non-budgetary funds managed by the State Government but excluding local governments and parastatals. Also, the TSA should have one Consolidated Revenue Treasury Account for State Revenues. Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the Consolidated Revenue Account as part of the TSA.

The Cash Management through Treasury Single Accounts (TSA) - Scoring Matrix is as follows:

Score 4 If the three requirements provided above are in place in the state and 100% of state government finances are managed on the single electronic dashboard.

Score 3 If the three requirements provided above are in place and a minimum of 75% of state government finances are managed on the single electronic dashboard.

Score 2 If the three requirements provided above are in place and a minimum of 50% of state government finances are managed on the single electronic dashboard.

Score 1 if Performance is less than required for a score of '2'

Table 24: Indicator 5.1 - Cash Management through Treasury Single Accounts (TSA)

5.1 - Cash Management through Treasury Single Accounts (TSA)			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	The three requirements provided above are in place and a minimum of 75% of State Government finances are managed on the single electronic dashboard.	The three requirements provided above are in place for more than 75% (but less than 100%) of State Government finances are managed on the single electronic dashboard.
Evidence	2022 Cash Management Strategy and Reports from Office of Accountant General and Office of the Auditor General		

The indicator scored 3: The three requirements provided above are in place for more than 75% (but less than 100%) of State Government finances are managed on the single electronic dashboard.

5.2 TRANSACTIONS ARE PROCESSED WITHIN THE IFMIS ENVIRONMENT

This indicator assesses extent to which IFMIS is operational in Akwa Ibom State. IFMIS, the Integrated Financial Management Information System (often referred to as SIFMIS, being the State IFMIS) should be the sole system for budget execution. A fully functioning SIFMIS will cover budget preparation, procurement and payroll, revenue collection, commitment control, funds release, recording and accounting. Such a system, if used properly, will allow a State to produce real time reports on revenue and expenditure, which will also allow for greater decisions making. All states have some degree of automation of PFM processes but bringing all spending agencies into the SIFMIS environment in some way off in most circumstances. Often transactions are recorded in manual vote ledgers or spreadsheets and sent to the Office of the Accountant General's Final Accounts Department for ex-poste entry into SIFMIS. In some circumstances, cash releases to MDAs are coded to IFMIS and no actual transactions are ever recorded. This indicator, whilst difficult to measure with evidence, looks at the extent which SIFMIS is the system for executing the budget (i.e., collecting and spending cash). It will rely on the explanation of the State Accountant General's Office.

The Transactions are processed within the IFMIS Environment - Scoring matrix is as follows:

Score 4 If IFMIS is used for payment and transaction processing within all MDAs that are funded through state budget

Score 3 If IFMIS is used for payment and transaction processing within some MDAs (at least 5 main Organisations including Ministries of Education, Health and Water & Sanitation).

Score 2 If Transactions are recorded in IFMIS ex-poste

Score 1 If Performance is less than required for a score of '2'

Table 25: Indicator 5.2 - Transactions are processed within the IFMIS Environment

5.2 - Transactions are processed within the IFMIS Environment			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	Transactions are recorded in IFMIS ex- poste	The State operate transaction in IFMIS through SAGE X3 software. Transactions are prepared at MDAs level using excel worksheets but the data are inputted at the Office of the Accountant General.
Evidence	Office of Accountant General Documents		

The indicator scored 2: The State, just like in 2021 Assessment, uses a manual and/or excel spreadsheet for transaction at MDAs but the excel report are forwarded to Office of the Accountant General where transactional data are entered in the State IFMIS operated with SAGE X3 software.

5.3 BANK ACCOUNT RECONCILIATIONS

This indicator measures the frequency with which comparisons between government bank accounts and government cashbooks/ are made with a view to identifying inconsistencies and taking corrective actions.

There should be regular and timely comparisons between State Government Bank Account transaction data and Government Cashbooks. The results of the comparisons should be reported, and action should be taken to reconcile any differences. Such reconciliation is fundamental to the integrity of the accounting records and the Financial Statements. 'Reconciliation' includes the identification of all mismatches and their amount (and their nature) between the government's records of the accounting data held on its books and the Government's Bank Account data held by Banks. However, subsequent clearance could be a long process, which falls outside the scope of the time benchmarks indicated under this indicator. Also, reconciliations are required on active Accounts only, provided that the inactive Accounts were reconciled while they were still active.

The Scoring Matrix for Bank Account Reconciliations is as follows:

Score 4 is if Bank reconciliation for all active state government bank accounts takes place at least weekly at aggregate and detailed levels, usually within one week from the end of each week

Score 3 is if Bank reconciliation for all active state government bank accounts takes place at least monthly, usually within 4 weeks from the end of each month

Score 2 is if Bank reconciliation for all active state government bank accounts takes place at least quarterly, usually within 8 weeks from the end of each quarter

Table 26: Indicator 5.3 - Bank Account Reconciliations

5.3 - Bank Account Reconciliations			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	Bank Reconciliation for all active State Government Bank Accounts takes place at least monthly, usually within 2 weeks from the end of each month.	Bank Reconciliation for all active State Government Bank Accounts takes place at least monthly, usually within 2 weeks from the end of each month.
Evidence	Office of Accountant General Documents		

The indicator scored 3: Bank reconciliation in 2022 was performed by MDAs (operating bank account) and Office of the Accountant General on a monthly bases. The reconciliations are performed in most cases not more than 2 weeks after the end of a month. This is an improvement from 2021 Assessment with a Score of 2 where a quarterly reconciliation was in practice.

5.4 ADVANCE ACCOUNTS

This indicator measures the extent of compliance with clearing timelines of advances.

Advances cover amounts paid to vendors under public procurement contracts as well as travel advances and operational imprests. In the case of public procurement contracts, clearing timelines will be compliant with contractual arrangements. Other clearing processes will follow the provisions of State Financial instructions/regulations.

The Scoring Matrix for Advance Accounts is as follows:

Score 4 if Reconciliation of advance accounts takes place at least monthly, within a month from the end of each month. All advance accounts are cleared in a timely way;

Score 3 if Reconciliation of advance accounts takes place at least quarterly within two months from the end of each quarter. Most advance accounts are cleared in a timely way;

Score 2 if Reconciliation of advance accounts takes place annually, within two months from the end of the year. Advance accounts may frequently be cleared with delay.

Table 27: Indicator 5.4 - Advance Accounts

5.4 - Advance accounts			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Reconciliation of advance accounts takes place monthly for standing imprests. Advance accounts may frequently be cleared.	Reconciliation of advance accounts takes place monthly. However, reconciliation advance for public procurement contract on capital investment must be done within two months from the end of the year.
Evidence	Office of Accountant General Documents		

The indicator scored 4: Advances account reconciliation takes place monthly for all standing imprests transactions. Reconciliations are expected to be completed for public procurement contracts on capital investment within two months of the end of the financial year.

5.5 FINANCIAL DATA INTEGRITY

The indicator assesses the extent to which processes support the delivery of state financial information, as well as the accuracy and completeness of the data delivered.

Financial data integrity focuses on two key aspects: access to state information including read-only and changes to records by creation and modification; and the existence of a body, unit, or team in charge of verifying data integrity. Audit trails enable individual accountability, intrusion detection, and problem analysis. Good audit trails are meant to provide information on who accessed the data, who initiated the transaction, the time of day and date of entry, the type of entry, what fields of information it contained, and what files it updated. This indicator is focused on the integrity of financial data only.

The Scoring Matrix for Financial data integrity processes is as follows:

Score 4 if access and changes to records is restricted and recorded, and results in an audit trail. There is an operational body, unit or team in charge of verifying financial data integrity.

Score 3 if access and changes to records is restricted and recorded, and results in an audit trail.

Score 2 if access and changes to records is restricted and recorded.

Score 1 if Performance is less than required for a score of '2'

Table 28: Indicator 5.5 - Financial data integrity processes

5.5 - Financial data integrity processes			
Time Frame	At the time of the Assessment		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Access and changes to records is restricted and recorded, and results in an audit trail. There is an operational body, unit or team in charge of verifying financial data integrity.	Entry of data to the SAGE X3 software is centrally handled by Compliance Unit of the Office of the Accountant General. The Unit reviews and validates the data before entering the data. Changes of data already entered must be approved.
Evidence	Office of Accountant General Documents		

The indicator scored 4: Entry of data to the SAGE X3 software is centrally handled by Compliance Unit of the Office of the Accountant General. The Unit reviews and validates the data before entering the data to the system. The Head of the Unit must approve all changes to data already entered in the system and for large amount the approval will be authenticated by the Accountant General.

5.6 BIOMETRIC ASSESSMENT OF STATE EMPLOYEES UNDERTAKEN

This indicator assesses whether Akwa Ibom State payroll is linked to personnel database with biometrics and bank verification number of each staff.

The payroll is underpinned by a personnel database (in some cases called the “nominal roll” and not necessarily computerized), which provides a list of all staff, who should be paid every month, and which can be verified against the approved establishment list and the individual personnel records (or staff files). The link

between the personnel database and the payroll is a key control. Any amendments required to the personnel database should be processed in a timely manner through a change report and should result in an audit trail. Payroll audits should be undertaken regularly to identify ghost workers, fill data gaps and identify control weaknesses.

The Scoring Matrix for Financial data integrity processes is as follows:

Score 4 if Completed biometrics and linked BVN for 100% of current public and civil servants (including Secondary school teaching and non-teaching staff, tertiary institutions teaching and non-teaching staff, health facilities staff, and all other employees paid through budgetary allocation) and pensioners.

Score 3 if Completed biometrics and linked BVN for 75% of current public and civil servants (including Secondary school teaching and non-teaching staff, tertiary institutions teaching and non-teaching staff, health facilities staff, and all other employees paid through budgetary allocation) and pensioners.

Score 2 if Completed biometrics and linked BVN for 100% of current civil servants only (excluding public servants and pensioners).

Score 1 if Performance is less than required for a score of '2'

Table 29: Indicator 5.6 - Biometric Assessment of State Employees Undertaken

5.6 - Biometric Assessment of State Employees Undertaken			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2021)	3	Completed biometrics and linked BVN for 75% of current public and civil servants (including Secondary school teaching and nonteaching staff, tertiary institutions teaching and nonteaching staff, health facilities staff, and all other employees paid through budgetary allocation) and pensioners.	Completed biometrics and linked BVN for all civil servants, Secondary school teaching and non-teaching staff, health facilities, agencies staff and pensioners. However, tertiary institutions teaching, and non-teaching staff are yet to be in the system. But the proportion of Akwa Ibom employees paid through budgetary allocation that are captured using biometrics and BVN are more than 75% but less than 90%.
Evidence	Biometrics and BVN reports		

The indicator scored 4: The State started biometrics in 2012, but changed the consultant previously engaged by the State with the introduction of BVN linkage with biometrics. The Consultant did not have the right technology for integrating BVN. E-Soft Nigeria Limited, was, therefore, engaged in 2015 as new Consultant to carryout biometrics of civil servants and public servants and integrate the biometrics with BVN. As at the time of the assessment, the proportion of Akwa Ibom state employees paid through budgetary allocation that are captured using biometrics and BVN are more than 75% but less than 90%.

5.7 COVERAGE OF INTERNAL AUDIT

The indicator assesses the extent to which State Government entities are subject to internal audit.

This is measured as the proportion of total planned expenditure or revenue collection of the State MDAs covered by annual internal audit activities, whether substantive audit work is carried out. Typical features of an operational audit function are the existence of laws, regulations and/or procedures, and the existence of audit work programs, audit documentation, reporting, and follow-up activities leading to the achievement of the internal audit objectives, as described in international standards. The exact nature of audit in each State Government may vary. For this indicator, materiality is assessed by the relative weight (expenditure and revenue) of State Government MDAs where an internal audit function is operational. If for instance, an internal audit function is operational in only the Ministry of Finance, the Ministry of Health, and the Ministry of Education. These three Ministries collect 95% of total revenue, but represent 81% of expenditure, the dimension will be scored 3 as an internal audit is operational in entities representing all revenue and most expenditure.

The Scoring Matrix for Coverage of Internal Audit processes is as follows:

Score 4 if Internal Audit is operational for **all** state government entities.

Score 3 if Internal Audit is operational for state government entities representing most of total budgeted expenditures and for state government entities collecting most of budgeted government revenue.

Score 2 if Internal Audit is operational for state government entities representing the majority of budgeted expenditures and for state government entities collecting the majority of budgeted government revenue.

Score 1 if Performance is less than required for a score of '2'

Table 30: Indicator 5.7 - Coverage of Internal Audit

5.7 - Coverage of internal audit			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Internal audit is operational for all state government entities.	Internal Auditors are posted to all entities funded with budgetary allocation.
Evidence	Office of Accountant General Documents		

The indicator scored 4: Internal Auditors are posted by the Office of the Accountant General to all budget entities of Akwa Ibom State. Internal Auditor is supposed to oversee the internal audit of fund releases/utilization and internal revenue generation activities of all Ministries, Parastatal/agencies, health facilities and schools.

5.8 NATURE OF INTERNAL AUDITS AND STANDARDS APPLIED

This indicator assesses the nature of internal audits and standard applied by Internal Auditors in performing their internal audit functions.

When audit activities focus only on financial compliance (reliability and integrity of financial information and compliance with rules and procedures) the internal audit

function provides limited assurance of the adequacy and effectiveness of internal controls. A wider approach as well as evidence of a quality assurance process is required to show adherence to professional standards. Evaluation of the adequacy and effectiveness of internal controls requires analysis of the impact of controls, whether their impact is consistent with policy and operational objectives, and whether the controls are sufficient and most suitable to meet the intended objectives.

Nature of Audits and Standards Applied - Scoring Matrix is as follows:

Score 4 is when Internal Audit activities are focused on evaluations of the adequacy and effectiveness of internal controls. A quality assurance process is in place within the internal audit function and audit activities meet professional standards, including focus on high-risk areas

Score 3 is when Internal Audit activities are focused on evaluations of the adequacy and effectiveness of internal controls

Score 2 is when Internal Audit activities are primarily focused on financial compliance

Score 1 is when Performance is less than required for a score of '2'

Table 31: Indicator 5.8 - Nature of Internal Audits and Standards Applied

5.8 - Nature of audits and standards applied			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	Internal audit activities are primarily focused on financial compliance.	State is yet to develop internal control and internal audit manual. Internal audit activities are primarily focused on financial compliance (i.e., stamping of vouchers payment without acting as full internal control of the Institution).
Evidence	Office of Accountant General Documents		

The indicator scored 2: As reported under indicator 5.7 above Internal Auditors are posted to all budget entities. The Internal Auditors currently review and stamp payment vouchers to ensure that processes are adhered to. There are no rules or Treasury Circular guiding internal audit functions. Therefore, the internal auditors are currently not providing internal controls of all financial transactions. The Internal Auditors are not Providing Internal Audit and Internal Control Reports to Chief Accounting Officer or the Office of the Accountant General.

5.9 RESPONSE TO INTERNAL AUDITS

This indicator measures the extent to which managers of public resources provide appropriate response to Audit Reports.

The action taken by State Government (Ministry of Finance, Office of Accountant General or EXCO) on internal audit findings and recommendations is of critical importance since lack of action on recommendations undermines the rationale for the internal audit function. Response means that management provides comments on the auditors' recommendations and takes appropriate action to implement them where necessary. Internal audit validates whether the response provided is appropriate, i.e., 'full'.

The Response to internal audits - Scoring Matrix is as follows:

Score 4 is if Management provides a full response to audit recommendations for all entities audited within twelve months of the report being produced

Score 3 is if Management provides a partial response to audit recommendations for most entities audited within twelve months of the report being produced

Score 2 is if Management provides a partial response to audit recommendations for the majority of entities audited

Score 1 is if Performance is less than required for a score of '2'

Table 32: Indicator 5.9 - Response to Internal Audits

5.9 - Response to internal audits			
Time Frame	Audit reports used for the assessment should have been issued in the last three completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Just like in 2021 Assessment, Performance is less than required for a score of '2'.	Internal audit reports were only produced in the Office of the Accountant General, Internal Revenue Service and Office of the Head of Civil Service. The report is not produced for other MDAs, hence, no internal Audit recommendations response in majority of MDAs.
Evidence	Office of Accountant General Documents		

The indicator scored 1: Just like in 2021 Assessment, Internal audit reports were only being produced in the Office of the Accountant General, Internal Revenue Service and Office of the Head of Civil Service. Consequently, responses to internal audit reports were not provided by other budget entities during the assessment period apart from the three (3) MDAs. This is minority representation compared to all MDAs in the State.

5.10 IN-YEAR BUDGET IMPLEMENTATION REPORTS

This indicator assesses the comprehensiveness, accuracy, and timeliness of information on budget execution.

In-year budget Reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures. Information must include all items of the original budget. It means that in-year reports must be presented at the same level of disaggregation as the budget. A few items could be presented at a more aggregate level than the budget, provided their amount represents less than 10% of the total expenditure. The in-year budget reports of the State Government should be produced in a timely manner and accompanied by an analysis and commentary on budget execution. Therefore, there are two sub-indicators; first sub-indicator is the coverage while the second sub-indicator is on timing of in-year budget implementation report.

The In-Year Budget Implementation Reports - Scoring Matrix is as follows:

Score 4 If coverage and classification of data allows direct comparison to the original and any revised/amended/supplementary budget. Information includes all items of budget estimates.

Score 3 if coverage and classification of data allows direct comparison to the original and any revised/amended/supplementary budget with partial aggregation (at a minimum, the approved budget appropriation for the year for each MDA, and for each of the core economic classifications of expenditure - Personnel, Overheads, Capital, and Other expenditures)

Score 2 If coverage and classification of data allows direct comparison to the original budget for the main administrative headings only.

Score 1 is if Performance is less than required for a score of '2'

Table 33: Indicator 5.10 - In-Year Budget Implementation Reports

5.10 - In-year budget implementation reports			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Both sub-indicators scored 4	Just like in 2021, Budget Performance reports for 2022 Q1, Q2, Q3 and Q4 2020 were all published within 4 weeks of end of quarter. The classification and coverage of data in the reports allows for direct comparison with the original budget.
Evidence	Q1, Q2, Q3 and Q4 BPR 2022.		

The indicator scored 4: There are two sub-indicators under this indicator. For sub-indicator (i) Budget Performance reports for 2021 budget were produced and the information covered the core economic items of Personnel, Overhead, Capital, and other expenditures. The sub indicator is scored “4”. Sub-indicator (ii), quarterly budget performance reports for 2022 were all prepared and published within 4 weeks of end of each quarter.

5.11 ACCOUNTING STANDARDS

This indicator assesses the extent to which annual financial statements are consistent with generally accepted accounting principles and standards.

The Federal Executive Council (FEC) at its meeting on July 28, 2010, approved that Nigeria should adopt the provisions of the International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) for Private and Public Sectors respectively. The Federation Accounts Allocation Committee (FAAC) at its meeting held on June 13, 2011, set up a Sub-Committee to provide a Roadmap for the implementation of IPSAS in the three tiers of government in Nigeria. The Sub-Committee in its desire that the three tiers of Government in Nigeria, i.e., Federal, States and Local Government Councils (LGCs) adopt the provisions of IPSAS, has commenced the process to harmonize the financial operations. The roadmap to the adoption of IPSAS is phased as follows:

- Full Adoption of IPSAS Cash: 2014
- Adoption of IPSAS Accrual: 2016.

The Accounting standards - Scoring Matrix is as follows:

Score 4 if IPSAS Accrual Fully is used for the last three years' financial statements.

Score 3 if IPSAS Accrual Fully is used for the at least one of the last three years' financial statements.

Score 2 if IPSAS Cash is used for the last three years' financial statements.

Score 1 is if Performance is less than required for a score of '2'

Table 34: Indicator 5.11 - Accounting standards

5.11 - Accounting standards			
Time Frame	Last three years' Financial Statements		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	IPSAS Cash was used for the last three years' financial statements but IPSAS Accrual is used for 2021 audited Financial Report and 2022 unaudited financial Report	IPSAS Cash used for the last three years' financial statements but IPSAS Accrual used for the 2021 audited Financial Report and 2022 unaudited Report.
Evidence	Annual Financial Statements		

The indicator scored 4: The Accounting policy in the audited Financial Report for 2017, 2018, 2019 and 2020 clearly states that the reports were produced based on IPSAS Cash. However, the 2021 audited Financial Report and the 2022 unaudited Financial Report are produced based on IPSAS Accrual. Detailed review of 2021 audited Financial Report revealed that all the primary statements and Notes (including supplementary notes) are produced.

5.12 COMPLETENESS OF THE FINANCIAL STATEMENTS

This indicator assesses the extent to which annual Financial Statements are complete.

Annual financial reports should include an analysis providing for a comparison of the outturn with the initial State Government Budget. Financial reports should include full information on revenue, expenditure, assets, liabilities, guarantees, and long-term obligations. This information can be either incorporated into financial reports in a modified cash or accrual-based system, or presented by way of notes or ad hoc reports, as is often done in a cash-based system. The Financial Reports should include all cost centers (i.e. Ministries, Departments and Agencies) under State Government jurisdiction. To be considered as Financial Reports for this dimension, these reports must fulfill the requirements of comparability and coverage of the set of data required for each score and be prepared by the State Government.

The Completeness of the Financial Statements - Scoring Matrix is as follows:

Score 4 if Financial Statements of state government are prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.

Score 3 if Financial Statements of state governments are prepared annually and are comparable with the approved budget. They contain information on at least revenue, expenditure, financial assets, financial liabilities, guarantees, and long-term obligations.

Score 2 if Financial Statements of state government are prepared annually and are comparable with the approved budget. They include information on revenue, expenditure, and cash balances

Score 1 If Performance is less than required for a score of '2'

Table 35: Indicator 5.12 - Completeness of the Financial Statements

5.12- Completeness of the financial statements			
Time Frame	Last completed fiscal year		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Financial statements of state government are prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.	Financial statements of state government are prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure (budget comparison statements - CRF and CDF), cash flow statements, statement of asset and liability showing financial and tangible assets, liabilities, guarantees, and long-term obligations.
Evidence	Annual Financial Statements		

The indicator scored 4: 2021 Audited Accounts and 2022 draft Financial Statements had the four primary statements (IPSAS Accrual), notes, and supplementary notes. They contain full information on revenue, expenditure (budget comparison statements - CRF and CDF), cash flow statements, statement of asset and liability showing financial and tangible assets, liabilities, guarantees, and long-term obligations.

5.13 TIMELINESS OF SUBMISSION OF FINANCIAL STATEMENTS

This indicator assesses whether the annual Financial Statements of Akwa Ibom State are produced and submitted to the Auditor General in a timely manner.

This indicator flows from indicator 5.11, which provides that consolidated year-end Financial Statements are critical for transparency in the PFM system. In addition to the completeness of the Financial Statement, the ability to prepare year-end financial statements in a timely manner is a key indicator of how well the accounting system is operating, and the quality of records maintained.

The Timeliness of submission of the financial statements - Scoring Matrix is as follows:

Score 4 is if Financial statements of state government are submitted for external audit within 3 months of the end of the fiscal year

Score 3 is if Financial statements of state government are submitted for external audit within 6 months of the end of the fiscal year.

Score 2 is if Financial statements of state government are submitted for external audit within 9 months of the end of the fiscal year

Score 1 is if Performance is less than required for a score of '2'.

Table 36: Indicator 5.13 - Timeliness of submission of the Financial Statements

5.13 - Timeliness of submission of the financial statements			
Time Frame	Last annual financial report submitted for audit.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Financial statements of state government are submitted for external audit within 6 months of the end of the fiscal year.	2017 AFS was submitted to Auditor General on October 10, 2018; 2018 was submitted on August 9, 2019; 2019 was submitted on April 14, 2020; 2020 was submitted on May 25, 2021 and 2021 was submitted on March 31, 2022 (i.e. with 3 months of end of fiscal year).
Evidence	Records of the Office of the Auditor General State and Office of the Accountant General.		

Indicator scored 4: Forwarding letters from the Office of the Accountant-General to the Office of the Auditor-General and Report of the Auditor-General for 2021, 2020, 2019, 2018 and 2017 fiscal years were reviewed. The dates on the forwarding letters from the Office of the Accountant-General to the Office of the Auditor-General show that the Financial Statements were submitted for external audit on the dates indicated below;

- 2017 – October 10, 2018
- 2018 – August 9, 2019
- 2019 – April 14, 2020
- 2020 – May 25, 2021 and resubmitted after adjustment on July 12, 2021
- 2021 – March 31, 2022.

The indicator was assessed with the last annual financial report submitted for audit, which was 2021 financial statements. The financial statements for 2021 were submitted within three months of end of the financial year. The 2022 draft Financial Statement, though was not submitted to the Auditor General at the time of the assessment, was not used for scoring this indicator because the draft financial statements were still being worked on. However, in the course of collecting draft for this Annual Report, they were indications that the 2022 draft Financial Statements would be submitted to the office of the State Auditor-General by 31st March, 2023.

CHAPTER SIX

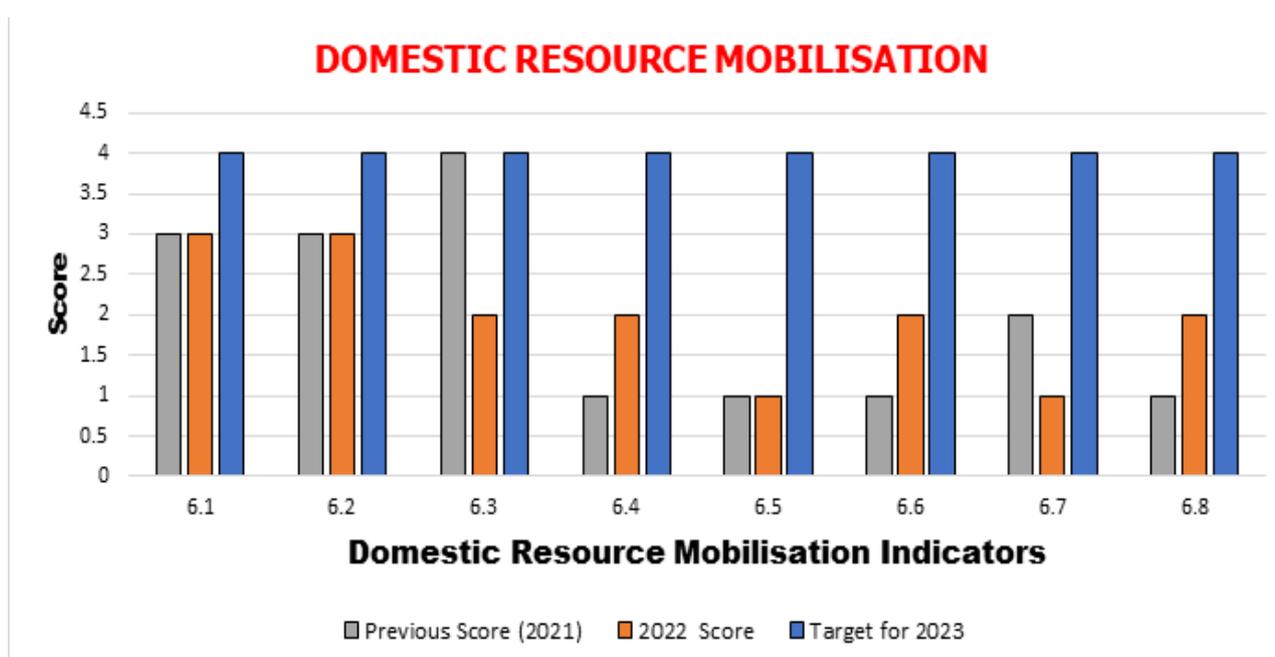
6.0 PILLAR 4: DOMESTIC RESOURCE MOBILISATION

Domestic Resource Mobilization is a measure of the State's efforts to reduce its dependence on the Federal Account Allocation Committee (FAAC) revenue transfer for funding of fiscal, economic and social development, through a systemic improvement in efficiency and effectiveness in domestic resource mobilization. The eight (8) indicators under this pillar assesses the State from the implementation of tax identification number, through the availability and effective implementation of the key elements of consolidated revenue code, into the proportion of recurrent expenditure funded by IGR receipts. The domestic resources mobilization pillar has a mean score of 2. Summary of the scores for pillar 4 is shown in table 37 and figure 4.

Table 37: Summary of the scores for pillar 4

6.0 Domestic Resource Mobilisation		Previous Score (2021)	2022 Score	Target for 2023
6.1	Implementation of Tax Identification Number (TIN)	3	3	4
6.2	Consolidated state revenue code	3	3	4
6.3	Regular Updates to Tax Rates and Tariffs	4	2	4
6.4	Property Taxation	1	2	4
6.5	Transfer of revenue collections	1	1	4
6.6	IGR out-turn compared to original approved budget	1	2	4
6.7	Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR	2	1	4
6.8	Annual Nominal IGR Growth Rate	1	2	4

Figure 4: Summary of the scores for pillar 5 - Domestic Resource Mobilisation



6.1 IMPLEMENTATION OF TAX IDENTIFICATION NUMBER (TIN)

This indicator assesses the implementation of TIN, to ascertain if the Joint Tax Board (JTB) 10-digit TIN is active in AKIRS, reconciled with FIRS, also used for land/property transaction.

The interaction between registration of liable taxpayers and correct assessment of tax liability for those taxpayers underpinned by a range of control mechanisms and maintenance of a taxpayer database based on TIN is the panacea for effective and efficient tax administration. To ensure this interaction, the JTB designed a unique 10-digit TIN, which is uniform and general across Nigeria. Every Taxpayer in Nigeria will ultimately be required to possess and use ONLY the JTB TIN.

The Implementation of Tax Identification Number (TIN) - Scoring Matrix is as follows:

Score 4 is if TIN Active in state BIR and reconciled with FIRS, also used for land/property transaction.

Score 3 is if TIN Active in state BIR and reconciled with FIRS.

Score 2 is if TIN Active in state BIR but no reconciliation with FIRS.

Score 1 is if Performance is less than required for a score of '2'.

Table 38: Indicator 6.1 - Implementation of Tax Identification Number (TIN)

6.1 - Implementation of Tax Identification Number (TIN)			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2021)	3	TIN Active in AKIRS and reconciled with FIRS	The Joint Tax Board (JTB) Tax Identification Number (TIN) is active in Akwa Ibom State Internal Revenue Service (AKIRS) and the TIN is reconciled with the Federal Inland Revenue Service (FIRS) database. As at the time of the assessment, TIN is not linked or in use for land and property transactions. The electronic property register has been created and shared with AKIRS.
Evidence	The Akwa Ibom Internal Revenue Service (AKIRS)		

The indicator scored 3. The Joint Tax Board (JTB) Tax Identification Number (TIN) is active in Akwa Ibom State Internal Revenue Service (AKIRS) and the TIN is reconciled with the Federal Inland Revenue Service (FIRS) database. As at the time of the assessment, TIN is not linked or in use for land and property transactions. The electronic property register has been created and shared with AKIRS.

6.2 CONSOLIDATED STATE REVENUE CODE

This indicator assesses whether the state has a Consolidate State Revenue Code (CSRC) and if the (CSRC) fulfill the eight (8) elements of the consolidated revenue codes. The consolidated state revenue code is a list of codes that enable the state to define each item of internal revenue for purposes of ensuring transparency in collection and accounting. The elements of the consolidated revenue codes are as follows:

Essential elements

1. The codes include all the state's IGR sources and all the local governments (falling under that state) IGR sources. IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges.
2. The codes include the rates for each of the IGR sources.
3. The codes must also stipulate that the SBIR is the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state. Collection of revenues must be into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection.
4. The code must be approved by the state legislature to have a legal basis, either as a law or a resolution.
5. The codes and the law(s) or SHoA resolution(s) comprising the codes must all be published online.

Other elements

6. The coding structure is consistent with Economic segment of the NCOA (i.e., eight digits showing account type, sub account type, account class, sub account class, and line item).
7. The codes are in use by the states.
8. SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues

The State Revenue Code - Scoring Matrix is as follows:

Score 4 is if the State Code fulfils all the eight elements (essential and other elements).

Score 3 is if the State Code fulfils all five essential elements and at least one other element.

Score 2 is if the State Code fulfils all five essential elements and none of the other elements.

Score 1 is if the State Code performance is less than required for a score of '2'.

Akwa Ibom State Internal Revenue Service (AKIRS) established by the Akwa Ibom State Revenue Administration Law No. 4 of 2016 and amended as Akwa Ibom Revenue Administration Law No.15 of 2020 derives its existence from the referenced law as well as from the Personal Income Tax Act Law 2004. As an autonomous and sole agency with the 'powers and authority to determine its corporate governance structure, personnel employment and salary scale, among others', the Law empowers the Revenue Service to collect, control, administer and account for all tax and non-tax revenues of the Akwa Ibom State government. In performance of its functions, the AKIRS is required to develop a list of codes that enable the state to define each item of internal revenue, for purposes of ensuring transparency in the collection and accounting. To have legal basis, the codes must be approved by the state legislature either as a law or a resolution.

Table 39: Indicator 6.2 - Consolidated State Revenue Code

6.2 - Consolidated state revenue code			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	Fulfil all five essential elements and at least one other element.	The State has the State Revenue Administration Law No. 4 of 2016, which was amended as the Akwa Ibom Revenue Administration Law No.15 of 2020. The Law recognizes AKIRS as autonomous and the sole agency responsible for State revenue collection, and accounting. Revenue codes which show both the State and LGA IGR sources, with the rates for each IGR sources are in place and published online. The codes fulfil all the essential elements and one (1) of the other elements.
Evidence	AKIRS Law Copy of consolidated revenue codes are contained in the AKIRS State Codes Copy of the LGA consolidated revenue codes		

The indicator scored 3. Akwa Ibom State Consolidated Revenue Code fulfills all the five essential elements and one other elements. The consolidated revenue code fulfills the following elements as the time of assessment.

Essential elements

1. The codes include all the state's IGR sources and all the local governments (falling under that state) IGR sources. IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges.
2. The codes include the rates for each of the IGR sources.
3. The codes also stipulate that the SBIR is the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state. Collection of revenues must be into accounts nominated by the AKIRS for the AKIRS to be deemed responsible for collection.
4. The code was approved by the state legislature to have a legal basis as a law.
5. The codes and the law(s) of SHoA comprising the codes are published online.

Other elements

1. AKIRS has full oversight of the accounts and is responsible for reporting and accounting for the revenues.

The AKIRS needs to work on and fulfill the element that: “the coding structure is consistent with Economic segment of the NCOA (i.e., eight digits showing account type, sub account type, account class, sub account class, and line item).”

6.3 REGULAR UPDATES TO TAX RATES AND TARIFFS

This indicator assesses whether the State has reviewed and updated the tax rates and tariffs in the last 12 months, as at the time of the assessment.

The regular review of tax and non-tax rates as well as tariffs enables the government to be in line with current economic trends. Globally, Internally Generated Revenue contributes so much in the total revenue of government. Nonetheless, this is not the cases in Nigeria, due to over-dependence of States on the FAAC revenue transfer and

the use of obsolete rates and tariffs. Therefore, in order to increase IGR and in line with the practice of an annual Finance Bill by the Federal Government, it has become imperative for States to regularly review non-tax revenue rates and tariffs.

The Regular Updates to Tax Rates and Tariffs - Scoring Matrix is as follows:

Score 4 if All Rates and Tariffs were reviewed in last **12** months.

Score 3 if **some** rates and tariffs were reviewed in last **12** Months

Score 2 if **some** rates and tariffs were reviewed in last **24** months.

Score 1 if Performance is less than required for a score of '2'.

Table 40: Indicator 6.3 - Regular Updates to Tax Rates and Tariffs

6.3 - Regular Updates to Tax Rates and Tariffs			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	Some Rates and Tariffs were reviewed in 2020 (the last 24 months)	The state reviewed fees for land transactions in 2020 through a gazette of 19 March 2020.
Evidence	Akwa Ibom State of Nigeria No.1 Vol. 34, dated 19th March 2020		

The indicator scored 2. The State reviewed and updated the land use fees in 2020. Fees and other receipts on Land transactions account for more than 90% of the likely fees and tariff that Akwa Ibom could review regularly. The update of the land use fees was done through the instrumentation of the Akwa Ibom State Government Gazette No.1 Vol. 34, dated 19th March 2020.

6.4 PROPERTY RECORDS

This indicator assesses the availability of electronic property records/register and if the 'property register' captured all the basic information and assessed property close to current market value and directly linked to the taxpayer registration system. The property records should be uniform within a jurisdiction. The records/register should include information on parcels and buildings, property rights, property use, and property value. The direct link between the property registers and the register of taxpayers is key for maximizing collection and taxation by ensuring that every property corresponds to an identified taxpayer. The direct link between the register and a geographic information system provides a means for ensuring that it covers all urban areas of the State. The register should be directly linked to the taxpayer registration system described in indicator 6.3 above. Property assessment requires uniform valuations approximating market values. To ensure that assessed values are correlated with market values, property values, either of individual properties or of an area, need to be reassessed regularly through self-assessment or mass reassessment.

The register which is an electronic database should have the following information on each property.

Basic information

1. Name of owner/occupier.

2. Size of the land parcel.
3. Size of the building.
4. Use of the property.
5. Location geo-tag.
6. Description of type of building construction materials (walls and roof) OR photograph of the property.

Additional information

7. Assessed property value contained in the register is close to market value.

The Property the Records - Scoring Matrix is as follows:

Score 4 if the register which is an electronic database captures all the basic information as indicated above on at least 75% of all properties that have electricity connections in urban areas. In addition, 50% of the properties with basic information captured in the database should also have been assessed close current market value as explained above. Finally, the register is directly linked to the taxpayer registration system.

Score 3 if the register which is an electronic database captures all the basic information as indicated above on at least 50% of all properties that have electricity connections in urban areas. The register is directly linked to the taxpayer registration system. Information on market value of the properties may not be included in the register.

Score 2 if the register which is an electronic database captures all the basic information as indicated above on at least 50% of all properties that have electricity connections in urban areas. The register is not linked to the taxpayer registration system. Information on market of the properties may not be included in the register.

Table 41: Indicator 6.4 – Property Records

6.4 - Property Taxation			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	Performance is less than required for a score of '2'.	The State has developed a property records register which is an electronic database captures all the basic information as indicated above on at least 50% of all properties that have electricity connections in urban areas. The register is not linked to the taxpayer registration system. Information on market of the properties may not be included in the register.
Evidence	Akwa Ibom Internal Revenue Service (AKIRS) Submission		

The indicator scored 2. Akwa Ibom State has developed a property records (electronic database) and shared with AKIRS. The register which is an electronic database captures all the basic information as indicated above on at least 50% of all properties that have electricity connections in urban areas. The register is not linked to the taxpayer registration system. Information on market of the properties are not included in the register.

6.5 TRANSFER OF REVENUE COLLECTIONS

The Federal Government in 2012 introduced the Treasury Single Account (TSA) to consolidate all inflows from all MDAs into the CRF. States are expected to operate TSA and this indicator measures the promptness of transfers of revenue collections to the TSA.

As such, this indicator assesses the number of MDAs collecting State government IGR and the promptness of the transfer of the collections directly into accounts controlled by the Treasury.

The Transfer of revenue collections - Scoring Matrix is as follows:

Score 4 is if MDAs collecting most of state government IGR transfer the collections directly into accounts controlled by the Treasury or transfer the collections **daily** to the Treasury.

Score 3 is if MDAs collecting most of state government IGR transfer the collections to the Treasury at least **weekly**.

Score 2 is if MDAs collecting most of state government IGR transfer the collections to the Treasury at least **every two weeks**.

Score 1 is if Performance is less than required for a score of '2'.

Table 42: Indicator 6.5 - Transfer of Revenue Collections

6.5 - Transfer of revenue collections			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Performance is less than required for a score of '2'.	The Revenue Generating MDAs transfer collections directly into revenue accounts and the monies transferred to the treasury account monthly
Evidence	Submission made by AKIRS and the Office of the Accountant General		

The indicator scored 1. Just as in 2021 Assessment, Akwa Ibom State still currently operates revenue accounts for revenue collections from/through the State MDAs. The AKIRS (through the Office of the Accountant General) has full oversight of the accounts and is responsible for reporting and accounting for all revenues. MDAs, however, act as revenue collection agents to the government and payments into the revenue accounts are through pay direct platform. Monies (IGR) collected through the revenue are transferred to the Treasury Single Account monthly (not daily).

6.6 IGR OUT-TURN COMPARED TO ORIGINAL APPROVED BUDGET

This indicator assesses the extent to which actual revenue, compared to Internally Generated Revenue in the originally approved budget.

The budget planning, administration and execution of a more realistic budget are largely dependent on accurate forecast of revenue. In recognition of the above, therefore, the State, having direct control of IGR, is required to establish a system that guarantees tax administrative effectiveness and efficiency.

The IGR out-turn compared to original approved budget - Scoring Matrix is as follows:

Score 4 is Less than 10% deviation (positive or negative).

Score 3 is Less than 15% deviation (positive or negative).

Score 2 is Less than 25% deviation (positive or negative).

Score 1 Performance is less than required for a score of '2'

Table 43: Indicator 6.6 - IGR out-turn compared to original approved budget

6.6 - IGR out-turn compared to original approved budget			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	The 2022 IGR out-turn compared to approved budget was 20.7%) less than 25% deviation (positive or negative).	The 2020 IGR out-turn compared to the original budget is 55.1% (deviation of 44.9%) while the 2021 IGR out-turn compared to the budget is 99.72% (deviation of 0.28%) whereas the 2022 IGR out-turn compared to the budget is 79.30% (deviation of 20.7%)
Evidence	2022 Draft Financial Statements		

The indicator scored 2. The 2020 IGR outturn compared to original budget is 55.1%. As shown in table 41 and figure 5, in the last thirteen years (2010 -2022), Akwa Ibom State IGR has experienced a yearly increase, except in 2016 and 2020, when there was a drop, compared to the previous year's IGR. However, the State IGR out-turn compared to original approved budget has not followed the same IGR growth trend. In the last eleven years, the average IGR outturn compared to original approved budget is 67.7%. The trend is weaker in the last six years (2015 -2020), with average IGR outturn of 61.20% compared to average outturn of 75.50% from 2011-2014. The IGR outturn from 2010 to 2017 hovered between 43% and 59%, with the exception of years 2010, 2011, 2017 and 2017 with IGR outturn of 78.8%, 104.7%, 78.81% and 65.05%, respectively. In 2010, the IGR variance was –N3.25 billion (21.20%) while in 2011, 2012, 2013, 2014, 2015, 2016 and 2017 the variances were N0.65billion (4%), -N4.57 billion (21.19%), -N12.28 billion (40.55%), -N14.49billion (43.63%), -N16.17billion (46.39%), -N21.37 billion (56.75%), and –N10.49billion (34.95%), respectively.

The State IGR, nevertheless, witnessed a sudden increase from year 2018 following the review/amendment of the State's Revenue Administration Law, which granted autonomy to the Akwa Ibom State Internal Revenue Service as the AKIRS the sole agency for revenue assessment, collection and reporting. The State IGR grew from N19.5billion in 2017 to N28. 5billion in 2018, N35billion in 2019 and slight reduction in 2020 to N30 billion as a result of the COVID-19. In 2020. In the same vein, the budget performance increased from 65% 2017 to 74.2% in 2018, 75.93% in 2019, reduced to 55.10% in 2020 ((original Budget), increase to 99.72% in 2021 and reduced to 79.30% in 2022. Though there has been increase in the amount of nominal actual IGR, the outturn compared with the original budget is still very poor at over 20% deviation. A realistic revenue budget sets the basis to establish and/or define parameters for the allocation of resources to competition priorities, hence,

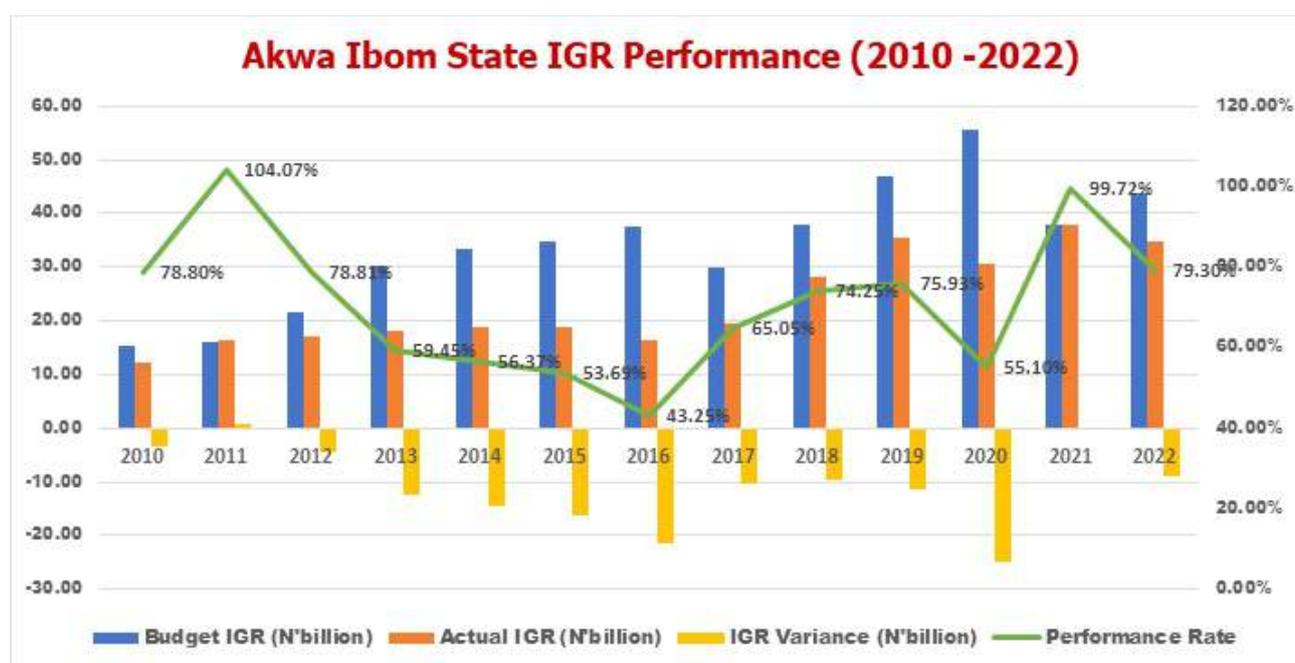
promotes allocative efficiency and good budget process. Poor/weak revenue forecast does not only distort budget process, but also breeches social capital and trust as well creates reputational risk in governance. A deviation of about 10% from the original approved budget may be an acceptable benchmark. In 2022, the budget outturn was 79.30% (deviation of 20.70%).

Table 44: Akwa Ibom State Annual IGR Performance (2010 -2022)

Year	Budget IGR (₦)	Actual IGR (₦)	Performance Rate	IGR Variance (₦)
2010	15,337,907,450.00	12,085,763,638.26	78.80%	(3,252,143,811.74)
2011	15,906,220,900.00	16,554,319,166.17	104.07%	648,098,266.17
2012	21,645,745,000.00	17,059,385,909.17	78.81%	(4,586,359,090.83)
2013	30,288,422,500.00	18,005,802,296.31	59.45%	(12,282,620,203.69)
2014	33,202,240,000.00	18,715,737,159.01	56.37%	(14,486,502,840.99)
2015	34,886,864,500.00	18,730,338,859.70	53.69%	(16,156,525,640.30)
2016	37,665,491,800.00	16,290,953,095.00	43.25%	(21,374,538,705.00)
2017	30,000,000,000.00	19,513,860,604.75	65.05%	(10,486,139,395.25)
2018	38,000,000,000.00	28,213,636,273.00	74.25%	(9,786,363,727.00)
2019	46,757,683,600.00	35,504,936,358.00	75.93%	(11,252,747,242.00)
2020	55,555,558,000.00	30,610,557,476.39	55.10%	(24,945,000,523.61)
2021	38,003,250,000.00	37,896,511,000.00	99.72%	(106,739,000.00)
2022	43,853,956,000.00	34,775,888,363.00	79.30%	(9,078,067,637.00)

Source: Calculated from Akwa Ibom State Audited Financial Statements (2010 -2021) and Draft 2022 Financial Statements

Figure 5: Trend in IGR Budget vs Actual (2010 – 2022)



6.7 PROPORTION OF RECURRENT (PERSONNEL, SOCIAL BENEFITS, OVERHEAD, GRANTS/SUBSIDIES AND DEBT SERVICE) EXPENDITURE FUNDED BY IGR

Many states have a long-term target of funding their recurrent expenditure from IGR receipts, leaving federation account transfers to fund capital expenditure. This indicator therefore assesses the extent to which recurrent expenditure (which should include debt servicing) can be covered by IGR.

The Proportion of Recurrent Expenditure funded by IGR - Scoring Matrix is as follows:

Score 4 when IGR represented 60% or more of Non-Debt Recurrent Expenditure.

Score 3 when IGR represented 40% or more of Non-Debt Recurrent Expenditure.

Score 2 when IGR represented 20% or more of Non-Debt Recurrent Expenditure.

Table 45: Indicator 6.7 - Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR

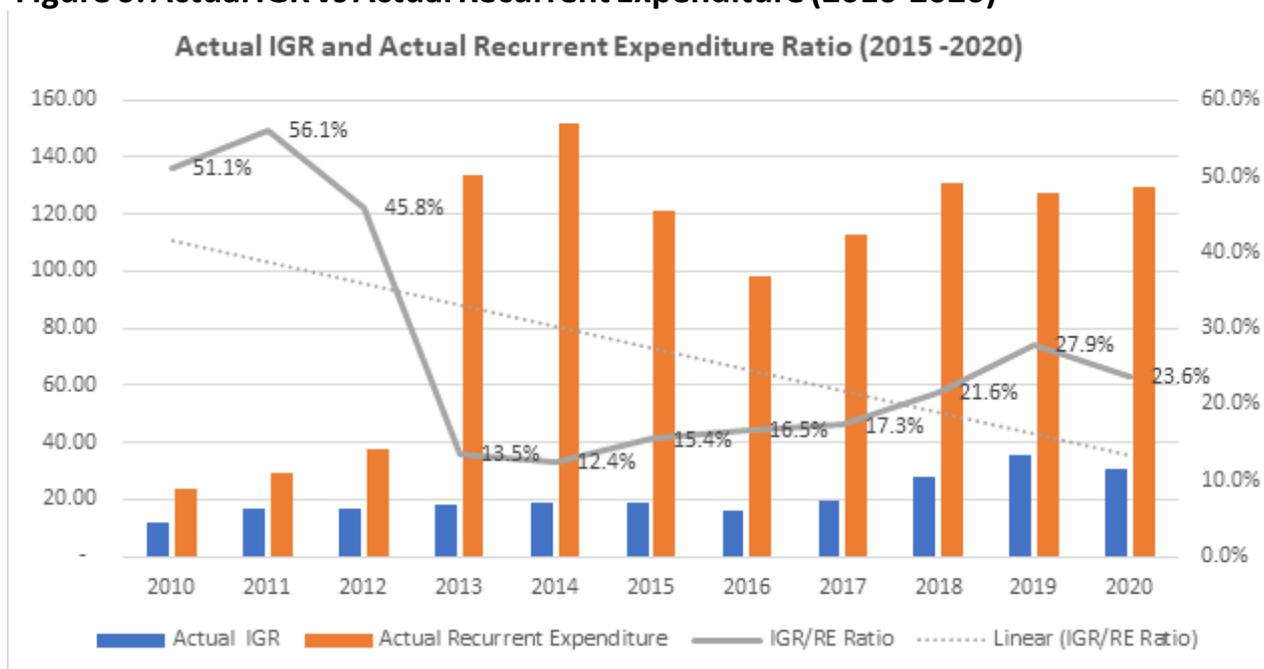
6.7 - Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	IGR represented 15.75% of Non-Debt Recurrent Expenditure less than 20% for a Score of 2	IGR represented 18.43% of the non-debt recurrent expenditure in 2021 and in 2022 it represented 15.75% of the non-debt recurrent expenditure.
Evidence	2022 Draft Financial Statement		

The indicator is scored as “1”. IGR in 2022 represented 15.75% of the non-debt recurrent expenditure. This has been a decline from 2021 which IGR represented 18.43% of the non-debt recurrent expenditure. The decline in receipts from the federation as a result of the volatility in revenue from mineral resources calls for the deepening of the reforms to block all leakages associated with revenue administration, optimize IGR potentials, and streamline functions to eliminate conflicts. The State's recurrent expenditure in the last twelve years (2010-2022) has shown a steady increase, with a corresponding decline in IGR/Recurrent expenditure ratio within the same period.

The State recurrent expenditure increased from N23.67billion in 2010 to N129.45 billion in 2020 (representing growth rate of 447%) compared to an increase of 153% in Actual IGR from N12.09 billion in 2010 to N30.61 billion in 2020. Also, The State recurrent expenditure increased from N205.62 billion in 2021 to N231.774 billion in 2022 (representing growth rate of 12.72%) compared to a decrease of (8.97%) in Actual IGR from N37.90billion in 2021 to N34.78 billion in 2022. In 2010, 2011 and 2012, the State's IGR funded 51.1%, 56.1% and 45.8% of the recurrent expenditures of the respective years. From the year 2013 -2017, IGR/recurrent expenditure ratio decreased to average of 15.0% (13.5% in 2013, 12.4% in 2014, 15.4% in 2015, 16.5% in 2016 and 17.3% in 2017). In the years (2018-2020), the average IGR/RE ratio is

24.4% (21.6% in 2018, 27.9% in 2019 and 23.6% in 2020). The Proportion of Recurrent Expenditure funded by IGR decline from 18.43% in 2021 to 15.75% in 2022. The IGR/RE Ratio trend depicts a linear slope from year 2010 to 2022 and during the period under analysis, the IGR of the State has never represented 60% or more of Non-Debt Recurrent Expenditure. The 2022 ratio covers only 15.75% of total non-debt recurrent expenditure. The implication is that 84.25% of non-debt recurrent expenditure is funded by either receipt from FAAC or debts or a combination of receipts from FAAC and debts. The trend in proportion of recurrent expenditure funded by IGR is shown in figure 6.

Figure 6: Actual IGR vs Actual Recurrent Expenditure (2010-2020)



6.8 ANNUAL NOMINAL IGR GROWTH RATE

This indicator assesses the percentage change in Internally Generated Revenues (IGR) from year to year.

IGR growth is determined by a number of internal factors, such as a good revenue policy and strategy, competent leadership in the Board of Internal Revenue, transparent tax administration anchored on innovative and ICT driven approaches and a workforce that is skilled and motivated. In the same vein, managing the external factors precipitated by macroeconomic shocks (inflation, exchange rate volatility, unemployment and other macroeconomic variables), through a realistic macroeconomic assumptions are needed to significantly grow the IGR of the State. Consequently, the willingness of the government to address the identified issues would enhance the growth and stability in IGR, and in turn, enable the State to address some the challenges of financial planning.

The Annual Nominal IGR Growth Rate - Scoring Matrix is as follows:

Score 4 if IGR grew by 25% or more.

Score 3 if IGR grew by 15% or more.

Score 2 if IGR growth was positive.

Score 1 if Performance is less than required for a score of '2'.

Table 46: Indicator 6.8 - Annual Nominal IGR Growth Rate

6.8 - Annual Nominal IGR Growth Rate			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	Performance is less than required for a score of '2'.	The annual IGR growth in 2020 compared to 2019 outturn is -13.8% while the annual IGR growth in 2021 compared to 2020 outturn is -23.8% whereas the annual IGR growth in 2022 compared to 2021 outturn is -13.64%
Evidence	2021 Audited Financial Statement and 2022 draft financial statements		

The indicator scored 2. In 2020, the annual normal IGR growth over the year 2019 IGR receipts was -13.8%. This decline is comparable to the State's position in 2016, when the IGR growth declined by 13.2% compared to 2015 actual IGR. The State witnessed the highest IGR growth in 2018 when the IGR increased to N28.2billion from N19.4 billion in 2017, representing growth rate of 44.58%. The IGR growth rates from 2010 to 2020 are 36.97% in 2011, 3.05% in 2012, 5.55% in 2013, 3.94% in 2014, 0.08% in 2015, 19.78% in 2017, 25.84% in 2019, -13.8% in 2020, 23.80% in 2021 and -13.64% in 2022. Akwa Ibom State has a policy that allows education and health-based institutions to retain 100% of the revenues collected by the Institutions. The revenue accounts of the referenced institutions are not part of the accounts controlled by the AKIRS. The annual nominal IGR growth rate from 2010 - 2020 is shown in figure 7.

Figure 7: Annual Nominal IGR Growth Rate (2010-2020)



Source: Calculated from Akwa Ibom State Audited Financial Statements (2010 -2019) and 2020 Draft Financial Statements

CHAPTER SEVEN

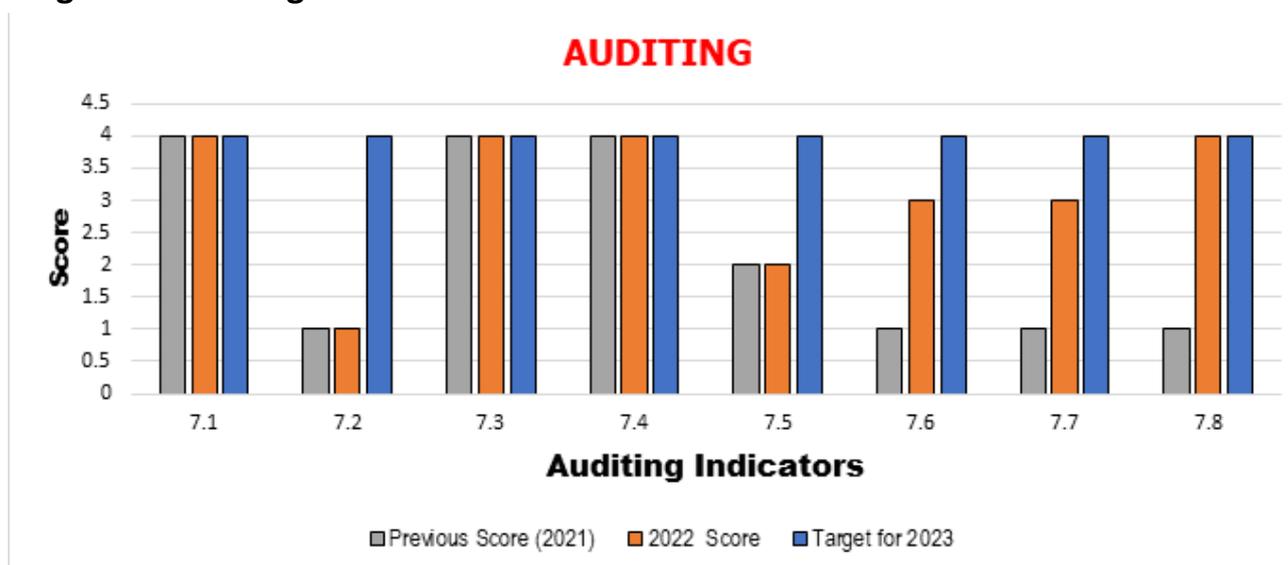
7.0 PILLAR 5: AUDITING

Reliable and extensive external audit is an essential requirement for ensuring accountability and transparency in the use of Public Funds. Global audit practice is regulated by the International Organization of Supreme Audit Institutions (INTOSAI), which issues the International Standards of Supreme Audit Institutions (ISSAIs). The ISSAIs are benchmarks for external audit of public entities. In Nigeria, external audits of Public Accounts are entrenched in the Constitution, which provides for the office of the State Auditor General, and the Public Accounts Committee of the State House of Assembly. The external audit function is critical to the enforcement of financial regulations, standards, and procedure in government business to ensure that citizens' or public wealth is protected. This Pillar 5 assesses the characteristics and effectiveness of external audit as well as the level of scrutiny of the audited financial. Summary of scores for Pillar 5 is shown in Table 47 and Figure 8.

Table 47: Summary Scores for Pillar 5: Auditing

7.0 Auditing		Previous Score (2021)	2022 Score	Target for 2023
7.1	Audit Law	4	4	4
7.2	Supreme Audit Institution (SAI) independence	1	1	4
7.3	Audit coverage and standards (State Government)	4	4	4
7.4	Timeliness of submission of audit reports to legislature (State Government)	4	4	4
7.5	Timeliness of submission of audit reports to legislature (Local Government)	2	2	4
7.6	External audit follow-up (State Government)	1	3	4
7.7	External audit follow-up (Local Government)	1	3	4
7.8	Hearings on audit findings by Public Accounts Committee of SHoA	1	4	4

Figure 8: Auditing



7.1 AUDIT LAW

This indicator assesses whether the State has passed an Audit Law, if the law does exist, whether the Law covers 9 elements (both mandatory and other requirements) of an Audit Responsibility Law.

Section 125 (1) of 1999 Constitution as amended provides that “there shall be an Auditor-General

Section 125 (1) of 1999 Constitution as amended provides that “there shall be an Auditor-General for each State who shall be appointed in accordance with the provisions of section 126 of this Constitution.” The Public Accounts of a State and of all offices and courts of the State shall be audited by the Auditor-General for the State who shall submit his Reports to the House of Assembly of the State concerned, and for that purpose the Auditor-General or any person authorized by him in that behalf shall have access to all the books, records, returns, and other documents relating to those Accounts. The State Audit Law is required to provide for Independence of the Offices of the State and Local Government Auditors-General as provided in Sections 125-127 of the 1999 Constitution as amended, as well as the International Standards of Supreme Audit Institutions (ISSAI) 10 Mexican Declaration on the Independence of Supreme Audit Institutions.

It is expected, therefore, that the Audit Law will cover the following:
Mandatory Requirements

- I. Independence of the Offices of the State and Local Government Auditors-General building on the provision of Sections 125 – 127 of the 1999 Constitution as amended.
- II. The Auditor General should be empowered to audit the:
 - a. use of public monies, resources, or assets, by a recipient or beneficiary regardless of its legal nature;
 - b. collection of revenues owed to the government or public entities;
 - c. quality of financial management and reporting; and
 - d. economy, efficiency, and effectiveness of government operations.
- III. The Auditor General should be free from direction or interference from the Legislature or the Executive in the
 - a. selection of audit issues;
 - b. planning, programming, conduct, reporting, and follow-up of audits; and
 - c. organization and management of the Office of the Auditor General.
- IV. Provide for financial and operational autonomy and the availability of appropriate human, material, and monetary resources to enable the performance of statutory responsibilities by the Auditor General. Processes for budget allocation and utilization should include safeguards such that the Executive should not control or limit the access to these resources.

Other Requirements

- V. Unrestricted access to information required for performing its functions.
- VI. The right and obligation to report on their work.
- VII. The freedom to decide the content and timing of Audit Reports and to publish and disseminate them.
- VIII. The existence of effective follow-up mechanisms on SAI recommendations.
- IX. Enforcement of their decisions where the application of sanctions is part of their mandate.

Table 48: Indicator 7.1 - Audit Law

7.1 - Audit Law			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	The State Audit Law passed by SHoA and assented by the Governor covered all the mandatory requirements and other requirements as explained above.	The State Audit Law was passed by SHoA and assented to by the Governor on 29th June 2021. The law covered all the mandatory requirements and other requirements.
Evidence	Akwa Ibom State Audit Law		

The indicator scored 4: The State Audit Law was passed by SHoA and assented to by the Governor on 29th June 2021. The law covered all the mandatory requirements and other requirements as explained above.

7.2 SUPREME AUDIT INSTITUTION (SAI) INDEPENDENCE

This indicator assesses the independence of the Office of the Auditor General State as well as the Office of the Auditor General for Local Governments. Independence of the Office of the Auditor General is essential for an effective and credible system of financial accountability and should be provided in the State Audit Law as provided in Sections 125 – 127 of the 1999 Constitution as amended. In practice, independence is demonstrated by the arrangements for the appointment (and removal) of the State Auditor General and other management staff of the Office of the Auditor General, non-interference in the planning and implementation of the Public Audit institution's audit work, and in the approval and disbursement procedures for the Office of the Auditor General's budget. The Office of the Auditor General's mandate should cover every state government activity and enable the office to carry out a full range of audit activities, specifically financial, compliance and performance audits. The Office of the Auditor General should have unrestricted access to documents, records, and information. Also, this indicator assesses both the Office of the Auditor General (State) and Office of the Auditor General (Local Government).

It should be noted that this indicator 7.2 should not be scored for a State that scored '1' in indicator 7.1 above (in other words, a State that does not have an Audit Law or has a very defective audit law should be scored 1 for 7.2).

The Supreme Audit Institution (SAI) independence - Scoring Matrix is as follows:

Score 4 if The Office of the Auditor General (State) operates independently from the executive with respect to planning of audit engagements, arrangements for publicizing reports, and the execution of the institution's budget.

This independence is assured by law.

The Office of the Auditor General has unrestricted and timely access to records, documentation, and information to **all** audited entities

Score 3 if The Office of the Auditor General (State) operates independently from the executive with respect to planning of audit engagements, arrangements for publicizing reports, and the execution of the institution's budget.

This independence is assured by law.

The Office of the Auditor General has unrestricted and timely access to records, documentation, and information to **most** audited entities

Score 2 if The Office of the Auditor General (State) operates independently from the executive with respect to planning of audit engagements, arrangements for publicizing reports, and the execution of the institution's budget.

This independence is assured by law.

The Office of the Auditor General has unrestricted and timely access to records, documentation, and information to **majority** audited entities

Score 1 if Performance is less than required for a score of '2'

Table 49: Indicator 7.2 - Supreme Audit Institution (SAI) independence

7.2 - Supreme Audit Institution (SAI) independence			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	The lowest scoring sub-indicator was 1 and the highest was 4	Although Independence of both the Offices of the Auditor General for the State and Auditor General for Local Governments is assured by the State Audit law signed on 29th June 2021 and the SSG Circular No. 8 of 2021 was issued for establishing the full autonomy of the offices, the Offices are not independent from the executive with respect to the
Evidence:	Submission from Offices of the State Auditor-General and the Auditor-General for Local Governments		

The indicator scored 1: Independence is assured by the State Audit law signed on 29th June 2021. After the State Audit Law had been assented to by the Governor, SSG Circular No. 8 of 2021 was issued for the implementation of financial and operational autonomy of the Offices of the State Auditor-General and the Auditor-General for Local Governments. However, the Offices for 2022 FY still depended on EXCO for

budgetary release and the Civil Service Commission for engagement of staff of both the Auditor General of State and Auditor General of Local Governments. As such, the Offices are not independent from the executive with respect to the execution of the institution's budget.

The only aspect affecting the independence of supreme Audit Institutions is the approval and disbursement procedures for the Office of the Auditor General's budget which the Offices are still depending on the Executive for approvals. Once the Offices of the Auditor Generals are independence in the approval and disbursement procedures of their budgets, full financial and operational autonomy of those Offices will then be assured.

7.3 AUDIT COVERAGE AND STANDARDS (STATE GOVERNMENT)

This indicator assesses key elements of external audit in terms of the scope and coverage of audit, as well as adherence to auditing standards.

It is required that an audit of The State Government Financial Statements has been performed at least for two financial years during the last three completed fiscal years and it should cover total expenditures, revenues, liabilities, and assets. The auditing standard will be Nigeria Public-Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards. The audits have highlighted any relevant material and systemic PFM issues as well as opinion on the financial statements, the regularity and propriety of transactions, and the functioning of internal control and procurement systems.

The Audit coverage and standards (State Government) - Scoring Matrix is as follows:

Score 4 If Financial Statements of the state have been audited at least for two financial years using Nigeria Public-Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks.

Score 3 If Financial Statements of the state have been audited at least for two financial years using Nigeria Public-Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards during the last three completed fiscal years. The audits have highlighted any relevant significant issues.

Score 2 If Financial Statements of the state have been audited at least for one financial year using Nigeria Public-Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards during the last three completed fiscal years without highlighting material issues and systemic and control risks.

Score 1 If Performance is less than required for a score of '2'

Table 50: Indicator 7.3 - Audit Coverage and Standards (State Government)

7.3 - Audit coverage and standards (State Government)			
Time Frame	Last three completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Financial statements of the state have been audited at least for two financial years using Nigeria Public-Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks.	Financial statements of the state have been audited at least for two financial years using Nigeria Public-Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards during the last three completed fiscal years. The audits highlighted so many material issues and systemic and control risks such as unverifiable expenditure, irregular expenditure, doubtful expenditure, fictitious expenditure, revenue not accounted for, etc.
Evidence	Auditor General Report.		

The indicator scored 4: Audit for 2017, 2018, 2019, 2020 and 2021 were performed based on Nigeria Public Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards. The audits highlighted so many material issues and systemic and control risks such as unverifiable expenditure, irregular expenditure, doubtful expenditure, fictitious expenditure, revenue not accounted for, etc.

7.4 TIMELINESS OF SUBMISSION OF AUDIT REPORTS TO LEGISLATURE (STATE GOVERNMENT)

This indicator assesses the timeliness of submission of State Government audit report(s) to the SHoA. The important of timeliness of submission of audit reports to the legislature is for two main reasons: Audited Financial Statements are a source of reliable information for planning and budget purposes. The budget preparation process should ideally start in early Q2 of a fiscal year so having the audited financial statements available in this time frame is important; and the audit report may have areas for follow-up that could be obsolete or have escalated during the time between the end of the financial year and the submission of the audit report – this time frame should therefore be minimized to the extent possible.

The Timeliness of submission of Audit Reports to Legislature (State Government) is as follows:

Score 4 If Audit reports of state government were submitted to the SHoA within three months from receipt of the financial reports by the Auditor General (State) for the last three completed fiscal years

Score 3 If Audit reports of state government were submitted to the SHoA within six months from receipt of the financial reports by the Auditor General (State) for the last three completed fiscal years

Score 2 If Audit reports of state government were submitted to the SHoA within nine months from receipt of the financial reports by the Auditor General (State) for the last three completed fiscal years

Score 1 If Performance is less than required for a score of '2'

Table 51: Indicator 7.4 - Timeliness of Submission of Audit Reports to Legislature (State Government)

7.4 - Timeliness of submission of audit reports to legislature (State Government)			
Time Frame	Last three completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	Audit reports of State Government were submitted to the SHoA within three months from receipt of the financial reports by the Auditor General (State) for the last three completed fiscal years.	Audit reports of State Government were submitted to the SHoA: 2017 within one month , 2018 within one month, 2019 within one month, 2020 within 3 months, and 2021 within 3 months of receipt of financial statement by the Auditor-General
Evidence	Records of the Office of the Auditor General State and SHoA.		

The indicator scored 4: 2021, 2020, 2019, 2018, 2017 audited accounts were all submitted to SHoA within three months of receipt of financial statements from the Accountant General as shown in Table 49 below.

Table 52: Submission Date and Duration for Submission of Auditor General of State Report to SHoA

Year	Date Submitted by Accountant General	Date of Submission of Auditor General's Report to SHoA	Time
2017	October 3, 2018	October 19, 2018	17 days (within one month)
2018	August 9, 2019	August 17, 2019	9 days (within one month)
2019	April 14, 2020	April 28, 2020	14 days (within one month)
2020	May 25, 2021	July 27, 2021	63 days (within three months)
2021	March 31, 2022	June 27, 2022	57 days (within three months)

7.5 TIMELINESS OF SUBMISSION OF AUDIT REPORTS TO LEGISLATURE (LOCAL GOVERNMENT)

This indicator assesses the timeliness of submission of Akwa Ibom State Local Governments Audit Reports to the SHoA.

The requirements for Local Governments are the same as for State Government.

The Timeliness of Submission of Audit Reports to Legislature (Local Government) - Scoring Matrix is as follows:

Score 4 If Audit Reports of all local governments were submitted to the SHoA within three months from receipt of the financial reports by the Auditor General (Local Government) for the last three completed fiscal years.

Score 3 If Audit Reports of all local governments were submitted to the SHoA within six months from receipt of the financial reports by the Auditor General (Local Government) for the last three completed fiscal years.

Score 2 If Audit Reports of all local governments were submitted to the SHoA within nine months from receipt of the financial reports by the Auditor General (Local Government) for the last three completed fiscal years.

Score 1 If Performance is less than required for a score of '2'

Table 53: Indicator 7.5 - Timeliness of Submission of Audit Reports to Legislature (Local Government)

7.5 - Timeliness of submission of audit reports to legislature (Local Government)			
Time Frame	Last three completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	Audit Reports of all Local Governments were submitted to the SHoA within four, seven and eight months respectively from receipt of the Financial Reports by the Auditor General (Local Government) for the last three completed fiscal years.	Complete information provided for 2018 and 2021 FY Audit Reports. The 2020 and 2019 Audit Reports for the LGs were submitted by Auditor General for LG to SHoA within 7 and 8 months of receipts of AFS from each LG respectively whereas the 2021 Audit Reports of the LGs was submitted by Auditor General for LG to SHoA within 1 and 4 months of receipts of AFS from Councils.
Evidence	Records of Auditor General for LG and SHoA.		

The indicator scored 2: Complete information provided for 2018 and 2021 FY Audit Reports. The three last completed fiscal years (2021, 2020 and 2019) Audit Reports for the LGs were submitted by Auditor General for LG to SHoA within 4, 7 and 8 months respectively of receipts of AFS from each LG. The Audited Reports of the Local Governments were submitted to SHoA on the dates as shown in Table 52.

Table 54: Submission Date and Duration for Submission of Auditor General of LGA Report to SHoA

Year	Date Received from LGAs	Date Submitted to SHoA	Duration
2017	November 4, 2020 (21 LGAs submitted between May and June 2020)	NA	NA
2018	July 7, 2020 (23 LGAs submitted between June and July 2020)	September 24, 2020	within 3 to 4 months of receipt by AG for LGs
2019	July 30, 2020 (25 LGAs submitted between May & July 2020)	December 30, 2020	within 7 to 8 months of receipt by AG for LGs
2020	July 31, 2021 (31 LGAs submitted between March & July 2021)	September 28, 2021	within 3 to 7 months of receipt by AG for LGs
2021	June 20, 2022 (31 LGAs submitted between March & June 2022)	June 29, 2022	within 1 to 4 months of receipt by AG for LGs

7.6 EXTERNAL AUDIT (STATE GOVERNMENT)

This indicator assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity.

Effective and timely follow-up on external audit recommendations or observations are important requisite of ensuring accountability and transparency in the use of public fund. This indicator covers recommendations or observations made by both Audits of Financial Reports and Compliance Audits. Evidence of effective follow up of the audit findings includes the issuance by the EXCO of a formal written response to the audit findings indicating how these will be or already have been addressed, for example, a management letter. Reports on follow-up may provide evidence of implementation by summing up the extent to which the MDAs with audit queries have cleared audit queries and implemented audit recommendations or observations. Note that follow-up to recommendations issued by the SHoA is assessed here. The terms 'formal' and 'comprehensive' imply a written response that systematically addresses the audit findings and recommendations; it does not imply that recommendations have necessarily been implemented.

The External Audit - Scoring Matrix is as follows:

Score 4 if there is clear evidence of effective and timely follow-up by the state ExCo or the MDA for which follow-up was expected, during the last three completed fiscal years.

Score 3 if a formal, comprehensive, and timely response was made by the state ExCo or the MDA for which follow-up was expected, during the last three completed fiscal years.

Score 2 if a formal response was made by the state ExCo or the MDA for which follow up was expected, during the last three completed fiscal years.

Score 1 if Performance is less than required for a score of '2'

Table 55: Indicator 7.6 - External Audit Follow-Up (State Government)

7.6 - External audit follow-up (State Government)			
Time Frame	Last three completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	Formal, comprehensive, and timely responses made by MDAs in respect of the numerous issues raised by the Auditor General for 2021, 2020 and 2019 Audited Reports were sighted.	There were formal, comprehensive, and timely responses made in respect of the numerous issues raised by the Auditor General for 2021, 2020, 2019, 2018 and 2017 Audited Reports by MDAs for which follow-up were expected, during the last three completed fiscal years..
Evidence	Office of Auditor General of State's Documents		

The indicator scored 3: There were formal, comprehensive, and timely responses made in respect of the numerous issues raised by the Auditor General for 2021, 2020, 2019, 2018 and 2017 Audited Reports by MDAs for which follow-up were expected, during the last three completed fiscal years.

7.7 EXTERNAL AUDIT (LOCAL GOVERNMENT)

This indicator assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity.

The requirements are same as for the State.

Table 56: Indicator 7.7 - External Audit Follow-Up (Local Government)

7.7 - External audit follow-up (Local Government)			
Time Frame	Last three completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	Clear evidence of effective and timely follow-up by the affected LG ExCo or the department for which follow-up on audit issues raised in the 2021 and 2020 LGs Audit Reports seen but for 2019, a formal and comprehensive but not timely responses were seen from LG ExCo or the department for which follow-up were expected, in respect of audit issues raised in 2019 LGs Audited Reports	There is clear evidence of effective and timely follow-up by the affected LG ExCo or the department for which follow-up on audit issues raised in the 2021 and 2020 LGs Audit Reports were expected. However, a formal and comprehensive but not timely responses were made by the LG ExCo or the department for which follow-up were expected, during 2019 LGs Audited Reports.
Evidence	Office of Auditor General of LG Documents		

The indicator scored 3: There is clear evidence of effective and timely follow-up by the affected LG ExCo or the department for which follow-up on audit issues raised in the 2021 and 2020 LGs Audit Reports were expected. However, a formal and comprehensive but not timely responses were made by the LG ExCo or the department for which follow-up were expected, during 2019, 2018 and 2017 LGs Audited Reports. This may have been because the Audit Reports were so produced 2 to 3 years after the end of the financial year as result of capacity constraints at the Office of the Auditor General for Local Governments and systematic issues.

7.8 HEARINGS OF AUDIT FINDINGS BY PUBLIC ACCOUNTS COMMITTEE OF SHOA

This indicator assesses the extent to which hearings on key findings of the Auditor General of the State and Auditor General for Local Governments take place.

The Public Accounts Committee (PAC) of the SHoA is required to conduct hearings on the findings of State and Local Government Audit Reports. The indicator assesses the level of legislative scrutiny of audits performed by the Auditor General (both State and Local Government). Hearings on key findings of external Audit Reports can only be considered 'in-depth' if they include representatives from the Office of the Auditor General State for State Audit, and Local Government for Local Government Audit to explain the observations and findings as well as from the MDAs for State

Audit and Local Governments for Local Government Audit to clarify and provide an action plan to remedy the situation.

The Hearings of Audit findings by Public Accounts Committee of SHoA - Scoring Matrix is as follows:

Score 4 if In-depth hearings on key findings of Audit Reports take place **regularly** with responsible officers from **all** audited MDAs and Local Governments which received a qualified or adverse audit opinion or a disclaimer.

Score 3 if In-depth hearings on key findings of Audit Reports take place with responsible officers from **most** MDAs and Local Governments which received a qualified or adverse audit opinion or a disclaimer.

Score 2 if In-depth hearings on key findings of Audit Reports take place **occasionally**, covering a **few** MDAs and Local Governments which received a qualified or adverse audit opinion or a disclaimer.

Score 1 if Performance is less than required for a score of '2'

Table 57: Indicator 7.8 - Hearings on Audit Findings by Public Accounts Committee of SHoA

7.8 - Hearings on audit findings by Public Accounts Committee of SHoA			
Time Frame	Last three completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	The Public Accounts Committee of SHoA held public hearings on key findings of the 2021 Audit Reports on 1 st August, 2022 while that of 2020 Audit Reports findings was held on 31 st August, 2021	There has been in-depth hearings on key findings of Audit Reports regularly with responsible officers from all audited MDAs and Local Governments which received a qualified or adverse audit opinion or a disclaimer in the past two financial years in compliance with the 2021 AKS FRB Annual Report recommendation.
Evidence	Based on Auditor General Office submission and SHoA Public Account Committee submission		

The indicator scored 4: The Public Accounts Committee of SHoA held public hearings on key findings of the 2021 Audit Reports on 1st August, 2022 while that of 2020 Audit Reports findings was held on 31st August, 2021. As such, in-depth hearings on key findings of Audit Reports take place regularly with responsible officers from **all** audited MDAs and Local Governments which received a qualified or adverse audit opinion or a disclaimer. This is an improvement from 2021 Assessment where the score was 1 which was the least.

CHAPTER EIGHT

8.0 PILLAR 6: DEBT MANAGEMENT

The ability of the State to contract and repay debts at the lowest possible costs, while reducing the exposure to increased costs of borrowing (including interest rate), currency and other associated risks, and the associated consequences of a default are hugely dependent on sound debt management.

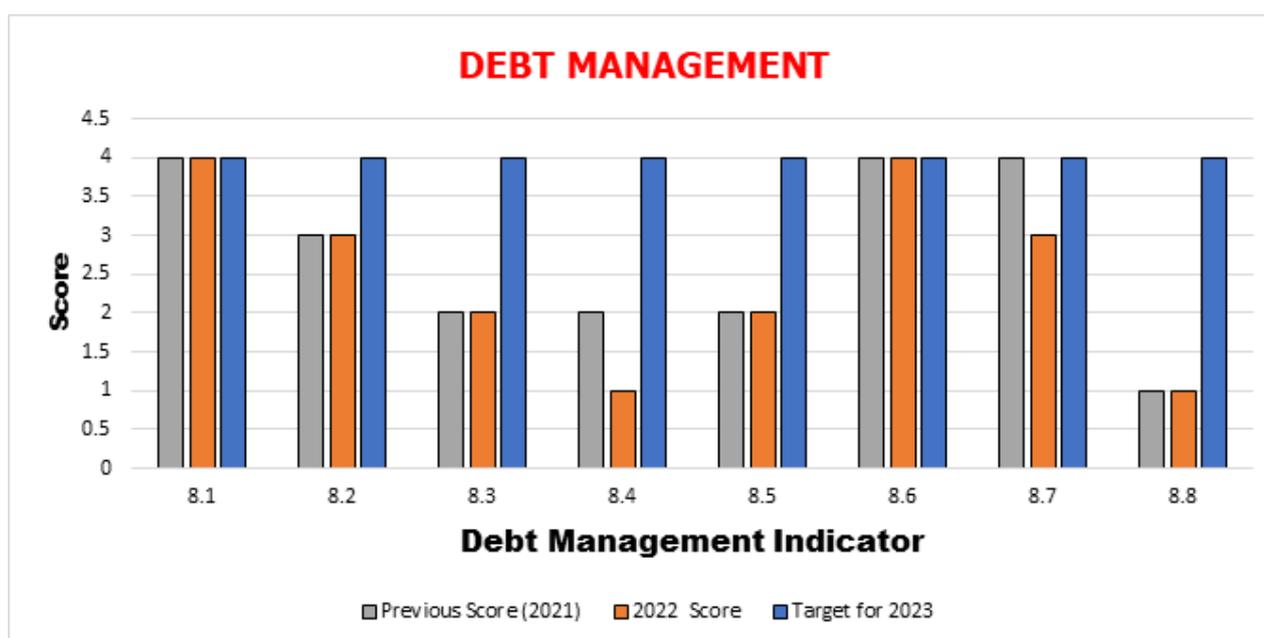
The eight (8) indicators under this pillar assesses the State's contracting, recording, and reporting of debt institution, systems, and processes to ensure data integrity, and related benefits such as accurate debt service budgeting, timely service payments, and well-planned debt rollover.

The summary of the scores of the eight (8) indicators are presented in table 58 and figure 9 below:

Table 58: Summary of Scores for Pillar 7 Debt Management

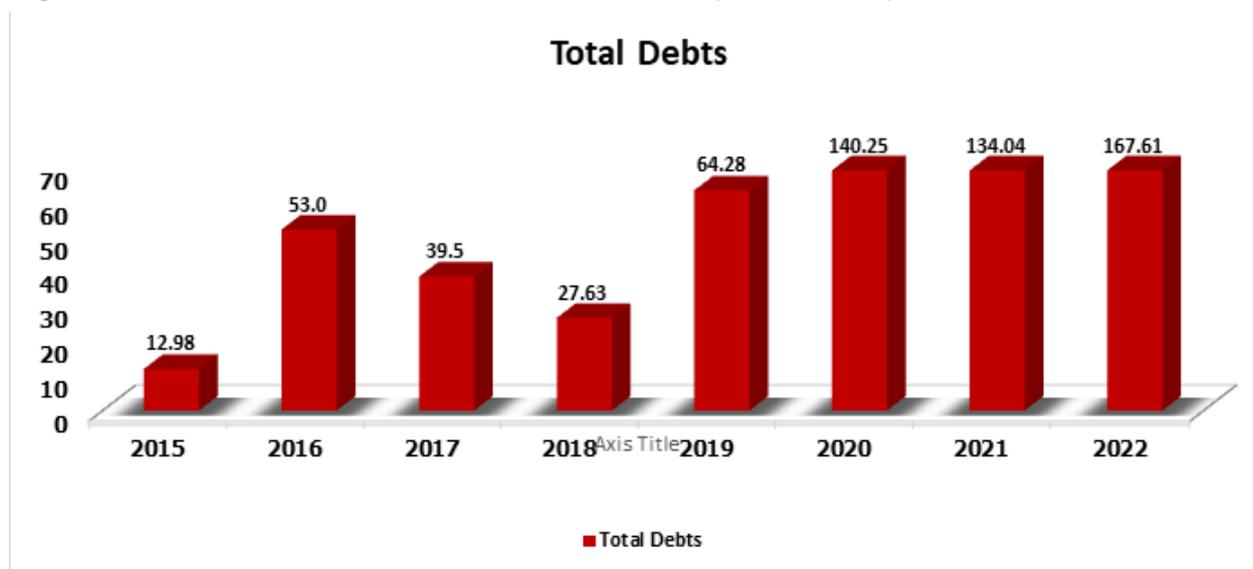
8.0 Debt Management		Previous Score (2021)	2022 Score	Target for 2023
8.1	Debt Management Law	4	4	4
8.2	Recording and reporting of debt and guarantees	3	3	4
8.3	Annual debt sustainability analysis and medium-term Debt Management Strategy report	2	2	4
8.4	Domestic arrears	2	1	4
8.5	Existence of Consolidated Debt Service Account	2	2	4
8.6	Ratio of average monthly debt service deducted from FAAC revenue	4	4	4
8.7	Total Liabilities as percentage of total Recurrent Revenue	4	3	4
8.8	Existence of Credit Agency Rating	1	1	4

Figure 9: Summary of Scores for Pillar 7 Debt Management



The total debt (domestic and external) of Akwa Ibom State increased from N12.98 billion in 2015 to N53.0 billion in 2016 showing a percentage increase of 308%. It however decreased to N39.5 billion (by 25.5%) in 2017. It further decreased to N27.63 billion in 2018 (by 30%) but increased significantly in 2019 by 132.6% to N64.28bn. In 2020 the total debt of the State was N140.25billion and decreased to 134.04billion in 2021 and increased to N167.61billion in 2022. The trend is pictorially presented in figure 10 below:

Figure 10: Akwa Ibom State Total Debt Trend (2015-2022)



Computed based on data from Akwa Ibom State 2015-2022 Audited Financial Statements

8.1 DEBT MANAGEMENT LAW

This indicator assesses the existence of a Debt Management Law, either as a standalone law or a combination of laws and whether the three (3) elements are provided for in the law. The law sets the guidelines/rules for contracting, recording and reporting public debts including government guarantees. These rules are necessary to ensure that decisions and actions about state's financing needs and payments obligations are properly guided to achieve the lowest cost possible in a sustainable manner.

Table 59: Indicator 8.1 - Debt Management Law

8.1 - Debt Management Law			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	The three key elements described above are provided in a standalone law or combination of laws.	Akwa Ibom State government has a debt management law which was signed into law in 2019. The state scored 4 because the law provided for the three key elements - responsibilities for contracting, recording and reporting debts as well as limits to the level of fiscal deficits in the budget. The law did not however, state clearly the limits but the state's fiscal responsibility law provides for the adoption of the 4% of National GDP as provided in the Federal Fiscal Responsibility Act, 2007.
Evidence	AKS Debt Management Law 2019		

The indicator scored 4. Akwa Ibom State has a Debt Management Law, which provides for the three key elements needed in the law. The elements include the following:

1. Responsibilities for contracting state debt.
2. Responsibilities for recording and reporting state debt.
3. Fiscal and debt rules and/or limits for the State. Fiscal rules and limits refer to rules and limits on the fiscal or budget deficits. Debt rules and limits refer to rules and limits related to new incremental debt/borrowing or the total stock of debt held by a state.

8.2 RECORDING AND REPORTING OF DEBT AND GUARANTEES

This indicator assesses debt and guarantees contracted directly by state governments and serviced by the sub-national government.

The regular monitoring and timely reporting on debt portfolio is not only critical for data integrity and effective management, but also, promotes accurate debt service budgeting, timely debt service payments, and well-planned debt rollovers. Systematic monitoring and reporting of debt management transactions involves the use of ICT and includes the recording, managing, and reconciling debt records, as well as addressing deviations that may arise periodically.

The Recording and Reporting of Debt and Guarantees - Scoring Matrix is as follows:

Score 4 if Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least quarterly.

Score 3 if Domestic and foreign debt and guaranteed debt records are complete, accurate, and updated quarterly. Most information is reconciled quarterly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least annually.

Score 2 if Domestic and foreign debt and guaranteed debt records are updated annually. Reconciliations are performed annually. Areas where reconciliation requires additional information to be complete are acknowledged as part of documentation of records.

Score 1 if Performance is less than required for a score of '2'

Table 60: Indicator 8.2 - Recording and Reporting of Debt and Guarantees

8.2 - Recording and reporting of debt and guarantees			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	Domestic and foreign debt and guaranteed debt records are complete, accurate, and updated quarterly. Most information is reconciled quarterly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least annually.	The Debt Management Office established by the Debt Management Law 2019 records and prepares debt reports and carries out quarterly reconciliation with the Debt Management Office Abuja on quarterly basis. There is a software established for capturing debt data on monthly or quarterly basis.
Evidence	http://aksmfinance.com/images/debptprofile2021.pdf		

The indicator scored 3. Domestic and foreign debt and guaranteed debt records are complete, accurate, and updated quarterly. Most information is reconciled quarterly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least annually

8.3 ANNUAL DEBT SUSTAINABILITY ANALYSIS (DSA) AND MEDIUM-TERM DEBT MANAGEMENT STRATEGY REPORT (MTDMSR)

This indicator assesses the availability of Annual Sustainability and Medium-Term Management Strategy Reports and ascertains whether the documents are publicly available and contain all the relevant information.

Annual Debt Sustainability Analysis is necessary to ensure that the State is maintained at liquidity and solvency ratios that are sustainable so that the state will not be plunged into a high debt burden and become unable to invest in development Projects. A Debt Management Strategy, on the other hand, will provide the framework to ensure that all the debt data for analysis are provided timely, comprehensively and accurately.

The Annual debt sustainability analysis (DSA) and medium-term Debt Management Strategy report (MTDMSR) - Scoring Matrix is as follows:

Score 4 if current (within last 12 months) DSA and MTDMSR covering existing and projected state government debt, with a horizon of at least three years, is publicly reported. The strategy includes target ranges for indicators such as interest rates, refinancing, and foreign currency risks. Annual reporting against debt management objectives is provided to the subnational council. The government's annual plan for borrowing is consistent with the approved strategy.

Score 3 if current (within last 12 months) DSA and MTDMSR, covering existing and projected state government debt, with a horizon of at least three years, is publicly reported. The strategy includes target ranges for indicators such as interest rates, refinancing, and foreign currency risks.

Score 2 if current (within last 12 months) DSA and MTDMSR covering existing and projected state government debt is publicly available. The strategy indicates at least the preferred evolution of risk indicators such as interest rates and refinancing, and foreign currency risks.

Score 1 if Performance is less than required for a score of '2'

Table 61: Indicator 8.3 - Annual Debt Sustainability Analysis (DSA) and Medium-Term Debt Management Strategy Report (MTDMSR)

8.3 - Annual debt sustainability analysis and medium-term Debt Management Strategy report			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	A current (within last 12 months) DSA and MTDMSR covering existing and projected state government debt is publicly available. The strategy indicates at least the preferred evolution of risk indicators such as interest rates and refinancing, and foreign currency risks.	Akwa Ibom state Debt Management Office prepared a debt sustainability analysis report in 2020 in collaboration with the National Debt Management Office which is published online and another one in 2022 with support of USAID State2State Activity . However, the Medium - term Debt Management Strategy report prepared was yet to be developed.
Evidence	https://akwaibomstate.gov.ng/wp-content/uploads/2020/12/Akwa-Ibom-State-DSA-Report-December-2022.pdf and Submission of the State Debt Management Office		

This indicator scored 2. Akwa Ibom state Debt Management Office prepared a debt sustainability analysis report in 2020 in collaboration with the National Debt Management Office which is published online and another one in 2022 with support from USAID State2State Activity. However, the Medium-term Debt Management Strategy report prepared was yet to be developed.

8.4 DOMESTIC ARREARS

This indicator assesses whether domestic arrears as of fiscal year end is reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established as well as a percentage decline in the verified stock of domestic arrears at the end a fiscal year compared to end preceding fiscal year.

In the recent past, governments' public debt exposures were undervalued, due to non-recognition and inclusion of contingent liabilities, especially, the domestic expenditure arrears in overall debt basket. As a result, payment for such financial obligations, which were incurred by the government, is in most cases, are delayed or not paid. These categories of expenditures include contractors' arrears, pension and gratuity arrears, and salary arrears and other claims. To mitigate the associated risks with such debts, the States are required to record, manage and liquidate/reduce such debts in a systematic and continuous manner, using standardized and generally acceptable framework and strategy. This includes, among others, the establishment of a Publicly Available Domestic Expenditure Arrears Clearance Framework (ACF), which must contain the planned actions to settle domestic expenditure arrears, and an explicit prioritization of domestic expenditure arrears to be settled as well as an internal domestic expenditure arrears database. States are required to

1. Establish a domestic expenditure arrears clearance framework (ACF). The ACF must contain:
 - a. the planned actions to settle domestic expenditure arrears; and
 - b. an explicit prioritization of domestic expenditure arrears to be settled

The ACF must be published on a state official website.

2. Establish an internal domestic expenditure arrears database. The internal domestic expenditure arrears database must include the following information:
 - a. The aggregate and individual amounts of contractors' arrears. For contractors' arrears, at a minimum, the internal domestic expenditure arrears database must include the name of the contractor, the amount due at end-of-year, the nature of the goods and services procured that generated the claim, the due date, and billing data (as applicable). The database shall show the total contractor arrears stock at the end of each year.

- b. The aggregate amount of pension and gratuity arrears.
 - c. The aggregate amount of salary arrears and other staff claims.
3. Publish online elements of the internal domestic expenditure arrears database on a state official website, which constitutes the online publicly accessible domestic expenditure arrears database.
 - a. The online publicly accessible domestic expenditure arrears database must include the following information: (1) the aggregate amount of contractors' arrears; (2) the aggregate amount of pension and gratuity arrears; (3) the aggregate amount of salary arrears and other staff claims; and (4) a list of names of contractors with recognized arrears exceeding 20 million naira and information for contractors to be able to verify that their claims are being accurately reported in the database.
 - b. Information referred to in point (4) must include the name of the contractor, the nature of the goods and services procured, and the billing date. It does not have to include the amount of the contractor's claim and other billing data.
 - c. The website supporting the online publicly accessible domestic expenditure arrears database shall contain an electronic link or other means of communication that permits any contractor creditor whose individual claim is listed in the database to request a restricted disclosure of the information not reported on the online database (namely, the amount of the contractor's claim and other billing data), by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, the restricted disclosure will be provided to the creditor.
 - d. The website supporting the online publicly accessible domestic expenditure arrears database shall contain an electronic link or other means of communication that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic expenditure arrears database and included as relevant in the online publicly accessible domestic expenditure arrears database.

The clearance/reduction of domestic expenditure arrears is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.

1. The stock of total domestic expenditure arrears means the sum of the stocks of the different categories of domestic expenditure arrears in the state, including but not limited to contractor arrears, pension and gratuity arrears, salary arrears and other staff claims, which have been verified and categorized as valid.
2. The data used to calculate the annual percentage decline must be obtained from the state internal domestic expenditure arrears database that shows which arrears have been verified and categorized as valid across all categories.
3. The clearance of domestic expenditure arrears should be consistent with the domestic expenditure arrears clearance framework (ACF) of the state, once the ACF has been established.

The Domestic Arrears - Scoring Matrix is as follows:

Score 4

- Established a domestic expenditure arrears clearance framework (ACF) with the two requirements described above.
- Established the internal domestic expenditure arrears database that must include all the information described above.
- Published online elements of the internal domestic expenditure arrears database on a state official website in the manner described above.
- 20% decline in the verified stock of domestic arrears at end of a fiscal year compared to the end of preceding fiscal year.

Score 3

- Established a domestic expenditure arrears clearance framework (ACF) with the two requirements described above.
- Established the internal domestic expenditure arrears database that must include all the information described above.
- Published online elements of the internal domestic expenditure arrears database on a state official website in the manner described above.
- 10% decline in the verified stock of domestic arrears at end of a fiscal year compared to the end of preceding fiscal year.

Score 2

- Established a domestic expenditure arrears clearance framework (ACF) with the two requirements described above.
- Established the internal domestic expenditure arrears database that must include all the information described above.
- Published online elements of the internal domestic expenditure arrears database on a state official website in the manner described above.
- 5% decline in the verified stock of domestic arrears at end of a fiscal year compared to the end of preceding fiscal year.

Score 1

- Performance is less than required for a score of '2

Table 62: Indicator 8.4 – Domestic Arrears

8.4 - Domestic arrears			
Time Frame	At time of assessment using data of two preceding fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Established a domestic expenditure arrears clearance framework (ACF) with the two requirements described above. Established the internal domestic expenditure arrears database must include all the information described above. Published online elements of the internal domestic expenditure arrears database on a state official website in the manner described above. The total Debt Stocks decline between 2021 and 2022 is -25.05% as such, the Performance is less than required for a score of '2'	The state has a domestic arrears clearance framework which is published online. The State fulfilled elements 1, 2, and 3. Nevertheless, the internal domestic arrears database did not show list of names of contractors with recognized arrears exceeding N20m. The total debt stock between 2019 and 2020 reduced by 5%, while the decline in total Debt Stocks between 2020 and 2021 is 4.43%, whereas the total Debt Stocks decline between 2021 and 2022 is -25.05%.
Evidence	http://aksmfinance.com/AkwalbomStateUPDATEDACF2022.pdf		

This indicator is scored as “1”. The state has a Domestic Arrears Clearance Framework which is published online. The State satisfied elements 1, 2, and 3. However, the internal domestic arrears database did not show list of names of contractors with recognized arrears exceeding N20m. The total Debt Stocks between 2019 and 2020 declined by 5%, while the decline in total Debt Stocks between 2020 and 2021 is 4.43%, whereas the total Debt Stocks decline between 2021 and 2022 is -25.05%

8.5 EXISTENCE OF CONSOLIDATED DEBT SERVICE ACCOUNT

This indicator assesses whether a Consolidated Debt Service Account is in place and to ascertain if it is funded monthly with a certain proportion of the State IGR.

A Consolidated Debt Service Account will help the state to set aside on monthly basis certain percentage of its recurrent revenue for the purposes of servicing its domestic debts. The percentage may defer from State to State depending on the value of each State's domestic debts, though, the Fiscal Sustainability Plan (FSP) puts the benchmark at 5%.

Existence of Consolidated Debt Service Account - Scoring Matrix is as follows:

Score 4 If Consolidated Debt Service Account is in place and funded monthly with 5% of monthly IGR.

Score 3 If Consolidated Debt Service Account is in place and funded monthly with less than 5% of monthly IGR.

Score 2 If Consolidated Debt Service Account is in place but not regularly funded.

Score 1 If Performance is less than required for a score of '2'

Table 63: Indicator 8.5 - Existence of Consolidated Debt Service Account

8.5 - Existence of Consolidated Debt Service Account			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	2	Consolidated Debt Service Account is in place but not regularly funded.	The Office of the Accountant General operate a Consolidated Debt Service Account but the Account is not regularly funded.
Evidence	Office of Accountant General Records.		

This indicator scored 2. The Office of the Accountant General confirmed that a Consolidated Debt Service Account has been opened, but the account was not being funded as at the time of the assessment.

8.6 RATIO OF AVERAGE MONTHLY DEBT SERVICE DEDUCTED FROM FAAC REVENUE

This indicator assesses the liquidity of the State by ascertaining the ratio of average monthly debt service deducted from FAAC revenue.

The Debt Management Office Act provides for federal oversight of State Government fiscal and borrowing decisions through a combination of rule-based controls, and direct administrative controls requiring disclosure of all borrowing operations and prohibiting sub-national governments from directly accessing foreign finance. Thus, State Governments can freely borrow in Naira, within the established debt limits, while federal approval and guarantee are required for loans or bonds in foreign currencies and markets. The repayment of such loans is tied to the State's FAAC Allocation. Therefore, the repayment of foreign debt and borrowing from commercial banks and capital market with an irrevocable standing payment order tied to the State's FAAC transfer are some of the reasons for the shortfall in States' FAAC revenue. There is a significant divergence between the gross and net FAAC revenues of States.

This indicator serves as a liquidity ratio of average monthly debt service deducted from FAAC revenue for the preceding financial year to the FAAC total monthly average revenue for the preceding financial year (i.e., average monthly debt service deduction - foreign and domestic debt for the preceding financial year divided by the average total FAAC revenue - Statutory Allocation, Derivation, VAT and other FAAC revenue transfers for the preceding financial year).

Ratio of average monthly debt service deducted from FAAC revenue - Scoring Matrix is as follows:

Score 4 If Less than 10% of total monthly average total FAAC revenue for the preceding year.

Score 3 If Less than 25% of total monthly average total FAAC revenue for the preceding year.

Score 2 If Less than 40% of total monthly average total FAAC revenue for the preceding year.

Score 1 If Performance is less than required for a score of '2'

Table 64: Indicator 8.6 - Ratio of Average Monthly Debt Service Deducted from FAAC Revenue

8.6 - Ratio of average monthly debt service deducted from FAAC revenue			
Time Frame	Last completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	4	The ratio of average monthly debt service deducted from the FAAC revenue in 2022 was 5.11% which is less than 10% of total monthly average total FAAC revenue for the preceding year	The ratio of average monthly debt service deducted from the FAAC revenue in 2020 was 8.30% that of 2021 was 8.89% whereas that of 2022 was 5.11%. The total FAAC transfer to the State in 2020 was N161.45bn, that of 2021 was N159.43bn and that of 2022 was N321.12bn, while the debts deducted directly from FAAC in 2020 was N13.403bn, in 2021 was N14.173bn, while in 2022 was N16.416bn.
Evidence	2022 Accountant General's Report (Unaudited)		

This indicator scored 4. The ratio of average monthly debt service deducted from the FAAC revenue in 2020 was 8.30% that of 2021 was 8.89% whereas that of 2022 was 5.11%. The total FAAC transfer to the State in 2020 was N161.45bn, that of 2021 was N159.43bn and that of 2022 was N321.12bn, while the debts deducted directly from FAAC in 2020 was N13.403bn, in 2021 was N14.173bn, while in 2022 was N16.416bn.

8.7 TOTAL LIABILITIES AS PERCENTAGE OF TOTAL RECURRENT REVENUE

This indicator assesses the rate of reversal of the trend in rapid growth of public debt by ascertaining the ratio of total liabilities to total recurrent revenue.

The strategic and efficient management of State Government debt requires the reversal of the trend in rapid growth of public debt, particularly domestic debt. The Fiscal Responsibility Act, 2007 requires the President, subject to approval by the National Assembly, to set overall limits on the amounts of Consolidated Debt of the Federal and State Governments. The FSP provides that the total liabilities (i.e., foreign, and internal debt) of a state do not exceed 250% of total revenue for the preceding year.

The Total Liabilities as Percentage of Total Recurrent Revenue - Scoring Matrix is as follows:

- Score 4** If Less than 50% of total recurrent revenue (FAAC and IGR).
- Score 3** If Less than 150% of total recurrent revenue (FAAC and IGR).
- Score 2** If Less than 250% of total recurrent revenue (FAAC and IGR).
- Score 1** If Performance is less than required for a score of '2'

Table 65: Indicator 8.7 - Total Liabilities as Percentage of Total Recurrent Revenue

8.7 - Total Liabilities as percentage of total Recurrent Revenue			
Time Frame	Last completed fiscal years.		
Assessment	Score	Narrative	Justification
Current Score (2022)	3	Less than 150% of total recurrent revenue (FAAC and IGR)	Total liabilities as a percentage of total recurrent revenue for year 2022 was 78.28%
Evidence	Office of the Accountant-General Submission, 2022 unaudited figure		

This indicator scored 3. Akwa Ibom State, total liabilities as a percentage of total recurrent revenue for year 2021 was 33.1% while total liabilities as a percentage of total recurrent revenue for year 2022 was 78.28%.

8.8 EXISTENCE OF CREDIT AGENCY RATING

This indicator assesses the existence of Credit Rating and if the State has been rated positive/favorable or unfavorable.

A Credit Rating estimates ability to repay debt. A Credit Rating is a formal assessment of a corporation, autonomous governments, individuals, conglomerates, or even a country. The Credit Rating is evaluated based on financial transactions carried in the past and assets and liabilities at present. The Credit Rating allows a lender or accredited granter to evaluate the ability of the borrower to repay a loan. States that participate in the Capital Market maintain a Credit Rating.

Attainment and maintenance of a Credit Rating by each state are important. Ideally a Credit Rating should be undertaken on a bi-annual basis. The rating system will indicate whether a state has been rated positive/favorable or unfavorable.

The Existence of Credit Agency Rating - Scoring Matrix is as follows:

Score 4 If credit rating has been undertaken in the last 24 months and with a positive/favourable rating

Score 3 If credit rating has been undertaken in the last 36 months and with a positive/favourable rating.

Score 2 If credit rating has been undertaken in the last 36 months and with an unfavourable rating.

Score 1 If Performance is less than required for a score of '2'

Table 66: Indicator 8.8 - Existence of Credit Agency Rating

8.8- Existence of Credit Agency Rating			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2022)	1	Performance is less than required for a score of '2'.	The state has not been rated by a credit rating Agency.
Evidence	The explanation given by the Debt Management Office is that the state has not sourced capital from the capital markets like some of her contemporaries.		

This indicator rated 1. As at the time of the assessment, the state has not been rated by a credit rating agency. The explanation is that the state was yet to undertake raising of fund (issue bond) from Capital Market which would have compelled the State to engage a rating Agency to access the State and provide Credit Rating score.

Table 67: Consolidated Debt Position for Akwa Ibom State Government

A summary of the consolidated debt position for Akwa Ibom State Government is provided in the table 66 below.

Debt Position as at 31st December 2022

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2022
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	441.36%
2	Total External Debt/Gross FAAC	150%	6.54%
3	Total Public Debt/Total Recurrent Revenue	150%	49.15%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	160.84%
6	External Debt Service/Gross FAAC	10%	0.22%
7	Debt Service Deductions from FAAC/Gross FAAC	40%	0.00%
8	Total Debt Service/Total Recurrent Revenue	25%	15.96%
B	PUBLIC DEBT DATA AS AT 31ST DECEMBER 2022		Naira
1	Total Domestic Debt		147,498,325,000
2	Total External Debt		20,115,817,000
3	Total Public Debt		<u>167,614,142,000</u>
4	Total Domestic Debt Service 2022		53,751,696,000
5	Total External Debt Service in 2022		674,361,000
6	Total Public Debt Service		<u>54,426,057,000</u>
C	STATE GDP FOR 2022		
1	State GDP		0

Source: Aks 2023 – 2025 MTEF

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD 2022 ANNUAL REPORT

Table 68: Akwa Ibom State Domestic Data as at 31st December, 2022

DEBT CATEGORY	3RD QUARTER (JULY - SEPT, 2022)						4TH QUARTER (OCT - DEC, 2022)						1ST QUARTER (JAN - MAR, 2023)					
	HISTORICAL		DEBT SERVICE		INTEREST		ACTUAL		DEBT SERVICE		INTEREST		PROJECTION		DEBT SERVICE		INTEREST	
	DEBT STOCK	PRINCIPAL	DEBT SERVICE	INTEREST	DEBT STOCK	PRINCIPAL	DEBT SERVICE	INTEREST	DEBT STOCK	PRINCIPAL	DEBT SERVICE	INTEREST	DEBT STOCK	PRINCIPAL	DEBT SERVICE	INTEREST	DEBT STOCK	PRINCIPAL
BUDGET SUPPORT FACILITY	16,931,226,403.35	34,118,711.99	430,608,641.23		16,896,347,704.20	34,878,099.15	429,845,654.07		16,896,347,704.20									
SALARY PAY OUT	56,811,401,259.55	435,355,586.38	2,117,087,395.28		56,359,704,569.59	451,696,689.96	2,100,746,191.69		56,359,704,569.59									
RETRIBUTED COMMERCIAL BANK GAMES (FON BOND)	5,744,165,070.11	246,382,423.95	133,644,897.30		5,492,467,360.64	251,697,709.47	128,059,611.78		5,492,467,360.64									
FIXED DEBIT ACCOUNT (DEAL LOAN)																		
STATE BONDS	44,178,291,638.73	13,398,867,871.55	2,469,689,344.45		43,652,836,428.06	9,116,811,063.67	1,600,554,693.29		43,652,836,428.06									
COMMERCIAL BANK LOANS																		
A. CASH COMMERCIAL AFFILIATE CREDIT SCHEMES																		
B. AMIS (Accessed A/Cs - Sponsored Schemes)																		
B. OTHERS	460,709,670.29	100,113,313.26	11,671,377.42		358,328,916.46	102,380,753.83	9,601,936.85		358,328,916.46									
AGRI. LOAN																		
A. FMC (Power and Aviation Intervention Fund)																		
INFRASTRUCTURE LOAN	5,000,000,000.00		12,800,000.01		5,000,000,000.00		12,800,000.01		5,000,000,000.00									
A. CBN (COVID 19) NIBID Intervention Fund																		
B. FOM (DSI) Bridge Facility	18,043,082,742.84				18,043,082,742.84				18,043,082,742.84									
C. CBN differentiated Cash Loans, etc.																		
D.																		
E.																		
MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSDF)	1,695,555,555.55	304,444,444.45	8,516,788.09		1,695,555,555.55		8,516,788.09		1,695,555,555.55									
A. FOM JUDGMENT DEBTS																		
B. OTHER JUDGMENT DEBTS																		
GOVT. GOVT DEBTS																		
A. State Govt to Federal Govt																		
B. State Govt to Local Govt																		
C. OTHER	35,230,619,678.64	1,066,866,672.61	672,917,897.66		35,262,533,659.70	5,012,475,098.65	672,917,897.66		35,262,533,659.70									
CONTRACTORY ARRANGERS	35,522,608,972.57	672,917,897.66			36,504,462,723.20	1,422,048,972.27			36,504,462,723.20									
PERSON AND GRATUITY ARRANGERS																		
SALARY ARRANGERS AND OTHER STAFF CLAIMS																		
OTHER DEBTS																		
A. Payables																		
B. Others	219,617,660,991.63	16,259,061,921.95	5,183,810,343.76		219,265,310,660.24	16,391,985,987.00	4,281,308,087.69		219,265,310,660.24									
TOTAL																		

Signed: Honourable Commissioner for Finance
Akwa-Ibom State Ministry of Finance
Name: *GENUS AKEAN*
Date: *9/23/23*

Signed: Head, Akwa-Ibom State Debt Management Office
Name: *XNLSA 288100*
Date: *09/07/2023*

Note: Documents to accompany the duty completed template are as follows:
i) Copies of signed Loan Agreements (if there were new loan or facilities acquired during the period);
ii) Copies of Amortization schedules for new loans;
iii) Documentary evidence of disbursements during the period;
iv) Documentary evidence of repayment that occurred during the period;
v) Documentary evidence of bond issuance;
vi) Breakdown of Other Liabilities;
vii) Additional information/explanation justifying changes in the debt stock and service between the previous and the current quarters.

Source: Akwa Ibom State Debt Management Office

CHAPTER NINE

9.0 SUMMARY OF FINDINGS

The findings of the 2022 Akwa Ibom State Public Finance Management (PFM) assessment are summarized below for each of the six (6) Pillars of the PFM assessed with particular attention given to the strengths and weaknesses.

9.1 PILLAR 1: BUDGET PLANNING, ADMINISTRATION, AND EXECUTION

The State has a Fiscal Responsibility Law with all the elements of efficient and effective FRL. There is equally, a clear annual Budget Calendar for the State produced by the State Fiscal Responsibility Board. The Budget Calendar is generally adhered to and allows MDAs at least six weeks from receipt of the Budget Circular to meaningfully complete their detailed estimates on time.

In 2023 Budget, there was in place, Estimates of expenditure and revenue (by economic type) for the budget year and the two following fiscal years (MTEF) and are linked to a macroeconomic framework and mineral sector assumptions. Estimates of expenditure are allocated by administrative or program (or functional) classification and was presented to ExCo and SHoA for review and approval as provided in the State FRL.

The State is yet to develop Medium-Term Sector Strategy (MTSS) for any sector.

The 2022 and 2023 budget call circulars were issued to MDAs, with ceilings but the approval of the ceilings by ExCo in MTEF document took place after the State Budget Office Circular to MDAs have already been distributed but before MDAs completed their submissions.

The Executive submitted the Annual Budget proposal to the SHoA at least two months before the start of the fiscal year in two of the last three years and submitted it one month and 27 days before the start of the FY in the third year.

The SHoA's review covers details of expenditure and revenue and has at least eight weeks to review the budget proposals.

The SHoA approved and Governor assented to the annual budget before the start of the year in all the last four fiscal years.

There was Aggregate expenditure outturn of 40.4% for 2022 budget even lower than 41.2% for 2021.

9.2 PILLAR 2: BUDGET TRANSPARENCY

The 2023 Budget formulation, execution, and reporting are based on every level of administrative, economic, location, programme and functional, classification.

The State fulfilled 5 key basic elements (1, 3, 5, 6, & 8) of citizens' engagement and participation in the 2022 and 2023 budgets process and missed out in 5 other basic elements (2, 4, 7, 9 & 10). For not fulfilling element 7 alone which is: The State ExCo and MDAs providing formal feedback to the public on how their inputs have been

used to develop the State draft Budget, the State lost out the Score of 3 or 4. The 2022 and 2023 proposed budget submitted to the SHoA fulfilled all the four key basic elements and seven additional elements since those elements were contained in the MTEF approved by the SHoA

To improve on Indicator for Public Access to Fiscal Information, The State MDAs need to:

- a. Make available to the public on the Website within one week of the executive's submission of Annual executive budget proposal documentation to the SHoA. **In this regards, the SHoA needs to have a Website.**
- b. Publicized on the State Website within two weeks of Governor's assent in line with the indicator, the annual budget law approved by the SHoA and assented by the Governor.
- c. Make available to the public within four months before the start of the fiscal year, the Pre-budget statement (MTEF or EFU-FSP-BPS).
- d. **Citizens' budget** should be publicly made available on the Website within one month of the budget's approval as required.
- e. Make available on the Website within two weeks of the preparation of audited financial report, Citizens Accountability Report based on the audited financial statements/reports.

Just like in 2021 Assessment, LG audited Financial Statement is the only publicly available Local Government fiscal information that was published online.

The 2022 Citizens' Budget has the 6 key aspects and sections of Citizens Budget (CB).but was published 4 months after Budget assent rather than within one month. Just like in 2021, the 2022 LG Citizens' budget is not available

9.3 PILLAR 3: INTERNAL CONTROLS AND FINANCIAL REPORTING

The three requirements provided for Cash Management through Treasury Single Accounts (TSA) were in place in 2022 and more than 75% (but less than 100%) of State Government finances were managed on the single electronic dashboard. The State operate transaction in IFMIS through SAGE X3 software. Transactions were prepared at MDAs level using excel worksheets but the data are inputted at the Office of the Accountant General.

Bank Reconciliation for all active State Government Bank Accounts took place in 2022 at least monthly, usually within 2 weeks from the end of each month. Equally, reconciliation of Advance Accounts took place monthly. However, reconciliation advance for public procurement contract on capital investment were done within two months from the end of the year.

Entry of data to the SAGE X3 software has been centrally handled by Compliance Unit of the Office of the Accountant General. The Unit reviews and validates the data before entering the data. Changes of data already entered must be approved.

Internal Auditors are posted to all entities funded with budgetary allocation. The State did not develop internal control and internal audit manual as at 2022. Internal audit activities were primarily focused on financial compliance (i.e., stamping of vouchers payment without acting as full internal control of the Institution).

Internal audit reports were still produced only in the Office of the Accountant General. The report was not produced for other MDAs, hence, no internal Audit recommendations to response.

Just like in 2021, Budget Performance reports for 2022 Q1, Q2, Q3 and Q4 2020 were all published within 4 weeks of end of quarter. The classification and coverage of data in the reports allowed for direct comparison with the original budget.

IPSAS Cash used for the last three years' financial statements but IPSAS Accrual used for the 2021 audited Financial Report and 2022 unaudited Report.

Financial statements of State Government were prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure (budget comparison statements - CRF and CDF), cash flow statements, statement of asset and liability showing financial and tangible assets, liabilities, guarantees, and long-term obligations.

The 2017 Annual Financial Statement (AFS) was submitted to Auditor General on October 3, 2018; while the 2018 AFS was submitted on August 9, 2019; whereas the 2019 AFS was submitted on April 14, 2020; while the 2020 AFS was submitted on May 25, 2021 and the 2021 AFS was submitted on March 31, 2022 (i.e. within 3 months of end of fiscal year).

9.4 PILLAR: 4 DOMESTIC RESOURCE MOBILIZATION

Tax Identification Number (TIN) was active in AKIRS and reconciled with FIRS in 2022. As at the time of the assessment, TIN is not linked or in use for land and property transactions in the State.

The State has a Revenue Administration Law No. 4 of 2016, which was amended as the Akwa Ibom Revenue Administration Law No.15 of 2020. The Law recognizes AKIRS as autonomous and the sole agency responsible for State revenue collection, and accounting. Revenue codes which show both the State and LGA IGR sources, with the rates for each IGR sources are in place and published online. The codes fulfil all the essential elements and one (1) of the other elements.

The state reviewed some Rates and Tariffs in 2020 (the last 24 months) through a gazette of 19 March 2020.

The State has developed a property records register which is an electronic database captures all the basic information as indicated above on at least 50% of all properties that have electricity connections in urban areas. Though the Electronic Data register has been shared with AKIRS, the register is not linked to the taxpayer registration system. Information on market of the properties are not included in the register.

The Revenue Generating MDAs transfer collections directly into revenue accounts and the monies transferred to the treasury account monthly.

The 2020 IGR out-turn compared to the original budget was 55.1% (deviation of 44.9%) while the 2021 IGR out-turn compared to the budget was 99.72% (deviation of 0.28%) whereas the 2022 IGR out-turn compared to the budget is 79.30% (deviation of 20.7%).

IGR represented 18.43% of the non-debt recurrent expenditure in 2021 and in 2022 it represented 15.75% of the non-debt recurrent expenditure.

The annual IGR growth in 2020 compared to 2019 outturn is -13.8% while the annual IGR growth in 2021 compared to 2020 outturn is -23.8% whereas the annual IGR growth in 2022 compared to 2021 outturn is -13.64%.

9.5 PILLAR 5: AUDITING

The State Audit Law was passed by SHoA and assented to by the Governor on 29th June 2021. The law covered all the mandatory requirements and other requirements.

Although Independence of both the Offices of the Auditor General for the State and Auditor General for Local Governments is assured by the State Audit law signed on 29th June 2021 and the SSG Circular No. 8 of 2021 issued for establishing the full autonomy of the offices, the Offices are not independent from the executive with respect to the execution of the institution's budget. As such there was still no financial Autonomy in the Offices as at 2022.

Financial Statements of the State have been audited at least for two financial years using Nigeria Public-Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) during the last three completed fiscal years. The audits highlighted so many material issues and systemic and control risks such as unverifiable expenditure, irregular expenditure, doubtful expenditure, fictitious expenditure, revenue not accounted for, etc.

Audit reports of State Government were submitted to the SHoA: for 2017 within one month, for 2018 within one month, for 2019 within one month, for 2020 within 3 months, and for 2021 within 3 months of receipt of financial statement by the Auditor-General. Complete information provided for 2018 and 2021 FY Audit Reports.

The 2020 and 2019 Audit Reports for the LGs were submitted by Auditor General for LG to SHoA within 7 and 8 months of receipts of AFS from each LG respectively, whereas the 2021 Audit Reports of the LGs was submitted by the Auditor General for LG to SHoA within 1 and 4 months of receipts of AFS from Councils.

There were formal, comprehensive, and timely responses made in respect of the numerous issues raised by the Auditor General for 2021, 2020, 2019, 2018 and 2017 Audited Reports by MDAs for which follow-up were expected, during the last three completed fiscal years.

There is clear evidence of effective and timely follow-up by the affected LG ExCo or the Department for which follow-up on audit issues raised in the 2021 and 2020 LGs Audit Reports were expected. However, a formal and comprehensive but not timely responses were made by the LG ExCo or the Department for which follow-up were expected, during 2019 LGs Audited Reports.

There has been in-depth hearings on key findings of Audit Reports regularly with responsible officers from all audited MDAs and Local Governments which received a qualified or adverse audit opinion or a disclaimer in the past two financial years in compliance with the 2021 AKS FRB Annual Report recommendation.

9.6 PILLAR 6: DEBT MANAGEMENT

Akwa Ibom State government has a debt management law which was signed in 2019. The state scored 4 because the law provided for the three key elements - responsibilities for contracting, recording and reporting debts as well as limits to the level of fiscal deficits in the budget. The law did not however, state clearly the limits but the state's Fiscal Responsibility law provides for the adoption of the 4% of National GDP as provided in the Federal Fiscal Responsibility Act, 2007.

The Debt Management Office established by the Debt Management Law 2019 records and prepares debt reports and carries out quarterly reconciliation with the Debt Management Office Abuja on quarterly basis. There is a software established for capturing debt data on quarterly basis.

Akwa Ibom state Debt Management Office prepared a Debt Sustainability Analysis Report in 2020 in collaboration with the National Debt Management Office which is published online and other ones in 2021 and 2022 with support of USAID State2State Activity. However, the Medium-term Debt Management Strategy report prepared was yet to be developed.

The state has a Domestic Arrears Clearance Framework which is published online. The State fulfilled elements 1, 2, and 3. Nevertheless, the internal domestic arrears database did not show list of names of contractors with recognized arrears exceeding N20m. The total debt stock between 2019 and 2020 reduced by 5%. The total Debt Stocks decline between 2021 and 2022 is -25.05% as such, the Performance is less than required for a score of '2'

The Office of the Accountant General operate a Consolidated Debt Service Account but the Account is not regularly funded.

The ratio of average monthly debt service deducted from the FAAC revenue in 2020 was 8.30%, that of 2021 was 8.89%, whereas that of 2022 was 5.11%. The total FAAC transfer to the State in 2020 was N161.45bn, that of 2021 was N159.43bn and that of 2022 was N321.12bn, while the debts deducted directly from FAAC in 2020 was N13.403bn, in 2021 was N14.173bn, while in 2022 was N16.416bn.

The state has not been rated by a Credit Rating Agency.

CHAPTER TEN

10.0 RECOMMENDATIONS AND NEXT STEPS

10.1 RECOMMENDATIONS

The summaries of major recommendations made from the 2022 PFM assessment findings in the State are presented as follows:

10.1.1 BUDGET PLANNING, ADMINISTRATION AND EXECUTION

- AKS Fiscal Responsibility Board should be given enablement to reproduce more of the Standard Budget Calendar and Budget Process Manual for redistribution to MDAs and sensitize stakeholders on compliance.
- Continued capacity building for State officials on the preparation and updating of MTEF/FSP and timely production of 2024-2026 MTEF/FSP.
- Involvement of LGs BPRS staff and other officials in the preparation of MTEF/FSP
- Capacity building of LG officials, mostly BPRS staff, in preparation of NCOA IPSAS compliance budget.
- The Ministry of Economic Development should coordinate the development of Medium-Term Sector Strategy for relevant Sectors of the State.
- Budget forecast should be realistic to ensure that the deviation of the aggregate expenditure outturn from the original budget is not higher than 10%.
- State Budget Office and Ministry of Economic Development should ensure that a comprehensive and clear budget call circular or circulars are issued to MDAs, covering total budget expenditure for the full fiscal year and the Circular should reflect MDAs ceilings approved by ExCo prior to the Circular's distribution to MDAs.
- It should be ensured that the Executive presents the Annual Budget proposal to the SHoA at least two months before the start of the fiscal year (at least by October).

10.1.2 BUDGET TRANSPARENCY

- In order to improve on Citizens' engagement in the Budget Process, the State Ministry of Economic Development needs to most importantly fulfil Element 7 where the State ExCo and MDAs provide formal feedback to the public on how their inputs have been used to develop the State Draft Budget Estimates.
- Other elements which the State has to improve upon in the Budgets process are:
 - the state MED should hold consultations with the public on development plans;
 - the state MDAs should hold consultations with the public on sector strategies;

- the state ExCo (including MDAs) should have established practical mechanisms to identify the public's perspective on budget execution;
- the state ExCo (including MDAs) should provide formal feedback to the public on how their inputs have been used to improve budget execution.
- To improve on Public Access to Fiscal Information, the relevant MDAs of Government should make available to the public, the seven elements of Public Access to Fiscal Information as listed out in this report, including all five basic elements, in accordance with the specified time frames.
- The State House of Assembly should have a Website to publish relevant fiscal information.
- Local Government Level should be assisted to ensure that they key-into the reforms in the Citizens' engagement in the Budget Process and Public Access to fiscal information.
- Continuous sensitization/awareness creation on the provisions of the State Fiscal Responsibility Law.
- Capacity building of relevant officials on the development of KPIs, maintenance of fiscal management information and to undertake fiscal studies.

10.1.3 INTERNAL CONTROL AND FINANCIAL REPORTING

- The capacity of Internal Auditors should be built for them to be able to produce the internal audit report for the consideration of the management.
- Office of the State Accountant General should ensure that Internal Audit Manual is developed to guide Internal Auditors in their duties.
- Development Partners should support the development of internal Audit/Internal Control Manual and training required on the operationalization of internal audit/Internal control manual in all State Government entities.
- Training on reconciliation of advance accounts and bank accounts.
- Office of the State Accountant General should ensure that IFMIS is used for payment and transaction processing within all MDAs that are funded through state budget.
- Training on the use of IFMIS in payment and processing of transactions with MDAs that are funded through the State Budget.
- Office of the State Accountant General should put in machinery towards Bank reconciliation for all active state government bank accounts could take place at least weekly at aggregate and detailed levels, usually within one week from the end of each week.
- Institute a Solution to document Retained Revenue of parastatals and tertiary

institutions in the State.

- Sustain training of relevant MDAs staff in forecasting/preparation of Annual Cash Plan/ commitments to aid the operationalization of Cash Management Strategy and TSA.

10.1.4 DOMESTIC RESOURCE MOBILISATION

- Office of the State Accountant General and the State Internal Revenue Service (IRS) should work towards ensuring that MDAs collecting most of State Government IGR transfer the collections directly into accounts controlled by the Treasury or transfer the collections daily to the Treasury or at least weekly.
- The State Internal Revenue Service (IRS) should work towards ensuring that the Proportion of Recurrent Expenditure funded by IGR in the State represent at least 40% or more of Non-Debt Recurrent Expenditure.
- The State Internal Revenue Service (IRS) should work towards improving the Annual Nominal IGR Growth Rate to 25% or more.
- Technical support for developments of the codes, rates and tariff to ensure proper alignment with the NCOA.
- Regular review of obsolete revenue rates by AKIRS and providing training of the stakeholders (SHoA members, etc) to assist in speeding up the process.
- Training on effective database management (data gathering, mining, collation, analysis, and storage) and provision of necessary infrastructure for data management

10.1.5 AUDITING

- To ensure the Supreme Audit Institution (SAI) independence, the Office of the Auditor Generals should be made to operate independently from the executive with respect to the execution of the institution's budget.
- The Office of the Auditor General for Local Governments should ensure that timeliness for submission of Local Government Audit Reports to Legislature for all local governments are made to the SHoA within three months from receipt of the financial reports by the Auditor General for Local Government.
- The Office of the Auditor General for Local Governments should ensure that timeliness for submission of Local Government Audit Reports to Legislature for all local governments are made to the SHoA within three months from receipt of the financial reports by the Auditor General for Local Government.
- Build the capacity for state and LG audit staff to sustain audit coverage standards.
- Support to digitalize audit systems, and processes (State & LG) and specialised training for staff of Supreme Audit Institutions.

- Train state and LG auditors to effectively audit Financial Statements.
- Train Accountants in MDAs and LG Councils to enhance timely production of Financial Statements for audit purposes.
- Build the capacity of members of the House Committee on Public Accounts in discharging their oversight duties on Public Accounts and enhance in-depth hearing on key findings in Audit Reports.

10.1.6 DEBT MANAGEMENT

- To improve on Annual Debt Sustainability Analysis (DSA) and Medium-Term Debt Management Strategy Report (MTDMSR), the State Debt Management Office should ensure that the current (within last 12 months) DSA and MTDMSR covering existing and projected state government debt, with a horizon of at least three years, is publicly reported on the Website and that the government's annual plan for borrowing is consistent with the approved strategy.
- To improve on the State Domestic Arrears reduction, the State Government should ensure that at least 5% decline in the verified stock of domestic arrears at end of a fiscal year compared to the end of preceding fiscal year is achieved.
- The State Government should ensure that the State Consolidated Debt Service Account is in place and funded monthly with IGR (be it 5% of monthly IGR or less).
- Training of debt managers on debt recording and reporting process.
- Embedded technical support to prepare DSA and MTDMSR

10.2 NEXT STEPS

The findings from the State PFM assessment as well as the commitment and support of the State actors provide a good basis for reform. This commitment is further reinforced by the demonstration of high-level political will by the Governor to make long-lasting governance reforms impact through the strengthening of systems, structures and policies/law.

The Citizens, represented by a strong coalition of Civil Society Organisations are also committed to changing the narratives by supporting governance reforms that will promote inclusiveness, efficiency, effectiveness and sustainability.

In view of the positive and low-hanging fruits, the State Government and other interested Stakeholders should consider the recommendations made in this Report. The recommendations when implemented will provide window to institutionalise/entrench PFM and SFTAS reforms.

Table 69: Akwa Ibom State 2022 Public Financial Management (PFM) Assessment Identified Gaps and Expected Implementation Actions for Reform

Reform Areas	Expected Actions	Responsible Organization	Timeline
1. BUDGET PLANNING, ADMINISTRATION & EXECUTION			
Medium-Term Expenditure Framework and revenue estimates	Capacity building for the preparation of 2024 – 2026 Medium-Term Expenditure Framework (MTEF) and Revenue Estimates	USAID State2State	April - June
	Development of 2024 – 2026 Medium-Term Expenditure Framework (MTEF) and Revenue Estimates	MED assisted by FRB/AG's Office/SBO/ IRS	April - June
Medium Term Sector Strategies	<ul style="list-style-type: none"> Embedded Consultant to assist in capacity building for preparation of MTSS Development of MTSS 	USAID State2State/ MED/Sector MDAs	May - June
Development Plan.	<ul style="list-style-type: none"> Embedded technical support to assist in preparing the State Development Plan. Preparation and Production of a State Development Plan. 	USAID State2State/ MED	From June, 2023 - Dec.
Guidance on budget preparation	Budget Circular to contain MDAs ceilings and issued after MTEF must have been sent to the State EXCO and Community Needs Collection Templates should be attached with the Circular.	SBO & MED	July
Aggregate expenditure out-turn compared to original approved budget	Forecast and adoption of realistic Budget Size	State Budget Committee	June - July
2. BUDGET TRANSPARENCY			
Citizens' engagement in the budget process - Budget Planning, Administration and Execution	The State ExCo or MED should hold consultations with the public on Development Plans.	MED	From June, 2023
	The State MDAs should hold consultations with the public/Sector Stakeholders on sector strategies.	MED/Sector MDAs	May –June
	The State ExCo and MDAs should provide formal feedback to the public on how their inputs have been used to develop the State draft Budget Estimates.	MED/SBO/MDAs	August - September
	The State ExCo (including MDAs) should have established practical mechanisms to identify the public's perspective on budget execution.	MED/SBO/MDAs	Monthly
	The State ExCo (including MDAs) should provide formal feedback to the public on how their inputs have been used to improve budget execution.	MoF/ MED/SBO/ MDAs	Quarterly
	The State needs also to consolidate on the following elements:		
	The State Ministry of Finance and Ministry of Economic Development should hold consultations with the public on Fiscal Strategy Paper	MED assisted by FRB/AGs Office/ SBO/DMO/MoF	June
	The State MDAs should hold consultations with the	MDAs/MED/SBO	August

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Reform Areas	Expected Actions	Responsible Organization	Timeline
	public/Stakeholders on draft Budget Estimates	/MoF	
	The State should ensure that functional feedback and response mechanisms (website, email and dedicated telephone numbers) is active.	MED/MoF/SBO/Mol	Daily
	Citizens' inputs from formal Public Consultations on State draft Budget should be published online.	MED	August - September
Public Access to Fiscal Information (State Government)	To improve on Indicator for Public Access to Fiscal Information, the responsible MDAs need to fulfil the following elements: <i>Basic elements</i>		
	a. Basic element 1: Annual executive budget proposal, as presented by the Governor, should be made available to the public within one week of the executive's submission to the SHoA. In this regards, the SHoA needs to has a Website	SBO & SHoA	Within one week of presentation at the SHoA.
	b. Basic element 2: The annual budget law approved by the SHoA and assented by the Governor should be publicized on the State Website within two weeks of Governors assent	SBO	Within two weeks of Governors assent
	c. Basic element 3: Sustain In-year Budget execution reports within one month after the end of each quarter.	SBO	Within one month after the end of each quarter
	d. Basic element 4: Annual budget execution report to be made available to the public on January.	SBO	Within three month (Jan. - March) after the end of each year.
	e. Basic element 5: Audited annual financial report accompanied by the external auditor's report should be made available to the public	Office of the State Auditor General	Within nine months of the fiscal year's end
	<i>Additional element</i> f. Additional element 6: Approved Pre-budget statement (MTEF) should be made available to the public within four months before the start of the fiscal year.	MED	Within four months before the start of the fiscal year
	g. Additional elements7: The Citizens' Budget should be publicly available on the Website within one month of the budget's approval or Governors' Assent.	MED	Within one month of the budget's approval
	h. Additional elements 8: Citizens Accountability Report based on audited financial statements/reports should be made available to the Public on Website two weeks of the preparation of audited financial report.	Office of the State Auditor General	Two weeks of the preparation of audited

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Reform Areas	Expected Actions	Responsible Organization	Timeline
			financial report.
Public Access to Fiscal Information (Local Government)	To achieve Public Access to Fiscal Information at Local Government Level, at least 6 Local Governments Councils two (2) from each Senatorial District and one (1) of which should be an Urban Local Government should make available to the public all five elements listed below in accordance with the specified time frames:		
	1a Local government draft annual executive budget proposal presented by the local government executive to the Legislature within one week of presentation.	Local Govt. Councils & MoLGCA	Within one week of presentation to the Legislature.
	b. Build capacities of Local Governments' BPRS Staff on the preparation of IPSAS/ NCoA Local Government compliance Budget	LGSC, MoLGCA, AKSFRB and State2State	July-Dec
	2. The annual budget approved by the local government legislative council and assented by the local government Chairman should be publicized within two weeks of approval and assent.	Local Govt. Councils & MoLGCA	Within two weeks of approval and assent by the Chairman.
	3. Local government in-year budget execution reports to be made available to the public within one month of their issuance (at least quarterly reports).	MoLGCA (from submissions of Local Govt. Councils)	Quarterly(Within one month after the end of each quarter)
	4. Local government annual budget execution report. The report should be made available to the public within six months of the fiscal year's end.	MoLGCA (from submissions of Local Govt. Councils)	Within six months of the fiscal year's end
	5. Local government audited annual financial report , incorporating the external auditor's report which should be made available to the public within nine months of the fiscal year's end.	Office of Auditor General	Within nine months of the fiscal year's end.
Citizens' Budget (Local Government)	1. Build capacities of Local Governments' BPRS Staff on the preparation on the Local Government Citizens Budget and installation of Citizens Budget preparation software for the BPRS staff.	LGSC, MoLGCA, AKSFRB and Development Partners	June – December, 2023
	2. Preparation, production and online publishing of Local Government Citizens Budget that covers the 5 key aspects and sections provided below. The five key aspects and sections of Citizens Budget (CB) are:	Local Govt. Councils & MoLGCA	Dec., 2023 – Jan., 2024

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Reform Areas	Expected Actions	Responsible Organization	Timeline
Citizens' Budget (Local Government) - <i>contd.</i>	1. Introduction and basic concepts. The CB should start with a brief introduction on what a CB is, its main purpose, a brief definition of what a 'budget' is and any other information that would help the reader to learn about and understand the budget and its process.		
	2. Revenue. Revenue refers to all the resources available to a government for providing goods and services, implementing public policies and performing its activities. Since the amount of revenue will define allocations to sectors and activities, it is important that the CB includes a brief explanation of what 'revenue' is. It is also necessary to show the main sources of revenue and why these sources are important.		
	3. Expenditure. Generally, the allocation of public resources is based on a planning process aimed at designing and implementing public policies that respond to the most important needs of a country and that help the government to achieve its priorities. For citizens to understand the complexity of allocating resources, the CB should explain what 'expenditure' is, present the budget policy priorities for the fiscal year, show the three main ways in which expenditure might be classified (who is spending, on what and for what purposes) and provide a general overview of the allocations to the most relevant sectors: health, education, WASH, infrastructure, and so on.		
	4. Other important information. An CB is not only a document that shows expenditure and debt, it is also a very useful communication tool for the government in explaining to its constituents relevant information regarding the budget. For instance, the CB might include information on allocations to local government, highlights on expenditure, budget policy priorities, opportunities for public participation, and so on.		
	5. Format. Another very relevant aspect of a CB has to do with the format, language and visual aids that the document uses to explain the complexity of the budget process, the budget terms, the amounts of revenue and expenditure, and how the government is planning to use the public resources. Visual aids and simple language are valuable resources for governments to use in assisting citizens to understand complex terms easily.		
3. INTERNAL CONTROLS AND FINANCIAL REPORTING			
Cash Management through	Effort should be made towards ensuring that 100% of state government finances are managed on the	Office of the State Accountant	July – Dec.,

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Reform Areas	Expected Actions	Responsible Organization	Timeline
Treasury Single Accounts (TSA)	single electronic dashboard.	General	2023
Transactions are processed within the IFMIS Environment	Training on the use of IFMIS for payment and transaction processing within all MDAs that are funded through State budget	Office of the State Accountant General/State2State	July – Dec., 2023
Bank account reconciliations	Training on the reconciliation for all active state government bank accounts which the reconciliation should takes place at least weekly at aggregate and detailed levels, usually within one week from the end of each week	MDAs and Office of the State Accountant General	July – Dec., 2023
Biometric Assessment of State Employees Undertaken	Biometrics and linked BVN should be extended to cover tertiary institutions (teaching and non-teaching staff) to make the coverage 100% of current public and civil servants since other categories of public servants had already been taken care off.	Office of the State Accountant General and Office of the Head of Civil Service.	July – Dec., 2023
	Biometric of all personnel recruited newly should equally be linked with BVN before payment.	Office of the State Accountant General and Office of the Head of Civil Service	July – Dec., 2023
Nature of audits and standards applied	Development of Internal Audit/Internal Control Manual and training on operationalization of the manual in all State Government entities.	Office of the State Accountant General/Donor Agency State2State	July – Dec., 2023
Response to Internal Audits	Capacity should be built for relevant Officials to able to assist the management to provide full response to audit recommendations for <i>all the</i> entities audited within twelve months of the report being produced.	Office of the State Accountant General	July – Dec., 2023
	Internal Auditors should be trained to be able produce Internal Audit report in each Government entity.	Office of the State Accountant General assisted by Office of the Auditor General	July – Dec., 2023
4. DOMESTIC REVENUE MOBILIZATION			
Implementation of Tax Identification Number (TIN)	The State IRS should work towards ensuring that TIN is used for land/property transaction.	AKIRS	July – Dec., 2023
	1. The State Internal Revenue Service should re-work on the State revenue coding structure to be consistent with Economic segment of the NCoA (i.e., eight digits showing account type, sub account type, account class, sub account class, and line item) and the codes should be in use by the State.	AKIRS	July – Dec., 2023
	2. Technical support from Development Partners for development of the revenue codes, rates and tariff to ensure proper alignment with the NCoA.	Development Partners (USAID etc)	July – Dec., 2023

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Reform Areas	Expected Actions	Responsible Organization	Timeline
Regular Updates to Tax Rates and Tariffs	AKIRS should work towards regular updates of all Rates and Tariffs with review within at least the last 12 months.	AKIRS	July – Dec., 2023
Property Taxation	1. Properties with basic information captured in the database should have assessed close current market value and the register should finally be directly linked to the taxpayer registration system.	AKIRS	July – Dec., 2023
	2. Training on Development of Property Tax Framework and assessment	State2State/AKIRS	July – Dec., 2023
Transfer of revenue collections	AKIRS should ensure that MDAs collecting the state government IGR transfer the collections directly into accounts controlled by the Treasury or transfer the collections daily to the Treasury.	AKIRS and Office of the Accountant General	July – Dec., 2023
IGR out-turn compared to original approved budget	AKIRS should work towards achieving Less than 10% deviation (positive or negative) of IGR out-turn compared to IGR originally approved in the budget through:	AKIRS	July – Dec., 2023
	i. Provide a software to capture, record, document and remit promptly the Retained revenue of parastatals and Tertiary Institutions in the State.		
	ii. Collection of property tax		
	iii. Exploitation of all idle revenue sources (eg. Waste disposal tax, Marine related tax, etc)		
	iv. Blockage of revenue leakages.		
Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR	AKIRS should work towards ensuring that about 50% or more of IGR represent Non-Debt Recurrent Expenditure.	AKIRS	July – Dec., 2023
Annual Nominal IGR Growth Rate	AKIRS should work towards improvement of the Annual Nominal IGR Growth Rate to 25% or more.	AKIRS	July – Dec., 2023
5. AUDITING			
Supreme Audit Institution (SAI) independence	The State Government should create necessary environment for the Office of the Auditor General (State) to operate independently from the executive with respect to the execution of the institution's budget in addition to other requirements that are already in practice in the Office.	The State Government	July – Dec., 2023
Timeliness of submission of audit reports to legislature (Local Government)	1. Build capacity of Local Governments' Directors of Finance on the preparation of Financial Statements (Accounts)	State2State/LGSC/ MoLGCA	June - Oct.
	2. Train States and Local Governments' Audit Staffs to effectively audit Financial Statements (Accounts)	State2State/ the Supreme Audit Institutions	March - May
	3. The Auditor General for local Government should ensure that Audit Reports of all local governments are submitted to the SHoA within three months from his receipt of the financial Reports from Local Government Councils.	Office of the Auditor General for Local Government	

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Reform Areas	Expected Actions	Responsible Organization	Timeline
External audit follow-up (State Government)	MDAs should ensure there is timely and effective follow-up for which follow-up is expected with clear evidence on the Audit issues raised.	MDAs	June - August
External audit follow-up (Local Government)	Local Government Councils should ensure there is timely and effective follow-up for which follow-up is expected with clear evidence on the Audit issues raised.	Local Government Councils	June - August
6. DEBT MANAGEMENT			
Recording and Reporting of Debt and Guarantees	The Debt Management Office (DMO) should work to see that Domestic and Foreign Debt and Guaranteed Debt records are complete, accurate, updated and reconciled while a comprehensive management and statistical reports covering debt service, stock, and operations should be produced at least quarterly.	DMO	Quarterly
Annual Debt Sustainability Analysis and Medium-Term Debt Management Strategy Report	Debt Management Office should utilize the training done by USAID State2State Activity to ensure that current (within last 12 months) DSA and MTDMSR covering existing and projected state government debt, with a horizon of at least three years, is publicly reported. The strategy should include target ranges for indicators such as interest rates, refinancing, and foreign currency risks. Annual reporting against debt management objectives is provided to the subnational council. The government's annual plan for borrowing should be consistent with the approved strategy.	DMO	Annually
Domestic arrears	1. Implementation of the State Domestic Arrears Clearance Framework (ACF)	Office of the Accountant General	Monthly
	2. Published online elements of the internal domestic expenditure arrears database on a state official website in the manner described above.	DMO assisted by Office of the Accountant General	Annually
	3. The State should work towards 20% decline in the verified stock of domestic arrears at end of a fiscal year compared to the end of preceding fiscal year.	Office of the Accountant General	Annually
Existence of Consolidated Debt Service Account	Consolidated Debt Service Account in the State should be funded monthly with 5% IGR or a certain % of Federal Allocation.	Office of the Accountant General	Monthly
Existence of Credit Agency Rating	Credit rating should be undertaken.	Office of the Accountant General	2 years Interval

CHAPTER ELEVEN

11.0 HIGHLIGHT OF THE ACHIEVEMENTS, CHALLENGES AND THE WAY FORWARD OF AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD

11.1 ACHIEVEMENTS OF AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD IN 2022

The State Fiscal Responsibility Board from January, 2022 to date has recorded the following achievements:

11.1.1 CAPACITY BUILDING FOR STATE CIVIL/PUBLIC SERVANTS

In order for the Board to carry out her function of developing and implementing knowledge and skills improvement programmes on fiscal management issues for the State Civil Service, the Board partnered with USAID State2State Activity and undertook the following trainings:

11.1.1(a) Capacity Building for State Civil/Public Servants on the Development Akwa Ibom State Budget Manual. The Workshop was held at Luton Park Hotels, Uyo from Thursday, 24th to Friday 25th March, 2022 with 40 participants in attendance.

11.1.1(b) Workshop on the Local Governments Budget Consultation in the three (3) Senatorial Districts of the State for Local Governments officials, Traditional Rulers, CSOs and other Stakeholders as follows:

- Monday, 19th September, 2022 for participants from Uyo Senatorial Districts at EMMJM Hotel, Uyo
- Tuesday, 20th September, 2022 for participants from Ikot Ekpene Senatorial Districts at Cardinal Ekandem Hall, Ikot Ekpene.
- Wednesday, 21st September, 2022 for participants from Eket Senatorial Districts at Eden Hotel, Eket.

11.1.2 SENSITISATION OF RELEVANT STAKEHOLDERS ON FISCAL RESPONSIBILITY LAW AND CIRCULARS

In order for the Board to exercise her power as contained in the Akwa Ibom State Fiscal Responsibility Law, Section 5(c) on directing any course of action that will bring the affairs of MDAs or Local Government in line with the State Fiscal Responsibility Law or any templates issued, the Board organised the following sensitization programmes:.

11.1.2(a) SENSITIZATION OF PERMANENT SECRETARIES AND HEADS OF EXTRA MINISTERIAL AGENCIES ON THE AKWA IBOM STATE FISCAL RESPONSIBILITY LAW

The event was held at Rosmohr Gold Hotel, Uyo from Wednesday, 18th – Friday, 20th May, 2022 and was declared open by the Head of the State Civil Service, Elder Effiong Essien.

11.1.2(b) SENSITIZATION OF CIVIL SOCIETY ORGANISATIONS (CSOS) ON THE STATE FISCAL RESPONSIBILITY LAW AND THE STATE BUDGET CALENDAR on Friday, 24th June, 2022 at Luton Park Hotel, Uyo

11.1.3 ORGANISATION OF TECHNICAL TRAINING ON INCREASING CITIZEN PARTNERSHIP IN THE BUDGET PROCESS:

The training was organised by the Board, in collaboration with the Nigerian Open Government Partnership (OGP), for Planning, Research and Statistics Staff and Civil Society Organisations (CSOs) from Thursday, 23th – Friday, 26th May, 2022 at Uyo.

11.1.4 DEVELOPMENT OF A BUDGET PROCESS MANUAL FOR AKWA IBOM STATE:

The State Budget Process Manual guides how budget is formulated, approved, implemented, monitored and evaluated in the State. It was developed by the State Fiscal Responsibility Board in June, 2022 with support from USAID State2State Activity.

11.1.5 PRINTING AND DISTRIBUTION OF THE STATE BUDGET PROCESS MANUAL:

The State Budget Process Manual was printed and distributed to MDAs, Civil Society Organisations (CSOs) and other stakeholders in the State.

11.1.6 ISSUANCE OF FISCAL RESPONSIBILITY CIRCULARS:

For the Board to carry out her mandate as contained in the Akwa Ibom State Fiscal Responsibility Law Section 7(1) (f) on making regulations and issue guidelines for Implementing the provision of the Fiscal Responsibility Law, the Board, within the period, issued the:

- i. Akwa Ibom State Fiscal Responsibility Circular No.1 of 2022: Introduction of Budget Process Manual in the State** dated 29th June, 2022. This Circular enforces the operationalization of the Budget Manual in the State and compliance with processes therein.
- ii. Akwa Ibom State Fiscal Responsibility Circular No.2 of 2022: Implementation of Internal Public Sector Accounting Standard (IPSAS) at the Local Governments** dated 14th November, 2022. This Circular enforces the adoption

of IPSAS and National Chart of Accounts at the Local Government Level of the State.

11.1.7 HOSTED the State Budget Committee meetings as follows:

- Sunday, 26th June, 2022 at Ibom Icon Hotel, Uyo for presentation of the 2023-2025 Fiscal Strategy Paper to guide in determination of the 2023 Budget Size
- Sunday, 10th July, 2022 also at Ibom Icon Hotel, Uyo for Conclusion of 2023 Budget Size Determination
- Sunday, 16st July, 2022 still at Ibom Icon Hotel, Uyo for Finalization of 2023 Budget Size Determination
- Saturday, 10th September, 2022 equally at Ibom Icon Hotel, Uyo for the Harmonization of the 2023 Estimates (Recurrent and Capital)

11.1.8 HOSTING OF 2022 MID-YEAR BUDGET IMPLEMENTATION REVIEW FOR CRITICAL SOCIAL SERVICES SECTOR:

The event was held for Health, Education, Public Works, Water, Hygiene and Sanitation Sectors MDAs from Tuesday, 13th - Wednesday, 14th September, 2022 at EMMJM Hotel, Uyo with support from by USAID State2State Activity.

The State Budget Office presented Appraisal of the 2022 Mid-Year Budget implementation while the Office of the Accountant General showcased disbursements to all the MDAs that made Presentations.

11.1.9. CAPACITY BUILDING FOR THE DEVELOPMENT OF KEY PERFORMANCE INDICATORS (KPIs) TOWARDS PERFORMANCE MANAGEMENT:

In order for the Board to discharge her responsibility of developing and implementing a mandatory Performance Management and Reporting System for all MDAs in the State, the Board organised a Workshop to train Directors of Planning, Research and Statistics (PRS) Departments and other Performance Management Desk Officers in the State, on the development of Key Performance Indicators (KPIs) for evaluation of MDAs Performance towards Performance Management.

The Workshop was held on Wednesday, 2nd November, 2022 at EMMJM Hotel, Uyo and was declared open by the Head of Civil Service, Elder Effiong Essien.

11.1.10 ISSUANCE OF INSTRUCTIONS TO SOME MDAS REMINDING THEM OF THEIR RESPONSIBILITIES:

The Board has been empowered by the provision of the State Fiscal Responsibility Law Section 5(c) to direct any course of action that will bring the affairs of MDAs or LG in line with the FRL. As such, the Board within the period, drew the attention of some MDAs and reminded them of their responsibilities for necessary action. Such reminders were made to the following MDAs within the period:

- Ministry of Economic Development in letters on:
 - **Deadline for Publishing of 2022 Citizen Budget**, dated 1st April, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/13
 - **Collation of Economic Data and Information**, dated 4th April, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/15
 - **Minimum Required Budget Information to be contained in a Citizen Budget (Inputs for Preparation of the 2022 Citizen Budget)**, dated 13th April, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/18
 - **Contents of a Good Budget Call Circular**), dated 22nd June, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/20
 - **Time Limit for Presentation and Approval of 2023-2025 MTEF**, dated 4th July, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/24
 - **Inputs for the draft 2023-2025 MTEF Published on the Website for Public Consultation**, dated 13th July, 2022 with Ref. No: AKS/FRB/S/02/VOL.I/130
- Ministry of Local Government and Chieftaincy Affairs in letters on:
 - **Submission of 2022 Local Governments' Quarterly Budget Implementation Report to the State Fiscal Responsibility Board** dated 12th August, 2022 with Ref. No: AKS/FRB/S/07/VOL.I/127
 - **Issuance of Estimates Call Circulars for 2023 Budget Preparation of LGs in the State and also for 2023 Budget Preparation**, 16th August, 2022 with Ref. No: AKS/FRB/S/07/VOL.I/129
 - **Supporting Documents to enable the Ministry issue Call Circular for 2023 LGs Budget Preparation**, dated 23rd August, 2022 with Ref. No: AKS/FRB/S/07/VOL.I/131.

11.1.11 PROVIDED TECHNICAL SUPPORT TO MINISTRY OF LOCAL GOVERNMENT & CHIEFTAINCY AFFAIRS FOR THE HANDLING OF LOCAL GOVERNMENTS' 2023 BUDGET PREPARATION. The technical support were in the areas of:

- Preparation of 2023 Budget Call Circular to LG Councils, the second done by the Ministry of Local Government & Chieftaincy Affairs.
- Forecasting and Estimating of Local Governments' 2023 Federal Allocations
- Capacity Building of LG Directors of BPRS on the preparation of LG 2023 IPSAS compliance Budget on 14th October, 2022.
- Development of Akwa Ibom State Local Governments' Consolidated Revenue Codes.

11.1.12 Enforcement of the Payment of Personnel Emoluments of Political Office Holders and Appointees in the State from January, 2022 at respective MDAs which the officials serve, rather than being pooled, as before, by the General Service Office (GSO). This is the outcome of the AKS Fiscal Responsibility Circular No.1 of 2021

11.1.13 Preparation, Printing and distribution of the Board's 2021 Annual Report.

11.14 PARTICIPATION AT PROGRAMMES/ WORKSHOPS ORGANISED BY OTHER BODIES

Staff of the Board attended the following Programmes:

11.1.14(a) South-South Zonal Awareness and Sensitization Programme organised by the Fiscal Responsibility Commission, Abuja at Calabar from 21st-21rd-November, 2022. The Board used the opportunity to record and achievement by presenting the Publications of the Board to the Chairman Fiscal Responsibility Commission, Abuja.

11.1.14(b) Nigerian Bar Association Conference which was attended by the Director of Legal at Lagos

11.1.14(c) Nigerian Statistical Association Conference at Nasarawa State

Table: 70: Summary of the 2022 PFM Scores on 53 Indicators of Akwa Ibom State PFM Assessment

3.0 Budget Planning, Administration and Execution		Previous Score (2021)	2022 Score	Target for 2023
3.1	Fiscal Responsibility Law	4	4	4
3.2	Existence of and adherence to a fixed budget calendar	1	4	4
3.3	Medium-term expenditure and revenue estimates	2	4	4
3.4	Medium Term Sector strategies	1	1	4
3.5	Guidance on budget preparation	2	3	4
3.6	Budget submission to the legislature	3	3	4
3.7	Scope of the legislature's scrutiny of the Budget	2	4	4
3.8	Adequacy of time for the legislature to provide a response to budget proposals	4	4	4
3.9	Timely budget approval by the legislature	3	4	4
3.10	Aggregate expenditure out-turn compared to original approved budget	1	1	4
4.0. Budget Transparency		Previous Score (2021)	2022 Score	Target for 2023
4.1	Budget Classification	2	4	4
4.2	Citizens' engagement in the budget process - budget planning, administration and execution	1	2	4
4.3	Comprehensiveness of Information Provided in Budget Documentation	1	4	4
4.4	Public access to fiscal information (State Government)	1	2	4
4.5	Public access to fiscal information (Local Government)	1	1	4
4.6	Citizens' Budget (State Government)	2	4	4
4.7	Citizens' Budget (Local Government)	1	1	4

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5.0. Internal Controls and Financial Reporting		Previous Score (2021)	2022 Score	Target for 2023
5.1	Cash Management through Treasury Single Accounts (TSA)	3	3	4
5.2	Transactions are processed within the IFMIS Environment	2	2	4
5.3	Bank account reconciliations	2	3	4
5.4	Advance accounts	2	4	4
5.5	Financial data integrity processes	4	4	4
5.6	Biometric Assessment of State Employees Undertaken	3	3	4
5.7	Coverage of internal audit	4	4	4
5.8	Nature of audits and standards applied	2	2	4
5.9	Response to internal audits	1	1	4
5.10	In-year budget implementation reports	4	4	4
5.11	Accounting standards	2	4	4
5.12	Completeness of the financial statements	4	4	4
5.13	Timeliness of submission of the financial statements	3	4	4
6.0 Domestic Resource Mobilisation		Previous Score (2021)	2022 Score	Target for 2023
6.1	Implementation of Tax Identification Number (TIN)	3	3	4
6.2	Consolidated state revenue code	3	3	4
6.3	Regular Updates to Tax Rates and Tariffs	4	2	4
6.4	Property Taxation	1	2	4
6.5	Transfer of revenue collections	1	1	4
6.6	IGR out-turn compared to original approved budget	1	2	4
6.7	Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR	2	1	4
6.8	Annual Nominal IGR Growth Rate	1	2	4
7.0 Auditing		Previous Score (2021)	2022 Score	Target for 2023
7.1	Audit Law	4	4	4
7.2	Supreme Audit Institution (SAI) independence	1	1	4
7.3	Audit coverage and standards (State Government)	4	4	4
7.4	Timeliness of submission of audit reports to legislature (State Government)	4	4	4
7.5	Timeliness of submission of audit reports to legislature (Local Government)	2	2	4
7.6	External audit follow-up (State Government)	1	3	4
7.7	External audit follow-up (Local Government)	1	3	4
7.8	Hearings on audit findings by Public Accounts Committee of SHoA	1	4	4
8.0 Debt Management		Previous Score (2021)	2022 Score	Target for 2023
8.1	Debt Management Law	4	4	4
8.2	Recording and reporting of debt and guarantees	3	3	4
8.3	Annual debt sustainability analysis and medium-term Debt Management Strategy report	2	2	4
8.4	Domestic arrears	2	1	4
8.5	Existence of Consolidated Debt Service Account	2	2	4
8.6	Ratio of average monthly debt service deducted from FAAC revenue	4	4	4
8.7	Total Liabilities as percentage of total Recurrent Revenue	4	3	4
8.8	Existence of Credit Agency Rating	1	1	4

11.2 ACHIEVEMENTS OF AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD IN 2021 (JULY – DECEMBER)

The State Fiscal Responsibility Board, within the period under review, despite lack of office space and other challenges, had recorded the following performances:

11.2.1 CAPACITY BUILDING FOR STATE CIVIL/PUBLIC SERVANTS

In order for the Board to carry out her function of developing and implementing knowledge and skills improvement programmes on fiscal management issues for the State Civil Service, the Board partnered with USAID State2State Activity and undertook the following trainings:

- 11.2.1(a)** Public Financial Management Assessment Workshop on Friday, 2nd July, 2021 at Rosmohr Gold Hotel, Uyo where 36 participants attended.
- 11.2.1(b)** Training on Domestication and Application of Nigerian Governors' Forum (NGF) Budget Preparation Toolkit from Monday, 6th to Wednesday, 8th September, 2021 at Rosmohr Gold Hotel, Uyo.
- 11.2.1(c)** Workshop on Budget Consultation from Thursday, 21st – Friday, 22nd October, 2021.
- 11.2.1(d)** Training on Consolidation of the 2022 Budget in the NGF Budget Template from Tuesday, 30th to Thursday, 21st December, 2021 at New Point Hotel, Uyo.

11.2.2 DEVELOPMENT OF A STANDARD BUDGET CALENDAR FOR AKWA IBOM STATE

The Budget Calendar was the outcome of series of engagements with representatives of MDAs responsible for some aspects of the Budget process in the State. The exercise was coordinated by the State Fiscal Responsibility Board with the support of USAID State2State Activity.

11.2.3 PRINTING AND DISTRIBUTION OF STANDARD BUDGET CALENDAR

The Standard Budget Calendar was printed and distributed to MDAs, CSOs and other stakeholders in the State. Both the pamphlet sized and the A3 sized were printed and distributed to all MDAs and other relevant stakeholders.

11.2.4 ISSUANCE OF FISCAL RESPONSIBILITY CIRCULARS

For the Board to carry out her mandate as contained in the Akwa Ibom State Fiscal Responsibility Law Section 7(1)(f) on making regulations and issuing guidelines for implementing the provision of the Fiscal Responsibility Law, the Board, within the period, issued two (2) Circulars as follows:

11.2.4(a) Akwa Ibom State Fiscal Responsibility Circular No.1 of 2021 on Discontinuation of **Consolidated Revenue Fund Charge in the Budget** dated 6th October, 2021.

- This Circular has made the State to conform with international accepted best practices in Budget Reforms, as a result of International Public Sector Accounting Standard (IPSAS).
- The implication of the reform was that the personnel emoluments of political office holders and appointees in the State from January 2022 are pooled by the respective MDAs where those officers are serving against the earlier practice of being pooled by the General Service Office (GSO).
- As part of the reform, Contractual Liabilities and Personnel Gratuities which before, used to be components of Consolidated Revenue Fund Charge, are being presented in the Budget as Public Debt Charges and Social Benefits respectively.

11.2.4(b) Akwa Ibom State Fiscal Responsibility Circular No.2 of 2021: Standard Budget Calendar for Akwa Ibom dated 14th October, 2021.

- This Circular provides a guide to Budget process in Akwa Ibom State
- The Budget Calendar is to help in ensuring that:
 - i) The Medium Term Expenditure Framework (MTEF) is presented to the State Executive Council before the end of July of each year and transmitted to the State House of Assembly not later than 2nd August of each year, in line with the deadlines stipulated in the State Fiscal Responsibility Law,
 - ii) The State draft Budget is presented to the State House of Assembly at least eight (8) weeks before the end of each year and assented to before the beginning of the year which the Budget is prepared for, in-line with the accepted best practices,
 - iii) Unnecessary delay in Budget process is prevented.

11.2.5 SENSITISATION OF RELEVANT STAKEHOLDERS ON FISCAL RESPONSIBILITY CIRCULARS AND LAW

In order for the Board to exercise her power as contained in the Akwa Ibom State Fiscal Responsibility Law, Section 5(c) on directing any course of action that will bring the affairs of MDAs or Local Government in line with the State Fiscal Responsibility Law or any templates issued, the Board organised the following sensitization programmes.

11.2.5(a) SENSITIZATION OF RELEVANT STAKEHOLDERS ON THE STATE FISCAL RESPONSIBILITY LAW

It was observed that even with existence of the Fiscal Responsibility Law in the State, most public servants were not aware of the provisions of the Law and the consequences of not fulfilling the requirements of the Law, as such, it became necessary for the sensitization. The event was held at State Secretariat Complex, Uyo on Thursday, 16th December, 2021.

11.2.5(b) SENSITIZATION OF RELEVANT STAKEHOLDERS ON THE ADOPTION OF THE STATE FISCAL RESPONSIBILITY CIRCULAR NO.1&2

As new Circulars that brought reform in the Budgetary process came to be, it was obligatory to sensitize and guide selected Directors and relevant key staff on how to adopt them in the Budget process.

11.2.6 PRINTING OF THE BOARD'S HEADED PAPERS, FILE JACKETS AND ENVELOPS

11.2.7 ISSUANCE OF INSTRUCTIONS TO SOME MDAs REMINDING THEM OF THEIR RESPONSIBILITIES:

The Board has been empowered with the provision of the State Fiscal Responsibility Law Section 5(c) on directing any course of action that will bring the affairs of MDAs or LG in line with the FRL. As such, the Board within the period, issued directives to some MDAs to remind them to carry out their responsibilities. Such instructions were rendered to the following MDAs:

11.2.7(a) State Budget Office in a letter No.: AKS/FRB/S/8/Vol.1/1 on Standard Good Practice for Transparency in Fiscal Matters dated 24th August, 2021.

11.2.7(b) Ministry of Economic Development & Ibom Deep Seaport in a letter No.: AKS/FRB/S/02/Vol.1/1 on Time Limit for Presentation and Approval of 2022-2024 MTEF dated 5th July, 2021.

11.2.7(c) Ministry of Local Government and Chieftaincy Affairs in a letter No.: AKS/FRB/S/07/vol.1/1 on Issuance of Estimates Call Circulars for 2022 Budget Preparation of LGs in the State dated 23rd August, 2021.

11.2.8 PROVISION OF TECHNICAL SUPPORT TO MINISTRY OF LOCAL GOVERNMENT & CHIEFTAINCY AFFAIRS FOR THE HANDLING OF LOCAL GOVERNMENTS' 2022 BUDGET PREPARATION.

The technical support were in the areas of:

11.2.8(a) Development and issuance of 2022 Budget Preparation Call Circular to LG Councils first ever done by the Ministry of Local Government & Chieftaincy Affairs.

11.2.8(b) Forecasting and Estimating of Local Governments 2022 Federal

Allocations

- 11.2.8(c)** Capacity Building of LG Directors of BPRS on the preparation of LG 2022 IPSAS compliance Budget on 14th September, 2021.
- 11.2.8(d)** Development of Akwa Ibom State Local Governments' Consolidated Revenue Codes.
- 11.2.8(e)** Bilateral Discussions for LGs 2022 Draft Budget from 17th November to 30th November, 2021.

11.2.9 DEVELOPMENT AND PRESENTATION OF THE 2022-2024 FISCAL STRATEGY PAPER (FSP) FOR THE 2022 BUDGET PREPARATION.

The State Fiscal Responsibility Board with the support of State2State and in collaboration with other Stakeholders had developed the 2022-2024 Fiscal Strategy Paper (FSP) for 2022 Budget Size Determination. The FSP was presented by the Director-General, Fiscal Responsibility Board before the State Finance Sector Coordinating Committee at the 2022 Resource Profile Determination Meeting held on Saturday, 24th July, 2021 at Ibom Icon Hotel, Uyo.

11.2.10 PARTNERING WITH THE USAID STATE2STATE ACTIVITY TO CONDUCT A PUBLIC FINANCIAL MANAGEMENT (PFM) ASSESSMENT IN THE STATE:

For the Board to carry out her responsibilities as enshrined in the Akwa Ibom State Fiscal Responsibility Law Section 7(1)(c) which is for Fiscal and Financial Studies, analysis, diagnosis and dissemination of the results; the Board partnered with the USAID State2State Activity in 2021 to carry out a Public Financial Management Assessment in the State.

The findings of the assessment have enabled the Board to identify gaps and proffer solutions to close the gaps in the state PFM.

The detailed findings of the PFM Assessment whereas presented from Chapter 3 to Chapter 9 of the 2021 Annual Report.

11.2.10(a) SUMMARY OF SCORES ON 54 INDICATORS OF AKWA IBOM STATE 2021 PFM ASSESSMENT

Table 71: Akwa Ibom State 2021 PFM Summary of Scores on 53 Indicators

3.0 Budget Planning, Administration and Execution		Previous Score (2021)	2022 Score
3.1	Fiscal Responsibility Law	4	4
3.2	Existence of and adherence to a fixed budget calendar	1	4
3.3	Medium-term expenditure and revenue estimates	2	4
3.4	Medium Term Sector strategies	1	1
3.5	Guidance on budget preparation	2	3
3.6	Budget submission to the legislature	3	3
3.7	Scope of the legislature's scrutiny of the Budget	2	4
3.8	Adequacy of time for the legislature to provide a response to budget proposals	4	4
3.9	Timely budget approval by the legislature	3	4
3.10	Aggregate expenditure out-turn compared to original approved budget	1	1
4.0. Budget Transparency		Previous Score (2021)	2022 Score
4.1	Budget Classification	2	4
4.2	Citizens' engagement in the budget process - budget planning, administration and execution	1	2
4.3	Comprehensiveness of Information Provided in Budget Documentation	1	4
4.4	Public access to fiscal information (State Government)	1	2
4.5	Public access to fiscal information (Local Government)	1	1
4.6	Citizens' Budget (State Government)	2	4
4.7	Citizens' Budget (Local Government)	1	1
5.0. Internal Controls and Financial Reporting		Previous Score (2021)	2022 Score
5.1	Cash Management through Treasury Single Accounts (TSA)	3	3
5.2	Transactions are processed within the IFMIS Environment	2	2
5.3	Bank account reconciliations	2	3
5.4	Advance accounts	2	4
5.5	Financial data integrity processes	4	4
5.6	Biometric Assessment of State Employees Undertaken	3	3
5.7	Coverage of internal audit	4	4
5.8	Nature of audits and standards applied	2	2
5.9	Response to internal audits	1	1
5.10	In-year budget implementation reports	4	4
5.11	Accounting standards	2	4
5.12	Completeness of the financial statements	4	4

Table 71: Akwa Ibom State 2021 PFM Summary of Scores on 53 Indicators (contd.)

6.0 Domestic Resource Mobilisation		Previous Score (2021)	2022 Score
6.1	Implementation of Tax Identification Number (TIN)	3	3
6.2	Consolidated state revenue code	3	3
6.3	Regular Updates to Tax Rates and Tariffs	4	2
6.4	Property Taxation	1	2
6.5	Transfer of revenue collections	1	1
6.6	IGR out-turn compared to original approved budget	1	2
6.7	Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR	2	1
6.8	Annual Nominal IGR Growth Rate	1	2
7.0 Auditing		Previous Score (2021)	2022 Score
7.1	Audit Law	4	4
7.2	Supreme Audit Institution (SAI) independence	1	1
7.3	Audit coverage and standards (State Government)	4	4
7.4	Timeliness of submission of audit reports to legislature (State Government)	4	4
7.5	Timeliness of submission of audit reports to legislature (Local Government)	2	2
7.6	External audit follow-up (State Government)	1	3
7.7	External audit follow-up (Local Government)	1	3
7.8	Hearings on audit findings by Public Accounts Committee of SHoA	1	4
8.0 Debt Management		Previous Score (2021)	2022 Score
8.1	Debt Management Law	4	4
8.2	Recording and reporting of debt and guarantees	3	3
8.3	Annual debt sustainability analysis and medium-term Debt Management Strategy report	2	2
8.4	Domestic arrears	2	1
8.5	Existence of Consolidated Debt Service Account	2	2
8.6	Ratio of average monthly debt service deducted from FAAC revenue	4	4
8.7	Total Liabilities as percentage of total Recurrent Revenue	4	4
8.8	Existence of Credit Agency Rating	1	1

The findings of the assessment will form the basis for a PFM reform action plan for Akwa Ibom State Government, which will require the allocation of resources by both the State and Development Partners, and assignment of responsibilities to central PFM MDAs such as: State Budget Office, Ministry of Finance, Ministry of Economic Development, Office of the Accountant General, State Auditor General's Office, Office of the Auditor General for Local Governments, Fiscal Responsibility Board, Internal Revenue Service, State Debt Management Office and State House of Assembly. The demand side actors will also be instrumental in the implementation of the reform action plan from this assessment by holding government to account for ensuring that the PFM system is such that it delivers the dividends of good governance to the citizens.

11.3 CHALLENGES AND THE WAY FORWARD

S/N	CHALLENGES	S/N	THE WAY FORWARD
11.3.1	<p>Funding</p> <p>The Board has not secured even a Take-Off Grant since its inception to enable it secure furniture and office equipment and provide for other necessary activities of the Board</p>	11.3.1.1	<p>Provision of funding to the Board</p> <p>It will be better if fund could be approved and released to the Board, as a take-off grant or so, to enable the Board secure furniture and necessary office equipment, etc.</p>
11.3.2	<p>Office Space</p> <p>At the moment, three (3) Departments still have no space in the Board.</p>	11.3.2.1	<p>Evacuation of Old Vouchers in the two (2) Offices of the Board</p> <p>Effort should be made to evacuate or dispose of the old vouchers in the two (2) office rooms at the 2nd floor of Block 6 assigned to the Board in the Idongesit Nkanga Secretariat so that the offices can be used by the staff of the Board.</p>
11.3.3	<p>Absence of a Fiscal Management Portal</p> <p>Since there is no release for any capital item, the Board is handicapped to establish, maintain and keep regularly updated fiscal management portal that could serve as a definitive source of fiscal management information for the public which is one of her core responsibilities.</p>	11.3.3.1	<p>Release of fund for establishment of a Fiscal Management Portal is the solution to this issue.</p>
11.3.4	<p>Insufficient Staff</p> <p>The Board still needs staff to fill some vacant positions that require services of personnel.</p>	11.3.4.1	<p>There is a need to deploy some critical staff to the Board.</p>
11.3.5	<p>Lack of Utility Vehicle</p> <p>The challenge of no utility vehicle for the Board even for the Director-General is of serious concern.</p>	11.3.5.1	<p>There is a need to provide utility vehicle to the Board especially for the Director-General.</p>
11.3.6	<p>Capacity Deficiency in the Service</p> <p>There is serious capacity</p>	11.3.6.1	<p>Intensive capacity building in PFM and other areas is highly required to</p>

CONCLUSION

The carrying out of Public Financial Management (PFM) assessment, identification of gaps in the State, design of intervention and implementation of solutions to identified problems are the key to solving problems and challenges. As a joint assessment by all stakeholders, particularly, the state actors, the 2022 PFM assessment was in line with a demand-driven solution architecture. The assessment identified specific areas of program support to initiate immediate actions to address the identified issues.

It is our hope that if the recommendations provided in this report are implemented, the State will be better positioned to sustain the ongoing PFM reforms in the State and improve on other areas that gaps are observed.

It is also our humble request that if the way forward for the State Fiscal Responsibility Board is considered, most of the challenges facing the Board in the discharge of her responsibilities will be ameliorated.

Annexure 1

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD

**FINANCIAL STATEMENT
31ST DECEMBER, 2022**

**COMFORT THOMAS & CO.
CHARTERED ACCOUNTANTS
NIGERIA**

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD

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**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD
CORPORATE INFORMATION**

DIRECTOR – GENERAL

VICTOR OKON EDET

MANAGEMENT TEAM

DIRECTOR – GENERAL

VICTOR OKON EDET

HEAD, FINANCE & ACCOUNTS:

UMANA HENRY

HEAD, INTERNAL AUDIT:

ENO R. OKON

DIR., LEGAL & ENFORCEMENT:

BARR. IME UMOFIAH

DIRECTOR, ICT:

UBONG EFANGA INYANG

HEAD, ADMIN. & SUPPLIES:

NKOYO OTOHOTOHO

HEAD, PRS:

OFONIME EFANGA

OFFICE ADDRESS:

**2ND FLOOR BLOCK 6
STATE SECRETARIAT COMPLEX
UYO.**

BANKERS:

ZENITH BANK PLC

AUDITORS:

**COMFORT THOMAS & CO.
(CHARTERED ACCOUNTANTS)
45, LIVERPOOL ROAD, EKET,
AKWA IBOM STATE.**

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD

THE BOARD

The Akwa Ibom State Fiscal Responsibility Board and Other Matters Law, No. 013 of 2020 gave the legal backing for the establishment of the Akwa Ibom State Fiscal Responsibility Board and Other Matters connected thereto. The law applies to Akwa Ibom State government, the SHoA, Judiciary, LGAs, all MDAs and authorities in their handling and management of public funds. The Law was enacted and came into effect on October 2020 with the assent of the Governor. It assigns functions, gives powers to the Board and establishes Fiscal Responsibility Council with functions.

FUNCTIONS OF THE BOARD

The Board shall perform the following functions:

- (a) Monitor and enforce the provisions of this Law in order to promote the economic objectives of the State.
- (b) Regularly institute such standard good practices, whether international or local, that will result in greater efficiency in the revenue collection, control of public debt and expenditure, and transparency in fiscal matters.
- (c) Undertake fiscal and financial studies, analysis and diagnosis and disseminate the result to the public as well as develop and implement knowledge and skills improvement programmes on fiscal management issues for the State civil service.
- (d) Establish, maintain and keep regularly updated fiscal management portal that will serve as a definitive source of fiscal management information for the public.
- (e) Make regulations for carrying out all functions by all MDAs under this Law.
- (f) Make regulations and issue guidelines from time to time for implementing the provisions of this Law, including providing administrative sanctions for infractions of the Law.
- (g) Develop and implement a mandatory performance management and reporting system for all MDAs in Akwa Ibom State.
- (h) Settle administrative disputes, if any, arising and relating to the provisions of this Law.
- (i) Perform any other function consistent with the promotion of the objectives of this Law:-

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD

REPORT OF THE MANAGEMENT

The management has the pleasure in presenting the report of the financial operation of the board for the year ended 31st December, 2022 as follows:

1. Summary of Income and Expenditure	DEC 31, 2022
	N
Balance as at 1 st January	243
Imprest received during the year	<u>62,000,000</u>
	62,000,243
 Administrative costs	 <u>(61,993,070)</u>
	 <u>7,173</u>
 Balance as at 31 December	 <u>7,416</u>

2. Employment.

The board has not been able to employ all the staff needed to run the administrative work of the staff due to lack of fund.

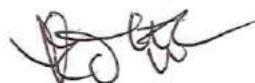
3. Health, safety and welfare

Health and safety regulations are in force within the board's premises and staffs are aware of existing regulations. Staff welfare received adequate attention during the year under review.

4. Employee's involvement and Training

The board is committed to keeping staff fully informed as much as possible regarding the board's performances and progress and seeking their views whenever practicable on matters which particularly affect them as employees.

5. Accommodation: The Board staff is still perching in the few rooms allocated to us by Ministry of Finance, the space is too small for the board, and we solicit for a provision for accommodation.



Victor Okon Edet
Director – General
Akwa Ibom Fiscal Responsibility Board



COMFORT THOMAS & CO
Accounting, Auditing, Taxation, Business Advisory Services and Consultancy.
BN: 3639010

45 Liverpool Road, P.O.Box 1158
Eket - Akwa Ibom State
07032334405, 09024102490
thomascomfort613@gmail.com

**REPORT OF THE AUDITORS TO MEMBERS OF AKWA IBOM STATE FISCAL
RESPONSIBILITY BOARD**

We have audited the accompanying financial statement of AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD which comprises of the statement of financial position as at 31st December 2022 and the related statement of comprehensive income and statement of cash flow for the year ended, and notes comprising significant accounting policies and other explanatory information.

RESPECTIVE RESPONSIBILITIES OF THE BOARD AND AUDITORS

The Boards are responsible for the preparation and fair presentation of these financial statements in accordance with the International financial Reporting Standards (IFRS) and in manner required by CAMA and the Financial Reporting Council of Nigeria Act 2011 to the extent that they do not conflict with the requirements of IFRS. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conduct our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statement. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statement are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and assessed whether the Board's books of accounts had been properly kept.

OPINION:

In our opinion;

- i. The Board's books of account have been properly kept.
- ii. The financial statements referred to above, which are in agreement with the books of account and give a true and fair view of the financial position of the Board as at 31st December 2022 and of financial performance and its cash flow for the year ended, and have been properly prepared in accordance with the companies and Allied Matters Act, 2020.

Eket, Nigeria




Comfort Godwin Thomas
FRC/2022/PRO/ICAN/004/773329
For: COMFORT THOMAS & CO
Chartered Accountants

24. 3. 2023

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD 2022 ANNUAL REPORT

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	NOTES	2022 N
ASSETS		
Non-Current Assets:		
Property, Plant and Equipment		-
Total Non-Current Assets		<u>-</u>
Current Assets:		
Cash and Cash Equivalent		7,416
Total Assets		<u><u>7,416</u></u>
EQUITY & LIABILITIES		
Accumulated Fund	2	7,416
		<u>7,416</u>
Current Liabilities:		
Payables and Accruals		-
		<u>-</u>
Total Equity and Liabilities		<u><u>7,416</u></u>


 Victor Okon Edet - Director - General


 Umana Henry – Head (Finance & Accounts)
CNA/41264

The notes on pages 9 to 12 form the integral part of these accounts
Audit report, page 4

**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

	NOTES	2022 ₦
INCOME:		
Receipt	3	62,000,243
		<u>62,000,243</u>
 EXPENDITURE:		
Administrative expenses:		
Maintenance, Repairs and Services	4	2,464,050
Miscellaneous Expenses - General	5	24,490,244
Training and Staff Development	6	10,615,000
Utilities	7	105,000
Material and Supplies	8	10,286,450
Local Travel and Transport	9	4,242,500
Entertainment and Hospitality	10	1,722,000
Other Service	11	6,000,000
Consultancy and Professional Services	12	2,000,000
Bank Charges		67,826
		<u>61,993,070</u>
Total Administrative Expenses		<u>61,993,070</u>
Surplus/ (Deficit) for the year		<u>7,173</u>

The notes on pages 9 to 12 form the integral part of these accounts
Audit report, page 4

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD 2022 ANNUAL REPORT

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2022

	2022 ₦
<i>Cash Flow from Operating Activities</i>	
Surplus/(Deficit)	7,173
<u>Adjustment for Non-Cash Items</u>	
Depreciation	-
Cash flow before working capital changes	<u>7,173</u>
 <i>Working Capital Changes:</i>	
Increase/ (Decrease) in Trade and Other Payables	<u>-</u>
Cash generated from operations	
 Net Cash flow from Operating Activities	 7,173
 <i>Cash flow from Investing Activities:</i>	
Purchased of Assets	<u>-</u>
	7,173
 <i>Cash flow from financing activities:</i>	
 Net Cash flow from Financing Activities	 <u>7,173</u>
Cash/Cash Equivalent at the beginning	243
Cash /Cash Equiyalent at the end	<u><u>₦7,416</u></u>
 Cash at bank and in hand as at 31/12/2022	 <u><u>₦7,416</u></u>

The notes on pages 8 to 12 form the integral part of these accounts
Audit report, page 4

**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD
NOTE TO THE FINANCIAL STATEMENTS
STATEMENT OF ACCOUNTING POLICIES:**

1. The following were the summary of the significant accounting policies adopted by the Board in the preparation of the financial statements for the year ended December 31, 2022:

Basis of Accounting:

The accompanying financial statements have been prepared on the historical cost convention in conformity with Generally Accepted Accounting Principles.

Government Grants / Subventions/ Imprest:

Imprest are recognized only when they are received.

Fixed Assets:

Fixed assets are stated at their historical cost or valuation less accumulated depreciation. Though the Board is yet to purchase any asset, the asset used in the office is donated by concerned individuals with no cost/valuation attached to them. Once the Board receives a takeoff grant from Government, we will be able to acquire our much needed asset.

Research studies and Capacity Building:

Research studies and capacity building funded from Special Imprest are treated as administrative expenses and written - off in the period they are incurred.

Depreciation:

Depreciation of fixed assets is provided for on straight line basis at rate set out to write off the cost/valuation of the assets acquired over their estimated useful lives.

Inventory:

Inventories are stated at the lower of cost and net realizable value. There was no closing inventory as at the end of 2022 as there were insufficient fund to buy stationery materials and store within the year. Stationeries purchased within the year were on request and as need arises.

Receivables:

Receivables are stated at their book value.

Notes on account continued on page 10
Audit report, page 4

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD 2022 ANNUAL REPORT

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2022.

	2022 ₦
2. Accumulated Fund:	
Balance at 1 st January	243
Income and Expenditure Account	7,173
	<u>7,416</u>
3. Income:	
Balance as at 1 st January	243
Special Imprest	56,000,000
Standing Imprest	6,000,000
	<u>62,000,243</u>
4. Maintenance, Repairs and Services:	
Office	2,159,050
Motor vehicle	205,000
IT Equipment	100,000
	<u>2,464,050</u>
5. Miscellaneous Expenses-General:	
Servicing of meetings	6,000,000
Welfare packages	215,000
Council meeting	6,000,000
Cleaning and fumigation	4,000,000
Other office general expenses	25,244
Data Bank	250,000
Other Activities	8,000,000
	<u>24,490,244</u>
6. Training and Staff Development	
Local Training	615,000
Capacity Building Sensitization	10,000,000
	<u>10,615,000</u>

Notes on account continued on page 11
Audit report, page 4

AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2022.

	2022 ₦
7. Utilities:	
Telephone Charges	85,000
Satellite Broadcast	20,000
	105,000
8. Material and Supplies:	
File Jacket and envelop printing	965,000
Admin & Supplies - Stationery	650,000
Finance & Account - Stationery	300,000
PRS Directorate - Stationery	350,000
Fiscal Policy Directorate - Stationery	165,000
Legal & Enforcement - Stationery	200,000
ICT Directorate - Stationery	348,450
Stationery and Consumables	2,530,000
Printing of Reports	4,753,000
Magazine and Periodicals	25,000
	10,286,450
9. Local Transport & Travel:	
Local Transport	12,500
Hiring of vehicles	4,230,000
	4,242,500

Notes on account continued on page 12
Audit report, page 4

**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2022.**

	2022
	₦
10. Entertainment and Hospitality:	
Accommodation and feeding	<u>1,722,000</u>
11. Other Services:	
Other Services	2,000,000
Dev. Of mandatory Performance Mgt.	4,000,000
	<u>6,000,000</u>
12. Consultancy & Professional Services:	
Fiscal/Financial Studies Expenses	<u>2,000,000</u>