



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

**2021**  
**ANNUAL REPORT**

**(JULY, 2021 – DECEMBER, 2021)**



# **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	Areas Clearance Framework
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
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
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MEL	Monitoring Evaluation and Learning
MGCI	Municipal Governance Capacity Index
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
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
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
SMoED & IOS	State Ministry of Economic Development and Ibom Deep Seaport
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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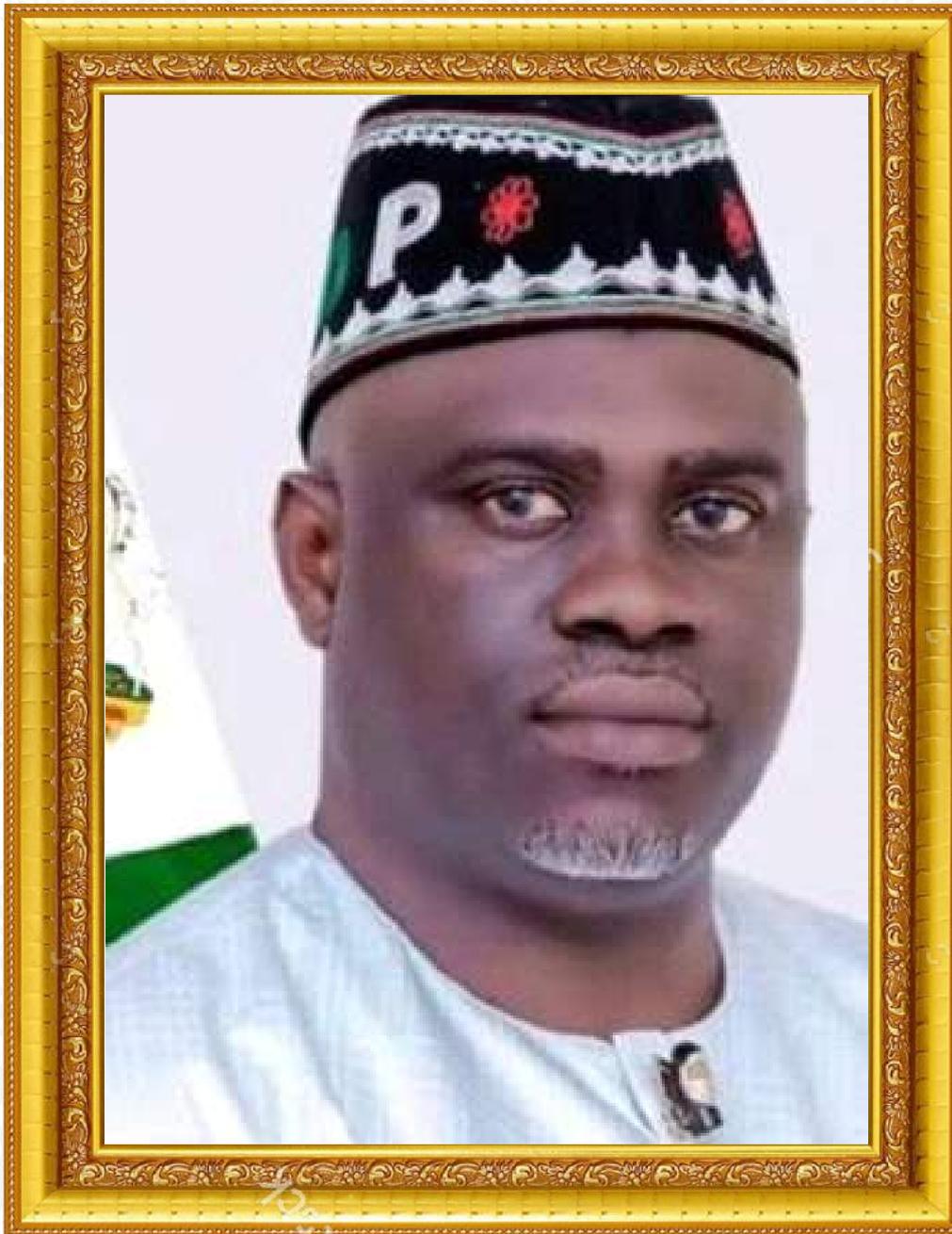


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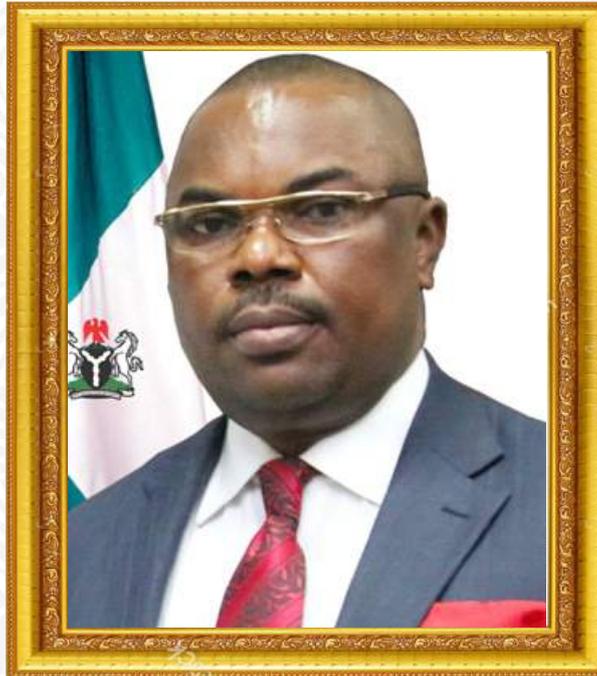
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**MEMBERS OF AKWA IBOM STATE FISCAL RESPONSIBILITY COUNCIL**



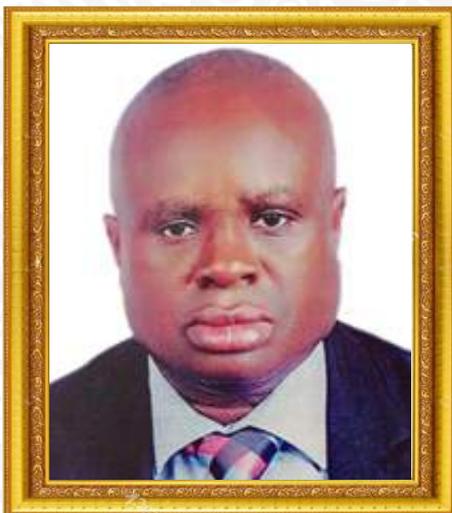
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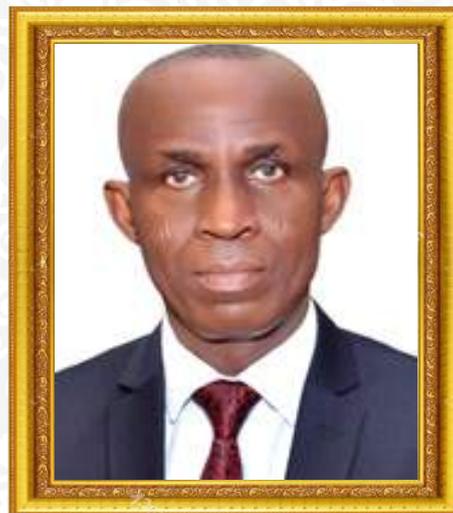
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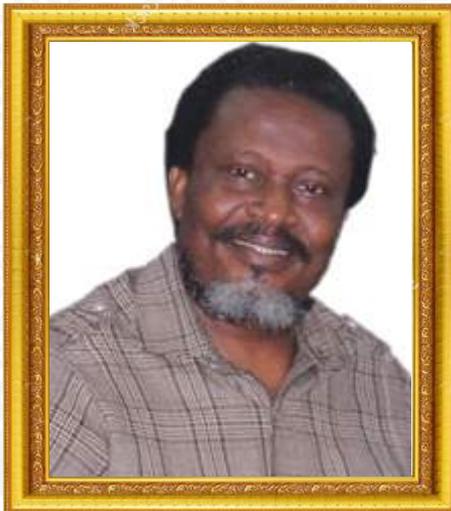
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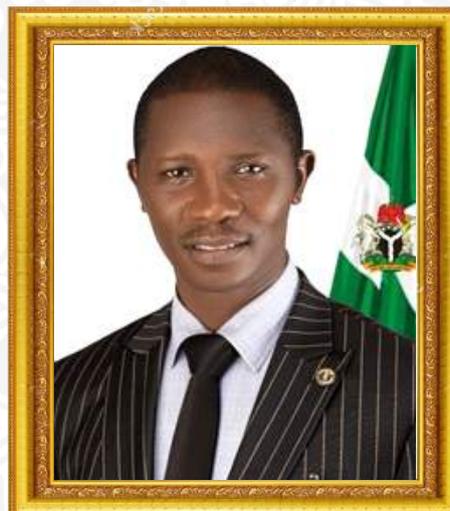
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**EXECUTIVE SUMMARY**

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, 25<sup>th</sup> August, 2020 and assented to by His Excellency, the Executive Governor, Mr. Udom Emmanuel on Friday, 2<sup>nd</sup> 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 24<sup>th</sup> 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, 29<sup>th</sup> 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 30<sup>th</sup> June, 2021 deadline of SFTAS 2021 Annual Performance Assessment (APA).

4. Inaugurated members of the Akwa Ibom State Fiscal Responsibility Council are 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, 30<sup>th</sup> 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 two (2) 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 16<sup>th</sup> 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 28<sup>th</sup> 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.

## **7. OFFICE SPACE FOR THE BOARD**

Throughout the period under review (July – December, 2021), the Akwa Ibom State Fiscal Responsibility Board had no Office for her staff. The staff deployed to work in the Board were still in their previous offices carrying out some of the activities of the Board, though this adversely affected service delivery.

## **8. HIGHLIGHT OF ACHIEVEMENTS OF THE BOARD (JULY – DECEMBER, 2021)**

The State Fiscal Responsibility Board, within the period under review, despite lack of office space and other challenges, had 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** Public Financial Management Assessment Workshop on Friday, 2<sup>nd</sup> July, 2021 at Rosmohr Gold Hotel, Uyo where 36 participants attended.

**8.1.2** Training on Domestication and Application of Nigerian Governors' Forum (NGF) Budget Preparation Toolkit from Monday, 6<sup>th</sup> to Wednesday, 8<sup>th</sup> September, 2021 at Rosmohr Gold Hotel, Uyo.

**8.1.3** Workshop on Budget Consultation from Thursday, 21<sup>st</sup> – Friday, 22<sup>nd</sup> October, 2021 at Rosmohr Gold Hotel, Uyo

**8.1.4** Training on Consolidation of the 2022 Budget in the NGF Budget Template from Tuesday, 30<sup>th</sup> to Thursday, 21<sup>st</sup> December, 2021 at New Point Hotel, Uyo.

## **8.2 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 support from USAID State2State Activity.

## **8.3 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.

## **8.4 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:

### **8.4.1 Akwa Ibom State Fiscal Responsibility Circular No.1 of 2021 on Discontinuation of Consolidated Revenue Fund Charge in the Budget** dated 6<sup>th</sup> 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.

### **8.4.2 Akwa Ibom State Fiscal Responsibility Circular No.2 of 2021: Standard Budget Calendar for Akwa Ibom** dated 14<sup>th</sup> October, 2021.

- This Circular provides a guide to Budget process in Akwa Ibom State

## **8.5 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.

### **8.5.1 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 requirement of the Law, as such, it became necessary for the sensitization. The event was held at the State Secretariat Complex, Uyo on Thursday, 16<sup>th</sup> December, 2021.

### **8.5.2 SENSITIZATION OF RELEVANT STAKEHOLDERS ON THE ADOPTION OF THE STATE FISCAL RESPONSIBILITY CIRCULARS 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.

## **8.6 PRINTING OF THE BOARD'S HEADED PAPERS, FILE JACKETS AND ENVELOPS**

### **8.7. 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:

**8.7.1** State Budget Office in a letter No.: AKS/FRB/S/8/Vol.1/1 on **Standard Good Practice for Transparency in Fiscal Matters** dated 24<sup>th</sup> August, 2021.

**8.7.2** 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 2022-2014 MTEF** dated 5<sup>th</sup> July, 2021.

**8.7.3** 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 23<sup>rd</sup> August, 2021.

**8.8 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:

- 8.8.1** Development and issuance of 2022 Budget Preparation Call Circular to LG Councils first ever done by the Ministry of Local Government & Chieftaincy Affairs.
- 8.8.2** Forecasting and Estimating of Local Governments 2022 Federal Allocations
- 8.8.3** Capacity Building of LG Directors of BPRS on the preparation of LG 2022 IPSAS compliance Budget on 14<sup>th</sup> September, 2021.
- 8.8.4** Development of Akwa Ibom State Local Governments' Consolidated Revenue Codes.
- 8.8.5** Bilateral Discussions for LGs 2022 Draft Budget from 17<sup>th</sup> November to 30<sup>th</sup> November, 2021.

**8.9 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, 24<sup>th</sup> July, 2021 at Ibom Icon Hotel, Uyo.

**8.10 PARTNERING WITH THE USAID STATE2STATE ACTIVITY TO CONDUCT A PUBLIC FINANCIAL MANAGEMENT (PFM) ASSESSMENT IN THE STATE:**

For the Board to carry out her responsibility 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 result; the Board partnered with the USAID State2State Activity 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 are presented from Chapter 3 to Chapter 9 in this Report.as Pillars.**

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. These standard definitions are used consistently across all State2State supported PFM assessments.



**8.10.1 SUMMARY OF SCORES ON 54 INDICATORS OF AKWA IBOM STATE PFM ASSESSMENT**

<b>3.0 Budget Planning, Administration and Execution</b>		<b>2021 Score</b>
<b>3.1</b>	Fiscal Responsibility Law	4
<b>3.2</b>	Existence of and adherence to a fixed budget calendar	1
<b>3.3</b>	Medium-term expenditure and revenue estimates	2
<b>3.4</b>	Medium Term Sector strategies	1
<b>3.5</b>	Guidance on budget preparation	2
<b>3.6</b>	Budget submission to the legislature	3
<b>3.7</b>	Scope of the legislature's scrutiny of the Budget	2
<b>3.8</b>	Adequacy of time for the legislature to provide a response to budget proposals	4
<b>3.9</b>	Timely budget approval by the legislature	3
<b>3.10</b>	Aggregate expenditure out-turn compared to original approved budget	1
<b>4.0 Budget Transparency</b>		<b>2021 Score</b>
<b>4.1</b>	Budget Classification	2
<b>4.2</b>	Citizens' engagement in the budget process - budget planning, administration and execution	1
<b>4.3</b>	Comprehensiveness of Information Provided in Budget Documentation	1
<b>4.4</b>	Public access to fiscal information (State Government)	1
<b>4.5</b>	Public access to fiscal information (Local Government)	1
<b>4.6</b>	Citizens' Budget (State Government)	2
<b>4.7</b>	Citizens' Budget (Local Government)	1
<b>5.0 Internal Controls and Financial Reporting</b>		<b>2021 Score</b>
<b>5.1</b>	Cash Management through Treasury Single Accounts (TSA)	3
<b>5.2</b>	Transactions are processed within the IFMIS Environment	2
<b>5.3</b>	Bank account reconciliations	2
<b>5.4</b>	Advance accounts	2
<b>5.5</b>	Financial data integrity processes	4
<b>5.6</b>	Biometric Assessment of State Employees Undertaken	3
<b>5.7</b>	Coverage of internal audit	4
<b>5.8</b>	Nature of audits and standards applied	2
<b>5.9</b>	Response to internal audits	1
<b>5.10</b>	In-year budget implementation reports	4
<b>5.11</b>	Accounting standards	2
<b>5.12</b>	Completeness of the financial statements	4
<b>5.13</b>	Timeliness of submission of the financial statements	3
<b>6.0 Domestic Resource Mobilisation</b>		<b>2021 Score</b>
<b>6.1</b>	Implementation of Tax Identification Number (TIN)	3
<b>6.2</b>	Consolidated state revenue code	3
<b>6.3</b>	Regular Updates to Tax Rates and Tariffs	4
<b>6.4</b>	Property Taxation	1
<b>6.5</b>	Transfer of revenue collections	1
<b>6.6</b>	IGR out-turn compared to original approved budget	1

<b>6.7</b>	Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR	<b>2</b>
<b>6.8</b>	Annual Nominal IGR Growth Rate	<b>1</b>
<b>7.0 Auditing</b>		<b>2021 Score</b>
<b>7.1</b>	Audit Law	<b>4</b>
<b>7.2</b>	Supreme Audit Institution (SAI) independence	<b>1</b>
<b>7.3</b>	Audit coverage and standards (State Government)	<b>4</b>
<b>7.4</b>	Timeliness of submission of audit reports to legislature (State Government)	<b>4</b>
<b>7.5</b>	Timeliness of submission of audit reports to legislature (Local Government)	<b>2</b>
<b>7.6</b>	External audit follow-up (State Government)	<b>1</b>
<b>7.7</b>	External audit follow-up (Local Government)	<b>1</b>
<b>7.8</b>	Hearings on audit findings by Public Accounts Committee of SHoA	<b>1</b>
<b>8.0 Debt Management</b>		<b>2021 Score</b>
<b>8.1</b>	Debt Management Law	<b>4</b>
<b>8.2</b>	Recording and reporting of debt and guarantees	<b>3</b>
<b>8.3</b>	Annual debt sustainability analysis and medium-term Debt Management Strategy report	<b>2</b>
<b>8.4</b>	Domestic arrears	<b>2</b>
<b>8.5</b>	Existence of Consolidated Debt Service Account	<b>2</b>
<b>8.6</b>	Ratio of average monthly debt service deducted from FAAC revenue	<b>4</b>
<b>8.7</b>	Total Liabilities as percentage of total Recurrent Revenue	<b>4</b>
<b>8.8</b>	Existence of Credit Agency Rating	<b>1</b>

**9.0 CHALLENGES AND THE WAY FORWARD**

<b>CHALLENGES</b>		<b>WAY FORWARD</b>
<p><b>Funding</b></p> <p>The Board has not secured any Take-Off Grant since its inception to enable it secure furniture and office equipment and provide for other necessary activities of the Board</p>	<b>9.1.1</b>	<p><b>Provision of funding to the Board</b></p> <p>It will be better if funds 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>
<p><b>Office Space</b></p> <p>Throughout the period under review (July – December, 2021), the Board had no office space for her staff.</p> <p>At the moment, two (2) Departments still have no space in the Board.</p>	<b>9.2.1</b>	<p><b>Evacuation of Old Vouchers in the two (2) Offices of the Board</b></p> <p>Effort should be made to evacuate or dispose of the old vouchers in the two (2) office rooms at the 2<sup>nd</sup> floor of Block 6 assigned to the Board in Idongesit Nkanga Secretariat so that the offices can be used by the staff of the Board.</p>
<p><b>Absence of a Fiscal Management Portal</b></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>	<b>9.3.1.</b>	<p>Release of fund for establishment of a Fiscal Management Portal is the solution to this issue.</p>
<p><b>Insufficient Staff</b></p> <p>The Board still needs staff to fill some vacant positions that require services of personnel.</p>	<b>9.4.1</b>	<p>There is a need to deploy some critical staff to the Board.</p>
<p><b>Lack of Utility Vehicle</b></p> <p>The challenge of no utility vehicle for the Board even for the Director-General is of serious concern.</p>	<b>9.5.1</b>	<p>There is a need to provide utility vehicle to the Board especially for the Director-General.</p>
<p><b>Capacity Deficiency in the Service</b></p> <p>There is serious capacity deficiency in the service for adaptation/application of Public Financial Management Reforms (PFM).</p>	<b>9.6.1</b>	<p>Intensive capacity building in PFM and other areas is highly required to reposition the service in line with best practices.</p>

**INTRODUCTION**

**T**he 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 good, infrastructure, social and economic services, and premise government spending on a credible expenditure management

2. The Key objective of this Report is an attempt 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 not later than 30<sup>th</sup> March in each financial year; although the Board was inaugurated on the 29<sup>th</sup> of June, 2021, and commenced activities from July, 2021. As such, the Report covers the period 1<sup>st</sup> July to 31<sup>st</sup> December, 2021.

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, 2021 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 2021 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 July to December, 2021, 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 1<sup>st</sup> July to 31<sup>st</sup> December, 2021. The said Audited Account commences in July 2021 since that was the period the Board became operational.

**CHAPTER 1****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 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.
- (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 this Law, the Board shall have the power to—

- (a) Compel any person, authority, arm of the Government of Akwa Ibom State, MDA or Local Government to which this Law applies to disclose information in whatever form relating to public funds and expenditure and to comply with this Law or regulations made pursuant to this Law.
- (b) Investigate or cause an investigation into whether any person has violated any provisions of this Law.
- (c) Direct any course of action that will bring the affairs of MDA or Local Government in line with this Law or any templates issued pursuant to regulations made under this 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 this 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 shall 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.
- (l) Do other things which in its opinion are necessary to ensure the efficient performance of the functions of the Board.

**CHAPTER 2**

**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

**2.1.1 COMPOSITION OF THE FISCAL RESPONSIBILITY COUNCIL**

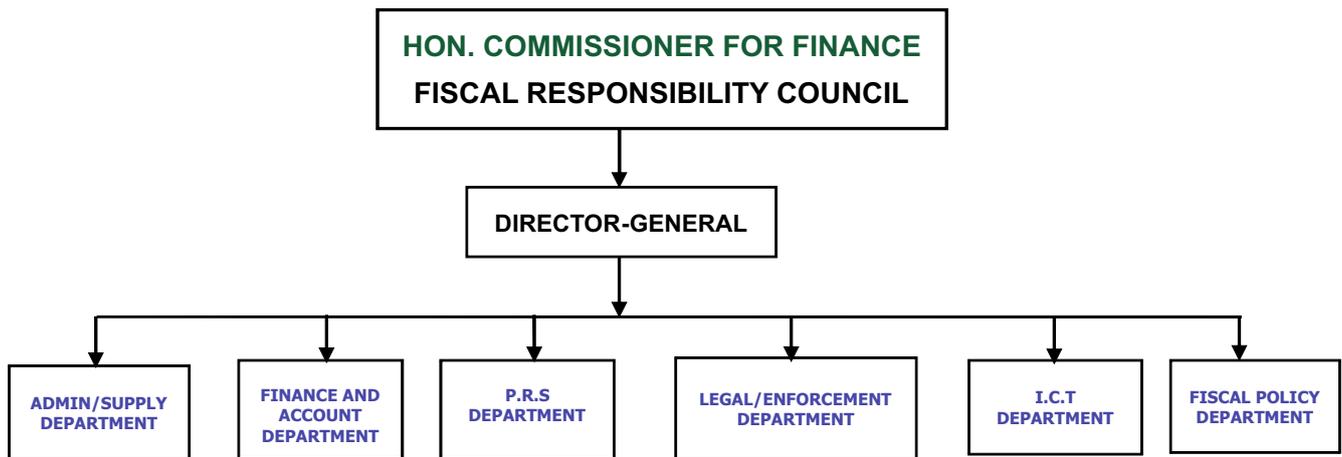
S/N	POST	INSTITUTIONS/BODIES REPRESENTING	NAME	POSITION IN THE COUNCIL
1	Hon. Commissioner	Ministry of Finance	Dr. Nsikan Linus Nkan	Chairman
2	Executive Chairman, Obot Akara Local Government	Local Government Chairmen	Mrs Agnes Udoenwenwen	Member
3	Permanent Secretary	Ministry of Finance	Mrs. Eme-Ete 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

**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**

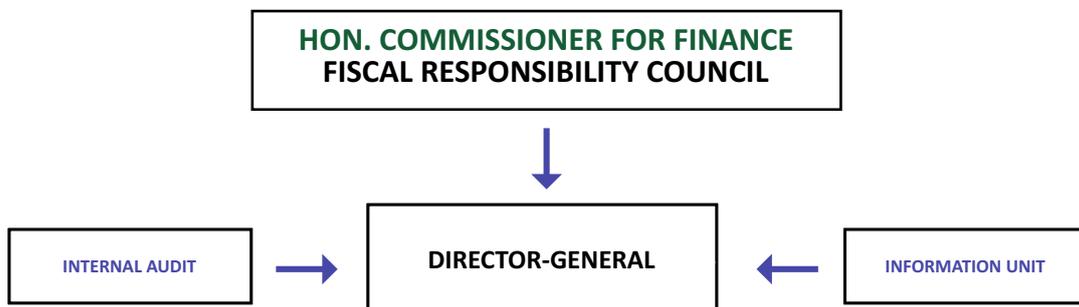
**INTRODUCTION:**

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, Uyo, is saddled with responsibilities that cut across and touch on all staff of the Board.

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

The Units will be:

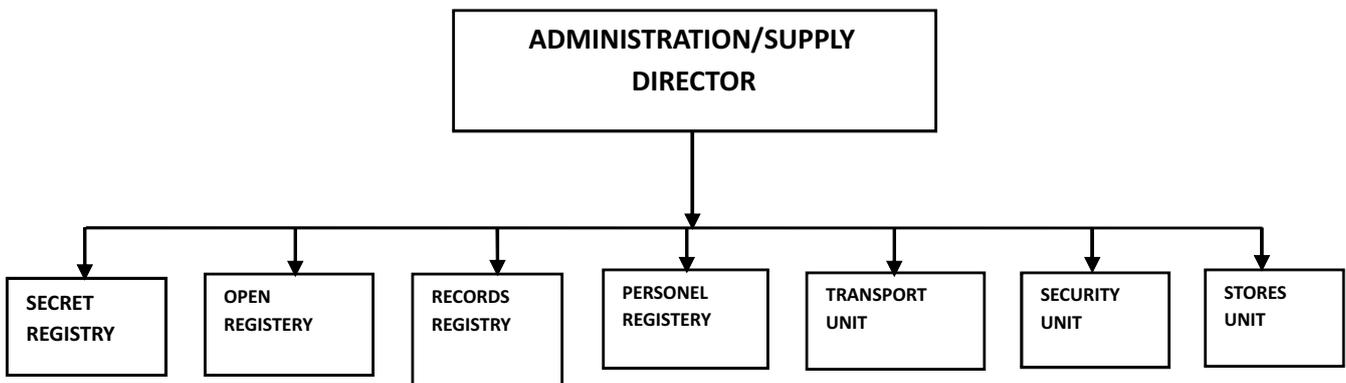
- (i) Secret Registry
- (ii) Open Registry
- (iii) Records Registry
- (iv) Personnel Registry
- (v) Transport Unit
- (vi) Security Unit
- (vii) Stores Unit

**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 Admin 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, interpreting of Financial Circulars, preparing and implementation of all accounting policies of Akwa Ibom State Government and effectively facilitating financial activities of every incoming financial year.

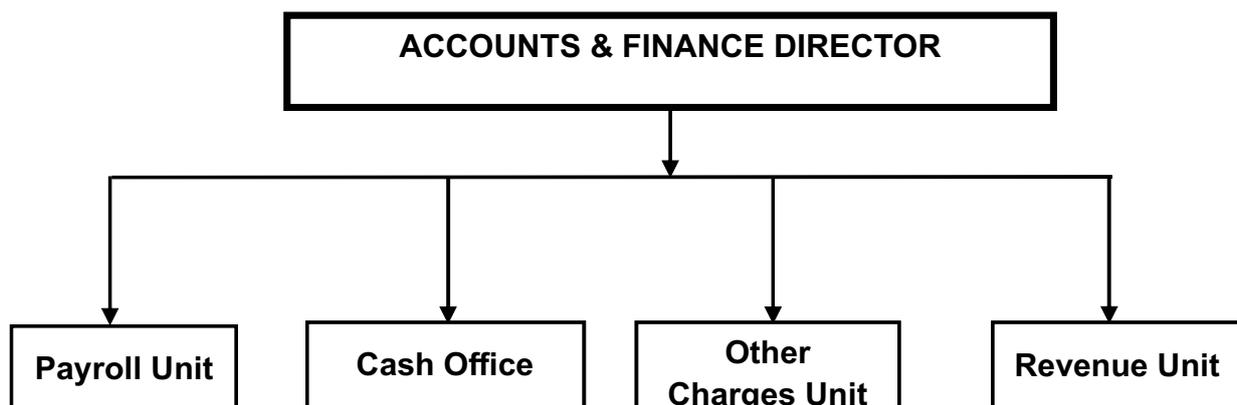
**2.2.2.3.2 COMPOSITION OF THE DEPARTMENT**

- 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**

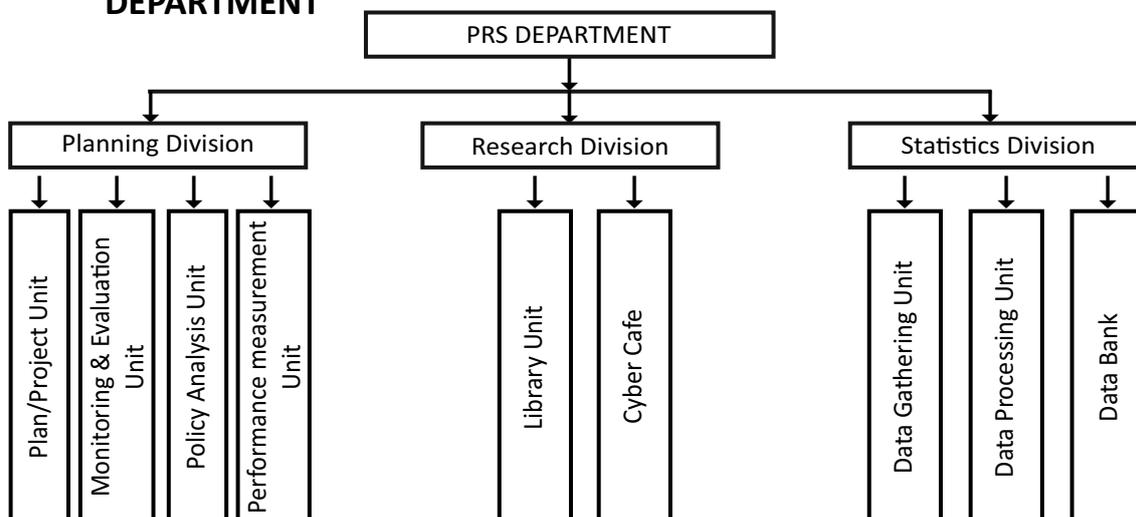
In line with Decree 43 of 1988 (Civil Service Re-Organisation Decree), paragraph 9, section III, the PRS Department Is one of the Common Services Departments in the Board.

**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 designed 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, Website, Intercom Service, etc.
- vi. Collection, Processing and Production of relevant statistics and data relating to the Board.
- vii. Serving as Secretariat to the Tenders Board in 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: SDGs, 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**

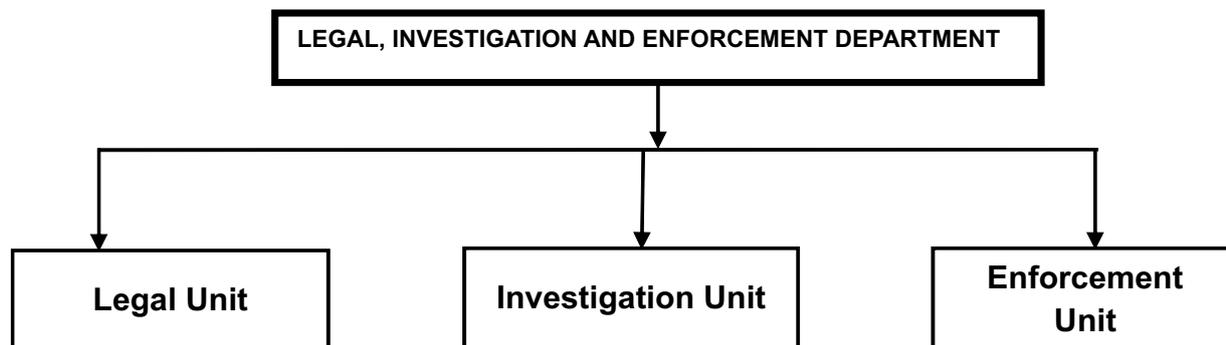
The Legal, Investigation and Enforcement Department was created for monitoring the observance and the enforcement of the provisions of the State Fiscal Responsibility Law.

**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 provisions 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:

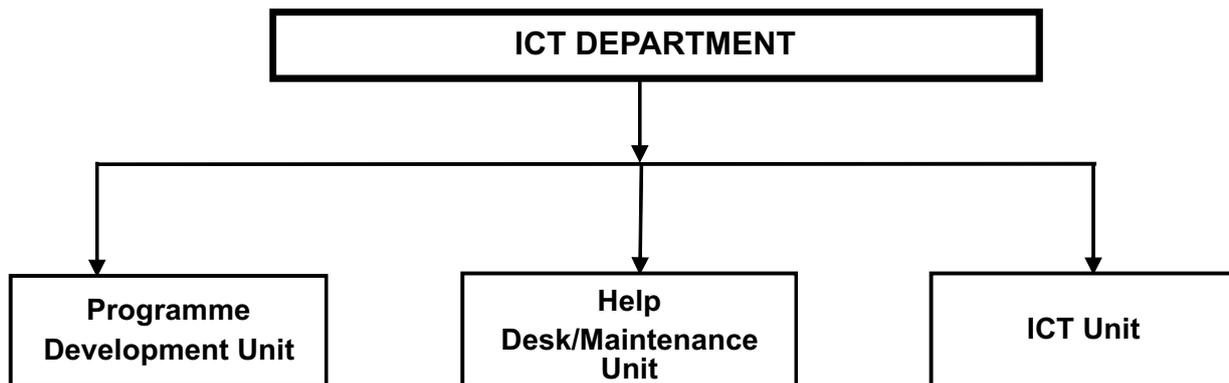
- i. Establishing, maintaining and keeping regularly updated portal that will serve as a definitive source of fiscal management information for the public
- ii. Writing and Testing Programmes

- 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 held brief by Mr. Ubong Kingsley Umoh-Obong – a Programme Analyst

**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 3**

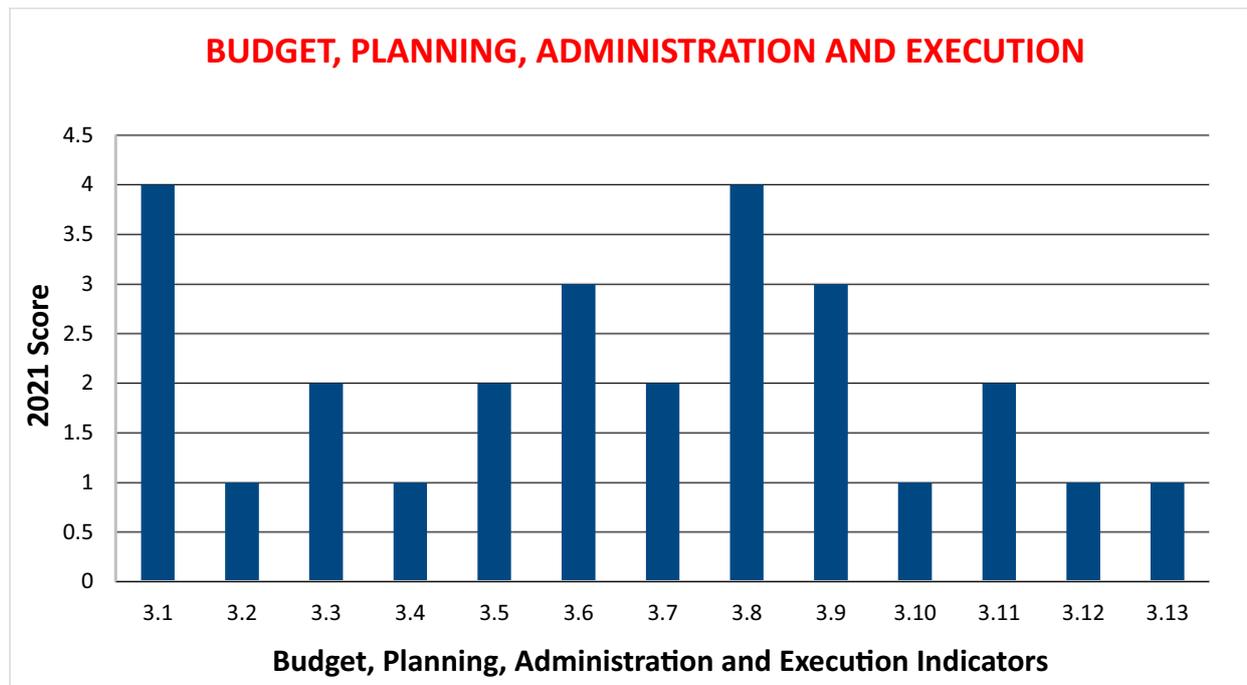
**3.0 PILLAR 1 BUDGET PLANNING, ADMINISTRATION AND EXECUTION**

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	2021 Score
3.1	Fiscal Responsibility Law	4
3.2	Existence of and adherence to a fixed Budget Calendar	1
3.3	Medium-term Expenditure and Revenue Estimates	2
3.4	Medium-term Sector Strategies	1
3.5	Guidance on Budget Preparation	2
3.6	Budget submission to the Legislator	3
3.7	Scope of the Legislature's scrutiny of the Budget	2
3.8	Adequacy of time for the Legislature to provide a response to Budget proposals	4
3.9	Timely Budget approval by the Legislature	3
3.10	Aggregate Expenditure out-turn compared to original Approved Budget	1

**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 <sup>nd</sup> 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 and Ibom Deep Seaport, 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.

**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 (2021)	1	Performance is less than required for a score of '2'.	Akwa Ibom State include in each year budget call circular indicative calendar to guide the budget process for the year. The timetable change from year to year as the State is yet to produce a Fixed Budget Calendar to guide budget process on annual basis.
Evidence	Budget Call Circular 2019-2021		

**The indicator scored 1:** The State provides an indicative budget process timetable as part of Budget Call Circular. The timetable change from year to year depending on the date of issuance of the call circular to MDAs. The timeline in the call circular relates to activities performed by MDAs and not extended to activities performed by ExCo and SHoA such as review and presentation of Executive budget proposal to SHoA and approval of budget by SHoA.

### 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.

**Table4: 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 (2021)	2	Estimates of expenditure and revenue (by type) for the budget year and the two following fiscal years.	In 2020 a consultant produced the 2021 budget revenue and expenditure forecast for the State. The forecast did not flow from clear macroeconomic and mineral assumptions. The forecasts were done after completion of budget process and the assumptions were not explained to State functionaries.
Evidence	Draft 2021 Forecast produced by consultant		

**The indicator scored 2:** An indicate forecast was produced for 2021 budget. However, the fiscal forecast scenarios were not based on alternative macroeconomic and mineral sector assumptions. The draft document was not 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.

**Table5: 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 (2021)	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.

### 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.

**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 (2021)	2	A budget Call Circular is issued to MDAs, including ceilings for individual administrative units or functional. 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.	In the Budget Circular for 2021 Budget MDAs were informed to use their 2020 capital budget as ceiling for 2021 budget. However, this was not approved by ExCo.
Evidence	2021 Budget Call Circular		

**The indicator scored 2:** 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.

### 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.

**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 (2021)	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 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; and 2021 Budget was submitted to ShoA on 20/10/2020.
Evidence	SHoA records and Budget speech by His Excellency, the Governor of Akwa Ibom State.		

**The indicator scored 3:** The Governor presented the 2020 and 2021 to SHoA in October of the preceding year, and 2019 budget in November of the preceding year (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 was presented to SHoA one month 16 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

*Source: Compiled from records submitted by the Ministry of Economic Development and Ibom Deep Sea Port; and 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 (2021)	2	The SHoA's review covers details of expenditure and revenue.	Executive presented the detail budget (i.e., revenue and expenditure) to SHoA without other supporting documents such as macroeconomic and mineral assumptions used for forecasts, explanation for policies guiding budget.
Evidence	SHoA records and Budget speech by His Excellency, the Governor of Akwa Ibom State.		

**The indicator scored 2:** The Executive Budget presented to SHoA covered revenue and expenditure without other supporting documents such as macroeconomic and mineral assumptions used for forecasts, explanation for policies guiding budget, Debt stock, Summary information of fiscal risks, etc. Therefore, review of 2021 Budget by SHoA covers details of only revenue and expenditure.

**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.

**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 (2021)	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).
Evidence	SHoA records and ExCo records.		

**The indicator scored 4:** The Governor presented the 2021 Executive Budget Proposal to SHoA on 20<sup>th</sup> October 2020 and the SHoA approved the budget on 8<sup>th</sup> December 2020 (8 weeks after date of presentation) 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.

**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 (2021)	3	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.	2019 Budget was approved on 12/03/2019; 2020 Budget was approved on 05/12/2019; and 2021 Budget was approved on 08/12/2020. 2020 and 2021 Budgets were approved before the FY while 2019 was approved two months into the FY (This happened when there was an issue in the SHoA.
Evidence	SHoA records and ExCo records.		

**The indicator scored 3:** 2021 and 2020 Budgets were approved by SHoA in December and signed into law by the Governor December but 2019 budget was approved in March, 2019, two months into the fiscal year the budget was meant for.

**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 accented 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 was assessed for 2020 financial year but with draft financial statements as the statements are yet be audited by the Auditor General of the State.

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

1.L - Aggregate expenditure out-turn compared to original approved budget			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2021)	1	Performance is less than required for a score of '2'.	Aggregate expenditure outturn of 37% for 2020 budget
Evidence	2020 Approved Budget and 2020 Draft Financial Statements		

**The indicator scored 1:** The aggregate expenditure outturn of 2019 budget is 37.2%. As explained above the outturn was for 2020 financial year and the aggregate expenditure outturn using 2019 Approved budget and 2019 Audited Financial Statements was 48% with score of 1.

**CHAPTER 4**

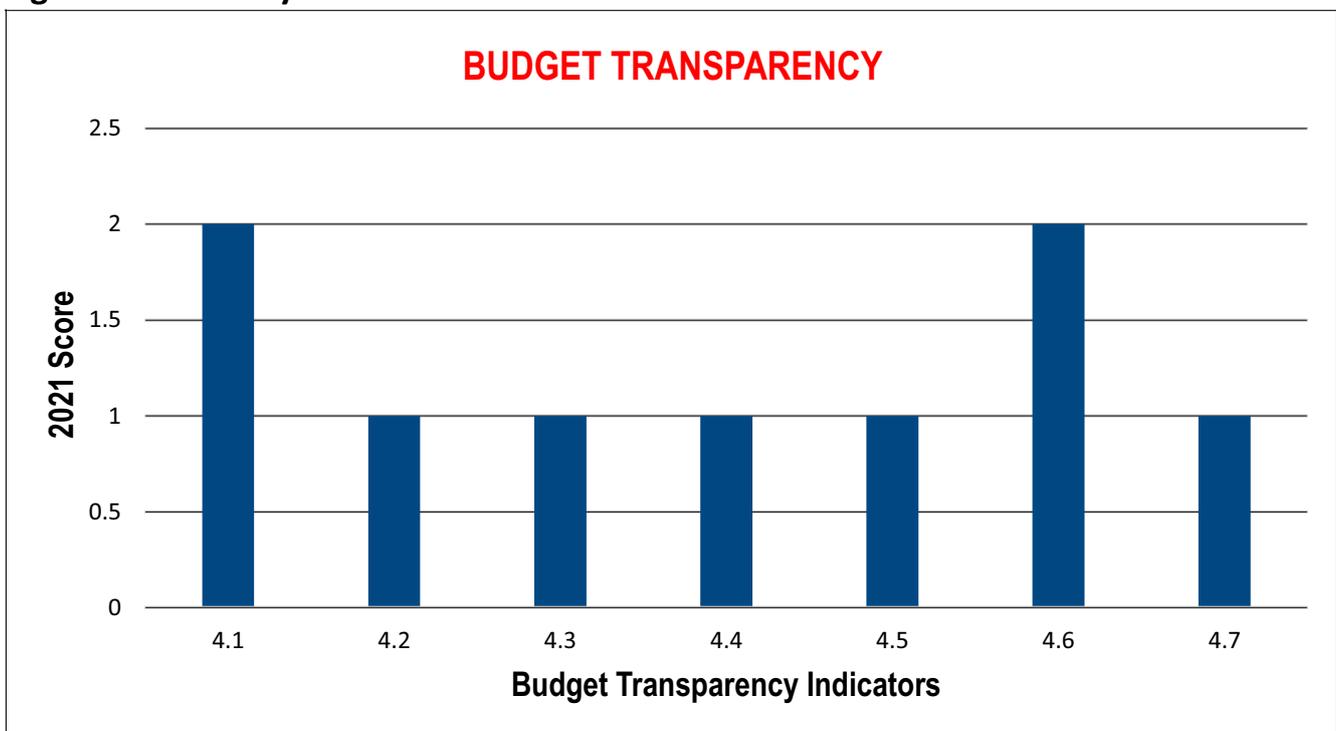
**4.0 PILLAR 2 BUDGET TRANSPARENCY**

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 12 and figure 2.

**Table 13: Summary Scores for Pillar 2 Budget Transparency**

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

**Figure 2: Summary of Scores for Pillar 22**



**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.

**Table 14: Indicator 4.1 – Budget Classification**

4.1 - Budget Classification			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2021)	2	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.	The 2020 Budget formulation, execution and reporting are based on administrative and economic classifications.
Evidence	<a href="#">The 2019 Approved Budget</a> <a href="#">The 2020 Approved Budget</a> <a href="#">The 2021 Appropriation Law</a> <a href="#">The 2021 Approved Budget</a> The Accountant General's Draft Financial Statements		

**The indicator scored 2.** 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 agreed to use GFS/COFOG standards or a classification that can produce consistent documentation comparable with those standards in the 2022 budget formulation, execution and reporting.

**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.

**Table 15: Indicator 4.2 – Citizens' engagement in the budget process - Budget Planning, Administration, and Execution**

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 (2021)	1	Performance is less than required for a score of '2'.	The State fulfilled 3 out of the 10 key elements of citizens' engagement and participation in budget process. The elements fulfilled are elements 5, 6 and 8. The State ExCO and MDAs held consultations with the public on draft budget estimates, and the citizens' input from formal public consultations on State Draft Budget is published online. Finally, 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 2021 Budget proposal (before submission to the SHoA).
Evidence	<a href="#">Report of the one-day public hearing on the 2021 budget</a> <a href="#">Attendance list to the public hearing on the 2021 budget</a> <a href="#">Photo gallery</a>		

**The indicator scored 1.** The State, through the Ministry of Economic Development and Ibom Deep Seaport (MoED&IDS), constituted Citizens Budget Committee made up citizens group and the MoED&IDS as adhoc platform to gather citizens input into the State's budget process. The Committee as it were, acts more as a validation platform rather than an input collection and collation structure during the budget formulation process. This State would have satisfied key element 1 if this process is formal and the Citizens Budget Committee functional in the performance of the intended role in budget formulation process. Nonetheless, the State fulfilled 3 key basic elements (5, 6, & 8) of citizens' engagement and participation in the 2021 budget process. The elements fulfilled in the 2021 Budget process are the following:

- State ExCO and MDAs held 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

### 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).

**Table16: 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 (2021)	1	Performance is less than required for a score of '2'.	The 2021 proposed budget submitted to the SHoA fulfilled only two (3&4) out of the four key basic elements and additional elements.
Evidence	<a href="#">The 2021 budget approved budget</a>		

**The indicator scored as 1.** The 2021 Budget proposal fulfilled 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 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.

In order to improve on the comprehensiveness of information provided in budget documentation and in compliance with the State's Fiscal Responsibility Law, the State Fiscal Responsibility Board with the support of State2State had developed the EFU-FSP-BPS (2022-2024), for 2022 Budget in collaboration with other Stakeholders.

**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.

**Table 17: 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 (2021)	1	Performance is less than required for a score of '2'.	The State Government made available to the public three basic elements (1, 3 and 4) in accordance with the specified time frames. The basic elements that were made available to the general public are the 2021 executive budget proposal documentation, which was published online 4 days after submission to the SHoA, the in-year quarterly budget execution reports (made available to the public within one month of their issuance) the Annual Budget execution Report, which was published as part of 4th quarter report. The 2021 enacted budget was published online more than 6 weeks after its approval and the 2019 Audited Annual Financial Report, incorporating or accompanied by the External Auditor’s Report published 16 months after the end of fiscal year. With the exception of Citizens Report which was published 5 months after the 2021 Budget was assented to by the Governor, all the other additional elements were not available
Evidence	<a href="#">1<sup>st</sup> quarter 2020 Budget implementation report</a> <a href="#">2<sup>nd</sup> quarter 2020 Budget implementation report</a> <a href="#">3<sup>rd</sup> quarter 2020 Budget implementation report</a> <a href="#">4<sup>th</sup> quarter 2020 and Annual Budget (January - December 2020) implementation report</a> <a href="#">2021 1<sup>st</sup> Quarter 2021 Budget Implementation Report</a> <a href="#">2021 Citizens Budget</a> <a href="#">2021 Proposed Budget</a> <a href="#">2021 Appropriation Law</a> <a href="#">2021 Approved Budget</a> <a href="#">2019 Audited Financial Statements (Auditor’s Report)</a>		

**The indicator is scored as “1”.** 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 4<sup>th</sup> quarter 2020 in-year report. The enacted budget was published online on January 23, 2021, which is outside the specified time frame of two weeks of Governors accent. The 2021 enacted budget was published after 35 days (6 weeks, 2 days) after the governor accented to the law on 10<sup>th</sup> December 2020. The 2019 Audited Financial Report was also available on May 8, 2021 (16 months after the end

of fiscal year), which is outside the specified time frame of 9 months after the end of fiscal year. Overall, the State 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**

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. In-year budget execution reports (at least quarterly reports). The reports are routinely made available to the public within one month of their issuance.
3. Annual budget execution report. The report is made available to the public within six months of the fiscal year end.

**Table 18: Timeliness of Public Access to Fiscal Information (State)**

Key Elements	Date of budget submission to SHoA/Date of budget accent 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 <sup>st</sup> Quarter: May 12, 2020	1 <sup>st</sup> Quarter: May 12, 2020	Within one month of their issuance	Within one month of their issuance
	2 <sup>nd</sup> Quarter: July 13, 2020	2 <sup>nd</sup> Quarter: July 14, 2020		
	3 <sup>rd</sup> Quarter: October 16, 2020	3 <sup>rd</sup> Quarter: October 22, 2020		
	4 <sup>th</sup> Quarter: January 27, 2021	4 <sup>th</sup> Quarter: January 28, 2021		
	2021 – 1 <sup>st</sup> Quarter: April 26, 2021	2021 – 1 <sup>st</sup> Quarter: April 27, 2021		
2020 Annual budget execution report		January 28, 2021 (included as part of the 4 <sup>th</sup> 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

**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.

**Table 19: 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 (2021)	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. Nonetheless, these publications were outside the specified time limit of 9 months after the end of fiscal year.
Evidence	<a href="#">2019 Local Government Audited Report</a> <a href="#">2018 Local Government Audited Report</a>		

**The indicator scored 1.** 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 are the only publicly available Local Government Fiscal Information were published online outside the stipulated time frame of nine months at fiscal year's end. 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.

**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. 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 Citizenry. The Citizens Budget does not only raise awareness on the importance of budgets but allows the 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.

**Table 20: Indicator 4.6 - Citizens' Budget (State Government)**

4.6 - Citizens' Budget (State Government)			
Time Frame	Last approved budget		
Assessment	Score	Narrative	Justification
Current Score (2021)	2	Citizens Budget published online and covered the 3 key aspects and sections provided above.	The 2021 Approved Budget Citizens Budget is available online and printed for distribution to those who may not have access to internet access. The Citizens Budget covers 3 keys aspects and sections of Citizens Budget.
Evidence	Online <a href="#">2021 Citizens' Budget</a> and printed copy		

**The indicator scored 2.** The 2021 Approved Citizens Budget was published online on April 29, 2021, which was 4 months 20 days after the 2021 Budget was assented by the Governor on December 10, 2020. The publication, which was outside the specified time frame of one month met 3 key aspects and sections of Citizens Budget (CB). The key elements met are the following:

- 1. 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.
- 2. 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.
- 3. 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.

The CB did not cover the following aspects and sections:

- 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. **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.
3. **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.

In addition to the above, the CB did not include a brief definition of revenue and expenditure, the budget policy priorities for the fiscal year and why the identified revenue sources are important. Nevertheless, the State resolved to adopt the 6 key aspects and sections of Citizens Budget (CB) for State's 2022 Citizens Budget.

#### 4.7 CITIZENS' BUDGET (LOCAL GOVERNMENTS)

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

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.

**Table 21: Indicator 4.7 - Citizens' Budget (Local Governments)**

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

**The indicator scored 1.** The LGAs do not have 2021 Citizens Budget and have neither prepared nor published Citizens Budget document in the past years.

**CHAPTER 5**

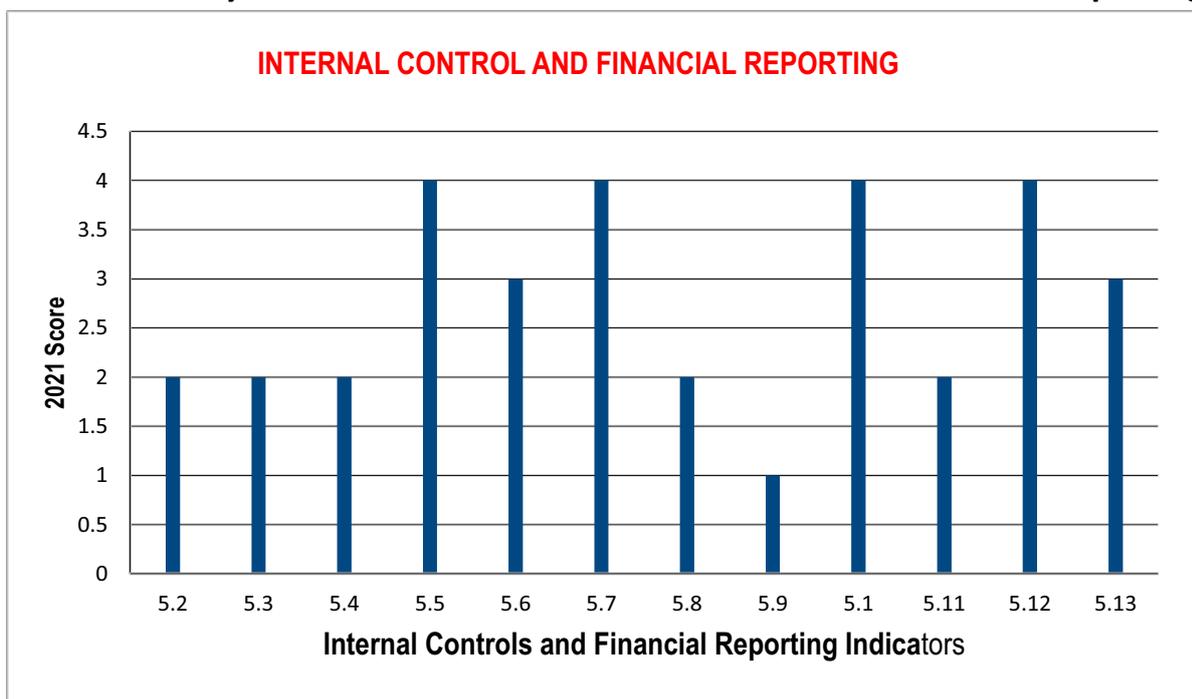
**5.0 Pillar 3 INTERNAL CONTROLS AND FINANCIAL REPORTING**

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 4 assesses the extent of compliance with internal control measures and financial reporting. Summary of scores for Pillar 4 is shown in Table 21 and Figure 3.

**Table 22: Summary Scores for Pillar 4 Internal Controls and Financial Reporting**

5.0. Internal Controls and Financial Reporting		2021 Score
5.1	Cash Management through Treasury Single Accounts (TSA)	3
5.2	Transactions are processed within the IFMIS Environment	2
5.3	Bank Account Reconciliations	2
5.4	Advance Accounts	2
5.5	Financial Data Integrity Processes	4
5.6	Biometric Assessment of State Employees Undertaken	3
5.7	Coverage of Internal Audit	4
5.8	Nature of Audits and Standards Applied	2
5.9	Response to Internal Audits	1
5.10	In-year Budget Implementation Reports	4
5.11	Accounting Standards	2
5.12	Completeness of the Financial Statements	4
5.13	Timeliness of submission of the Financial Statements	3

**Figure 3: Summary of Scores for Pillar 4 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.

**Table23: Indicator 5.1 - Cash Management through Treasury Single Accounts (TSA)**

4.A - Cash Management through Treasury Single Accounts (TSA)			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2021)	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 90%) of State Government finances are managed on the single electronic dashboard.
Evidence	2020 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 90%) 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 is 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.

**Table 24: 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 (2021)	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 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.

**Table 25: 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 (2021)	2	Bank Reconciliation for all active State Government Bank Accounts takes place at least quarterly, usually within 8 weeks from the end of each quarter.	Bank Reconciliation for all Active State Government Bank Accounts takes place at least quarterly, usually within 8 weeks from the end of each quarter.
Evidence	Office of Accountant General Documents		

**The indicator scored 2:** Bank reconciliation is currently being performed by MDAs (operating bank account) and Office of the Accountant General. The Office of the Accountant General performs quarterly bank reconciliation for all State Bank Accounts and are performed in most cases not more than 8 weeks after the end of the quarter.

### 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.

**Table 26: 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 (2021)	2	Reconciliation of advance accounts takes place annually, within two months from the end of the year. Advance accounts may frequently be cleared with delay.	Reconciliation of advance accounts takes place monthly for some transaction but annually for many transactions. But all reconciliation must be done within two months from the end of the year.
Evidence	Office of Accountant General Documents		

**The indicator scored 2:** Advances account reconciliation takes place monthly for few transactions but annually for most other transactions. Reconciliations are expected to be completed within two months of the end of the financial year. However, the Auditor General's Report for 2019 financial year raised some issues with the process of reconciliation.

### 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.

**Table 27: 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 (2021)	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 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.

**Table 28: Indicator 5.6 - Coverage of Internal Audit**

5.6 - Coverage of internal audit			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2021)	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.

**5.7 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.

**Table 29: Indicator 5.7 Nature of Internal Audits and Standards Applied**

4.H - Nature of audits and standards applied			
Time Frame	At time of assessment covering the preceding fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2021)	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		

**Evidence** Office of Accountant General Documents **The indicator scored 2:** As reported under indicator 4.G 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.

### 5.8 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'.

**Table 30: Indicator 5.8 - Response to Internal Audits**

5.8 - 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 (2021)	<b>1</b>	Performance is less than required for a score of '2'.	Internal audit reports are produced only in the Office of the Accountant General. The report is not produced for other MDAs, hence, no need to provide response to audit queries.
Evidence	Office of Accountant General Documents		

**The indicator scored 1:** Internal audit reports are produced only in the Office of the Accountant General. Consequently, responses to internal audit reports were not provided by any other budget entity in the past one year.

### 5.9 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.

**Table 31: Indicator 5.9 - In-Year Budget Implementation Reports**

5.9 - In-year budget implementation reports			
Time Frame	Last completed fiscal year.		
Assessment	Score	Narrative	Justification
Current Score (2021)	4	Both sub-indicators scored 4	Budget Performance reports for 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 2020.		

**The indicator scored 4:** There are two sub-indicators under this indicator. For sub-indicator (i) Budget Performance reports for 2019 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 2020 were all prepared and published within 4 weeks of end of each quarter.

**5.10 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.

**Table32" Indicator 5.10 - Accounting standards**

5.10 - Accounting standards			
Time Frame	Last three years' Financial Statements		
Assessment	Score	Narrative	Justification
Current Score (2021)	2	IPSAS Cash used for the last three years' financial statements	IPSAS Cash used for the last three years' financial statements.
Evidence	Annual Financial Statements		

**The indicator scored 2:** The Accounting policy in the audited Financial Report for 2017, 2018, and 2019 clearly states that the reports were produced based on IPSAS Cash. Detailed review of 2019 audited Financial Report revealed that all the primary statements and Notes (including supplementary notes) were produced.

**5.11 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.

**Table33: Indicator 5.11 - Completeness of the Financial Statements**

4.L - Completeness of the financial statements			
Time Frame	Last completed fiscal year		
Assessment	Score	Narrative	Justification
Current Score (2021)	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:** 2019 Audited Accounts and 2020 draft Financial Statements had the four primary statements (IPSAS Cash), 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.

**5.12 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.

**Table 34: Indicator 5.12 - Timeliness of submission of the Financial Statements**

5.12 - Timeliness of submission of the financial statements			
Time Frame	Last annual financial report submitted for audit.		
Assessment	Score	Narrative	Justification
Current Score (2021)	3	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; and 2019 was submitted on April 14, 2020 (i.e. with 6 months but more than 3 months of end of fiscal year).
Evidence	Records of the Office of the Auditor General State and Office of the Accountant General.		

**Evidence**Records of the Office of the Auditor General State and Office of the Accountant General.**The indicator scored 3:** Forwarding letters from the Office of the Accountant-General to the Office of the Auditor-General and Report of the Auditor-General for 2019, 2018, 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.

The indicator was assessed with the last annual financial report submitted for audit, which was 2019 financial statements. The financial statements for 2019 were submitted after three months of end of the financial year but within six months of end of the financial year. The 2020 draft financial statement though submitted to the Auditor General was not used for scoring this indicator because the draft financial statement is still being reviewed by the Auditor General.

**CHAPTER 6**

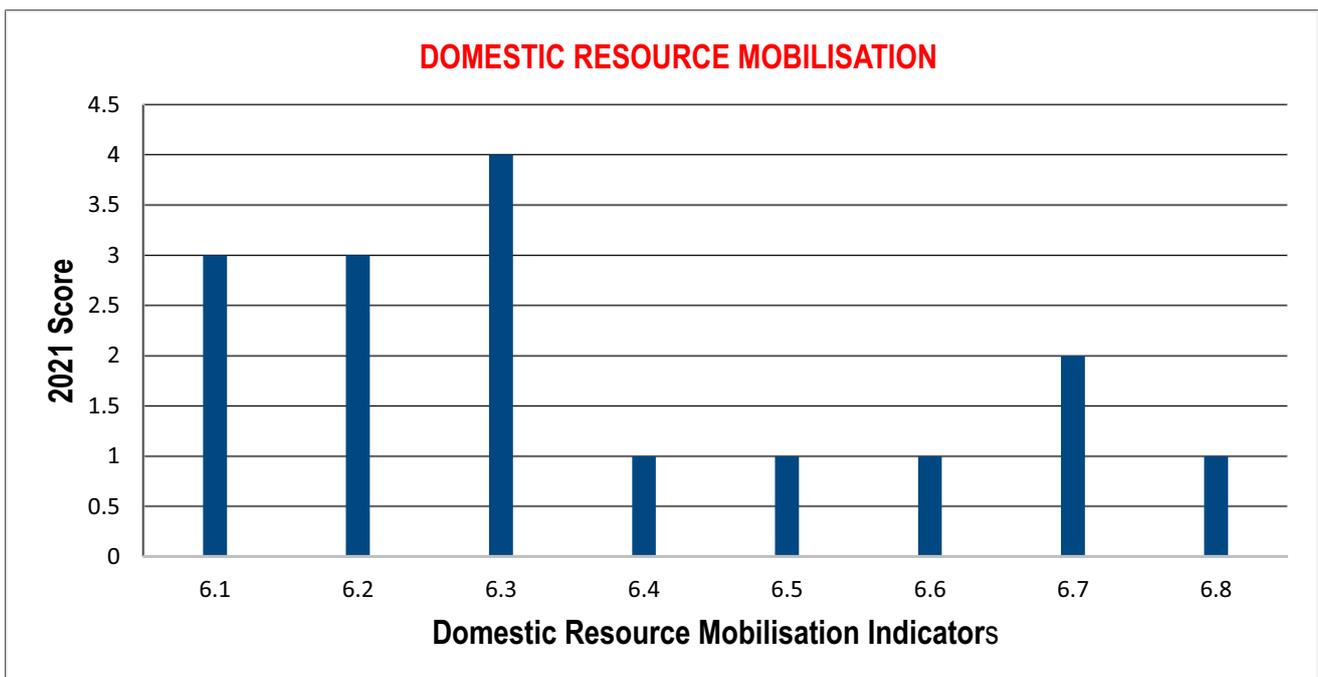
**6.0 Pillar 4 DOMESTIC RESOURCE MOBILISATION**

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 resource mobilization pillar has a mean score of 2. Summary of the scores for pillar 5 is shown in table 34 and figure 4.

**Table 35: Summary of the scores for pillar 5**

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

**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.

**Table 36: 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	TIN is active in AKIRS and reconciled with FIRS. The State is in the process of carrying out developing property records through enumeration and mapping and hopes to commence the use of TIN for land and property transactions.
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 State is in the process of creating electronic property register, as efforts were ongoing to commence survey and mapping of land and other properties in the State.

### 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.

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 37: 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 (2021)	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 on (1) of the other elements.
Evidence	<a href="#">AKIRS Law</a> <a href="#">Copy of consolidated revenue codes are contained in the AKIRS State Codes</a> <a href="#">Copy of the LGA consolidated revenue codes</a>		

**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 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 AKIRS for the AKIRS 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**

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

**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.

**Table 38: 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 (2021)	4	All Rates and Tariffs reviewed in last 12 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 4.** 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.

**Table 39: Indicator 6.4 – Property Records**

6.4 - Property Taxation			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2021)	1	Performance is less than required for a score of '2'.	The State does not have a consolidated electronic database for property register. However, the AKIRS confirmed that the State is currently in the process of commencing the enumeration and mapping of properties in the State with the intention to develop Property Register for tax purposes.
Evidence	Akwa Ibom Internal Revenue Service (AKIRS)		

**The indicator scored 1.** Akwa Ibom State has not commenced the development of property records (electronic database). The delay in commencing this exercise is

occasioned by the need to properly sensitise the citizens/public on the need for property enumeration as well as the importance and benefits of having such records in the State. The State has plans to carry out enumeration and mapping of properties in the State with an intent to develop property register for tax purposes as soon as the sensitization activity is completed.

### 6.5 TRANSFER OF REVENUE COLLECTIONS

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.

**Table 40: 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 (2021)	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	Information provided by AKIRS and the Office of the Accountant General at the joint assessment workshop		

**The indicator scored 1.** Akwa Ibom State 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.

**Table 41: 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 (2021)	1	Performance is less than required for a score of '2'.	The 2020 IGR out-turn compared to the original budget is 55.1% (deviation of 44.9%)
Evidence	2020 Draft Financial Statements		

**The indicator scored 1.** The 2020 IGR outturn compared to original budget is 55.1%. As shown in table 40 and figure 5, in the last eleven years (2010 -2020), 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.

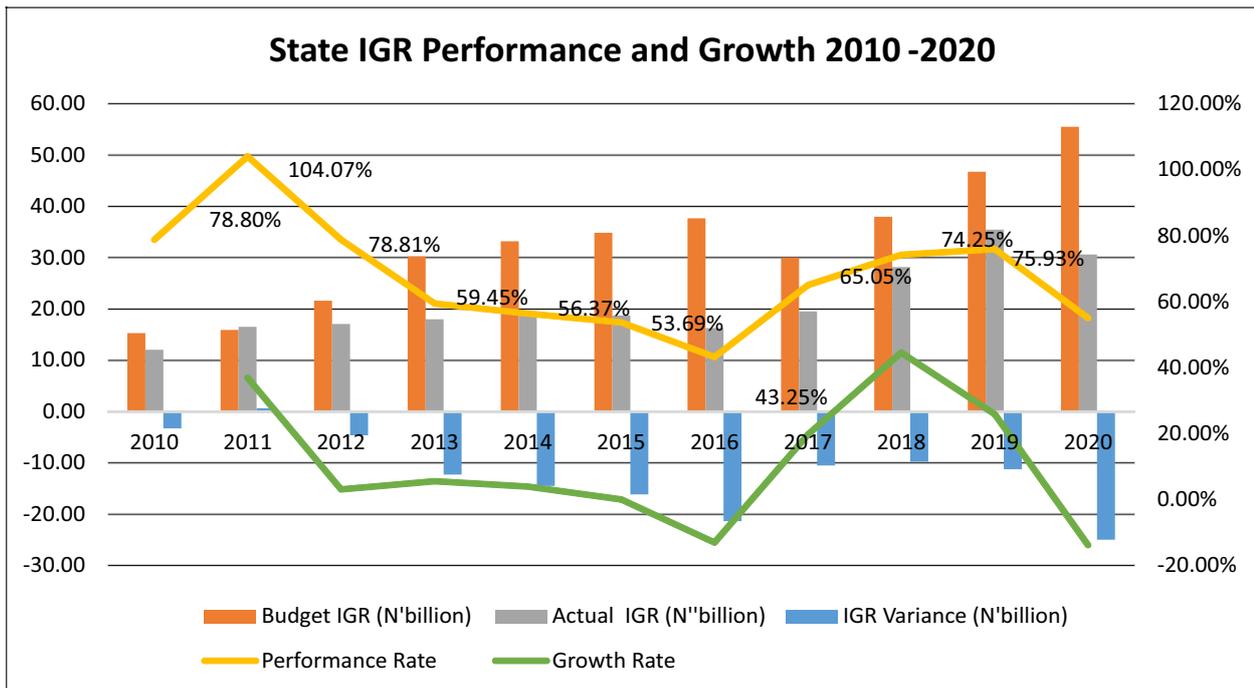
The State IGR, nevertheless, witnessed a sudden increase from year 2018 following the review/amendment of the State's Revenue Administration Law, which granted autonomy to the Akwa Ibom State Internal Revenue Service as the AKIRS the sole agency for revenue assessment, collection and reporting. The State 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 and reduced to 55.10% in 2020. 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 25% 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 2020, the budget outturn was 55.10% (deviation of 44.90%).

**Table42: Akwa Ibom State Annual IGR Performance (2010 -2020)**

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

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

**Figure 5: Trend in IGR Budget vs Actual (2010 – 2020)**



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

This indicator assesses the extent to which recurrent expenditure (which should include debt servicing) can be covered by IGR.

**Table 43 : Indicator 6.7 - Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR**

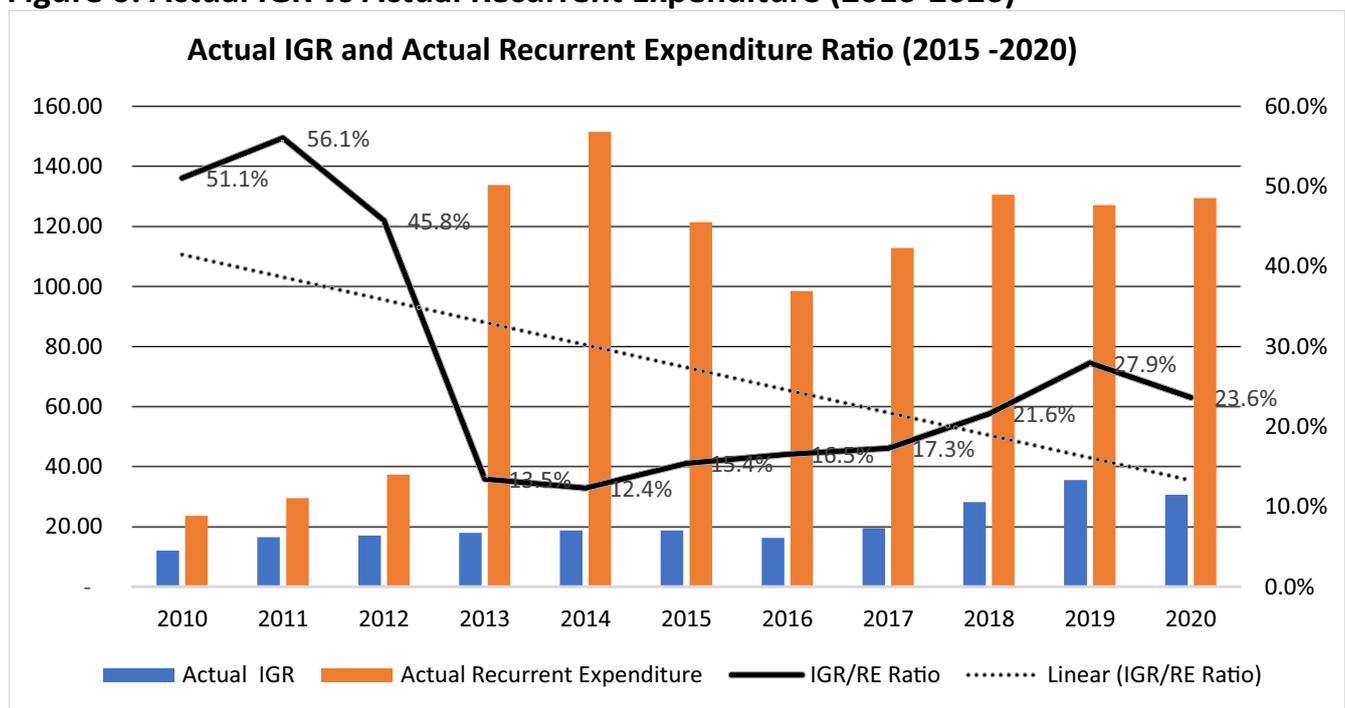
6.7 - Proportion of Recurrent (Personnel, Social Benefits, Overhead, Grants/Subsidies and Debt Service) Expenditure funded by IGR			
<b>Time Frame</b>	Last completed fiscal year.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	2	IGR represented 20% or more of Non-Debt Recurrent Expenditure	IGR represented 23.6% of the non-debt recurrent expenditure.
<b>Evidence</b>	2020 Draft Financial Statement		

The indicator is scored as “2”. IGR represented 23.6% of the non-debt recurrent expenditure. Undoubtedly, the ongoing State reforms in domestic resource mobilization has led to an improvement in the State's IGR in the last three years. However, 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 eleven years (2010-2020) 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. 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 2017 and 17.3% in 2017). In the last three 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 IGR/RE Ratio trend depicts a linear slope from year 2010 to 2020 and during the period under analysis, the IGR of the State has never represented 60% or more of Non-Debt Recurrent Expenditure. The 2020 ratio covers only 23.6% of total non-debt recurrent expenditure. The implication is that 76.4% 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 15.

**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.

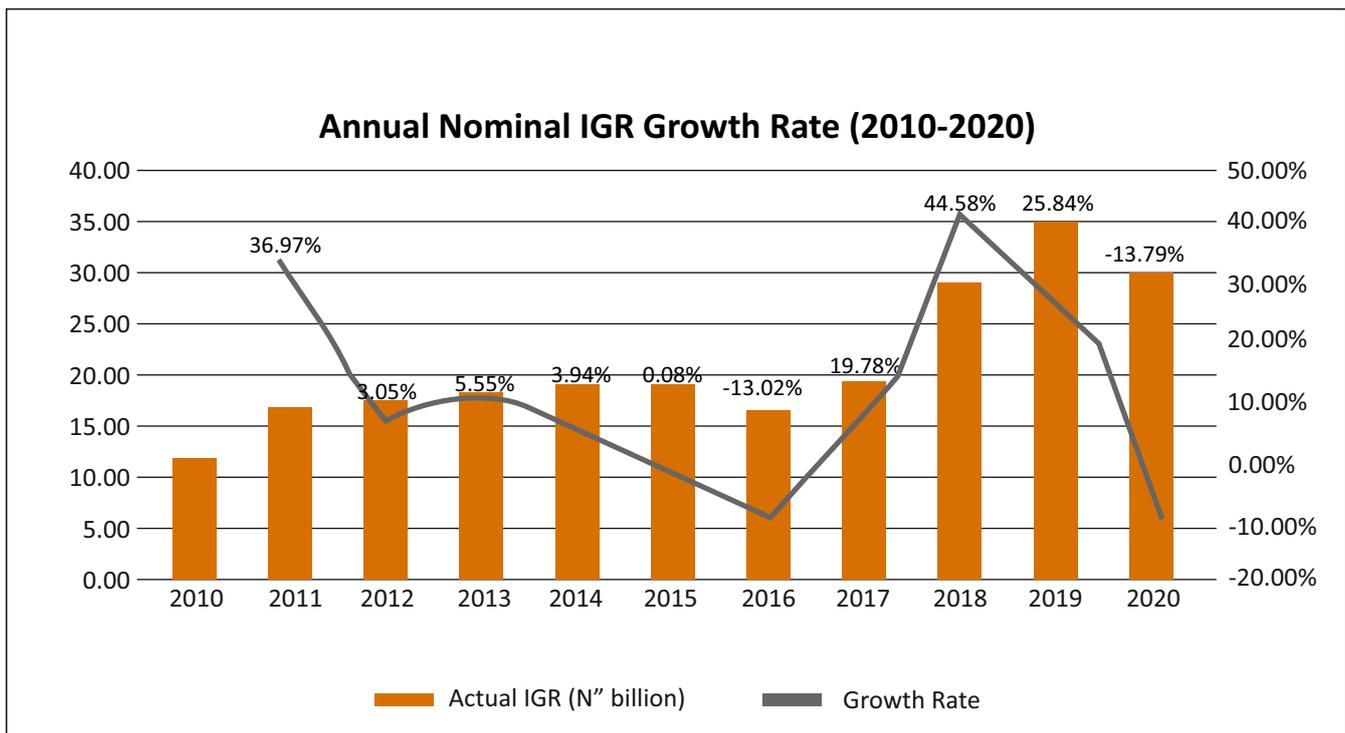
IGR growth is determined by a number of internal factors, such as a good revenue policy and strategy, competent leadership in the Board of Internal Revenue, transparent tax administration anchored on innovative and ICT driven approaches and a workforce that is skilled and motivated. In the same vein, 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.

**Table 44: 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 (2021)	<b>1</b>	Performance is less than required for a score of '2'.	The annual IGR growth in 2020 compared to 2019 outturn is -13.8%
Evidence	2019 Audited Financial Statement and 2020 draft financial statements		

**The indicator scored 1.** In 2020, the annual normal IGR growth over the year 2019 IGR receipts is -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, and 25.84% in 2019. 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 art of the accounts controlled by the AKIRS. The annual nominal IGR growth rate from 2010 -2020 is shown in figure 16.

**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 7**

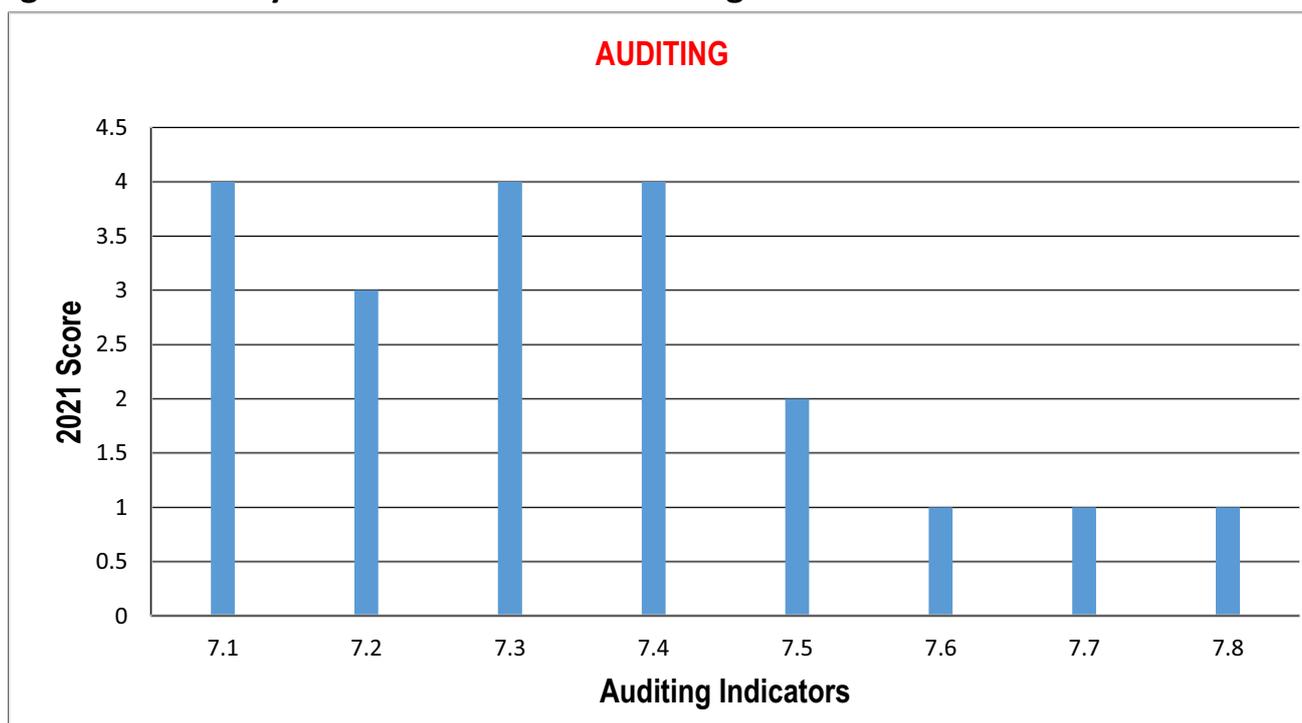
**7.0 PILLAR 5 AUDITING**

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 6 assesses the characteristics and effectiveness of external audit as well as the level of scrutiny of the audited financial. Summary of scores for Pillar 6 is shown in Table 69 and Figure 18.

**Table 45: Summary Scores for Pillar 6 Auditing**

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

**Figure 8: Summary of Scores for Pillar 6 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.

**Table46: Indicator 7.1 - Audit Law**

7.1 - Audit Law			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2021)	4	The State Audit Law passed by SHoA and accented by the Governor covered all the mandatory requirements and other requirements as explained above.	The State Audit Law was passed by SHoA and accented 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 1:** The State Audit Law was passed by SHoA and accented 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).

**Table 47: Indicator 7.2 - Supreme Audit Institution (SAI) independence**

<b>7.2 - Supreme Audit Institution (SAI) independence</b>			
<b>Time Frame</b>	At time of assessment.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	3	The lowest scoring sub-indicator was 1 and the highest was 4	Independence is assured by law signed on 29th June 2021. However, as at November 11, 2021, SSG Circular No. 8 of 2021 was issued establishing the full autonomy of the offices after the State Audit Law was assented to by the Governor.
<b>Evidence</b>			

**The indicator scored 3:** Independence is assured by law signed on 29th June 2021. However, as at 11<sup>th</sup> November, 2021, SSG Circular No. 8 of 2021 was issued for the implementation of financial and operational autonomy of the Office of the State Auditor-General and the Auditor-General for Local Governments, after the State Audit Law had been assented to by the Governor. However, the Offices for 2021 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.

**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.

**Table 48: Indicator 7.3 - Audit Coverage and Standards (State Government)**

<b>7.3 - Audit coverage and standards (State Government)</b>			
<b>Time Frame</b>	Last three completed fiscal years.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	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.
<b>Evidence</b>	Audited General Report.		

**The indicator scored 4:** Audit for 2017, 2018 and 2019 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.

**Table 49: Indicator 7.4 - Timeliness of Submission of Audit Reports to Legislature (State Government)**

<b>7.4 - Timeliness of submission of audit reports to legislature (State Government)</b>			
<b>Time Frame</b>	Last three completed fiscal years.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	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 17 days, 2018 within 9 days and 2019 within 14 days.
<b>Evidence</b>	Records of the Office of the Auditor General State and SHoA.		

**The indicator scored 4:** 2019, 2018 and 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 50: 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
2018	August 9, 2019	August 17, 2019	9 days
2019	April 14, 2020	April 28, 2020	14 days.

Source: Compiled from records submitted by the Office of the Accountant General, Office of the Auditor General and SHoA

**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.

**Table 51: 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 (2021)	2	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.	Complete information provided for 2018 and 2019 fy Audit Reports. Both years Audit Reports for the LGs were submitted by Auditor General for LG to SHoA within 9 months of receipts of AFS from each LG.
Evidence	Records of Auditor General LG and SHoA.		

The indicator scored 1: Complete information provided for 2018 and 2019 fy Audit Reports. Both years Audit Reports for the LGs were submitted by Auditor General for LG to SHoA within 9 months 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 51.

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

Year	Date Received from LGAs	Date Submitted to SHoA
2017	November 4, 2020 (21 LGAs submitted between May and June 2020)	NA
2018	January 7, 2020 (23 LGAs submitted between June and July 2020)	September 24, 2020
2019	July 30, 2020 (25 LGAs submitted between May & July 2020)	December 30, 2020

## 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.

**Table 53: 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 (2021)	1	Performance is less than required for a score of '2'.	No evidence of formal response by the State ExCo or the MDA in respect of the numerous issues raised by the Auditor General for 2017, 2018 and 2019 Audited Reports.
Evidence	Office of Auditor General of State Documents		

**The indicator scored 1:** There is no documented evidence of follow up formal response by the State ExCo or the MDA in respect of the numerous issues raised by the Auditor General for 2017, 2018 and 2019 Audited Reports.

## 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 54: 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 (2021)	1	Performance is less than required for a score of '2'.	No evidence of formal response by any LGA in respect of the few issues raised by the Auditor General for 2017, 2018 and 2019 LGs audited reports.
Evidence	Office of Auditor General of LG Documents		

**The indicator scored 1:** There is no evidence to indicate a formal, comprehensive, and timely response was made by the Local Governments Executive, Chairman or Treasurer to the findings and recommendations of the Auditor General Local Governments. This may

have been because the Audit Reports were so produced 2 to 3 years after the end of the financial year, capacity constraints at the Office of the Auditor General for Local Governments and systematic issues as a result of lack of independence of the office by then since financial and operational independence was granted by November, 2021.

**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.

**Table 55: Indicator 7.8 - Hearings on Audit Findings by Public Accounts Committee of SHoA**

<b>7.8 - Hearings on audit findings by Public Accounts Committee of SHoA</b>			
<b>Time Frame</b>	Last three completed fiscal years.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	<b>1</b>	Performance is less than required for a score of '2'.	The Public Accounts Committee of SHoA was yet to hold public hearings on key findings of Audit Reports as at the time of the assessment
<b>Evidence</b>	Based on information provided by the Assessment Team		

**CHAPTER 8**

**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.

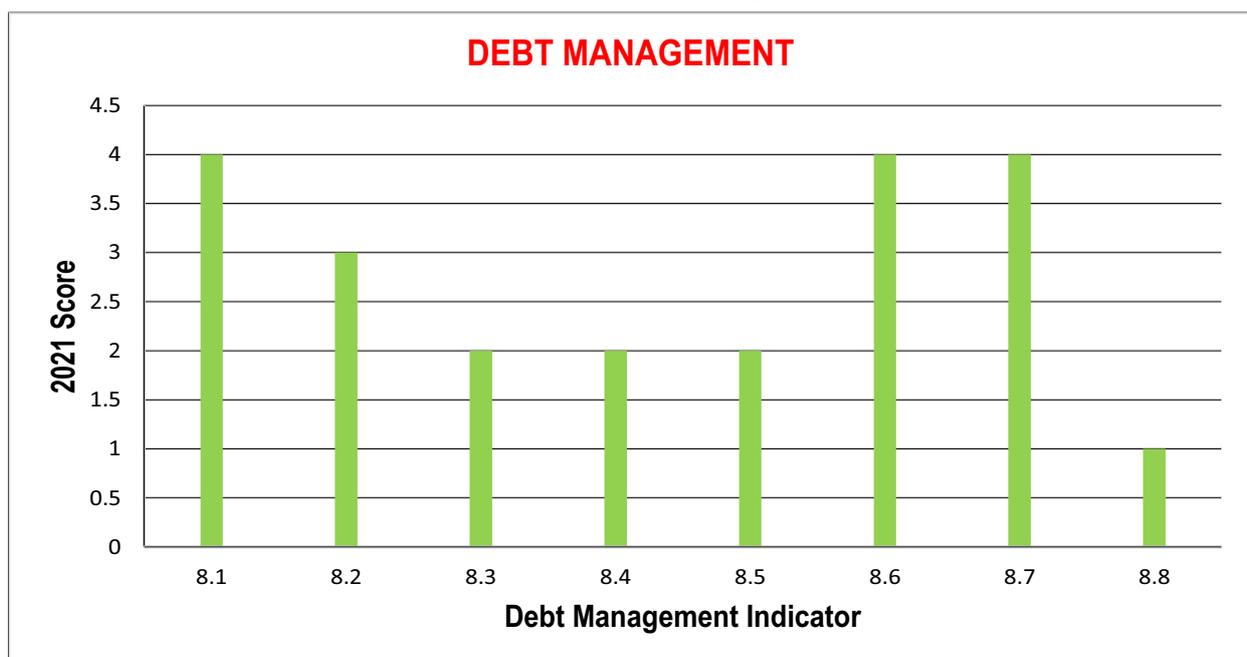
The eight (8) indicators under this pillar assesses the State's contracting, recording, and reporting of debt institution, systems, and processes to ensure data integrity, and related benefits such as accurate debt service budgeting, timely service payments, and well-planned debt rollover.

The summary of the scores of the eight (8) indicators are presented in table 55 and figure 9 below:

**Table 56: Summary of Scores for Pillar 7 Debt Management**

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

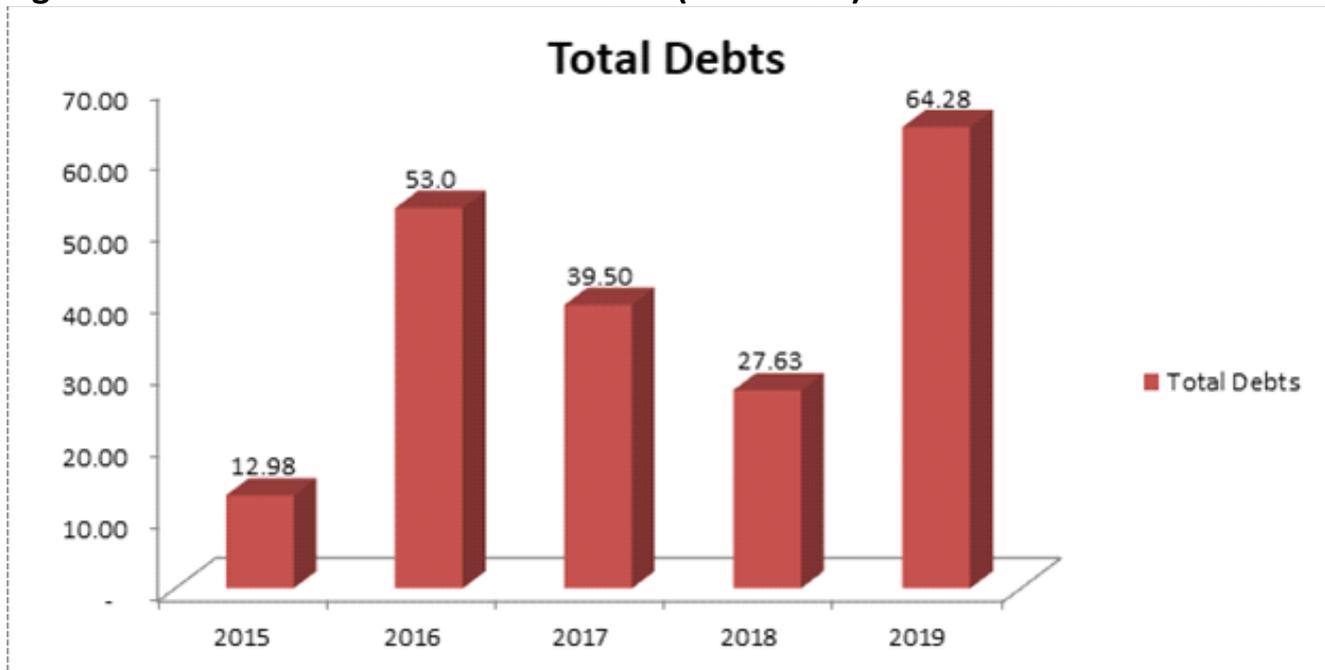
**Figure 9: Summary of Scores for Pillar 7 Debt Management**



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. The trend is pictorially presented in figure 19 below:

**Figure10: Akwa Ibom State Total Debt Trend (2014-2019)**



*Computed based on data from Akwa Ibom State 2015-2019 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.

**Table57: Indicator 8.1 - Debt Management Law**

8.1 - Debt Management Law			
Time Frame	At time of assessment.		
Assessment	Score	Narrative	Justification
Current Score (2021)	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	<a href="#">Debt Management Law 2019</a>		

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.

**Table 58: Indicator 8.2 - Recording and Reporting of Debt and Guarantees**

<b>8.2 - Recording and reporting of debt and guarantees</b>			
<b>Time Frame</b>	At time of assessment.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	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, however, not all quarters are covered. There is also no software established for capturing debt data on monthly or quarterly basis.
<b>Evidence</b>	<a href="http://aksmfinance.com/images/debptprofile2019.pdf">http://aksmfinance.com/images/debptprofile2019.pdf</a>		

**The indicator scored 3.** Akwa Ibom State has an excel-based template which they use in recording and reporting debts and debt service information on quarterly basis which are usually reconciled with DMO and published online. However, there is no evidence that software is being used to carry out this exercise and some quarters' reports were observed to be unavailable.

### 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.

**Table 59: 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 (2021)	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. However, the state does not have a medium-term debt management strategy report.
Evidence	<a href="https://akwaibomstate.gov.ng/wp-content/uploads/2020/12/Akwa-Ibom-State-DSA-Report-December-2020.pdf">https://akwaibomstate.gov.ng/wp-content/uploads/2020/12/Akwa-Ibom-State-DSA-Report-December-2020.pdf</a>		

**This indicator scored 2.** The State prepared a Debt Sustainability Analysis Report in 2020 in collaboration with the National Debt Management Office which is published online. However, the state does not have a Medium-Term Debt Management Strategy Report (MTDMSR).

### 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.

**Table 60: Indicator 8.4 – Domestic Arrears**

<b>8.4 - Domestic arrears</b>			
<b>Time Frame</b>	At time of assessment using data of two preceding fiscal years.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	<b>2</b>	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. 5% decline in the verified stock of domestic arrears at end a fiscal year compared to end preceding fiscal year.	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%.
<b>Evidence</b>	<a href="http://aksmfinance.com/AkwalbomStateUPDATEDACF2020.pdf">http://aksmfinance.com/AkwalbomStateUPDATEDACF2020.pdf</a>		

**This indicator is scored as “2”.** 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%.

**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%.

**Table 61: Indicator 8.5 - Existence of Consolidated Debt Service Account**

<b>8.5 - Existence of Consolidated Debt Service Account</b>			
<b>Time Frame</b>	At time of assessment.		
<b>Assessment</b>	<b>Score</b>	<b>Narrative</b>	<b>Justification</b>
Current Score (2021)	<b>2</b>	In place but not regularly funded	The Office of the Accountant General operate a Consolidated Debt Service Account which was then not being funded.
<b>Evidence</b>	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).

**Table 62: 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 (2021)	4	Less than 10% of total monthly average total FAAC revenue for the preceding year	Total debt service deductions from FAAC revenue in 2020 is 4.4%.
Evidence	2020 Accountant General's Report		

**This indicator scored 4.** The ratio of average monthly debt service deducted from the FAAC revenue in 2020 is 4.4%. The total FAAC transfer to the State in 2020 was N161.45n, while the debts deducted directly from FAAC was N7.03bn

**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.

**Table63: 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 (2021)	4	Less than 50% of total recurrent revenue (FAAC and IGR)	Total liabilities as a percentage of total recurrent revenue for year 2020 was 33.1%
Evidence	2020 Account Generals' Report		

**This indicator scored 4.** Akwa Ibom state, total liabilities as a percentage of total recurrent revenue for year 2020 was 33.1%.

### 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.

**Table64: 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 (2021)	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.

**CHAPTER 9****9.0 SUMMARY OF FINDINGS**

The findings of the 2021 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. However, the implementation of the law was weak, as evidenced in the mean scores of 2.08 in this Pillar as there was no institution to implement the law after it was assented to in October, 2020, until a Director-General was appointed and the Fiscal Responsibility Council inaugurated on 29<sup>th</sup> June, 2021. In the absence of a Budget Calendar with clear activities and timeline for performing each activity, the State provided an indicative budget process timetable as part of Budget Call Circular. The timetable changed from year to year depending on the date of issuance of the Call Circular to MDAs. The timeline in the Call Circular relates to activities performed by MDAs and not extended to activities performed by ExCo and SHoA such as review and presentation of Executive budget proposal to SHoA and approval of budget by SHoA. Two of the three last executive budget proposals in the last three years (2019-2021) were presented to SHoA at least two months before the end of the year while one year budget was presented to SHoA one month 16 days before the end of the year.

2020 and 2021 Budgets were approved prior to the beginning of the new fiscal year. 2019 Budget received approval three months after the start of the fiscal year. The legislature had sufficient time to review and subject the budget proposal to rigorous scrutiny as well as to provide a realistic response to MDAs on budget proposals. While the 2021 budget proposal presented to SHoA covered revenue and expenditure, it did not cover other supporting documents such as macroeconomic and mineral assumptions used for forecasts, explanation for policies guiding budget, debt stock, summary information of fiscal risks, etc. The aligning of Medium-Term Strategy Plans with Capital Expenditure is also a weakness in budget planning. This weakness is attributed to non-preparation of Medium-Term Sector Strategies and absence of estimates of expenditure and revenue (by economic type) for the budget year and the two following fiscal years that are linked to a macroeconomic framework and mineral sector assumptions. The outcome of this is the low budget outturn as well as low proportion of 2020 Budget allocated to each of the key social sectors, namely, Education, Health and WASH that were not in line with performance that is close to good international practices.

**9.2 PILLAR 2: BUDGET TRANSPARENCY**

The objectives of budget transparency were not fully achieved in the budget process during the period 2019 to 2021. Citizens were engaged in the 2020 original budget, 2020 revised budget and 2021 budget. However, some other key elements for citizens' engagement were not performed for 2020 and 2021 budgets. Citizen's Budgets were

prepared and published online for 2020 and 2021 original budget. In addition to lack of introduction and basic elements, brief definition of revenue and expenditure, the budget policy priorities for the fiscal year and why the identified revenue sources were important, the 2021 Citizen's Budget was published 4 months after the budget was approved. There was no evidence of citizens' engagement in budget process as well as preparation and publication of citizens' budget in any Local Government of Akwa Ibom.

The State performance on the comprehensiveness of information provided in budget documentation to SHoA and public access to fiscal information was below basic level. In order to improve on the comprehensiveness of information provided in budget documentation and in compliance with the State's Fiscal Responsibility Law, the State Fiscal Responsibility Board coordinated the process of developing EFU-FSP-BPS (2022-2024) for 2022 Budget with the support of State2State.

### **9.3 PILLAR 3: INTERNAL CONTROLS AND FINANCIAL REPORTING**

The State has a Cash Management Strategy and unified Treasury Single Account where the FAAC transfers are lodged and more than 75% (but less than 90%) of State Government finances are managed on the single electronic dashboard. IGRs are swept into the Single Treasury Account at the end of every month. State IFMIS, is warehoused at the Office of the Accountant General and operated with SAGE X3 software. Other MDAs use a manual and/or excel spreadsheet for transaction at MDAs. However, the excel reports are forwarded to Office of the Accountant General where transaction data are entered in the State IFMIS. The State Budgets, Budget Performance Reports and Audited Financial Statements are based on IPSAS Cash basis.

Bank reconciliation is being performed by MDAs (operating bank account) and Office of the Accountant General. The Office of the Accountant General performs quarterly bank reconciliation for all State bank accounts and in most cases not later than 8 weeks after the end of the quarter. Advances account reconciliation takes place monthly for few transactions but annually for most other transactions.

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 Department must approve all changes to data already entered in the system and for large amount the approval will be authenticated by the Accountant General. The proportion of Akwa Ibom employees paid through budgetary allocation that were captured using biometrics and BVN were more than 75% but less than 90% as at the time of the assessment.

The State Internal Audit Unit is weak despite the positing of internal auditors to all entities funded with budgetary allocation. In addition to inadequacy of internal control and internal audit functions, internal audit activities are primarily focused on financial compliance only and internal audit reports are produced only in the Office of the Accountant General. The report is not produced for other MDAs, hence, no need to provide response to audit queries. In-year Budget Performance Reports and Financial Statements were issued for 2020 financial year. The Financial Statements contain

information on revenue, expenditure, financial assets, financial liabilities, and long-term obligations.

#### **9.4 PILLAR 4 DOMESTIC RESOURCE MOBILIZATION**

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 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, but not linked or in use for land and property transactions. The State is in the process of creating electronic property register, as efforts are ongoing to commence survey and mapping of land and other properties in the State. The Revenue Generating MDAs transfer collections directly into revenue accounts and the monies transferred to the treasury account monthly.

The 2020 IGR outturn compared to original budget is 55.1% (deviation of 44.9%). 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. IGR represented 23.6% of the non-debt recurrent expenditure. 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.

In 2020, the annual normal IGR growth over the year 2019 IGR receipts is -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%. Akwa Ibom State has a Retained Revenue Policy that allows education and health-based institutions to retain 100% of the revenues collected by the Institutions.

#### **9.5 Pillar 5: Auditing**

The Akwa Ibom SHoA has passed the State Audit Law and the Law accented to by the Governor on 29th June 2021. The law covered all the mandatory requirements and other requirements. The State Audit Law guarantees the independence of Supreme Audit Institution. However, as at the time of the assessment in July 2021, the requirements are yet to fully take off. Also, as at 2021, the Office of Auditor General is still depending 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.

Audit for 2017, 2018 and 2019 were performed based on Nigeria Public Sector Auditing Standards developed based on International Standards of Supreme Audit Institutions (ISSAI) Standards and submitted to SHoA within three months of receipt of financial statements from the Accountant General. 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.

There is no documented evidence of follow up formal response by the state ExCo or the MDA in respect of the numerous issues raised by the Auditor General for 2017, 2018 and 2019 audited reports. In the same vein, no evidence exists for public hearing for 2017, 2018 and 2019 audited reports (both for State and Local Governments).

## **9.6 PILLAR 6: DEBT MANAGEMENT**

Akwa Ibom State Government has a Debt Management Law, which came into force in 2019 and provides for the responsibilities for contracting, recording and reporting debts as well as limits to the level of fiscal deficits in the budget. Nonetheless, the law was ambiguous on the debt limit/ceiling, but provides for the adoption of the ceiling 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. In the absence of specialised software for capturing debt data on monthly or quarterly basis, the State currently captures state debt data in excel. There are also challenges of incomplete debt data (absence of some quarters' reports and foreign debts) in the quarterly debt reports published in the State official website.

The State has a Domestic Arrears Clearance Framework which is published online. 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%. The ratio of average monthly debt service deducted from the FAAC revenue in 2020 is 4.4%, The total FAAC transfer to the State in 2020 was N161.45n, while the debts deducted directly from FAAC was N7.03bn. Also, the total liabilities as a percentage of total recurrent revenue for year 2020 was 33.1%.

**CHAPTER 10****10.0 RECOMMENDATIONS AND NEXT STEPS****10.1 RECOMMENDATIONS**

The summary of major recommendations made by different stakeholders during the 2021 PFM assessment in the State are presented as follows:

**10.1.1 BUDGET PLANNING, ADMINISTRATION AND EXECUTION**

- Technical support to the State to prepare a Standard Budget Calendar and produce Budget Process Manual.
- Capacity building for State officials to complete work on the 2022-2024 MTEF/FSP and continued capacity building on preparation and updating of MTEF/FSP
- Capacity building of state officials in NCOA compliance budget preparation
- Building capacity of LG Officials (BPRS) staff in the preparation of 2022-2024 MTEF/FSP
- Building capacity of LGs BPRS staff/ other officials on LG IPSAS compliant 2022 Budget preparation.

**10.1.2 BUDGET TRANSPARENCY**

- Hosting of town hall engagements for inputs from the 10 Federal Constituencies in Budget and MTEF preparation
- Build capacity of State officials mostly PRS staff in the preparation of Standard Citizen Budget.
- Development of a good and formal process in citizens engagement during the budget process
- Sensitization/awareness creation on the provisions of the State Fiscal Responsibility Law.
- Capacity building for staff of AKS Fiscal Responsibility Board and other 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**

- Training of relevant MDAs in forecasting/preparation of Annual Cash Plan/ commitments to aid the operationalization of Cash Management Strategy and TSA.
- Institute a Solution to document Retained Revenue of parastatals and tertiary institutions in the State.
- Training on the use of IFMIS in payment and processing of transactions with MDAs that are funded through the State Budget.
- Training on reconciliation of advance accounts and bank accounts.
- 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.

- Implementation of IPSAS Accrual in the preparation of Financial Statements.

#### **10.1.4 DOMESTIC RESOURCE MOBILISATION**

- Awareness creation on the need for TIN for all taxation as enshrined in the 2020 Finance Act.
- Technical support for developments of the codes, rates and tariff to ensure proper alignment with the NCOA.
- Support AKIRS effort by providing training of the stakeholders (SHoA members, etc) on the need for the regular review of obsolete revenue rates.
- Training on effective database management (data gathering, mining, collation, analysis, and storage) and provision of necessary infrastructure for data management

#### **10.1.5 AUDITING**

- Operationalization of the new audit law (2021) to ensure execution of audit institutions budget through high level engagement.
- 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 and on Public Accounts and enhance in-depth hearing on key findings in Audit Reports.

#### **10.1.6 DEBT MANAGEMENT**

- Training of debt managers on reporting and recording process
- Embedded technical support to prepare DSA and MTDMRS

#### **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 commitment and 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 the SFTAS induced and others PFM reforms.

**CHAPTER 11****11.0 ACHIEVEMENTS OF AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD (JULY – DECEMBER, 2021), CHALLENGES AND THE WAY FORWARD**

The State Fiscal Responsibility Board, within the period under review, despite lack of office space and other challenges, had recorded the following performances:

**11.1 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** Public Financial Management Assessment Workshop on Friday, 2<sup>nd</sup> July, 2021 at Rosmohr Gold Hotel, Uyo where 36 participants attended.
- 11.1.2** Training on Domestication and Application of Nigerian Governors' Forum (NGF) Budget Preparation Toolkit from Monday, 6<sup>th</sup> to Wednesday, 8<sup>th</sup> September, 2021 at Rosmohr Gold Hotel, Uyo.
- 11.1.3** Workshop on Budget Consultation from Thursday, 21<sup>st</sup> – Friday, 22<sup>nd</sup> October, 2021.
- 11.1.4** Training on Consolidation of the 2022 Budget in the NGF Budget Template from Tuesday, 30<sup>th</sup> to Thursday, 21<sup>st</sup> December, 2021 at New Point Hotel, Uyo.

**11.2 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.

**11.3 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.

**11.4 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:

**11.4.1 Akwa Ibom State Fiscal Responsibility Circular No.1 of 2021 on Discontinuation of Consolidated Revenue Fund Charge in the Budget** dated 6<sup>th</sup> 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.

**11.4.2 Akwa Ibom State Fiscal Responsibility Circular No.2 of 2021: Standard Budget Calendar for Akwa Ibom** dated 14<sup>th</sup> 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 2<sup>nd</sup> 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.

**11.5 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.

**11.5.1 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, 16<sup>th</sup> December, 2021.

### **11.5.2 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.

### **11.6 PRINTING OF THE BOARD'S HEADED PAPERS, FILE JACKETS AND ENVELOPS**

### **11.7 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:

**11.7.1** State Budget Office in a letter No.: AKS/FRB/S/8/Vol.1/1 on **Standard Good Practice for Transparency in Fiscal Matters** dated 24<sup>th</sup> August, 2021.

**11.7.2** 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 5<sup>th</sup> July, 2021.

**11.7.3** 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 23<sup>rd</sup> August, 2021.

### **11.8 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:

**11.8.1** Development and issuance of 2022 Budget Preparation Call Circular to LG Councils first ever done by the Ministry of Local Government & Chieftaincy Affairs.

**11.8.2** Forecasting and Estimating of Local Governments 2022 Federal Allocations

**11.8.3** Capacity Building of LG Directors of BPRS on the preparation of LG 2022 IPSAS compliance Budget on 14<sup>th</sup> September, 2021.

**11.8.4** Development of Akwa Ibom State Local Governments' Consolidated Revenue Codes.

**11.8.5** Bilateral Discussions for LGs 2022 Draft Budget from 17<sup>th</sup> November to 30<sup>th</sup> November, 2021.

**11.9 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, 24<sup>th</sup> July, 2021 at Ibom Icon Hotel, Uyo.

**11.10 PARTNERING WITH THE USAID STATE2STATE ACTIVITY TO CONDUCT A PUBLIC FINANCIAL MANAGEMENT (PFM) ASSESSMENT IN THE STATE:**

For the Board to carry out her responsibility 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 result; the Board partnered with the USAID State2State Activity 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 are as presented from Chapter 3 to Chapter 9 of this Report.

**11.10.1 AKWA IBOM STATE PFM SUMMARY OF SCORES ON 54 INDICATORS**

**Table 65: Akwa Ibom State PFM Summary of Scores on 54 Indicators**

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

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

**11.11 CHALLENGES AND THE WAY FORWARD**

<b>S/N</b>	<b>CHALLENGES</b>	<b>S/N</b>	<b>THE WAY FORWARD</b>
<b>11.11.1</b>	<p><b>Funding</b></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>	<b>11.11.1.1</b>	<p><b>Provision of funding to the Board</b></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>
<b>11.11.2</b>	<p><b>Office Space</b></p> <p>Throughout the period under review (July – December, 2021), the Board had no office space for her staff.</p> <p>At the moment, two (2) Departments still have no space in the Board.</p>	<b>11.11.2.1</b>	<p><b>Evacuation of Old Vouchers in the two (2) Offices of the Board</b></p> <p>Effort should be made to evacuate or dispose of the old vouchers in the two (2) office rooms at the 2<sup>nd</sup> 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>
<b>11.11.3</b>	<p><b>Absence of a Fiscal Management Portal</b></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>	<b>11.11.3.1</b>	<p>Release of fund for establishment of a Fiscal Management Portal is the solution to this issue.</p>
<b>11.11.4</b>	<p><b>Insufficient Staff</b></p> <p>The Board still needs staff to fill some vacant positions that require services of personnel.</p>	<b>11.11.4.1</b>	<p>There is a need to deploy some critical staff to the Board.</p>
<b>11.11.5</b>	<p><b>Lack of Utility Vehicle</b></p> <p>The challenge of no utility vehicle for the Board even for the Director-General is of serious concern.</p>	<b>11.11.5.1</b>	<p>There is a need to provide utility vehicle to the Board especially for the Director-General.</p>

**CHAPTER 12****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 is the key to solving problems and challenges. As a joint assessment by all stakeholders, particularly, the state actors, the 2021 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.

**AKWA IBOM STATE GOVERNMENT**

**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD  
BLOCK 7, STATE SECRETARIAT COMPLEX, UYO**

**AUDIT REPORT AND  
ACCOUNTS**

*JULY TO DECEMBER, 2021*

**OFFICE OF THE STATE AUDITOR-GENERAL  
20 OKON ESSIEN STREET  
P. M. B 1077  
UYO**

**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD  
BLOCK 7, STATE SECRETARIAT COMPLEX, UYO**

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**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD  
BLOCK 7, STATE SECRETARIAT COMPLEX, UYO**

**CORPORATE INFORMATION**

Mr. Victor Okon Edet	Director General
Mrs. Nkoyo E. Otohotoho	Head Of Administration
Mr. Henry Akpan Umanah	Head of Account
Mr. Uko Polycarp Udosen	Cashier
Mrs. Esther Nsikak Eshiet	Store Officer
Scope of Work:	From Inception – July to December, 2021
Office Address:	Second Floor Block 7 State Secretariat Complex , Uyo
Banker:	Zenith Bank of Nigeria Plc

## OFFICE OF THE STATE AUDITOR-GENERAL

Our Ref: *OSAG/S/339/S.I/NO.1/36*

Your Ref:  
(All replies to be addressed to  
the State Auditor-General)



20 Okon Essien Street  
P. M. B 1077  
Uyo  
Akwa Ibom State

*29th March, 2022*

The Director-General  
AKS Fiscal Responsibility Board  
Idongesit Nkanga Secretariat Complex  
Uyo

AUDIT REPORT NO. *113/2022*  
AUDIT INSPECTION REPORT AND ACCOUNTS OF AKWA IBOM  
STATE FISCAL RESPONSIBILITY BOARD, FOR THE PERIOD JULY  
TO DECEMBER, 2021

The following observations which arose from the last audit inspection of the accounts and records maintained at Akwa Ibom State Fiscal Responsibility Board, Uyo from July to December, 2021 are forwarded for your information and necessary action.

### 2. ESTABLISHMENT ACT

Akwa Ibom State Fiscal Responsibility Board, Uyo is a creation of an Act of parliament of the Akwa Ibom State House of Assembly referred to as "Akwa Ibom State Fiscal Responsibility Law of 2nd October, 2020. The Board came into operation in July, 2021 after her official inauguration by the State Government. HE Governor Udom Gabriel Emmanuel.

### 3. CASH SURVEY

A physical cash count was carried out on arrival at the presence of the cashier, Mr. Uko Paulicarp Udosen (AEO) Accounts on Wednesday 30th March, 2022 at about 1.46 pm. No cash was produced during the exercise. The nil cash position of the Board was in agreement with the cash book balance as at the time of the survey.

**4. INTERNAL CONTROL SYSTEM**

An appraisal of the internal control system in operation at the Board was effective. It was also observed that, necessary books of accounts were kept and presented on demand. Staff were highly devoted to their job schedule and prompt to offer explanations as the need arose.

**5. STANDING IMPREST**

Records presented for audit scrutiny disclosed that since inception of the Akwa Ibom State Fiscal Responsibility Board in July, 2021 no release had been received in this regards.

**6. SPECIAL IMPREST**

A total of seven warrants were paid between July and December, 2021 amounting to ₦14,000,000.00 as special imprest to the Board. A careful scrutiny of the account disclosed that all the warrants were retired and accounted for. Details of the account is attached to this report and marked as Appendix "A".

**7. AUTHORITY TO OPEN BANK ACCOUNT**

An authority for the Board to open a bank account at Zenith Bank Plc was sought and approval granted by the Accountant-General in a letter dated AKS/AG/FD/F.6/Vol.2/227 of 4th August, 2021. A letter conveying the approval is attached to this report and marked Appendix "B".

**8. ASSET REGISTER**

The store officer, Mrs. Esther Nsikak Eshiet is yet to maintain an Asset Register for the Board. She is advised to do so and present same at next audit inspection.

**9. TAKE-OFF GRANT**

Examination of necessary records of account and the bank statements, disclosed that, the Board was not given a take-off grant on her inauguration.

**10. INTERNAL AUDITOR'S REPORT**

As at the time of audit inspection, the Boards internal Auditor, Mrs. Eno Okon Robbert was still compiling her report for 2021 financial year. She was advised to send a copy of the report to the State Auditor-General on completion.

**11. OFFICIAL VEHICLE**

Records presented for audit examination disclosed that no official vehicle is attached to the Board.

**12. GENERAL INVENTORY**

A comprehensive inspection was conducted on all office of the Board during which an inventory of all furniture and other assets of the Board was undertaken. List of items in each office were advised to be placed on each of their respective doors.

**13. CONCLUSION**

I thank the Director General and other staff of Akwa Ibom State Fiscal Responsibility Board, Uyo for their cooperation and support, throughout the duration of the audit exercise.



**Mary A. S. Ikpe**  
For: State Auditor-General

## OFFICE OF THE STATE AUDITOR-GENERAL

*Our Ref:*

*Your Ref:*

(All replies to be addressed to  
the State Auditor-General)



20 Okon Essien Street  
P. M. B 1077  
Uyo  
Akwa Ibom State

### REPORT OF THE STATE AUDITOR-GENERAL ON THE ACCOUNTS OF AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD, UYO AKWA IBOM STATE

I have examined the Financial Statement of Akwa Ibom State Fiscal Responsibility Board, Uyo which have been prepared in accordance with the International Public Sector Accounting Standards.

I have obtained all the information and explanations which I considered necessary for the purpose of my audits.

Proper books and records of accounts were kept and maintained and the Financial Statements are in agreement therewith

In my opinion and to the best of my knowledge and belief, the Financial Statements give a true and fair view of the Ministry's financial affairs for the period ended 31<sup>st</sup> December, 2021, (subject to the observations contained in the Domestic Report)

Handwritten signature of I. R. Ntekim in blue ink.

**I. R. Ntekim**

State Auditor-General

**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD  
STATE SECRETARIAT COMPLEX, UYO**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS  
AS AT 31ST DECEMBER, 2021**

Opening balance	N	N
<b>Add Receipts:</b>		
Standing imprest	-	
Special imprest	14,000,000.00	
Total Receipts		14,000,000.00
<b>Less Payments:</b>		
Special imprest	13,983,000.00	
Bank charges	<u>16,757.48</u>	
Total payments		<u>13,999,757.48</u>
Closing balance		<u>242.52</u>

APPENDIX "A"

**AKWAIBOM STATE FISCAL RESPONSIBILITY BOARD  
STATE SECRETARIAT COMPLEX, UYO**

**SCHEDULE OF SPECIAL IMPREST COLLECTED AND RETIRED IN 2021 FINANCIAL YEAR**

MONTHS	WARRANT NO. AND DATES	PURPOSE	AMOUNT N	RETIREMENT	
				TRV NUMBER	AMOUNT N
JANUARY	-	-	-	-	-
FEBRUARY	-	-	-	-	-
MARCH	-	-	-	-	-
APRIL	-	-	-	-	-
MAY	-	-	-	-	-
JUNE	-	-	-	-	-
JULY	AG/SUB/IMP/779/2021 of 26th July, 2021 AG/SUB/IMP/778/2021 of 26th July, 2021	- Printing headed papers, files jacket and envelopes etc. - Hosting of inaugural meeting of State Fiscal Responsibility Board	2,000,000.00 2,000,000.00	040913 of 15 <sup>th</sup> Dec. 2021 040912 of 15 <sup>th</sup> Dec. 2021	2,000,000.00 2,000,000.00
AUGUST	-	-	-	-	-
SEPTEMBER	AG/SUB/IMP/960/2021 of 20th September, 2021 AG/SUB/IMP/959/2021 of 20th September, 2021	- Printing State Fiscal Responsibility Law. - Sensitization & Awareness Creation on the State Fiscal Responsibility Law.	2,000,000.00 2,000,000.00	040911 of 15 <sup>th</sup> Dec. 2021 040910 of 14 <sup>th</sup> Dec. 2021	2,000,000.00 2,000,000.00
OCTOBER	AG/EAD/IMP/1242/2021 of 25th October, 2021 AG/EAD/IMP/1241/2021 of 25th October, 2021	- For printing of Standard Budget Calendar Development for the State - For sensitization and awareness creation on Fiscal Responsibility circulars.	2,000,000.00 2,000,000.00	040778 of 31 <sup>st</sup> Dec. 2021 040779 of 31 <sup>st</sup> Dec. 2021	2,000,000.00 2,000,000.00
NOVEMBER	-	-	-	-	-
DECEMBER	AG/EAD/IMP/1563/2021 of 31st December, 2021	- For hosting of State Fiscal Responsibility council meeting	2,000,000.00	041760 of 31st Dec. 2021	2,000,000.00
<b>TOTAL</b>			<b>14,000,000.00</b>		<b>14,000,000.00</b>

Appendix B, 1

AKS/FRB/S/6/Vol. 1/1

2<sup>nd</sup> August, 2021

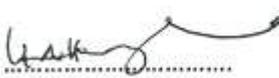
The State Accountant General  
Office of the State Accountant General  
Treasury Headquarters  
Uyo



**AUTHORITY TO OPEN AN ACCOUNT**

Following the establishment of the Akwa Ibom State Fiscal Responsibility Board through the SSG Circular No.2 of 2021 and subsequent inauguration of the State Fiscal Responsibility Council, I wish to apply for authority to open an account as follows:

- a. **Bank:** Zenith Bank Plc, Aka Road Branch, Uyo
- b. **Account name:** AKS Fiscal Responsibility Board
- c. **Signatories to the Account:**

Name	Signature	Initial
i. Victor Okon Edet Director-General		
ii. Umana Akpan Henry, CNA Asst. Chief Executive Officer (A/Cs)		

Thank you.

  
Victor Edet  
Director-General

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# GOVERNMENT OF AKWA IBOM STATE OF NIGERIA

Telegrams:

Our Ref: AKS/AG/FD/F.6/Vol.2/227  
Your Ref:

(All replies to be addressed to  
the Accountant General)



Office of the Accountant General  
Treasury Headquarters  
P. M. B. 1125  
Uyo - Akwa Ibom State  
Info@oag.ak.gov.ng  
Website: www.oag.ak.gov.ng

August 04, 2021

The Director General,  
Akwa Ibom State fiscal responsibility Board,  
Idongesit Nkanga Secretariat,  
Uyo.

**AUTHORITY TO OPEN A CURRENT ACCOUNT WITH ZENITH BANK PLC,  
AKA ROAD.**

I am directed to convey to you the authority to open a current Account with  
Zenith Bank Plc, Aka Road, Uyo titled ' **AKS FISCAL RESPONSIBILITY BOARD**'

Signatories to the Account are as follows:

S/n	Name	Designation	Class	Signature
1	Victor Okon Edet.	Director - General	A	
2	Umana Akpan Henry	Asst. Chief Executive Officer (A/Cs)	B	

Consequently, you are advised to get in contact with the above-named Bank for  
account opening formalities.

E A. Uwatt

For: Accountant-General

APPENDIX "C"

**AKWA IBOM STATE FISCAL RESPONSIBILITY BOARD  
STATE SECRETARIAT COMPLEX, UYO**

**SCHEDULE OF BANK CHARGES IN 2021 FINANCIAL YEAR**

**ZENITH BANK ACCOUNT NUMBER – 1217291645**

<b>MONTHS</b>	<b>VAT ₦</b>	<b>CHARGES ₦</b>	<b>AMOUNT ₦</b>
JANUARY	-	-	-
FEBRUARY	-	-	-
MARCH	-	-	-
APRIL	-	-	-
MAY	-	-	-
JUNE	-	-	-
JULY	-	-	-
AUGUST	-	5,636.25	5,636.25
SEPTEMBER	2,150.00	50.00	2,200.00
OCTOBER	2,150.00	58.00	2,208.00
NOVEMBER	4,300.00	116.00	4,416.00
DECEMBER	2,239.23	58.00	2,297.23
<b>TOTAL</b>	<b>10,839.23</b>	<b>5,918.25</b>	<b>16,757.48</b>