

**REPORT ON REVIEW OF ABIA STATE  
PUBLIC FINANCE MANAGEMENT FRAMEWORK**

**DECEMBER, 2007**

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## LIST OF ABBREVIATIONS AND ACRONYMS

AB-SEEDS	Abia State Economic Empowerment and Development Strategy
CSOs	Civil Society Organisations
DMU	Debt Management Unit
IGR	Internally Generated Revenue
MDAs	Ministries, Departments and Agencies
MDGS	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sectoral Strategies
NGO	Non-Governmental Organisation
NEEDS	National Economic Empowerment and Development Strategy
PFAP	Public Finance Analysis Programme
PFA	Public Finance Analysis
PFM	Public Finance Management
SMART	Specific, Measurable, Achievable, Realistic and Time Bound
SEEDS	State Economic Empowerment and Development Strategy
ICPC	Independent Corrupt Practices Commission
EFCC	Economic and Financial Crimes Commission
PPDC	Public and Private Development Centre Ltd by Guarantee
AAIN	Action Aid International Nigeria
EC	European Commission.

### Forward.

In recent years there has been efforts to improve the efficiency and effectiveness of Public Finance Management at the Federal level of government in Nigeria, the federal government adopted the Medium term Expenditure framework, putting in place measures that encourage prioritization, allocative efficiency and that ought to facilitate the implementation of policies and programmes aimed at poverty reduction, realizing the importance of states and local governments controlling about one half of National resources, the National Planning commission introduced the SEEDS benchmarking exercise in 2005.

The SEEDS benchmarking exercise has been a major tool of economic and social reforms by; facilitating improvements in public finance management , the implementation of policies and programmes aimed at poverty reduction, and retooling public finance

management strategies towards achieving Millennium Development Goals targets in States. It has served as the instrument for measuring and encouraging improvements in the performance of State Governments by adopting best practices.

This process has helped to create more awareness on existing public finance management lapses, and also to show the pathway towards sustainable improvements. Experience has shown that the MTEF is an effective strategy for improving PFM efficiency, effectiveness, it can and should improve transparency and accountability in PFM particularly where improved access to PFM information and participation of the public in PFM is well integrated, since public participation will increase prioritization of the needs of majority of the people, and open verification of implementation of budget provisions, it would often achieve increased poverty reduction.

This publication is a report of the review of the Abia State Public Finance framework by a combined team of civil society, private sector, community stakeholders and public officials in the state led by Public and Private Development Centre Ltd by guarantee and the state steering committee of the Abia PFA program, in partnership with Action Aid Nigeria, supported by the European Commission.

The review has adopted two major approaches; A survey of public finance management practices in relation to national SEEDS benchmarking exercises in the state conducted by the National Planning Commission and a consultation workshop on public finance management with stakeholders from both the public and private and non governmental sectors in the State as participants.

The report therefore documents existing practices, broadly identifies challenges and in summary form recommends steps for improvement. I have no doubt that should the Abia State government fully implement the recommendations in this report; improvements in its PFM and indeed in livelihoods of its citizens will be achieved. The recommendations will improve due process, transparency and accountability; give citizens a sense of ownership of their governments programs. The recommendations have the potential to accelerate economic development in the state by improving the process and the ability of the state to turn strategy into desired results. Whether or not the recommendations in this report are implemented quickly will be a measure of the level of political will in the leadership of the state to implement reforms that improve public finance management and therefore livelihoods. I recommend this review report as compulsory reading for all government officials, stakeholders and people of Abia State and other states undergoing similar reforms.

Ifeanyi Enyenwosu  
PFA Program Administrator  
Action Aid Nigeria  
February 2008

## Acknowledgement

At take over of this program from its initial implementing organization and during early evaluations in May/June 2007, it was discovered that there was low civil society or public participation in the budget process in Abia State. Though civil society had played an active role in the articulation of the AB-SEEDS 1, yet awareness and access to information on Public Finance Management Information by civil society in Abia remained low. Indeed CSO engagement appeared so low that a significant number of legislators indicated that they had not before been engaged on Public Finance Management issues by any CSO. Through a combination of strategies and activities; Advocacy, strengthening of existing structures like the state and LGA steering committees by attracting representation from major stakeholders like the Umuahia chamber of Commerce, Nigerian Bar Association Aba, Nigerian Medical Association, Christian Association of Nigeria Abia Chapter, National Union of Local government employees, National Union of Road Transport Workers, Nigerian Union of Journalists Umuahia Chamber of Commerce etc. Further engaging the State Planning Commission and later the State Bureau of Budget once created. An aggressive sensitization exercise visiting key state institutions and MDG ministries. Aggressive capacity building etc we sought to contribute to reform in PFM in the state. Perhaps in addition to rapidly improving CSO capacity, and public participation in PFM in Abia in this short period, our greatest achievement may well be in the level of awareness and capacity improvement in public finance management we have created within the state legislature.

The leadership and members of the State legislature have become pro reform, and willing to open up to increased public participation in governance. We achieved increased CSO monitoring of the process of ministerial budget defense at the State planning Commission and participation in the State Assembly consideration and passage of the 2008 budget. If the budget is implemented, we hope that the achievements of these few months will become more obvious.

Our gratitude goes to the State Governor Chief T.A Orji under whose leadership the Abia State institutions have shown increased willingness for collaboration and partnership with civil society. We thank the Speaker of the Abia House of Assembly Rt Hon Agwu U Agwu, its entire leadership, the Chairman and members of the Appropriation committee of the house, All Honourable members, the Clerk and staff of the Assembly for their partnership and co-operation during this program. We thank the leadership of the State planning commission, State Bureau of Budget for partnering with us in this program. Our gratitude also goes to the office of the Accountant General, Auditor General and key MDA's for their participation in the programs leading to this review report.

Within Civil society and our communities we have enjoyed excellent support, regrettably the many people, associations and individuals that supported and encouraged us during this period are too numerous to all be mentioned here. However some members of the State steering committee stand out in their devotion to this program in the last few months.. Mr I. I.Adiele Daen of life foundation, Mrs Ijeoma Ezutah, Stae House of

Assembly, Pastor P Alamba. Bureau for Budget Blaise C Okezie CAN, Promise Okoroafor. Centre for Health and Nutrition promotion, Dr Andy Ukaegbu. Nigerian Medical Association, Mrs UM Jimonu (CHIRN), Eze Idima, (NULGE) Chief Ogbansiegbe NURTW, Kalu Eziyi Financial Standard, Ambrose Ejiogu NUJ and Chris Opkechi Umuahia Chamber of commerce industry and Mines. I cannot end this acknowledgement without mentioning Kalu Irem a Local Government budget officer who is known to have put in his best efforts to revise his already prepared LGA 's budget proposals, employing a consultative process which included traditional rulers, youth and community groups following the PFA training which held 17-22<sup>nd</sup> December 2008. His effort within that short and crowded period in December 2007 is evidence of the effectiveness of capacity building in improving participatory governance.

I must not fail to mention one of our consultants Timothy Effiong whose experience and expertise was graciously made available in support of this program and the production of this report, beyond what we could pay for. I express our gratitude to the European Commission and Action Aid Nigeria for their financial and technical support in implementing this program. It has indeed been a privilege to work with you all, to staff and directors of PPDC I can only say well done, and finally I thank God for his grace and mercy in this time.

Chibuzo C Ekwewuo  
Co-ordinator  
PPDC  
February 2008

## **1.0 EXECUTIVE SUMMARY**

This report contains a review of Abia State public finance management framework carried out by Public and Private Development Centre (PPDA) under its Public Finance Analysis Programme (PFAP). PPDC is a Nigerian non-governmental organisation working to improve transparency and accountability through improved public participation in governance and development in Nigeria. It is the partner of Action Aid International, Nigeria in Abia State for the implementation of PFAP.

The review seeks to re-evaluate the public finance management framework in Abia State in relation to the State's performance in national SEEDS benchmarking exercises and articulate a guide for the reforms of the public finance management systems in the State as well as in Local Governments. It involved two major processes. These are a survey of public finance management practices in relation to national SEEDS benchmarking exercises conducted by the National Planning Commission and a consultation workshop on public finance management with stakeholders from both the public and private sectors in the State as participants. Based on these activities, inputs were obtained to arrive at the status of the management of public finance in the State and recommendations for reforms.

Some findings have been made on the current status of public finance management in the State. AB-SEEDS I document provides the policy framework for implementing medium term poverty reduction strategies. Priorities in the document are consistent with goals of NEEDS and MDGs. However, the State is yet to document medium term sectoral strategies based on AB-SEEDS which will make SEEDS to be operationalized by MDAs as well as facilitate costing of strategies and transparent allocation of available resources to link the goals of SEEDS to outputs and outcomes of identified projects and programs, in measurable terms.

A fiscal strategy document was developed in the State for 2006 but it was not discussed and approved by the State House of Assembly and was not widely published. The State is yet to commence the process of drafting its fiscal responsibility bill. Based on the high levels of variances between budgeted and actual expenditure, the State budgets are not reliable guides to actual public expenditure. In addition, there is a high level of extra-budgetary expenditure.

There is no procedure for separately identifying and tracking poverty reducing expenditure in the State either by prior identification in the budget or by the use of special codes or a new chart of accounts or by a virtual fund. The State has not adopted the medium term expenditure framework (MTEF) composed of three-year aggregate fiscal forecasts and forward expenditure estimates on a rolling annual basis. Forecasts of internally generated revenue (IGR) are not realistic as actual collections are significantly lower than budgeted IGR. In addition, there is no framework and strategy for significantly boosting IGR approved by the State Government. Also, budget

preparation and presentation to the State House of Assembly are not timely. However, the House of Assembly ensures scrutiny of the Appropriation Bill before passage into law as various committees serve as sub-committees of the Appropriation Committee. A Debt Management Unit has been established but manual or computerised debt records are not maintained and debt sustainability analysis is not undertaken.

The work group sessions indicate that staff postings on reasons other than competence and service delivery needs have affected moral. Votes in the State are not released by the Accountant-General in line with approved plans and funds disbursement and budget execution reports are not produced and disseminated.

Procurement mechanism for evaluating contracts before they are awarded have been introduced in the state, but due process assessment and certification are not undertaken. Service delivery by MDAs has not been monitored against SEEDS targets in the State, although some projects monitoring have been carried out. Also, regular financial monitoring of agencies against set targets has not been undertaken. Civil society organizations and the private sector were consulted in the development of SEEDS I and the media have been used to discuss performance and reforms with non-government stakeholders. However, data on public finance issues are not made easily accessible to the public and there is limited interaction between CSOs and the State Government on the budget process.

It is recommended that AB-SEEDS II document should be developed to take into account the priorities of the new government in the State and set policies, target and strategies for the medium term from 2007 to 2010. The fiscal strategy document should be revised and up dated annually. There is need to improve budget planning to make them more reliable guides to actual public expenditure. MTEF should be adopted to facilitate linkage between resources allocation and SEEDS priorities strategies. Modern Public Finance laws should be articulated and enacted.

IGR forecasts should be made more realistic based on actual collections. A process of funds planning and reallocation is needed to ensure that votes for priority expenditure are released in line with approved plans. There is need to computerize the payrolls of all MDAs and local governments as well as integrate and link them with human resource data. In order to improve transparency CSOs and non-governmental stakeholders should be involved in public finance management. Information on public finance should be made accessible to the public and Government should interact with CSOs in the budget process.



## **2.0 INTRODUCTION**

### **2.1 About Public and Private Development Centre Ltd by Guarantee (PPDC);**

#### **Our Vision.**

A society with its people fully empowered, realizing their full potentials and a life of dignity, readily asserting the full measure of their citizenship under the most transparent governance possible.

Our mission as an organization is to;

To activate and sustain the emergence of empowered citizenship participation, through which good governance, sustainable development and a life of dignity can be attained by all.”

Two of PPRW’s major organizational goals are:

- a) To empower citizens and promote popular participation in governance and development.
- b) Achieve transparency and accountability by eradicating corruption and abuse of office.

Public and Private Development Centre Ltd by Guarantee formerly called Public & Private Rights Watch has been working on governance, anti corruption and transparency issues in Nigeria since 2001.

Our personnel have experience working in different capacities on major National and State initiatives in transparency, accountability and anti Corruption programing. Our personnel and directors have worked both as CSO advocates, and as consultants on many important National and State transparency in governance initiatives and legislations including expansive consultative processes leading to them. Some of such frameworks include; Articulation of a National Strategy Plan for the ICPC. The National Budget Law bill, The Fiscal Responsibility Act 2007. The Public Procurement Act 2007., A bill for an Act to Amend the ICPC Act, A bill for an Act to Amend the EFCC Act, The Whistle Blowers and Witness Protection Bill, Pension Reform Act 2004, Public Procurement bill for Bauchi State (Ongoing), Public Procurement bill for Kaduna State (Ongoing).etc

#### **Corruption Work.**

Our Good Governance Through Anti Corruption Programming Project.

Between 2003-2004 PPDC developed the above program, which was launched in 2007 with the support of OSIWA, and is being implemented jointly with Zero Corruption Coalition.

This project overall goal is to ;Develop and implement a multi-sectoral approach to corruption prevention, education, monitoring and prosecution, through public sector/private sector/CSO partnership. Its objectives include;-

To build a broad based partnership between major public institutions engaged in the fight against corruption, CSOs and private sector, to improve capacity of CSO and private sector organizations to design and implement anti-corruption programs, to develop a local handbook with a training manual which will be a documentation of best practices and a local guide for public institutions as well as private organizations working on corruption issues, to carry out pilot collaborative integrity system reviews and publish reports, to increase public understanding of the nature, prevalence and effects of corruption, to mobilize public support against corruption and to institutionalize an annual home video integrity award to be called HOMEVIDA. The award it is hoped will provide about ten attractive prizes, endowed for specific ideals represented by the work of separate national level regulatory agencies related to the broader corruption prevention framework, each award will have a set of criteria that measure not only its anti corruption message content, but to what extent the movie through entertaining plot projects the ideal which each prize seeks to promote, current partners in this program include ICPC,EFCC, CCB,EITI NFVCB,ASHOKA, Guide of Script Writers, Guide of Directors and off course OSIWA.

This program will be implemented in six pilot states and 18 LGA's across the six geopolitical zones in Nigeria. This is in addition to some other initiatives in the anti corruption area.

#### Public Finance Analysis

Currently we are one of the Six state partners to Action Aid Nigeria in its EU funded Public Finance Analysis program. Primarily aimed at improving citizenship participation in governance through Public Finance analysis. This program titled **increasing Citizen Participation in governance through public finance analysis** ends in April 2007. PPDC took over the management of this program in Abia in June 2007 from another NGO, following a review of the project achievements in Abia, which showed limited success.

Since taking over the program PPDC has brought a new impetus to it in Abia, launching a wide stakeholder consultative process/using its state and local government steering committees to mobilize increased public participation. We have in this period trained about 150 persons including state and local government officials, private sector organization representatives, CSO's ,community leaders and the entire state legislators and staff of the assembly in Participatory public finance analysis. We have filled a CSO desk at the ministerial budget defence in the Abia Planning commission in the 2008 budget defence sessions, increased stakeholder participation by bringing in major stakeholders like the NBA, NMA,NULGE,NUJ, Umuahia Chamber of Commerce, CAN

etc into the program state and LGA steering committees, leading their participation in the processes surrounding the 2008 Abia budget. We have succeeded in forging a partnership with the state legislature which has shown remarkable interest in the last three months in public finance reforms in Abia State.

PPDC programs have included designing and implementing at various times anti corruption and public finance analysis capacity building programs. Between 2006 -2007 PPDC designed and implemented one of such programs for the Action Aid Nigeria PFA partners and stakeholders from six states in the Federation. PPDC has been involved in public interest litigation and still has pending public interest litigations.

In addition to the above our programs have included Pre election debates, Civic Debates for secondary Schools in Abia. A 45minutes call in TV program “Peoples Watch”, Public Interest Litigations, Rural development and empowerment, Procurement Watch etc for details on these program and others please visit [www.ppdncng.org](http://www.ppdncng.org)

## **2.2BACKGROUND**

Since its introduction in Nigeria in 2005, the SEEDS benchmarking exercise has been a major tool of economic and social reforms by facilitating the implementation of policies and programs aimed at poverty reduction and making progress towards achieving Millennium Development Goals targets in States. It has served as the instrument for measuring and encouraging improvements in the performance of State Governments by adopting best practices, i.e. the performance of the best.

Public and Private Development Centre (PPDC), the Abia State Planning Commission, the Abia State Bureau for budget have agreed with the support of AAN and the EC to work together to re-evaluate the public finance framework in the State by examining performances in past benchmarking exercises and developing a guide for reforms to promote transparency, accountability and improvements in governance systems. PPDC is a Nigerian non-governmental organization (NGO) working to improve transparency and accountability through improved public participation in governance and development in Nigeria - using public finance analysis as a tool to achieve this goal. Established in 2001, PPDC is the partner of Action Aid International, Nigeria in Abia State for its Public Finance Analysis Program (PFAP). This program is supported by the European Commission.

The program is aimed at poverty eradication through the following:

- Increasing citizens' participation in governance through public finance analysis.
- Increasing citizens' participation in decision-making processes in relation to resource generation, management and distribution.
- Promoting increased use of relevant information to influence, advocate and lobby government at various levels for pro-poor policy and service delivery.

- Increasing capacity among civil society stakeholders for public budget and expenditure analysis.
- Deepening the democratic process through increased citizens' participation in governance and budgetary processes.
- Increasing efficiency in government's allocation, management and distribution of resources at all levels, etc.

The support structure for implementing PFAP in Abia State is composed of State and Local Government Areas (LGA) steering committees of non-government actors who partner with relevant government agencies including the State Planning Commission and the recently created bureau of budget to achieve the set objectives. The local government level is considered in the program to offer the best opportunity for full and direct participation by citizens in public finance management and governance. The membership of the steering committees included representatives of CSO's, community groups and associations, religious groups, unions, chamber of commerce, professional groups like Nigerian Bar Association, Nigerian Medical Association etc

This review of Abia public finance management framework is the outcome of carrying out the PFAP by PPDC in the State.

### **2.3 OBJECTIVES OF THE REVIEW**

The objectives of the review include to:

- Re-evaluate the public finance management framework in Abia State in relation to the State's performance in previous benchmarking exercises;
- Determine reasons for the State's poor showing in national benchmarking exercises and recommend a comprehensive model public finance management framework; and
- Articulate a guide for the reforms of the public finance management systems in the State as well as the various local Governments.

## **3.0 METHODOLOGY**

### **3.1 INTRODUCTION**

The review of the public finance management framework in Abia State involved two major processes as follows:

- Survey of public finance management practices in relation to national SEEDS benchmarking exercises conducted by the National Planning Commission; and
- Workshop on public finance management with stakeholders from both the public and private sectors as participants.

Based on these activities, inputs were obtained from several sources to arrive at the status of the management of public finance in the State and recommendations for reforms. These sources of input include the following:

- Results and expected performance in national SEEDS benchmarking exercises;
- Best practice based on the SEEDS benchmarking exercise;
- Opinions and comments of public servants who are stakeholders in the public finance management process;
- Opinions and comments of stakeholders from civil society organizations and the private sector; etc.

### **3.2 SURVEY ON ABIA STATE PUBLIC FINANCE MANAGEMENT SYSTEMS**

To facilitate the survey, a questionnaire was designed to obtain data on the current status of public finance management and governance in the State. All together the questionnaire contained 25 indicators categorised into five parts as follows:

- Part 1: Strategic and Policy Process;
- Part 2: Fiscal Management;
- Part 3: Accounting and Transparency;
- Part 4: Performance Monitoring; and
- Part 5: Stakeholders Participation.

Data was obtained by administering the questionnaire on officials in government ministries, departments and agencies (MDAs) as well as non-government actors in the State and Local Government Areas, by members of the steering committees for implementing PFAP and PPDC staff. The responses were analysed and reported.

### **3.3 WORKSHOP ON ABIA STATE PUBLIC FINANCE MANAGEMENT FRAMEWORK**

A workshop was organised by Public and Private Development Centre (PPDC) in collaboration with Abia State Planning Commission, State bureau of budget and Action Aid International, Nigeria and attended by stakeholders in both the public and private sectors. The aim of the workshop was to re-evaluate the current public finance management systems in the State, determine reasons for the State's poor performances in previous benchmarking exercises and chart a course for reforms.

Several presentations were made in the workshop including the report of the survey. The presentations centred on achieving best practice in public finance management and the involvement of CSOs and the general public in public expenditure management and governance. As part of activities in the workshop, participants were made to form two groups for syndicate discussions which explored initiatives for improving Abia State public finance management framework. The group discussions identified challenges that contribute to the State's poor performance and measures were suggested to tackle these challenges.

## **4.0 CONCLUSION AND RECOMMENDATIONS**

### **4.1 CURRENT STATUS OF ABIA STATE PUBLIC FINANCE MANAGEMENT**

Based on responses on the survey conducted, the State's performance in SEEDS benchmarking exercises and the outcomes of the workshop, the current status of public finance management in the State are summarised as follows:

- The AB-SEEDS I document provides the policy framework for implementing medium term poverty reduction strategies. Priorities in the document are consistent with goals of NEEDS and MDGs. AB-SEEDS I set targets that are fairly specific, measurable, achievable, realistic and time bound.
- The State is yet to document medium term sectoral strategies based on AB-SEEDS. This is required to make SEEDS operational by MDAs as well as to cost and transparently allocate available resources and link the goals of SEEDS to outputs and outcomes of identified projects and programmes in measurable terms.
- A fiscal strategy document was developed in the State for 2006 and it highlighted the overall fiscal policy of government. This document was not discussed and approved by the State House of Assembly. It was not also discussed by non-governmental stakeholders and it is not widely published.
- The State is yet to commence the process of drafting its fiscal responsibility bill, which would facilitate prudent management of resources and ensures long-term macroeconomic stability as well as greater accountability and transparency in fiscal operations.
- At the moment the State budgets are not reliable guides to actual public expenditure. This arises from the fact that there are significant variances between budgeted and actual expenditure. Associated with this is a high level of extra-budgetary expenditure.
- In recent times, the State budget has continued to demonstrate a link between resource allocation and policy priorities. About 50% of capital expenditure is related to SEEDS priorities.

- There is no procedure for separately identifying and tracking poverty reducing expenditure in Abia State either by prior identification in the budget or by the use of special codes or a new chart of accounts or by a virtual fund.
- The State has not adopted the medium term expenditure framework composed of three-year aggregate fiscal forecasts and forward expenditure estimates on a rolling annual basis. Wherein capital projects are costed for three years and recurrent cost implications are costed for the current year in annual budgets.

Forecasts of IGR are not realistic as actual collections are significantly lower than budgeted IGR. In addition, there is no framework and strategy for significantly boosting IGR approved by the State Government.

- The State has a budget process in which budget guidelines that contain expenditure ceilings are issued on a timely basis. However, budget preparation and presentation to the State House of Assembly are not timely. The House of Assembly ensures scrutiny of the Appropriation Bill before passage into law as various committees serve as sub-committees of the Appropriation Committee. But this process needs to be improved by establishing appropriate procedures.
- There are records of funds from development partners in the State. But there is no procedure to coordinate such assistance to meet the development priorities of the State.
- The State has fairly up to date data on payment arrears, but there is no strategy to monitor and reduce arrears. A Debt Management Unit has been established but manual or computerised debt records are not maintained and debt sustainability analysis is not undertaken by the DMU.
- Votes in the State are not released by the Accountant-General in line with approved plans and funds disbursement and budget execution reports are not produced and disseminated.
- The State Government has prepared its accounts in the three years from 2002 to 2005. However, the accounts are not presented to the Auditor-General on July 1 of the preceding years and they are not audited and submitted to the House of Assembly within the statutory required period of 90 days after they are received by the Auditor-General.
- The Abia State House of Assembly has not scrutinised audited accounts and issued reports on them. This is because the House has not been presented with any audited accounts as at the end of 2006.
- Payrolls have been computerised in a few MDAs but they have not been integrated and there is no linkage with human resources data and computerised audit trails. Payrolls have been computerised to cover all MDAs and Local Governments.
- The public procurement mechanism in the State consists of guidelines for procurement, advertisement of tenders in newspapers, short listing and evaluation of tenders and documentation of tender board meetings. However, the State does not undertake due process certification as done by the Federal due process mechanism,

nor has it commenced the process of drafting a public procurement law. There may be need to make the system more open and competitive.

- There was evidence during the 2005 benchmarking exercise that the State takes disciplinary action to punish corrupt practices and offenders are prosecuted. There are no anti-corruption related laws passed by the House of Assembly. However outputs from group work during the workshop indicate that concrete actions are not taken many times against corrupt public officials.
- Service delivery by MDAs has not been monitored against SEEDS targets in the State, although some projects monitoring have been carried out. Also, regular financial monitoring of agencies against set targets has not been undertaken.
- Civil society organisations and the private sector were consulted in the development of SEEDS I and the media have been used to discuss performance and reforms with non-government stakeholders. However, data on public finance issues are not made easily accessible to the public and there is limited interaction between, private sector, CSOs and the State Government on the budget process.

## **4.2 CHALLENGES**

The following are identified challenges that contribute to current status of public finance practices in the State:

- Lack of capacity by staff to effectively implement public finance management reform initiatives;
- Lack of political will by government to undertake fundamental reforms;
- Deployment of unqualified and unskilled staff in critical departments and agencies involved in public finance management, e.g. budgeting, accounting and auditing departments;
- Undue political interference and low level of professionalism in the activities of Ministries, departments and agencies (MDAs);
- Inadequate capacity building for staff;
- Poor budget implementation and release of votes;
- Improper procurement practices with little or no reference to schedule officers involved in the management of projects and programmes.
- Ineffective implementation of anti-corruption measures;
- Operation of out dated budget guidelines and procedures and financial regulations;
- Limited access to public finance information for the public
- Absence of modern public finance laws
- Low awareness and participation of CSOs and other stakeholders in public finance management; etc.

## **4.3 RECOMMENDATIONS**

Below are recommendations for reforms in the public finance management framework of the State:



- AB-SEEDS II document should be developed to take into account the priorities of the new government in the State and set policies, target and strategies for the medium term from 2007 to 2010, targets that should take account of un achieved AB-SEEDS 1 targets.
- The fiscal strategy document should be revised and up dated annually. Other processes required to enhance fiscal policy planning are documentation of MTSS , enactment of a fiscal responsibility and also a public procurement law.
- There is need to improve budget planning to make them more reliable guides to actual public expenditure. MTEF should be adopted to facilitate linkage between resources allocation and SEEDS priorities strategies as well as multi-year forecasts or revenue and expenditure and efficient and transparent resource allocation. Budgets should be prepared and presented to the House of Assembly early to enable it to be passed before the year commences. The House of Assembly would need to evolve procedure for proper scrutiny of the Appropriation Bill, and improve private sector and CSO participation in the process.
- In order to identify and track poverty reducing expenditure the State need to adopt a new chart of accounts that allows for coding of budget and expenditure items. This makes it possible to analyse expenditure information with ease.
- IGR forecasts should be made more realistic based on actual collections. In addition, a framework and strategies should be developed and approved by government to boost IGR. The flow of funds from development agencies in the State should be coordinated and monitored to be in line with prevailing development priorities.
- Up to date data on payment arrears and debts should be maintained. In addition, a strategy for payment of arrears as well as borrowing and debt service policy should be developed to be included in the fiscal strategy document.
- A process of funds planning and reallocation is needed to ensure that votes for priority expenditure are released in line with approved plans. This should be monitored with the development and dissemination of funds disbursements and budget execution reports.
- State accounts should be prepared and presented to the Auditor-General by July 1 of the preceding year. The Auditor-General is also required to complete audit and submit the accounts to the Public Accounts Committee of the House of Assembly within 90 days of receipt in accordance with constitutional provisions . Furthermore the House of Assembly should scrutinise the audited accounts and issue reports of its finding for implementation by the Executive.
- There is need to computerise the payrolls of all MDAs and local governments as well as integrate and link them with human resource data. This will facilitate computerised audit trails to remove abuses. The public procurement mechanism should be made open, competitive and transparent. This can be improved with the introduction of due process certification, backed up by a specific legislation. Effort directed and eliminating corruption should not be limited to disciplinary actions

against offenders. The State should improve its corruption prevention systems, there should be codes of conduct for civil servants, legislators and other public officers, with an effective mechanism for monitoring compliance which will increase detection. There is also need for government to improve action against corrupt public officers, to show example of them and provide sufficient deterrence from corrupt conduct in the service.

- There is need to further codify and modernize rules and legislations regulating public finance management and procurement in Abia State.
- Awareness on public finance information within the state public service should be improved. The public procurement mechanism should be made open, competitive and transparent. This can be improved with the introduction of due process certification. Effort directed and eliminating corruption should not be limited to disciplinary actions against offenders. The State Assembly should pass and improve anti-corruption laws and there should be codes of conduct for civil servants, legislators and other public officers, with a monitoring mechanism in place.
- In order to improve transparency CSOs and other non-governmental stakeholders should be involved in public finance management. Information on public finance should be made accessible to the public and Government should interact with CSOs and private sector organizations in the budget process in terms of enabling them to review, make inputs into budgets and monitor budget execution. CSO and private sector involvement should start from MDA consultation of its relevant stakeholders prior to and for the purpose of preparing their budget proposals, span through ministerial budget defense and include the process of passage in the house, monitoring and evaluation of implementation, and legislative consideration of budget implementation reports including annual audit reports.

#### **4.4 SUGGESTED MEASURES FOR ADDRESSING CHALLENGES**

The following are suggested as measures to tackle challenges in the process as identified above:

- Sensitisation of political office holders to ensure their buy-in on the need to significantly improve public finance management practices in the State.
- Adoption and full implementation of the Medium Term Expenditure Framework
- Building of the capacity of various level of staff through training, re-training and study tours on current public finance management initiatives such as realistic and disciplined budgeting, fiscal strategy document and realistic revenue planning, MTSS, MTEF, code of accounts and expenditure tracking, sustainable debt management, monitoring of development plans targets, transparent public procurement, participatory approaches in public finance management etc.
- Building of the capacity of members of the State House of Assembly on reforms in public finance management.

- Use of skilled consultants to introduce the implementation of critical public finance management initiatives in the State.
- Establishing a monitoring mechanism involving state assembly members, CSO's, private sector participants
- Deployment of personnel in the civil service to their areas of competence and based on service delivery needs, eradicating arbitrary and preferential advancement and postings based on reasons other than merit and service delivery needs.
- Enactment and full Implementation of public finance management reform as such as the Fiscal Responsibility Law, Public Procurement Law, etc.
- Advocacy and sensitization of political office holders on the need for participatory public finance management approaches, and improved public participation.
- Efficient planning, allocation and periodic release of funds based on plans for implementation of projects and programmes in budgets.
- Enforcement of financial and public procurement regulations and laws.
- Abolish the use of consultants for revenue collection, and deploy them only for capacity building and probably evaluation.
- Advocacy and sensitisation of civil society and the private sector on their involvement in governance.

**APPENDIX 1**

**REPORT OF SURVEY ON REVIEW OF ABIA STATE  
PUBLIC FINANCE MANAGEMENT FRAMEWORK**

**NOVEMBER, 2007**

PUBLIC AND PRIVATE DEVELOPMENT CENTRE

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

AB-SEEDS	Abia State Economic Empowerment and Development Strategy
CSO	Civil Society Organisation
DMU	Debt Management Unit
HIV/AIDS	Human Immune Deficiency Syndrome/Acquired Immune Deficiency Syndrome
IGR	Internally Generated Revenue
MDAs	Ministries, Departments and Agencies
MDGS	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sectoral Strategies
NGO	Non-Governmental Organisation
NEEDS	National Economic Empowerment and Development Strategy
OPEN	Overview of public Expenditure in NEEDS
OSSAP-MDGs	Office of the Senior Special Assistant to the President on Millennium Development Goals
PFAP	Public Finance Analysis Programme
PPDC	Public and Private Development Centre
SMART	Specific, Measurable, Achievable, Realistic and Time Bound
SEEDS	State Economic Empowerment and Development Strategy

## **1.0 SUMMARY**

This report contains a review of Abia State public finance management framework carried out by Public and Private Development Centre (PPDA) under its Public Finance Analysis Programme (PFAP). PPDC is a Nigerian non-governmental organisation working to improve transparency and accountability through improved public participation in governance and development in Nigeria. It is the partner of Action Aid International, Nigeria in Abia State for the implementation of PFAP.

The review seeks to re-evaluate the public finance management framework in Abia State in relation to the State's performance in national SEEDS benchmarking exercises and articulate a guide for the reforms of the public finance management systems in the State as well as in Local Governments. To facilitate the review, a questionnaire was designed to obtain data on the current status of public finance management and governance in the State. Data used in the review was obtained from a survey of officials in government ministries, departments and agencies as well as non-government actors in the State and Local Government Areas steering committees for implementing PFAD. Questionnaires were administered to respondents and retrieved by the Abia State office of PPDC.

A total of 33 questionnaires were retrieved after the survey. Twenty two (22) or 67% of the respondents were officials of Government MDAs and 3 or 9% were members of the State House of Assembly, while 4 or 12 % were officials of Local Governments and non-government actors respectively.

The review found a few processes in the public finance management system in which the State is doing well and other areas that require improvements. Among others it was found that the State is yet to document medium term sectoral strategies based on AB-SEEDS and the process of drafting and passing a fiscal responsibility bill has not commenced. At the moment the State budgets are not reliable guides to actual public expenditure. There is no procedure for separately identifying and tracking poverty reducing expenditure either by prior identification in the budget or by the use of special codes or a new chart of accounts or by a virtual fund. The State has not adopted the medium term expenditure framework composed of three-year aggregate fiscal forecasts and forward expenditure estimates on a rolling annual basis.

Forecasts of IGR are not realistic as actual collections are significantly lower than budgeted IGR. Votes in the State are not released by the Accountant-General in line with approved plans and funds disbursement and budget execution reports are produced and disseminated. The Abia State House of Assembly has not scrutinised audited accounts and issued reports on them. This is because the House has not been

presented with any audited accounts as at the end of 2006. Data on public finance issues are not made easily accessible to the public and there is limited interaction between CSOs and the State Government on the budget process.

The report contains some recommendations to improve public finance management in the State. These include revising AB-SEEDS, documentation of MTSS, updating the fiscal strategy document and adoption of MTEF, among others.

## **2.0 INTRODUCTION**

### **2.1 BACKGROUND**

Since its introduction in Nigeria in 2005, the SEEDS benchmarking exercise has been a major tool of economic and social reforms by facilitating the implementation of policies and programmes aimed at poverty reduction and making progress towards achieving Millennium Development Goals targets in States. It has served as the instrument for measuring and encouraging improvements in the performance of State Governments by adopting best practices, i.e. the performance of the best.

Public and Private Development Centre (PPDC) and the Abia State Planning Commission have agreed to work together to re-evaluate the public finance framework in the State by examining performances in past benchmarking exercises and developing a guide for reforms to promote transparency, accountability and improvements in governance systems. PPDC is a Nigerian non-governmental organisation (NGO) working to improve transparency and accountability through improved public participation in governance and development in Nigeria - using public finance analysis as a tool to achieve this goal. Established in 2001, PPDC is the partner of Action Aid International, Nigeria in Abia State for its Public Finance Analysis Programme (PFAP).

The programme is aimed at poverty eradication through the following:

- Increasing citizens' participation in governance through public finance analysis.
- Increasing citizens' participation in decision-making processes in relation to resource generation, management and distribution.
- Promoting increased use of relevant information to influence, advocate and lobby government at various levels for pro-poor policy and service delivery.
- Increasing capacity among civil society stakeholders for public budget and expenditure analysis.
- Deepening the democratic process through increased citizens' participation in governance and budgetary processes.
- Increasing efficiency in government's allocation, management and distribution of resources at all levels, etc.

The activities of PPDC was initially concentrated around Abia State, but lately it has state and national level engagements aimed at increased multi-sectoral partnerships against corruption as well as the improvement of the capacity of civil society organisations (CSO) and public institutions to prevent corruption.

The support structure for implementing PFAP in Abia State is composed of State and Local Government Areas (LGA) steering committees of non-government actors who



partner with relevant government agencies including the State Planning Commission to achieve the set objectives. The local government level is considered in the programme to offer the best opportunity for full and direct participation by citizens in public finance management and governance.

This review of Abia public finance management framework is the outcome of carrying out the PFAD by PPDC in the State.

## **2.2 OBJECTIVES OF THE REVIEW**

The objectives of the review include to:

- Re-evaluate the public finance management framework in Abia State in relation to the State's performance in previous benchmarking exercises;
- Determine reasons for the State's poor showing in national benchmarking exercises and recommend a comprehensive model public finance management framework; and
- Articulate a guide for the reforms of the public finance management systems in the State as well as the various local Governments.

## **3.0 METHODOLOGY**

### **3.1 DATA COLLECTION AND SAMPLING DESIGN**

Data used in the analysis was obtained from a survey of officials in government ministries, departments and agencies (MDAs) as well as non-government actors in the State and Local Government Areas steering committees for implementing PFAD by PPDC. For the purpose of sampling design, each of the Millennium Development Goals (MDGS) ministries in Abia State as well as non-government actors in the state and local government steering committees of the programme was taken as the reporting domain.

### **3.2 DATA COLLECTION INSTRUMENT**

To facilitate the review, a questionnaire was designed to obtain data on the current status of public finance management and governance in the State. All together the questionnaire contained 25 indicators categorised into five parts as follows:

- Part 1: Strategic and Policy Process;
- Part 2: Fiscal Management;
- Part 3: Accounting and Transparency;
- Part 4: Performance Monitoring; and
- Part 5: Stakeholders Participation.

The questionnaire was simple and direct to the points. Each indicator had a brief background explaining the concept and goals as well as six possible issues that best describe the current situation of public governance in the State with respect to the

indicator. This was intended to avoid ambiguities. All questions were structures and respondents were required to tick the box against the issues that currently existed in the State. This sought to elicit easy responses from the respondents.

Below are background documents used in compiling the indicators and issues in the questionnaire:

- Indicators of 2005 and 2006 SEEDS Benchmarking Template;
- Abia State 2005 and 2006 benchmarking results;
- NEEDS 1 and 2 documents;
- Abia State SEEDS;
- Annual Millennium Development Goals target reports;
- Federal PFM Framework;
- Federal MTEF;
- Federal Fiscal Responsibility Framework;
- Federal Procurement Framework; and
- State Fiscal Strategy Paper.

### **3.3 FIELD OPERATION**

The field operation was undertaken for three weeks between October 29 and November 16, 2007. Questionnaires were administered to respondents and retrieved by the Abia State office of PPDC in Aba.

### **3.4 DATA ANALYSIS**

After field operation all questionnaires retrieved were edited to remove inconsistencies in the responses and coded to facilitate easy editing of analysed responses. Subsequently, the responses were analysed and summarised based on the various issues in each indicator.

The outcome of the survey has been presented in tables showing the observed responses and percentage of responses against the various issues in each indicator. These formed the basis of the conclusions and recommendations of the review.

## 4.0 FINDINGS

### 4.1 RESPONDENTS

A total of 33 questionnaires were retrieved after the survey. Twenty two (22) or 67% of the respondents were officials of Government MDAs and 3 or 9% were members of the State House of Assembly, while 4 or 12 % were officials of Local Governments and non-government actors respectively. The distribution of the respondents is as indicated below:

**TABLE 4.1  
DISTRIBUTION OF RESPONDENTS**

<b>Category</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Officials of State Government MDAs	22	67
Members of State House of Assembly	3	9
Officials of Local Governments	4	12
Non-Government actors	4	12
<b>TOTAL</b>	<b>33</b>	<b>100</b>

During the analysis of the responses, it was found that a significant proportion of the officials of Government MDAs were not accurately informed about public finance management and governance in the State. For example, a number of such respondents were not aware that the State has not commenced the drafting of a Fiscal Responsibility Bill or that the State is yet to produce its Medium Term Sectoral Strategies. Therefore, their responses on a number of issues were inaccurate. This confirms that information on fiscal and public finance management is not made widely available within the public and private sector in the State.

### 4.2 STRATEGIC AND POLICY PROCESS

#### **Development of SEEDS Document**

Only 1 respondent indicated that the State is yet to fully develop its SEEDS document. Twenty nine (29) respondents or 87% stated that priorities of AB-SEEDS are consistent with goals of NEEDS, and 27 or 70% thought that each target is linked to a policy and the targets are specific, measurable, achievable, realistic and time bound (SMART).

Twenty (20) respondents or 61% thought that each strategy is linked to a target and it identifies specific activity to achieve the target, while 20 or 61% indicated that SEEDS implementation has brought about economic reforms and human development in some sectors in the State. Table 4.2 contains the analyses of these responses.

The results of the 2006 benchmarking exercise showed that Abia State scored full points in the development of its SEEDS document. This indicates that the priorities are consistent with NEEDS and MDGs while its targets and strategies fairly meet the conditions mentioned above.

**TABLE 4.2  
DEVELOPMENT OF SEEDS POLICY FRAMEWORK**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
The State is yet to fully develop its SEEDS document.	1	0
Priorities of SEEDS are consistent with goals of NEEDS and MDGs.	29	87
SEEDS sets clear policy goals and priorities based on local situation analysis.	27	81
Each target is linked to a policy and the target is specific, measurable, achievable, realistic and time bound.	23	70
Each strategy is linked to a target and it identifies specific activity to achieve the target.	20	61
SEEDS implementation has brought about economic reforms and human development in some sectors in the State.	20	61

#### **Documentation of Medium Term Sectoral Strategies (MTSS)**

Responses on MTSS are presented in Table 4.3. MTSS enables SEEDS to be operationalised by breaking down the plan into medium term priority projects and programmes of each sector. It also establishes the linkage between goals of SEEDS on the one hand and the output and outcomes of projects and programmes on the other hand.

Eleven (11) respondents or 33% indicated that MTSS have not been documented, 20 respondents or 61% stated that MTSS based on SEEDS priorities have been documented in some sectors, while 7 respondents or 21% stated that sector strategy teams have identified and documented priority projects and programmes of all sectors. Nine (9) respondents or 27% stated that identified sectoral projects and programmes have been costed and expenditure estimates prepared within expenditure limits of each sector, 4 or 12% were of the view that measurable outputs and outcomes of projects and programmes have been identified and 13 or 39% stated that the linkage between goals of SEEDS and outcomes are clearly established.

Based on the 2006 SEEDS benchmarking results, Abia State had not documented its MTSS at as December, 2006.

### Preparation of a Fiscal Strategy Document

Table 4.4 contains the analyses of responses. Six (6) respondents or 18% were of the opinion that no fiscal strategy document has been prepared, 13 or 39% stated that it had been prepared and 11 or 33% indicated that the document contains commitment to oil price-based fiscal rule, revenue and expenditure forecasts, expenditure priorities and ceilings, tax policies, borrowing and debt service policies, etc. Three (3) or 9% indicated that the document had been approved by the State Executive Council and House of Assembly, 7 or 21% stated that it has been widely published, while 8 or 24% indicated that the adoption of the document has resulted in fiscal discipline and predictability of government finances.

According to the 2006 SEEDS benchmarking results the State had prepared a fiscal strategy document which was approved by the Executive Council without evidence of debate. It contained commitment to oil price-based fiscal rule but did not address all the issues that should be in such a document. It was not discussed and approved by the State Assembly and there was no evidence that it had been adopted and published.

### Drafting of Fiscal Responsibility Bill

The subject of Table 4.5 is the analyses of responses on a fiscal responsibility law. Seventeen (17) respondents or 52% held that there is no process to draft a Fiscal Responsibility Law, 12 or 36% indicated that the process of drafting the law has commenced, while 9 or 27% thought that the drafting of the law has been completed and would be finalised with inputs from stakeholders and 1 respondent stated that the implementation of the law has resulted in budget solvency. No respondent indicated that the law has been enacted or that it is being implemented.

A further investigation of the responses showed that all respondents in the Bureau for Budget, State House of Assembly and Ministry of Information stated that there is no process to draft a Fiscal Responsibility Law. This is likely to be situation in the State.

**TABLE 4.3  
DOCUMENTATION OF MEDIUM TERM SECTORAL STRATEGIES**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
The State has not documented its MTSS.	11	33
Medium term sectoral strategies based on SEEDS priorities have been documented in some sectors.	20	61
Sector strategy teams have reviewed past budget performances and policies in SEEDS and have identified and documented priority projects and programmes of all sectors.	7	21
Identified sectoral projects and programmes have been costed and expenditure estimates prepared, within expenditure limits of each sector.	9	27

The outputs and outcomes of projects and programmes have been identified in measurable terms.	4	12
The linkage between goals of SEEDS and outcomes are clearly established.	13	39

**TABLE 4.4  
DEVELOPMENT OF FISCAL STRATEGY DOCUMENT**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
The State has not prepared a fiscal strategy document.	6	18
A fiscal strategy document has been prepared by the State.	13	39
The fiscal strategy document contains commitment to oil price-based fiscal rule, revenue and expenditure forecasts, expenditure priorities and ceilings, tax policies, borrowing and debt service policies, etc.	11	33
The State Executive Council and House of Assembly have formally approved the document.	3	9
The fiscal strategy document has been widely published.	7	21
The adoption of the fiscal strategy document has resulted in fiscal discipline and predictability of government finances.	8	24

**TABLE 4.5  
ENACTMENT OF FISCAL RESPONSIBILITY LAW**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no process to draft a Fiscal Responsibility Law.	17	52
The process of drafting a Fiscal Responsibility Law has commenced.	12	36
The drafting of a Fiscal Responsibility Law has been completed and would be finalised with inputs from stakeholders.	9	27
A Fiscal Responsibility Law has been enacted into law.	0	0
The Fiscal Responsibility Law is being implemented. (Evidence: setting up of governing board).	0	0
The implementation of the law has resulted in budget solvency.	1	0

### 4.3 FISCAL MANAGEMENT

#### Budget as Realistic Guide to Actual Government Expenditure

As can be found in Table 4.6, 22 respondents or 67% agreed that extra-budgetary expenditure was more than 10%. Only 6 or 18% stated that it was less than 10%, 9 or 27% indicated that average variance between budgeted and actual expenditure of five priority ministries were more than 10%, 4 or 12% thought that the average variance was less than 5%, and 12 or 36 % stated that the State budgets ensure overall fiscal control and government expenditure is predictable.

The 2006 benchmarking results showed that the overall variance between budgeted and actual expenditure in Abia State was less than 5% in only one year in the period 2003 to 2005. It was over 10% in other years.

The variance between total budgeted and actual expenditure is an indicator of whether the budget is an effective tool of fiscal discipline. If actual budget out-turns significantly exceed or are lower than what was budgeted, then the budgets did not serve as a realistic guide to government expenditure. Therefore, the budgets do not ensure fiscal control and government expenditure can not be predicted with them.

**TABLE 4.6  
BUDGETS AS REALISTIC GUIDE TO ACTUAL PUBLIC EXPENDITURE**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Extra-budgetary expenditure in 2005 was more than 10%.	22	67
The level of extra-budgetary expenditure in 2005 was less than 10%.	6	18
All government expenditure was included in the 2005 budget.	9	27
The average variance between budgeted and actual expenditure of five priority ministries ( Health, Education, Agriculture/Rural Dev., Works and Women Affairs) in the last three years were not more than 10% in at least two years.	9	27
Variances between overall budgeted and actual expenditure within the last three years were not more than 2% in at least two years and in the one year the variance exceeded that, it was less than 5% of total budgeted expenditure.	4	12
The State budgets ensure overall fiscal control and government expenditure is predictable.	12	36

#### Linkage Between Resource Allocation and SEEDS Priorities

Table 4.7 summarises responses on the linkage between resource allocation and SEEDS priorities in the current budget. Six (6) respondents or 18% stated that there is

no linkage between resource allocation and SEEDS priorities, 15 or 46% indicated that procedures in the budget process ensure such linkage, while 19 or 58% agreed that the current year budget demonstrates that additional revenue has been allocated to strategies within the priorities of SEEDS. Seventeen (17) respondents or 52% thought that less than 50% of current year capital expenditure was related to SEEDS priorities, while 9 or 27 % stated that it was at least 50% and 6 or 18% thought it was at least 70%.

The result of the 2006 benchmarking exercise showed that Abia State allocated 59% of capital expenditure in the 2006 budget to SEEDS priorities.

**TABLE 4.7**  
**LINKAGE BETWEEN RESOURCE ALLOCATION AND SEEDS PRIORITIES**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no linkage between resource allocation in the budget and policy priorities in SEEDS.	6	18
Procedures in the budget process ensure that resources are allocation to policy priorities in SEEDS.	15	46
The current year budget demonstrates that additional revenue has been allocated to strategies within the priorities of SEEDS	19	58
Less than 50% of current year capital expenditure is related to SEEDS priorities.	17	52
At least 50% of current year capital expenditure is related to SEEDS priorities.	9	27
At least 70% of current year capital expenditure is related to SEEDS priorities.	6	18

### **Identifying and Tracking Poverty Reducing Expenditure**

According to the analyses in Table 4.8, eleven (11) respondents or 33% indicated that there is no procedure for separately identifying and tracking poverty reducing expenditure in the State, 20 or 61% thought that poverty reducing allocations are made through a separate State owned agency, while 8 or 24% stated that poverty reducing expenditure is identified and tracked in the budget without a special code. Four (4) respondents or 12% were of the opinion that special codes were used, only 1 thought it is done with a revised chart of accounts, while 8 or 24% stated that the OPEN system is used.

Based on the 2006 benchmarking results there was no evidence of separately identifying and tracking poverty reducing expenditure in Abia State either by prior identification in the budget or by the use of special codes or by use of a new chart of accounts or by a virtual fund. The Abia State Community-based Poverty Reduction Agency is a Federal Government project funded with support from the World Bank. It is not a State owned agency. Also, the virtual fund for identifying and tracking poverty reducing expenditure or OPEN system is used in Nigeria only by the Office to the Senior Special Adviser to the President on Millennium Development Goals (OSSAP-MDGs).

### **Costing of Strategies in a Medium Term Expenditure Framework**



As can be found in Table 4.9, 13 respondents or 39% indicated that the State has not produced a medium term expenditure framework, 15 or 46% stated that capital and recurrent implications of all strategies are costed for the current year in annual budgets, and 8 or 26% were of the view that capital projects are costed for two or more years and recurrent cost implications are costed for the current year. Also, 9 or 27% thought that MTEF has been adopted, 5 or 15% stated that MTEF aggregates budgets of spending agencies, while 6 or 18% thought MTEF is updated annually.

The 2006 SEEDS benchmarking results showed that MTEF had not been adopted in the State. Capital projects are costed for three years and recurrent cost implications are costed for the current year in the budget.

**TABLE 4.8  
TRACKING OF POVERTY REDUCING EXPENDITURE**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no procedure for separately identifying and tracking poverty reducing expenditure.	11	33
Resource allocation for poverty reducing expenditure is made in the budget through a separate State owned institution or agency.	20	61
Poverty reducing expenditure is identified and tracked by prior identification of those items in the budget and by reporting on them (without the addition of a special code to the classification of expenditure).	8	24
Poverty reducing expenditure is identified and tracked through the existing budgetary classification system by adding a special code.	4	12
Poverty reducing expenditure are identified and tracked through a revised Chart of Accounts by increasing the number of digits of accounts codes.	1	0
Poverty reducing expenditure is identified and tracked by the use of a virtual fund code. E.g. the Overview of Public Expenditure in NEEDS (OPEN) used in the MDG Office.	8	24

**TABLE 4.9  
COSTING OF STRATEGIES IN A MEDIUM TERM EXPENDITURE FRAMEWORK**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
The State has not produced a medium term expenditure framework.	13	39
Capital and recurrent implications of all strategies are costed for the current year in the annual budget.	15	46
Capital projects are costed for two or more years and recurrent cost implications are costed for the current		

year.	8	26
MTEF is adopted and three-year aggregate fiscal forecasts and forward expenditure estimates are prepared on a rolling annual basis.	9	27
The MTEF aggregates medium term budget estimates of spending agencies based on strategic priorities and hard budget constraints consistent with over all fiscal objectives.	5	15
The MTEF is updated annually.	6	18

**Realistic Forecasts of Internally Generated Revenue (IGR) are Set**

Table 4.10 presents the analyses of responses on IGR issues. Eleven (11) respondents or 33% held that there was no framework for realistic forecasting of IGR, 16 or 49% stated that a framework and strategy has been documented to forecast and enhance IGR, while 10 or 30% indicated that the framework and strategy has been approved by the State Executive Council and reflected in the fiscal strategy document. Four (4) respondents or 12% considered the current year IGR to be realistic since it is either equal to or lower than actual collection of last year, 3 or 9% stated that actual IGR was at least 95% of budgeted IGR in not less than two of the last three years and 17 or 52% held that concrete actions have been taken to implement the IGR strategy and there are visible increases in IGR over time.

Evidence obtained in the 2006 benchmarking exercise showed that actual IGR collections in the State were significantly lower than the budget between 2003 and 2005. IGR forecasts were considered to be unrealistic and there was no approved strategy to enhance IGR.

**TABLE 4.10  
REALISTIC FORECASTS OF INTERNALLY GENERATED REVENUE ARE SET**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no framework for realistic forecasting of IGR	11	33
The State has documented a framework and strategy for realistic forecasting of IGR and to enhance IGR collection.	16	49
The IGR framework and strategy has been approved by the State Executive Council and reflected in the fiscal strategy document.	10	30
The current year IGR budget is either equal to or lower than actual collection of last year, or if it is higher than last year's actual collection documented strategies or year-to-date actual IGR collection justify the IGR budget.	4	12
In last three years actual IGR was at least 95% of budgeted IGR in 2 or more years.	3	9
Concrete actions have been taken to implement the IGR strategy and there are visible increases in IGR over		

time.	17	52
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**Budget Process is Timely and Ensures Fiscal Discipline**

As can be found in Table 4.11, 3 respondents or 9% indicated that a budget process with time lines and budget ceilings has not been established, 21 or 64% were of the opinion that budget guidelines are issued on a timely basis and provide a clear set of rules for the budgeting, while 20 or 61% stated that Budget ceilings covering recurrent and capital components are stated in the guidelines. Seven (7) respondents or 21% indicated that call circulars (guidelines) were issued after August 1 of the prior year and draft budget presented to the State House of Assembly after November 1, 6 or 18% thought call circular went out after July 1 of the prior year and draft budget presented to the State House of Assembly by November 1, and 6 or 18% thought that call circular went out after by July 1 of the prior year prior and draft budget presented to the State House of Assembly by October 1.

Based on the 2006 benchmarking results call circulars in the State were issued in June of the prior year but draft budgets were presented to the State House of Assembly in December. The circulars were found to contain some guidelines and expenditure ceilings.

**TABLE 4.11  
BUDGET PROCESS IS TIMELY AND ENSURES FISCAL DISCIPLINE**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
A budget process with time lines and budget ceilings has not been established.	3	9
Budget guidelines are issued on a timely basis and provide a clear set of rules for the budget process.	21	64
Budget ceilings covering recurrent and capital components are stated in the guidelines.	20	61
The call circular (guidelines) goes out after August 1 of the prior year and draft budget presented to the State House of Assembly after November 1.	7	21
The call circular goes out after July 1 of the prior year and draft budget presented to the State House of Assembly by November 1.	6	18
The call circular goes out after by July 1 of the prior year prior and draft budget presented to the State House of Assembly by October 1.	6	18

**Proper Scrutiny of Appropriation Bill before Passage into Law**

Table 4.12 shows that 4 respondents or 12% indicated that the House of Assembly has not established any procedure to properly scrutinise the Appropriation Bill before it is passed into law, 24 or 73% are of the opinion that a considerable period of time is taken by the House of Assembly to examine the bill before it is passed into law, and 22 or 67% held that expenditure that can not be justified is removed from the draft budget before it

is passed. Seventeen (17) respondents or 52% stated that the House of Assembly has well-established procedures, takes adequate time and the scrutiny involves specialised committees, 22 or 67% held that committees of the House of Assembly serve as sub-committees of the Appropriation Committee in scrutinising the bill and items in the budget are challenged on grounds of value for money, while 12 or 36% were of the view that the House of Assembly reviews the fiscal strategy and other medium term fiscal framework prior to scrutinising the bill.

In the 2006 benchmarking exercise there was no evidence of proper scrutiny of the Appropriation Bill by the House. However, respondents who are members of the House agreed that committees serve as sub-committees of the Appropriation Committee.

**TABLE 4.12  
PROPER SCRUTINY OF APPROPRIATION BILL BEFORE PASSAGE INTO LAW**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
The House of Assembly has not established any procedure to properly scrutinise the Appropriation Bill before it is passed into law.	4	12
A considerable period of time is taken by the House of Assembly to examine the bill before it is passed into law.	24	73
Expenditure that can not be justified is removed from the draft budget before it is passed.	22	67
The House of Assembly has well-established procedures, takes adequate time and the scrutiny involves specialised committees.	17	52
Various committees of the House of Assembly serve as sub-committees of the Appropriation Committee in scrutinising the bill and items in the budget are challenged on grounds of value for money.	22	67
In addition to committees serving as sub-committees of the Appropriation Committee, the House of Assembly reviews the fiscal strategy and other medium term fiscal framework prior to scrutinising the bill.	12	36

#### **Records of Funds from Development Partners**

As presented in Table 4.13, seven (7) respondents or 21% were of the opinion that funding from development agencies were not recorded or coordinated, 28 or 85% agreed that projects funded by development partners reflected policy and programme priorities of SEEDS, and 17 or 52% stated that the State had records of funds from some development partners. Fourteen (14) or 42% indicated that there were records of funds from all development partners, 16 or 49% held that development partners' assistance was coordinated to meet the priorities of the State, while 14 or 42 % thought that assistance from development partners were coordinated in conjunction with the National Planning Commission.

Based on the result of the 2006 benchmarking exercise, the State had records of assistance from development partners but coordination of such assistance still needed to be improved.

#### **Strategy to Monitor and Reduce Payment Arrears**

The responses on this is analysed in Table 4.14. Nine (9) respondents or 27% stated that there was no strategy to monitor and reduce payment arrears, 16 or 49% held that up to date data have been compiled on payment arrears, while 14 or 42% stated that the State had a strategy to reduce levels of arrears. Also, 7 or 21% indicated that the strategy to reduce payment arrears was reflected in the fiscal strategy document, 22 or 67% were of the opinion that resources were allocated in the current year budget for the payment of outstanding arrears, and only 2 or 6% thought the State has no expenditure arrears.

The 2006 benchmarking results showed that the State had fairly up to date data on payment arrears. But there was no strategy to monitor and reduce arrears.

**TABLE 4.13  
RECORDS OF FUNDS FROM DEVELOPMENT PARTNERS**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Funding from development agencies are not recorded or coordinated.	7	21
Development partners' funded projects reflect policy and programme priorities of SEEDS.	28	85
The State has records of funds from some development partners.	17	52
The State has records of funds from all development partners.	14	42
Development partners' assistance is coordinated to meet the priorities of the State.	16	49
Development partners' assistance is coordinated in conjunction with the National Planning Commission.	14	42

**TABLE 4.14  
STRATEGY TO MONITOR AND REDUCE PAYMENT ARREARS**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no strategy to monitor and reduce payment arrears	9	27
Up to date data have been compiled on payment arrears.	16	49
The State has a strategy to reduce levels of arrears.	14	42
The strategy to reduce payment arrears is reflected in	7	21

the fiscal strategy document.		
Resources are allocated in the current year budget for the payment of outstanding arrears.	22	67
The State has no expenditure arrears.	2	6

### **Robust Procedures for Debt Management**

As can be found in Table 4.15, 13 respondents or 39% stated that there is no procedure for the management of the State's debt, 14 or 42% indicated that an institutional framework has been created for debt management through the setting up of a Debt Management Unit (DMU), and 11 or 33% held that manual or computerised spreadsheets of debt stock, debt service and debt reports are compiled regularly. Five (5) respondents or 15% were of the view that a Committee of the House of Assembly provides oversight on the State's debt and a law on debt management has been passed, 6 or 18% thought that the policy on borrowing and debt service is documented in the fiscal strategy document and only loans covered by the policy are taken, while 9 or 27% stated that debt sustainability analysis is undertaken by the Debt Management Unit.

In the 2006 benchmarking exercise it was found that a DMU has been established in the State. But there were no evidence of manual or computerised debt records or debt sustainability analysis by the DMU.

### **Timely Release of Budget Allocations and Reports**

Table 4.16 shows that 22 respondents or 67% agreed that votes are not released by the Accountant General in line with approved plans and budget implementation reports are not disseminated, 9 or 27% were of the opinion that there are monthly and mid-term reports indicating funds disbursed to spending agencies for approved projects and programmes in SEEDS, and only 1 respondent held that Budget implementation reports are disseminated within six weeks of the end of month or quarter. In addition, 3 respondents or 9% stated that budget implementation reports are disseminated within four weeks of the end of month or quarter, 11 or 33% were of the view that there is a process for funds planning and reallocation of releases to accommodate priority expenditure, in cases of shortage of funds, while 10 or 30% held that there are sanctions that are enforced for overspending and poor project performance.

The 2006 benchmarking results showed that votes in the State are not released by the Accountant-General in line with approved plans and there was no evidence funds disbursement and budget execution reports were produced and disseminated.

**TABLE 4.15  
ROBUST PROCEDURES FOR MANAGEMENT OF DEBT**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no procedure for the management of the State's debt.	13	39
An institutional framework has been created for debt management through the setting up of a Debt Management Unit.	14	42

Manual or computerised spreadsheets of debt stock, debt service and debt reports are compiled regularly.	11	33
A Committee of the House of Assembly provides oversight on the State's debt and a law on debt management has been passed.	5	15
The policy on borrowing and debt service is documented in the fiscal strategy document and only loans covered by the policy are taken.	6	18
Debt sustainability analysis is undertaken by the Debt Management Unit	9	27

**TABLE 4.16  
TIMELY RELEASE OF BUDGET ALLOCATIONS AND REPORTS**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Votes are not released by the Accountant General in line with approved plans and budget implementation reports are not disseminated.	22	67
There are monthly and mid-term reports indicating funds disbursed to spending agencies for approved projects and programmes in SEEDS.	9	27
Budget implementation reports are disseminated within six weeks of the end of month or quarter.	1	0
Budget implementation reports are disseminated within four weeks of the end of month or quarter.	3	9
There is a process for funds planning and reallocation of releases to accommodate priority expenditure, in cases of shortage of funds.	11	33
There are sanctions that are enforced for overspending and poor project performance.	10	30

#### **4.4 ACCOUNTING AND TRANSPARENCY**

##### **Timely Preparation and Auditing of State Accounts**

As presented in Table 4.17, only 2 respondents indicated that the accounts of the State Government have not been prepared, 8 or 24% held the view that the accounts for the last two years have been prepared but were not presented to the Auditor General before July 1 of the following year, and 12 or 36% stated that accounts for the last two years have been audited but were not submitted to the State House of Assembly within 90 days of receipt by the Auditor General. Eight (8) respondents or 24% thought that accounts for the last two years have been prepared and presented to the Auditor General before July 1 of the following year, 11 or 33% stated that the last two years accounts been audited and submitted to the State House of Assembly within 90 days of receipt by the Auditor General, while only 2 thought that the State has an IT-based financial management system integrated to link all MDAs.

In the 2006 benchmarking exercise evidence was presented to indicate that the State Government had prepared its accounts three years from 2002 to 2005. However, the accounts were not presented to the Auditor-General as at July 1 of the preceding years and they were not audited and submitted to the House of Assembly within the statutory required period.

#### **Scrutiny of Audited Accounts by State House of Assembly**

Table 4.18 shows that 7 respondents or 21% indicated that there is no scrutiny of audited accounts by the State House of Assembly, 21 or 64% stated that the House of Assembly has a Public Accounts Committee (PAC) which is involved in scrutinising audited accounts from the Auditor General, while 17 or 52% were of the view that PAC asked questions about items in the Auditor General's Report when scrutinising accounts. Sixteen (16) respondents or 49% stated that MDAs have provided responses to questions asked by PAC on the report, 5 or 15% held that the report of scrutiny by the House of Assembly has been disseminated, and 6 or 18% were of the view that recommendations of the House of Assembly on the Auditor General's Report have been acted upon by the Executive.

Based on the results of 2005 and 2006 benchmarking results, there is no evidence that the Abia State House of Assembly has scrutinised any audited accounts and issued reports. This is because the House had not received any audited accounts up to the end of 2006.

#### **Actions Taken to Eliminate Payroll Fraud**

Payroll issues are analysed in Table 4.19. In the table, 4 respondents or 12% were of the view that no action has been taken to eliminate payroll fraud, 17 or 52% indicated that there has been at least one spot-check on the payroll in the last two years resulting in the elimination of some 'ghost' workers, and 15 or 46% assert that the payroll has not been computerised but there are regular cross-checks between payrolls and human resources records. Six (6) respondents or 18% thought that the payroll has been computerised but it does not cover all of the staff employed by the State and it has not been integrated, only 1 respondent stated that payroll and human resources records were integrated and 3 or 9% thought computerised payroll which integrates the State and local governments exist.

The 2006 benchmarking exercise showed that the payroll in the State had been computerised in a few MDAs but these were not integrated and there was no link with human resources data as well as audit trails.

**TABLE 4.17  
STATE ACCOUNTS PREPARED ON TIME AND AUDITED TO MEET  
STATUTORY REQUIREMENT**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Accounts of the State Government have not been prepared.	2	0
The State Accounts for the last two years have been prepared but were not presented to the Auditor General before July 1 of the following year.	8	24



State Accounts for the last two years have been audited but were not submitted to the State House of Assembly within 90 days of receipt by the Auditor General.	12	36
State Accounts for the last two years have been prepared and presented to the Auditor General before July 1 of the following year.	8	24
State Accounts for the last two years have been audited and submitted to the State House of Assembly within 90 days of receipt by the Auditor General.	11	33
The State has an IT-based financial management system integrated to link all ministries, department and agencies and variance analysis of approved and actual budget expenditure are carried out in the system.	2	0

**TABLE 4.18  
SCRUTINY OF AUDITED ACCOUNTS BY STATE HOUSE OF ASSEMBLY**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no scrutiny of audited accounts by the State House of Assembly	7	21
The State House of Assembly has a Public Accounts Committee (PAC) which is involved in scrutinising audited accounts from the Auditor General.	21	64
In the process of scrutinising the audited accounts the PAC asked questions about items in the Auditor General's Report.	17	52
Ministries, departments and agencies have provided responses to questions asked by PAC on the report.	16	49
The report of scrutiny by the House of Assembly has been disseminated.	5	15
Recommendations of the House of Assembly on the Auditor General's Report have been acted upon by the Executive.	6	18

**TABLE 4.19  
ACTIONS TAKEN TO ELIMINATE PAYROLL FRAUD**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
No action has been taken to eliminate payroll fraud.	4	12
There has been at least one spot-check on the payroll in the last two years resulting in the elimination of some 'ghost' workers.	17	52
The payroll has not been computerised but there are regular cross-checks between payrolls and HR records, and there have been spot-checks on the payroll within the last three years that have identified and removed		

cases of fraud from the payroll.	15	46
The payroll has been computerised but it does not cover all of the staff employed by the State and there is no integrated payroll/HR system.	6	18
Payroll and human resources records are linked by an integrated data base covering all staff on the State payroll. The data base uses biometric data to identify staff, access to the data is limited and all changes result in a computerised audit trail.	1	0
Payroll and human resources records are linked by an integrated data base with audit trails covering all staff on the State and Local Government payrolls.	3	9

### **Open, Competitive and Transparent Procurement System**

As can be found in Table 4.20, 11 respondents or 33% believed that there were no competitive and transparent procurement procedures in the State, 14 or 42% indicated that clear guidelines for procurement have been documented and approved by the Executive Council, and 10 or 30% held that tender documents were disclosed to bidders in national newspapers. In addition, 11 respondents or 33% stated that respondents to tenders are short listed and evaluated in the State, 14 or 42% asserted that minutes of Tender Board meetings document evaluations of tenders and decisions taken, and 10 or 30% believed that there was due process certification similar to the Federal due process mechanism.

In the 2006 benchmarking exercise the State presented evidence that there were guidelines for procurement, advertisement of tenders in newspapers, short listing and evaluation of tenders and documentation of tender board meetings. However, the State did not undertake due process certification as done by the Federal Government.

### **Prevention, Detection and Punishment of Corruption**

The analyses in Table 4.21 shows that 12 respondents or 36% did not think that concrete actions have been taken to reduce corrupt practices, 12 or 36% held that disciplinary action have been taken to punish corrupt practices, and 7 or 21% stated that the State publishes reports of identified corrupt acts and corrective actions taken. Eleven (11) respondents or 33% indicated that offenders of corrupt practices have been prosecuted, 10 or 30% believed that the State Assembly has passed acts on the prevention, detection and punishment of corruption, while 23 or 70% held that the State has Codes of Conduct for civil servants, legislators and other public officers.

Based on the results of the 2006 benchmarking exercise, the State takes disciplinary action to punish corrupt practices and offenders are prosecuted. There was no evidence of codes of conduct or anti-corruptions acts passed by the House of Assembly.

**TABLE 4.20  
OPERATION OF COMPETITIVE AND TRANSPARENT PROCUREMENT SYSTEM**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
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The State has no competitive and transparent procurement procedures	11	33
The State has documented clear guidelines for procurement which has been approved by the Executive Council.	14	42
Tender documents are disclosed to bidders in national newspapers.	10	30
Respondents to tenders are short listed and evaluated in the State.	11	33
Minutes of Tender Board meetings document evaluations of tenders and decisions taken.	14	42
There is due process certification similar to the Federal due process mechanism.	10	30

**TABLE 4.21  
ACTIONS TAKEN TO PREVENT, DETECT AND PUNISH CORRUPTION**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
The State has not taken concrete action to reduce corrupt practices.	12	36
Disciplinary action has been taken to punish corrupt practices.	12	36
The State publishes reports of identified corrupt acts and corrective actions taken.	7	21
Offenders of corrupt practices have been prosecuted.	11	33
There are Acts passed by the State Assembly on the prevention, detection and punishment of corruption	10	30
The State has Codes of Conduct for civil servants, legislators and other public officers.	23	70

#### **4.5 PERFORMANCE MONITORING**

##### **Monitoring of Service Delivered by MDAs against SEEDS Targets**

As summarised in Table 4.22, 6 respondents or 18% stated that there is no monitoring of service delivery against policy targets of SEEDS, 9 or 27% thought service has been monitored against targets for less than 2 years, and 11 or 33% held that service has been monitored for 2 years or more years. Nine (9) respondents or 27% stated that baseline data which informs the monitoring of service delivery against policy targets is disaggregated by gender, another 9 or 27% held that performance information is collected and analysed against policy targets/goals and the data is published, and 13 or 39% indicated that data on performance informs future strategic goals, policy making and implementation.

In the 2006 benchmarking exercise there was no evidence that the State had monitored service delivery against SEEDS targets, although there were some projects monitoring.

##### **Regular Financial Monitoring of State Agencies**

Responses on monitoring of agencies are presented in Table 4.23. Eight (8) respondents or 24% stated that no procedure existed for regular financial monitoring of government agencies, 16 or 49% held that performance targets of agencies were developed and approved by Government, and 9 or 27% thought that performances of agencies against set targets were monitored on quarterly and annual basis. Thirteen (13) respondents or 39% indicated that accounts of agencies were audited and reports submitted on time, 9 or 27% were of the opinion that financial and performance audit reports of agencies are published regularly on a timely basis, while 11 or 33% stated that the monitoring of government agencies ensure that they effectively contribute to the achievement of the goals of SEEDS.

The monitoring of State agencies was assessed in the 2005 benchmarking exercise. The result showed that there was no evidence of regular monitoring of agencies against set targets in Abia State.

**TABLE 4.22**  
**SERVICE DELIVERED BY MDAs MONITORED AGAINST SEEDS TARGETS**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no monitoring of service delivery against policy targets of SEEDS.	6	18
Service has been monitored against targets for less than 2 years.	9	27
Service has been monitored for 2 years or more years.	11	33
Baseline data which informs the monitoring of service delivery against policy targets is disaggregated by gender.	9	27
Performance information is collected and analysed against policy targets/goals and the data is published.	9	27
Data on performance informs future strategic goals, policy making and implementation.	13	39

**TABLE 4.23**  
**REGULAR FINANCIAL MONITORING OF STATE AGENCIES**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
No procedure exists for regular financial monitoring of government agencies.	8	24
Performance targets of agencies are developed and approved by Government.	16	49
Performances of agencies against set targets are monitored on quarterly and annual basis.	9	27
Accounts of agencies are audited and reports submitted on time.	13	39
Financial and performance audit reports of agencies are published regularly on a timely basis.	9	27

The monitoring of government agencies ensure that they effectively contribute to the achievement of the goals of SEEDS.	11	33
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#### 4.6 STAKEHOLDERS PARTICIPATION

##### **Non-government Stakeholders involvement in Development of Strategic and Fiscal Policies**

As can be found in Table 4.24, 7 respondents or 21% thought that there is no mechanism for involving citizens in the strategic and fiscal policy process, 21 or 64% believed that NGOs and CSOs were consulted in the development of SEEDS and their inputs were taken in drafting the document, while 8 or 24% held that stakeholders such as legislators, civil society and NGOs, and the organised private sector are involved in sector teams for developing MTSS in the State. Also, 7 respondents or 21% indicated that the preparation process of the fiscal strategy document included citizen input and final the document underwent public discussion and scrutiny, 5 or 15% believed that the fiscal responsibility laws is being discussed publicly, while 7 or 21% thought that CSOs are involved in the monitoring of service delivery against SEEDS targets by MDAs.

Based on the results of the 2005 and 2006 benchmarking exercises, evidence was provided to show that civil society and the private sector were consulted in the development of SEEDS. The State has not documented MTSS and has not commenced the process of the fiscal responsibility bill. Therefore, it is unlikely that non-government stakeholders have been consulted on these initiatives. Also, no evidence of the involvement of civil society in the monitoring of service delivery was found in the benchmarking exercises.

##### **Accessibility of Information on Public Finance Management**

The analyses presented in Table 4.25 shows that 13 respondents or 39% held that information on fiscal management was not published, 15 or 46% believed that the media was used for stakeholders to discuss performance, reforms and service delivery, and 4 or 12% were of the view that contract awards of N10 million and above were published for citizens to be aware. Seven (7) respondents or 21% indicated that the public has access to information on funds released to Local Government as well as the use of funds deducted from LGAs through the Joint Allocation Committee, 5 or 15% thought that State accounts, audited reports, findings of the Auditor General and other fiscal information are published and made accessible to the public, while 4 or 12% stated that feed back from NGOs, the private sector and CSOs indicate that information on public finance management can be obtained in the State.

In the 2006 benchmarking exercise the State provided evidence that the media was used to discuss performance and reforms with stakeholders. There was no evidence that contract awards were published or the public had access to public finance information and funds of Local Governments. There was also no evidence of feedback from civil society that data on public finance issues was easily accessible.

##### **Participation of CSOs in Budget Planning and Execution**

Table 4.26 shows that 16 respondents or 49% agreed that there is no interaction between CSOs and the State Government on the budget process, 7 or 21% stated that

meetings and hearings have been organised in which both the State Government and citizens discussed the budget, and 6 or 18 % thought that CSOs receive and review draft budgets during the preparation phase. Eight (8) respondents were of the view that CSOs analyse draft budgets and make proposals for addition or amendments, 6 or 18% believed that final budgets incorporate ideas and activities put forward by civil society, while 5 or 15% indicated that CSOs actively monitor and report on budget execution.

These issues were not covered in the benchmarking templates but it is clear that the almost 50% of respondents held that the interaction between Government and CSOs on the budget process was inadequate. Very few respondents thought otherwise.

**TABLE 4.24**  
**INVOLVEMENT OF NON-GOVERNMENT STAKEHOLDERS IN DEVELOPMENT OF STRATEGIC AND FISCAL POLICIES**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no mechanism for involving citizens in the strategic and fiscal policy process.	7	21
NGOs and CSOs were consulted in the development of SEEDS and their inputs were taken in drafting the document.	21	64
Non-government stakeholders such as legislators, civil society and NGOs, and the organised private sector are involved in sector teams for developing MTSS in the State.	8	24
The preparation process of the fiscal strategy document included citizen input and final the document underwent public discussion and scrutiny.	7	21
There is public discussion and interaction with civil society on the draft Fiscal Responsibility Law.	5	15
CSOs are involved in the monitoring of service delivery against SEEDS targets by ministries and department.	7	21

**TABLE 4.25**  
**ACCESSIBILITY OF INFORMATION ON PUBLIC FINANCE MANAGEMENT**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Information on fiscal management is not published.	13	39
The media is used for stakeholders to discuss performance, reforms and service delivery.	15	46
Contract awards of N10 million and above are published for citizens to be aware.	4	12

The public has access to information on funds released to Local Government as well as the use of funds deducted from LGAs through the Joint Allocation Committee.	7	21
State accounts, audited reports, findings of the Auditor General and other fiscal information are published and made accessible to the public.	5	15
Feed back from NGOs, the private sector and CSOs indicate that information on public finance management can be obtained in the State.	4	12

**TABLE 4.26  
PARTICIPATION OF CSOs IN BUDGET PLANNING AND EXECUTION**

<b>Issues</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
There is no interaction between CSOs and the State Government on the budget process.	16	49
Meetings and hearings have been organised in which both the State Government and citizens discussed the budget.	7	21
CSOs receive and review draft budgets during the preparation phase.	6	18
CSOs analyse draft budgets and make proposals for addition or amendments.	8	24
Final budgets incorporate ideas and activities put forward by civil society.	6	18
CSOs actively monitor and report on budget execution.	5	15

## **5.0 CONCLUSION AND RECOMMENDATIONS**

### **5.1 SUMMARY OF FINDINGS**

Major findings of the Abia State public finance management review are summarised as follows:

- The AB-SEEDS I document provides the policy framework for implementing medium term poverty reduction strategies. Priorities in the document are consistent with goals of NEEDS and MDGs. AB-SEEDS I set targets that are fairly specific, measurable, achievable, realistic and time bound.
- The State is yet to document medium term sectoral strategies based on AB-SEEDS. This is required to make SEEDS operational by MDAs as well as to cost and transparently allocate available resources and link the goals of SEEDS to outputs and outcomes of identified projects and programmes in measurable terms.
- A fiscal strategy document was developed in the State for 2006 and it highlighted the overall fiscal policy of government. This document was not discussed and approved by the State House of Assembly. It was not also discussed by non-governmental stakeholders and it is not widely published.
- The State is yet to commence the process of drafting its fiscal responsibility bill, which would facilitate prudent management of resources and ensures long-term macroeconomic stability as well as greater accountability and transparency in fiscal operations.
- At the moment the State budgets are not reliable guides to actual public expenditure. This arises from the fact that there are significant variances between budgeted and actual expenditure. Associated with this is a high level of extra-budgetary expenditure.
- In recent times, the State budget has continued to demonstrate a link between resource allocation and policy priorities. Over 50% of capital expenditure is related to SEEDS priorities.



- There is no procedure for separately identifying and tracking poverty reducing expenditure in Abia State either by prior identification in the budget or by the use of special codes or a new chart of accounts or by a virtual fund.
- The State has not adopted the medium term expenditure framework composed of three-year aggregate fiscal forecasts and forward expenditure estimates on a rolling annual basis. Capital projects are costed for three years and recurrent cost implications are costed for the current year in annual budgets.
- Forecasts of IGR are not realistic as actual collections are significantly lower than budgeted IGR. In addition, there is no framework and strategy for significantly boosting IGR approved by the State Government.
- The State has a budget process in which budget guidelines that contain expenditure ceilings are issued on a timely basis. However, budget preparation and presentation to the State House of Assembly are not timely. The House of Assembly ensures scrutiny of the Appropriation Bill before passage into law as various committees serve as sub-committees of the Appropriation Committee. But this process needs to be improved by establishing appropriate procedures.
- There are records of funds from development partners in the State. But there is no procedure to coordinate such assistance to meet the development priorities of the State.
- The State has fairly up to date data on payment arrears but there is no strategy to monitor and reduce arrears. A Debt Management Unit has been established but manual or computerised debt records are not maintained and debt sustainability analysis is not undertaken by the DMU.
- Votes in the State are not released by the Accountant-General in line with approved plans and funds disbursement and budget execution reports are not produced and disseminated.
- The State Government has prepared its accounts in the three years from 2002 to 2005. However, the accounts are not presented to the Auditor-General on July 1 of the preceding years and they are not audited and submitted to the House of Assembly within the statutory required period of 90 days after they are received by the Auditor-General.
- The Abia State House of Assembly has not scrutinised audited accounts and issued reports on them. This is because the House has not been presented with any audited accounts as at the end of 2006.
- Payrolls have been computerised in a few MDAs but they have not been integrated and there is no linkage with human resources data and computerised audit trails. Payrolls have been computerised to cover all MDAs and Local Governments.
- The public procurement mechanism in the State consists of guidelines for procurement, advertisement of tenders in newspapers, short listing and evaluation of

tenders and documentation of tender board meetings. However, the State does not undertake due process certification as done by the Federal due process mechanism.

- The State takes disciplinary action to punish corrupt practices and offenders are prosecuted. There are no anti-corruptions laws passed by the House of Assembly.
- Service delivery by MDAs has not been monitored against SEEDS targets in the State, although some projects monitoring have been carried out. Also, regular financial monitoring of agencies against set targets has not been undertaken.
- Civil society organisations and the private sector were consulted in the development of SEEDS I and the media have been used to discuss performance and reforms with non-government stakeholders. However, data on public finance issues are not made easily accessible to the public and there is limited interaction between CSOs and the State Government on the budget process.

## **5.2 RECOMMENDATIONS**

Based on the findings of the review the following recommendations are made:

- AB-SEEDS II document should be developed to take into account the priorities of the new government in the State and set policies, target and strategies for the medium term from 2007 to 2010.
- The fiscal strategy document should be revised and up dated annually. Other processes required to enhance fiscal policy planning are documentation of MTSS and enactment of a fiscal responsibility law.
- There is need to improve budget planning to make them more reliable guides to actual public expenditure. MTEF should be adopted to facilitate linkage between resources allocation and SEEDS priorities strategies as well as multi-year forecasts or revenue and expenditure and efficient and transparent resource allocation. Budgets should be prepared and presented to the House of Assembly early to enable it to be passed before the year commences. The House of Assembly would need to evolve procedure for proper scrutiny of the Appropriation Bill.
- In order to identify and track poverty reducing expenditure the State need to adopt a new chart of accounts that allows such expenditure to be coded.
- IGR forecasts should be made more realistic based on actual collections. In addition, a framework and strategies should be developed and approved by government to boost IGR. The flow of funds from development agencies in the State should be coordinated and monitored to be in line with prevailing development priorities.
- Up to date data on payment arrears and debts should be maintained. In addition, a strategy for payment of arrears as well as borrowing and debt service policy should be developed to be included in the fiscal strategy document.

- A process of funds planning and reallocation is needed to ensure that votes for priority expenditure are released in line with approved plans. This should be monitored with the development and dissemination of funds disbursements and budget execution reports.
- State accounts should be prepared and presented to the Auditor-General by July 1 of the preceding year. The Auditor-General is also required to complete audit and submit the accounts to the Public Accounts Committee of the House of Assembly within 90 days of receipt. Furthermore the House of Assembly should scrutinise the audited accounts and issue reports of its finding for implementation by the Executive.
- There is need to computerise the payrolls of all MDAs and local governments as well as integrate and link them with human resource data. This will facilitate computerised audit trails to remove abuses. The public procurement mechanism should be made open, competitive and transparent. This can be improved with the introduction of due process certification. Effort directed and eliminating corruption should not be limited to disciplinary actions against offenders. The State Assembly should pass and improve anti-corruption laws and there should be codes of conduct for civil servants, legislators and other public officers.
- In order to improve transparency CSOs and non-governmental stakeholders should be involved in public finance management. Information on public finance should be made accessible to the public and Government should interact with CSOs in the budget process in terms of enabling CSOs to review make inputs into budgets and monitor budget execution.

## **APPENDIX 2**

### **REPORT OF WORKSHOP ON ABIA STATE PUBLIC FINANCE MANAGEMENT REVIEW HELD AT CHOICE WORLD HOTEL, UMUDIKE, UMUAHIA**

#### **INTRODUCTION**

As part of the process of reviewing Abia State public finance management framework, a workshop was organised by Public and Private Development Centre (PPDC) in collaboration with Abia State Planning Commission, State Bureau of Bureau of Budget and Action Aid International, Nigeria and attended by stakeholders in both the public and private sectors. The aim of the workshop was to re-evaluate the current public finance management systems in the State, determine reasons for the State's poor performances in previous benchmarking exercises and chart a course for reforms. The goals of reforms in public finance management through the Public Finance Analysis Programme (PFAP) of PPDC are to improve transparency and accountability as well as enhance human development and poverty reduction.

#### **OPENING**

The workshop was formally flagged off by Mr. Chibuzo Ekwewuo, Co-ordinator of PPDC. He welcomed participants and thanked them for their attendance and reiterated the aim of the workshop. He noted the wide representation of public institutions, private sector and CSO's in the workshop and encouraged participants to be open, constructive and fully participate in the discussions. His opening remarks were followed by an address by the Permanent Secretary, Abia State Planning Commission, who was represented by a Director. In the address the Commission thanked PPDC for organising the workshop and expressed its readiness to collaborate in the programme and ensure the achievement of its aims.

#### **PRESENTATIONS**

The first presentation on the report of a survey on Abia State Public Finance Management Framework as part of PFAP by PPDC was presented by Mr. Timothy Effiong, a consultant on the project. He stated that a total of 33 questionnaires were retrieved after the survey and twenty two (22) or 67% of the respondents were officials of Government ministries, departments and agencies (MDAs), while 3 or 9% were members of the State House of Assembly, 4 or 12% were officials of Local Governments and 4 or 12% were non-government actors representing civil society organisations (CSOs). He analysed tables of responses to several issues relating to 25 indicators covered in the survey.

In presenting the finding of the survey in relation to results of SEEDS benchmarking exercises, he indicated that the AB-SEEDS I document provides the policy framework for implementing medium term poverty reduction strategies. Priorities in the document are consistent with goals of NEEDS and MDGs. However, the State is yet to document medium term sectoral strategies based on AB-SEEDS which will make SEEDS to be operationalised by MDAs as well as facilitate costing of strategies and transparent allocation of available resources to link the goals of SEEDS to outputs and outcomes of identified projects and programmes in measurable terms.

A fiscal strategy document was developed in the State for 2006 but it was not discussed and approved by the State House of Assembly and was not widely published. The State is yet to commence the process of drafting its fiscal responsibility bill. Based on the high levels of variances between budgeted and actual expenditure, the State budgets are not reliable guides to actual public expenditure. In addition, there is a high level of extra-budgetary expenditure.

He further stated that there is no procedure for separately identifying and tracking poverty reducing expenditure in Abia State either by prior identification in the budget or by the use of special codes or a new chart of accounts or by a virtual fund. The State has not adopted the medium term expenditure framework (MTEF) composed of three-year aggregate fiscal forecasts and forward expenditure estimates on a rolling annual basis. Forecasts of internally generated revenue (IGR) are not realistic as actual collections are significantly lower than budgeted IGR. In addition, there is no framework and strategy for significantly boosting IGR approved by the State Government. The survey also showed that budget preparation and presentation to the State House of Assembly are not timely. However, the House of Assembly ensures scrutiny of the Appropriation Bill before passage into law as various committees serve as sub-committees of the Appropriation Committee. A Debt Management Unit has been established but manual or computerised debt records are not maintained and debt sustainability analysis is not undertaken.

Finally, the consultant noted that the results of the survey showed that votes in the State are not released by the Accountant-General in line with approved plans and funds disbursement and budget execution reports are not produced and disseminated. The State has a public procurement mechanism for evaluating contracts before they are awarded but due process assessment and certification are not undertaken. Service delivery by MDAs has not been monitored against SEEDS targets in the State, although some projects monitoring have been carried out. Also, regular financial monitoring of agencies against set targets has not been undertaken. Civil society organisations and the private sector were consulted in the development of SEEDS I and the media have been used to discuss performance and reforms with non-government stakeholders.

However, data on public finance issues are not made easily accessible to the public and there is limited interaction between CSOs and the State Government on the budget process. This was followed by a day long discussion on different aspects of the report, a process of validation; in the opinion of participants this report presented a fairly positive representation of the state of public finance management in Abia State.

The next day Mr. Chibuzo Ekwekwuo delivered a paper on Exploring Stakeholders Participation in Public Finance Management. He observed that transparency could be improved when CSOs and non-governmental stakeholders are involved in public finance management and information on public finance is made accessible to the public. Therefore, government should interact with CSOs in the budget process in terms of enabling CSOs to review, make inputs into budgets and monitor budget execution. Also, ministries may choose to consult key stakeholders in arriving at budget estimates and after passage in monitoring implementation. In this regard, interaction should be from articulation of budget, to presentation and passage and to implementation, monitoring and evaluation. He defined CSO or stakeholder participation as the process by which citizens/CSOs' or stakeholders' concerns, needs, values, and expectations are taken into consideration in the way government works. This depends on a continuous two-way communication between government and its citizens and leads to better government decisions that elicit both understanding and support of the people.

He explored in detail the constitutional and legal basis for public participation in public finance management, governance and development in general..

He stated that the constitution of Nigeria declares that sovereignty belongs to the people from whom government derives all its powers and authority and the participation of the people in their government shall be ensured in accordance with provisions of the constitution. He noted that benchmarks that can be used to ensure compliance with this constitutional provision include the following:

- Private sector, CSOs and citizens participation in discussion and articulation of SEEDS;
- Forum to consult over SEEDS;
- SEEDS publicised and marketed as a political commitment;
- Private sector, CSOs and citizens participation in articulating different sectoral budget proposals and the entire budget proposal;
- Forum for CSOs, private sector and citizen participation;
- Private sector, CSOs and citizens participation in executive approval of budget proposals;
- Private sector, CSOs and citizens participation in legislative consideration and passage of yearly budget;
- Forum to consult with the private sector, CSO and citizens;
- Private sector, CSOs and citizen participation in monitoring and evaluation of yearly budgets;
- Articulation, debate and publication of (quarterly) budget implementation reports.
- Private sector, CSOs and citizens participation in legislative consideration of implementation reports, state account audits, etc;
- Forum for stakeholders and CSO participation and consultation.

He articulated how all these issues can be used to ensure that the people participated in their government. In addition he discussed several ways of involving citizens to participate in governance. The 2<sup>nd</sup> arm of his presentation sought to elicit participants views on specific issues and initiatives, the session called for participants discussions and conclusions on reform approaches and initiatives that can improve public finance management in Abia .They include direct consultation in meetings, seminars, public hearings, either with civil society groups (NGOs, business leaders, traditional leaders, faith groups, etc.) or with the general public; Participants had opportunity to evaluate the levels of stakeholder involvement at different levels of policy formulation, and the budget process and to debate and agree on what is needed to be done. The third arm of his presentation explored tools and instruments for public consultation surveys and polls; citizens report card; hot or help lines; service standard charters; public involvement in budget monitoring; publications of budgets, accounts and other public finance information; etc and gave opportunity for participants to identify the use of these tools in Abia State,. The discussions indicated very low deployment of these tools and in some cases the participants did not have knowledge of the tools.

On the next day Mr. Effiong presented two papers, namely Best Practice in Public Finance Management and SEEDS Benchmarking as a Tool for Performance Improvement in Public Governance. In the first paper, he explained several initiatives involved in public finance management and described tasks and processes that can be undertaken to attain best practice in each of the initiatives. These covered the following initiatives:

- Development of SEEDS;
- Documentation of MTSS;
- Development of a fiscal strategy document;
- Enactment and implementation of a fiscal responsibility law;
- Setting budgets that are realistic guides to government expenditure;
- Identifying and tracking poverty reducing expenditure;
- Documentation of MTEF;
- Realistic forecasts of internally generated revenue (IGR);
- Implementation of timely budget process with fiscal discipline, including expenditure limits;
- Proper scrutiny of Appropriation Bill before passage into law;
- Co-ordination and maintenance of records of funds from development partners;
- Development and implementation of strategy to reduce payment arrears;
- Implementation of procedures for sustainable debt management;
- Timely release of budget allocations and budget execution reports;
- Scrutiny of audited accounts by State House of Assembly;
- Computerisation of payroll and embarking on measures to elimination of payroll fraud;
- Documentation and implementation of open, competitive and transparent procurement framework;
- Prevention, detection and punishment of corruption;
- Monitoring of service delivery against SEEDS targets as well as States agencies;
- Creating public access to information on contract awards, budgets, accounts, Auditor General's reports, Local Government finances and other public finance information;

- Involvement of CSOs and the public in budget planning and monitoring.

In the presentation on SEEDS Benchmarking as a Tool for Performance Improvement in Public Governance, he defined benchmarking as a performance measurement and management tool. It involves measuring performance of products or service delivery against predetermined standards (performance of the best) such as industry standards, standards of most successful or toughest competitor, regional standards or international best practices, etc. Processes which could be undertaken through benchmarking include peer review mechanism, comparing performance and sharing information, learning lessons, adopting best practices.

The presenter observed that SEEDS Benchmarking is a key component of the current economic reform process in Nigeria aimed at improving service delivery by States to citizens, encouraging fiscal prudence and due process in the delivery of services and supporting the process of institutionalising the principles of value for money in service delivery. In addition, benchmarking will provide a continuous opportunity to track changes, strengths and weaknesses in governance systems in States, in order to bring about improvements as well as stimulate effective communication, transparency and accountability in governance, etc.

He noted that there are four sets of benchmarks in the exercise as follows:

- Policy: to ensure that the State Government develops, publishes and implements a strategy that advances its policy targets
- Budget and fiscal management: to ensure responsible public finance management and a comprehensive and transparent budget process.
- Service delivery: to ensure that government strategies to improve service delivery both in terms of quality and reach, are developed and can be implemented.
- Communication and transparency: to ascertain that policies are planned and implemented in a transparent and accountable manner.

Other issues he discussed in the presentation were the process of SEEDS benchmarking, roles of all the parties involved in the process and code of conduct of the parties.

## **GROUP DISCUSSIONS**

At the end of the presentations, participants were made to form two groups for syndicate discussions. They analysed all the presentations and held discussions that centred on Initiatives for Improving Abia State Public Finance Management System. The group discussions identified some challenges that contribute to the poor performance of Abia State public finance management system. These are:

- Lack of capacity by staff to effectively implement public finance management initiatives;
- Lack of political will by government to undertake fundamental reforms;
- Employment and deployment of unqualified and unskilled staff in critical departments and agencies involved in public finance management, sometimes over qualified staff e.g. budgeting, accounting and auditing departments;



- Lack of concrete actions against corrupt officers in the service.
- Significant participation of consultants and task forces in revenue collection.
- Revenue Leakages and shortages
- Undue political interference and low level of professionalism in the activities of Ministries, departments and agencies (MDAs);
- Inadequate and irregular capacity building for staff and interference in staff schedules;
- Poor budget implementation and release of votes;
- Improper procurement practices with little or no reference to schedule officers involved in the management of projects and programmes.
- Ineffective implementation of anti-corruption measures; and inaction of public accounts committee of the legislature.
- Operation of out dated budget guidelines and procedures and financial regulations;
- Lack of awareness and ignorance of CSOs and other stakeholders on public participation in public finance management; etc.
- Absence of modern public finance management laws like the fiscal responsibility and procurement laws.
- Absence if CSO monitoring of service delivery in the state, and lack of access, and encouragement for such monitoring by the state apparatus

The following were suggested as measures to tackle these challenges in the group discussions:

- Sensitisation of political office holders to ensure their buy-in on the need to significantly improve participatory public finance management practices in the State.
- Sensitization of political office holders to ensure buy inn on the need for merit, competence and service delivery needs as rational basis for employment and deployment of staff in the state public service.
- Building of the capacity of various level of staff through training, re-training and study tours on current public finance management initiatives such as realistic and disciplined budgeting, fiscal strategy document and realistic revenue planning, MTSS, MTEF, code of accounts and expenditure tracking, sustainable debt management, monitoring of development plans targets, transparent public procurement, transparent IGR management etc.
- Abolish use of consultants and task forces in collection of Revenue in the State.
- Restoration of use of relevant revenue collection receipts and books by only competent public servants in the collection of public revenue in the state
- Building of the capacity of members of the State House of Assembly on reforms in public finance management.
- Use of skilled consultants to introduce the implementation of critical public finance management initiatives in the State.
- Deployment of personnel in the civil service to their areas of competence and based on service delivery needs.
- Computerization of payroll
- Strengthening of public accounts committee of the legislature and improved monitoring of public accounts by the legislature
- Enactment and implementation of laws on reforms in public finance management such as the Fiscal Responsibility Law, Public Procurement Law, etc.

- Efficient planning, allocation and periodic release of funds based on plans for implementation of projects and programmes in budgets.
- Enforcement of financial and public procurement regulations and laws.
- Advocacy and sensitisation of civil society and the private sector on their involvement in governance.
- Increased private sector, civil society and community participation in policy articulation, budget preparation, passage by legislature, monitoring and evaluation of implementation and consideration of statutory reports by the legislature.
- Include NGO's as members of state budget committee

A representative of each group made a presentation summarising the discussions in their group.

Staff of PPDC and selected members of the state steering committee of the PFA programme then consulted with specific public officers to validate recommendations arising during discussions

## **CLOSING**

At the end of all deliberations the representatives of the two groups presented votes of thanks in which they expressed gratitude to PPDC, the Newly created Bureau of Budget ,State Planning Commission and Action Aid International, Nigeria for the workshop. The workshop was formally closed by the Co-ordinator of PPDC.

## **A COMMUNIQUE ISSUED AT THE END OF THE A WORKSHOP ON REVIEW OF ABIA STATE PUBLIC FINANCE MANAGEMENT FRAMEWORK HELD AT CHOICE WORLD HOTEL, UMUDIKE, UMUAHIA 2007.**

**Participants were drawn from the the eighth MDG ministries. Accountant Generals office. Office of the Auditor General, Local Government Service Commission, State Bureau of Budget, CSO's CBO's organized private Sector, Professional and Religious Groups**

Participants appreciate the Co-ordinator, directors and staff of the PPDC and AAIN for this thought provoking workshop and make the following recommendations.

1. The Abia State Government is called upon to train and re-train its officers and staff for efficient public finance management and service delivery.
2. That government henceforth ensures that it only employs and deploys staff to needed areas only on the basis of competence and service delivery needs and no more.
3. That intensive Advocacy, Sensitization and Capacity building programs be organized for existing political office holders and be institutionalized as an

- induction program for political office holders at the beginning of every administration in the state.
4. Government is encouraged to fast track the process of articulation and passage of necessary laws on Fiscal Responsibility and Public Procurement.
  5. Government is called upon to abolish the use of consultants and task forces in revenue collection in the state, since this has not produced any improvements in IGR.
  6. Government is called upon to restore the use of relevant government revenue collection receipts/books by only competent public servants.
  7. Government is advised that to control payroll fraud the manual system must give way for computerization of the entire payroll system.
  8. The public accounts committee of the state house of Assembly needs to be strengthened
  9. Government is encouraged to ensure that henceforth that all procurement follow due process.
  10. To improve stakeholder participation, transparency and make the process more open Government is encouraged to include some NGO's in the State budget Committee.
  11. That government should adequately fund the the newly created Bureau of budget to conduct these kinds of intervention on a continuous basis working in partnership with NGO's.
  12. Finally that government must endeavor to improve the implementation of state budgets

### APPENDIX 3

#### REPORT OF WORKSHOP ON ABIA STATE PUBLIC FINANCE MANAGEMENT REVIEW HELD AT CHOICE WORLD HOTEL, UMUDIKE, UMUAHIA 2007

#### SUMMARY OF WORKSHOP EVALUATION

##### Module Evaluation

1. Which session do you consider most relevant to your work?

S/No	Issue	Occurrence
1.	Report of Survey on Abia PFM Management Review	4
2.	Exploring Stakeholders Participation in PF Management	6
3.	Best Practice in PF Management	5
4.	SEEDS Benchmarking as Tool for Performance Improvement	1
5.	Initiative for Improving Abia PFM System	
6.	All	8

2. Which session do you consider least useful to your work?

S/No	Issue	Occurrence
1.	Report of Survey on Abia PFM Management Review	1
2.	Exploring Stakeholders Participation in PF Management	2
3.	Best Practice in PF Management	
4.	SEEDS Benchmarking as Tool for Performance Improvement	2
5.	Initiative for Improving Abia PFM System	
6.	None	11

##### The Proceedings

S/No	Issue	Rating					Total
		0	1	2	3	4	

1.	How would you rate the level of participation in the workshop?	0	0	3	18	8	29
2.	How would rate the outcome of the workshop?	0	0	2	21	6	29
3.	How would you rate the level of facilitation/facilitators?	0	0	2	10	17	29
4.	How would you rate the resources supplied in the workshop?	0	0	3	29	6	29

**Assessment:** Excellent - 4; Very Good - 3; Good - 2; Poor - 1; No Remark - 0

5. Has your participation in the PFM Review Workshop built specific skills in public finance management which you hitherto never existed?

YES 26 NO 0

6. How would you rate the PFM Review Workshop in contributing to civil society engagement in the public finance and budget process in Abia State?

Excellent 4 Very Good 20 Good 2 Poor 0

### Outcomes and Outputs

1. Which major shift (if any) do you think the PFM Review Workshop will bring to your work?

S/No	Issue	Occurrence
1.	Improvement in future benchmarking exercise and budget process.	2
2.	Ability to improve Abia State public finance management.	3
3.	Better understanding of functional responsibilities.	2
4.	Improved performance on planning and development issues.	6
5.	Involvement of stakeholders in the budget process.	7
6.	Need for accountability and transparency.	1
7.	Awareness on timely production of annual accounts.	1
8.	Preparation of realistic budgets as guide to government expenditure	2

2. Has the PFM review Workshop strengthened your capacity to work effectively?

YES 24 NO 3

3. Has the PFM Review Workshop strengthened or introduced you to any new areas for possible improvement?

YES 25 NO 1

### General Assessment

1. What activities would you suggest as a follow up to this training?  
For your organisation?

S/No	Issue	Occurrence
1.	Discuss with the Governor and organise workshop for Executive Council and other top office holders	3
2.	Organise workshop for other cadre of staff.	12
3.	Implementation of workshop recommendations.	4
4.	Initiate development of fiscal strategy document and fiscal responsibility bill.	1
5.	Workshop is recommended for all Local Government staff.	1

For Public Finance Analysis Programme and Action Aid International, Nigeria?

S/No	Issue	Occurrence
1.	Embark on further capacity building for public servants.	7
2.	Organisation of more collaborative programmes.	2
3.	Publicise outcome or output of workshop.	1
4.	Formalise relationship with the State government.	1
5.	I sincerely thank them.	3

2. What special needs have the PFM Review Workshop addressed to you?

S/No	Issue	Occurrence
1.	Planning of internally generated revenue.	1
2.	Highlighted the need for CSOs to be involved in public finance management.	3
3.	Sharpened focus on the budget process.	6
4.	Addressed details on the benchmarking process and public finance management.	2
5.	Need for timely preparation of accounts and capacity building for accounting staff.	1

### Assessment of Services

1. Please rate the quality of service provided during the workshop.

a. Competence of Resource Persons:

Excellent 13 Very Good 13 Good 2 Fair 0 Poor 0

b. Lunch and tea breaks:

Excellent 3 Good 19 Satisfactory 6 Fair 0 Poor 0

c. Prompt attention to request/questions:

Excellent 12 Good 12 Satisfactory 1 Fair 0 Poor 0

2. What has been the most remarkable experience you had in the PFM Review Workshop?

<b>S/No</b>	<b>Issue</b>	<b>Occurrence</b>
1.	This type of workshop should be repeated to entire service.	5
2.	Awareness that Abia State is behind other States in terms performance in development.	1
3.	Better understanding of the budget process.	1
4.	Exposed participants to areas of poor performance.	1
5.	Awareness on benchmarking in the State	1

## **QUESTIONNAIRE ON SURVEY OF ABIA STATE PUBLIC FINANCE MANAGEMENT REVIEW**

### **Introduction**

This questionnaire is intended to be used to review the public financial management system of Abia State. The questionnaire will be applied to conduct a brief survey whose outcome would serve as a guide for the reform of Abia State public financial analysis framework. There are 25 indicators in the questionnaire categorised into five parts as follows:

- Part 1: Strategic and Policy Process
- Part 2: Fiscal Management
- Part 3: Accounting and Transparency
- Part 4: Performance Monitoring
- Part 5: Stakeholders Participation

Background documents used in compiling the issues in the questionnaire include the following:

- Abia State 2005 and 2006 benchmarking results;
- Federal PFM framework;
- NEEDS 1 and 2 documents;
- Federal MTEF;
- Annual Millennium Development target reports;
- Abia State SEEDS;
- State Fiscal Strategy Paper;
- Federal Fiscal Responsibility Framework;
- Federal Procurement Framework; and
- Indicators of 2005 and 2006 SEEDS benchmarking template.



## How to USE THE Questionnaire

In each indicator, users of the questionnaire are expected to tick the box on the right against the issue that best describes the current situation in the State.

### PART 1: STRATEGIC AND FISCAL POLICY PROCESS

1. The State Government has developed its SEEDS policy framework and it is consistent with NEEDS and the Millennium Development Goals (MDGs), with measurable indicators for assessing performance.

#### Background

The SEEDS document provides the policy framework for setting out clear and comprehensive medium term poverty reduction priorities with goals, targets and strategies for achieving them. This policy statement forms the foundation of public finance management by indicating guides on priority activities and projects to be budgeted for and executed.

Issues	Tick
The State is yet to fully develop its SEEDS document.	
Priorities of SEEDS are consistent with goals of NEEDS and MDGs.	
SEEDS sets clear policy goals and priorities based on local situation analysis.	
Each target is linked to a policy and the target is specific, measurable, achievable, realistic and time bound.	
Each strategy is linked to a target and it identifies specific activity to achieve the target.	
SEEDS implementation has brought about economic reforms and human development in some sectors in the State.	

2. The State Government has developed medium term sectoral strategies (MTSS) to provide a linkage between the development plan (SEEDS) and budgets, within the limits of available resources.

#### Background

The MTSS is the framework for making a development plan such as SEEDS operational. This is achieved by breaking down the plan into medium term priority projects and programmes of each sector, for available resources to be channeled in an efficient and transparent manner to fund them.

Issues	Tick
The State has not documented its MTSS.	
Medium term sectoral strategies based on SEEDS priorities have been documented in some sectors.	
Sector strategy teams have reviewed past budget performances and policies in SEEDS and have identified and documented priority projects and programmes of all sectors.	
Identified sectoral projects and programmes have been costed and expenditure estimates prepared, within expenditure limits of each sector.	
The outputs and outcomes of projects and programmes have been identified in measurable terms.	
The linkage between goals of SEEDS and outcomes are clearly established.	

- The State Government has developed an over all fiscal strategy document in the medium term.

#### Background

A fiscal strategy paper contains the overall fiscal policy of government, including the revenue and expenditure framework, over the medium term. It is an important component of the overall macro-economic framework and provides the basis of public financial management.

Issues	Tick
The State has not prepared a fiscal strategy document.	
A fiscal strategy document has been prepared by the State.	
The fiscal strategy document contains commitment to oil price-based fiscal rule, revenue and expenditure forecasts, expenditure priorities and ceilings, tax policies, borrowing and debt service policies, etc.	
The State Executive Council and House of Assembly have formally approved the document.	
The fiscal strategy document has been widely published.	
The adoption of the fiscal strategy document has resulted in fiscal discipline and predictability of government finances.	

- The State Government has a Fiscal Responsibility Law to promote fiscal discipline, accountability and transparency.

#### Background

The Fiscal Responsibility Law facilitates prudent management of resources and ensures long-term macroeconomic stability as well as greater accountability and transparency in fiscal operations. A Fiscal Responsibility Bill is currently before the National Assembly.

When it is passed into law, State Governments will be expected to pass their own version of the law.

<b>Issues</b>	<b>Tick</b>
There is no process to draft a Fiscal Responsibility Law.	
The process of drafting a Fiscal Responsibility Law has commenced.	
The drafting of a Fiscal Responsibility Law has been completed and would be finalised with inputs from stakeholders.	
A Fiscal Responsibility Law has been enacted into law.	
The Fiscal Responsibility Law is being implemented. (Evidence: setting up of governing board).	
The implementation of the law has resulted in budget solvency.	

## **PART 2: FISCAL MANAGEMENT**

- Budgets prepared by the State Government are reliable guides to actual public expenditure.

### **Background**

The budget is a tool for financial planning. The variance between total budgeted and actual expenditure is an indicator of whether the budget is an effective tool of fiscal discipline. If actual budget out-turns significantly exceed or are lower than the budget, then the budget was never a realistic guide to government expenditure.

<b>Issues</b>	<b>Tick</b>
Extra-budgetary expenditure in 2005 was more than 10%.	
The level of extra-budgetary expenditure in 2005 was less than 10%.	
All government expenditure was included in the 2005 budget.	
The average variance between budgeted and actual expenditure of five priority ministries ( Health, Education, Agriculture/Rural Dev., Works and Women Affairs) in the last three years were not more than 10% in at least two years.	
Variances between overall budgeted and actual expenditure within the last three years were not more than 2% in at least two years and in the one year the variance exceeded that, it was less than 5% of total budgeted expenditure.	
The State budgets ensure overall fiscal control and government expenditure is predictable.	

- The current year budget demonstrates a clear link between resource allocations and policy priorities in SEEDS.

## Background

State policies and priorities should inform resource allocations reflected in annual budgets. Therefore, allocations in the budget indicate whether there is linkage in the policy and planning systems to enable government address sectoral priorities strategically.

Issues	Tick
There is no linkage between resource allocation in the budget and policy priorities in SEEDS.	
Procedures in the budget process ensure that resources are allocation to policy priorities in SEEDS.	
The current year budget demonstrates that additional revenue has been allocated to strategies within the priorities of SEEDS	
Less than 50% of current year capital expenditure is related to SEEDS priorities.	
At least 50% of current year capital expenditure is related to SEEDS priorities.	
At least 70% of current year capital expenditure is related to SEEDS priorities.	

7. Poverty reducing expenditure has been separately identified and tracked in the budget.

## Background

Identifying and tracking poverty-reducing expenditure is an important tool for monitoring the implementation of poverty reduction strategies through the budget. It enables the State Government to measure how much it has spent on poverty reduction, and on the priorities set out in its medium term strategy plan such as SEEDS.

Issues	Tick
There is no procedure for separately identifying and tracking poverty reducing expenditure.	
Resource allocation for poverty reducing expenditure is made in the budget through a separate State owned institution or agency.	
Poverty reducing expenditure is identified and tracked by prior identification of those items in the budget and by reporting on them (without the addition of a special code to the classification of expenditure).	
Poverty reducing expenditure is identified and tracked through the existing budgetary classification system by adding a special code.	
Poverty reducing expenditure are identified and tracked through a revised Chart of Accounts by increasing the number of digits of accounts codes.	
Poverty reducing expenditure is identified and tracked by the use of a virtual fund code. E.g. the Overview of Public Expenditure in NEEDS (OPEN) used in the MDG Office.	

8. The State Government produces a medium term expenditure framework (MTEF) and costs capital and recurrent implications of SEEDS strategies over a three-year horizon.

### Background

MTEF is an annual rolling three-year expenditure planning and budgeting process which provides estimates on a perspective basis for the budget year and the following two years. Features of MTEF are a 3-year horizon of aggregate revenue forecasts, expenditure estimates of spending agencies, spending limits and MTSS. It consolidates and fine tunes expenditure estimates from the MTSS process to facilitate monitoring of implementation.

Issues	Tick
The State has not produced a medium term expenditure framework.	
Capital and recurrent implications of all strategies are costed for the current year in the annual budget.	
Capital projects are costed for two or more years and recurrent cost implications are costed for the current year.	
MTEF is adopted and three-year aggregate fiscal forecasts and forward expenditure estimates are prepared on a rolling annual basis.	
The MTEF aggregates medium term budget estimates of spending agencies based on strategic priorities and hard budget constraints consistent with over all fiscal objectives.	
The MTEF is updated annually.	

9. The State Government set realistic forecasts of internally generated revenue (IGR) based on historical collection patterns and has a strategy for increasing IGR.

### Background

Realistic forecasting of revenue is a critical factor for ensuring budget performance since allocations in budgets are based on projected revenue. When budgets include projected revenue that can not be realised some strategies are not usually funded. Also, one of the objectives of the reforms in SEEDS is to enable State Governments to raise the level IGR and reduce budget deficits.

Issues	Tick
There is no framework for realistic forecasting of IGR	
The State has documented a framework and strategy for realistic forecasting of IGR and to enhance IGR collection.	
The IGR framework and strategy has been approved by the State Executive Council and reflected in the fiscal strategy document.	
The current year IGR budget is either equal to or lower than actual collection of last year, or if it is higher than last year's actual collection documented strategies or year-to-date actual IGR collection justify the IGR budget.	
In last three years actual IGR was at least 95% of budgeted IGR in 2 or more years.	
Concrete actions have been taken to implement the IGR strategy and there are visible increases in IGR over time.	

10. The State budget process is timely and ensures fiscal discipline.

### Background

Delays in passing budgets create fiscal uncertainties. It is important for the State to establish a budget preparation process that is timely and engenders adherence to budget discipline by spending agencies. It is good practice to pass the budget before the beginning of the financial year.

<b>Issues</b>	<b>Tick</b>
A budget process with time lines and budget ceilings has not been established.	
Budget guidelines are issued on a timely basis and provide a clear set of rules for the budget process.	
Budget ceilings covering recurrent and capital components are stated in the guidelines.	
The call circular (guidelines) goes out after August 1 of the prior year and draft budget presented to the State House of Assembly after November 1.	
The call circular goes out after July 1 of the prior year and draft budget presented to the State House of Assembly by November 1.	
The call circular goes out after by July 1 of the prior year prior and draft budget presented to the State House of Assembly by October 1.	

11. There is proper scrutiny of the Appropriation Bill before it is passed into law.

### **Background**

The power to give the Government authority to make expenditure rests with the State House of Assembly, and is exercised through the passing of the annual Appropriation Bill. If the House of Assembly does not rigorously examine and debate the law, that power is not being effectively exercised and this will undermine democratic accountability.

<b>Issues</b>	<b>Tick</b>
The House of Assembly has not established any procedure to properly scrutinise the Appropriation Bill before it is passed into law.	
A considerable period of time is taken by the House of Assembly to examine the bill before it is passed into law.	
Expenditure that can not be justified is removed from the draft budget before it is passed.	
The House of Assembly has well-established procedures, takes adequate time and the scrutiny involves specialised committees.	
Various committees of the House of Assembly serve as sub-committees of the Appropriation Committee in scrutinising the bill and items in the budget are challenged on grounds of value for money.	
In addition to committees serving as sub-committees of the Appropriation Committee, the House of Assembly reviews the fiscal strategy and other medium term fiscal framework prior to scrutinising the bill.	

12. There are records of all funds from development partners coming into the State.

### Background

Funds from development agencies constitute a significant proportion of resources spent in States. Such assistance thus impact positively in the development process. Coordination problems often occur in maintaining consistency between activities of development agencies and government priorities as well as in keeping track of how much development partners have spent or whether the State obtained value for the money.

Issues	Tick
Funding from development agencies are not recorded or coordinated.	
Development partners' funded projects reflect policy and programme priorities of SEEDS.	
The State has records of funds from some development partners.	
The State has records of funds from all development partners.	
Development partners' assistance is coordinated to meet the priorities of the State.	
Development partners' assistance is coordinated in conjunction with the National Planning Commission.	

13. The State has a strategy to monitor and reduce payment arrears.

### Background

Arrears are made up of unpaid salaries and pensions as well as payments due to contractors. High levels of arrears indicate inadequate planning and under-budgeting for these items.

Issues	Tick
There is no strategy to monitor and reduce payment arrears	
Up to date data have been compiled on payment arrears.	
The State has a strategy to reduce levels of arrears.	
The strategy to reduce payment arrears is reflected in the fiscal strategy document.	
Resources are allocated in the current year budget for the payment of outstanding arrears.	
The State has no expenditure arrears.	

14. The State has a robust procedure for the management of debt and guarantees.

### Background

Debts are composed of outstanding external and internal loans. There may be some situations when it makes sense to use loans to finance public investments. However, a growing debt burden creates fiscal risks since it results in high levels of debt service costs and threatens economic growth and stability.

Issues	Tick
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There is no procedure for the management of the State's debt.	
An institutional framework has been created for debt management through the setting up of a Debt Management Unit.	
Manual or computerised spreadsheets of debt stock, debt service and debt reports are compiled regularly.	
A Committee of the House of Assembly provides oversight on the State's debt and a law on debt management has been passed.	
The policy on borrowing and debt service is documented in the fiscal strategy document and only loans covered by the policy are taken.	
Debt sustainability analysis is undertaken by the Debt Management Unit	

15. Budget allocations are released on schedule and there is timely and accurate reporting and dissemination of in-year budget implementation.

**Background**

Timely release of budget allocations to meet the operational requirements of spending agencies ensures efficient utilisation of resources. Poor predictability of fund releases prevents spending agencies from planning effectively and distorts budget implementation.

<b>Issues</b>	<b>Tick</b>
Votes are not released by the Accountant General in line with approved plans and budget implementation reports are not disseminated.	
There are monthly and mid-term reports indicating funds disbursed to spending agencies for approved projects and programmes in SEEDS.	
Budget implementation reports are disseminated within six weeks of the end of month or quarter.	
Budget implementation reports are disseminated within four weeks of the end of month or quarter.	
There is a process for funds planning and reallocation of releases to accommodate priority expenditure, in cases of shortage of funds.	
There are sanctions that are enforced for overspending and poor project performance.	



**PART 3: ACCOUNTING AND TRANSPARENCY**

16. Accounts of the State Government are prepared on time and audited according to statutory requirements.

**Background**

Preparation of end-of-year financial statements is an important element of transparency in the public financial management system. The ability to prepare timely year-end financial statements is a key indicator of how well the accounting system is operating, and the quality of records maintained. Also, the accounts need to be validated through certification of the financial statements by the Auditor General within the statutory stipulated period.

<b>Issues</b>	<b>Tick</b>
Accounts of the State Government have not been prepared.	
The State Accounts for the last two years have been prepared but were not presented to the Auditor General before July 1 of the following year.	
State Accounts for the last two years have been audited but were not submitted to the State House of Assembly within 90 days of receipt by the Auditor General.	
State Accounts for the last two years have been prepared and presented to the Auditor General before July 1 of the following year.	
State Accounts for the last two years have been audited and submitted to the State House of Assembly within 90 days of receipt by the Auditor General.	
The State has an IT-based financial management system integrated to link all ministries, department and agencies and variance analysis of approved and actual budget expenditure are carried out in the system.	

17. Audited accounts have been scrutinised by the House of Assembly and audit recommendations have been acted upon.

### Background

The process of scrutinising audited accounts by the State House of Assembly is a key element in democratic accountability. In most cases, the House of Assembly may recommend actions and sanctions to be acted upon by the Executive based on the report of the Auditor General.

Issues	Tick
There is no scrutiny of audited accounts by the State House of Assembly	
The State House of Assembly has a Public Accounts Committee (PAC) which is involved in scrutinising audited accounts from the Auditor General.	
In the process of scrutinising the audited accounts the PAC asked questions about items in the Auditor General's Report.	
Ministries, departments and agencies have provided responses to questions asked by PAC on the report.	
The report of scrutiny by the House of Assembly has been disseminated.	
Recommendations of the House of assembly on the Auditor General's Report have been acted upon by the Executive.	

18. Actions have been taken to eliminate payroll fraud including computerisation of the payroll.

### Background

The wage bill is usually one of the biggest items of government expenditure and it is susceptible to weak control and corruption. The payroll is based on the nominal roll, which is a list of all staff and can be verified against the approved establishment list. The link between the payroll and the nominal roll is a key control. Amendments in the nominal roll should result in an audit trail and payroll audits should be undertaken regularly.

Issues	Tick
No action has been taken to eliminate payroll fraud.	
There has been at least one spot-check on the payroll in the last two years resulting in the elimination of some 'ghost' workers.	
The payroll has not been computerised but there are regular cross-checks between payrolls and HR records, and there have been spot-checks on the payroll within the last three years that have identified and removed cases of fraud from the payroll.	
The payroll has been computerised but it does not cover all of the staff employed by the State and there is no integrated payroll/HR system.	
Payroll and human resources records are linked by an integrated data base covering all staff on the State payroll. The data base uses biometric data to identify staff, access to the data is limited and all changes result in a computerised audit trail.	
Payroll and human resources records are linked by an integrated data base	

with audit trails covering all staff on the State and Local Government payrolls.	
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19. The State operates an open, competitive and transparent procurement system.

**Background**

Procurement is a major component of the public financial management system, which directly impacts efficiency and economy of expenditures and also contributes to the budget formulation and expenditure management process. Government is required to put in place a procurement system that promotes competition, transparency and value for money.

Issues	Tick
The State has no competitive and transparent procurement procedures	
The State has documented clear guidelines for procurement which has been approved by the Executive Council.	
Tender documents are disclosed to bidders in national newspapers.	
Respondents to tenders are short listed and evaluated in the State.	
Minutes of Tender Board meetings document evaluations of tenders and decisions taken.	
There is due process certification similar to the Federal due process mechanism.	

20. The State has taken actions to prevent, detect and punish corrupt practices.

**Background**

Corruption has become the bane of the public service in Nigeria. In order to ensure transparency in public financial management, Government is expected to implement measures to mitigate corruption and conflicts of interest in the public service.

Issues	Tick
The State has not taken concrete action to reduce corrupt practices.	
Disciplinary action has been taken to punish corrupt practices.	
The State publishes reports of identified corrupt acts and corrective actions taken.	
Offenders of corrupt practices have been prosecuted.	
There are Acts passed by the State Assembly on the prevention, detection and punishment of corruption	
The State has Codes of Conduct for civil servants, legislators and other public officers.	

#### **PART 4: PERFORMANCE MONITORING**

21. The State monitors service provision by ministries, departments and agencies against policy targets of SEEDS.

##### **Background**

In order to ensure that service delivery is improved, planners in ministries and departments need to monitor progress against specific policy targets of SEEDS, such as MDGs. This will enable efforts to be directed at attaining set targets.

<b>Issues</b>	<b>Tick</b>
There is no monitoring of service delivery against policy targets of SEEDS.	
Service has been monitored against targets for less than 2 years.	
Service has been monitored for 2 years or more years.	
Baseline data which informs the monitoring of service delivery against policy targets is disaggregated by gender.	
Performance information is collected and analysed against policy targets/goals and the data is published.	
Data on performance informs future strategic goals, policy making and implementation.	

22. The State undertakes regular financial monitoring of agencies.

##### **Background**

In addition to the regular audit of accounts it is necessary for the State Government to monitor the performance of agencies. Targets should be set and adhered to, and performance against these targets should be open to public scrutiny.

<b>Issues</b>	<b>Tick</b>
No procedure exists for regular financial monitoring of government agencies.	
Performance targets of agencies are developed and approved by Government.	
Performances of agencies against set targets are monitored on quarterly and annual basis.	
Accounts of agencies are audited and reports submitted on time.	
Financial and performance audit reports of agencies are published regularly on a timely basis.	
The monitoring of government agencies ensure that they effectively contribute to the achievement of the goals of SEEDS.	

## **PART 5: STAKEHOLDERS PARTICIPATION**

23. The State involves non-government stakeholders in the development of strategic and fiscal policies.

### **Background**

It is necessary for the State Government to increase the opportunity for involvement and participation of citizens in the strategic planning and fiscal policy process. Specific mechanisms for involving citizens in this process are outlined in the draft Fiscal Responsibility Bill.

<b>Issues</b>	<b>Tick</b>
There is no mechanism for involving citizens in the strategic and fiscal policy process.	
NGOs and CSOs were consulted in the development of SEEDS and their inputs were taken in drafting the document.	
Non-government stakeholders such as legislators, civil society and NGOs, and the organised private sector are involved in sector teams for developing MTSS in the State.	
The preparation process of the fiscal strategy document included citizen input and final the document underwent public discussion and scrutiny.	
There is public discussion and interaction with civil society on the draft Fiscal Responsibility Law.	
CSOs are involved in the monitoring of service delivery against SEEDS targets by ministries and department.	

24. Information on public financial management are published and made accessible to the public and feed back from NGOs, the private sector and civil society indicate that this information can be obtained.

### Background

Transparency in public financial management can be significantly improved when key fiscal information and external audit reports are published in a timely manner, can be accessed by the public, and it is in a clear, readable format.

Issues	Tick
Information on fiscal management is not published.	
The media is used for stakeholders to discuss performance, reforms and service delivery.	
Contract awards of N10 million and above are published for citizens to be aware.	
The public has access to information on funds released to Local Government as well as the use of funds deducted from LGAs through the Joint Allocation Committee.	
State accounts, audited reports, findings of the Auditor General and other fiscal information are published and made accessible to the public.	
Feed back from NGOs, the private sector and CSOs indicate that information on public finance management can be obtained in the State.	

25. The State regularly communicates its budget priorities and plans and CSOs participate in budget planning and monitor execution.

### Background

CSOs play a critical role in representing views of civil society in general and specific interest groups. They also provide a check on the performance of government. By analysing budgets and monitoring their execution, CSOs can exposure ineffective performance and make government officials to be accountable.

Issues	Tick
There is no interaction between CSOs and the State Government on the budget process.	
Meetings and hearings have been organised in which both the State Government and citizens discussed the budget.	
CSOs receive and review draft budgets during the preparation phase.	
CSOs analyse draft budgets and make proposals for addition or amendments.	
Final budgets incorporate ideas and activities put forward by civil society.	
CSOs actively monitor and report on budget execution.	