
**MAPPING & SCOPING SURVEY OF
ANTI-CORRUPTION AND GOVERNANCE MEASURES
IN PUBLIC FINANCE MANAGEMENT (PFM)
IN AKWA IBOM STATE**

Mapping & Scoping Survey of Anti-Corruption and Governance Measures in Public Finance Management (PFM) in Akwa Ibom State

**Technical Unit On Governance And Anti-corruption Reforms
(TUGAR)**

July 2016

"This Report is made possible with the support of the United Nations Development Programme (UNDP). However, the contents of the Report, and the opinions expressed therein, belong to the authors and do not necessarily reflect the views of the UNDP or those of the UN and any of its agencies." - UNDP

ACRONYMS AND MEANING

AU	African Union
AUCPCC	African Union Convention on Preventing and Combating Corruption
BTAN	Budget Transparency and Accountability Network
CBOs	Community Based Organisations
COAs	National Chart of Accounts
CRFs	Constitutional Revenue Funds
CSOs	Civil Society Organisations
CSRs	Civil Service Rules
DVBs	Departmental Vote Books
ECOWAS	Economic Community of West African States
F/A	Finance/Appropriation
FA	Federation Account
FAAC	Federation Account Allocation Committee
FBL	Fiscal Responsibility Law
FBOs	Faith-Based Organisations
FG	Federal Government
FGPC	Finance & General Purpose Committee
FR	Financial Regulations
FRC	Financial Reporting Council
GPFS	General Purpose Financial Statements
IBP	International Budget Partnership
IFAC	International Federation of Accountants
IGR	Internally Generated Revenue
IPSAS	International Public Sector Accounting Standards
LGA	Local Government Area
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
NEITI	Nigeria Extractive Industries Transparency Initiative
TUGAR	Technical Unit on Governance and Anti-Corruption Reforms
UNCAC	United Nations Convention Against Corruption
UNCITRAL	United Nations Commission on International Trade Law
UNDP	United Nations Development Programme
VAT	Value-Added Tax

NGOs	Non-Governmental Organisations
NSPMC	Nigerian Security Printing and Minting Company
OAGF	Office of the Accountant General of the Federation
PAC	Public Accounts Committee
PFM	Public Finance Management
PPL	Public Procurement Law
PSRs	Public Service Rules
RDPT	Resident Due process Team
SCOs	Socio-Cultural Organizations
SHoA	State House of Assembly
SSG	Secretary to the State Government

TABLE OF CONTENTS

LIST OF ACRONYMS	II
SYNOPSIS	VI
CHAPTER 1: INTRODUCTION	1
1.1 BACKGROUND	1
1.2 GOALS AND OBJECTIVES OF THE STUDY	2
1.3 STRUCTURE OF THE REPORT	2
CHAPTER 2: METHODOLOGY.....	3
2.1 RESEARCH DESIGN	3
2.1.1 Research/Survey Tools and Methods	3
2.1.2 Stakeholders' Workshop	4
2.1.3 Analysis and Report Writing	4
2.1.4 Population and Sample	4
2.1.5 Description of Data Used.....	4
2.1.6 Method of Data Collection.....	5
CHAPTER 3: ANTI-CORRUPTION INITIATIVES IN PUBLIC PROCUREMENT.....	6
3.1 INTRODUCTION	6
3.2 INTERNATIONAL CONVENTIONS AND PROTOCOLS REQUIREMENTS.....	6
3.3 EXISTENCE OF PROCUREMENT LEGISLATION AND REGULATORY FRAMEWORK AND INSTITUTIONS.....	7
3.4 ADVANCE ESTABLISHMENT OF QUALIFICATION/SELECTION AND AWARD CRITERIA.....	8
3.5 DISTRIBUTION OF PROCUREMENT PROCESS AND CONTRACTS INFORMATION.....	9
3.6 OBJECTIVITY OF PUBLIC PROCUREMENT DECISIONS.....	9
3.7 PROCUREMENT REVIEWS AND APPEALS PROCESS	10
3.8 CODE OF CONDUCT FOR PROCUREMENT PERSONNEL.....	10
3.9 CITIZENS MONITORING OF PROCUREMENT PROCESS AND IMPLEMENTATION	11
CHAPTER 4: ANTI-CORRUPTION INITIATIVES IN MANAGEMENT OF PUBLIC FINANCES.....	13
4.1 INTRODUCTION	13
4.2 PROCEDURES FOR THE ADOPTION OF THE BUDGET	13
4.2.1 Revenue Sources of State Governments.....	13
4.2.2 Existing Legislative Measures for Budget Planning and Articulation.....	14
4.2.3 CONSTITUTIONAL ARRANGEMENTS FOR PUBLIC BUDGETING.....	15
4.2.4 Legislative Adoption of the Budget	16
4.2.5 Budget Discipline	16
4.2.6 Timely Reporting on Revenue and Expenditure.....	24
4.3 SYSTEM OF ACCOUNTING AND AUDITING STANDARDS AND RELATED OVERSIGHT	25

4.3.1	<i>System of Accounting</i>	25
4.3.2	<i>Public Accounting Standards</i>	25
4.4	EFFECTIVE AND EFFICIENT SYSTEMS OF RISK MANAGEMENT AND INTERNAL CONTROLS.....	27
4.5	CORRECTIVE ACTION FOR NON-COMPLIANCE WITH LEGAL PROVISIONS ON ACCOUNTS.....	27
	AND AUDIT	
CHAPTER 5: CIVIL AND ADMINISTRATIVE MEASURES TO PROTECT THE INTEGRITY OF PUBLIC FINANCE AND ACCOUNTS RECORDS.....		31
5.1	INTRODUCTION	30
5.2	EXISTENCE OF CIVIL AND ADMINISTRATIVE PROTECTION MEASURES	30
5.3	APPLICATION OF THE MEASURES.....	32
CHAPTER 6: PUBLIC REPORTING AND PUBLIC PARTICIPATION		34
6.1	INTRODUCTION	34
6.2	PUBLIC ACCESS TO INFORMATION	34
6.3	SIMPLIFYING ADMINISTRATIVE PROCEDURES TO FACILITATE PUBLIC ACCESS TO COMPETENT DECISION-MAKING AUTHORITIES.....	36
6.4	PUBLISHING PERIODIC REPORTS ON RISKS OF CORRUPTION IN PUBLIC ADMINISTRATION..	37
6.5	PARTICIPATION OF SOCIETY IN PREVENTION OF AND FIGHT AGAINST CORRUPTION	39
CHAPTER 7: POLICY RECOMMENDATIONS		42
ANNEX 1		44

SYNOPSIS

The Federal Government through the Technical Unit on Governance and Anti-Corruption Reforms (TUGAR) under Nigeria Extractive Industries Transparency Initiative (NEITI) has conducted Gap Analysis of the Public Finance Management System in 26 States of the Federation. This Mapping & Scoping Survey of Anti-Corruption and Governance Initiatives in Akwa Ibom State is a documentation of anti-corruption measures in the PFM system in Akwa Ibom State of Nigeria against benchmarks of three international conventions and treaties to which Nigeria is signatory. Such provisions include that of the United Nations Convention Against Corruption (UNCAC), the African Union Convention on Preventing and Combating Corruption (AUCPCC) and the Economic Community of West African States (ECOWAS) protocol on the fight against Corruption (2001).

As in the previous surveys, this survey covers all areas of Public Financial Management system including budget management, fiscal and revenue management, public procurement, accounting and recording, auditing, as well as citizen access to public information and participation in governance and corruption prevention programmes. The analysis will also cover six areas of relevant anti-corruption programming including: the policy framework; legal framework; institutional mandates and deliverables; structure and organization; work processes; as well as cross-cutting and related issues.

The exercise is designed to cover initiatives within the government structure as well as interfacing engagement by non-state actors such as the Private Sector (including organized business, professional bodies, organized labour, informal labour) and the Civil Society [Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs), Faith-Based Organisations (FBOs), charities, and Socio-Cultural Organizations (SCOs)].

The main finding of this study is that the regulation and practice of public finance management in Akwa Ibom State has not witnessed significant improvements. The State is yet to have the two sunshine laws: the Fiscal Responsibility Law (FRL) and the Public Procurement Law (PPL) are still in draft format with the State Ministry of Justice and are yet to be submitted to the State House of Assembly (SHoA) for deliberation and passage. The state has its PFM system regulated by no known PFM laws but rather by different financial circulars and although her Financial and Stores Regulations was revised in 2003, the regulations are absolutely in need of revision to meet modern conventions and challenges.

Furthermore, the State Audit Law is obsolete while the State Due Process Office is yet to have an official recognition from the office of the Secretary to the State Government (SSG). Evidence from the budget documents submitted shows that there appears to be no concrete efforts to change the existing incremental budgeting practice in Akwa Ibom State. Adoption of a Medium Term Expenditure Framework has been met with necessary laws and institutional frameworks. There is limited political will to embark on reforms and even where a policy framework exists; there is limited political will to implement them.

The survey found that Akwa Ibom State government has no formalized process of engaging with her citizens. This implies that the State is yet to institutionalize citizen's participation in governance and the fight against corruption. It is in bridging this gap that a sustainable solution to public finance governance can be found. Unfortunately, no evidence throughout the survey pointed that the State is moving in this direction. Apart from the State, CSOs in the State have not sustained any effort to improve collaboration amongst themselves. A neighboring State (Cross River State) has what it calls the Budget Transparency and Accountability Network (BTAN). Akwa Ibom CSOs can model their monitoring mechanisms both for budget and procurement in line with BTAN which has been confirmed to have helped the citizens of the State in budgeting monitoring as well as procurement activities.

Although this review found that for the period 2012-2014, the State was in compliance with the law through appropriate warrants duly issued under the hand of the Commissioner of Finance for the implementation of the 2012 – 2014 appropriation laws, as well as book keeping generally satisfactory, there were also numerous lapses and infractions within the same period. Unretired imprests to the tune of over N90 billion were recorded within the same period.

In summary therefore, the findings indicate that fiscal indiscipline is prevalent in the State. The Financial Statements and Audit Reports of the State reveal the same types of fiscal indiscipline: optimistic revenue projections and under-collection; budgeting based on the unrealistic revenue projections, excess expenditure on some budget heads; under-spending on allocations on some other heads, and failure to spend at all on yet some others. Findings from this study show that the State benefited from huge increases in statutory (oil) revenues in the period under study. Available evidence indicates that the State spends these unexpected resources as they are received, including in some cases spending above initial budget figures. Also in some cases; these extra revenues are funneled into excess overhead expenditures over budget estimates.

1.1 *Background*

The Federal Government through the Technical Unit on Governance and Anti-Corruption Reforms (TUGAR) under Nigeria Extractive Industries Transparency Initiative (NEITI) has conducted a Gap Analysis of the Public Finance Management System in 26 States of the Federation with the support of the United Nations Development Programme (UNDP). TUGAR has spearheaded the Mapping and Scoping Survey of Anti-Corruption and Governance Initiative in Nigeria. This Mapping & Scoping Survey of Anti-Corruption and Governance Initiatives in Akwa Ibom State is a documentation of anticorruption measures in the PFM system in Akwa Ibom State of Nigeria against benchmarks of three international conventions and treaties to which Nigeria is signatory. This mapping and scoping survey is the fourth in a series and the only phase that involved a single state. Phase I² covered the Federal Government and six Nigerian states, one from each geopolitical zone: Bauchi (Northeast), Kano (Northwest), Plateau (North central), Lagos (Southwest), Rivers (South south), and Enugu (Southeast). Phase II³ covered an additional 10 states namely, Adamawa, Anambra, Bayelsa, Benue, Delta, Kaduna, Imo, Niger, Ondo, and Sokoto while Phase² III covered the ten States of Cross River, Ebonyi, Ekiti, Jigawa, Katsina, Nasarawa, Ogun, Taraba, Kogi and Yobe.

The first, second and third phases of the survey recorded, analysed and compared Public Finance Management (PFM) and related anticorruption and governance initiatives across the states with the provisions of the United Nations Convention Against Corruption (UNCAC), the African Union (AU) Convention on Preventing and Combating Corruption (AUCPCC) and the Economic Community of West African States (ECOWAS) protocol on the fight against Corruption (2001).

As in previous surveys, this survey covered all areas of Public Financial Management system including budget management, fiscal and revenue management, public procurement, accounting recording, and auditing, as well as citizen access to publicly held information and participation in governance and corruption prevention. The analysis will also cover six areas of relevant anti-corruption programming including: the policy framework; legal framework; institutional mandates and deliverables; structure and organization; work processes; as well as crosscutting and related issues.

The exercise is designed to cover initiatives within the government structure as well as interfacing engagement by non-state actors such as the Private Sector (including organized business, professional bodies, organized labour, informal labour) and the Civil Society [Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs), Faith-Based Organisations (FBOs), charities, and Socio-Cultural Organizations (SCOs)].

²In 2009

³In 2012

⁴In 2013

1.2 *Goals and Objectives of the Study*

The overall goal of the project is to promote efficient and transparent public finance management in the focal state while the major objective is to equip public servants and civil society with the knowledge of global best practices in public financial management and enhance their capacity to apply the principles to the management of public finance in Akwa Ibom State.

Specifically the mapping and scoping survey:

1. Seeks to find out to what extent Akwa Ibom State Public Finance Management System including its Public Finance Laws, regulations, practices/processes, and other measures of the State Governments aimed at safeguarding public resources from corruption comply with relevant provisions of UNCAC, AUCPCC and ECOWAS Protocol.
2. Enquires into the extent of compliance with the provisions of the existing laws and regulations.
3. Documents existing initiatives, challenges, gaps in the policy and legal frameworks and between the frameworks and practice, and attempts to discover the causes.
4. Suggests possible steps to improve the system based on analysis of available information.

1.3 *Structure of the Report*

The structure of this report is as follows: Following this introduction is a description of the methodology and approach for the work including information gathering challenges. The remaining parts of the report deal with presentation of the findings of the exercise, with the arrangement of the analysis following the UNCAC provisions. The analysis is thus in this order: Public Procurement, Management of Public Finances and Public Reporting, Access to Information and Public Participation. A short synthesis summarizes and draws general lessons and proffers some suggestions on each issue. Finally, there is a brief chapter presenting a summary of the major conclusions and recommendations.

CHAPTER 2: METHODOLOGY

This chapter describes the research design, the population of study, explains the methods of collecting and analyzing data, and the challenges encountered during the study.

2.1 *Research Design*

The design of this phase draws lessons from Phases I, II & III of the exercise concluded in 2009, 2012 and 2013 respectively. The lessons include the benefits of early consultations with stakeholders; their involvement in finalizing the methodology and data collection instruments; appointment of resident research assistants from the subject State and the value of obtaining buy-in of high level officials in the subject State, including by sharing and having them critique the interim report and validate the final report findings. This research methodology involves five main aspects, (i) desk research, (ii) inception report and design of survey instrument, (iii) securing stakeholder inputs in finalizing research design/instrument through a stakeholder sensitization workshop, (iv) fieldwork for data collection, and (v) analysis and report writing.

2.1.1 *Research/Survey Tools and Methods*

The research design and methodology involves:

- * Survey questionnaire for actors to scope their initiatives, interventions and perspectives on the anti-corruption work;
- * Stakeholder workshops;
- * Collection of official government documents (policies, legal framework instruments, statutory reports and publications such as budgets, audited accounts, etc.);
- * Follow up interviews with state actors to elicit further (verbal descriptive) information on policies, structure and organization, mandate and deliverables, challenges, etc.;
- * Analysis; report writing and a validation exercise (including consultation meeting on mid-term/interim report & validation of final report and findings).

Cooperation of relevant state and non-state actors has been necessary for success. First, the stakeholders completed the revised focused questionnaires as necessary. Secondly, State actors provided official documentation that gave insight into the existing systems including ongoing and planned anti-corruption work in the State. Specific documents submitted by the state included but were not limited to;

- * Draft Fiscal Responsibility Bill yet to be submitted to the State House of Assembly and Financial Regulations as revised in 2003,
- * Finance circulars, budget call circulars and other documents relating to budget preparation and process (2006, 2012, 2013 and 2014),
- * Draft Public Procurement Bill yet to be submitted to the State House of Assembly, Finance Circular No. 2 of 2006 – Establishing the State Budget Monitoring and Price Intelligence Unit (AK-BMPIU) Due Process Office; Finance Circular No. 1 of 2007 on Tender Considerations/Selective Tenders, Sample Advertisements, Conditions for Qualification,

- * Audit law (1997) and Regulations, Sample Internal Audit Reports, Audit Reports and evidence of submission of Accounts and the cover of Audit Reports (2012, 2013, & 2014),
- * Public/Civil service rules,
- * Description of the structure/organogram of the Ministries of Budget, Planning & Finance

2.1.2 Stakeholders' Workshop

One of the lessons of Phases I, II & III of the survey as already indicated is the need to engage all stakeholders early in the project. Prior to finalization of the questionnaire instruments and list of required documents, TUGAR with support of the UNDP organized a Stakeholder sensitization workshop involving State officials from Akwa Ibom State. This was as a result of lessons from initial surveys that show the advantages of early consultation with relevant government officials. Government participants included officials whose roles involve overseeing financial management policies and implementation in Akwa Ibom State. The State officials included relevant officials of the Ministry of Finance, Budget Office, Office of the Auditor General, Internal Revenue Service (IRS), Office of the Accountant General, Due Process Office, Ministry of Justice, and the State House of Assembly (SHoA).

The workshop accomplished the following: (i) sensitized participants on the study, (ii) familiarized them with the objectives and benefits, (iii) exposed them to the research methodology including design and instruments, and most importantly (iv) secured their inputs to enable finalization of the instruments. The meeting also helped to secure the cooperation and buy-in to subsequent field visits for data collection.

2.1.3 Analysis and Report Writing

This stage involves Consultant's detailed reading, comparison and analysis of information collected through different sources against benchmarks distilled from UNCAC, AUCPCC and ECOWAS Protocol. In drafting the report and analyzing preliminary findings, the Consultant followed the sequence of the provisions of UNCAC, AUCPCC and ECOWAS Protocol, and benchmarks distilled from each of these provisions.

2.1.4 Population and Sample

The survey is for Akwa Ibom State and hence the state is the population of the study. The focus of the study is the Public Financial Management (PFM) systems particularly the initiatives that contribute towards combating corruption. Information gathering exercise and analysis involved direct engagement with Public Officials and non-state actors in Akwa Ibom State by researchers. In all, twenty five (25) officials across the State MDAs were interviewed with fourteen (14) Civil Society Organisations (CSOs) operating in the State.

2.1.5 Description of Data Used

This survey used both primary and secondary data. Primary data are direct information and documents obtained from the State Government and her stakeholders. It also included data from responses to questionnaires administered on state actors (government officials) and non-

state actors (civil society stakeholders), and interviews. Questionnaires on state actors were of four types, each focusing on a different aspect of the Public Finance Management System. These are (i) Public Procurement, (ii) Management of Public Finances, (iii) Recruitment and Promotion, and (iv) Public Reporting including Access to Information and simplification of procedures to facilitate public access to competent decision making authorities. There were also similar questionnaires for non-state actors.

Documents submitted by state officials on request have been of primary importance. The researchers submitted a prepared list of documents to each State. The documents covered about eight different areas of the PFM system namely (i) Planning and Budgeting, (ii) Finance and Accounts, (iii) Internal Audit, (iv) Public Procurement, (v) Supreme Audit Institutions– Auditor General, (vi) Internal Revenue, (vii) Legislative Oversight of Budget and Accounts, and (viii) Evidence of Citizen's access to information and participation.

Secondary data comprised data used in this analysis but not obtained directly or sourced directly from the State and its stakeholders. Three prominent sources of secondary information used in this research were the official websites of the State Governments,⁵ other websites with relevant information on the subject matter of study, reports of formal reviews and appraisals. The desk research also included a review of the published report of Phase I, II & III; this proved useful particularly in designing the research methodology and reporting format.

2.1.6 Method of Data Collection

Collection of primary and secondary data involved different approaches. Collection of primary data entailed field visits to relevant government departments and non-state actors. The State officials were given advance copies of the questionnaires and documents to facilitate their efforts at anchoring/coordinating data collection. The questionnaires were completed by the State officials in hard copies. It is important to note that Akwa Ibom State was unable to provide all the requested documents because of non-existence of some of the key documents requested by the research team. The back covers of the State Auditor General's Reports for 2012-2014 were provided instead of the entire report during the survey process however, the entire reports of the Auditor General for the period 2010-2014 were presented at the Report Validation meeting held on August 26, 2016

⁵Where they exist

3.1 Introduction

Public Procurement is defined as “the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services and works and other supplies by the public service”⁶. Also it has been defined as the overall process of acquiring goods, works and services, from the identification of need to contract administration and through to the end of a services' contract or the useful life of an asset.⁷ It is process-led and intended to produce pre-designed results. There are established minimum national and international standards that public procurement systems and rules need to meet. However, it is not enough to have rules that meet acceptable standards; such rules as of necessity also need to be enforced and obeyed. As Public Procurement is prone to corruption, in addition therefore to an effective and transparent system, special tools and mechanisms need to be established to fight corrupt behaviour in Public Procurement.⁸

3.2 Requirements of Conventions and protocols

The UNCAC, AUCPCC and the ECOWAS protocol require States Parties to adopt measures aimed at promoting best practices, especially in the areas of transparency and competition. Article 9 (1) of UNCAC provides that “Each State Party shall, in accordance with the fundamental principles of its legal system, take the necessary steps to establish appropriate systems of procurement based on **transparency, competition and objective criteria in decision-making that are effective, inter alia, in preventing corruption**. Such systems, which may take into account appropriate threshold values in their application, shall address, inter alia:

- a) The public distribution of information relating to procurement procedures and contracts, including information on invitations to tender and relevant or pertinent information on the award of contracts, allowing potential tenderers sufficient time to prepare and submit their tenders;
- b) The establishment in advance, of conditions for participation, including selection and award criteria and tendering rules, and their publication.
- c) The use of objective and predetermined criteria for public procurement decisions, in order to facilitate the subsequent verification of the correct application of the rules or procedures.
- d) An effective system of domestic review, including an effective system of appeal to ensure legal recourse and remedies in the event that the rules or procedures established pursuant to this paragraph are not followed.
- e) Where appropriate, measures to regulate matters regarding personnel responsible for procurement, such as declaration of interest in particular public procurements, screening procedures and training requirements”

⁶Northern Ireland Public Procurement Policy handbook 27th January 2010, http://www.cpdni.gov.uk/pdf-public_procurement_policy.pdf

⁷Procurement Manual, Bureau of Management, Office of Legal and Procurement Support, Jan 2005

⁸Susanne Szymanski (2007), How to Fight Corruption Effectively in Public Procurement in SEE Countries, OECD, Paris, France

The question to be explored in this section is: “to what extent has Akwa Ibom State fared in meeting these standards in their procurement systems, i.e. their laws, rules and practices?” To answer this questions we will examine the state system against a number of benchmarks as follows: Existence of procurement legislation and regulatory framework and institutions; Prior establishment of conditions for qualification/selection and award criteria; Distribution of information relating to Public Procurement procedure and contracts; Objectivity of Procurement processes and decisions; Existence and effectiveness of Reviews and Appeal Processes; Existence and effectiveness of Code of Conduct for procurement personnel and Existence of a framework and a practice of citizens monitoring of public procurement.

3.3 Existence of Procurement Legislation and Regulatory Framework and Institutions

While UNCAC provisions do not specifically require legislation of procurement practices, it does not prohibit it. *Article 5 (4) of AUCPCC* requires procurement legislations. It enjoins State Parties to “Adopt legislative and other measures to create, maintain, and strengthen internal accounting, auditing and follow up systems, in particular, in public income, custom and tax receipts, expenditures and procedures for hiring, procurement and management of public goods and services”. The ECOWAS Protocol provides that “each State Party shall take measures to establish and consolidate ... transparency and efficiency in the procurement and disposal of goods, works, and services ...” (Article 5(b)). However the common practice in Africa adopted by the Federal Government of Nigeria is to enact a legislation followed by appropriate regulations setting forward a framework for compliance to these standards. This appears also to be the preferred approach by the States in Nigeria.

In recognition of the need for guidance for States Parties in meeting the requirements of a sound Public Procurement System, the United Nations Commission on International Trade Law (UNCITRAL) published the UNCITRAL Model Law on Procurement of Goods, Construction and Services with Guide to Enactment in June 1994. This however, has been revised. The model law contains model provisions that a State may adopt wholly or in part, subject to its unique local circumstances and the requirements of its legal system. How has Akwa Ibom State adopted such systems and laws?

The findings show that Akwa Ibom State is yet to enact a Public Procurement Law with structure and provisions similar to the one at the federal level (Public Procurement Act, 2007). Although they have a draft bill, this bill is still with the State Ministry of Justice and yet to be submitted to the State House of Assembly (SHoA). Further inquiries confirmed that this draft bill has been with the State Ministry of Justice for over a year. Because of the absence of this law, the State Procurement Bureau is yet to be established. In the interim, State procurement is managed partly by the Bureau of Technical Matters and Due Process Office⁹ domiciled in the Governor's Office. The Bureau is headed by the Senior Special Assistant to the Governor on Technical Matters & Due Process and has five departments namely: Administration, Accounts, Planning, Research and Statistics, Technical Services and Due Process. The State Bureau of Technical Matters and Due Process Office is not headed by a Director General like some States of the federation.

⁹The State officers believe that the Bureau can only be legal with a memo from the Secretary to the State Government (SSG) Office which is yet to be circulated.

3.4 Advance Establishment of Qualification/Selection and Award Criteria

The Tendering Process

The UNCAC provisions cited above require the “establishment in advance of conditions for participation, including selection and award criteria and tendering rules, and their publication.” The AUCPCC also enjoins State Parties to “*Adopt legislative and other measures to create, maintain, and strengthen ... procurement and management of public goods and services*” (Article 5(4)). It further provides that, “*In order to combat corruption and related offences in the public service, State Parties commit themselves to ...ensure transparency, equity, and efficiency in the management of tendering and hiring procedures in the public service*” (Article 7(4)). Finally, ECOWAS Protocol requires that “each State Party shall take measures to establish and consolidate ... transparency and efficiency in the procurement and disposal of goods, works, and services ...” (Article 5(b)). Two other measures in addition to a law through which States may ensure advance establishment of selection and award criteria are the deployment and use of regulations and standard documents in all procurement activities. These instruments in addition to being a guide to establishing these criteria can also provide benchmarks for measurement of compliance.

What arrangements are in place in Akwa Ibom state with regard to Tendering Procedures?

The Akwa Ibom State Financial Regulations as revised in 2003 provides thresholds thus:

- * Below N1,000,000 but not higher than N20,000,000 to be handled by an Inter-Ministerial Board
- * Not exceeding N50,000,000 to be handled by the State Tenders Board [Finance & General Purpose Committee (FGPC)]
- * Above N50,000,000 to be handled by the State Executive Council Tender Board¹⁰

But in practice and from evidence gathered during the survey, approval for procurement operation is thus:

- * N100,000.00 and below to be handled by the Permanent Secretary
- * Above N100,000 but below N2,000,000 to be handled by the Commissioners
- * Above N2,000,000 but below N5,000,000 to be handled by the Speaker of the SHoA when it is a matter that has to do with the legislative arm of the government.
- * Above N2,000,000 but below N10,000,000 to be handled by the Resident Due Process Team (RDPT)
- * Above N10,000,000 to be exclusively handled by the State Executive Council/Finance & General Purpose Committee (FGPC)

Note: Even with the above practice, every capital project above N1,000,000 must also get approval from the Governor. Also, procurement on “Security” is controlled by the Governor.

In summary, although Akwa Ibom State has no Procurement Law, the provisions of the Financial Instructions and Stores Regulations as revised in 2003 do apply but to a little extent. This Financial Instruction provides that “a contract be awarded as a result of competition by tender unless there are specific reasons to the contrary. This decision is the sole responsibility of the Accounting Officer”. It neither provides guidance or guidelines on how this wide discretionary power given to the Accounting Officer will be exercised nor does it provide any grievance mechanism if the power is deemed abused. Additionally, under the State Financial

¹⁰Composition of FGPC and the State Executive Council Tender Board are contained in Chapter 33 of the Akwa Ibom State Financial Regulations as revised in 2003.

Instructions and Stores Regulations, the Tenders Boards (TB) can negotiate major contracts directly with contractors in circumstances where competition by tender is not practicable, subject only to the Accounting Officer who must consult with Finance Ministry in such circumstances. Again it provides no guide for determining when competition by Tender is said not practicable, leaving this discretionary power to officials, with no limitations.

3.5 *Distribution of Procurement Process and Contracts Information*

This benchmark examines not only the distribution of information on opportunities for public contracts, but also the extent to which Akwa Ibom State systems proactively disseminates information relating to the Procurement Rules, Process and Standard Documents and other elements of the process where they exist.

The procurement method used in Akwa Ibom State depends on the threshold but in practice, advertisements are mainly done in the Ministries, Departments and Agencies (MDAs) notice boards and rarely done in the national dailies but all adverts whether notice board or national daily contain conditions for participation, selection and award criteria as well as tendering rules and length of time required. Each tender comes in two packs (a technical and a financial bid) but Civil Society Organisations (CSOs) are not involved in any stage of the tendering process as opined by interviewed CSOs.

According to some of the top State officials interviewed in the Bureau of Technical Matters and Due Process Office, efforts are in place to domesticate standard procurement guidelines using samples from the federal level and also to produce a manual for the officers in the Bureau. They are also working to see that MDAs submit their procurement plans starting from January 2016. The scoping survey found no procurement journal. There were no procurement evaluations reports, no evidence of procurement complaints or any form of appeal and decisions reached on such complaints or appeal. The Bureau of Technical Matters and Due Process Office has no procurement projected capacity, website or any capacity building for her officers in the nearest future.

The State Financial Regulations gives wide discretion to public officials on issues of distribution of procurement procedure and opportunities and cannot be said to provide for wide and simultaneous distribution of procurement information. Additionally, devolution of knowledge of provisions of Financial Regulations on procurement among stakeholders is in doubt based on presented documents and responses of top officials interviewed. No evidence was produced on conscious effort to disseminate rules relating to procurement to stakeholders, except that civil servants who are only one group of stakeholders, have to study the regulations and different Finance Circulars as they come.

3.6 *Objectivity of Public Procurement Decisions*

International conventions and protocols require that the procurement decision making process be sufficiently objective to allow for subsequent verification. For instance, UNCAC enjoins, “The use of objective and pre-determined criteria for public procurement decisions, in order to facilitate the subsequent verification of the correct application of the rules or procedures” (Article 9(1c)). AUCPCC has a similar provision on transparency and equity of the procurement process relevant to this

foundation for proper Code of Conduct for Public Officers. Sections 172 and 209 provide that “A person in the public service of the Federation (or state) shall observe and conform to the Code of Conduct” prescribed in Schedule 5 of the Constitution. The Schedule stipulates acceptable standards of behavior in diverse situations and prohibits unwholesome conduct, including Conflict of Interest situations, bribery, and maintenance of foreign bank accounts as well as membership of secret societies. It also provides for compulsory Declaration of Assets by public officials, and sets up the Code of Conduct Tribunal to try offenders.

Evidence from the survey shows there are no special codes for procurement officers but the general codes in the State Public Service Handbook with offences and prescribed penalties apply.

3.9 Citizens Monitoring of Procurement Process and implementation

Akwa Ibom State has no known history of Civil Society participation in project monitoring though there is a registered entity called the Akwa Ibom Guild of Community Development Associates (AKCS Forum). This AKCS Forum was registered in 2008 with different working groups within the general forum on budget and its implementation but in terms of procurement, the group though not strong on its own due to power tussles and other issues has never been invited or participated in procurement processes. According to CSO respondents, there has never been any formal invitation or input from any CSO operating in the State in the procurement process including contractor selection process, monitoring and observation of bid opening sessions.

The State has annual budget implementation reports issued by the Budget/Monitoring and Evaluation under the Ministry of Finance. However the last report was for 2013 and there is no evidence that these reports have been shared with CSOs operating in the State. Some CSOs who were privileged to have seen the report got them through friends in government MDAs and were always warned to be careful in using them.

In summary the legal, regulation and practice of Public Procurement in Akwa Ibom State has not witnessed any noticeable improvements as regards to citizens' engagements and their inputs. Even more worrisome is the fact that in practice the provisions of the State Financial Regulations on procurement is flouted while political office holders have political control of the procurement system. Evidence of citizens monitoring of project implementation was unavailable and not backed by any known legislation or regulation. This implies that project implementation monitoring done by CSO groups is for their own consumption or that of the donor or funder of the project implementation monitoring.

Details of procurement activities in Akwa Ibom State as it relates to Procurement Provisions of UNCAC, AUCPCC and ECOWAS Protocols are presented in table 3.1 below.

Table 3.1: Summary of Akwa Ibom State Compliance with Procurement Provisions of UNCAC, AUCPCC and ECOWAS Protocols

Requirements	Provisions Citations	Present Situation
Procurement Legislation and regulatory framework and institutions	UNCAC: Article 9(1) AUCPCC: Article 5(4) ECOWAS Protocol: Article 5(b)	No Modern UNCITRAL compliant PPL enacted with proper guidelines. Stakeholders not involved in government procurement, weak institutional capacity, no evidence of capacity improvement plan in existence, lack of political will to completely hands off procurement,.
Prior establishment of selection and award Criteria	UNCAC: Article 9(1)a,b AUCPCC: Article 5(4); 7(4) ECOWAS Protocol: Article 5(b)	No evidence of procurement rules in force. There is clear violation of the provisions for procurement in the State Financial Instructions with respect to selection and award criteria. STB is in place but no evidence of extent of use. Advertisements are used spasmodically but do contain advance conditions for selection. No bidding documents showing award criteria presented.
Distribution of information relating to PP procedures and contracts		State laws require advertisement in two national newspapers and procurement journal, but current guidelines do not appear to anticipate publication in national and international media, State presented sporadic publication in national media and none in international media. It is not clear if the State procurement rules have been disseminated.
Objectivity of Procurement Process and decisions	UNCAC: Article 9(1)c AUCPCC: Article 5(4); 7(4) ECOWAS Protocol: Article 5(b, j)	No procurement law in place and evidence from the practice do not suggest objectivity of procurement decisions, no evidence of objectivity of procurement decisions relating to typical Akwa Ibom State budget project implementation was produced.
Procurement Reviews and Appeals Process	UNCAC: Article 9(1)d AUCPCC: Article 5(4), 7(4) ECOWAS Protocol: Article 5(b,j)	No evidence was found during the survey.
Special Code of Conduct for Procurement Personnel	UNCAC: Article 9(1)e AUCPCC: Article 5(4); 7(4) ECOWAS Protocol: Article 5(a,g)	No evidence was found during the survey.
Citizens monitoring of procurement processes and implementation		There is no evidence that CSO's are invited to and do observe bid opening exercises, just as there was no evidence of monitoring contractor selection process. There is no evidence that government supports and CSOs monitor project implementation annually. In some cases where CSOs do monitor, they do that for either international NGOs or development partners.

4.1 *1Introduction*

Article 9 (2) of UNCAC states as follows, *Each State Party shall, in accordance with the fundamental principles of its legal system, take appropriate measures to promote transparency and accountability in the management of Public Finances. Such measures shall encompass, inter alia*

- a) Procedures for the adoption of the national (state) budget*
- b) Timely reporting on revenue and expenditure*
- c) A system of accounting and auditing standards and related oversight*
- d) Effective and efficient systems of risk management and internal control*
- e) Appropriate, corrective action in the case of failure to comply with the requirements established in this paragraph*

This section examines how the Public Finance Management systems of Akwa Ibom State meets these provisions and those of the African Union Convention on Preventing and Combating Corruption (AUCPCC) and the ECOWAS Protocol on the Fight against Corruption.

4.2 *Procedures for the Adoption of the Budget*

UNCAC provides for “appropriate measures to promote transparency and accountability in the management of public finances” including “procedures for the adoption of the national (state) budget”. Similarly, AUCPCC requires state parties to “undertake to ... Adopt legislative and other measures to create, maintain and strengthen internal accounting, auditing and follow-up systems, in particular, in the public income, custom and tax receipts, expenditures and procedures for hiring, procurement, and management of public goods” (Article 5(4)). The ECOWAS Protocol also provides for each State Party to “take measures to establish and consolidate ... revenue collection systems that eliminate opportunities for corruption and tax evasion and provide for regulations, which require companies and organizations to maintain adequate financial books and records and adhere to internationally accepted standards of accounting” (Article 5(g)).

The 1999 Constitution of the Federal Republic of Nigeria¹¹ establishes the basis for managing public finances and budgeting in Nigeria. Section 162 of the Constitution contains rules on the management of public revenues in States. Two types of revenues accrue to State Governments: states' share of joint revenues accruing to the Federation and State's Internally Generated Revenue (IGR). The discussion below briefly describes arrangements governing the two.

4.2.1 *Revenue Sources of State Governments*

Although Nigerian State governments have great fiscal and budgetary autonomy, this autonomy of action does not translate into independent sourcing of revenues for economic development. Nigeria's fiscal federalism centralizes the more important revenue sources and distributes the proceeds among the constituent governments¹² with a formulaic arrangement.

¹¹Federal, State and Local Government

¹²As amended to date; the constitution is applicable to both the federal and state governments. Although Nigeria is a federation with highly autonomous constituent Nigeria operates only a single constitution. Current provisions do not permit states to make their own constitution even if they wanted. However, states can make their own law son areas of their legislative competence as provided for in the constitution.

The Federal Government (FG) is the administration and collection agent for jointly accruing revenues. Thus, the FG controls revenues from crude oil sales, petroleum profit taxes, royalties and other oil charges, company income taxes, customs duties, excise duties, stamp duties, value added tax, education tax, etc. The FG accumulates these central revenues into two funds, the VAT Pool Account for value added tax proceeds, and the Federation Account (FA) for others. The constituent governments apply statutory revenue sharing formulas in monthly distribution of accruing revenues. The Federation Account Allocation Committee (FAAC) consisting of representatives of the three levels of government superintend the monthly distribution.

These revenues flow as constitutionally guaranteed and transfers are made from the centre to States and Local Governments. Another term commonly describing these revenues in Nigeria is Statutory Revenues, hence the term “National Cake”. On average, such revenue contributes over 80 percent of revenues of State Governments', with the exception of Lagos, Rivers and few other States. For a detailed discussion of the types of revenues, the elements and structure of the sharing formulae, independent revenues for states, effectiveness of provision on revenue administration, complaints about current vertical and horizontal sharing formula, other issues in tax administration, and factors that explain weaknesses in tax administration refer to the TUGAR Study Report 2012¹³ at www.tugar.org.ng

4.2.2 Existing Legislative Measures for Budget Planning and Articulation

Unlike the Federal Government and some other States, Akwa Ibom State is yet to enact a Fiscal Responsibility Law (FRL).¹⁴ The State has no Fiscal Responsibility law but produced a draft bill yet to be submitted to the SHoA. Just like the draft State Public Procurement Law, the draft Fiscal Responsibility Law is still with the Ministry of Justice. The State bill more or less follows the same general pattern set out in the federal equivalent. Generally, the law establishes the Council or similar body as an oversight body and adopts the Medium Term Expenditure Framework (MTEF) approach for fiscal planning, including the Medium Term Fiscal Framework (MTFF) to project revenues in the medium term. The MTEF also requires setting both aggregate expenditure ceilings and using this as a basis for sectoral allocation of budget and actual expenditure. An important assumption of the MTEF approach is the willingness of Government to both contain actual aggregate expenditures within budget ceilings, and respect sectoral allocations in the spending process, without which the system may turn out not so much better than the incremental budget system. The draft bill in Akwa Ibom follows the same format.

This bill which if enacted will serve as her organic PFM law prescribes the functions of the member MDAs of the Public Finance Management Committee, and regulates cash management. It also seeks to ensure documentation and synchronization of accounts opened by all MDAs under the Ministry of Finance. It further provides for the Accountant General to prepare and submit the annual consolidated financial statements of the State for each year to the Auditor General within six months of the end of the year. It provides for the consolidated

¹³Mapping & Scoping survey of anti-corruption and governance measures in Public Finance Management (PFM). A study of ten states of the federation Adamawa, Anambra, Bayelsa, Benue, Delta, Kaduna, Imo, Niger, Ondo and Sokoto) 2012

¹⁴The Federal Government enacted a Fiscal Responsibility Act in 2007 to help instill discipline into the budgetary process. The Act sets aggregate expenditure and borrowing limits, casts the budget in a medium term expenditure framework, establish public debt targets, and outline measures to strengthen fiscal accountability.

revenue fund of the state, and requires the Governor to present the State budget to the House not later than end of October in each year as against December 31st stipulated in the Constitution. The bill also requires a publication of the Auditor General's report once submitted to the Legislature and establishes a Budget Committee for purpose of reviewing budget proposals, and budget performance reports for presentation to the Executive Council. The bill creates offences and prescribes punishment for infractions among other provisions. Unfortunately, this document is not even a bill yet but a draft document and there is a possibility of altering some sections and clauses before passage when sent to the SHoA.

Although the state claims to have adopted the MTEF multi-year framework, evidence of its consistency could not be ascertained at the time of the survey. The budget documents for the period 2013-2015 were analysed and all follow an annual budget plan with no reference to previous years or succeeding years. The only mention of the previous year is in the "Budget Speech" of the Executive Governor. Similarly, there was no evidence to show that the claimed MTEF framework has been presented and approved by the State Executive Council (SEC) let alone seeking for approval from the SHoA. The State officers could not present to the survey team an MTEF document approved by her Legislature.

4.2.3 Constitutional Arrangements for Public Budgeting

The 1999 Constitution contains general provisions on public budgeting, but legislative¹⁵ rules prescribe procedures for their adoption by the Legislature. As is the case with the President and Executive Council at the Federal level, Constitutional provisions require the State Governor to present the annual fiscal budget proposal (Appropriation Bill) before the State House of Assembly (legislature) for consideration and approval. The Executive may only spend money as the legislature authorizes in an appropriated law¹⁶ or as otherwise authorized by The Constitution. The Constitutional exceptions are the remuneration, salaries and allowances of the following eight bodies, namely, (i) the Governor, (ii) Deputy Governor, (iii) Auditor-General, (v) Chairman and members of the Civil Service Commission, (vi) Electoral Commission, (vii) Judicial Service Commissions, and Pensions and Gratuities.¹⁷ These are direct First-Line charges on respective Constitutional Revenue Funds (CRFs) of States. State Houses of Assembly (SHoA) often make laws making their remunerations, salaries and allowances first-line charges on the CRF as well, even though the Constitution does not provide for this. At the Federal level, the Legislature has also made such a law.

Preparation of the Budget and Citizens Participation in Akwa Ibom State: The system for preparation of budgets for presentation to the Akwa Ibom State Assembly does not appear to have adequate measures to promote transparency and accountability, nor do they admit participation by citizens. The State issues Budget Call Circulars to Government Ministries, Departments and Agencies (MDAs). Civil Society Organizations interviewed confirmed that no Budget Call Circulars are sent to them just as they are not in any way involved in the budget cycle. Those involved get into budget process through friends or some government officials who invite them secretly as a favour and not as responsibility. The State officials on the other hand could not provide evidence of participation of citizens groups in articulating budget proposals. The state presented no evidence of having a budget calendar and CSOs interviewed confirmed the nonexistence of a functional budget calendar for Akwa Ibom State.

¹⁵There are similar provisions on the federal budget

¹⁶Including supplementary appropriation law, see s. 120(2))

¹⁷ See s. 124 (2)

4.2.4 Legislative Adoption of the Budget

The State provided some rules made by her state legislature for budget approval. The rules provide for the following seven steps within the house, and an eighth step which is assent to by the Governor or House Override where the Governor fails to assent to the bill. The eight steps are:

- a. Presentation of the budget proposal by the Governor, which constitutes the first reading
- b. A second reading that discusses the general financial principles and policy of the Government
- c. Committing the budget to the Finance/Appropriation (F/A) committee of the House of Assembly
- d. Detailed examination of the budget by sector committees, including discussions with respective MDAs
- e. Clause by clause discussion of the F/A report and recommendations by the Committee of the Whole House
- f. Item by item approval of expenditure lines
- g. Third reading and passage
- h. The last step is assent to the Appropriation Bill by the Governor.

No evidence was presented for budget dissemination in the state other than publication of the budget documents which is available at a cost (N3,000 for 2013 and N4,000 for 2014). The 2015 budget was produced in both Compact Disc (CD) and hard copy formats. The budget document in some cases are given out to officials and in some circumstances members of the public on demand through a formal application but the general trend is “*if you want, pay the price tag*”. The CSOs in the State supported the non-dissemination of the budget and non-request of inputs from them (the third sector). The State provided evidence of annual budget implementation report for three years (2011, 2012 & 2013) but that of 2014 was not ready as at November 2015 which already contradicts the provisions of the 1999 Constitution which stipulates nine (9) months from the end of the fiscal year. There was no evidence for either budget quarterly or half-yearly report in Akwa Ibom State.

4.2.5 Budget Discipline

The survey examined State accounts but unfortunately could not examine the State Audit Reports due to its unavailability. The study team visited the State Auditor General's Office for the report and was told to submit a formal application to have some sections of the report which was done through TUGAR but after several weeks of phone calls and visits, it was obvious that the Auditor General's Report of Akwa Ibom State is not meant for the public. This not only corroborates with the responses from different Government officials and CSO respondents but also the findings of the 2015 Nigerian States Budget Transparency Survey¹⁸ that found Akwa Ibom as one of the States in Nigeria where the Auditor General's Report is not open to the public. However, the Auditor General's Reports for the period 2010-2015 were made available to the team on the Report Validation Day August 26, 2016. The team concentrated on the 2012-2014 fiscal years in line with other submissions and found the following issues raised in the Auditor General's Report of the various years.

¹⁸ CIRDDOC (2015). Nigerian States Budget Transparency Survey sponsored by the UKAid and with technical support from the International Budget partnership (IBP) Washington D.C.

FY 2012:

The standard book keeping was generally satisfactory. However, some lapses and infractions were raised including:

1. Many MDAs still defaulted in the reconciliation of bank cash book balances with the respective bank statement balances. Such negligence can result in losses through errors and fraud. The provisions of Financial Regulations Nos. 206 and 811 should be complied with at all times.
2. Instances of failure to support payment vouchers for purchase with relevant store receipt vouchers still abound.
3. There are still instances where payments vouchers were not backed up with all relevant supporting documents for independent checking as required by the provisions of the Financial Regulations 603(i) refers.
4. Notice of alleged theft of the sums of N317,000.00 and N59,750.00 at Nung Ikono Ufot District Court in Uruan Local Government Area, and High Court of Justice, Mkpato Enin respectively which are under investigation.
5. Expropriation by the portfolio manager of investments held by Akwa Ibom Investment and Industrial Promotion Council (AKIIPIC) to the tune of N43,808,980.00. The matter has been taken up with the Nigerian Stock Exchange (NSE) but is yet to be resolved at the conclusion of the survey
6. The Judiciary had as at December 31st 2012 not been remitting revenue from its multi-purpose hall and guest house.
7. The local Government Service Commission on the other hand, was remitting only 50 per cent of revenue from its multi-purpose hall.
8. Many contractors attracted various amounts of variations over and above the initial contract values though when the audit team verified, the Project Engineers and Consultants respectively argued that the variations were not paid on original contents of the contracts but on additional works approved by Government.
9. The sum of N23,512,687,051.68 placed on fixed deposit with various banks represented the bulk of contributory pensions funds. However, only the principal amount is reported which excludes the cumulative interest of N5,139,595,185.80.
10. Unretired special imprests amounted to N89,680,720,944.16 which is almost N90 billion.
11. Investment record were poorly maintained by the Ministry of Finance Incorporated as there were no ledgers to show history of each investment. It was observed that a total of N3,999,998,600.00 spent on shares between 2007 and 2008 was not reflected in the cost of investment in the accounts.
12. The State Government indebtedness to the World Bank and the African Development Bank stood at N9,574,702,102.61 as at 31st December 2012.
13. During the fiscal year, N1,007,682,084.22 was deducted at source from the State's share of federation Account revenue for the servicing of the external loan while new loans amounting to N1,027,116,224.56 were also credited to the State.

FY 2013:

The standard book keeping was generally satisfactory but not perfect. However, some issues were raised including:

1. Financial Regulations Nos. 206 and 811 were not complied with by MDAs.
2. Failure to support payment vouchers for purchase of stores receipt vouchers persisted.
3. On the whole, supervisions by the Inspectorate Department of the Office of the Accountant General and the Heads of Accounts of MDAs was weak.
4. The total of N12,965,303,628.41 placed on fixed deposit with eight banks represented 7.5 per cent employees contribution into the pension fund as at 31st December 2013. However, only the principal amount is reported.
5. Unretired special imprests amounted to N167,733,250,085.75.
6. The State Government indebtedness to the World Bank and the African Development Bank stood at N9,632,710,506.89 as at 31st December 2013.
7. During the fiscal year, N834,941,150.59 was deducted at source from the State's share of federation Account revenue for the servicing of the external loan while new loans amounting to N892,949,554.87 were also credited to the State.

FY 2014:

The standard book keeping was generally satisfactory but not perfect. However, some issues and infractions were raised including:

1. The initiation of IPSAS was characterised by application of wrong classification codes to transaction.
2. Some MDAs did not maintain vehicle maintenance files to aid vouching of such expenditures.
3. The use of casual computer printed receipts in place of official serially numbered receipts in duplicate to retire expenditure still persist.
4. Some MDAs operate more bank accounts than necessary for efficient management and abandon some without closing them formally. Such abandoned accounts continue to attract charges and become overdrawn.
5. Some MDAs fail to formally expense bank charges. Such charges are left on the bank statements and on the bank conciliation statements; thus overstating cash book balances and understating expenditures.
6. Unretired special imprests amounted to N130,852,843,359.25.
7. The State Government indebtedness to the UBA PLC and Zenith Bank PLC stood at N81,699,355,521.03 and N2,950,014,556.97 respectively. The Zenith Bank PLC loan

Universal basic Education (UBE) in the sum of N1,382,819,323.58.

8. During the fiscal year, N834,941,150.59 was deducted at source from the State's share of Federation Account revenue for the servicing of the external loan while new loans amounting to N892,949,554.87 were also credited to the State.
9. Ministry of Finance failed to collect authorised revenue to the tune of N42,000,000.00 for rent on government property in Abuja and Lagos.
10. The Bureau of Labour, Productivity & Public Service Matters had insufficient vouched expenditure to the tune of N670,000.00. This was purportedly expended on the meetings of Industrial Relations Committee and Public Service respectively. The attendance sheets showing the names of attendees at the meetings were not attached to the payment voucher
11. The Bureau of Labour, Productivity & Public Service Matters purchased three drums of diesel to the tune of N210,000.00 whereas approval was granted for one drum at N70,000.00. The three drums of diesel purportedly bought were taken into store ledger charge as evidence of delivery,
12. The Bureau of Labour, Productivity & Public Service Matters collected a total of N19,100,000.00 in 2013 as subvention in addition to standing imprests. There were no records of how the amount was spent.

A further review of the Auditor General's Reports for the period 2012-2014 concluded that in compliance with the law, appropriate warrants were duly issued under the hand of the Commissioner of Finance for the implementation of the 2012 – 2014 appropriation laws as follows:

Table 4.1: Warrants for Budget Implementation 2012-2014 in Akwa Ibom State

S/No.	Warrant Type and No.	Amount in Naira
2012		
1.	Annual General Warrant No. AKS/AGW/2/2012	46,804,242,720.00
2.	Development Fund General Warrant No. AKS/DFGW/3/2012	341,556,700,000.00
3.	Statutory Expenditure General Warrant No. AKS/SW/4/2012	13,102,656,750.00
4.	Reserved Expenditure Warrant No. AKS/REW/5/2012	6,337,300,000.00
5.	Supplementary General Warrant No. AKS/SWG/6/2012	11,882,100,000.00
6.	Supplementary Development Fund General Warrant No. AKS/SDFGW/8/2012	113,430,000,000.00
	Total	533,112,999,470.00
2013		
1.	Annual General Warrant No. AKS/AGW/2/2013	68,103,426,920.00
2.	Development Fund General Warrant No. AKS/DFGW/3/2013	351,285,000,000.00
3.	Statutory Expenditure General Warrant No. AKS/SW/4/2013	43,145,649,790.00
4.	Reserved Expenditure Warrant No. AKS/REW/5/2013	7,546,090,000.00
5.	Supplementary General Warrant No. AKS/SWG/7/2013	59,100,000,000.00
6.	Supplementary Development Fund General Warrant No. AKS/SDFGW/8/2013	70,000,000,000.00
	Total	599,180,166,710.00
2014		
1.	Annual General Warrant No. AKS/AGW/2/2014	65,746,547,610.00
2.	Development Fund General Warrant No. AKS/DFGW/3/2014	333,000,000,000.00
3.	Statutory Expenditure General Warrant No. AKS/SW/4/2014	91,296,852,490.00
4.	Reserved Expenditure Warrant No. AKS/REW/4/2014	8,496,300,000.00
	Total	

The research team also analysed the various Accountant General's reports (2011, 2012 and 2013) and the emerging picture presents four serious issues:

- * First is the issue of IGR which were always over projected for the entire period 2011-2013. Evidence from the Accountant General's reports show that projected figures from the budget were achieved at an average of 64 per cent for the period. It is true that the State has the potential of meeting with the target if a reliable taxpayers' database is in place as well as the stoppage of the use of agents as tax collectors but the administration is yet to commit to such actions hence the projections have continually misled the State and affected the overall budget performance. Over ambitious revenue projections without adequate measures for the realisation are common in Akwa Ibom State budgets for the period 2011-2015 with less than revenue projections actualised at the end of the year. An examination of the Accountant General's reports and Financial Statements produced by the State Governments reveal the same types of Fiscal Indiscipline such as: optimistic revenue projections, under projections, volatile revenue profiles, expansive re-current as against capital expenditure ratios, expenditure above budgeted figures, etc.
- * Second is the net balance of cash flow at the end of the year which were negative from 2006-2008 and since then has remained zero until the end of the 2013. See the Financial Summary for the period 2004-2013 in the annex for details.
- * Third has to do with the growth of the State loans. The State internal and external loans have grown more than the State's Internally Generated Revenue (IGR) in 2011 just as her loans have also outgrown her recurrent expenditure by 2010 and keep maintaining an increasing trend. These conditions are not to the best interest of the State and conflict with the ECOWAS economic convergence criteria. See figure 4.1 and 4.2 below for details.
- * Fourth is the budget performance for critical sectors. Table 4.2 below presented capital budget performances of the respective sectors in the state for 2012 and 2013. The performance of core sectors for the period is appalling with urban Water Supply, Livestock & Veterinary Services, Forestry and Fisheries having zero percent budget performance in 2012 and 2013. One wonders where economic diversification as emphasized in the Budget speeches delivered by the Governor would be achieved if not through the development of the agro-allied processing, manufacturing, and other non-oil sectors. This is the only way the State can achieve a broader base for employment generation and wealth creation. Such tenet will recognize that the Akwa Ibom people remain an agrarian society and require funding in these key sectors.

Figure 4.1: Akwa Ibom State Loans and IGR

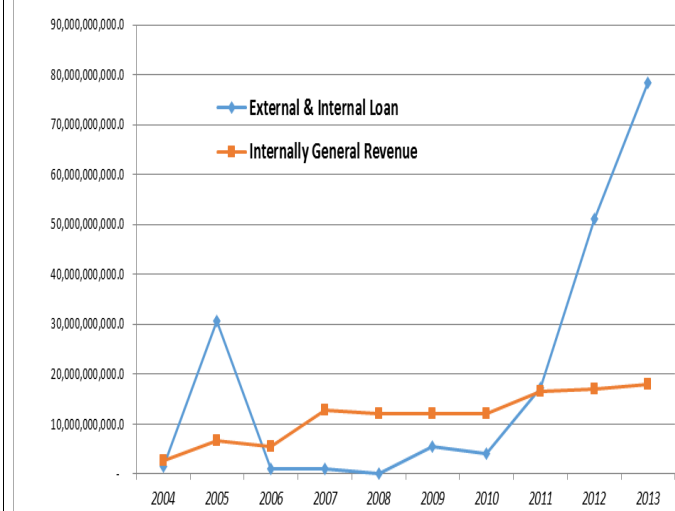


Figure 4.2: Akwa Ibom State Loans and Recurrent Expenditure

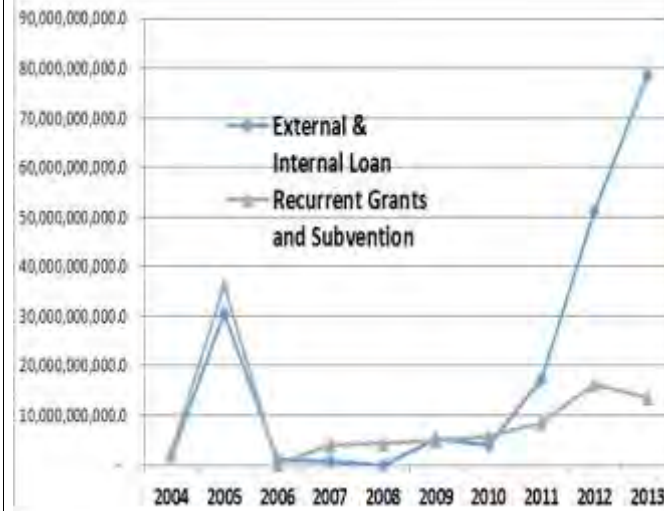


Table 4.2: Akwa Ibom Capital Budget and Actual Performance for the period 2012 2013

CAPITAL BUDGET DETAILS	BUDGET 2012	ACTUAL 2012	BUDGET PERFORMANCE	BUDGET 2013	ACTUAL 2013	BUDGET PERFORMANCE
ECONOMIC SECTOR						
Agriculture	11,315,000,000	2,079,688,284	18.38	8,635,000,000	576,209,040	6.67
Livestock & Veterinary Services	247,000,000	30,000,000	12.15	312,000,000	0.00	0.00
Forestry	215,000,000	0.00	0.00	415,000,000	0.00	0.00
Fisheries	160,000,000	0.00	0.00	92,000,000	0.00	0.00
Manufacturing, Craft, Co-operative & Finance	38,130,000,000	294,554,105	0.77	26,645,000,000	13,079,069,956	49.09
Urban Electrification	5,100,000,000	2,723,768,593	53.41	4,300,000,000	2,783,695,746	64.74

CAPITAL BUDGET DETAILS	BUDGET 2012	ACTUAL 2012	BUDGET PERFORMANCE	BUDGET 2013	ACTUAL 2013	BUDGET PERFORMANCE
ECONOMIC SECTOR						
Agriculture	11,315,000,000	2,079,688,284	18.38	8,635,000,000	576,209,040	6.67
Livestock & Veterinary Services	247,000,000	30,000,000	12.15	312,000,000	0.00	0.00
Forestry	215,000,000	0.00	0.00	415,000,000	0.00	0.00
Fisheries	160,000,000	0.00	0.00	92,000,000	0.00	0.00
Manufacturing, Craft, Co-operative & Finance	38,130,000,000	294,554,105	0.77	26,645,000,000	13,079,069,956	49.09
Urban Electrification	5,100,000,000	2,723,768,593	53.41	4,300,000,000	2,783,695,746	64.74
Commerce & Tourism	1,950,000,000	635,626,140	32.60	22,135,000,000	20,944,661,686	94.62
Works & Transport	145,365,000,000	139,043,597,483	95.65	142,270,000,000	112,904,368,494	79.36
Total Economic Sector	202,482,000,000	144,807,234,605	71.52	204,804,000,000	150,288,004,922	73.38
SOCIAL SERVICES SECTOR						
Education, Science & Technology	17,699,000,000	3,214,380,471	18.16	21,615,000,000	6,442,809,137	29.81
Health	12,391,000,000	5,592,436,725	45.13	17,952,000,000	8,767,475,612	48.84
Information & Culture	20,788,000,000	15,168,779,998	72.97	22,813,000,000	18,743,910,448	82.16
Social Development & Sports	1,812,500,000	361,540,680	19.95	1,742,500,000	522,328,720	29.98
Water Supply (Urban)	500,000,000	0.00	0.00	1,000,000,000	0.00	0.00
Rural Development & Utilities	9,950,000,000	3,407,125,671	34.24	8,300,000,000	2,858,124,152	34.44
Total Social Services Sector	63,140,500,000	27,744,263,546	43.94	73,422,500,000	37,334,648,069	50.85
ENVIRONMENTAL & REGIONAL DEVELOPMENT SECTOR						
Sewage, Drainage & Refuse Disposal	9,557,000,000	1,930,146,774	20.20	9,609,000,000	2,317,141,764	24.11
Housing	8,450,000,000	1,928,780,757	22.83	9,200,000,000	5,773,378,967	62.75
Urban Development	49,699,000,000	17,156,980,290	34.52	14,389,000,000	1,332,405,382	9.26
Total Environmental Sector	67,706,000,000	21,015,907,821	31.04	33,198,000,000	9,422,926,113	28.38

Source: Report of the Accountant General with Financial Statements for the year ended 31st December 2012 and 2013

4.2.6 Timely Reporting on Revenue and Expenditure

UNCAC requires State parties to adopt measures that will promote “timely reporting on revenue and expenditure”. Both AUCPCC and ECOWAS Protocol have corresponding provisions. AUCPCC provides in Article 5(4) for the adoption of “legislative and other measures to create, maintain, and strengthen internal accounting ... in particular, in the public income, custom and tax receipts, expenditures ...”. Obviously, measures aimed at achieving these objectives must include timely reporting. The ECOWAS Protocol requires measures “to establish and consolidate ... revenue collection systems that eliminate opportunities for corruption and tax evasion and provide for regulations which require companies and organizations to maintain adequate financial books and records and adhere to internationally accepted standards of accounting” (Article 5(f)). The reference to international standards of accounting makes timeliness of reporting an issue because it is covered by IPSAS (International Public Sector Accounting Standards) issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).

The mode of public reporting on Government revenues and expenditures is the annual report and financial statements of the Accountant General. Extant rules and practice (but not the Constitution or any Statute) requires the Financial Statements of the Accountant General to be ready within six months of the end of the financial year for audit, and the Constitution requires the Audit to be ready within 90 days of completion of the Financial Statements. However, the State Governments generally do publish the Financial Statements.¹⁹

How did Akwa Ibom State perform with regard to timeliness of completion of their Financial Statements and Audit Reports?

Looking at the table below there is evidence of submissions to the Public Accounts Committee (PAC). The state provided some evidence though inconclusive in some cases as regards the date of submission of State Accounts to her Public Accounts Committee (PAC). The state provided two evidences (2011 and 2014) that her Houses of Assembly (SHoA) annually conduct Committee Hearings on the Auditor General's Report and issue recommendations and directives by way of Resolutions in line with her Constitutional responsibility. See table 4.3 below for further evidence.

Table 4.3. Dates of submission of Financial Statements for audit and submission of Audit Reports to the Houses of Assembly in Akwa Ibom State.

Year	Date of submission to Auditor General's Office	Date of submission from Auditor General to PAC	Remarks
2012	30 th July 2013		On time with the 1999 Constitutional requirement ²⁰
2013	4 th July 2014	31 st October 2014	Same as above
2014	8 th April 2015		Same as above

¹⁹Three years (2012, 2013 & 2104) report submitted during the survey.

²⁰Note that submission dates so far are in line with the provisions of the Constitution but may have been late if the PFM law has been passed.

4.3 *System of Accounting and Auditing Standards and Related Oversight*

UNCAC requires an effective “system of accounting and auditing standards and related oversight”. AUCPCC does not make any direct reference to accounting standards. However, as seen above it requires the adoption of “legislative and other measures to create, maintain, and strengthen internal accounting, auditing and follow up systems ...” (Article 5(4)). Accounting and auditing standards constitute an internationally recognized measure for strengthening “internal accounting, auditing and follow-up systems”. Also as seen above, ECOWAS Protocol requires adherence to “internationally accepted standards of accounting.” It provides for the adoption of measures “to ... adhere to internationally accepted standards of accounting” (Article 5(f)).

4.3.1 *System of Accounting*

Legal provisions and enactments on accounting Standards in Nigeria include the 1999 Constitution, the Finance (Control and Management) Act 1957,²¹ and the Financial Regulations, 2009.²² These provisions establish the office of the Accountant General. The Accountant General runs the Treasury,²³ keeps the relevant accounting books (including revenues and expenditures), and prepares Financial Statements and fiscal accounts summary for audit. The Finance (*Control and Management*) Act defines the functions of the Office in this regard. The Financial Regulations (or Instructions) make detailed provisions on rules and procedures on all financial processes, transactions and procedures. Extant regulations and practice in many instances (but not law) require the Accountant General to prepare the final accounts and submit same for audit within six months of the end of the year. Thus by practice the financial accounts of the Federal/State Government should be ready for audit by the end of June each year. Combined with the Constitutional provision for completion of audit within 90 days,²⁴ the audited accounts should be ready by the end of September each year.

Akwa Ibom State presented no Public Finance law during the course of the research and there was no evidence to show that the State has one.

4.3.2 *Public Accounting Standards*

The International Public Sector Accounting Standards (IPSAS)²⁵ are internationally recognized public accounting standards, developed by the International Public Sector Accounting Standards Board (IPSASB). The IPSASB “develops high-quality International Public Sector Accounting Standards (IPSASs), guidance, and resources for use by public sector entities around the world for preparation of general purpose financial statements.”²⁶ Countries may adopt these standards in preparing their Financial Statements or produce their own public sector standards complying with the minimum standards of IPSAS.

The Nigerian Conference of Accountants' General of the Federation and States has been taking steps towards formal adoption of IPSAS for public sector accounting and reporting in the

²¹State governments should have their own independent organic finance laws, but some States adopt this federal legislation. For example, Cross River state has passed its own Public Finance Law. Some states have are in the process of enacting their own laws, while some regard their Fiscal Responsibility Laws as their organic finance laws, but this may be erroneous as shown below.

²²State governments should also have their own versions referred to as, *Financial Instructions*. However, some states submitted earlier editions of the federal Financial Regulations as evidence of what they use (see discussion on 'effective and efficient systems of risk management and internal controls' below for details).

²³Referred to as the Office of the Accountant General, following the 1970s and 80s reforms that changed the name from the Treasury Department of the Ministry of Finance. However, this documents (FIs) uses 'Office of the Accountant General' and 'Treasury' interchangeably as is also the case in practice.

²⁴See discussion on auditing below

²⁵Issued by the International Public Sector Accounting Standards Board (IPSASB) - formerly the Public Sector Committee - of the International Federation

²⁶<http://www.ifac.org/public-sector>

country. Indeed, the Office of the Accountant General of the Federation (OAGF) had been making official pronouncements in this regard prior to the enactment of the Financial Reporting Council of Nigeria Act in 2011.²⁷ For example, the OAGF²⁸ conducted an IPSAS gap analysis in January 2010, identified disparities between current public sector accounting practices and IPSAS, and produced a roadmap towards full adoption of IPSAS.²⁹ The OAGF has conducted nationwide sensitization workshops and activities (including study tours to countries that have migrated to IPSAS) as part of activities in the roadmap towards adoption of IPSAS.

The new Financial Reporting Council (FRC) has sole responsibility for making accounting, auditing, and reporting standards for the private and public sectors. The Council may either make its own standards or adopt any existing international standards, with which all entities must comply.³⁰ The Council adopted all the statements of commercial accounting practice issued by the Nigerian Accounting Standards Board, which it replaced. However, the Council has issued only one statement on public sector practice thus far – Statement of Recommended Practice on Retirement Benefits in the Public Sector, but it has not yet pronounced on adoption of IPSAS or any other standard. The TUGAR 2012 study report³¹ provides a succinct brief on the IPSAS and the scope of standard setting and regulatory powers of the new Financial Reporting Council of Nigeria. See www.tugar.org.ng

In a meeting on 28th July 2010, the Federal Executive Council approved the adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria. Subsequently, the Federal Account Allocation Committee (FAAC) at its meeting of 13th June 2011 set up a technical committee to provide a road map for adoption, implementation and application of IPSAS in the three tiers of government in Nigeria. The Sub-committee has developed a unified National Chart of Accounts (COA), the format for General Purpose Financial Statements (GPFS) for IPSAS Cash and Accrual as well as the Accounting Policies. It has been agreed that the IPSAS cash basis of accounting will be implemented with effect from 1st January 2014, whilst IPSAS accrual basis of accounting will be implemented from 1st January 2016. State and Federal Government representatives claim that “preparation of 2014 budgets is” largely based on the new chart of accounts. This has been confirmed by a Circular issuing from the Office of the Accountant General (FAAC Sub-Committee on Road Map for Adoption of IPSAS) dated 13th May 2013. The Accountant General of the Federation has also in June 2013 communicated these developments to all State Commissioners for Finance by a Circular dated 18th June 2013 requiring them to set up State and LGA IPSAS Accounting Standards (IPSAS) implementation committees.

Accordingly the Federal Government has published the following documents;

- a) Format of General Purpose Financial Statements (GPFS) IPSAS Cash Accrual for the Federal Government and 36 States and the Federal Capital Territory 2012
- b) National Chart of Accounts (COA) IPSAS Cash and Accrual 2012
- c) Template for IPSAS compliant budget (IPSAS cash budgets) in 2013
- d) Adoption of International Public Sector Accounting Standards (IPSAS) in

²⁷The Act equips the Financial Reporting Council with powers to produce or adopt accounting, auditing, and reporting standards for both public and private sector Nigeria.

²⁸In conjunction with the Office of the Accountant General of the Federation and the defunct Nigerian Accounting Standards Board (NASB)

²⁹See Federal Republic of Nigeria (2010): Nigeria Public Sector Accounting - Comparison with International Public Sector Accounting and Auditing Standards (Country Report), January 2010

³⁰The Council has powers of enforcement, as well, s. 7(2)a of the Act; see Box. 5.2.

³¹Mapping Scoping Survey of Anti-corruption and governance measures in public finance management(PFM)A study of Ten States of (Adamawa, Anambra, Bayelsa, Benue, Delta, Kaduna, Imo, Niger, Ondo, and Sokoto) states

- Nigeria; What you need to Know 2013.
- e) National Chart of Accounts (NCOA) User's Manual 2013

There is evidence that Akwa Ibom State has complied with the Cash IPSAS accounting standard and the state is keen on migrating to accrual IPSAS by 2016.

4.4 Effective and Efficient Systems of Risk Management and Internal Controls

UNCAC provisions further require “Effective and efficient systems of risk management and internal control”. Both AUCPCC and the ECOWAS Protocol make implied or indirect references to internal controls in the provisions already reproduced several times in this report. AUCPCC requires State parties to “Adopt legislative and other measures to create, maintain, and strengthen internal accounting”. ECOWAS Protocol also provides for adoption of “necessary legislative and other measures to” criminalize “Creating or using an invoice or any other accounting document or records containing false information” and “unlawfully omitting to make a record of payment” (Article 6 (4)(a,b)). These are obvious references to internal controls.

State Governments have provisions for internal controls as a rule. Either State Governments have their own set of Financial Instructions (FI) and Stores Regulations (SR) or they adopt some version of the federal Financial Regulations (FR). The regulations provide detailed internal rules and follow the same general structure. The rules cover approval, recording, custody, and accounting procedures for collecting revenues, incurring expenditures, acquiring tangible and intangible assets, and creating liabilities. They also contain rules for bank reconciliation, deposits, advances, handling of stores (requisition, purchase, receipt, and issue), and internal and external audit. However, Akwa Ibom State provided no evidence of how the internal controls contained in their Financial Regulations work in practice. Further evidence from the Auditor General's Reports of 2012 and 2013 confirmed a violation of Financial Regulations Nos. 206 and 811 that has to do with lack of reconciliation of bank cash book balances by MDAs with respective bank statements balances. Evidence of failure to support payment vouchers for purchase of stores receipt vouchers as well as weak supervisions by the Inspectorate Department of the Office of the Accountant General and the Heads of Accounts of MDAs further confirm weak internal control measures.

4.5 Corrective Action for Non-compliance with Legal Provisions on Accounts and Audit

UNCAC requires measures to take “Appropriate, corrective action in the case of failure to comply with the requirements established in this paragraph (on public finance)”. AUCPCC provisions require corrective measures when it provides for audit follow-up action: “... State Parties undertake to ... adopt legislative and other measures to create, maintain, and strengthen ... auditing and follow up systems ...” (Article 5(4)). AUCPCC further provides as follows, In order to combat corruption and related offences in the public service, State parties commit themselves to: ... Develop disciplinary measures and investigation procedures in corruption and related offences with a view to keeping up technology and increase in efficiency of those responsible in this regard” (Article 7(3)). The ECOWAS Protocol provides that “Each State Party shall adopt necessary legislative and other measures to establish as

offences liable to criminal or other sanctions the following acts or omissions ...” (Article 6(4)). Criminal and administrative sanctions can indeed have a deterrent and corrective effect.

This requirement of corrective action has two aspects: administrative measures taken to correct observed anomalies and provisions for criminal sanctions imposed under the law for infringement of the legal provisions.

Details of compliance of Akwa Ibom State with the Provisions of UNCAC, AUCPCC and ECOWAS Protocol Management of Public Finance are presented below.

Table 4.3: Summary of Compliance with Provisions of UNCAC, AUCPCC and ECOWAS Protocol Management of Public Finance

Requirements	Provisions Citations	Present Situation
Procedures for the Adoption of the Budget	UNCAC: Article 9(2)a AUCPCC: Article 5(4) ECOWAS Protocol: Article 5(g)	The 1999 Constitution provides basis for adoption of budget. The Governor presents spending proposals, the State House of Assembly (SHA) approves; the SHA must first approve all spending in this way except for a few constitutionally mandated first line charges on the CRF of the State. Akwa Ibom State presented her House of Assembly rules for adoption of budgets which is in line with that of some other States and the Federal level.
Timely reporting on revenues & expenditures	UNCAC: Article 9(2)b AUCPCC: Article 5(4); ECOWAS Protocol: Article 5(f)	FY 2012 submitted 30 th of July 2013; FY 2013 submitted 4 th of July 2014; and FY 2014 submitted 8 th of April 2015. The three years complied with the provisions of the 1999 Constitution as amended but assuming the Public Finance Act (PFA) has been passed in the State, only FY2014 would have complied to the provisions.
Accounting and Auditing Standards, etc.	UNCAC: Article 9(2)c AUCPCC: Article 5(4) ECOWAS Protocol: Article 5(f)	The Federal and State Governments across Nigeria have adopted IPSAS and its implementation started with 2014 budget. In Akwa Ibom State a circular was issued from the Office of the Accountant General (FAAC Sub-Committee on Road Map for Adoption of IPSAS) on 13 th May 2013 notifying the State of adoption of IPSAS. This came even before the Accountant General of the Federation in June 2013 communicated these developments to all State Commissioners for Finance by a Circular dated 18 th June 2013 requiring
		them to set up State and LGA IPSAS Accounting Standards (IPSAS) implementation committees. The State is currently Cash IPSAS accounting standard compliant and has set up every machinery to enable her migrate to accrual IPSAS by 2016.
Risk Management and Internal Controls	UNCAC: Article 9(2)d AUCPCC: Article 5(4) ECOWAS Protocol: Article 6 (4)(a,b)	Akwa Ibom State Financial Instruction was last revised in 2003 which is over a decade now. It is a bit old and require revision. Unfortunately the non-provision of audit reports by the State could not allow the research team to ascertain how this has affected internal control in the current digital world.

Requirements	Provisions Citations	Present Situation
Corrective Action for compliance	UNCAC: Article 9(2)e AUCPAC: Article 5(4) ECOWAS Protocol: Article 6(4)	Limited follow up action for Non -compliance with Legal Provisions on Accounts and Audit exists both in the Constitution and other legislations and manuals. There are several issues requiring legislative interventions; but required legislative action is very lax and in some cases nonexistent. There have been House of Assembly especially the Public Accounts Committee (PAC) follow up committee investigations in Akwa Ibom but in few cases and there is no evidence of what the conclusions were . There are no statutory powers for direct coercive corrective action by the Auditors Generals and Akwa Ibom State has failed to make necessary laws to create mechanisms for effective corrective action and to remedy such other issues as independence of Auditor General's office.
Administrative Measures to Protect the Integrity of Public Finance and Accounts Records	UNCAC: Article 9(3); AUCPAC: Article 7(3); ECOWAS Protocol: Article 6(4) ; and the Money Laundering [Prohibition] Act 2004.	The State presented copies of Public Service Rules and Civil Service rules. The State Government is part of the National council on establishment that negotiated and agreed on the documents.

CHAPTER 5: CIVIL AND ADMINISTRATIVE MEASURES TO PROTECT THE INTEGRITY OF PUBLIC FINANCE AND ACCOUNTS RECORDS

5.1 Introduction

Article 9(3) of UNCAC provides as follows, “Each State Party shall take such civil and administrative measures as may be necessary, in accordance with the fundamental principles of its domestic law, to preserve the integrity of accounting books, records, financial statements, or other documents related to public expenditure and revenue and to prevent the falsification of such documents”. AUCPCC further provides as follows, In order to combat corruption and related offences in the public service, State parties commit themselves to ... develop disciplinary measures and investigation procedures in corruption and related offences with a view to keeping up technology and increase in efficiency of those responsible in this regard” (Article 7(3)). On this issue, ECOWAS Protocol enjoins each State Party to “adopt necessary legislative and other measures to establish as offences liable to criminal or other sanctions the following acts or omissions, in order to commit, or conceal the offences referred to in this Protocol: a) Creating or using an invoice or any other accounting document or record containing false or incomplete information, (b) Unlawful omitting to make a record of payment” (Article 6 (4)).

There are two aspects to this discussion: The existence of civil and administrative measures to protect the integrity of public finance and accounts records; and how effectively Akwa Ibom State Government enforces them. Applicable measures and procedures for securing document integrity are provided for by certain generic documents which are similar among States and at the Federal level. Some States in fact claim to apply the Federal Financial Instructions (FIs) and Civil Service Rules (CSRs). These documents include the Financial Instructions, Treasury Circulars, the Public Service Rules and the Civil Service Handbook. The other documents relate to statutory provisions from subject specific- legislation such as the Freedom of Information, Fiscal Responsibility and Public Procurement Laws and related guidelines where they exist.

5.2 Existence of Civil and Administrative Protection Measures

The Financial Instructions (FI) constitutes the most important source documents on civil and administrative measures for protecting public finance and accounting records. The Financial Instructions are binding on all concerned, and although the books do not contain sanctions for their violations, the Public (civil) Service Rules do. The FI contains detailed and elaborate provisions on the procurement, security, control, custody, storage, and use of all receipting, licensing, recording, and evidence account documents. For example, the federal Financial Regulations (FR)³² adopted wholesale by some subject States and mirrored by the FIs of others contains provisions on rules, procedures, and proformas for:

- * Revenue collection and recording, including documentation and issuing of receipts.
- * Authorizing and incurring expenditure, making payments, including evidencing documentation, such as payment vouchers and Departmental Vote Books (DVBs)
- * Issuing of cheques, custody of cheques, signing, storage of cheque books and used cheque

³²2009/e; cited as example to avoid using any of the participating 10 states documents as model; in any case, state FIs are all similar to themselves and the federal FR; besides, as shown elsewhere in this report, some states adopt and use older versions of the federal FR.

Article 9(3) of UNCAC provides as follows, “Each State Party shall take such civil and administrative measures as may be necessary, in accordance with the fundamental principles of its domestic law, to preserve the integrity of accounting books, records, financial statements, or other documents related to public expenditure and revenue and to prevent the falsification of such documents”. AUCPCC further provides as follows, In order to combat corruption and related offences in the public service, State parties commit themselves to ... develop disciplinary measures and investigation procedures in corruption and related offences with a view to keeping up technology and increase in efficiency of those responsible in this regard” (Article 7(3)). On this issue, ECOWAS Protocol enjoins each State Party to “adopt necessary legislative and other measures to establish as offences liable to criminal or other sanctions the following acts or omissions, in order to commit, or conceal the offences referred to in this Protocol: a) Creating or using an invoice or any other accounting document or record containing false or incomplete information, (b) Unlawful omitting to make a record of payment” (Article 6 (4)).

There are two aspects to this discussion: The existence of civil and administrative measures to protect the integrity of public finance and accounts records; and how effectively Akwa Ibom State Government enforces them. Applicable measures and procedures for securing document integrity are provided for by certain generic documents which are similar among States and at the Federal level. Some States in fact claim to apply the Federal Financial Instructions (FIs) and Civil Service Rules (CSRs). These documents include the Financial Instructions, Treasury Circulars, the Public Service Rules and the Civil Service Handbook. The other documents relate to statutory provisions from subject specific- legislation such as the Freedom of Information, Fiscal Responsibility and Public Procurement Laws and related guidelines where they exist.

5.3 Application of the Measures

The *Financial Instructions (FI)* constitutes the most important source documents on civil and administrative measures for protecting public finance and accounting records. The Financial Instructions are binding on all concerned, and although the books do not contain sanctions for their violations, the Public (civil) Service Rules do. The FI contains detailed and elaborate provisions on the procurement, security, control, custody, storage, and use of all receipting, licensing, recording, and evidence account documents. For example, the federal Financial Regulations (FR)³² adopted wholesale by some subject States and mirrored by the FIs of others contains provisions on rules, procedures, and proformas for:

- * Revenue collection and recording, including documentation and issuing of receipts.
- * Authorizing and incurring expenditure, making payments, including evidencing documentation, such as payment vouchers and Departmental Vote Books (DVBs)
- * Issuing of cheques, custody of cheques, signing, storage of cheque books and used cheque stubs, maintenance of cheque register, etc. Maintaining the cashbook and preparation of monthly cash accounts.
- * Making adjustment to accounts records through the use of journals.
- * Operating and recording of imprests.
- * Safekeeping of public moneys, stamps, security books, and documents.
- * Handling of receipts and license books.

Table 5.1: Summary of Compliance with Provisions of UNCAC, AUCPCC and ECOWAS on the integrity of public finance and accounts records in Akwa Ibom State

Requirements	Provisions Citations	Present Situation
Risk Management and Internal Controls	UNCAC: Article 9(2)d AUCPCC: Article 5(4) ECOWAS Protocol: Article 6 (4)(a,b)	Akwa Ibom State Financial Instruction was last revised in 2003 over a decade now. It is a bit old and require revision. There is lack of statutory power for direct coercive corrective action by the Auditors General and Akwa Ibom State has failed to make necessary laws to create mechanisms for effective corrective action and to remedy such other issues as independence of Auditor General's office .
Corrective Action for Non-compliance	UNCAC: Article 9(2)e AUCPCC: Article 5(4) ECOWAS Protocol: Article 6(4)	There are no statutory powers for direct coercive corrective action by the Auditor Generals and Akwa Ibom State has failed to make necessary laws to create mechanisms for effective corrective action and to remedy such other issues as independence of Auditor General's office.

CHAPTER 6: PUBLIC REPORTING AND PUBLIC PARTICIPATION

6.1 *Introduction*

Article 10 of UNCAC states as follows, “Taking into account the need to combat corruption, each State Party shall, in accordance with the fundamental principles of its domestic law, take such measures as may be necessary to enhance transparency in its public administration including with regard to its organization, functioning and decision making processes, where appropriate. Such measures may include, inter alia

- * Adopting procedures or regulations allowing members of the general public to obtain, where appropriate, information on the organization, functioning and decision-making processes of its public administration and, with due regard for the protection of privacy and personal data, on decisions and legal acts that concern members of the public
- * Simplifying administrative procedures, where appropriate, in order to facilitate public access to the competent decision-making authorities; and
- * Publishing information, which may include periodic reports on the risks of corruption in its public administration”.

Article 13 of UNCAC requires each State Party to “take appropriate measures, within its means and in accordance with fundamental principles of its domestic law, to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption”. Required measures may include;

- * Enhancing the transparency of and promoting the contribution of the public to decision making processes;
- * Ensuring that the public has effective access to information;
- * Undertaking public information activities that contribute to non-tolerance of corruption, as well as public education programmes, including school and university curricula;
- * Respecting, promoting and protecting the freedom to seek, receive, publish and disseminate information concerning corruption.

6.2 *Public Access to Information*

As already seen, UNCAC demands rules that ease public access to information when it requires adoption of “procedures or regulations allowing members of the general public to obtain, where appropriate, information on the organization, functioning and decision-making processes of its public administration and, with due regard for the protection of privacy and personal data, on decisions and legal acts that concern members of the public”. AUCPCC provides that, “Each State Party shall adopt such legislative and other measures to give effect to the right of access to any information that is required to assist in the fight against corruption and related offences” (Article 9). ECOWAS Protocol requires that “Each State Party shall take measures to establish

and consolidate ... freedom of the press and right to information” (Article 5(j)).

One recent important development in this area in Nigeria is the enactment by the Federal Government of the Freedom of Information Act in 2011. The Act introduces itself with these words, “This Act makes public records and information more freely available, provides for public access to public records and information, protects public records and information to the extent of being consistent with the public interest and the protection of personal privacy, protects serving public officers from adverse consequences of disclosing certain kinds of official information without authorization, and establish procedures for the achievement of those purposes”.

The Act establishes the right of any person to access or request information in the custody or possession of any public official, agency or institution, whether or not the information is in a written form and whatever the description of the information. This right applies notwithstanding anything contained in any other Act, law, or regulation, to the contrary. It is not necessary for an applicant for information under the Act to demonstrate any specific interest in the information requested. The applicant may institute proceedings in the Court to compel any public institution to comply with the provisions of this Act. A Public Institution may not charge any fee for such information, except “standard charges for document duplication and fees transcription where necessary”.

In addition, the law requires that a Public Institution shall maintain “a description of the organization and responsibilities of the institution, including details of the programmes and functions of each division, branch and department of the institution.” A public institution shall also widely disseminate and make readily and proactively available this description to members of the public through various means, including print, electronic and online sources, and at the offices of such public institutions. It shall also update and review the information periodically, and immediately whenever changes occur. The Attorney General of the Federation has issued guidelines for implementation of this law.

There have been noticeable but sporadic improvements on public access to how the Federal Government functions, including in public administration and decision making, since return to civil rule in 1999 that State Governments can emulate. These developments have been captured in the TUGAR study report 2012³³ www.tugar.org.ng

The Federal Freedom of information Act 2011 applies to States in Nigeria including Akwa Ibom State. Unfortunately there is no evidence that the State has taken any concrete steps to improve access to publicly held information. The state has not issued guidelines for application of the FoI Act.

Access to publicly held information remains difficult in the State and is a major constraint to citizen's participation in governance. The state submitted no evidence of strong administrative measures to improve creation and maintenance of public records in a manner that lends itself to easy retrieval and grant of access to information as required by law. One good and effective

³³Mapping & Scoping survey of anti-corruption and governance measures in public finance management (PFM). A study of ten States of the federation (Adamawa, Anambra, Bayelsa, Benue, Delta, Kaduna, Imo , Niger, Ondo and Sokoto

option for States will be to use their various websites to proactively disclose information to the public. Once information is available and known to be available online, it will reduce requests for the same information.

6.3

Simplifying Administrative Procedures to Facilitate Public Access to Competent Decision-Making Authorities

To enhance public reporting, UNCAC requires of State Parties, the “Simplifying (of) administrative procedures, where appropriate, in order to facilitate public access to the competent decision-making authorities”. Both AUCPCC and the ECOWAS Protocol have similar provisions. AUCPCC provides that, “Each State Party shall adopt such legislative and other measures to give effect to the right of access to any information that is required to assist in the fight against corruption and related offences” (Article 9). ECOWAS Protocol requires that “Each State Party shall take measures to establish and consolidate ... freedom of the press and right to information” (Article 5(j)).

Beginning in 2004 and at the commencement of its fiscal reforms, the Federal Government has made progress in simplifying process and procedures for accessing information of public interest. Notable among these is the demystification of the budgeting process, with the conscious involvement of a wide spectrum of stakeholders in government, civil society, and the organized private sector. Organized stakeholder-consultations and regular publication of the Fiscal Strategy Paper help the interested and informed public understand rationale and reasoning behind some fiscal decisions. In 2005 and 2006, the Federal Government introduced further innovations around the budget including publication of simplified editions of the approved budget in English and Pidgin English. Recently in July 2012, the Coordinating Minister of the Economy and the Budget Office of the Federation held consultative meetings with citizen stakeholders, including private sector groups on the Medium Term Expenditure Framework (MTEF) and 2013 budget proposals in line with the Fiscal Responsibility Act 2007. The Act mandates annual compulsory public consultation between the Minister of Finance and Stakeholders on the MTEF. That way, it provides access to decision makers, by citizens or groups seeking to influence government planning and budget priorities.

Further, the Federal Government established SERVICOM a service contract with the Nigeria populace. The major objectives of SERVICOM as advertised on its website include the following:

- * To coordinate the formulation and operation of SERVICOM charters
- * To monitor and report to the President on the progress made by Ministries, Departments and Agencies in performing their obligations under SERVICOM.
- * To carry out independent surveys of the services provided to citizens by the Ministries and Government Departments, their adequacy, their timeliness and customer satisfaction.
- * To conduct SERVICOM Compliance Evaluation of services provided by Government Departments³⁴

The Attorney General for the Federation and Minister of Justice has issued a revised guideline for implementation of the Freedom of Information Act 2011 signifying commitment of government to implementing the Act. Following the directives of the Secretary to the Government of the

³⁴With technical and funding support from donors (especially DFID), SERVICOM produced evaluation reports on major Nigerian government agencies (see next section below).

Federation, many public institutions are establishing in-house Committees to plan for and prepare agencies to more efficiently manage information and respond to public requests for information in accordance with the Act.

SERVICOM aims to give Nigerians the right to demand good service (devoid of corruption) from government agencies and departments. SERVICOM Charter, which all Government agencies providing services to the public have prepared, contain details of these rights. The Charter tells the public what to expect and what to do if the service fails or falls short of their expectation. There are also separate Codes of Conduct for Ministers.³⁵

Akwa Ibom State claimed that it has recently established its own version of SERVICOM. Akwa Ibom state budget processes have not been simplified to create improved access to decision makers by the people. There is no evidence that positions canvassed by CSOs have sometimes been accepted by both the Legislature and the Executive. The budget when passed is not simplified and disseminated and teams of officials led by representatives of constituencies in the House of Assembly do not hold budget sensitization sessions where they present the budget provisions relating to every constituency and answer queries by communities. In summary, citizens' participation in the PFM processes is not evident in the State.

6.4 Publishing Periodic Reports on Risks of Corruption in Public Administration

UNCAC also requires the “Publishing (of) information, which may include periodic reports on the risks of corruption in its public administration.

In 2009, the Technical Unit on Governance and Anti-corruption Reforms (TUGAR) published three reports titled; a) Mapping of Anti-Corruption Measures in PFM in the Federal Government of Nigeria and Six Nigerian State Governments;³⁶ b) Report of Scoping Survey of Anti-Corruption Initiatives in Nigeria; and c) Report of Compliance and Gap Analysis of Anti-Corruption Initiatives in Nigeria with regional and global anti-corruption instruments. These were the first reports of its kind in Nigeria.

Again in 2012 and 2013, TUGAR published another study report titled Mapping & Scoping survey of anti-corruption and governance measures in Public Finance Management (PFM) - A study of additional twenty States of the federation. The current study report if published will further contribute to government's efforts to comply with these requirements. This study found no independent efforts by States in this sample in this respect.

The Independent Corrupt Practices and Other Related Offences Commission (ICPC) publishes *The Anti-Corruption Digest* as well as periodic progress reports. Both publications focus on the activities of the Commission. They are not an in-depth analyses of corruption and the risks they pose. In addition, the Economic and Financial Crimes Commission (EFCC) publishes the *EFCC Alert* and the *Zero Tolerance* magazines. As with the ICPC journals, the EFCC magazines

³⁵The code for ministers is on SERVICOM's website, www.servenigeria.com but that for general staff is not.

³⁶The states are Bauchi, Enugu, Rivers, Kano, Lagos, and Plateau

are not analytical reports on the risks of corruption. They are briefs on the activities of the Commission.

The other report that provides an analysis of the impact of corruption is the evaluation report on the performance of 53 federal government agencies assessed by SERVICOM in 2006/7. The evaluation reports³⁷ have four headings: major weaknesses, major strengths, overall rating (on a scale of 50), and recommendations. Among the items considered as constituting major weakness is the absence of a public complaints and redress mechanism in gaining access to agencies.³⁸ However, there is no conscious analysis of corruption, the risks it poses and its impact on the services of the agency or on the public, and there is no recent evaluation report from SERVICOM.

The Federal Government established Nigeria Extractive Industries Transparency Initiative (NEITI) in 2004. One of the Key functions of NEITI is to carry out regular financial, fiscal and process audits of the Nigerian extractive sector. These audits reconcile the amounts that extractive companies pay to government with what government says it receives. Since inception in 2004, NEITI has conducted five cycles of audits, all of them in the oil and gas sector and the recent audit covering the solid minerals sector. The first oil and gas audit covers the period 1999 to 2004, the second 2005, the third 2006-2008 and the fourth 2011 and last one up to 2013. In the past, information on revenue and physical flows of the oil and gas in Nigeria was treated as confidential. NEITI audit exercises and the publication of all its reports are effectively changing this outlook. The NEITI Secretariat, its audit exercises and the publication of the audit reports promote a culture and consensus framework for making the extractive sector in Nigeria more transparent and accountable.³⁹

Also at the federal level, the ICPC has conducted systems review of some MDAs. One well publicized is the study of corruption and review of land administration in FCT. The report is a free download on the ICPC website.⁴⁰

The ICPC in collaboration with TUGAR and the BPP has developed a Corruption Risk Assessment Methodology applicable to the federal and State departments and agencies. They have completed training and certification of sixty nine (69) Corruption Risk Assessors selected from ICPC, TUGAR, Federal & State agencies and Civil Society. These assessors, on behalf of The Bureau of Public Procurement, ICPC and TUGAR conducted a Corruption Risk Assessment of the Port Sector in Nigeria. The recently published report captures Corruption Risks in six Ports (Calabar, Lagos-Apapa, Lagos Tin Can, Port Harcourt, Onne and Warri). BPP, ICPC and TUGAR have also conducted Corruption Risk Assessments in selected sectors in Education, Health & Water resources.

Akwa Ibom State in the study is not known to review or publish reports of risk of corruption in its administration. There is no evidence presented to show that such process exists in the State.

³⁷ www.servenigeria.com

³⁸ This may not really be a negative commentary on the Public Complaints Commission. Public access to MDAs does not appear to be within its mandate.

³⁹ www.neiti.org.ng

⁴⁰ <http://icpc.gov.ng/downloads/?did=3>

6.5 *Participation of Society in Prevention of and fight against corruption*

Governments are representative institutions, and Government officials act for and on behalf of citizens, but this should not preclude citizens' participation in decision making and indeed in prevention and fight of corruption. This perhaps is why UNCAC requires State Parties "to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption"

Also the AUCPCC requires state parties to do the following among other things; a) popularize this convention with the full participation of Media and Civil society; b) create enabling environment to enable Civil Society and media to hold Governments to the highest levels of transparency and accountability in management of public affairs; c) grant media access to information in cases related to corruption and related offences on condition that dissemination does not adversely affect investigation; d) Ensure and provide for participation of Civil Society in the monitoring process and consult Civil Society in the implementation of this convention.

Article 5 of the ECOWAS Protocol complements this by enjoining each State Party to *promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention shall take measures to establish and consolidate laws that ensure the participation of civil society and Non-Governmental Organizations (NGOs) in efforts to prevent and detect acts of corruption.* Sections 13 and 14(c) of the Constitution of the Federal Republic of Nigeria requires every one exercising Legislative, Executive or Judicial authority in Nigeria in doing so to ensure the participation by the people in their Government in accordance with the provisions of this Constitution. This provision though part of the fundamental objective principles of State policy which are said not to be directly justiciable, has been the basis for citizens' agitation for improved environment for popular participation in governance decision making, which in part has led to improved legal environment for citizens' participation in Nigeria.

At the Federal level, S48 of Fiscal Responsibility Act (FRA) requires the Federal Government to ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implications. It also requires the Minister of Finance to consult the public on the Medium Term Expenditure Framework.⁴¹ In the case of the Public Procurement Act 2007, S 19 requires mandatory citizen's observation/monitoring of all procurement activity, and Ss 16, 23, 24, 25, 38 provide for public access to procurement information.

Also by the Nigeria Extractive Industries Initiative Act 2007 the Federal Government set up the NEITI, as a multi-stakeholder framework and Nigerian subset of a global EITI initiative aimed at achieving due process and achieving transparency in payments by Extractive Industry (EI) companies to governments and government linked entities and in the case of Nigeria, in the utilization of such receipts by Government entities. The NEITI National Stakeholders Working Group (NSWG), has both private sector and Civil Society representatives.

⁴¹S 13(2) of the Fiscal Responsibility Act 2007

The NSWG is made up of fifteen (15) members drawn from the extractive industry, civil society, labour unions in the extractive sector, and representatives of the six geo-political zones of Nigeria, and provides good opportunity for increased citizen's participation in the natural resources governance in Nigeria.

Both the ICPC and EFCC support networks of civil society organizations working to prevent corruption. While the EFCC supports the Anti-Corruption Revolution (ANCOR), the ICPC has established and supports the National Anti-Corruption Coalition (NACC).

Unfortunately, Akwa Ibom State has not passed the Fiscal Responsibility and Public Procurement laws with similar provisions to the Federal laws.

Details of Compliance of Akwa Ibom State with Provisions of UNCAC, AUCPCC and ECOWAS on Public Reporting and participation is presented in table 6.1 below.

Table 6.1: Summary of Compliance with Provisions of UNCAC, AUCPCC and ECOWAS on the integrity of public finance and accounts records in Akwa Ibom State

Evidence of improved Access to information	Evidence of simplification of decision making processes	Citizens contribution to Budget process	Citizen Participation in Procurement and Project Monitoring	Challenges to Citizen Participation	Publishing Periodic Reports of Corruption, and participation of citizens in prevention and the fight against corruption
<p>There is no evidence of improved disclosure of governance information to CSOs and through published reports.</p> <p>There is no evidence of system for collation, and management of publicly held information in a manner to improve access on demand and no evidence of grant of access on demand</p>	<p>CSO do not have access to MDA MTSS processes, distribution of budget call circulars, budget documents, implementation reports etc and no effort have been made to institutionalize consultations, simplification and dissemination of budget with civil society by executive. There has been little effort by the legislature</p>	<p>A non-inclusive budget process exists . No evidence to show that CSOs are allowed to make inputs and have access to decision makers. There is no evidence to show that constituency budget consultation meetings/accountability forums which allows for public demand for accountability hold in Akwa Ibom State as is the case with the neighboring Cross River State.</p>	<p>No CSO is involved in contractor selection or monitoring and there is no effort to have them included. Any form of monitoring by CSOs in the State is done for other CSOs or donor partners.</p>	<p>There is attempts by the new administration to include some CSOs in government processes but progress is still at infancy.</p>	<p>No evidence was found</p>

CHAPTER 7: POLICY RECOMMENDATIONS

- (1) The state as a matter of urgency should send the two sunshine laws: Fiscal Responsibility and Public Procurement Bills to the State House of Assembly for deliberations and passage. The two bills should be aligned to the provisions of the Federal Acts (Fiscal Responsibility Act and Public Procurement Act) while the State needs to revise her Financial Instructions, Public Service Rules, Treasury Circulars and other similar instruments to meet with standards of access to information, citizen's engagement and objective decision making required by the internationally acceptable accounting and auditing standard . The State requires anti-corruption policy standards which will be integrated into the revised State Civil Service Rules and Financial Instructions.
- (2) There is the need for the State to watch the growth of her internal and external loans (debt). The State internal and external loans grew more than the State Internally Generated Revenue (IGR) in 2011. This is in addition to a situation where the State internal and external loans were already seen to be higher than her recurrent expenditure in 2010 with an increasing trend. These conditions are not to the best interest of the State and conflict with the ECOWAS economic convergence criteria.
- (3) It is obvious that Akwa Ibom State government needs to improve and institutionalize citizen's participation in governance and the fight against corruption. It is in bridging this gap that a sustainable solution to public finance governance can be found. Unfortunately, no evidence throughout the survey pointed that the State is moving in this direction.
- (4) Apart from the State, CSOs in the State need to improve on their collaboration to be able to help the State in this direction. A neighboring State (Cross River State) has what it calls the Budget Transparency and Accountability Network (BTAN). Akwa Ibom CSOs can model their monitoring mechanisms in line with BTAN which has been confirmed to have helped the State citizens get involved in budgeting monitoring as well as procurement activities.
- (5) There are four important elements of accountability in a civil rule or democratic governance system; access to information; political will, collective action and sanctions. Political will is critical, and can support access to information and application of sanctions. But access to information is even more critical to developing improved political will, collective action and consistent demand for application of sanctions. There is no evidence to suggest any form of accessibility of information from the CSO groups in the state while the only document (budget document) that is printed in large quantities have a price tag that may deliberately prevent certain citizens in the state from having access to the document. Also, there is no evidence to show that the State government publishes in-year budget reports (quarterly and half-yearly) in the last three years. There is the need for the state to design and implement administrative mechanism that ensures that Government records are captured, analyzed,

and proactively communicated in accordance with the provisions of the Freedom of Information Law.

- (6) There is the need to instill fiscal discipline, ensuring effective allocation of resources to strategic priorities, and efficient delivery of public services. States also need a system and process that saves for the rainy day. A budget preparation, implementation and performance monitoring system based by law with a sustainable MTEF process that is open and broad citizen driven consultative MTSS process is immediately needed in the state. The MTEF and its process should require inclusive setting up of aggregate expenditure ceilings which shall be the basis for sectoral allocation of budget and actual expenditure.
- (7) Though the State has adopted the cash IPSAS, they should make it as a matter of priority to stick to the migration of accrual IPSAS in 2016. It must be critically aligned to progressive provisions of such laws as the Fiscal Responsibility, Public Procurement, and Freedom of Information Acts and closely mirror international standards when put in place in the State.

ANNEX 1

AKWA IBOM STATE FINANCIAL SUMMARY FOR THE PERIOD 2004 -2013 (NAIRA IN MILLIONS)										
DESCRIPTION	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OPENING BALANCE	10,276.13	11,022.85	11,631.53	9,905.44	9,156.82	48,646.70	29,873.48	24,275.06	33,892.11	21,228.89
Internally General Revenue	2,593.71	6,714.08	5,393.42	12,632.82	12,091.43	12,113.44	12,085.76	16,554.32	17,059.39	18,005.80
Statutory Allocation	51,299.02	39,182.61	88,641.24	125,637.50	224,942.79	181,177.60	222,688.47	261,964.71	279,963.86	316,759.02
Value Added Tax (VAT)	2,423.84	2,222.54	2,726.85	3,756.45	5,065.44	5,777.49	7,653.39	8,484.38	9,133.43	10,138.05
Reimbursements	0.44	0.02	12,726.98	0.01	2.06	0.00	0.70	0.00	0.00	0.00
External & Internal Loan	1,500.08	30,701.00	1,000.03	896.94	0.52	5,360.00	4,000.00	17,176.75	51,027.12	78,467.94
Ecological Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250.00	5,000.00
Other Income	33.73	200.99	4,533.30	4,335.27	936.01	0.00	0.00	0.00	0.00	0.00
TOTAL	68,126.92	90,044.09	126,136.35	157,164.43	252,195.07	223,201.76	276,301.81	328,455.22	391,325.91	449,599.71
EXPENDITURE										
Personal Cost	9,690.83	11,545.36	11,623.89	14,012.86	16,494.19	16,144.97	18,040.86	21,574.95	28,575.14	31,088.88
Overhead Cost	3,448.59	4,619.52	5,144.11	5,335.42	4,460.68	7,230.44	5,629.52	7,946.99	8,708.05	9,228.83
Consolidated Revenue Fund Charges	21,606.64	53,610.50	9,629.52	14,082.03	8,805.93	8,817.85	11,014.79	13,874.76	34,716.73	79,910.70
Recurrent Grants and Subvention	2,680.99	36,311.05	5.63	4,149.49	4,410.81	4,812.65	5,772.00	8,536.28	16,229.20	13,570.22
Capital Expenditure	34,541.25	55,807.16	82,442.88	105,574.69	154,510.65	186,195.85	211,569.58	242,630.13	2,818,617.90	264,631.71
TOTAL	71,968.29	129,213.64	114,468.47	143,154.49	188,672.26	223,201.76	152,026.75	294,563.11	370,097.02	398,430.34
CASH BALANCE										
Net Cash Balance (A-B)	(3,841.37)	(39,169.55)	11,667.88	14,009.94	63,522.81	29,873.48	24,275.06	33,892.11	21,228.89	51,169.37
Net Balance in line Activities	14,864.21	50,801.08	(1,762.44)	(4,853.12)	(14,876.11)	0.00	0.00	0.00	0.00	0.00
CLOSING BALANCE	11,022.85	11,631.53	9,905.44	9,156.82	646.70	29,873.48	24,275.06	33,892.11	21,228.89	51,169.37

Source: Akwa Ibom State of Nigeria Report of the Accountant General with Financial Statements (various issues)

ISBN 978 - 978 - 956 - 285 - 5



9 789789 562855



50
YEARS

Empowered lives. Resilient nations.

TUGAR

TECHNICAL
UNIT ON
GOVERNANCE &
ANTI CORRUPTION
REFORMS



THE PRESIDENCY