



EBONYI STATE

DOMESTIC ARREARS COMMITTEE

TERMS OF REFERENCE

ABBREVIATIONS AND ACRONYMS

APA	Annual Performance Assessment
DLI	Disbursement-linked Indicator
DLR	Disbursement-linked Result
DMO	Debt Management Office – Nigeria
FAAC	Federation Account Allocation Committee
FGN	Federal Government of Nigeria
FMIS	Financial Management Information System
FRA	Fiscal Responsibility Act
FRL	Fiscal Responsibility Laws
FSP	Fiscal Sustainability Plan
FY	Fiscal Year for the Government, running 1 Jan to 31 Dec
GDP	Gross Domestic Product
HFD	Home Finance Department (Federal Ministry of Finance)
IGR	Internally Generated Revenues
IVA	Independent Verification Agent
MDA	Ministries, Departments and Agencies
MTEF	Medium-term Expenditure Framework
OAG	Office of the Accountant General
OauG	Office of the Auditor General
PFM	Public Financial Management
PforR	Program for Results
SFTAS	The STATE’s Fiscal Transparency, Accountability and Sustainability Program for Results
SMOF	STATE Ministry of Finance
TA	Technical Assistance
TSA	Treasury Single Account
WB	World Bank

Terms of Reference for the Domestic Arrears Committee

Background

Ebonyi State is a participant in the Federal Government of Nigeria (FGN) and World Bank multi-year (2018-2022) program to support Nigerian states to strengthen fiscal performance and sustainability: *The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results* ("The Program").

One of the disbursement-linked indicators under the Program (DLI #8) requires the state:

- To establish a database of verified domestic arrears,
- To establish an arrears clearance framework (ACF) setting out the procedures to clear the stock of arrears, and
- To implement the ACF.

It is understood that any state that reduces its stock of arrears at the end of the year by at least five percent (5%), compared to the previous year, will be eligible for an annual performance-based grant.

To this end, a committee:

The Domestic Arrears Committee ("The Committee"), is to be established to be in charge of the overall arrears clearance process, including:

- i. Recording,
- ii. Verification,
- iii. Classification,
- iv. Reporting,
- v. Prioritization and
- vi. Clearance of government domestic expenditure arrears in the State and
- vii. To oversee the work of the State towards achieving the SFTAS DLI #8.

The terms of reference guiding the work of the Committee are as follows:

1. Objectives of the Committee

The Committee shall support the Accountant General in its responsibility for accurate recording, verification and reporting of domestic arrears balances across all types. The Committee will ensure that the arrears are adequately classified for prioritization purposes, develop the ACF and produce the State Arrears Recording, Verification and Clearance Report.

Its duties will include, but are not limited to, the following:

- Introduction of specific guidelines setting out the roles and responsibilities of individuals and institutions for the recording of domestic arrears. i.e. the roles and responsibilities of each Primary Record Holder (the entity primarily responsible for keeping the records for each type of arrears). This will include specific reporting requirements (i.e. the use of agreed recording templates and any supporting schedules) and timelines for submission to the committee (monthly).
- Introduction of specific guidelines setting out the roles and responsibilities of individuals and institutions for the verification of domestic arrears balances. i.e. the role of Internal Audit, Inspectorates, and contracted consultants. This will include reporting requirements (a validated copy of the agreed recording templates and any supporting schedules) and timelines for submission to the Domestic Arrears Committee (monthly).
- The creation, maintenance and regular (monthly) update of an accurate internal domestic expenditure arrears database and the publicly-accessible online version of the database.
- Oversight of the overall recording, verification and reporting processes for domestic expenditure arrears to ensure that they meet the requirements of SFTAS DLI #8 as described in the SFTAS verification protocols.
- Ensure adequate classification of the arrears for prioritization purposes.
- Develop the State's Arrears Clearance Framework (ACF), including policies on prioritization and clearance of arrears.
- Provide accurate monthly, quarterly, and annual reports that present the position for verified domestic arrears and the progress made in implementing the State's ACF.
- Provide data/documentation to support the verification of SFTAS DLI #8, including the State Arrears Recording, Verification and Clearance Report.

2. Specific activities

Specific activities for the committee include but are not limited to the following:

- a. Adoption and implementation of records management guidelines for domestic arrears.
- b. Adoption and implementation of verification guidelines for all types of domestic arrears.
- c. Establishment of a consolidated internal domestic arrears database.
- d. Establishment of a publicly-accessible online version of the database.
- e. Reporting of valid and verified domestic arrears to end-users.
- f. Development of the ACF.
- g. Produce the State Arrears Recording, Verification and Clearance Report.

3. Supervision and Reporting Arrangements

The Committee will report directly to the State Governor, keeping the State Commissioner of Finance and appointed SFTAS focal persons informed.

4. Tenure and membership of the Committee

The Committee will operate in perpetuity and may be disbanded or reconstituted on the directive of the State Governor.

Membership of the Committee will be as follows;

- | | |
|--|---------------|
| 1. COMMISSIONER FOR FINANCE | CHAIRMAN |
| 2. COMMISSIONER OF BUDGET & PLANNING | VICE-CHAIRMAN |
| 3. PERMANENT SECRETARY – FINANCE | MEMBER |
| 4. ACCOUNTANT GENERAL OF THE STATE | MEMBER |
| 5. EXECUTIVE SECRETARY – STATE PROCUREMENT COUNCIL | MEMBER |
| 6. ATTORNEY GENERAL | MEMBER |
| 7. AUDITOR GENERAL - STATE | MEMBER |
| 8. DIRECTOR, DEBT MANAGEMENT DEPT | SECRETARY |

The Chair of the Committee will be appointed from the members by the State Governor. The Committee will also include the SFTAS focal persons and any other individuals so appointed by the State Governor.

5. Committee Secretariat

The Committee shall establish a Secretariat to support its work using existing Staff or Units within one of the following institutions:

- Office of the State Accountant
- Debt Management Department
- Bureau of Public Procurement
- Ministry of Budget and Economic Planning

The work of the secretariat will be funded by the State's Ministry of Finance.

6. Powers and authorities of the Committee

- The Committee shall have delegated authority to request any and every information it requires in order to carry out its functions.
- The Committee will be able to incur expenditures, including the engagement of professional assistance in the course of executing its role.
- All expenditures must be incurred through the procurement systems of the Debt Management Department (DMD).
- The Committee is to present annual expenditure estimates for its operations within one week of its composition, and thereafter as part of the annual budget process of the Debt Management Department (DMD).
- The staff complement determined by the Committee for its secretariat should be presented at the same time.
- The Committee should report directly to the Executive Governor.