

# GOMBE STATE OF NIGERIA



## Arrears Clearance Framework (ACF) 2021

December 2021

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**ABBREVIATIONS AND ACRONYMS**

OAGF	Office of the Accountant General of the Federation
APA	Annual Performance Assessment
OAGF	Office of the Auditor General for the Federation
CB	Capacity Building
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
FMOF	Federal Ministry of Finance
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	House Finance Department (Federal Ministry of Finance)
IGR	Internally Generated Revenues
ISPO	Irrevocable Standing Payment Order
IVA	Independent Verification Agent
MDA	Ministries, Departments and Agencies
MTEF	Medium-Term Expenditure Framework
PFM	Public Financial Management
PforR	Program for Results
SFTAS	The State Fiscal Transparency, Accountability and Sustainability Program for Results
TA	Technical Assistance
TSA	Treasury Single Account
WB	World Bank

## **CHAPTER ONE**

### **INTRODUCTION**

The introduction of the Arrears Clearance Framework comprised of the coverage and scope of the framework, purpose of the framework document, users of the framework document, and presentation of the State's domestic expenditure arrears and description of the State's policy on arrears.

#### **1.1 Background**

The responsibility of managing the domestic expenditure arrears of Gombe State debt is rested on the Debt Management Agency (DMA) of the State's Ministry of Finance based on an established law of the State's Debt Management Agency Law 2021 and passed by Gombe State House of Assembly.

The aim of Arrears Clearance Framework (ACF) is to address the challenges involved in the settlement of accumulated Government Expenditure Arrears associated with the problems in the Public Financial Management (PFM). The planned of action in the ACF is designed to be consistent with maintaining macroeconomic stability based on inclusive growth and transparent implementation.

The State's Domestic Debt Arrears (DDA) is financial obligations that have been incurred by the Gombe State Government for which payment has not been made by the due date. These debts are made-up of contractors' arrears, pensions and gratuity arrears.

#### **1.2 Coverage and Scope of the Framework**

This document covers the policy guidelines and procedures for managing and settling the domestic expenditure arrears of the Gombe State Government.

The framework is guided by the guidelines of the World Bank (WB) and the Federal Government of Nigeria Debt Management Office (DMO) as well as established best practices in the settlement of State's domestic expenditure arrears for the establishment of Domestic Arrears Committee (DAC).

#### **1.3 Purpose of the Framework Document**

This framework document is aimed at providing practical guidance in the identification, recording and management of domestic expenditure arrears in the State. This will assist the State to establish framework and systems to reduce the State's stock of domestic expenditure arrears based on the growth, development and poverty reduction; maintain public debt sustainability; strengthen the existing legal, institutional and policy frameworks for efficient debt management in the State.

#### **1.4 Users of the Framework Document**

The primary user of this framework is the Gombe State Government. Others are the Staff of MDA's such as the Ministry of Finance and Budget and Economic Planning; Debt Management Agency; Office of the State's Accountant-General; Office of the State's Auditor-General; State

Bureau of Statistics, State Internal Revenue Service’s etc., and those who may be involved in debt management and settlement of arrears will find it useful.

The framework should be used in conjunction with public finance laws, regulations, accounting system and procedural manuals in the State.

### 1.5 Presentation of the State’s Domestic Expenditure Arrears

The breakdown of Gombe State Domestic Expenditure Arrears as at 31<sup>st</sup> December, 2021 is shown below:

**Table 1: Breakdown of Gombe State Domestic Expenditure Arrears as at 31<sup>st</sup> December, 2021**

SN	ARREARS SPECIFICATION	Figure
1	Aggregate Amount of Contractors’ Arrears	13,566,643,921.21
2	Aggregate Amount of Pension and Gratuity Arrears	10,466,046,415.92
3	Aggregate Amount of Salary Arrears and other Staff Claims	-
4	Other types of domestic expenditure arrears	-
	<b>Total Domestic Expenditure Arrears</b>	<b>24,032,690,337.13</b>

Source: Gombe State Debt Management Agency 2021

### 1.6 Description of the State’s Policy on Arrears

Gombe State’s policy on arrears is aimed at controlling the accumulation of arrears whilst ensuring measures that reduce existing arrears are implemented.

In light of the above, the following measures will be adopted in this regard:

- i. Strictly oversee the implementation of Treasury Single Account (TSA) for effective management of cash flows and ensure that payments are centralized to the State’s treasury to prevent leakages to boost IGR;
- ii. To improved and integrated cash and debt management that ensure liquidity to meet cash obligations as they arise through cash inflows and outflows within the State;
- iii. Upgrade the State’s government financial Management Information System;
- iv. Enhance the credibility of the State’s budget through a realistic budget plan for expenditures based on estimated revenues, robust assumptions and forecasts in the State’s fiscal frameworks;
- v. Strengthen legal and regulatory framework. A framework should define payment terms, reporting requirements as well as the necessary controls at the budget stages of authorization, commitment and payments with appropriate provisions for breaching sanctions;
- vi. Hold regular Liquidity Management Committee (LMC) meeting to guide Government decisions on budget and fund releases;

## CHAPTER TWO

### PLANNED ACTIONS FOR SETTLEMENT OF GOMBE STATE DOMESTIC EXPENDITURE ARREARS

The planned actions for settlement of the State's domestic expenditure arrears clearance are based on the principles guiding the arrears clearance strategy and key steps on the arrear's clearance strategy-stock-taking, verification, classification, prioritization and liquidation.

#### 2.1 Principles Guiding the Arrears Clearance Strategy

The principles that will guide the arrears clearance strategy are enumerated as follows:

- i. Fiscal: all outstanding payments incurred by the State government have been recorded by Debt Management Agency.
- ii. Transparency: The criteria for prioritizing clearance should be clearly stated and adhered to.
- iii. Accountability: The State Debt Management Agency have accounted all outstanding debts for clearance and measures have been taken by the State to reduce the accumulation of new arrears; and
- iv. Sustainability: The payments of both contractors' arrears and pensions and gratuities by the current Government have shown that the State is at sustainable level.

The principles applied by the State Government above should be achieved through the following steps: stocktaking, verification, classification, prioritization and liquidation.

#### 2.2 Key Actions for each Step of Arrears Clearance Strategy

The key actions to be achieved are through the steps of stocktaking, verification, classification, prioritization and liquidation which are enumerated as follows:

##### 2.2.1 Stocktaking

A Stocktaking of Arrears will enable the State government to understand the extent, composition and the age of the State Government's unpaid bills and prioritize their clearance. The Government will prepare a data base of all apparent claims and a regular reporting framework should be instituted. The data base should have enough information to allow for proper definition and classification of arrears into categories for proper evaluation. Using the information produced from the database, a review of the types of arrears, the age of the debts, and the spending agencies generating the arrears should be undertaken. This will help to identify the underlying causes and the specific corrective actions required to address them.

##### 2.2.2 Verification

The data on outstanding stock of arrears collected should be verified to ensure that they are genuine claims to avoid payment of fraudulent claims. The verification process should include: collection of unpaid invoices and the proof its validity, salary arrears and payroll records should be checked, major construction and investment projects-evidence of certificate of valuation or a completion certificate should be required, invoices and supporting documentation should be checked to verify the value of the amount payable; a cross-check with suppliers' financial statements should be

made. The Local Government ministry should be responsible for the collation of arrears of data for all the local governments.

The arrears database should capture appropriate categorization of claims, appeals from the claimants and rejection of invalid claims.

The verification process involves the following steps:

**Step1:** Collection of unpaid invoices: The Chief Financial Officer of the entity has the initial responsibility for producing the necessary documentation

**Step2:** Verification of claims- Arrears are subjected to tests to verify their existence, value, and age of the debt.

**Step 3:** Categorization of claims: Based on this review of validity, each claim is categorized as valid, contestable, or rejected.

**Step 4:** Appeals from claimants: Holders of contestable claims may be invited to provide further documentation to support their claims or have their claims referred for adjudication.

**Step 5:** Rejection of invalid claims: The government formally notifies rejected claimants and states the basis for the rejection. It is essential that government retain full records of decisions made to defend future legal actions by claimants.

Arrears are verified using the following guidelines:

- The legal validity of the payable
- Evidence that the goods were delivered and services were duly received
- Invoices and supporting documentation are checked

Arrears of Entitlement are computed by the line Ministry or Agency and provided to the Ministry of Finance.

### **2.2.3 Classification**

The data of the arrears verified and certified by the State's Ministry of Finance should be analyzed and classified for the purposes of reducing or clearing outstanding payments. All stocks of accounts payable should be classified as liabilities and also for domestic stocks and foreign loans.

### **2.2.4 Prioritization of Arrears for Clearance**

The prioritization of arrears clearance should be based on transparent criteria depending on the nature of the arrears, these might include the following:

- i. Socio-economic impact: Arrears to economically sensitive or vulnerable sectors such as salaries of low-income workers, pensions and social benefits, should be prioritized.
- ii. Tenure of Debts: Older obligations should have priority over newer obligations.
- iii. Cost: Arrears that accrue interest and penalty charges should have priority.
- iv. Risk: Arrears that may result in legal action, disruption of essential services or cost escalation of future supplies to government should be prioritized.
- v. Currency: Payment of foreign currency denominated debt should be prioritized if domestic currency devaluation is outpacing domestic inflation.
- vi. Creditor: The government should prioritize the clearance of intra-government debts, as this can be done administratively through the annual budget at minimal net cost.
- vii. Value: The government should rank the debts according to their value by paying the lower values as against the larger values.



### 2.2.5 Liquidation

The payment or liquidation of obligations can begin after establishing and publishing the criteria for prioritizing arrears for clearance. The Arrears Clearance Committee should oversee arrears liquidation to ensure the consistent application of the principles of the framework. The committee should ensure that payments are made in accordance with the agreed prioritization criteria. This committee should comprise representatives from relevant departments, receive reports from spending units, and prepare periodic reports to the Ministry of Finance on the performance of entities on payment of arrears.

The Medium-Term Expenditure Framework (MTEF) of Gombe State has budgeted for arrears repayment backed by a list of verified eligible creditors and it is in-line with the priorities of the repayment strategy. Entities should be required to provide this information to the Ministry of Finance for budget preparation, medium-term expenditure framework, performance monitoring, and budget release purposes, as well as verification against the database at the time of payment.

A separate control on the remaining stock of arrears should be kept by the Ministry of Finance to ensure that sufficient provision is made in each subsequent annual budget until all arrears are paid by centralizing of payments according to the agreed Framework and State government schedule through the following sources:

- i. Statutory Allocation
- ii. Internally Generated Revenue
- iii. Grants from the Federal Government, and
- iv. Loans

Based on the principles and prioritization processes enumerated above, the Multi Year Funding Plan for clearing the domestic arrears stock of Gombe State for the years 2018 – 2021 is as shown in the following table:

**Table 2: Summary of Domestic Stock Arrears for the years 2018-2021**

SN	ARREARS TYPE	OUTSATNDING ARREARS AS AT DECEMBER 31, 2018 (STOCK)	OUTSATNDING ARREARS AS AT DECEMBER 31, 2019 (STOCK)	OUTSATNDING ARREARS AS AT DECEMBER 31, 2020 (STOCK)	OUTSATNDING ARREARS AS AT DECEMBER 31, 2021 (STOCK)
	<i>In Naira</i>				
1	<b>CONTRACTORS' ARREARS</b>	5,891,113,565.48	19,731,522,550.53	15,732,025,860.43	13,566,643,921.21
2	<b>PENSION AND GRATUITY ARREARS</b>	7,072,853,980.18	8,702,835,722.83	9,937,663,723.31	10,466,046,415.92
3	<b>SALARY ARREARS AND OTHER STAFF CLAIMS ARREARS</b>	-	-	-	-
	<b>TOTAL OF ALL ARREARS TYPES</b>	<b>12,963,967,545.66</b>	<b>28,434,358,273.36</b>	<b>25,669,689,583.74</b>	<b>24,032,690,337.13</b>

Source: Gombe State Debt Management Agency2021

## CHAPTER THREE

### PRIORITIZATION CRITERIA FOR ARREARS

#### 3.1 Prioritization criteria for arrears to be settled in the implementation of the ACF

The prioritization of arrears clearance should be based on transparent criteria, depending on the nature of the arrears the following measures put in place:

- i. The State set aside from its Internally Generated Revenue (IGR), Federal Transfers and Grants for the payment of domestic expenditure arrears.
- ii. A comprehensive cash flow forecast shall be prepared to guide and limit commitments.
- iii. A realistic budget shall be prepared and operated to compare the performance of the previous year with the current year. Whenever the actual revenue (expenditures) is significantly lower (higher) than the budgeted amount will be deemed unrealistic.
- iv. Funds available shall be allocated among types of arrears in a proportion of their share to total outstanding stock arrears
- v. A comprehensive domestic debt report made up of all domestic debt, including domestic expenditure arrears shall be prepared by DMO and suggest available funding sources such as IGR and Federal Transfer etc.
- vi. Domestic Arrears Stock Report shall also be prepared which will show the category of arrears, outstanding at end of the year, arrears incurred in the year, arrears settled during the year and outstanding balance at end of the year. Percentage change must be stated which must be at least a 5% reduction compared to the previous year.
- vii. Consistency in the State arrears clearance framework shall be ensured through regular assessment. Where there are inconsistencies an explanation must be provided.

#### 3.2 Prioritization Criteria/Approaches between Types of Arrears

Criteria 1: The allocation of funds should be based on the proportion of the type of outstanding stock of arrears that are of pressing issue, these are:

- i. Salary arrears of the States Civil Servants, and
- ii. Pension and Gratuity

Criteria 2: The settlement of other arrears from minor to major issues of concern:

- i. Contractors' arrears
- ii. Loans (domestic and external loans)

#### 3.3 Prioritization within Types of Arrears with Rationale:

The prioritization within types of arrears for clearing the Stock of Domestic Expenditure is highlighted in the Table 3 below:

**Table 3: Prioritization of Stock of Domestic Expenditure Arrears Rationale**

SN	Criteria/Approaches	Rationale	Required Data
<b>1</b>	<b>Contractors Arrears</b>		
	Ongoing Works First	Ensure Ongoing works are completed	Status of Project Construction
	Largest Value First	Largest Injury in terms of arrears value is addressed first	Value of Outstanding Arrears
	Smallest Value First	Allows many individual arrears to be paid immediately and focus funds on small firms that may be vulnerable to cash flow problems (assuming most small arrears are owed to small contractors)	Value of Outstanding Arrears
	Oldest First	A creditor who has been waiting longest is paid first	Date missed payment was due
	Subject to penalties first	Paying arrears that bear penalties for late payment reduces the cost to STATE	Contract terms whether provided for late penalties
<b>2</b>	<b>Salaries</b>		
	Oldest first	Largest injury (in terms of delay) is addressed first	Date missed payment was due
	Smallest first	Allows many individual arrears to be paid immediately and focuses funds on lowest-paid workers that may be vulnerable to cash flow problems	Value of outstanding arrears
	Equal Percent to all	All Staff receive something regardless of when salary payment was first missed or level of salary	The amount owed to staff
<b>3</b>	<b>Pension and Gratuities</b>		
	Oldest First	Largest injury (in terms of delay) is addressed first	Date missed payment was due
	Equal Percent to all	All pensioners receive something, regardless of when they retired	The amount owed to each pensioner

Source: Gombe State Debt Management Agency, 2021

## CHAPTER FOUR

### POLICIES AND ACTIONS TAKEN TO REDUCE THE STOCK OF DOMESTIC EXPENDITURE ARREARS

#### 4.1 Introduction

The Gombe State's Policy on Arrears is aimed at controlling the accumulation of arrears whilst ensuring measures that clear existing arrears.

#### 4.2 Measures adopted to reduce the stock of domestic expenditure

- i. Strengthen legal and regulatory framework. A framework that defines payment terms, when in arrears, reporting requirements as well as the necessary controls at the budget stages of authorization, commitment and payments with appropriate provisions for breaching sanctions;
- ii. Enhance the credibility and realism of the State's budget. The State's budget is a realistic plan for expenditures based on conservatively estimated revenues based on robust assumptions and forecasts in the fiscal frameworks;
- iii. Improve accounting and reporting. Arrears clearance require adequate, timely and reliable information about their size, composition and impact through government accounting systems that recognize expenditure commitments, liabilities and payments;
- iv. Strengthen commitment controls to effectively limit commitments to approved budget allocations and to availability of funds;
- v. Facilitate improved and integrated cash and debt management that ensure liquidity to meet cash obligations as they arise through accurate and timely short-term estimates of cash inflows and outflows;
- vi. Enhance oversight of the State-owned enterprises through governance frameworks that require timely payment of bills, regular monitoring and reporting of liabilities to reduce implicit contingent liabilities;
- vii. Establish Treasury Single Account (TSA) for effective management of cash flows and ensure that payments are centralized to the State's Treasury to prevent arrears as a result of administrative hurdles;
- viii. Upgrade the government's financial management information systems to one that is capable of controlling the main stages of budget execution that handles the entire expenditure chain, including the release of budget funds, commitments against the budget funds, production of purchase orders, receipt of goods and services claimed in the invoices, and payment or non-payment of invoices;
- ix. Hold regular Liquidity Management Committee (LMC) meeting to guide government decisions on budget and fund releases;
- x. Implement technological solutions to control expenditures that historically contribute to the accumulation of arrears

#### 4.3 The policies and actions taken by the State in the past 12 months to clear/settle existing arrears

##### 1. Funding payment of arrears:

The State Government reduces her arrears using funds from any of the following sources:

- i. Statutory Allocation
- ii. Internally Generated Revenue

- iii. Grants from the Federal Government, and
- iv. Loans

**2. Settlements**

The Arrears Clearance Committee oversees arrears liquidation to ensure the consistent application of the principles. The committee ensures that payments are made in accordance with the agreed prioritization criteria.

The Multi-Year Plan is the financial plan of the State for clearance of her stock of arrears based on the total fund available to the State in the fiscal year. Entities provide this information to the Ministry of Finance for budget preparation, Medium-Term Expenditure Framework, performance monitoring, and budget release purposes, as well as verification against the database at the time of payment.

A separate control on the remaining stock of arrears is kept by the Ministry of Finance to ensure that sufficient provision is made in each subsequent annual budget until all arrears are paid.

**3. Centralization of Payments:**

Responsibility for payments of arrears is centralized. This is to ensure that payments are made according to the agreed framework and schedule.

**4. Netting arrangements:**

Offsetting the settlement of arrears to the private sector against tax obligations is not done; All payments are accounted for on a gross basis.

## CHAPTER FIVE

### ORGANIZATIONAL/INSTITUTIONAL ARRANGEMENT

#### 5.1 Introduction

The organizational or institutional arrangement are the description of the organizational arrangement for implementation of the framework, objective and responsibilities of the arrangement, specific activities, monitoring and reporting of the arrangement, membership of the committee, Committee Secretariat and power and authorities of the committee.

#### 5.2 Description of the organizational/institutional arrangement for the implementation of the Framework

Gombe State Government has put in place a Domestic Arrear Clearance Committee as an institutional arrangement charged with the overall arrear's clearance process, including recording, verification, classification, reporting, prioritization and clearance of government domestic expenditure arrears in the State.

The Arrears Clearance Committee should oversee arrears liquidation to ensure the consistent application of the principles of the framework. The committee should ensure that payments are made under the agreed prioritization criteria. Moreover, the committee should receive reports from spending units, and prepare periodically (i.e. monthly or quarterly) reports to the Ministry of Finance and the Governor's Office on the performance of entities on payment of arrears. The reports should highlight any non-reporting spending units and recommend remedial actions.

#### 5.3 Objective and Responsibilities of the arrangement

The Committee will support the Ministry of Finance in its responsibility for accurate recording, verification and reporting of domestic arrears balances across all types.

The Duties of the Committee shall include, but not limited to the following:

- i. Implement and from time to time review the State's Arrears Clearance Framework (ACF), including policies on prioritization and clearance of arrears
- ii. Introduction of specific guidelines set out the roles and responsibility of individuals and institutions for the recording, verification of domestic arrears on agreed recording templates,
- iii. The creation, maintenance and regular (monthly) update of an accurate internal domestic expenditure arrears database and the publicly accessible online version of the database,
- iv. Oversight of the overall recording, verification and reporting process for domestic expenditure arrears.
- v. Ensure adequate classification of the arrears for prioritization purposes,
- vi. Provide accurate monthly, quarterly and annual reports that present the true position for verified domestic arrears and the progress made in implementing the State's ACF

#### 5.4 Specific activities

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

- i. Implement and do a periodic review of the ACF

- ii. Adoption and implementation of records management guidelines for domestic arrears.
- iii. Adoption and implementation of verification guidelines for all types of domestic arrears.
- iv. Establishment of a consolidated internal domestic arrears database.
- v. Establishment of a publicly-assessable online version of the database.
- vi. Reporting of valid and verified domestic arrears to end-users.
- vii. Produce the State Arrears Recording, Verification and Clearance Report.

### 5.5 Monitoring and Reporting of the arrangement

The Committee will report directly to the State Governor through the Honorable Commissioner for Finance.

#### 5.5.1 Membership of the Committee

The Domestic Arrears Clearance Committee of Gombe State comprises of the following members in Table 2:

**Table 2: The membership of the Committee will be as follows**

S/N	Title/Rank	Position
1	Accountant General of the State	Chairman
2	Permanent Secretary (Ministry of Finance)	Vice Chairman
3	Permanent Secretary (Economic Planning & Development)	Member
4	Chairman, Gombe State Internal Revenue Service	Member
5	Representative of Ministry of Justice	Member
6	Chairman, Gombe State Public Procurement (Due Process)	Member
7	State Auditor General	Member
8	Permanent Secretary, Ministry for Local Government Affairs	Member
9	Director General, Debt Management Agency	Secretary

**Source: Gombe State Debt Management Office 2021**

#### 5.5.2 Committee Secretariat

The Committee shall establish a Secretariat to support its work using existing Staff or Units within the Office of the Accountant General and the State’s Debt Management Agency.

#### 5.5.3 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 from the MDAs. 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 selected institution.

#### 5.5.4 Tenure of the Committee

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

## 5.6 Audit Assurance & Compliance

- i. Adequate audit control shall be put in place to ascertain the appropriateness of payment requests, adequacy of documents submitted by contractors and establish the correct value of the amount payable.
- ii. All necessary documents must be attached for the payment request to be cleared, such as original contract papers duly signed, contractor/consultant/suppliers registration certificate with Corporate Affairs Commission and Gombe State Public Procurement Agency, Tax certificates, Performance bond from a Commercial bank or a reputable Insurance company.
- iii. The Committee must vouch for all the documents attached to the Payment Voucher of each of the Contractor and ensure that the transaction reflects a valid charge on the public fund for which commensurate goods and/or services have been received by the Government, stamped and signed before payment can be made or uploaded into the expenditure arrears database.
- iv. Categorization of claims. Each claim should be categorized as follows:
  - a) Valid – Those for which adequate documentation exists to recognize a government liability. Such will be stamped and passed for inclusion in the payment schedule at STO.
  - b) Contestable – Those for which incomplete documentation has been provided and/or items under litigation. Such PVs are queried and labeled with those issues to work on. The PV is however sent back to the Auditors after necessary corrections are done.
  - c) Rejected – Those for which legitimate documentation has not been presented. Such PVs are also queried and labeled with all the findings.
- v. The arrears database as well as the verification process shall be published online with references to all attached documents and details about the website and how to access it shall be made public.
- vi. Contractors’ reactions to the categorization shall be looked into and necessary adjustment and re-categorization shall be done.

## 5.7 Variation in Value of Contract

- i. All variations must be in agreement with the Terms and Conditions of the value of a contract to be altered, there must be a genuine reason and this must be approved by the appropriate authority e.g. Executive Governor, Deputy Governor and Honorable Commissioner.
- ii. The Project Monitoring Department of the Ministry of Finance must sign off.
- iii. Contract variations must be included in the domestic arrears database and taken into consideration when payments are made. Proper budgetary provision must be available for the payment.

## 5.8 Stage Payment

- i. Stage payment must be evaluated and reviewed to ascertain that funds are not released to jobs/contracts that were not executed.
- ii. There must be sign-off from the Projects Monitoring department of the Ministry of Economic Planning and Budget at every stage completed and to which payment is to be made.

## 5.9 Publication of State’s Arrears Clearance Framework

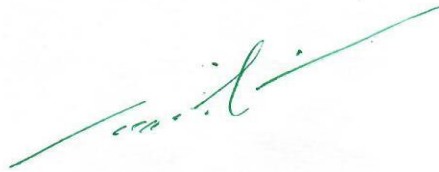
Outstanding contractors, consultants and suppliers of N20million and above from all the MDAs that are on the Creditors database are to be published by DMA on the MOF official website. Full



details of all the creditors that fall within this class shall be provided such as the contract sum, the job/contract executed, the sector that the contract belongs and the executing MDA

#### **5.10 Final Payment**

The State Domestic Arrears Stock shall be updated on a regular basis (Monthly). This will show flow in the arrears reporting. As newly incurred arrears increase the stock balance likewise arrears settled reduce the stock of the domestic arrears. This will ensure the integrity of the database and avoid duplication of payments



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**MAL. MUHAMMAD GAMBO MAGAJI  
HONOURABLE COMMISSIONER  
MINISTRY OF FINANCE**