

GOMBE DSTATE OF NIGERIA



DOMESTIC ARREARS CLEARNCE COMMITTEE TERMS OF REFERENCE

DECEMBER 2020

TERMS OF REFERENCE FOR DOMESTIC ARREARS COMMITTEE

BACKGROUND

The 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:

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

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:

- a) Recording,
- b) Verification,
- c) Classification,
- d) Reporting,
- e) Prioritization and
- f) Clearance of government domestic expenditure arrears in the State
- g) 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 should support the Accountant General in its responsibility for accurate recording, verification and reporting of domestic arrears balances across all types. The Committee should ensure that the arrears are adequately classified for prioritization purposes, develop the ACF and produce the State Arrears Recording, Verification and Clearance Report (SARVCR).

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

- a) 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).

- b) 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).
- c) The creation, maintenance and regular (monthly) update of an accurate internal domestic expenditure arrears database and the publicly accessible online version of the database.
- d) 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.
- e) Ensure adequate classification of the arrears for prioritization purposes.
- f) Develop the State's Arrears Clearance Framework (ACF), including policies on prioritization and clearance of arrears.
- g) 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.
- h) 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-assessable 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:

Table 1: Membership of the Committee

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 Department	Secretary

Source: Gombe State Debt Management Department 2020

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:

- a) Ministry of Finance
- b) Office of the State's Accountant General
- c) Debt Management Department
- d) Bureau of Public Procurement
- e) Ministry of Budget and Economic Planning
- f) SFTAS Secretariat

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

6. POWERS AND AUTHORITIES OF THE COMMITTEE

- a) The Committee shall have delegated authority to request any and every information it requires in order to carry out its functions.
- b) The Committee will be able to incur expenditures, including the engagement of professional assistance in the course of executing its role.
- c) All expenditures must be incurred through the procurement systems of the Debt Management Department (DMD).
- d) 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).
- e) The staff complement determined by the Committee for its secretariat should be presented at the same time.
- f) The Committee should report directly to the Executive Governor.