

Annex 1

Terms of Reference

Detailed Review Of Revenue Administration In The Federal Capital Territory Administration

Introduction and Background

The State and Local Government Programme (SLGP) has been supporting the Federal Capital Territory Administration (FCTA) to improve its governance arrangements and take forward pro-poor service delivery.

FCTA has the unique responsibility of running the Federal Capital Territory and Nigeria's capital city, Abuja. This responsibility was previously carried out through a Ministry of the Federal Capital Territory, which was abolished in February 2005. With the abolition of the Ministry, it is felt that the administration of the FCT will be more effective, as it will not be shackled with the bureaucracy that comes with operating a ministry.

The Constitution of the Federal Republic of Nigeria treats the FCT, to all intents and purposes, as a state, in that it has responsibilities to deliver services to its residents. Such services include the provision of water and sanitation, schools, hospitals and rural roads. Just like state governments, the FCT is developing its own strategy for poverty reduction known as the Federal Capital Territory Economic Empowerment and Development Strategy (FEEDS), which in most respects is identical to SEEDS in states.

However, FCTA does not have its own law-making and tax-raising capacity distinct from that of the Federal Government. This means that while it can charge fees for services reasonably delivered, it cannot collect Pay As You Earn (PAYE) personal income tax, which is a major source of Internally Generated Revenue (IGR) for state governments.

FCTA does not currently have its own Board of Internal Revenue, distinct from the Federal Inland Revenue Service. However, efforts are being made to create such a board, or at least have a coordinated revenue administration capacity in the Administration.

The inability to collect PAYE has led to the erroneous feeling in some quarters that FCTA cannot collect IGR. This feeling is strengthened by the fact that, while a state can pass a law to start taxing anything allowable within the constitution, such changes in the FCT will have to be approved by the National Assembly – a much more cumbersome process.

Some agencies within the FCTA are expected to have revenue-generating capabilities. These are the Abuja Environmental Protection Board (AEPB), the FCT Water Board, the Abuja Geographic Information System (AGIS), the Abuja Investment and Property Development Corporation (AIPDC) and the Directorate of Road Transport Services. The Education Department is also expected to manage school fees for FCT schools, and there may be some other sources of revenue. It is likely that these agencies and departments are performing below capacity in terms of revenue generation. There are no clear targets, incentives or sanctions that apply to revenue performance. The lack of incentives or sanctions means that there are no imperatives for civil servants to perform. Demand notices that are not responded to are hardly followed up.

Consultancy input is required to undertake a detailed review of revenue administration in the FCT. The review will cover data management, assessment, collection, inspection, supervision and performance management.

General Scope of Work

The overall objective of the detailed review of revenue administration is to identify specific areas of immediate improvement that will translate into efficient operational methods and a noticeable increase in revenue generation. These include widening the tax net in the FCT, improving database management, assessment, collection, inspection and supervision of revenue generating organs. The consultants are required to make practical recommendations for immediate implementation.

Specific Tasks

The following specific tasks are required from this consultancy:

- Confirm and review all the basic steps in the FCT revenue generation cycle across the key revenue-generating bodies, including assessment, collection and accounting
- Review revenue administration databases and how they are managed and recommend improvements
- Establish a potential revenue base for the FCT to facilitate fiscal planning and the setting of revenue targets for key organs
- Review methods of assessment, bill distribution and collection and make recommendations
- Review revenue inspection and supervision
- Review logistic support and general management oversight of revenue functions
- Consider the possibility of establishing an incentive scheme to reward improvements in revenue generation
- Make recommendations on immediate interventions that could boost revenue generation and provide a demonstrator effect in the short term, and make longer-term recommendations for how the FCT could fulfil its revenue generation potential.

The consultants should start with the following areas of immediate focus:

- Premium fees on land
- Deed fees
- Ground rent
- Water rates
- Waste management fees, particularly Liquid Waste Management
- Business permits

- Vehicle and driver licensing
- School fees and examination fees

For many activities, payments are now made directly to banks. Although this system, where it exists, will cut down on officer fraud, the process of paying in to banks in Nigeria can be rather tortuous. The prospect of queuing for hours to pay a small bill may deter some otherwise willing payers. AEPB is trying an option whereby the banks open a kiosk in the AEPB office to speed up payment and this option (along with others) should be explored. Also, there is a need to look at how effectively the lodgements in the banks are reconciled and how the money is accounted for.

Method and Output

The Consultant(s) will need to work closely with the Special Assistant to the Minister on Policy and Finance, the FCT Director of Finance and Accounts, and the various Executive Chairmen and Chief Executives of the key agencies. The consultants will be expected to track particular processes from beginning to end to be able to undertake a reasoned assessment. It would be preferable to treat each taxable person resident in the FCT in a holistic way. For instance: someone moves into Abuja – signs a lease and pays stamp duty – sends their child to school – receives waste management services – calls to complain about water – buys a car and registers it in Abuja – applies for an allocation of land – etc. How does the FCT Administration keep track of the life episodes of this person and ensure that it collects the revenues that are due to it? What are the potential gaps and loopholes and how can these be blocked?

The consultants will be required to produce a detailed report covering each revenue-generating body, but consolidated into a single report on revenue administration in the FCT. The Lead Consultant will have the responsibility of producing the final report.

Scope and Timing

It is anticipated that in conducting the detailed review, the consultants will need to spend approximately six weeks, in two three-week phases. It is expected that during the period, opportunities for quick interventions will be identified and pursued even before the study is complete. As an example, AEPB intends to appoint a revenue consultant to help collect its revenue and the consultants will be expected to serve as in-house consultants to AEPB advising on the integrity of the proposals that they receive. The precise timing of the inputs will be agreed by the NEEDS Adviser and the Special Assistant to the Minister, but is expected to be between May and June 2005.

Inputs

Phase 1

Consultants	Preparation	Travel	Field work	Report	Total
Lead	1	0	15	2	18
Consultant 1	1	1	15	1	18
Consultant 2	1	1	15	1	18
Consultant 3	1	0	15	1	17



Phase 2

Consultants	Preparation	Travel	Field work	Report	Total
Lead	0	0	15	2	17
Consultant 1	0	1	15	1	17
Consultant 2	0	1	15	1	17
Consultant 3	0	0	15	1	16

The consultants will report to the SLGP NEEDS Adviser. SLGP will provide transport and access to limited office support. The consultants should provide their own computers. Please refer to the attached quality assurance procedures which provide details regarding reporting deadlines and formatting.



Annex 2

Revenue Administration Strategic Plan Framework and Associated Costs

Strategic Focus	Activity 2006	Activity 2007	Activity 2008
Capacity Building	Training Program for an estimated 220 employees involved in revenue administration.		
Institution Development	Establishment a Central Internal Revenue Service.	Commission a reputable research agency or centre to carry out detailed economic and statistical research to establish a baseline data on several sectors of the FCT.	Carry out a long-term perspective studies on key sector of the economy
Data Collection, Research & Planning	Carry out a collective research effort to develop data base for planning of revenue administration for all entities in FCTA.		
Assessment	Development a common (standard) service user PIN that would be adopted by all departments and agencies in the FCT. Review and publish user charges (including tariffs and fees) in each sector.		
Collections	Review and designate the number of national banks that would handle revenue collections. Formulate common collection bank strategy to be adopted by all entities.		



Strategic Focus	Activity 2006	Activity 2007	Activity 2008
Accounting & Reporting	Revenue Reporting template has been proposed for adopted by all entities.	Computerize all revenue accounting process in all entities.	
Supervision, Monitoring & Inspection	Establish a SMI Unit inside the CIRS that would be relatively independent.		

Activity Costing

Objectives →					
Short-term Strategies (2006)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Accelerated Staff Training & Development	Common Training Courses for Revenue Officers (90 staff)	FCTA	8,000,000		8,000,000
	Common Training Courses for Revenue Accountants (45 staff)	FCTA	4,000,000		4,000,000
	TOTAL				12,000,000
Short-term Strategies (2006)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Institution Development Data Collection and Management	Establish a Central Internal Revenue Service.	FCTA	15,000,000		15,000,000
	Research, collection data and development of common statistics.	FCTA	15,000,000		15,000,000
	TOTAL				30,000,000

Annex 3
FCDA Revenue Administration Final Report

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Acronyms/Abbreviations

AEPB	Abuja Environmental Protection Board
AGIS	Abuja Geographic Information Service
BIR	Board of Internal Revenue Service
DFID	Department for International Development
FAAC	Federal Accounts Allocation Committee
FCT	Federal Capital Territory
FCTA	Federal Capital Territory Administration
FCDA	Federal Capital Development Authority
FEEDS	Federal Economic Empowerment and Development Strategy
FY	Fiscal year
IGR	Internally Generation Revenues
IRS	Internal Revenue Service
MDG	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
N	Naira
NEEDS	National Economic Empowerment and Development Strategy
PAYE	Pay As You Earn
PEM	Public Expenditure Management
SAG	State Accountant General
SAdG	State Auditor General
SEEDS	State Economic Empowerment and Development Strategy
SLGP	State and Local Government Programme
FMF	Federal Ministry of Finance
ToR	Terms of Reference
WB	World Bank

1.0 INTRODUCTION

The report documents the analysis of the revenue administration performance of the FCDA between 2002 and 2005, and projection of revenue collections for 2006 and 2008. In addition, a set of strategies has been formulated for the achievement of improved revenue administration over next three years.

1.1 Objectives of the Assignment

This assignment is a part of larger assignment to review the revenue administration in the Federal Capital Territory Administration which consists of about 12 mandate departments and agencies. The specific objectives of this sub-assignment are:

- To facilitate improvement in the overall revenue administration
- To identify weaknesses and constraints to improved revenue collections
- To project revenue collections and develop strategies for achieving future performance targets
- To ensure the implementation and sustenance of a reform programme

1.2 Structure of Report

This report is part of a comprehensive review of FCTA revenue administration carried out in two phases. This report specifically documents the work undertaken in FCDA and it is attached to the main report as an annex.

2.0 THE APPROACH AND METHODOLOGY

The approach adopted is that recommended in the terms of reference; hold discussions with officials of the FCDA and FCTA. Specifically the following approaches were followed:

Review of documentation:

Review of documents such as Annual Approved Budget Estimates, FEEDS documents.

Review of Records

Review of existing records in the revenue division and in other offices including revenue summaries and returns.

Meetings

A series of meetings were held with key officials in the revenue division and the finance & accounting department of the authority. Meetings individuals and in groups to discuss information and data collected from various sources.

3.0 REVENUE ADMINISTRATION SYSTEM

3.1 Overview of Revenue Administration Processes

The revenue administration functions in FCDA are decentralized with head office revenue division responsible for collection of returns from the revenue field offices in the following locations:

- Area 11
- Dede Market;
- Development Control

The revenue administration function is carried out by the Revenue Division headed by a Deputy Director. The following constitute the main sources of revenue for the Authority and are essentially transaction related:

- Taxes
- Fines & Fees
- Licenses
- Earnings & Sales
- Rent on Government Property
- Interest, Repayment & Dividends

Additional sources of fund inflow for the FCDA include:

- Reimbursement
- Share from Sales of Assets
- Proceeds from Auction

What is apparent in the structure of the revenue sources of the FCDA is that most of the sources are transaction related revenues that would depend on operational efficiency and effectiveness to improve revenue collections.

4.0 REVIEW OF STATISTICAL DATA COLLECTION AND MANAGEMENT

Planning, research and statistical data collection remain the most critical function determining the overall effectiveness of a revenue administration system. Collection of revenue data and statistical materials for use in planning and programming effective administration remain problematic for FCDA. Data on residents, business entities and potential customers is still considered inadequate to say the least. Accurate and verifiable information on revenue sources such as Taxes and Licenses are paramount important in planning for annual revenue administration.

With re-organisation of FCTA, some viable sources of revenue were moved out the FCDA, this has reduced the Authority's capacity to generate significant revenue.

4.1.1 Assessment Process

The revenue base of the Authority is largely transaction derived and would depend on the customers to request services before the revenue office could provide assessment for payment to be made by the customer.

5.0 COLLECTION PROCESS

Direct Bank Lodgement System (DBLS) is the method operated by Authority through its field revenue offices. The DBLS is considered the preferred method in the country for revenue collection and accounting. However, effective control mechanism is very important to ensure that all revenues are accounted for between the revenue field office and the collecting bank on one hand and the accounting division and the Treasury on the other.

5.1.1 Accounting/Reconciliation/Reporting

The Revenue division of the FCDA receives revenue collection report from the field offices and produce a monthly revenue summary. The Finance Department is responsible for making the accounting entries and undertaking monthly reconciliation of collections, cash and bank.

5.1.2 Strategic and Operational Monitoring & Evaluation

Revenue administration monitoring and enforcement is undertaken by Ad hoc task force comprising members drawn from different departments within FCDA. The Task Force purpose is to monitoring revenue collection in the field and carry out enforcement function. It is not clear if this approach is effective in improving performance of the field offices.

5.1.3 Analysis of Revenue Collections 2002-2004

Internal revenue collections over the past four years have remained stagnant in the Authority. From 2002 to 2003 there was a marginal increase from N1.488 billion to N1.499 billion, a less than one percentage point improvement in collection. In 2004 there was a decline in collection by 24% to N1.137 billion. The largest component in the revenue is derived from land source which has now been moved to AGIS. The 2005 collection for the first three quarters is about N321.5 million. This figure is still considered low performance despite the fact that Land is being moved out of the FCDA.

In discussions with officers of the revenue division, they seemed not to have clue to the declining revenue collections.

Table 1: FCDA Internal Revenue Collections 2002-2005

Head	Description	2005 +	2004	2003	2002
401	Taxes		10,970,670		3,736,888
402	Land		1,049,930,784	633,178,590	704,180,097
404	Sales		2,540,975	1,264,930	1,264,930
405	Rent		44,497,028	32,715,845	32,715,845
406	Interest		26,382,136	4,946,133	2,296,182
407	FNG		3,130,703	826,910,058	744,194,440
	Total	321,508,700	1,137,452,296	1,499,015,556	1,488,388,382

+ (2005 column is for January-September)

Source: FCDA, Revenue Division, Abuja

5.2 Review of Internal Revenue Projections 2005/2009

For strategic purpose, the FCDA has carried out medium term perspective projection of its revenue collection from 2005 to 2009 under nine main headings. Table 2 gives a breakdown of the revenue sources. Under land head (402), a forecast was made however that source of revenue is directly under the AGIS under the current fiscal year.

Table 2: FCDA Internal Revenue Forecasts 2005-2009

Head	Description	2005	2006	2007	2008	2009
401	Taxes	30,000,000	31,604,419	33,208,838	34,813,257	36,417,675
¹ 402	Land	4,379,800,000	4,614,034,457	4,848,268,913	5,082,503,371	5,316,737,827
403	Licences	15,500,000	16,328,950	17,157,899	17,986,849	18,815,800
404	Sales	2,850,000	3,002,420	3,154,840	3,307,259	3,459,679
405	Rent	61,465,000	64,752,187	68,039,374	71,326,560	74,613,747
406	Interest	26,565,000	27,985,713	29,406,426	30,827,139	32,247,852
407	FGN	3,820,000	4,024,295	4,229,047	4,432,888	4,637,184
408	Sales	4,520,000,000	4,761,732,441	5,003,464,882	5,245,197,323	5,486,929,764
409	Actuation	17,009,145,848	21,655,690,475	26,306,235,102	30,948,779,729	35,595,324,356
TOTAL		21,529,145,848	26,317,422,916	31,305,699,984	36,193,977,052	41,082,254,120

Source: FCDA Revenue Division, Abuja

¹ This source of revenue has been transferred to AGIS since mid year 2004.

6.0 PROPOSED STRATEGIES

6.1 Overview

As FCDA endeavour to improve its revenue collections in the coming years, the need for change management has escalated. This escalation has created enormous strains on its ability to understand and manage revenue administration bottlenecks. For simplicity's sake, revenue administration bottlenecks can be classified into two broad categories:

- inefficiencies and effectiveness in service delivery
- weak enforcement in revenue administration

Revenue administration bottlenecks are discussed by looking at the constraints in improved performance and they can be eliminated without disrupting institutional cohesion. A simpler way of addressing revenue administration bottlenecks is within the context of strategic plan framework. A strategic plan framework needs to consider all vital aspects of the operation (i.e. revenue administration): from the working relationships among employees and managers, to the roles of the various players to the Authority's organisational structure and culture.

6.2 Strategic Plan Framework

In order to prepare the Strategic Plan, the consultant discussed with key officers in the revenue division and proposes a five-point program that is expected to take about a year to three years to complete, starting in January 2006.

Factor	During Reform	After Reform
Staff Training & Development	Accelerated & Quantitative	Qualitative/behavioural
Data collection and studies	Concerted effort in gathering information	Minimal effort in up-dating information
Introduction of IT for Data Storage and Analysis	Short term and focus on head office	Medium term and expand to all departments
Revenue Monitoring, Inspection and Supervision Unit	Emphasize compliance with guidelines.	Promote culture of control, transparency and accountability.
Computerization of entire revenue administration system	Short term and focus on head office	Medium term and expand to all departments and field offices.
Improvement in Logistical Support & Management System	Provide visible executive support and commitment	Commit to estimates and deliverables

The following sections describe these five programs of action for improving the revenue administration system, the intended timetable, co-ordination and management arrangements, resource requirements and some additional benefits that the process may achieve.

6.2.1 Training and Development Program

Given the overall reform menu in the FCTA, the FCDA is restructuring and introducing changes in its processes. One of the most effective means of building institution is to introduce accelerated training programs to eliminate deficiencies in staff knowledge and skills to enable them cope with new technologies and methodologies.

6.2.2 Data Collection and Management

For the FCDA to realise its potential in revenue administration, it needs to start with basic step. It will first collect statistical data, process and analyze them and then deploy them for planning of effective revenue administration.

6.2.3 Minimum IT for Data Storage and Analysis

To process, manage and store the large statistical data and materials for its revenue administration and other planning purposes, desktop computers would need to be fully introduced in order to improve operating performance. The desktops would be used for processing database, carrying out assessment, producing bills, processing collections and up-dating customers' accounts as well as undertaking reconciliations.

6.2.4 Revenue Monitoring, Inspection and Supervision

Effective revenue administration is anchored on the robust monitoring, inspection and supervision of field offices that are directly involved in working the various sources of revenue including enforcement personnel. The MIS of revenue administration would be responsible for reviewing the assessment, collection and accounting procedures and processes and ensure compliance. This function is usually separated from the standard revenue operations.

7.0 DETAILED ACTION PLAN

The proposals put forward in this report aim at two main areas, namely operational and strategic improvements in the revenue administration in the FCDA. The sum of the improvements would be measured in the level of operating efficiency and level of periodic revenue collections. It is envisaged that the proposed reforms would phased and logically sequenced.

7.1 Core Revenue Administration

7.1.1 Objectives and Output

The objectives here relate to initially improving capacity conditions aimed at enhancing productivity, efficiency and operational effectiveness within FCDA. Four main objectives have been identified:

- Providing accelerated training for core revenue staff at head office and field offices;
- Improved revenue assessment and collection capabilities of the field offices;
- Enhanced efficiency and effectiveness of field reconnaissance processes and reporting;
- Improved oversight and revenue performance reporting.

Anticipated **outputs** to be derived from achieving the above objectives are broadly as follows:

- Phased improvements in the quality staff deployed in revenue division and in field offices throughout FCDA through enhancement of revenue processes, capacity-building etc;



- Improved internal monitoring, audit and capability;
- Streamlined and simplified revenue data management processes leading to gradual process automation of revenue administration;
- Greater ability to accurately monitor and forecast revenue collection and carry out reconciliation;
- Enhanced performance and enforcement capabilities;

7.1.2 Scope of Activities

This section provides a summary of the main areas of the work plan, categorised according to the activity types:

Training, capacity building and institutional support

Phase 1

Quick impact training for core revenue staff revenue accounting and reporting.

Phase 2

Capacity building for revenue staff in departments and agencies preparation of revenue assessment, collection, accounting and reporting
Capacity building in revenue administration monitoring and evaluation
Institutional development for revenue administration – capacity building for forecasting, collecting, accounting, reporting, etc
Periodic revenue administration support and guidance during 2006 and 2007 during revenue budget preparation.

Phase 3

Support in movement towards output and multi-year revenue budgeting
Periodic capacity building for mandate departments and Agencies for computer-based revenue budget preparation, management and monitoring functions
Implementation training and familiarisation with the revised revenue budget classification.

Training and capacity building will form a major component of the action plan as human capacity constraints were considered to be one of the main hindrances in the revenue administration and monitoring and reporting process. In addition to the activities outlined, the quarterly sensitisation seminars and workshops for General Management (Heads of Department) will also consider Revenue Administration issues. In Phase 1, a broad training needs analysis should be conducted. This will consider the precise training needs that will be addressed in the remainder of the work plan. At the same time, quick impact training will be provided with the aim of contributing to a noticeable improvement in the revenue administration in first half of 2006.

In Phase 2, capacity building will be provided in the preparation of revenue budget in the new format (template) and in revenue performance monitoring. The precise details of this will depend on the outcome of the training needs assessments. Training will also be provided on revenue administration. Where at all possible, training is to be of a practical nature so that it is capable of workplace application. In addition, periodic advisory support and guidance will be provided to departments during the fiscal year ensure smooth introduction of new revenue template.



Stage 3 will focus on support to the Revenue Division in movement towards output and performance-based revenue budgeting. This is a medium term goal that will not be achieved for sometime. However, depending on the progress of other reforms, it will be considered during Phase 3. Periodic capacity building will also be provided to FCDA officials as computer systems are developed and introduced.

Systems & Process Development

Phase 1

Streamlining of revenue budget preparation processes and calendar to reduce bottlenecks and introduce greater revenue budget defence opportunities
Implementation of revenue administration and IGR reform

Phase 2

Initial computerisation of central revenue consolidation system
Improvements to revenue report presentation format to improve understanding, transparency and accountability.

Phase 3

Implementation of revised revenue classification structure
Redesign and implementation of computerisation of central revenue
Support for movement towards output and multi-year approaches to revenue budgeting/planning (technical enhancements)
Further review and enhancement of revenue budget and reporting presentation formats and dissemination channels.

The action plan will also concentrate on the development of systems and revenue budget and monitoring and evaluation process improvement. The focus will be on information systems and development of revenue administration.

The starting point in Phase 1 is an introduction of revenue accounting and reporting template and Sensitization Workshops for revenue officers. In the workshop, discussions of the recommendations and strategies for improved revenue administration in the Authority in order to increase general understanding of the proposed process and where its real strengths lie, particularly in practical terms for operating department.

Phase 2 will also begin to address issues around automation of the head office revenue division. Currently the revenue accounting and reporting is carried out manually by the Authority, requiring considerable time for compilation and production. Automation of this basic process will provide significant benefits.

Improvements to the presentational format of the revenue budget are also considered in Phase 2, seeking to improve readability and transparency. Summary analyses, the use of graphs and other pictorial alternatives can greatly enhance its usability and will provide an important starting point for broader dissemination and understanding of revenue budget, accounting and reporting of information.



Phase 3 seeks to build on these basic systemic and process improvements, and is largely directed towards supporting the adoption of more output or performance-based approaches to revenue budget preparation and administration. An important feature here is the introduction of the revenue budgeting (and accounting) classification structure. The current classification structure does not permit detailed analysis of collections by, for example, function, sources and types, and generally tends to aggregate revenue estimates according to general category of Heads and Sub-Heads. If there is to be progression towards relating input to outputs and reflecting the same in revenue administration costing, it is essential that the budget classification supports this level of analysis.

A further strategy is the gradual roll-out of integrating revenue function into the Central Revenue Unit (or IRS) at the FCTA.

Manual Development

Phase 2

Institution development support for production of manuals for:
Revenue budget/management
Revenue accounting & reporting procedures
Long term revenue planning and management
Monitoring and evaluation

Phase 3

Development of manuals to support output and multi-year revenue budgeting approaches

As part of the reform programme, and closely coordinated with the capacity building and training exercises, manuals will be developed for staff in a variety of procedures that are important in the Revenue Administration process. The training and capacity building activities are intended to support the implementation of these manuals and will be carried out in a practical, work-based manner.

7.2 Revenue Accounting & Monitoring and Inspection & Reporting

7.2.1 Objectives and Outputs

The objectives here relate to initially establishing systems for providing reliable, timely and complete revenue administration information and in strengthening audit and oversight capabilities within FCDA. Four main objectives have been identified:

- Establishing sound systems for reporting reliable, complete and timely revenue information to Head Office and to FCTA;
- Improved revenue forecasting and enforcement management capabilities in the Head Office;
- Enhanced efficiency and effectiveness of external audit processes and reporting;
- Improved oversight and revenue performance reporting.

Anticipated **outputs** to be derived from achieving the above objectives are broadly as follows:

- Phased improvements in the quality and timeliness of revenue information throughout FCDA through enhancement of revenue accounting processes, capacity-building etc;
- Improved internal monitoring, audit and capability;



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- Streamlined and simplified accounting and reporting processes leading to gradual process automation of revenue administration;
- Greater ability to accurately monitor and forecast revenue collection and carry out reconciliation;
- Enhanced performance reporting and oversight capabilities;

Scope of Activity

Objective 1: Sound systems for reporting reliable, complete and timely revenue performance information at Head Office and at field office levels

Phase 1

Improvement in revenue accounting processes and information flows
Quick win training on existing revenue accounting and processes
Sensitisation of the role of revenue monitoring, control, evaluation and reporting

Phase 2

Streamlined and simplified manual accounting and reporting processes
Introduce improvement in accounting procedures and guidelines, supported by training

Phase 3

Introduce new template of revenue budgeting and accounting classification for enhanced performance analysis and financial control
Implementation training for revised classification and systems

Objective 2: Improved oversight and inspection of revenue performance reporting

Phase 1

Sensitisation on the role and importance of M&E and oversight functions
Sensitisation on the importance of oversight and performance measurement in policy achievement

Phase 2

Remedial measures to address current constraints to timely reporting of revenue collections

Phase 3

Introduction of more comprehensive approaches to reporting revenue performance / outcome information

8.0 NEXT STEPS

In this section, a number of strategic steps have been outlined to be carried out in first half of 2006:

- Work in concert with that Central Revenue Unit in FCTA to introduce the new revenue accounting and reporting template
- In consultation with Central Revenue Unit carry out Revenue Administration Sensitization Workshops for core revenue staff.
- In consultation with Central Revenue Unit in FCTA start the process of comprehensive revenue data collection.

Appendix A

Persons Met

Bashir Mahuod

A. Ade Ajayi

Razaq Babatunde Wasiu

Adegbite Akingbala

Eng. Nick Nzewigbo

Eng. E.S. Okoye

Finance & Accounts

Admin. & Supplies

Dept Public Building

Dept of Eng Services

Statistican II

CAO

AD

AD



Appendix B

Revenue Administration Strategic Plan Framework

PLAN	Strategy 2006	Strategy 2007	Strategy 2008
Accelerated Staff Training & Development	All the revenue administration staff should undergo basic training in modern revenue administration and in computer training		
Data Collection and Studies	FCDA being the largest entity in the FCTA should initiate project of centralized statistical data collection and storage	Commission outside experts to carry out detailed study and data collection on FCT to cover socio-economic magnitudes.	
Introduction of IT for storage, process and analysis of data	Introduction of Desktops in the Head Office revenue division capture monthly revenue performance+.		
Revenue Monitoring, Inspection & Supervision Unit	A specialized MIS Unit should be set up to carry out strategic oversight function (field reconnaissance) over each department in the FCDA and over the field revenue offices.	This function might be taken over by the proposed Abuja Internal Revenue Service when it is fully functional in 2007.	
Computerization of the entire Revenue Administration System		Full automation of revenue administration processes.	
Improvement in logistic support and management system	Provision of Motor Vehicles and Cycles for field offices		Additional provision of Motor Vehicles & Cycles for field offices

+ This may require additional expenditure on back-up generating set.



Appendix C

Action Plan & Activity Costing

Objectives →					
Short-term Strategies (2006)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Capacity Building Institution Development	Accelerated Staff Training		5,000,000		5,000,000
	Data Collection & Analysis		6,000,000		6,000,000
	Introduction of IT		10,000,000		10,000,000
	Revenue MIS		5,000,000		5,000,000
	Provision of Vehicles		15,000,000		15,000,000
	TOTAL		41,000,000		41,000,000
Medium-term Strategies (2007/8)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Institution Development	Computerization of revenue administration		25,000,000		25,000,000
	Provision of Vehicles		10,000,000		10,000,000
Capacity Building	Comprehensive collection of data, analysis, storage and management.		10,000,000		10,000,000
	Specialized Training		10,000,000		10,000,000
	TOTAL		55,000,000		55,000,000

Annex 4

Revenue Administration Review Abuja Environmental Protection Board

By

**Chinedu Eze
December 2005**

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1.0 INTRODUCTION

The Abuja Environmental Protection Board (AEPB) was established in 1997 by the Federal Government of Nigeria through the promulgation of Abuja Environment Protection Board Decree No. 10 of 1997. The Board's functions shall cover, but not limited to:

- The control of removal and disposal of liquid wastes
- The control and disposal of solid wastes
- The control of vector pests, rodents, and reptiles; water and waste water effluent discharges; noise which constitute a nuisance; the use of septic tanks and sewage maintenance ; bush burning, poaching and indiscriminate felling of trees; stray and wandering animals; public conveniences and cemeteries; the use of residential areas for prohibited purposes; walking or driving on prohibited areas and
- Doing such other things as are necessary and expedient for the purpose of enhancing a healthy environment within the Federal Capital Territory.

Abuja Environmental Protection Board has nine departments namely:

- Administration,
- Finance & Accounts,
- Environmental Monitoring,
- Planning Research & Statistics,
- Solid Waste,
- Liquid waste,
- Public Health,
- Environmental Conservation, and,
- Destitute Management.

There are slight modifications in the above structure, the Billing and Legal Units are now autonomous units reporting directly to the Chief Executive. This changes which is still ongoing has impacted positively on both the billing and enforcement functions of the Board.

2.0 REVENUE ADMINISTRATION SYSTEM

2.1 Overview

The major services rendered by AEPB are control, management and regulation of removal and disposal of liquid and solid wastes. There are other ancillary functions such as control of banner/poster, destitute, the use of septic tanks and sewage maintenance, public toilets, fumigation, etc. The AEPB raises revenue from fees and charges in respect of these services, which include the following:

- Solid Waste fees
- Liquid Waste fees
- Land fill Service charge
- Sale of Waste Bins
- Contract Registration fees

- Hiring out of equipment income
- Banner/Poster charges
- Hawkers permit fees, etc.

There has been improvement in revenue administration processes of AEPB between the consultants last input of July and the current input in December 2005. The consultants noted remarkable improvements in Finance & Accounts Department, Billing and Legal Units. The Chief Executive of AEPB within this period has institutionalised excellence and performance in the above mentioned units. These units are now in a better position to imbibe the current reform initiatives, record are kept, reports prepared/produced at a short notice and enforcement has improved tremendously. Though there is still room for further improvement.

2.2 Revenue Administration Processes

As noted earlier, more than 80% of the Board's revenue accrue from solid and liquid waste management functions. The process of generating revenue from solid and liquid waste management starts with billing unit generating bills for all the customers of the Board. Currently there are 17,842 (seventeen thousand eight hundred and forty two) customers in the Board database. The Billing unit generates Computer printed bills based on the approved tariff for the customers in the database (annual bill for commercial customers and quarterly bills for residential customers).

The bills are distributed to the revenue customers by DHL an international courier company operating in Nigeria. The courier company charge N375 per bill sent to each revenue customer. The Board's arrangement with DHL for distribution of bills commenced in July 2005 and by end of November 2005 the company has distributed a total of 26,318 (twenty six thousand three hundred and eighteen) bills.

The revenue customer on receipt of the bill is expected to make payment through a designated collecting Bank, cash payment to either an individual or accounts office of the Board is expressly disallowed. The revenue unit of Finance and Accounts Department coordinates the reconciliation of payment made to the designated collecting Banks and prepares report for management.

The customer is legally allowed 30 days to pay the amount on the bill or raise objection with the Board if he/she is not satisfied with the amount on the bill. Most revenue customers on receipt of the bill refuse and/or neglect to pay the billed amount. The Legal Unit is currently responsible for taking defaulters to court to enforce payment of the bill. The Legal Unit was restructured by the Chief Executive of AEPB in July 2005, and the unit now has 14 lawyers. From July to end of November 2005, the unit has recorded more than 60% success rate in respect of cases charged to court. The unit is performing very well despite the impediment in the current Law regulating the activities of AEPB. For example, the units bi-weekly report (21st November to 2nd December 2005) indicated that 122 cases for a total bill of N25,901,000.00 disposed of in the courts resulted in the payment of sum of N19,808,160.



The Honourable Minister of Federal Capital Territory in exercise of the powers conferred upon him by section 45 of Abuja Environmental Board Act 1997 made two vital regulations that enhanced enforcement ability of the Board. The Regulations are:

- Waste Management Rates/Charges Regulation 2005, and
- Solid Waste Control/Environmental Monitoring Regulation 2005.

The current level of success in enforcement is as a result of the restructuring of the Legal unit and these regulations. There is still need for comprehensive review of the Abuja Environmental Protection Board Act 1997.

2.3 The Revenue Processes of Other Sources

2.3.1 Fumigation and Spraying

Process	Activity/Action	Comments
Assessment	Manually prepared bills are issued by officer in charge on a sheet of paper.	Commercial/billing unit not involved in bill preparation, no basis for billing by the officer.
Collection	The Bill is paid by the customer in the Central Revenue unit of AEPB	Affected by problems of cash collection
Accounting	The payment is accounted by the Revenue unit	Same as above
Reconciliation	The Central Cash office reconciles all payments, ensures that funds are paid into main account	Same as above
Reporting	The Finance dept prepares report of collected revenue	Same as above
Monitoring	The monitoring of revenue generation process by Internal Audit	No clear monitoring guidelines,

2.3.2 Dump Site

Process	Activity/Action	Comments
Assessment	Sale of ticket at dump site.	Commercial section not involved in bill preparation, Fraught with problems. Tickets may not be issued by the officer at the dump site
Collection	The Bill is paid by the customer to the revenue officer at the dump site.	Affected by problems of cash collection. Assessment and collection is done at the same point and same officer.
Accounting	The payment is accounted for by the Revenue unit	Same as above
Reconciliation	The Central Cash office reconciles all payments, ensures that funds are paid into main account	Same as above
Reporting	The Finance dept prepares report of collected revenue	Same as above
Monitoring	The monitoring of revenue generation process by Internal Audit	No clear monitoring guidelines,

3.0 ANALYSIS OF REVENUE COLLECTIONS

The revenue figures of AEPB from January 2002 to November 2005 were promptly provided by the Finance & Accounts Department, this is an appreciable improvement with the position during the first input in July 2005. However, there is need for improvement in the manner the department is currently maintaining the revenue records of the Board. The revenue heads and sub heads changes from year to year. This do not allow for better comparison of revenue performance of the different revenue sources over a period. The revenue of the Board from all sources from 2002 to 2007 (November) are presented hereunder.

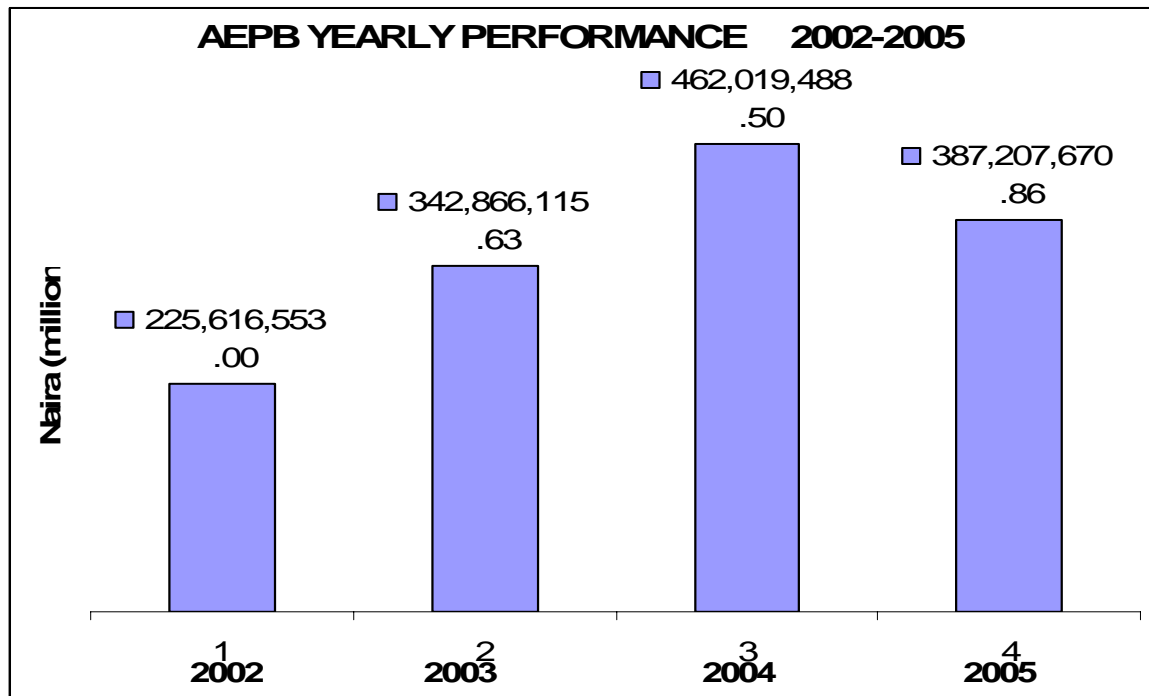
Table 1. AEPB Internally Generated Revenue 2002-2005(November)

Heads/Sub Heads	2002	2003	2004	2005
Liquid waste / *Sewage Connection	151,894,750.00	175,235,695.08	*231,352,035.00	73,503,313.50
Solid waste	63,266,953.00	159,503,538.50		252,956,447.36
Solid / Liquid waste charges			213,631,299.60	
Land fill				7,287,690.00
Sales of waste bin				8,280,500.00
Sales of D/bin / Land fill			3,506,880.00	
Contract registration	260,000.00	20,000.00	610,000.00	14,854,000.00
Task force/ Destitute		2,544,670.00		20,532,920.00
Task force			5,328,480.00	
Court fine / Task force	5,568,820.00			
Cash refund	2,511,495.00	1,215,021.68		183,860.00
Poultry prod./ Dest of voucher				535,590.00
Gate fee	379,510.00	643,000.00		204,500.00
Donation				100,000.00
Banner / Poster				843,500.00
Hiring of Equipment				3,429,500.00
Food permit				43,350.00
Hawkers permit			1,943,000.00	4,452,500.00
Fumigation		866,160.00	1,598,872.50	
Plant nursery	1,216,220.00	1,581,910.00	592,220.00	
Bakasi market/ Public toilet			165,000.00	
Green area/ Relocation of			1,244,040.00	
Monday market. Zoological park			182,700.00	
Allocation of space	518,610.00	1,256,120.37		
Miscellaneous			1,864,961.40	
Total	225,616,553.00	342,866,115.63	462,019,488.50	387,207,670.86

Source: Finance & Accounts Department AEPB

The total collection of N387million for 2005 (January to November) is lower than the total collection of N460,194,488 for 2004 due to the stoppage of payment of sewage connection fee. The sewage connection fee alone accounted for 50% of the total revenue collected in 2004. However, the Chief Executive of AEPB has set in motion mechanism for enhancing and ensuring accountability in sewage connection process fee, which was the reason for the stoppage of collection of the connection fee by the Hon Minister of FCTA.

Figure 1: AEPB Yearly Performance 2002-2005 (November)



4.0 REVENUE PROJECTION

4.1 Overview

The internally generated revenue projection for 2006, 2007 & 2008 is crucial for planning. The projection will help FCTA make a reasonable forecast of the level of subvention required by AEPB for the period. The Budget Unit of AEPB is supposed on annual basis to prepare a comprehensive forecast of internally generated revenue. For the purposes of this assignment, the consultants worked with staff of AEPB in calculating a comprehensive projection of internally generated revenue for 2006, 2007 & 2008.

4.2 Revenue Projection 2006-2008

The revenue projection of AEPB for 2006, 2007 and 2008 are based on the following assumptions.

- The projected revenue for solid and liquid waste is based on the database generated from the State and Local Government Programme of UK Department for International Development funded householders' enumeration of Abuja.

- Marginal increase on other revenue sources (increase of 10% to 20%).

As stated earlier the current database of AEPB has 17,842 potential revenue customers while the householders' enumeration identified 74,035 potential revenue customers for Federal Capital Territory. However, AEPB are currently not servicing all the areas covered by the enumeration exercise. The areas presently being serviced by AEPB based on the enumeration data has 41,403 (forty one thousand four hundred and three) potential revenue customers.

The consultants worked with billing unit to determine the factor that will be applied per area based on a percentage of the total potential customers in the new database (i.e. 41,403). The factor is an average of the total rates for household private and commercial. The factors were applied on assumption that 70% of the potential revenue customers (41,403) will be assessed for 2006, 85% for 2007 and 100% for 2008. The projected assessment (i.e. total projected amount of bills that would be raised) for

- 2006 is N1,460,643,979, (about 100% of the current year's assessment of N712 million)
- 2007 is N1,773,639,118 and
- 2008 is N2,086,634,256.

The above workings are illustrated better in appendices A and B.

The projected collection for 2006, 2007 and 2008 are calculated in Table 2.

Table 2: Revenue Projection for 2006, 2007 and 2008

Year	Projected Assessment	% of Collection	Projected Collection Waste Management	Project Collection Other Sources
2006	1,460,643,979	45	657,289,000	70,000,000
2007	1,773,639,118	50	886,819,559	90,000,000
2008	2,086,634,256	60	1,251,980,553	130,000,000

The revenue projections (Collections) for 2006 to 2008 are on the assumption that AEPB will collect 45% of assessment figure (total amount of bills would be raised) for 2006, 50% for 2007 and 60% for 2008. The 45% collection rate on assessment projected for year 2006 is an additional 6% on the current year's collection rate of 39%. Consequently, the projected collection (Waste Management) for 2006 is N657,289,000, 2007 is N886,819,559 and 2008 is N1,251,980,553. While total estimated collection from all sources are as follows:

2006	N727,289,000.00
2007	N976,819,559.00
2008	N1,381,980,553.00

4.3 Analysis Of Expenditure By Categories

The expenditure of AEPB is classified into Capital and Recurrent expenditure. The capital expenditure refers to investment for development of dumpsite, purchase of refuse disposal equipment, vehicles, extension of liquid waste lines, etc. Recurrent expenditure is subdivided into personnel and overhead expenses. The overhead cost for purposes of this analysis is classified into office and services costs. The expenditure analysis for 2002 to 2005 (September) is as shown below:

Table 3: Expenditure Analysis 2002 to 2005 (September)

Year	Capital	Personnel	Office Cost	Services	Total
2002	0	183,362,000	401,021,000	519,459,000	1,103,842,000
2003	0	155,237,000	446,140,000	709,147,000	1,310,524,000
2004	0	230,444,000	167,462,000	581,739,000	979,645,000
2005	0	111,527,000	44,858,000	573,521,000	729,906,000

Comparative analysis of total internally generated revenue over total expenditure indicated that in

- 2002 the Board generated N225,616,553 and spent N1.1billion,
- 2003 total IGR of N342,866,115 and total expenditure of N1.3 billion,
- 2004 total IGR of N462, 019,488 and total expenditure of 979,645,951.
- The 2005 revenue Vis a viz expenditure trend is in line with previous years performance. The total IGR for 2005 (January to September) is N305 million and total expenditure of N724 million for same period.

The Board maintaining the same level of expenditure profile will not be in a position to fund its activities solely from internally generated sources until 2008. On the assumption that the Board achieves its revenue targets of N727 million in 2006 and N976 million in 2007 it would require additional subvention of between N300 million and N600 million for each of the two years from FCTA to enable them offer full services to FCC

5.0 STRATEGIES AND ACTION PLAN

The projected revenue of 2006 is N727 million which is about N300million higher than the actual revenue of 2005. To achieve the targeted revenue the Board require a combination of short term and long term strategic action plans.

5.1 Short term plans

- Operationalise the new database: The AEPB data base of 17,842 potential customers will need to be replaced with the potential customers of 41,403 determined from the householder's enumeration. This will be done by reconciling the two data base and linking same to the billing software currently used to generate bills. This need to be done so that the billing unit can generate bills for 2006 based on improved data base of 41,403 potential customers.

- Institutionalising the Bill distribution mechanism: The current system of bills distribution through DHL is very effective but not sustainable on a long term basis. The cost of delivering each bill through DHL is N378 and considering the 26,318 bills generated from July to November 2005, the amount is already in excess of N10million. Comparing this figure to over 41,000 bills expected to be delivered in 2006, the consultants considered the present bill delivery system to be too expensive and not sustainable. The consultants therefore recommend setting up a unit within AEPB manned by about eight people each with a minimum qualification of Ordinary National Diploma (OND). The employment of the staff of the unit will be performance and target based. Payment of the salary of the staff within this unit will be tied to each person achieving his/her target. The staff of the unit will not only distribute bills but they will revalidate and update the database particularly with the ongoing demolition of illegal structures and changes in street name and numbers.
- Improving Data entry and reconciliation process within the Board. There is need to harmonise and synchronise the data entry and reconciliation process in the Finance & Accounts with that of the Legal and Billing Units.
- Data Management and Accounts reconciliation training for staff of Revenue unit of Finance & Account Department, Legal Unit and Billing Units.
- Limited public enlightenment and sensitisation of the services of AEPB and need for customers to pay their bill

5.2 Medium/Long term plans (2007 & 2008)

- Review of the Abuja Environmental Protection Board Act 1997
- Computerisation of the Finance and Accounts Department, linking the departments system with Billing and Legal Units

Appendix A

Revenue Administration Strategic Plan Framework Abuja Environmental Protection Board

Stage	Strategy 2006	Strategy 2007	Strategy 2008
Data Collection and Management	Operationalise the new data base	Update and review data base	
Assessment	Linking data base to the billing software	Improve billing software	
Collections	Institutionalize bill distribution mechanism		Review of AEPB Law
Accounting & Reporting	Improve data entry and reconciliation process	Computerize and link accounting system with billing system together with enforcement.	
Supervision, Monitoring, Evaluation & Enforcement	Training on data management and enforcement		

Appendix B
Activity Costing

Objectives →	• Increase Internally Generated Revenue				
Short-term Strategies (2006)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Institution Development Capacity Building	Carry out full analysis and deployment of the improved data base	FCTA/SLGP	5,000,000	NIL	5,000,000
	Link data base to billing software	FCTA/SLGP	10,000,000	NIL	10,000,000
	Institutionalize bill distribution mechanism	AEPB	5,000,000	NIL	5,000,000
	Improve data entry and reconciliation process	AEPB/SLGP	2,000,000	NIL	2,000,000
	Accelerated training revenue administration and enforcement	AEPB/SLGP	10,000,000	NIL	10,000,000
	TOTAL		32,000,000	NIL	32,000,000
Medium-term Strategies (2007/8)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Improve operational efficiency	Computerize and link accounting system with billing system together with enforcement	AEPB	12,000,000	NIL	12,000,000
	Review of AEPB Act	AEPB/FCTA	3,000,000	NIL	3,000,000
Capacity Building	Specialized Staff Training	AEPB/FCTA	15,000,000		15,000,000
	TOTAL		30,000,000		30,000,000

Appendix C

Comparative Analysis Of Current AEPB and DFID Enumeration Database

AEPB DATABASE				S/NO	DFID ENUMERATION										NGOS	SUM TOTAL
DISTRICT	RESIDENTIAL	COMMERCIAL	TOTAL		DISTRICT	COMMERCIAL	EDUCATION	HEALTH	GOVERNMENT	RELIGION	EMBASSY	LIAISON	RESIDENTIAL			
ASOKORO	1,064	337	1,401	1	ASOKORO	91	12	11	71	23	33	51	1,737	8	2,037	
CENTRAL AREA	0	203	203	2	CENTRAL AREA	246	2	1	64	9	11	28	29	7	397	
DURUMI	229	83	312	3	DURUMI	134	3	0	9	11	0	0	156	1	314	
GARKI 1	1,263	394	1,657	4	GARKI 1	1,511	27	30	87	28	1	3	6,210	7	7,904	
GARKI 2	527	575	1,102	5	GARKI 2	854	10	15	29	6	1	3	1,732	2	2,652	
GUDUAPO	815	27	842	6	GUDUAPO	130	4	3	8	7	0	0	994	0	1,146	
GWARINPA	1,601	350	1,951	7	GWARINPA	401	26	29	11	32	0	5	1,558	3	2,065	
GWARINPA 2	40	75	115	8	GWARINPA 2	329	20	25	7	20	0	0	2,253	3	2,657	
JABI	137	25	162	9	JABI	91	8	1	8	6	0	0	305	0	419	
KADO	1,190	112	1,302	10	KADO	147	9	2	4	13	0	1	1,596	1	1,773	
KUBWA	2,238	21	2,259	11	KUBWA	1,828	100	76	15	154	0	0	12,843	0	15,016	
MAITAMA	1,420	524	1,944	12	MAITAMA	315	10	11	60	7	99	6	2,150	39	2,697	
UTAKO	134	128	262	13	UTAKO	1,109	7	5	10	16	0	0	648	0	1,795	
WUSE 1	1,349	772	2,121	14	WUSE 1	2,515	22	40	97	40	2	6	7,449	5	10,176	
WUSE 2	1,327	399	1,726	15	WUSE 2	1,450	26	23	46	29	30	7	3,240	12	4,863	
WUYE	450	33	483	16	WUYE	26	1	0	2	4	0	0	481	0	514	
LUGBE	0	0	0		LUGBE	189							3,960		4,149	
NYANYA	0	0	0		NYANYA	47							4,519		4,566	
BUNKORO	0	0	0		BUNKORO	96							1,151		1,247	
WUPA	0	0	0		WUPA	855							68		923	
JAHI	0	0	0		JAHI	35							651		686	



Slgp

MABUSHI	0	0	0		MABUSHI	14							115		129
KATAMPE	0	0	0		KATAMPE	7							72		79
KARU	0	0	0		KARU	165							3,758		3,923
GALADIMAWA	0	0	0		GALADIMAWA	1							4		5
GALADIMA	0	0	0		GALADIMA	33							196		229
DAKWO	0	0	0		DAKWO	1							21		22
DUBOYI	0	0	0		DUBOYI	1							105		106
GADUWA	0	0	0		GADUWA	0							164		164
KAURA	0	0	0		KAURA	1							59		60
JABI	0	0	0		JABI	35							651		686
DAKIBIYU	0	0	0		DAKIBIYU	2							70		72
KARMO	0	0	0		KARMO	3							460		463
IDU	0	0	0		IDU	34							61		95
JIWA	0	0	0		JIWA	2							4		6
	13,784	4,058	17,842			12,698	287	272	528	405	177	110	59,470	88	74,035

Appendix D

AEPB Revenue Projection (Assessment) 2006 to 2008

S/N	Districts	Household Units	Yearly Average per district (N)		Projection Per District (N)	DFID Enumeration	70% of DFID Enumeration	2006 Projection	85% of DFID	2007	100%	2008
1	Asokoro	1404	6,341,263.00	76,095,156.00	54,198.83	2037	1,426	77,282,110	1,731	93,842,563	2037	110,403,015
2	Central Area	211	9,106,424.00	109,277,088.00	517,900.89	397	278	143,924,658	337	174,765,656	397	205,606,654
3	Durumi	319	776,232.00	9,314,784.00	29,199.95	314	220	6,418,149	267	7,793,467	314	9,168,784
4	Garki I	1667	7,091,908.00	85,102,896.00	51,051.53	7904	5,533	282,457,890	6,718	342,984,581	7904	403,511,272
5	Garki II	1108	455,930.00	5,471,160.00	4,937.87	2652	1,856	9,166,662	2,254	11,130,947	2652	13,095,231
6	Gudu/Apo	843	1,399,971.00	16,799,652.00	19,928.41	1146	802	15,986,573	974	19,412,267	1146	22,837,961
7	Gwarinpa I	1878	2,080,555.00	24,966,660.00	13,294.28	2065	1,446	19,216,883	1,755	23,334,787	2065	27,452,691
8	Gwarinpa II	75	123,675.00	1,484,100.00	19,788.00	2657	1,860	36,803,701	2,258	44,690,209	2657	52,576,716
9	Jabi	166	123,675.00	1,484,100.00	8,940.36	419	293	2,622,208	356	3,184,110	419	3,746,011
10	Kado	1310	2,122,880.00	25,474,560.00	19,446.23	1773	1,241	24,134,715	1,507	29,306,439	1773	34,478,164



11	Utako	283	890,270.00	10,683,240.00	37,749.96		1795	1,257	47,432,831	1,526	57,597,009	1795	67,761,187
12	Wuse I	2142	12,410,152.00	148,921,824.00	69,524.66		10176	7,123	495,238,066	8,650	601,360,508	10176	707,482,951
13	Wuse II	1841	6,868,567.00	82,422,804.00	44,770.67		4863	3,404	152,403,839	4,134	185,061,804	4863	217,719,770
14	Wuye	484	436,310.00	5,235,720.00	10,817.60		514	360	3,892,174	437	4,726,211	514	5,560,248
15	maitama	1957	12,410,152.00	148,921,824.00	76,097.00		2697	1,888	143,663,521	2,292	174,448,562	2697	205,233,602
		15688		751,655,568.00				28,986	1,460,643,979	35,198	1,773,639,118		2,086,634,256

Annex 5

Final Report On Revenue Administration FCT Water Board

**John Ehikwe
December 2005**

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1.0 INTRODUCTION

This report documents the final phase work on the FCT Water Board Revenue and Administration; it forms part of overall assignment for the Federal Capital Territory Administration (FCTA) revenue administration review. The purposes of the second phase of the exercise are as follows:

- To conclude the collection of information on the various activities of the Board that impact directly or indirectly on revenue generation and collection.
- To make an in-depth search for ways and means of improving the revenue administration of the Board through discussions and interactions with officials of the Board and collaborating organizations like Banks etc.

1.1 Methodology

The collection of data was done through questionnaires that were sent to all the relevant departments and sections in which they were requested to supply certain information and in some cases with supporting documents. Questionnaires were also given to representatives of some banks.

In the course of these discussions, meetings were held with some Heads of Department/Units, their staff, and some bank officials, the list of which is stated in Appendix A.

2.0 REVENUE ADMINISTRATION SYSTEM

The revenue administration of the FCT Water Board is carried out in the following departments:

- Commercial – Data collection & management, consumer assessment/evaluation (Consumer survey, meter reading, bill distribution etc).
- Finance – Revenue collection, bill production, customer accounts, bank (Reconciliation statements, forecasting, reporting, variance analysis etc).
- Audit – Management audit for compliance etc.

2.1 Overview of the Revenue Administration Process-

The revenue administration of the FCT Water Board involves the following processes:

- **Data Collection & Management And Assessment Process:**

Over the years, the Water Board has been building a consumer statistical database that has been computerized and progressively updated. The main source has been from consumers who apply for water to be connected to their plots or buildings. It works out this way:

 - On receipt of an application for connection, the Commercial Department requests the Operations Department to carry out an assessment of the job.
 - From the assessment report, the Commercial Department raises the bill for the connection charges and determines the tariff regime (water rates) to place the consumer.
 - On payment of the connection charges, the Commercial Department authorizes the connection and puts the consumer in the billing system for monthly demand notices.
 - Another source of data collection is through the discovery of illegal connections.

- Consumers who want to evade their heavy indebtedness to the Board have corrupted the consumer database through making a second application for tariff assessment. This is done through the connivance of some commercial department staff. When a proper audit of the consumer database is carried out, it will be discovered that the number of consumers may not be as high as is held in the system.

2.2 Revenue Collection Process

There are three ways through which the FCT Water Board collects its revenue:

- The main source of revenue collection is through 16 nos designated banks (one branch each). Monthly bills are issued to this group of consumers.
- Cash payments at feeding points. The commercial staff located at a feeding point collect cash from tanker drivers, which he or she deposits at the bank at least once a day. A team made up of staff from operations, commercial, revenue and audit is at the feeding point for cash sales.
- By prepaid consumers who recharge their cards in what we may call 'pay as you consume' system. In this system, payment is made to the bank before the card is recharged.
- On a weekly basis, the revenue unit receives details of lodgments made during the past week from the banks and posts them to the credit of the depositors. In a good number of cases where the customer account number is not stated on the bank deposit slip, the amount is placed in the unidentified (suspense) account.

2.3 Accounting/Reconciliation/Reporting

- Good records of the revenue collected are being kept as ledger accounts are regularly updated with information contained on the bank schedules with the exception of unidentified lodgments.
- Reconciliation has not been easy and complete because payments go through too many banks namely:
 - FSB Bank, Area 8, Abuja
 - Citizen Bank, Central Area, Abuja.
 - Zenith bank, Maitama, Abuja.
 - Equity Bank Nig. PLC, Tofa House, Abuja.
 - I.M.B. Area 11, Abuja.
 - First Bank PLC, Area 3, Abuja.
 - Aso Savings & Loans Bank, Kubwa.
 - Lion Bank, Nyanya.
 - First Bank PLC, Gwagwalada.
 - Devcom Bank, Garki – Abuja.
 - Magnum Bank, Area 3, Garki.
 - Globa Bank, Area 3, Garki
 - Guaranty Trust Bank, Area 3, Garki
 - Continental Trust Bank, Maitama, Abuja
 - Centre Point Bank PLC, Central Area, Abuja.
 - Capital Bank Int. Central Area, Abuja.

With this large number of different banks and different account numbers, when careless or fraudulent bank officials enter Water Board's lodgments into other people's accounts, it will not be easy to trace them. Also using the normal bank tellers, depositors can easily fail to state their customer account numbers and this has led to the large amount on the unidentified account, standing at ₦100,704,033 at the end of November 2005.

2.4 Strategic and Operational Monitoring & Evaluation

Strategic and operational monitoring & evaluation of activities at FCT Water Board is virtually non-existent. The Audit Department that carries out the routine audit functions is not equipped with the required expertise and logistics to monitor all the operations and activities for transparency, meeting of target and quality.

2.5 Key Findings and Observations

Key findings and observations that affect or may affect the FCT Water Board revenue administration system are as follows:

- Consumer database in the FCT (locations as shown in Appendix C) is listed as containing only 32,378 customers;
- Consumer database in the FCC & Kubwa (covered in the enumeration exercise) contains about 30,378.
- Prepaid consumers (included in the above figures) stand at 912 customers;
- Records available at the Board state that the company that installs prepaid meters for the Board is entitled under the revenue sharing agreement to 80% and 20% to the Board without time limit.
- Revenue from prepaid meters for 2004 and Jan – Sept. 2005 are ₦31,461,360 and ₦18,334,220 respectively.
- The number of conventional meters installed in 2004 and 2005 are only 50 and 36 respectively.
- The reasons for the low new connections are shortage and high cost of the Board's meters and the effect of illegal connections.
- Consumers, who want to carry out illegal connections or those who want to replace their meters with heavy indebtedness, can easily purchase meters from the open market. This loophole has given rise to many undetected illegal connections and heavy loss of revenue.
- Fraudsters go to unsuspecting consumers with their own forged demand notices to threaten them with disconnection. They demand cash payment to avoid disconnection. Samples of the illegal demand notices were submitted to us.
- Statistical data collection is based on connections to plots/buildings and not on housing units.
- Monthly bills are not issued to the 912 experimental prepaid consumers who make payments on the basis of 'pay as you consume'
- Unidentified payments (suspense account stands at ₦100,704,033
- FCT Water Board has a huge debtors' account of ₦931,308,950, some spanning over 4 to 10 years (see Appendix D) for breakdown and comments.
- Water is not evenly supplied to all the areas/properties connected to FCT Water Board line (see Appendix E)
- Functions of Commercial Department include: -
 - Statistical data collection and management.
 - Determination of the tariff regime (Appendix B)
 - Bill production with 9 staff, 4 computers and 3 printers, producing 30,000 bills in 2 weeks.

- Bill distribution and meter reading, carried out by 155 personnel with 7 official motorbikes and 5 motor vehicles. They provide no reliable proof of bill delivery and meter reading has been poorly carried out.
- Customer relations (attending to customer complaints)
- Customer ledger keeping
- Reminder letters and follow-up visits.
- Issuing punitive bill of ₦30,000 p/m for 2yrs to consumers caught for illegal connection
- Enforcement actions (disconnecting supply lines)
- Taking legal action against people who carry out illegal connections.
- Banks could provide the following services:
 - Customized bank tellers, to help eliminate unidentified lodgments.
 - Designated cashier in each branch, for speed and efficient customer service.
 - Post bank staff to chosen Water Board locations for revenue collection, for the convenience of customers
 - Establish direct debit system of bill payment especially for monthly salary earners, who pay water flat rates.
 - Provide space for the Water Board staff in very busy branches to facilitate accurate completion of bank tellers for customers.
 - Link the bank account, on-line to the Water Board Computer, for the ease of monitoring and reconciliation of lodgments.

3.0 ANALYSIS OF REVENUE COLLECTIONS

3.1 Overview

We obtained the revenue figures for 2002 to September 2005, broken down into the different sources to enable us prepare the forecast for 2006, 2007 and 2008. The budgeted and actual revenues for 2002 to September 2005 are shown on Table 1. It also shows the number of consumers who paid their bills in this period and actual revenue collection, as a percentage of budgeted revenue.

Table 1: Revenue Collection from 2002 to September 2005

S/N	REVENUE SOURCE	2002		2003		2004		Jan. – Sept. 2005	
		Forecast (₦)	Actual (₦)	Forecast (₦)	Actual (₦)	Forecast (₦)	Actual (₦)	F	Actual (₦)
1.	Water Sale	526,210,656	340,115,530	575,571,840	471,236,886	738,550,000	565,053,152		350,459,502
2	Lifting points	None	17,554,130	None	18,253,040	None	20,760,000		11,106,000
3	Tender Fee	None	2,171,000	None	730,020	None	2,835,670		2,844,000
4	New Water Connection	None	6338,700	None	6,483,700	None	4,132,200		4,704,000
5	Water Sampling (Testing)	None	129,000	None	405,000	None	246,000		70,000
	TOTAL	526,210,656	366,308,360	575,571,840	497,108,646	738,550,000	593,027,022		369,483,502
	Consumers who paid.		6,182 (22%)		7,085 (25%)		9,451 (33.8%)		6667 (23.8%)
	Actual as % of Forecast.		69.6%		86.4%		80.3%		
	Average monthly	43,850,800	30,525,700	47,964,300	41,425,700	61,545,800	49,418,900		

- Forecasts for revenue collection have been unambitious for the period. From a consumer base of over ₦100,000,000 billable amount per month in 2003 and progressing to over ₦170,000,000 per month in 2005, budgeted revenue has remained below 50% of billable amounts.
- Actual collection as percentage of forecast shows no pattern – 69.6%, 86.4% and 80.3% for 2002, 2003 and 2004 respectively.
- On the face of it, actual collection as percentage of forecast looks good but it is not, for the reasons stated above.
- Percentage of consumers paying their bills has been between 22% and 33%. This shows that revenue drive has been concentrated on a few major (commercial) consumers.

4.0 PROJECTION OF REVENUE FOR 2006 TO 2008

4.1 Overview

The revenue projections for 2006 to 2008 were arrived at after lengthy discussions with heads of commercial, finance & audit departments and revenue & bill production units.

- We agreed to use the current tariff regime, which took effect from 2004 (some of the rates seem to be on the high side) for the calculations (see Appendix B)
- We decided to use the existing database even though it is expected to increase after the recommended consumer survey has been carried out. The annual percentage increase from 50% in 2006 to 80% in 2008 is expected to compensate for the low base data.
- We also decided to increase the sources of revenue with the inclusion of prepaid consumers and borehole licenses and annual renewal fees.

Table 2: Projections of Revenue from 2006 to 2008

S/N	Revenue Source	Basis	Base Amounts Billable Amts (₦)	2006 (50%)	2007 (70%)	2008 (80%)
1	Water Sales: Units	-	-	-	-	-
(i)	Government Offices	Consumer base	84,480,000	42,240,000	59,136,000	67,584,000
(ii)	Govt. Qtrs (Public Officers' resid)	„ „	323,658,000	161,829,000	113,280,300	258,926,400
(iii)	Domestic metered	„ „	80,352,000	40,176,000	56,246,400	64,281,600
(iv)	Domestic Flat Rate	„ „	139,056,000	69,528,000	97,339,200	111,244,800
(v)	Commercial metered	„ „	371,520,000	185,760,000	260,064,000	297,216,000
(vi)	Commercial Flat Rate	„ „	723,360,000	361,680,000	506,352,000	578,688,000
(vii)	Major Consumers	„ „	<u>300,000,000</u>	<u>150,000,000</u>	<u>210,000,000</u>	<u>240,000,000</u>
			2,022,426,000	1,011,213,000	1,302,417,900	1,617,940,800
2	Lifting points	4 years average	17,850,000	17,850,000	19,635,000	21,598,500
3	Tender Fee	Forecast (trend)	2,500,000	2,500,000	2,500,000	2,500,000
4	Water Testing treatment – 300 comm. @ ₦50,000 & 1000 private @ ₦10,000	-	25,000,000	25,000,000	27,500,000	30,250,000
5	Borehole licenses – 300 comm. @ ₦25,000 & 1000 private @ ₦5,000		12,500,000	12,500,000	13,750,000	15,125,000
6	New Water Connection	4yrs average as base	5,806,400	6,000,000	6,600,000	7,260,000
7	Prepaid consumers	forecast		30,000,000	36,000,000	48,000,000
	Target Revenue Collection for the year		2,086,082,400	1,105,063,000	1,408,402,900	1,742,674,300
	Target average monthly revenue collection		-	92,088,500	117,366,900	145,222,800

- In 2006, the consumer base should be audited and reconciled and this is expected to bring down the base amount. That is why we used 50% of the base amounts to make the forecast for 2006. From 2007, expectations should begin to rise because of improved consumer database, faster bill production & distribution, better revenue collection systems and more aggressive enforcement activities.
- Borehole licenses with annual renewals and commercial/private borehole water treatment should be made mandatory from 2006. We have assumed that there could be up to 300 commercial borehole operators and 1,000 private borehole owners in the FCT in 2006. We have also assumed that registration fees will be ₦50,000 and ₦10,000 for commercial and private boreholes respectively with annual renewal fees at ₦25,000 and ₦5,000 respectively. These assumptions have been used to compute the figures in the projections for 2006 (items 4 & 5).
- The borehole license registration and renewal fees are expected to progressively improve the revenue profile of the FCT Water Board in 2007, 2008 and beyond.

5.0 ANALYSIS OF EXPENDITURE BY CATEGORIES

5.1 Overview

The purpose of carrying out the analysis of expenditure by categories, from 2003 to 2005 (Table 3) and comparative analysis of revenue & expenditure (Table 4) for the same period is to ascertain if any trend has been established, which in turn will show if conscious attempts have been made at the control of the various expenditure heads to ensure that the total expenditure is kept well below the total internally generated revenue (IGR).

Table 3: Analysis of Expenditure by Categories, 2003 to Sept 2005

	CATEGORY	2003(₦)	2004(₦)	Jan – Sept 2005(₦)
(i)	Personnel cost	228,674,622	259,912,606	273,695,307
(ii)	Overhead cost	163,228,992	238,384,998	251,006,275
(iii)	Capital cost	125,019,323	159,255,722	129,273,560
	Total Expenditure	516,922,937	657,553,326	653,975,142
	Internally Generated Revenue (IGR)	497,108,646	593,027,022	369,483,502

5.2 Comparative Analysis Of Revenue And Expenditure

This analysis shows how the internally generated revenue (IGR) compares with the total expenditure and how the personnel cost and overhead cost compare with the total expenditure.

Table 4: Comparative Analysis of Revenue and Expenditure

IGR as % of Total Cost	96.2%	90.2%	56.5%
Personnel cost as % of Total Cost	44.2%	39.5%	41.9%
Overhead cost as % of Total Cost	31.6%	36.3%	38.4%

- Internally generated revenue as percentage of total cost shows no pattern as it goes up and down.
- Revenue collected from January to September 2005 does not give a true average for the year because more revenue is collected in the last quarter of the year (October to December) as enforcement efforts are intensified.
- IGR as percentage of Total cost has remained below 100%. Efforts should be made to push it up to 150% in 2006.
- Personnel cost as percentage of total cost has hovered between 40% and 45%. In future, personnel cost should be budgeted at not more than 30% of Total cost.

6.0 STRATEGIES AND ACTION PLANS

6.1 Overview

The action plans stated in Appendix F are for the departments or units that are responsible for revenue generation as proposed by the affected sections. We deliberately included the action plans for the operations department because the quantity of water made available to consumers will impact on the revenue that could be generated and collected. Even at that and barring the capital expenditure (meters and distribution lines) the expected overall increase in revenue will more than compensate for the total additional expenditure arising from all the action plans shown in Appendix F.

6.2 Strategy Costing

The proposed strategies have been unbundled into activities in Appendix E. These activities have not been sequenced however they have been grouped into phases for purposes of implementation.

The indicative costing of the strategies and activities is provided in Appendix C to this report. The cost estimates have been provided for a three year period. During the first year which approximate to first phase of strategy implementation, it is estimated that it would cost the FCTWB about N123 million to roll out the strategies and it is expected that during the fiscal year 2006, the internal revenue performance would improve by about N300 million. These are approximations and there are other factors and imponderables that would shape the performance of the Board during the next three years.

7.0 RECOMMENDATIONS

The first recommendations would be for the Board to carry out total analysis and reconciliation of the 'suspense accounts' or the unidentified payments in order to post the credits to the appropriate accounts.

The Board would need to reconsider the revenue (meter installation) sharing agreement with the aim of renegotiating the terms for increase share of the revenue.

The Debtors account might need to be contracted out to professional debt collectors.

7.1 Meter Reading and Bill Distribution.

- Set out a cut-off period; say from 1st to the 10th day of the month for meter reading and bill delivery, both by one person in one visit.

- As current reading is done, bill for the previous month is delivered with an acknowledgement copy or delivery register, as proof of delivery.
- Other times to be spent on delivering other bills such as borehole licenses/renewals, follow-up letters and correspondences.
- Because of the technical nature of meter reading, it will be more appropriate for the head of the unit to report to the HOD of the proposed Water Distribution/Enforcement Department.

7.2 Bill Production

- Management should consider sending demand notices to flat rated consumers once a year and bill production must be completed by the end of November for the following year.
- One year bills must be completely delivered by the middle of December for the following year to give consumers who want to pay by direct debit, enough time to make arrangements with their bankers.
- For metered consumers, their bills should be completely produced by the 10th day of the following month.
- Producing other bills, such as borehole license renewals, etc should be done when the regular bills have been produced for the period.
- Bill production and revenue unit should be in Finance Department for control purposes.

7.3 Commercial Activities

- Data collection to be carried out through applications for new line connections and through regular consumer surveys aimed at detecting illegal connections.
- Intensive consumer surveys to capture all water consumers in order to record their meter details and update the database. This will help to fish out consumers who change their meters illegally.
- Evaluation and coding of new consumers and passing same to the billing section.
- Carrying out census of private and commercial borehole owners, and creating registers for them. These registers should be updated as new registrations are made.
- Attending to customer complaints and passing on relevant information to the revenue, accounting and enforcement units after resolution of the complaints through investigation.
- Reviewing the tariff regime, classifying domestic flat rates by type and unifying them with those of government quarters since their remunerations have been monetized. Some rates may have to go down while some others are expected to go up.

7.4 Revenue Collection Unit

- Reducing the number of collecting banks from 16 to 4 with an average of 5 branches each, to minimize the problems of reconciliation and to reduce revenue leakages. Most of the banks on the Board's list have disappeared following the ongoing banking sector reform.
- Introducing customized bank tellers for all the collecting banks to eliminate unidentified lodgements, which has swollen up the suspense account.
- Getting the collecting banks to create a designated cashier for the Water Board in each branch for fast and efficient service so that no customer should spend more than 15 minutes to pay his or her bill.

- Getting the banks to create kiosks in some Water Board locations to be manned by bank staff.
- Introducing direct debit system of payment (bank to bank transactions) for consumers who will opt out for it. It will be very convenient for flat rated consumers who will be receiving their bills once a year but could instruct their bankers to pay it in 12 monthly instalments. Monthly salary earners will find this system very convenient.
- Getting each collecting bank to put the Board's bank account on-line to the finance department for the ease of monitoring payments, tracing of lodgements and reconciliations.
- Producing age analysis of debtors for the enforcement unit.

7.5 Accounting Functions

- Preparing yearly, quarterly and monthly budgeting of all revenues and expenditures by source and categories.
- Carrying out monthly revenue reporting by source.
- Producing monthly revenue variance reports by source and giving reasons for large variations from forecast.
- Producing monthly capital and overhead expenditure reports with variance analysis.
- Producing weekly bank reconciliation statements for timely detection of outrageous bank charges.
- Reconciling the debtors' and suspense accounts and removing all crazy billings.

7.6 Enforcement Actions

- Disconnecting defaulting consumers' water lines at the request of the revenue unit.
- Reconnecting disconnected lines ONLY on proof of payment and on the authority to reconnect, from the revenue unit.
- Closely monitoring disconnected lines to prevent illegal reconnection of lines.
- Taking legal actions against defaulters and offenders.
- HOU to report to HOD of the proposed Water Distribution & Enforcement Department

7.7 NEXT STEP

In this section, a number of strategic steps have been outlined to be carried out in first half of 2006:

- Work in concert with that Revenue Working Group in FCTA to introduce the new revenue accounting and reporting template
- In consultation with Revenue Working Group carry out Revenue Administration Workshops for core revenue staff.
- In consultation with Revenue Working Group in FCTA start the process of comprehensive revenue data collection.

Appendix A

Persons Met

Alh. S. G. Karaye – HOD, Finance.

Alh. Ladan I. Ramalan – DD, Commercial.

Mr. M. O. Adebayo – HOD, Operations.

Alh. A. M. Abdulahi – HOD, Audit.

Alh. Sadi A. M. Zuntu – Head of Revenue Unit.

Mrs. Rose Anamete – Head of Bill Production Unit.

Mr. A. S. Jakada – Head of Public Relations Unit.

Mr. Sam Ede – Senior Manager, Zenith Bank PLC (Maitama Main Branch).

Mrs. Grace Yakubu – Senior Manager, Aso Savings and Loans Bank Ltd.

Mr. Lawal – Aso Savings and Loans Bank Ltd.

The Area Manager, UBA/STB Group.

Appendix B

FCT Water Board, Water Tariff

Effective From 1st January, 2004

1. Commercial metered	N100.00/m ³
2. Commercial Un-metered	N30,000.00
3. Industrial metered	N100.00/m ³
4. Enhanced Domestic	N75.00/m ³
5. Domestic metered	N50.00/m ³
6. Domestic Flat rate	N4,000 month
7. Public Institutions	
i Government office	N20,000.00 or N60.00/m ³
ii Government hospitals & Clinics	N60,000.00
iii Schools	N10,000.00
8. Government Quarters	
i 1 Bedroom	N500.00
ii 2 – 3 Bedroom	N1,000.00 & N1,500.00
iii 4 Bedroom	N2,000.00
iv 5 Bedroom & above	N4,000.00
9. Water Tankers	
i Domestic	N3,000.00
ii Commercial	N4,000.00
10. New Water Connection Fees	
i Domestic (25mm)	N30,000.00
ii Domestic (50mm)	N40,000.00
iii Industrial	To be quoted
11. Corner Shops	
i. Metered	N100.00/m ³
ii. Flat rates	N10,000.00/Month
12. Public Taps	N15,000.00
13 Public Toilets	N15,000.00
14. Raw Water	
i Raw Water	N20.00/m ³
ii Borehole registration	N100,000.00
iii Annual Renewal	N 50,000.00
15. Car Washes	N120.00/M ³
16. Private Hospitals & Clinics (metered)	N100.00/m ³

17. Private Hospitals & Clinics (un-metered)	₦50,000.00/month
18. Private Schools (metered)	₦100.00/m ³
19. Private Schools (un-metered)	₦60,000.00/month
20. Private Plots (under construction)	₦100.00/m ³
21. Plots Under Construction (un-metered)	₦30,000.00/month
22. Illegal Connection Surcharge	₦15,00.00
23. Reconnection Fees	₦1,500.00

Appendix C

Areas Connected With Pipe Borne Water and No. Of Connections

	DISTRICT/SATELLITE TOWNS	NO. OF CONNECTIONS	
		Enumerated Areas	Others
1	Apo	955	
2	Asokoro	1,490	
3	Garki I	4,546	
4	Garki II	1,345	
5	Maitama	2,419	
6	Wuse I	4,169	
7	Wuse II	1,597	
8	Central Area	277	
9	Gwagwalada		2,074
10	Karu/Nyanya	3,191	
11	Idu/Karmo		375
12	Durumi/Gudu	291	
13	Wuye	416	
14	Utako	163	
15	Kubwa	7,692	
16	Katampe	15	
17	Gwagwa		18
18	Gwarimpa	92	
19	Kado/Jabi/Life Camp	1,720	
20	Jiwa		8
	Total	30,378	2,475

Note

The above totals include the 912 nos experimental prepaid consumers.

Appendix D

Breakdown of Outstanding Debtors as at September 2005

S/N	CONSUMER GROUP	OUTSTANDING AMOUNT (₦)
1	Government offices & Parastatals	25,642,178
2	Government Qtrs. (Public servants' residences)	419,590,000
3	The Military	208,000,000
4	The Nigerian Police	83,000,000
5	The National Assembly	2,386,500
6	The Presidency	10,000,000
7	Mini Hotels	117,494,465
8	Major Consumers – Banks, Corporate Bodies, Filling Stations, Embassies, State Govt Lodge/ Liaison offices	65,195,807
	TOTAL OUTSTANDING ₦	931,308,950

Appendix E

Frequency of Water Supply In The FCT

	24hrs Supply	Intermittent Supply
1	Apo	1. Wuse II
2	Parts of Garki I – Area 1 section 1, Area 3, Area 10, Area 7 & Area 11	2. Parts of Wuse 1 – Zones 3, 4 and 6
3	Some parts of Wuse 1 – Zones 1, 2 5 and 7	3. Asokoro
4	Garki II	4. Maitama
5	Gudu	5. Kubwa
6	Wuye	6. Karu/Nyanya
		7. Gwagwalada
		8. Idu, Karimo, Life Camp
		9. Kado Estate
		10. Utako
		11. Central Area
		12. Gwarimpa
		13. Gwagwa
		14. Jiwa

Appendix F

Action Plans For Activities That Impact on Revenue Generation/Collection

The aim of preparing the action plans is to determine the constraints that are militating against the sections that prevent them from performing up to expectations, what are required to improve their outputs and the expectant benefits or levels of efficiency that will follow the implementation of the proposed action plans.

Action Plan for Bill Production Unit

- Present facilities – The unit is currently manned by 9 staff with 4 desktop computers and 3 printers. They produce an average of 30,000 bills every month.
- The head of the unit claims that they will require 2 additional computers and one additional printer and additional maintenance cost all totalling about ₦500,000. They will cope with the expected additional workload.
- With the additional facility as above, the billing unit is sure to produce all the bills in less than two weeks of the following month if meter reading details are received in time.

Action Plan for Bill Distribution and Meter Reading

- There are 155 staff currently on meter reading and bill distribution using 7 official motorcycles, 5 official motor vehicles, occasional use of staff bus and private motorcycles. Because of the technical incompetence of most of the staff on meter reading and inadequate logistics, bill distribution and meter reading have been poorly carried out.
- It is hoped that additional investment on 7 motorcycles, 5 motor vehicles, running cost, staff training and incentives for staff and supervisors, all totalling ₦17m, significant improvement will be made on bill delivery and meter reading.
- The target is that with the proposed additional facilities, meter reading should be completed by the 10th day of the following month and bill distribution by the 15th day of the following month.

Action Plan for the Proposed Monitoring/Implementation

- Presently, there is no independent department or section to monitor all the other operations for compliance. The Internal Audit Department is not equipped to carry out the monitoring function. The internal audit only carries out the normal routine audit functions.
- It is therefore proposed that a new monitoring department of 15 personnel of different grade levels to be transferred from other departments with cost of retraining estimated at ₦2m. Take off logistics costs are estimated to be 3 desk top & 2 laptop computers; 5 casting machines & 10 calculators; one photocopy m/c, 2 telephone lines & 4 GSM sets; computer printer & scanner; fire proof filing cabinet; 10 motorcycles & one motor vehicle; suitable audit application packages & accessories, all estimated to cost ₦8m. This will give a total of ₦10m.

- If properly managed, the monitoring/implementation department will lead to enhanced revenue generation/collection, reduction of revenue leakages to the barest minimum and increased output of all the other departments and units.

Action Plan for Revenue Enforcement

- Whatever enforcement actions that are being taken now, are carried out by staff of commercial department, but they have been virtually ineffective. These actions include disconnection of water supply lines but this has been seriously abused because of the absence of monitoring on compliance.
- Disconnection of water supply lines should be a very effective way of making consumers who are indebted to the Board to pay up if it is executed, enforced and closely monitored to prevent illegal reconnection of supply lines. Another enforcement action that should be considered is the use of mobile courts to prosecute defaulters. The calibre & number of personnel and logistics that will be approved by management will determine the take-off cost of enforcement team.
- The benefits of effective enforcement actions cannot be easily quantified but it will definitely enhance the level of revenue collection.

Action Plan for Public Awareness/Education

- The public relations unit with seven staff has not been given any function other than the occasional placement of advertisements in the media. It has not contributed anything towards making the public to conserve water, to know their right and civic responsibilities and the need for consumers to pay their water bills.
- The proposed action plan will include reactivating the unit by staffing it with people with the right aptitude to the job, retraining them and providing them with one television set & video player; one video camera with tripod stand; one desk top computer, printer & scanner and accessories. Staff training and take-off logistics are estimated to cost about 2 million naira.
- It is not easy to quantify the benefits of the extra investment in this unit in terms of Naira and Kobo. However, if members of the public are sufficiently educated, water will be conserved through sensible usage and by promptly reporting burst pipes and leakages to the Board. Finally, consumers will be well informed of the only genuine and easy ways of paying their bills to prevent them from falling into the hands of fraudsters, which in turn will impact positively on the Board's revenue profile.



Appendix G

Revenue Administration Strategic Plan Framework

Strategic Thrust	Strategy 2006	Strategy 2007	Strategy 2008
Accelerated Staff Training & Development	All the revenue administration staff should undergo basic training in modern revenue administration and in computer training		
Data Collection and Studies	Carry out comprehensive up-date of existing database.	Commission outside experts to carry out detailed study and data collection on FCT to cover socio-economic magnitudes in conjunction with FCTA and other entities.	Up-dating of the revenue database with respect to households. There will be need to also up-date all categories of statistical database for purposes of effective revenue administration planning.
Introduction of additional IT for storage, process and analysis of data	Introduction of additional Desktops in the Head Office revenue division capture monthly revenue performance+.		
Revenue Monitoring, Inspection & Supervision Unit	A specialized MIS Unit should be set up to carry out strategic oversight function (field reconnaissance).		
Computerization of the entire Revenue Administration System		Computerize the major public healthcare facilities in FCT to ensure improve collection and accounting of revenue.	
Improvement in logistic support and management system	Provision of Motor Vehicles and Cycles for revenue collection & monitoring and inspection.		Additional provision of Motor Vehicles and Cycles for field revenue operations.

+ This may require additional expenditure on back – up generating set.



Appendix H

Action Plan & Activity Costing

Objectives →	<ul style="list-style-type: none"> Improved efficiency and effectiveness in revenue administration Improved revenue assessment and collection of revenue Improved service delivery 				
Short-term Strategies (2006)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Training & Capacity Building Institution Development	Accelerated Training	FCTA	N6,000,000	Nil	6,000,000
	Research, Statistics & Planning		N6,000,000		6,000,000
Technical Support	1 st Phase IT for Processing Data		N5,000,000		15,000,000
	MIS System of Revenue Administration ¹	FCTWB	N6,000,000		6,000,000
	Provision of logistical support	FCTWB	N10,000,000		10,000,000
	TOTAL		43,000,000	Nil	43,000,000
Medium-term Strategies (2007/8)	Activities	Responsibilities	Costs & Sources of Financing		
			Local	External	Total
Capacity Building Institution Development	Full Automation of RA	Health Department	N15,000,000	Nil	15,000,000
	Staff Training & Development	FCTA	N15,000,000		15,000,000
	Further provision of logistics	Health Department	N15,000,000		15,000,000
	TOTAL		45,000,000	Nil	45,000,000

¹ MIS: Monitoring, Inspection & Supervision