

National Social Safety Nets Project- Terms of Reference for the Independent Review of Households on Cash Transfer Program

Project Background

The Federal Government of Nigeria has prioritized the implementation of social protection interventions as an instrument for the reduction of poverty and socio-economic vulnerabilities in the population. One major intervention towards achieving this is the establishment of the National Social Safety Nets Projects (NASSP), a flagship initiative under the Social Investment Programme. NASSP is currently being implemented in partnership with the World Bank through a counterpart funding of \$500 million loan to the Federal Government. The aim of the project is to support the Government by expanding access for poor households to social safety nets, while also developing systems at the federal level for use by other safety net and public programs. The project involves two components: (i) establishing systems for social safety nets that would serve as a robust platform for effectively targeting and delivering social assistance; and (ii) implementing cash transfers to targeted poor and vulnerable households. It has national coverage, with all states eligible to participate. The systems developed for social safety nets in Nigeria are used across the country's different safety net programs, irrespective of funding source, or targeted beneficiary group. Different stakeholders, such as governments, development partners, or civil society, can use the systems for delivering social assistance programs in Nigeria.

The implementation of NASSP involves several institutional arrangement layers:

National Social Safety Net Coordinating Office (NASSCO): To ensure proper coordination and support to NASSP, the Government established NASSCO. NASSCO, at the federal level, coordinates all social protection interventions, including the Targeted Cash Transfer (TCT), the Youth Empowerment and Social Operations (YESSO), and the Community Social Development Project (CSDP); and set up standards to support social safety net interventions in the country. The mandate of NASSCO is to build a database- National Social Register (NSR) of poor and vulnerable households (PVHHs), across the 36 States and the Federal Capital Territory (FCT), using appropriate targeting mechanisms.

National Cash Transfer Office (NCTO): One of the components of NASSP is to implement Targeted Cash Transfers to poor and vulnerable households. This payment system issues cash transfers directly from the NCTO to beneficiaries, through payment service providers, and will be integrated with systems developed under NASSP, including the NSR. The NCTO reports to NASSCO, and shall have the overall management responsibility for the TCTs, including implementation of Federal level activities and oversight of State-level implementation.

State Operation Coordinating Unit (SOCU): Each NASSP State shall have a SOCU, responsible for establishing and managing the State Social Register (SSR).

State Cash Transfer Unit (SCTU): Each NASSP State also has a SCTU separate from the SOCU. The SCTU will manage the enrollment into the TCTs and prepare lists of beneficiaries eligible for payment.

1.1. Implementation of the Targeted Cash Transfers: beneficiary mining, enrollment, payment and matching exercise by NASSCO

A major component of NASSP is implementing TCTs to poor and vulnerable households mined from the NSR. In the project design, this component is implemented by the NCTO. NCTO sends mined beneficiary lists of targeted PVHHs to the SCTU at the State level to validate and ensure that mined beneficiaries are consistent with the SOCU SSR before the beneficiaries are then enrolled into the Beneficiary Register (NBR) to receive cash transfer (CT). Once this process is verified and completed, the Cash Transfer Facilitators (CTFs) at the LGA level are expected to use enrollment software on a hand-held tablet device to enroll the CT beneficiaries.

The cash transfer program commenced cash disbursements since December 2016 in 19 States, including Adamawa, Anambra, Bauchi, Benue, Cross River, Ekiti, Gombe, Jigawa, Kaduna, Kano, Katsina, Kogi, Kwara, Nasarawa, Niger, Osun, Oyo, Plateau, and Taraba. As of November 2019, 32 States have enrolled almost 1m HHs.

As part of the process, the NBR is matched against the NSR after every payment cycle to verify that the beneficiary HHs can be found in the NSR. In a recent matching exercise, it was indicated that a total of 84,130 beneficiary HHs could not be matched to the NSR. Consequent to which the Federal government sought the services of an audit firm to examine the validity further or otherwise of the list of the 84,130 beneficiary HHs that were not matched with the NSR.

An audit was commissioned to review the 84,130 HHs, which revealed that 71,113 HHs of the 84,130 HHs could be traced back to the community harmonized list. A total of 13,117 HHs could, however, not be traced.

A further audit exercise is, therefore, necessary to look at the 13,017 HHs to identify those who were identified by the community and brought into the CCT but for one reason or the other cannot be traced back to the community list.

This audit exercise is also expected to review payments between made between October 2018 to December 2019.

2. Specific Objectives of the Review

The objectives of the consultancy are:

- (i) Conduct independent review and validation of the 13,017 beneficiary HHs that have not been traced back to the community harmonized list through identifying the beneficiaries and establishing their existence or otherwise.
- (ii) Establish the payment periods and the expended amount on the 13,017 beneficiaries.
- (iii) Review all payments¹ by the Service Providers and confirm the the reconciliation, therefore, from the inception of CCT to December 2019 to establish if overpayments, mismatch, or underpayments occurred in each or any of the States.
- (iv) Review MIS data with the NCTO payment schedule (for base, top-up, and arrears) shared with PSPs, as well as PSPs to their payment agents at the community level.

¹ Payment refers to base payments of N5000 per month, Top up payments to eligible beneficiaries and any payment such as arrears.

- (v) Match sampled beneficiaries of their eligible payment in comparison to actual amounts received; for the base payment, top-up, and arrears.
- (vi) Match reconciliation between NBR and NSR after payments, as well as refunds after payment reconciliation back into the NCTO accounts.
- (vii) Select a sample SCTU per zone and match the flow of payment from NCTO to SCTU.
- (viii) Make recommendations and suggest the next steps, especially for the beneficiaries that are validated as properly identified by the communities.
- (ix) Advise on governance standards and protocols for use of the MIS to support payment processes

3. Scope of the Assignment

- i. **Desk Review:** As an integral part of the planning process, the consultant(s) need to be conversant and understand the project through a review of project-related documents. These will include:
 - Financing Agreement and Disbursement Letter
 - Project Implementation Manual and related Financial management and Procurement manuals, including annexes
 - Community-Based Targeting Manual
 - Cash Transfer Operating Manual
 - Project Appraisal Document
 - Report of the matching exercise
 - Report on the NBR audit
 - Report of the CCT quarterly audits by the OAGF
 - List of the beneficiaries not traced.
 - NCTO payment schedules shared with PSPs
 - The internal Audit report of NCTO for 2019
 - NCTO accounts and documents of PSP refund and correspondence.
 - Relevant NCTO MIS data, as requested.
 - Any Internal analysis of data or issues as relevant.
- ii. **Validation of the list of 13,017 and tracking of payments to the beneficiaries:** The audit exercise will also verify that:
 - a. For each household on the list and in the affected communities a process of enumeration was carried out according to the targeting manual;
 - b. For each of the households paid, a due registration process, clear identification with matching ID, photos were made.
 - c. All sampling of each of the 13,017 households paid can and would be sighted by the auditors
- iii. **Validation and reconciliation of all payments made on the CCT.**
 - a) A validation exercise will be conducted by the firm to validate all payments made, the numbers paid as against the amounts paid out, reconciliation between the PSPs and NCTO to ensure that any discrepancies are duly recorded and accounted for. This would

also include, if any, commissions due, paid / unpaid / proof of returned funds to government coffers by PSPs

b) Review PSP TOR and contract and advise on compliance with the terms of reference.

iv. **Validation and reconciliation of all payments made to sampled beneficiaries.**

c) Match sampled beneficiary's eligible payment amount (base, top-up, and arrears) to the actual amount collected.

4. Required Qualifications of the Firm

The firm will assign qualified senior level staff with vast experience in forensic audit as team lead, with relevant expertise to deliver the reports according to the established schedule. In particular, the firm should demonstrate a minimum of 8 years of extensive experience in auditing and forensic auditing in similar tasks and provide a reference for similar work done in the public or private sector. Required expertise includes undertaking operational reviews, forensic audit and cost accounting.

This service is expected to be undertaken by a Consulting Firm with the following requirements:

- (a) Must be a registered firm (National or International) with experience working in Nigeria.
- (b) Must demonstrate the capacity or experience in conducting consultancy services of similar nature within the socioeconomic and community development sector;
- (c) Must show the capability to deplore requisite number of highly skilled relevant experts simultaneously;
- (d) Proven record of financial and institutional soundness of the firm.
- (e) Provide 2 reference letters of recommendation of the firm's quality of delivery.
- (f) Must have a Team Leader to coordinate the team and be responsible for the overall success of the consultancy service.
- (g) List of key professional positions whose CV and experience would be evaluated are as follows:

S/No	Key Professionals	Specific Expertise Desired	Minimum Qualification and Professional Experience Desired
1	Team leader	Sound forensic audit experience and with relevant membership of international audit certification	At least a Masters' degree in Accounting, finance, or related field. Professional certification by ICAN, ACCA etc.
2	Team (list individuals with their expertise and qualifications)	Auditors/ cost accountants, program and finance management expert, with proven years of experience and relevant qualifications. One of the team members must have experience in using large databases and data mining	Degree in accounting, finance, mathematics, statistics or related field

5. Duration of the Contract

The contract is expected to be for four (4) weeks.

6. Deliverables

The following deliverables are expected:

- I. A Report of not more than ten (10) pages with relevant annexes.
- II. A letter stating the opinion of the auditors on the exercise.

7. Breakdown of the number of days

S/N	Description of activities	No of days	Associated Deliverables
1	Commissioning of Assignment.	0	Signed Contract.
2	Project briefing, start-up meeting	0.5days	Synchronized understanding of expectations between client and consulting firm.
3	Desk Review of Materials	2 days	Consulting firm conversant with background documents including review of NASSCO CBT manual, Operation Manual and NCTO Operational Manual
4	Preparation and Submission of Inception Report	2 days	Delivery of an inception report detailing methodology and work plan.
5	Review and acceptance of Inception Report	2 days	Inception Report subjected to World Bank, NASSCO, and NSIO review, based on which consulting firm can proceed.
6	Desk Review of Data	5 days	Desk analysis of households' data under investigation.
7	Field Work: NW: 14; NE:7; NC:16 SW:14; SE:3; SS:4	20 days	Field verification of households' data
8	Preparation and Submission of Draft Report	7 days	A draft Report containing details of the methodology, findings which would include reconciliation, exceptions, and the opinion of the firm
9	Preparation and Submission of Final report	5 days	A final clean copy of the Report

8. Procurement method – Consultant Qualification (CQ)

9. Payment Schedule:

- 10% at signing of the contract

- 20 % after the inception report
- 50% after the final report draft
- 20 % after the final report