The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results

2020 Annual Performance Assessment (APA) Report

KADUNA STATE

By:

The Office of the Auditor-General for the Federation as the SFTAS Independent Verification Agent with support from PricewaterhouseCoopers (PwC)

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1. Executive Summary

The report details the outcome of the Annual Performance Assessment (APA) conducted on Kaduna State for the 2020 year of the four- year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines, and verification protocol.

Table 1 (below) reflects the outcome of the 2020 APA for Kaduna State and shows areas where the State was able to achieve results. Kaduna State achieved 12 (Twelve) DLRs out of 15 DLRs applicable to the 2020 APA out of which 3 (Three) DLRs were achieved in 2018 and 2019.

Table 1: Assessment Results

Key:	Achieved	Not Achieved	Previously Achieved

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY20 quarterly budget implementation reports for Q2, Q3, and Q4 published on average within 4 weeks of quarter-end to enable timely budget management	Achieved	
	DLR 1.2: FY20 deviation for total amended budget expenditure is < 15%	Achieved	
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2021 budget.	Achieved	
	DLR 2.2: Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms	Achieved	
DLI 3: Improved cash management and reduced revenue leakages through the implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances.	Achieved	
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published	2018	
	DLR 4.2: 2020-2019 annual nominal IGR growth rate meets target: i.e., 2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection		The IGR declined by 27%
DLI 5: Biometric registration and Bank Verification Number (BVN)	DLR 5.1: Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll	Achieved	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
used to reduce payroll fraud	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency, and 3) Cover all MDAs receiving funds from the state budget	2018	
	DLR 6.2: (Basic Target) Framework contract for e-Procurement signed by 31 December 2020 AND Publication of contract award information above the threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available. DLR. 6.2 (Stretch Target) Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs **AND** For those MDAs without e-procurement: Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available		Published Contract award information was not in the OCDS format.
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.	2018	
	DLR 7.2: Quarterly state debt reports for Q2, Q3, and Q4 accepted by the DMO on average two months or less after the end of the quarter in 2020 **AND** Annual State debt sustainability analysis published by end of December 2020		
DLI 8: Improved clearance/reduction of the stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 AND end 2020 reported in an online publicly accessible database, with a verification process in place. Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly accessible database, with verification process in place **AND** at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or maintain stock of arrears below 5 billion.	**Stretch Target Met**	

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
DLI 9: Improved debt sustainability	Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: Basic target: < 150%, Stretch target: < 125%.		Total Debt Stock to Revenue is less than or equal to 150% by the end of December 2020.

We further identified several areas where the State can improve its performance, and these are set out in detail within Section 3 of this report. In summary, the State should ensure the following:

1. DLR 4.2: Improve its IGR collection to achieve significant year on year growth in nominal IGR.

2. DLR 6.2: Contract award information, above the set threshold, should be published online every month in OCDS format on the State's website. Implement e-procurement in all MDAs and publish contract award information in the OCDS format on the online portal for the MDAs.

3. DLR 9: Strengthened debt sustainability by achieving the levels of debt indicators that are below the thresholds established for this DLR.

The Office of the Auditor-General for the Federation (OAuGF) as Independent Verification Agent and PricewaterhouseCoopers (PwC) agree on all the results shown in this report.

2.   Introduction

2.1   Overview

The Federal Government of Nigeria is implementing a four-year program to support the Nigerian States to strengthen fiscal performance and sustainability: The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results ("The Program").

The original Programme design had four Key Result Areas and nine disbursement-linked indicators with a financing agreement of US$750 million. Following the advent of COVID-19 in 2020, the Programme was adapted to establish a transparent, accountable, and sustainable fiscal framework to enhance States' fiscal capacity to respond to the Pandemic. The main change brought about in the restructuring was the addition of new COVID-19 responsive DLIs to the Programme and obtaining additional financing of US$750 million to ensure results were sustained across the remaining performance years. This brought the total financing for the SFTAS Programme to US$1.5 billion and increased the DLIs to 13 (thirteen) and the Disbursement Linked Results to 22 (twenty-two). The Program will finance activities under two components: (i) a Program for Results (PforR) component for US$1.45 billion and (ii) a Technical Assistance (TA) component for US$50 million.

All States can participate in the Program in each of the four years and benefit from the PforR funds by meeting set Eligibility Criteria and any or all the indicators of fiscal transparency, accountability, and sustainability.

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and PricewaterhouseCoopers (PwC) was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2020. To ensure a high-quality assessment, the IVA engaged the services of experts in the Debt Management Office (DMO) for debt management related DLIs for this State.

2.2   Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2020 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines, and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state's eligibility for grants under the 2020 APA. The eligibility assessment results were reported previously to each state.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitized on the requirements of the program and the protocol for 2020. The assessment results are binary (Achieved or Not Achieved), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit, and a template with which to report the results achieved. The assessments were conducted between *(14/02/2022 and 18/02/2022)* with a team of *six* persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/or additional information.

The draft conclusions from the work done were reported to the State and this final report takes account of the State's comments on the draft results, as shown in Section 4.

The Office of the Auditor-General for the Federation (OAuGF) and PricewaterhouseCoopers (PwC) are grateful to the State for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards improving fiscal transparency, accountability, and sustainability in the management of the public finances and resources of the State.

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2020] quarterly budget implementation reports published with Q2, Q3, and Q4 reports published on average within [4 weeks] of quarter end to enable timely budget management**		**Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within four weeks of the end of each quarter?	The Quarterly Budget Implementation Reports were posted online on **Q1** https://pbc.kadgov.ng/upload/pdf/Q1-BUDGET-IMPLEMENTATION.pdf **Q2** https://pbc.kadgov.ng/upload/pdf/Q2%20BUDGET%20IMPLEMENTATION.pdf **Q3** https://pbc.kadgov.ng/upload/pdf/Q3%20BUDGET%20IMPLEMENTATION%20-%20REVISED%20BUDGET.pdf **Q4**	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		https://pbc.kadgov.ng/upload/pdf/2020%20Q4%20BUDGET%20IMPLEMENTATION.pdf as follow: (a) Q1 - (27/04/2020) - 27 days (b) Q2 – (28/07/2020)- 28 days (c) Q3 – (25/10/2020) - 25 days (d) Q4 – (19/01/2021) - 19 days Average days and weeks for the online publication are computed as below: $$\frac{28+25+19}{3}$$ = 24 days (3.43 Weeks) We downloaded the quarterly budget Implementation Reports for all four quarters for the year 2020, obtained and retained evidence of the timestamp of the publications.		
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic	From our review of the Quarterly Budget Implementation reports downloaded from the State's website (see weblinks above), we observed the following: (a) The Budget Implementation Reports included the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classification of expenditures as provided on pages 4 - 37 of the Q4 Budget Performance Report.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	classifications of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date, and balances against each of the revenue and expenditure appropriations.	(b) The Budget Implementation Reports included the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year to date, (c) The Budget Implementation Reports included the balances against each of the revenue and expenditure appropriations. (d) The State has an amended/revised budget. (e) The Budget Implementation Reports showed only the approved amended budgets. The reports included the approved budget appropriation for the year for each of the core economic classifications of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter, and the balances against each of the revenue and expenditure appropriations. However, the IVA considered that the original approved budget would be crucial for reporting purpose if the revised budget was a supplementary budget and not a complete revision of the original budget. Therefore, the omission of the original budget in the report is immaterial for stakeholders' decision making.		
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as	Upon review of the State's Budget Performance reports, it stated the actual expenditures for each quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	the cumulative expenditures for the year to date?			
4	Does the report state balance against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Upon review of the State's Budget Performance reports, it stated the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which included debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.	Satisfactory	
DLR 1.2	**FY [2020] deviation from total amended budget expenditure is less than 15%**		**Achieved**	
1	Has the State computed the difference between the Amended approved total budgeted	The State computed the budget deviation for 2020 to be 14%	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
expenditure for the fiscal/calendar year and the actual total expenditure in the fiscal/calendar year, divided by the Amended approved total budgeted expenditure and expressed in positive percentage terms? Is the expenditure outturn deviation computed less than 15%	The IVA computed the budget deviation for this APA year. See the computation below: See table and computation below.		

The IVA computed the budget deviation for this APA year. See the computation below:

	Total Amended Budget	Actual
Capital (Pg. 448 & 12)	146,112,237,760.69	116,605,423,000
Rec. Exp (Pg. 448 & 12)	77,489,480,486.22	91,582,731,000
Total	**223,601,718,246.91**	**208,188,154,000**

$$\frac{223,601,718,246.91 - 208,188,154,000.00}{223,601,718,246.91} \times 100$$

$$= 7.00\%$$

The budget performance deviation is 7.00%

See breakdown of Actual Expenditure in the table below:

COMPUTATION OF ACTUAL EXPENDITURES			
Description	Recurrent Exp 2020		Capital Exp 2020

Disbursement Linked Indicators (DLIs) and Tests		Findings					Conclusion	Recommendations
		Amount per 2020 AFS pg 77	104,175,263,000	Amount per 2020 (see CF Statement pg 80)	101,890,973,000.00			
		Less: Depreciation	9,150,109,000	Add inflows: Water Infrastructure	8,736,341,000.00			
		Impairments of Biological Assets	3,442,423,000	Motor Vehicles	3,326,303,000.00			
				Office & Other Equip	2,651,806,000.00			
		Adjusted Figure	**91,582,731,000**		**116,605,423,000**			

Source: 2020 Report of Auditor General Pg. 77, 80 and Approved Budget and Actual Expenditure or Appropriation Law Pg.448.

DLI 2: Increased Openness and Citizens' Engagement in the Budget Process								
DLR 2.1	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2021] budget**						**Achieved**	
1	Did the State conduct at least one "town-hall"	a) All the LGAs in Kaduna state were represented as seen on the attendance register. Some of the LGAs in attendance						

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	were Kaduna South, Kaduna North, Chikun, Zaria, Kajuru, Igabi, Sabon Gari e.t.c b) CSOs representatives at the consultative forum and their organizations are stated below: *Maryam Ahmed- ONE Campaign, *Abdulhaleem Ishaq Ringim- Youth Progressive Front, *Sani Rabo- Kaduna Markets Development and Management Company Limited c) Evidence obtained for public consultations include: minutes of the meeting, attendance list and screenshots from virtual attendees, pictures, videos/recorded virtual meetings. The video link: tinyurl.com/2021-budget-town-hall d) The meeting held 3 October 2020, virtually via Zoom and physically at Government House Chamber, Kaduna State. e) The total number of attendees as confirmed on the attendance sheet presented was 307. 10 randomly selected attendees were called, and they confirmed their attendance. f) The 2021 proposed budget was drafted in December 2020. g) A consultative forum on the 2021 budget was conducted on 3 October 2020. Thus, the consultative forum was held before the 2021 budget was drafted. h) The publication of the proposed budget and the minutes of the consultative forum were done on 22 December 2020 before the deadline of 31 January 2021. These publication dates were confirmed through time stamps and have been retained in the assessment file. i) The weblink to the publication of the proposed budget is: https://www.pbc.kadgov.ng/upload%2Fpdf%2F2021%20FINAL%20BUDGET%20DRAFT.pdf	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2021 to enable citizens to find the inputs easily?	a) The CSO representative that co-signed the minutes of the meeting is, Mal Muhammed Jumare - Singularity Network Security Ltd. Also, a copy of the minutes of the meeting has been retained in the assessment file. b) The minutes of the consultative forum was titled - Minutes of 2021 - 2023 Draft Budget Virtual Town Hall Meeting and dated 19 May 2020 c) The signatory to the minutes of the meeting represents Singularity Network Security Ltd. d) The weblink to the publication is as shown below: Weblink - http://kdsg.gov.ng/documents-library/ Link to the document – (http://kdsg.gov.ng/documents-library/?limit=&q=townhall&catid=0)	Satisfactory	
DLR 2.2	**Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens' budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms**		**Achieved**	
1.	Did the state conduct dissemination events to explain amendments to the FY2020 State budget and was	a) The IVA reviewed evidence obtained includes attendance lists (with names, organizations, email addresses. Screenshots from virtual attendees, pictures, videos/recorded virtual meetings). The video link https://www.dropbox.com/s/5zvufn88cduu9e0/zoom_0.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	adequate evidence of the events published online and by the due date?	b) The Amended Budget and evidence of the dissemination events have been downloaded. c) The Amended Budget was disseminated to stakeholders and citizens through a virtual meeting at the Data Lab, Planning and Budget Commission via Zoom. The dissemination was done virtually on 19 May 2020. d) Minutes of the meeting evidencing the dissemination event were published online on 18 August 2020 before the September 30, 2020 deadline. Copies are retained on file. e) The evidence of the dissemination event was published in the same location as the Amended FY20 budget on the Kaduna State Government's website. f) The date of publication of the evidence of the dissemination events was 18th August 2020 and the evidence obtained to confirm the dates of online publication were timestamps and screenshots taken from the IT back end of the State's website. g) The publication can be found on the web link below: (https://www.pbc.kadgov.ng/upload%2Fpdf%2F2020%20Virtual%20Budget%20Review%20Town%20Hall%20Meeting.pdf)		
2	Has the State published online, on the State website(s) a *Citizens Budget based on the Amended Budget (2020)* not later than 30 September 2020?	a) The Revised Citizens Budget based on the Amended Budget (2020) was published before the due date via (https://www.pbc.kadgov.ng/upload%2Fpdf%2FRevised%20Citizens%20Budget.pdf) accessed on 29/09/2020. b) A comparison of the Amended Budget 2020 with the Revised Citizens Budget was done, and no discrepancies were observed. c) The Citizen's budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template. The following headlines were presented:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		i. Simple explanation of the annual amended budget/citizen's budget. Page 2-3 ii. The sources of revenues. Page 5 iii. Sources of domestic and foreign grants, domestic loans, and other financing sources. Page 5 iii. Total expenditure by economic classifications. Page 6 iv. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap. Page 15-18 v. Disclosure of Budget deficit to be financed through internal and external loans Page 17 -18 vi. Sectoral Allocation (by MDAs). Page 21 vii. Top Projects to be financed (at least 5). Page 22 d) The minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included. e) The suggested format was used.		
3	Is the Citizens Budget a comprehensible (to citizens) summary of the amended FY20 state budget?	a) The Revised Citizens Budget included an explanation of the key changes between the Original FY20 Budget and the Amended FY20 Budget. b) The Citizens Budget included Data on reallocations and adjusted spending priorities. We confirmed that the amended FY20 state budget was summarized in a comprehensible manner to the Citizens in the Citizens budget.	Satisfactory	
4	Does the State website have functional feedback and response online mechanisms?	a) The State has established functional feedback and response online mechanisms on its website. b) The type of feedback mechanism established on the State's website is an online feedback submission form. c) The State's feedback mechanism provides at a minimum: i. Acknowledgement of receipt of comments/feedbacks from citizens	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ii. State's responses to comments/feedbacks iii. Display of timeframe and the State's government contact details. d) An online feedback submission form was submitted via the web link – (https://pbc.kadgov.ng) After the submission of the online feedback form, the IVA received a response on the inquiry raised within an hour of submitting the form (Screenshot of the emails and other evidence were obtained and filed in the assessment folder). e) The demonstration of how the state responds to feedback submitted online was conducted by the Kaduna State's Ministry of Budget and Economic Planning ICT unit as in (d) described above. f) From the test conducted above, the Kaduna State's feedback mechanism is functional. g) The URL landing page can be seen on the web link – (https://pbc.kadgov.ng)		
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	**Improved cash management and reduced revenue leakages through the implementation of State TSA**		**Achieved**	
1	Has the State established a functional State-level TSA?	a. The State has established a functional state-level TSA. b. The State operates one account with Central Bank of Nigeria, Kaduna Branch Account No. 0100126961019, as the TSA lead bank, into which other revenues are swept:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		● IGR Main Account: The State has 17 bank accounts with DMBs for the collection of IGRs. Balances are swept from these accounts into the TSA. ● FAAC Account: The FAAC account is the same as the TSA (CBN, Kaduna Branch Account No. 0100126961019) ● VAT Account: The VAT account is the same as the TSA (CBN, Kaduna Branch Account No. 0100126961019).		
2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds.	The State has Cash Management Strategy (CMS). a) The CMS is tagged "Kaduna State Government Treasury Single Account Operations Manual". b) It was produced in September 2016 and was signed by the then Accountant General, WAZIRI, Umar Hassan. A treasury circular dated 18 August 2015, conveying the approval of the State Executive Governor was also contained in the Manual (Pg. A2). c) The Strategy covers the processes through which the State Budgets/Economic Planning can forecast cash commitments and requirements and provide reliable information on the availability of funds as see in section 3.6, pages 26 and A2. d) The Cash Management Strategy stated in section 3.6, Page 26 that the State conducts daily sweeping in the TSA. e) Evidence of implementation of processes described in the cash management strategy to forecast cash commitments and requirements was obtained. Cashflow forecasts, Cash releases, and TSA statements were obtained and retained in the assessment file. A check on the existence of cash commitments and requirements forecasts at monthly intervals as stated in the cash management strategy was	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		done. The check confirmed the availability of funds for the state's finances.		
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The State has an application where the State can view the cash balances in the TSA. a) The computer application package is known as Navision, a Microsoft Dynamics version developed by GEMS Consulting. b) The system works in line with the cash management strategy based on a review of the functionality of the dashboard, domiciled at the Office of the State's Accountant General. Screenshots of the operations were taken and retained in the assessment file. c) It was deployed in the year, 2016.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	a) The IVA visited Kaduna State Internal Revenue Service, Kaduna State Ministry of Works and Infrastructure, the State's Ministry of Health, and Ministry of Education as revenue-generating MDAs. Interviews were conducted and questionnaires were administered to the officials of the MDAs. Copies of the responses were collected and retained in the assessment file. b) The State's Treasury Single Account is named "Kaduna State Government Treasury Single Account (TSA) with the Central Bank of Nigeria (CBN, Kaduna Branch Account No. 0100126961019)". c) All government monies go through this account. d) All government monies do not sit in the other revenue collecting banks. e) The TSA bank Statement was obtained and retained in the assessment file.	Satisfactory	
5	Does the TSA cover a minimum of 70% of the	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	State Government's finances?	outflows as contained in the Cashflow Statement for the year ended 2020. See the computation below: |	Total Inflows	Total Outflows
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TSA Bank Statement	158,183,592,712.19	154,499,884,477.22
Government Finances*	190,328,208,000	194,229,687,000
Percentage	83	80 | The average is percentage computation is: $$\frac{83\% + 80\%}{2}$$ **=82 %** The TSA covered 82% of the State's finances. This included SLJAAC receipts and payments to the State's Local Government Areas. *Source: Report of Auditor General Pg.81 and 2020 TSA Statement from (CBN, Kaduna Branch Account No. 0100126961019).	Satisfactory	
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection				
DLR 4.1	**State implementing a consolidated state revenue code covering**		**Previously Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		in the Year 2019 APA	
DLR 4.2	2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection		Not Achieved	
1	Has the 2020-2019 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: N/A Stretch Target: equal to or higher than the 2019 nominal IGR collection	a. The accounting basis used for revenue reporting in 2019 and 2020 from the Audited Financial Statements was Accrual Basis of Accounting b. The IVA computed the annual nominal IGR growth rate for this year's APA. See the computation below: <table><tr><td>REPORTING TEMPLATE: OPTION B</td><td>NGN</td><td></td><td>% GROWTH</td></tr><tr><td>Item</td><td>2019</td><td>2020</td><td></td></tr><tr><td>1. Reported IGR in AFS (Before Adjustments)</td><td>76,214,959,000</td><td>48,919,202,000</td><td>-27%</td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	Unsatisfactory	The State should ensure significant year-on-year improvement in their IGR collections

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations
	2. INVALID items to be deducted IF reported as part of IGR				
	Paris club refund				
	Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads)				
	Sale of govt property, privatization proceeds				
	Savings				
	Investment Income (e.g., dividends)	9,451,250,000			
	Interest Earned				
	Miscellaneous				
	3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)				
	Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)	**66,763,709,000**	**48,919,202,000**	**-27%**	

$$\underline{48{,}919{,}202{,}000 - 66{,}763{,}709{,}000} \quad \text{x } 100$$

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		66,763,709,000 **=-27%** Source: 2020 Report of State Auditor General, Pg 17		
DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud				
DLR 5.1	**Biometric capture of at least [90] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**		**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 90% of the current civil servants and pensioners on the State payroll?	The State commenced Biometric data capture of the civil servant and pensioners in 2016 a) The Biometric data capture of the civil servant and pensioners was outsourced to NIBSS. b) The total number of civil servants is 32,137 c) The total number of pensioners is 15,589 d) The total number of staff on the State Nominal roll and Payroll is 47,726 e) 43,611 persons (29,082 civil servant and 14,529 pensioners) biometrics data has been captured f) A report extracted from the State Payroll and a report from the State Pension Bureau shows the number of civil servants and pensioners for which biometric data are linked to payroll has been obtained.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$$\frac{43,611 \times 100}{32,137 + 15,589}$$ $$= 91\%$$ The State had captured 91% of biometrics of the State's civil servants and pensioners' biometrics on its payroll.		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced the linkage of the biometric data to the payroll in 2016 b) 43,611 persons (29,082 civil servant and 14,529 pensioners) biometrics data has been linked to payroll. c) In-year changes to the civil servant and pensioner payrolls are captured by the biometric exercise. d) There are procedures in place for ensuring timely (within 3 month of the event) updates to the payroll to reflect leavers, retirees and death. The State has a system called I'm Alive. The **"I'm alive verification"** is a system put in place to reflect death leavers, retirees, and death. The system is linked to NIBSS and produces a monthly report to show payments that were declined during the month. List of failed items are then scrutinized, and members are required to report within 90 days for verification to continue payments. 40 samples (20 civil servants and 20 pensioners) were selected and tested on the system to identify if the persons had their biometric data captured. Screenshots of these have been obtained to support our conclusion e) There were changes to the civil servant and pensioner payrolls during the fiscal year (because of starters, leavers, deaths). f) These changes were captured by the biometric exercise.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		g) The I'm Alive verification are the procedures in place to identify and remove ghost workers.		
		However, the IVA requires the state to provide evidence to explain the observed year-on-year changes in staff and pensioner numbers for adding 7,279 new staff in 2020 and for the 4,677 lost pensioners in the same period, as established from the comparison of our findings in year 2019 and the period under assessment, while giving feedback on this report.		
		The State responded as thus:		
		Recall the Kaduna State Civil Service reforms commenced in 2017 by looking at its human resources in term quality and quantity across the public service. The reforms saw the need to improve quality and maintained the standard in meeting the overall state objectives. This is connection with dwindling Federal allocation received monthly which became difficult to pay salaries and other government aspirations. it is in view of this that the State government disengaged public servant that have less than 2 years to retire and abrogate the following cadres such as Staff with qualification lower than Diploma, Messenger, cleaner, watchmen, chefs, etc. Therefore, the 7,279 new staff on the payroll constitute new recruitment to replace the disengaged staff with the requisite qualifications across the Ministry Department and Agencies.		
		4,677 loses of Pensioners constitute ghost pensioners identified after the introduction of the **"I am alive"** verification which requires Pensioners going for thump print after 3 months Any Pensioner who refused to go for thumb		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		print after every three months will be automatically removed from the payroll."		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	There were no confirmed ghost workers and ghost pensioners detected during the year. However, the State carried out an I AM ALIVE exercise that led to the removal of some pensioners who did not participate in the quarterly thumb print verification from the payroll.	Satisfactory	
5.2	**Link BVN data to at least [90] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Achieved**	
1	Has the State linked the Bank Verification Number data to 90% of its current Civil Servants and pensioners on the State payroll?	The State commenced the linkage of BVN data of the civil servant and pensioners in 2016 a) The BVN linkage capture of the civil servant and pensioners was outsourced to NIBSS. b) The total no of civil servants is 32,137 c) The total no of pensioners is 15,589 d) The total no of staff on the State Nominal roll is 47,726 e) The total of 47,726 (32,137 civil servants and 15,589 pensioners) BVN data have been linked to the payroll f) A report extracted from the State Payroll and a report from the State Pension Bureau shows the number of civil servants and pensioners for which biometric data or BVN numbers are linked to payroll alongside screenshots of 40 samples (20 civil servants and 20 pensioners) tested on the	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		states payroll system has been obtained to support our conclusion		
		$\dfrac{47,726}{32,137 + 15,589} \times 100$		
		= 100 %		
		The State has linked 100% of the State's civil servants and pensioners' BVN data to the payroll.		
		However, the IVA requires the state to provide evidence to explain the observed year-on-year changes in staff and pensioner numbers for adding 7,279 new staff in 2020 and for the 4,677 lost pensioners in the same period, as established from the comparison of our findings in year 2019 and the period under assessment, while giving feedback on this report.		
		The State responded as thus:		
		"Recall the Kaduna State Civil Service reforms commenced in 2017 by looking at its human resources in term quality and quantity across the public service. The reforms saw the need to improve quality and maintained the standard in meeting the overall state objectives. This is in connection with dwindling Federal allocation received monthly which became difficult to pay salaries and other government aspirations. it is in view of this that the State government disengaged public servant that have less than 2 years to retire and abrogate the following cadres such as Staff with qualification lower than Diploma, Messenger, cleaner, watchmen, chefs, etc. Therefore, the 7,279 new staff on the payroll constitute new recruitment to replace the disengaged staff with the		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		requisite qualifications across the Ministry Department and Agencies.		
		4,677 loses of Pensioners constitute ghost pensioners identified after the introduction of the **"I am alive"** verification which requires Pensioners going for thump print after 3 months Any Pensioner who refused to go for thumb print after every three months will be automatically removed from the payroll."		
2	Has the State taken steps to identify payroll fraud?	a) The Total payroll population of 47,726 (32,137 civil servants and 15,589 pensioners) staff has BVN data b) There was no identified payroll fraud during the year.	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget**		**Previously Achieved** **in 2019 APA**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 6.2	**Basic Target:** **Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.**		**Not Achieved**	
	Stretch Target: **Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs** **AND** **For those MDAs without e-procurement: Publish contract award**			

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	information above a threshold set out in the State's procurement law/regulation every month in OCDS format on the state website or online portal if available.			

1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year (2020) that are above the threshold (as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	a) The IVA obtained the Procurement Annual Report containing a schedule of all contracts awarded during the year under assessment
		 b) The data published was not in line with the Open Contracting Data Standards (OCDS) format
		 c) The State provided a screenshot to indicate that the date of publication was 3rd September 2020.
		
		 The IVA observed that the Annual Report contained contracts up to December 2020, though the State provided a screenshot of September 2020.
		 d) The weblink of the publication was: https://kadppa.kdsg.gov.ng/index.php/annual-report/
		
		 The IVA compared what the state published with the example of templates and there were differences observed in content for some months
		 e) The contract award information that was published included:
		   (i) Project name,
		   (ii) awarding institution,
		   (iii) award date,
		   (iv) name of contractor, and
		   (v) the contract amount was published.
			Unsatisfactory	The state should adopt the OCDS and publish contract award information online as required under the standards

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The IVA however noted that Award date was missing for some months		
		f) Award date was missing for some months g) web link where data was published Inserted: https://kadppa.kdsg.gov.ng/index.php/annual-report/		
		The contract award information was posted on the PPA website for ease of accessibility by the public.		
2 New	Had the State signed up to the SaaS e-Procurement Framework Contract as at 31 Dec 2020?	a) The State has signed the SaaS e-Procurement Framework Contract. b) A copy of the SaaS e-Procurement Framework Contract has been obtained from the State. c) The State has an e-procurement portal developed by a consultant. The State also signed a SaaS agreement with European Dynamics on 30th June 2020. The IVA obtained a copy of the agreement/Notification of Award of Contract as evidence.	Satisfactory	
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works) the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	a. The State has not implemented e-procurement in at least 3 MDAs (Education, Health, and Public Works). b. A walkthrough of the 5 transactions from each MDA has been done (with at least 2 categories of expenditure from goods, works, or services). c. The selected transactions did not follow the procurement lifecycle. However, an APA Issue was raised to confirm the reason for selected transactions did not follow the life cycle. The response received from the State was as follows: "As of 2020, we completed the procurement life cycle for more than 3 MDAs, even beyond VP's requirement on Stretch target. However, at some point, we discovered that the portal was malfunctioning. On this note, His	Unsatisfactory	The State should ensure that e-procurement is implemented in all MDAs, and in at least 3 MDAs in the first instance (including Education, Health, and Public Works).

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Excellency directed and approved the signing of the Software as a Service (SaaS) e-Procurement Framework Agreement and Call-Off Contract. We lost a substantial amount of data during the migration period from Legacy Solution software to the SaaS newly signed. We are in the process of data recovery before the commencement of the 2020 APA. This, we believe would be completed before 2021 APA commences". IVA was satisfied with the response and hence, satisfactory. (See APA Issue Response on DLI 6.2) d. The State has not implemented the E-Publishing/Notification module for contract notice and contract award.		
DLI 7: Strengthened Public Debt Management and Fiscal Responsibility Framework				
DLR 7.1	State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt, and 3) fiscal and debt rules/limits.		**Previously Achieved in 2018 APA**	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State	Previously Achieved		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law?			
2	Does the legislation include provisions that establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	Previously Achieved		
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) been operational during the APA year and performing the core function of recording	Previously Achieved		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	and reporting state debt?			
DLR 7.2	**Quarterly state debt reports for Q2, Q3, and Q4 2020 accepted by the DMO on average two months or less after the end of the quarter in 2020** **AND** **Annual state debt sustainability analysis published by end of December 2020**		**Achieved**	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2020?	We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: ● Q2 submitted on (12/08/2020) 43 days, ● Q3 submitted on (12/11/2020) 43 days and ● Q4 submitted on (03/02/2021) 33 days. <div align=center>$\frac{43+43+33}{3}$ Average = 39.7 days (5.7weeks)</div>The SDDRs were submitted within an average of 2 months (39.7 days).	Satisfactory	
2	**Note: Have you reviewed for accuracy and completeness from the DMO:**	a) The Quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF, along with all underlying data and supporting documents were obtained.	n/a	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO, and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	b) We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Kaduna State Debt Domestic Report along with all underlying data and there were differences in the figures reported in both documents. Total Domestic Debt recorded in the SDEDR was N73,752,526,672 while total Domestic debt recorded in Q4 2020 SDDR was N68,754,361,083.75. Thus, a variance of NGN 4,998,165,588.25 was observed. The report was supported with the DMO's templates and guidelines.
	
	c) IVA also reviewed the DMO report and the DMO report did not confirm the accuracy and completeness of the State Domestic Debt Report due to the discrepancy stated above.
	
	d) The Quarterly State Domestic Debt Reports (SDDR) submitted by the State have been compared with the State Audited Financial Statement.
	
	e) The debt stock figures reported in the SDDR has been compared with that of the State's Audited Financial Statement
	
	f) There were discrepancies noted as shown below:
	    i. SDDR Figure: N 68,754,361,083.75
	    ii. AFS Figure: N 194,369,884,803.08
	    iii. Difference: N-125,615,523,719.33
	
	g) An APA issue report was raised to the State requesting clarification for the identified discrepancy. The response of the state is as shown below: (*Please see APA Issue Report retained in the assessment file*).
	
	ISSUE 1 – Contractors' Arrears
	 Contractors' Arrears in the State DMO Report represents part of the Financial Statement's Liability and Accruals. The Financial Statements figure of N14.529 billion included the following balances:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Local government share of IGR N3,527,024,000. Accrued electricity and water rates N 505,085,000		
		ISSUE 2 - Provisions Provisions represent probable obligations that have not yet crystallized into full liabilities and whose recognition and measurement are exclusive to fulfill the requirements of IPSAS 19. The Provision of N2.932 billion, therefore, was not an actual liability that was due for State DMO reporting as at 31 Dec 2020.		
		ISSUE 3 – Local Loans **Salary Bail - Out** FG/Zenith Bank in the Financial Statements represents Salary Bail-Out in the State Domestic Debt Report. The difference between N12.728 billion and N12.423 Billion represents the difference between the loan repayment schedule (without deducting upfront charges from the loan amount) and the IPSAS Amortization schedule (that treats the upfront charges as deductions from the original loan amounts		
		Excess Crude Loans Access Bank Loan in the Financial Statements represents Excess Crude Account Loans in the State Domestic Debt Report. The difference between N8.900 billion and N8.688 billion represents the difference between the loan repayment schedule (without deducting upfront charges from the loan amount) and the IPSAS Amortization schedule (that treats the upfront charges as deductions from the original loan amounts)		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		ISSUE 4 – Gratuity & Pensions These obligations were featured in the Financial Statements because of the requirements of IPSAS 39 Employee Benefits. It is important to emphasize that these obligations are largely estimates and would only crystallize; in other words, they represent the Projected Unit Credit Method (PUCM) estimates of benefits that would accrue to pensions in the years to come but that had not fallen due at the reporting date. Compared with Government operations that are largely based on cash, only N19.128 billion of these liabilities had fallen due at the end of 2020. The remaining balance is estimates of discounted liability of the future. **ISSUE 5 – Pension Liability Held in Trust** Pension Liability Held in Trust was omitted from returns from the State DMO Reports because the estimate was made AFTER the State DMO Reports had been submitted but before the Year 2020 Financial Statement was finalized. **ISSUE 6 - Political Office Holders' Severance Benefits** Severance benefits of Political Office Holders was an estimate made because of Accrual Concept in Accounting and not because the liability was due for payment on the 31st December 2020; hence could not have been included in the State DMO Reports. h) The State Domestic and External Debt Report (SDEDR) from the Federal DMO has been compared with the Quarterly State Domestic Debt Reports (SDDR) submitted by the State. i) The debt stock figures reported in the SDEDR, has been compared with those of the SDDR submissions by each state		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		j) Inconsistencies were observed as follows:
		   i. SDEDR (DMO) Figure: N 73,752,526,672.00
		   ii. SDDR (State) Figure: N 68,754,361,083.75
		   iii. Difference: N 4,998,165,588.25
		k) An APA issue report was raised to the State requesting clarification for the identified discrepancy. The response of the state is as shown below:
		● An email was sent to us on 24th August 2021 informing us that "In the last few months, a team from the NGF, CBN, and DMO took part in the first stage of an exercise to reconcile the outstanding debts of all the 36 State governments as at the end of 2020 (Screenshot 567 attached)
		● Another email was received on 1st September 2021. The mail was an invitation for a virtual sensitization meeting on States' Debt Reconciliation Template. The meeting was a success. (Screenshot 497 & 502)
		● On 3rd September 2021 the State responded to the deviation asserted by the NGF/ CBN/DMO N73,814,411,392.59 with the State's figure of N68,754,361,083.75 (Screenshot 564)
		● It was clearly understood by the reconciliation team that the difference emanated from the accumulated interest in the Federal Government Budget Support Facility which affected 35 States that contracted the Facility.
		● Added to the accumulated interest above was the inclusion of an N1,000,000,000.00
		● MSMEDF Facility purportedly collected by Kaduna State Government during the past administration in February 2015. Request for documentation on the Facility was made since 3rd September 2021 but hitherto, the State is yet to receive a response.		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		• It is pertinent to note that the state responded to the reconciliation team to clear issues but is still awaiting response since 3rd September 2021		
3 New	Has the State published the State Debt Sustainability Analysis Reports (SDSAR) online by 31 December 2020?	a) The State Debt Sustainability Analysis Report (SDSAR) was published on the State's official website. b) The document was published on 31 December 2020. c) The SDSAR was published by 31 December 2020. d) Evidence of timestamp has been obtained (and screenshots taken from the IT back end of the State's website showing date of online publication). e) https://finance.kdsg.gov.ng/kaduna-state-2020-debt-sustainability-analysis-dsa/	Satisfactory	

4
 	
New
	Does the SDSAR include the following: 1) medium-term budget forecasts; 2) detailed and adequate description of the debt portfolio and borrowing options, and 3) adequate analysis of the debt and fiscal figures in the preceding calendar year?	Upon review of the State Debt Sustainability Analysis Report (SDSAR), it included the following:
		1) Adequate presentation of medium-term budget forecasts, including:
		    a) Presentation of MTB forecasts
		    b) Description of assumptions underpinning the MTB forecasts
		2) A detailed and adequate description of the debt portfolio and borrowing options, including:
		    a) Presentation of debt and borrowing projections in the baseline scenario.
		    b) Description of assumptions underpinning the borrowing options
		3) Adequate presentation and analysis of the debt and fiscal figures' position in the preceding calendar year.
		
		A review and comparison between the information (figures) contained in the assessment report of the SDSAR obtained
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		from the DMO and the SDSAR obtained from the State Website was done. There were no differences observed.		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Basic Target: Domestic arrears as of end 2019 and end 2020 are reported in an online publicly-accessible database, with a verification process in place.** **Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with a verification process in place** **AND** **at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state's arrears clearance framework or**		**Achieved** (Stretch Target Met)	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	maintain stock below 5 billion.			
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF) b) A copy of the ACF has been obtained from the State c) The establishment of the ACF occurred by 31 December 2020. d) The ACF was established in 2019 which is an average of 12 months between the establishment of the ACF and 31st December 2020 year-end, and this is adequate to allow time for the implementation of the ACF	Satisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	a) The ACF contains planned actions to settle arrears and an explicit prioritization of expenditure arrears to be settled. b) Section 2 (Pages 8-14) contains the planned actions to settle arrears. and section 3 (pages 18-19) shows an explicit prioritization of expenditure arrears to be settled. The website link and screenshots of timestamp has been obtained to show the existence of the ACF	Satisfactory	
3	Has the ACF been published on a State official website?	a) We confirmed that the ACF has been published on a State official website b) A copy has been downloaded for validation c) The weblink of publication is https://finance.kdsg.gov.ng/arrears-clearance-framework-2019/	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with	The clearance of domestic expenditure arrears is consistent with the ACF. Arrears payment during the year seen on the schedule of arrears clearance payments was reviewed alongside the planned actions to settle arrears as well as	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	the ACF, once the ACF has been established?	prioritization criteria and this was consistent with arrears paid during the years		

5.	Has the State established an Internal Domestic Arrears Database?	a) The State has established an Internal Domestic Arrears Database
		b) The Internal Domestic Arrears Database includes the following:
		    a. The aggregate and individual amounts of contractors' arrears.
		    b. The aggregate amount of pension and gratuity arrears.
		    c. A list of names of contractors with recognized arrears exceeding 20 million naira and information for contractors to be able to verify that their claims are being accurately reported in the database
		c) KD tracker is the verification process put in place by the state for arrears verification
		d) The state confirmed that verification of arrears balances is done through the KD tracker platform. We have confirmed through a test on the arrear's tracker platform provided by the State that the State has conducted verification of arrears balances.
		e) The IVA conducted tests to ascertain the accuracy of the figure in the internal domestic arrears database by reviewing amounts on the database alongside amounts reported on the financial statements and state domestic debt report submitted to the DMO. And the numbers were accurate
		f) The state submitted to the IVA the annual state arrears recording, verification, and clearance report (SARVCR)
			Satisfactory	

6	Has the State published online elements of the		Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
internal domestic arrears database for the FY **2019** and FY **2020** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has published online the required elements of the Internal Domestic Arrears Database as at the end of 2019 and 2020. b) We compared the aggregate and individual information available on the online publicly accessible arrears database with the information in the internal domestic arrears database and verified the consistency and accuracy of the information on the online publicly accessible arrears database. c) The website supporting the online publicly accessible arrears database contains an electronic link that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic arrears database and included as relevant in the online publicly accessible arrears database. d) We confirmed that the online webpages include a facility for contractors with arrears (creditors) to report any omissions to the State. e) The IVA has tested the online portal by inputting my details, and the result of the test was an auto-response message. A screenshot of this has been obtained and is available on the assessment file f) There were no records from the state on the omissions reported by contractors g) The weblink to the online publicly accessible arrears database is http://finance.kdsg.gov.ng/wp-content/uploads/2020/12/KDSG_LIABILITIES-AS-AT-DECEMBER-2020-1.pdf		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

7.	Does the online publication include?
	
	1) the aggregate number of contractors' arrears.
	
	2) the aggregate amount of pension and gratuity arrears;
	
	3) the aggregate amount of salary arrears and other staff claims;
	
	4) other types of domestic arrears and
	
	5) a list of names of contractors with recognized arrears exceeding ₦20 million and information for contractors to be able to verify that their claims are being accurately reported in the database.
		The online publication includes the aggregate amount for the 2 types of arrears. The state has only two types of arrears
		
		   i. contractors' arrears and
		   ii. pension and gratuity arrears.
		
		The online publication contains the names of contractors owed ₦20m in arrears and above.
			Satisfactory	

8.	Has the State met the following?	<table><tr><td>**Aggregate Amount of:**</td><td>**2020**</td><td>**2019**</td><td>**% diff.**</td></tr><tr><td>Contractors Arrears</td><td>10,496,921,208.51</td><td>16,389,982,023.56</td><td></td></tr></table>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations
(i) Percentage decline in the verified stock of domestic arrears at end 2020 compared to end 2019 meets target and is consistent with the state's arrears clearance framework. **-Stretch target:** At least a 5% year-on-year decline or maintain stock or arrears below ₦5 billion. *The clearance/reduction of domestic expenditure arrears (contractors, pension and gratuity arrears, salary arrears, and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of the year, compared to the previous year, expressed in percentage terms.*	Pension and Gratuity arrears	19,128,103,208.76	23,174,258,554.56			
	Salary arrears and Staff claims	-	-			
	Judgment Debt	-	-			
	Other types of domestic expenditure arrears	-	-			
	Total Domestic Arrears	**29,625,024,417.27**	**39,564,240,578.12**	**-25%**		

a. We obtained the Domestic arrears figure from the State Internal Domestic Arrears (SIDA) database, and confirmed it was the same as the balances stated within the SDDR

$$\frac{39,564,240,578.12 - 29,625,024,417.27}{39,564,240,578.12} \times 100$$

$$= 25\%$$

The percentage decline is 25%

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Source: State internal domestic expenditure arrears database		
		The State should provide the schedule of the arrear's settlements of ₦9,939bn between 2019 and 2020 as contained in the accounting books to verify that these are actual payments and not write-offs or cancellations while giving IVA feedback on this report.		
		The State has provided a schedule of arrears that were settled during the year amounting to ₦9,939,313,424.92 and has been retained in the file.		
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Total debt stock at end Dec [2020] as a share of total revenue for FY [2020] meets target:** **-Basic target: < [150%]** **-Stretch target: < [125%]**		**Not Achieved**	
1	Has the State met: (i) the ratio of total debt stock at end-of-year (31st December 2020) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt**	Unsatisfactory	The State should reduce its debt to revenue ratio and ensure the debt is sustainable. As a general guide, debt should not be more than 125% of Revenues and should ideally be much less.

Total Public Debt

	Financial Statements	DMO/SDEDR Figures

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations
January to 31st December 2020)? **-Basic target:< [150%]** **-Stretch target: <** **[125%]**					

Total Domestic Debts	125,564,286,913.78	73,752,526,672.32
Total External Debts	215,644,251,000.00	216,211,735,540.00
Total Public Debts	**341,208,537,913.78**	**289,964,262,212.32**

Total annual revenue

2020 Adjusted IGR (see DLI 4.2)	48,919,202,000
Gross FAAC Allocation	68,993,973,013
Grants	20,270,107,000
Other Revenues	9,633,690,891
Total Revenue	**147,816,972,904**

a. The State's domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2020 is as at the end of Q4 2020.

   We have computed the total debts stock / Revenue percentage for the 2020 year, as follows:

   $$\frac{289,964,262,212.32}{147,816,972,904.00} \times 100$$

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		=196%		
		Sources:		
		i. For Total Revenue 2020 Report of State Auditor General Pg 15		
		ii. For Total Public Debt from DMO* as at December 31, 2020		
		iii. NBS/OAGF (FAAC)		
		*Table 3(i) below holds a breakdown of the Total Debt.		
		b. The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same as the debt stock stated in the audited financial statement.		
		c. The difference has been communicated to the State Accountant General and an explanation was given that the differences were due to unreconciled balances between the state and DMO. Correspondences between the State and DMO have been received as evidence.		
		d. The difference has been calculated in value.		
		Financial statement: N341,208,537,913.78		
		DMO: N289,964,262,212.32		
		Difference: N51,244,275,701.46		
		and percentage terms = 51,244,275,701.46		
		341,208,537,913.78		
		= 15%		
		e. The SDEDR has not been amended and resubmitted to the IVA along with explanations for any changes.		

TABLE 3(i): DLI 9 31 DECEMBER 2020 STATE DEBT STOCK TABLES FOR KADUNA STATE

KADUNA STATE	2020 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,407,336,300.76
BAIL OUT (SALARIES) (SOURCE CBN)	12,743,360,852.68
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	8,976,805,101.61
STATE BONDS	
COMMERCIAL BANK LOANS	
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	
INFRASTRUCTURE LOANS (CBN FACILITIES)	
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	1,000,000,000.00
JUDGEMENT DEBTS	
GOVT - GOVT DEBTS	
CONTRACTORS' ARREARS	10,496,921,208.51
PENSION AND GRATUITY ARREARS	19,128,103,208.76
SALARY ARREARS AND OTHER CLAIMS	
OTHER DEBTS	
TOTAL DOMESTIC DEBT (TDD)	**73,752,526,672.32**
TOTAL EXTERNAL DEBT (TED)	216,211,735,540.00
TOTAL PUBLIC DEBT (TED+TDD)	**289,964,262,212.32**

4. TABLE 3(ii): DLI 9 31 DECEMBER 2020 - ADJUSTED REVENUE TABLES FOR KADUNA STATE

TEMPLATE: OPTION A	NGN
Item	**2020**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**68,993,973,013**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**48,440,239,844**
1.1.1 Gross statutory allocation	42,975,816,710
1.1.2 Derivation	
1.1.3 Other FAAC transfers (also known as Distribution) such as excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	5,464,423,134
1.2 VAT	**20,553,733,169**
2. Internally Generated Revenues (IGR) – Adjusted	**48,919,202,000**
3. Grants (internal and external)	**20,270,107,000**
4A. Other revenues (4.1 + 4.2 + 4.3)	**9,633,690,891**
4.1 Investment Income (e.g., dividends)	1,124,164
4.2 Interest Earned	447,052,770
4.3 Miscellaneous	9,185,513,957
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**147,816,972,904**

4. Response from the State

The State should please use the table below for their response.

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	**Response on DLI 5.1.** Recall the Kaduna State Civil Service reforms commenced in 2017 by looking at its human resources in term quality and quantity across the public service. The reforms saw the need to improve quality and maintained the standard in meeting the overall state objectives. This is connection with dwindling Federal allocation received monthly which became difficult to pay salaries and other government aspirations. it is in view of this that the State government disengaged public servant that have less than 2 years to retire and abrogate the following cadres such as Staff with qualification lower than Diploma, Messenger, cleaner, watchmen, chefs, etc. Therefore, the 7,279 new staff on the payroll constitute new recruitment to replace the disengaged staff with the requisite qualifications across the Ministry Department and Agencies.	This is noted
2	**Response on DLI 5.2** 4,677 loses of Pensioners constitute ghost pensioners identified after the introduction of the **"I am alive"** verification which requires Pensioners going for thump print after 3 months Any Pensioner who refused to go for thump print after every three months will be automatically removed from the payroll.	This is noted
3	**DLI 8** Kindly find attached schedule of 2020 arrears settlement as requested, please.	This is noted.