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

2020 Annual Performance Assessment (APA) Report

KANO 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

This report details the outcome of the Annual Performance Assessment (APA) conducted on Kano 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 Kano State and shows areas where the State was able to achieve results. Kano State achieved 9 **(**Nine**)** DLRs out of 15 DLRs applicable to the 2020 APA.

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		The State Budget Implementation Reports did not show approved amended/revised budgets.
	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		World bank may review and make decision on the passage of the Amended Law dated 25th May 2022.
	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 22%
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	
	DLR 5.2: Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed	Achieved	
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		The World bank may review and make decision on the passage of the Amended Law dated 25th May 2022.
	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		State did not publish all of its contracts above threshold online and in the OCDS format.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	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		
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.	(green)	This is a 2021 APA result assessed early. All requirements were met.
	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	(green)	
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.		• State has not established Internal Domestic Arrears Database. • The percentage increase in the verified stock of domestic arrears was 94.7%.
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%.	Stretch Target Met	

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 1.1: Budget implementation reports should include, at a minimum, the Approved Amended Budget appropriation for the year.
2. DLR 4.1: The revenue law should clearly state the revenues' sources (including the Local Governments sources).
3. DLR 4.2: The State should improve its IGR collection to achieve significant year-on-year growth in nominal IGR.
4. DLR 6.1: Amend the Procurement Law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency per the UNCITRAL Model Law.
5. 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.

6. <u>DLR 8</u>: A Domestic Arrears Clearance Framework (ACF) is established and an internal domestic arrears database with relevant balances is placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total arrears of less than N5bn as soon as possible.

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 Taxation, Procurement, to review the legislation and the IVA had some input/support from Debt Management Office (DMO) for Debt Management-related DLRs in 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 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 (Pass or Fail), 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 (6) 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**		**Not 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://kanobudget.wordpress.com/2020/04/19/first-quarter-2020-budget-financial-performance/ or https://drive.google.com/file/d/1gEhu1hvFtn3mptB_Vh9G8I0hNhCJ0SHA/view Q2: https://kanobudget.wordpress.com/2020/07/21/second-quarter-2020-budget-performance-financially/ Or	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		https://drive.google.com/file/d/1oCTlJXHAt-Xt_9tJRMxWZ7jbFBTdlXVY/view		
		Q3: https://kanobudget.files.wordpress.com/2020/10/third-quarter-budget-perfromance-2020.pdf		
		Q4: https://kanobudget.files.wordpress.com/2021/01/full-year-performance-2020.pdf		
		as follows: ● Q1 - (19/04/2020) - 2.71 Weeks (19 days) ● Q2 – (22/07/2020)- 3.14 Weeks (22 days) ● Q3 – (17/10/2020) - 2.42 Weeks (17 days) ● Q4 – (27/01/2021) - 3.86 Weeks (27 days) Average days (weeks) for the online publication was computed based on the last 3 quarters, as below: $$\frac{22+17+27}{3}$$ =22 days (3.14 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	From our review of the Quarterly Budget Implementation reports downloaded from the State's website *(see weblinks above)* we observed the following:	Unsatisfactory	1. The State should ensure that the Budget

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic 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.	a. The Budget Implementation Reports included the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classifications of expenditures. 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 amended/revised and passed supplementary budgets. e. The Budget Implementation Reports showed the Approved Original Budget but did not show Approved Amended Budgets. Only the Q3 report showed the correct revised budget for Recurrent expenditures. The IVA requested the State to provide an explanation as to why the other publications contained incorrect revised budget information and the State responded thus: "Q1 and Q2 the budget stated in the performance is based on the original budget, Q3 at the time the budget was reviewed (reviewed budget) while Q4 is based on the final Budget check budget.kn.gov.ng So, based on this for 2020 the state has 3 budgets 1 Original 2 Reviewed 3 Supplementary (Final) And all are hosted within the stipulated time required".		Implementation Reports show Approved Amended Budgets. 2. The State should ensure that the figures stated in the Approved budget are the same with the figures reported in the Budget performance report.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		However, the State did not address the request from the IVA which is to provide an explanation for the variances between the Total Capital, Personnel and Overhead Costs included in the Approved (Original) Budget and the Full year (Fourth Quarter) budget performance as follows:		

	APPROVED BUDGET	Y2020 FULL YEAR BUDGET PERFORMANCE	VARIANCE
Capital Exp	125,174,726,937.60	100,215,518,533	24,959,208,404.60
Personnel Exp	54,769,399,510	62,582,803,840.93	7,813,404,330.93
Overhead Exp	18,299,145,989.93	19,750,071,989.60	1,450,925,999.67

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		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.		
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for the year to date?	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	
4	Does the report state balances against each of the revenue and expenditure appropriations with balances provided on a	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	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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?	servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.		
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 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 State computed the budget deviation for 2020 to be -6.65% The IVA computed the budget deviation for this APA year. See the computation below: |	Total Amended Budget (₦)	Actual (₦)
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Capital (pg 2)	60,485,531,942.01	37,521,580,000
Rec. Exp (pg 1)	77,793,608,719.35	109,951,210,000
Total	**138,279,140,661.37**	**147,472,790,000** | $$\frac{₦138,279,140,661.37 - ₦147,472,790,000}{₦138,279,140,661.37} \times 100$$ = -6.65% The budget performance deviation is -6.65%	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Note: a. The Amended Budget Figures do not differ from the signed Budget. b. The source of the values used in the calculations are from parts from the soft copies of the AFS which are available in the hard copy of the AFS. c. From the computation above, it should be noted that the actual performance figure is more than the revised budget figure with (₦9,193,649,338.63), hence giving rise to a negative percentage deviation. **Source**: 2020 Audited Financial Statement (Cash flow) Page 9 (Capital, Recurrent plus loan repayment) and Approved Budget and Actual Expenditure Pages 1 and 2 (Summary table).		
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" consultation before the proposed budget is drafted with the participation of local government authorities and State-based CSOs?	The documents obtained and reviewed include the following: i. 2021-Kano-State-ngf-approved-budget Draft ii. Report of 2021 Budget Town Hall Meeting at Karaye LGA iii. Report of Town Hall Meeting at Rano-emirate-town-hall-meeting-2021-budget	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations

	iv. Report of 2021 Budget Town Hall meeting at Bichi-emirate
	
	v. Kano State Citizen Inputs Captured In 2021 Budget
	
	vi. 2021-proposed-Budget
	
	vii. Minutes of Amended 2020 Budget Consultation
	
	viii. Tahir Attendance for Amended 2020 Budget Consultation
	
	ix. Kano State Final Revised 2020 Citizens Budget
	
	a. The LGAs in attendance include the following:
	
	    i) Kabo LGA,
	    ii) Kiru LGA
	    iii) Karaye LGA
	    iv) Dogowa LGA
	    v) Kano municipal
	    vi) Gaya LGA
	    vii) Kibiya LGA and
	    viii) Kura LGA
	
	b. The following Civil Society Organisations (CSOs) were in attendance:
	
	    i) Rogo Concerns
	    ii) Kabo Development Forum
	    iii) People with Disabilities
	    iv) Federation of Muslim Women Associations in Nigeria (FOMWAN)
	    v) Student Union etc
	
	c. The sources of information from which our conclusions were drawn were minutes of the meeting, attendance, and pictures.
	
	d. Consultations simultaneously took place on the 18th of October, 2020. The venues of the consultation on the budget proposal were as follows:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		I. Gaya Emirate (Zonal Education Office Hall), Gaya II. Bichi Emirate (Zonal Education Office Bichi) III. Karaya Emirate (Islamic Center Hall) Karaye Town IV. Rano Emirate (Local Govt. Secretariat Hall) Rano e. IVA called 10(ten) attendees selected randomly from the attendance list at the various public consultations. f. The budget was drafted on the 28th of October, 2020, and g. The consultations were held on 18 October 2020 and the draft budget was dated 28 October 2020. Thus, the Public Consultation was done first. h. The publication of the proposed budget was done before the deadline of 31 January 2021. i. The weblink for the publication of the proposed budget is: https://kanodueprocess.files.wordpress.com/2020/10/2021-proposed-budget.pdf		
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 name of the CSO that co-signed the Minutes is Mr. Sagir Salihu Chedi representing the Kano Budget Working Group (KBWG). A copy of the signed minutes has been retained on file. b. The title and date of the Minutes are as follows: I. Report on Stakeholders Consultative Town Meeting for Kano State proposed 2021 Budget at Rano Council held on the 18th of October, 2020 II. Minutes of Citizens Consultation Meeting for Citizens input into Proposed Budget of Kano State Held at Bichi Emirate on Sunday 18th October, 2020 III. Report on Karaye Emirate One Day Town Hall Meeting for the collection of Citizens inputs into the Proposed 2021 Kano State Budget, held on Sunday	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

		18th October, 2020 at Karaye Local Government Area Islamic Center
		IV. Minutes of the Report for Town Hall Stakeholders Consultative Meeting on Kano State Proposed 2021 Budget conducted at Gaya Emirate Council, Kano State on 18th October, 2020.
		
		c. The organizations the signatories represent include the following: i) Kano Budget Working Group (KBWG), ii) Ministry of Planning and Budget (MOPB)
		d. The weblinks to the publications are:
		   i. https://kanobudget.files.wordpress.com/2020/10/karaye-1.pdf
		   ii. https://kanobudget.files.wordpress.com/2020/10/rano-emirate-town-hall-meeting-2021-budget.pdf
		   iii. https://kanobudget.files.wordpress.com/2020/10/gaya.pdf
		   iv. https://kanobudget.files.wordpress.com/2020/10/bichi-emirate.pdf		

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	a) IVA has reviewed all required documents such as Minutes, pictures with a list of attendees (with names, organizations, phone numbers).	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations

	FY2020 State budget and was adequate evidence of the events published online and by the due date?	b) IVA has downloaded the Amended Budget on (https://kanobudget.files.wordpress.com/2020/10/kano-state-2020-approved-review-covid-19.pdf) and the evidence of the dissemination events.
		c) The dissemination was done physically via a Town Hall meeting which was held at Tahir Guest Palace on the 24th of July. 2020.
		d) The evidence of the dissemination event was published online on the 25th of July, 2020 before September 30, 2020. IVA has confirmed and retained evidence of dissemination published online by the State
		e) IVA confirmed that the evidence of the dissemination event was published in the same location as the Amended FY20 Budget.
		f) IVA has confirmed that the date of publication of the evidence of the dissemination events was on the 25th of July, 2020.
		g) The weblink of the publication is
		  i. https://kanobudget.files.wordpress.com/2020/10/tahir-attendance-2.pdf
		  ii. https://kanobudget.wordpress.com/2020/07/25/attendance-of-state-consultation-meeting-on-2020-budget-review/		

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 Citizens budget based on the Amended Budget (2020) was published before the due date via (https://budget.kn.gov.ng/2020/07/24/citizens-budget-for-2020-revised-budget/) accessed on (24/07/2020). b. IVA has done a comparison of the Amended Budget 2020 with the Citizens Budget and can confirm that there are no significant areas of discrepancies.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c. IVA has confirmed that the Citizen's budget was prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template and can further confirm that no discrepancies exist among the following: I. It is simple and explains the annual amended budget/citizens budget on page 1. II. The sources of revenues were stated on pages 3 and 4. III. The Sources of domestic and foreign grants, domestic loans, and other financing sources were stated on pages 6 and 7. IV. Total expenditure by economic classifications was captured on page 9. V. The total revenue and grants, total expenditures, budget deficit, budget financing, and financing gap were stated on pages 1 and 2. VI. The revised budget did not have disclosure of the Budget deficit since the total revenue is equal to total expenditure. Pages 2 and 3. VII. Sectoral Allocation (by MDAs) contained from Pages 13 to 25. VIII. Top Projects to be financed (at least 5) contained on pages 11-12. d. IVA has confirmed that the minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included. e. There are no discrepancies identified.		
3	Is the Citizens Budget a comprehensible (to citizens)	a. The Citizens Budget includes an explanation on page 1 of the key changes between the Original FY20 Budget and the Amended Budget.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	summary of the amended FY20 state budget?	b. The Citizens Budget includes Data on reallocations and adjusted spending priorities (see pages 1 and 7 of the citizen's budget). c. IVA confirmed that the amended FY20 state budget was summarized in a comprehensible manner to the Citizens in the Citizens budget.		

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 website is an Online Contact Form System.
		
		c. IVA has confirmed that the State's feedback mechanism provides at a minimum:
		
		  I. Acknowledgement of receipt of comments/feedbacks from citizens.
		  II. The State responded to the comments/feedbacks made by IVA.
		  III. The website displayed the timeframe and the State's government contact details.
		
		d. To ascertain the functionality of the feedback mechanism, the IVA tested the **Contact Online form**. This involved filling out an online form by inquiring, and the state responded.
		
		e. IVA carried out a walkthrough test on the feedback mechanism and can confirm its functionality. IVA requested the guidance of State personnel to understand the procedure and steps to follow.
		
		f. IVA assessment on the State's feedback mechanism is that it is functional.
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		g. The web link is: https://budget.kn.gov.ng/feedback/?contact-form-id=5&contact-form-sent=1164&contact-form-hash=6c040f6a54d08b15498e9bfb7b96b14497ae1c45&_wpnonce=f6ca70ca75#contact-form-5		
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.
		
		   Bank: FCMB,
		
		   Account name: Federal Allocation
		
		   Account Kano State (FAAC)
		
		   Account number: 4968083012.
			Satisfactory	

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	The State has a Cash Management Strategy. a) The Documents name is Cash Management Strategy. b) The document was produced in 2020 and was signed by the Accountant General of the State. c) The Strategy includes the processes through which the State Ministry of Finance can forecast cash commitments and requirements and provide reliable information on the availability of funds. See Page 8 of the strategy	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	requirements and provide reliable information on the availability of funds.	d) The Strategy is in terms of the five working days cash sweeping adopted by the State. See Page 16 The evidence for implementation of processes described in the cash management strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds. The State provided a cash plan (prepared every quarter) and cash release for the year 2020, as evidence. The State applied its strategy to its forecasting of cash commitments.		
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 a computer application where the State can view the cash balances in the Bank account(s). a) The computer application name is Corporate Autopay, the producer of the application is Interswitch. b) The system is in line with the cash management strategy. See Page 9 (Digitalization of Financial Transaction) c) A letter to the bank for integrating Kano in the Autopay was sent on 15/10/2020 and a response was sent to the State on 22/10/2020 by the bank informing the State that the bank has started the process.	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	a) IVA visited three Ministries and carried out a test on these Ministries (Ministry of Works, Health and Education). The Directors of revenue were interviewed on the sources of revenue and how revenue collections are carried out in their respective Ministries. All three Ministries have the same process of revenue collection from the information received from the interviews i.e collections are done by the revenue officers who are staff of BIRS stationed in each of the ministries. A	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	consolidated revenue account as part of the TSA.	questionnaire was issued to each of the Directors which they all filled and returned to IVA. See Appendix DLI 3. B b) The Manager of FCMB where the TSA is housed was also interviewed on the opening and how the TSA functions and a questionnaire was issued to him, which he filled and returned to the IVA. The TSA of the State. Bank: FCMB Account name: Federal Allocation Account Kano State (FAAC) Account number: 4968083012. 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.		
5	Does the TSA cover a minimum of 70% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2020. See the computation below: 		Total Inflows (₦)	Total Outflows (₦)	 |---|---|---| 	TSA Bank Statement	121,565,057,739	125,154,153,817	 	Government Finances*	143,895,416,000	147,472,790,000	 	Percentage	84%	85%	 The average is percentage computation is:	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		$$\underline{84\% + 85\%}$$ $$2$$ **= 85%** The TSA covered 85% of the State's finances. Sources: 2020 Audited Financial Statement (Cashflow Statement) Pages 8 & 9 and the TSA Statement from FCMB for January – December 2020.		
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**		**Not Achieved**	
1	Does the State have an up-to-date consolidated revenue code that includes all the State's IGR sources and rates and all the local governments (falling under	a) The full name of the extant Revenue Law is Kano State & Local Government Revenue Administration (Consolidated & codification) Law, 2021 (1443 A.H.). The date of assent of Law is, 21/12/2021 b) The Revenue Code & rates are not separate from the Revenue law.	Unsatisfactory	The State should adhere to the provisions of SFTAS VP per time.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	that State) IGR sources and rates?	c) The State's revenue code is in one law.		
		d) The revenue code was approved on 21/12/2021		
		e) The weblinks where the Revenue law, Code, and rates were posted is, https://financekanostate.files.wordpress.com/2021/12/revenue-codification-law.pdf		
		f) The code does not include all State IGR sources and the LGs IGR sources falling under the State. See Repeal and Saving CAP 64 Section 114 page 64 & Third Schedule Page 71 of Kano State & Local Government Revenue Administration (Consolidated & Codification Law, 2021 (1443 AH)		
		g) The consolidated revenue code does not include all the rates chargeable for each IGR source. See the fourth schedule on pages 73,74 & 81 of the Kano State & Local Government Revenue Administration (Consolidated & Codification Law, 2021 (1443 AH)		
		Given the above, the State should amend its Revenue Law to include all sources of revenue and rate chargeable and present evidence of compliance while responding to this report.		
		The State responded and provided evidence of the amended law which was assented to by the Governor on 25th May 2022. A copy has been retained. However, this does not meet the requirement of SFTAS VP version 8.0, therefore, this DLR is not achieved.		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal	a) The Consolidated Revenue Law stipulates that the state bureau of internal revenues (SBIR) is the sole agency responsible for state revenue. Sections 4, Subsections 1.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	b) The expert review. S4 (1) The service shall be the sole authority responsible for assessment, collection, and accounting of all revenues (tax and non-tax due to the state government as specified in the schedules of the law.) S25. The Kano State Internal Revenue Service shall be the SOLE authority to collect and account for all taxes, levies, fees, charges, and rates in the state in this law (or any other law) c) Both conclusions are aligned d) Not Applicable		
3	Is the collection of revenues made into account(s) nominated by the SBIR OR SIRS have full oversight of the accounts and is responsible for reporting and accounting for the revenues?	a) The SBIR confirmed that the collection of revenues was made into accounts nominated by them. Documentary evidence could not be obtained from the State as they were unable to provide the required document (letters to the Banks and/or to the State Accountant-General requesting for such accounts to be opened). b) The SBIR has full oversight of accounts and is responsible for reporting and accounting for the revenues. Given the above, the State should provide evidence that none of the bank accounts for the receipts of revenue are nominated by any other entity apart from the SBIRS while responding to this report. The State responded and provided evidence that the SBIRS nominated the revenue account. A copy has been retained.	Satisfactory	
4	Is the code approved by the State legislature to have a legal basis, either as a law or a resolution?	a) The date the revenue code was approved by the State Legislature is 21/12/2021. b) The date of assent by the Governor is 21/12/2021	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.			
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	a) IVA was able to download and keep in a file copy of the law, Code, and rates. b) The date and time IVA accessed and downloaded the document is 14th February, 2022 by 10:16 am The weblink of the publication (using Mozilla) is https://financekanostate.files.wordpress.com/2021/12/revenue-codification-law.pdf	Satisfactory	
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 is IPSAS accrual basis. b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below: REPORTING TEMPLATE: OPTION B ₦ ₦ % GROWTH	Unsatisfactory	The State should ensure significant year-on-year improvements in their IGR collection.

Disbursement Linked Indicators (DLIs) and Tests		Findings					Conclusion	Recommendations
		Item	2019	2020				
		1. Reported IGR in AFS (Before Adjustments)	42,122,575,000	33,021,878,000	-22%			
		3. INVALID items to be deducted IF reported as part of IGR	1,529,055,000	1,197,976,000				
		Reimbursements/refunds related to expenditures (e.g., from FGN for Federal roads)	6,344,000	291,605,000				
		Sale of govt property, privatization proceeds		898,967,000				
		Interest Earned	1,522,711,000	7,404,000				
		Other I						

Disbursement Linked Indicators (DLIs) and Tests		Findings				Conclusion	Recommendations
		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)	**40,593,520,000**	**31,823,902,000**	**-22%**		

$$\frac{₦\,31,823,902,000 - ₦\,40,593,520,000}{40,593,520,000} \times 100$$

=- 22%

There is a decline in growth by 22%

Source: 2020 Audited Financial Statement Pages 8 & 9.

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**					**Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	identified ghost workers taken off the payroll			

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 the Biometric data capture of the civil servant and pensioners on 17th February, 2020 and completed it on 31st December, 2020
		
		a. The biometric capture was not outsourced to any Consultant.
		b. The total number of civil servants is 55,444
		c. The total number of pensioners is 32,168
		d. The total number of staff on the State Nominal roll is 85,372 and Payroll is 87,612
		e. The biometrics data that has been captured is 83,514
		f. The documents obtained for this conclusion are:
		
		  I. A copy of the Nominal Roll for all State civil servants.
		  II. A copy of the Nominal Roll for all State pensioners.
		  III. The State Biometric and BVN Report as at 30th December, 2020, produced by the Salary and wages Directorate, Office of the Head of Civil Service page 2.
		  IV. A report on Biometric Audit and validation of Kano State Civil Service, 2020 page 1 and Screenshot of 20 Samples each for civil servants and pensioners on the database were undertaken and kept in assessment file.
		
		$$\frac{83{,}514}{87{,}612} \times 100$$
		$$= 95.3\%$$
		
		The State had captured 95.3% of the State's civil servants and pensioners on its payroll.
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The IVA observed that the total number of pensioners has increased significantly from 16,552 in 2019 to 32,168 in 2020. The State responded and provided additional evidence as regards the significant increase in the total number of pensioners between 2019 and 2020.		
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 on 17th February and finished it on 30th December, 2020 b) A total number of 83,514 biometrics data have been linked to the payroll c) A total of 4,098 ghost workers were detected during the biometric validations. d) A total of ₦678,495,891.08 was saved from the ghost workers detected. e) There are in-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths, etc.) were captured by the biometric exercise. f) There are procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The documents obtained to support this conclusion are: i) Biometric and BVN Report, 2020, ii) 2020 Biometric data capture and Report of the Auditor General on BVN Validation of Biodata form. g) There were changes to the civil servant and pensioner payrolls during the fiscal year (as a result of starters, leavers, deaths, etc.). h) These changes were captured by the biometric exercise.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		i) The procedure in place to identify and remove ghost workers is **Salary update,** where the payment of staff and pensioners that fail to turn up for the exercise are suspended and request the respective MDA to report on their status, if proven their names will be removed from the payroll and salary return to the State Treasury.		
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) The ghost workers that were detected during the linkage is 4,098 b) The record that was kept for the identified ghost workers is the 2020 Biometric data capture report for staff that did not appear for the Biometric. c) These identified ghost workers were removed from the payroll on 30th December, 2020 d) The payroll figure before their removal from payroll is ₦6,192,119,197.81 e) The payroll figure after they have been removed is ₦5,513,623,306.78 f) The source of this information is the Biometric and BVN report 2020-page 3	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 on 17th February 2020 and completed it on 30th December, 2020. a. The biometric capture was not outsourced to any Consultant. b. The total number of civil servants is 54,198	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c. The total number of pensioners is 29,316		
		d. The total number of staff on the State Nominal roll is 83,514		
		e. The BVN data that has been linked to the payroll is 83,514		
		f. The document obtained for this conclusion is the Biometric and BVN report, 2020 page 2 $$\frac{83{,}514}{87{,}612} \times 100$$ $$=95.3\%$$ The State has linked 95.3% of the State's civil servants and pensioners' BVN data to the payroll. The IVA observed that the total number of pensioners has increased significantly from 16,552 in 2019 to 29,316 in 2020. The State responded and provided additional evidence as regards the significant increase in the total number of pensioners between 2019 and 2020.		
2	Has the State taken steps to identify payroll fraud?	a) A total number of Staff with BVN data is 83,514 and without BVN data is 19	Satisfactory	.
		b) The record that was kept for the identified payroll fraud is the 2020 Biometric Data Capture report (BVN Report)		
		c) The (date/month) these payroll frauds were identified was 9th January, 2020		
		d) The payroll figure before the fraud identification was ₦6,192,119,197.81		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		e) The payroll figure after the fraud has been dealt with and removed from further payments was ₦5,513,623,306.78 f) The source of this information is the Biometric and BVN report of Kano State page 3.		
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**		**Not Achieved**	
1	Does the State have a public procurement legal framework that must be approved by the State legislature to have a legal basis, either as a law or a resolution?	a) The state has a public procurement legal framework. b) It has been approved by the State legislature as a law. c) It was passed and assented by the Governor on 30th June 2021. d) The Procurement Law has been passed. e) The authorizing body in Kano State House of Assembly.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		f) The date of approval was 30th June 2021.		
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency, and 3) cover all MDAs receiving funds from the State budget.	The Kano State Public Procurement Law is to a reasonable extent, structured in line with the UNCITRAL Model and meets the requirements as shown below: a) The Results of the team's review of the Procurement Law are as follows: 1. E-Procurement - We noted the following during our review of legislation; Not later than twelve (12) months from the enactment of this Law or at such other time the Bureau shall design and set up a secure electronic portal to be known as the Kano State Government Electronic Procurement System which shall be the primary source of information for all public procurement matters and opportunities within the purview of this Law and regulations made under this Law. See Section 41(1) Page 24 Subject to the provision of this Law and its regulations, it shall be lawful for procuring entity to consider any or all of its bids by electronic auction or simulation on its electronic portal, provided that the use of the electronic system shall be transparent, efficient, and economical. See Section 41(2) Page 24 The Bureau shall issue e-procurement and portal guidelines by the provisions of this Law or any other regulations made thereunder to all MDAs and Local Government Councils in the State. See Section 41(3) Page 24	Unsatisfactory	The State should abide with the provisions of SFTAS VP for this DLR requirements.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	The law, therefore, complies with the requirements for e-procurement. 2. Independence - The results of our assessment of the legislation for independence are in the table below: _Table below_ ● Provided by the World Bank 3. Establishment of an independent procurement regulatory agency -		

Findings column table:

Required Provisions*	Result
The Functions and Powers of the Agency	Compliant; see sections 12 and 13
The composition of the board	Compliant; See section 6(1)
Membership of the Board/Council includes representatives from professional bodies and associations.	Compliant; see sections 6(1)e
The grounds for removal of the Chief Executive of the agency.	Non-Compliant; see section 9(e). The section needs to be amended to be subject to removal by the Kano State assembly.
Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	Compliant; See Section 86(2)iii

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	The Kano State Procurement law 2021 provides for the establishment of an independent procurement regulatory agency. State the relevant sections and insert references to the appropriate sections of the law. See Section 11, 12, and 13. Page 6 to 12. The Kano State Procurement law 2021 covers all MDAs receiving funds from the State budget. See Section 2 Page 1. b) The results of the expert review are inserted. 1. E-procurement- **Complies-** **Section 41 (1)- (3) of the KSPPL, 2021** provides that the Bureau shall design and set up a secure electronic portal to be known as the Kano State Government Electronic Procurement System which shall be the primary source of information for all public procurement matters and opportunities, and procuring entities may consider any or all of its bids by an electronic auction and or simulation on its electronic portal provided it is transparent, efficient and economical. **Other provisions include Section 27 (1) of the KSPPL, 2021.** **Conclusion: Meets the requirement** 2. Independence - The results of our assessment of the legislation for independence are in the table below: | Required Provisions*	Result			

Disbursement Linked Indicators (DLIs) and Tests	Findings		Conclusion	Recommendations
	The Functions and Powers of the Agency	**Complies - Sections 12 and 13 of the KSPPL, 2021** provide for the powers and functions of the Kano State Public Procurement Bureau.		
	The composition of the board	**Complies - See section 6 of the KSPPL, 2021**		
	Membership of the Board/Council includes representatives from professional bodies and associations.	**Complies** See **Section 6 (1) (e) (i)-(ix)**		
	The grounds for removal of the Chief Executive of the agency.	**Section 9 (a)-(e) of the KSPPL, 2021** provides for the grounds/reasons for the vacation of a Board member. However, Section 9 (e) of the KSPPL, 2021 provides that the Governor may at any time revoke the appointment of a member or dissolve the Board Where the members are incompetent or derelict from duty. **No grounds for removal of the Director-General -** Section 15 (3) of the KSPPL, 2021 provides that the Governor may at any time remove the Director-General if he is satisfied that he has behaved in such a manner that is prejudicial to the spirit of the Law.		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Regarding decisions of the Agency; Any other review after the Board's decision should be by judicial review	**Complies -** The law is silent on complaints against procuring entities, however with regards to complaints against the Bureau, **Section 86 (2) (iii) of the KSPPL, 2021** provides that where a bidder is not satisfied with the decision of the Board, the bidder may refer the complaint to the Multi-Door Court House.		

*Provided by the World Bank

Conclusion: Not met.

The State responded to the draft report and provided evidence of the amended law which was passed on 25th May 2022. However, the Verification Protocol states that the approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year. The Protocol also indicated that it is a one-time payment for the year in which DLR is first achieved, up to end of 2021.

3. Establishment of an independent procurement regulatory agency -

Yes-

Section 2 of the KSPPL, 2021 provides that the law shall apply to all procurement of works, goods, and services are undertaken by the state, Local Government Councils, and Procuring Entities.

Conclusion: Meets the requirement.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		All references to the sections of the law by the expert were checked.		
		c) Both conclusions (Team conclusions and expert conclusions) are aligned.		
		d) Both Team and the expert think that the law should be amended to address the issue of removal of the Chief executive and the board to be subject to confirmation by the Kano State Assembly.		
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council, agency, or any other type of entity set up for the statutory purpose?	a) The State has instituted an Independent Procurement Regulatory Function b) It is being performed through the Kano State Bureau of Public Procurement set up for statutory purposes. c) The Kano State Bureau of Public Procurement is responsible for prescribing regulations and procedures for public procurements by the legal framework d) The evidence we obtained to demonstrate that the Kano State Bureau of public procurement is active and effective; i. Interview with the bureau chief executive. ii. physical inspection of the bureau was done and it was observed that-	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		- The Kano State bureau of public procurement head office is at No 21 Magajin Rumfa road, Nassarawa G.R.A, Kano State. - The Bureau is headed by a Permanent Secretary, who is currently the acting director-general of the bureau. - The Bureau has Directors and Staff saddled with different responsibilities/functions. iii. The Procurement Law, The procurement Manual, and a circular dated 26th January 2004 from the Secretary to the State Government of Kano State conveying the message of Kano state Executive Council of having established a Project monitoring Bureau were obtained as evidence. e) 5 number of records of cases handled by the bureau were used in performing the walkthrough to confirm the effective handling of the selected cases All work done/tests carried out and findings reached : -IVA verified files of the 5 cases by calling for the files. - IVA performed a walkthrough to confirm the 5 cases passed through the procurement cycle. - IVA confirmed the effectiveness of the bureau handling the selected cases.		
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**		NotAchieved	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	law/regulation every month in OCDS format on the state website or online portal if available. **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.**			
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	a) IVA has obtained a schedule of all contracts awarded during the year under assessment above the threshold as defined in the state's procurement manual. b) The data published is in line with the Open Contracting Data Standards (OCDS)	UnSatisfactory	State should publish all of its contracts above threshold online and in the OCDS format.

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
(as defined in the State procurement law or the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS)?	c) The date of publication: 25/11/2020 d) The source of the publication is the State year 2020 contract above the set threshold as defined in the State procurement manual. - IVA obtained web link of publication: https://kanoppb.org.ng/downloads/ - The IVA Observed that the above links shows OCDS contract award data for 4 MDAs and SUBEB. Contract awards for key Ministries such as Agriculture, Commerce, Finance, Office of the Governor, Water Resources, Information, Communication, Local Government, Housing and Transportation etc. are not shown. The State was required to explain why contract awards for other key ministries were not shown but no explanation was provided. - IVA compared what the state has published with the example of templates provided and there are no differences in content. - IVA downloaded and retained a copy of the online publication. - IVA retained a screenshot of the webpage from which the publication was downloaded. - The awards published were for the entire year. e) The minimum contract award information that was published includes: (i) Project name,		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	(ii) Awarding institution,		
	(iii) Award date,		
	(iv) Name of contractor, and		
	(v) Contract amount was published.		
	f) All the items from (e) above were published		
	g) The weblink where data was published: https://kanoppb.org.ng/downloads/		
	The contract award information is published on the Kano State Bureau of public procurement website, and it is accessible to the public.		
	Also, the IVA noted that the portal shows a total of 50 contracts with a total value of approx. ₦14bn. This is at variance with a Capex outturn of ₦55bn for 2020, and indicates the online publication is incomplete. Note the DLR requires the publication of all contracts above the set threshold.		
	Hence, the State was required to provide a copy of the contract register which included all capital expenditure for the year 2020. The State responded and provided evidence of the contract register which included all capital expenditure for the year 2020. The submission received from the State in response to the draft APA report included mostly handwritten records of contracts awarded in 2020 for the Ministries of Education (42 contracts), Health (13		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		contracts), and SUBEB (119 contracts). None was for the Ministry of Works. This has been retained on file. Some of these contracts were published via the following weblinks: http://dueprocess.kn.gov.ng/2021/09/30/smes-contract-information-third-quarter-2020/; http://dueprocess.kn.gov.ng/2021/09/30/smes-contract-information-second-quarter-2020/; http://dueprocess.kn.gov.ng/2021/09/30/smes-contract-information-frist-quarter-2020/ The variance between the total Capex outturn for year 2020 (₦55bn) and total value of contracts published (approx. ₦14bn) still shows that not all contracts were published online. .		
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) IVA obtained a copy of the SaaS e-Procurement Framework Contract. c) The State has signed the framework contract	Satisfactory	
3 New	Has the State implemented e-procurement in at least 3 MDAs (including Education, Health, and Public Works)	a) The State has not implemented e-procurement in at least 3 MDAs (Education, Health, and Public Works).	Unsatisfactory	The State should ensure that e-procurement is implemented in all

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	the E-Procurement for the 2020 results DLI is the implementation of e-Publishing/Notification module for contract notice and contract award?	b) A walkthrough of the 5 transactions from each MDA could not be done (with at least 2 categories of expenditure from goods, works, or services). c) No transactions were handled through e-procurement under the year of assessment. d) IVA could not confirm whether the State has implemented the E-Publishing/Notification module for contract notice and contract award since no transactions were handled through e-procurement under the year of assessment. e) The E-Publishing/Notification module was not effective during the year 2020. So no evidence was obtained. E-procurement implementation was not effective during the year 2020, thus an APA Issue Report was sent and the State responded as follows "Against this background, you may wish to note that, the Bureau GO LIVE on the eGP on 30th September, 2021 as an attached screenshot of the email sent to the Bureau by the European dynamic".		MDAs, and in at least 3 MDAs in the first instance (including Education, Health, and Public Works).
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**		**Achieved** (This is a 2021 result achieved early in line with the requirements of the programme)	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	debt, and 3) fiscal and debt rules/limits.			
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 Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic Public Financial Management Law?	a. The State has provided copies of the Public Debt Management Law and Public Financial Management Law. b. The date of approval is 21st December 2021.	Satisfactory	
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.	a) The DMO has reviewed the Debt Management Law. It met the requirements of making provisions that establish: Responsibilities for contracting state debt: This is achieved in section 4(a) and (b) of the Public Debt Management Office Law (PDMOL), which provides that the "the [Kano State Debt Management] Office shall issue on behalf of the State, such instruments as the State may desire to issue; borrow on behalf of the Government, from any individual or institutional bodies." Responsibilities for recording and reporting state debt: This is achieved in section 4(c) of the PDMOL, which states that the Office shall maintain a reliable database of all debt instruments issued, loans taken or guaranteed by the State	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		Government or any of its Agencies, and all contingent liabilities related to it.		
		The responsibility for reporting state debt: This is achieved in section 26(1) & (2) of the PDMOL, which states that "the Office shall at least on Quarterly basis, prepare and submit to relevant Authorities (a term not defined) a report, statistical bulletins that provide accurate and timely information in respect of debt stocks, debt service cost and risk measures of the debt portfolio of the Government, etc. and the statistical bulletin shall be published (a) on the official website of Government, (b) on the official website of the Ministry of Finance and (c) in any other medium determined by the Commissioner."		
		Responsibilities for establishing fiscal and debt rules/limits:		
		This requirement is satisfied by section(17) of the Public Debt Management Office Law which states that "the estimates of aggregate expenditure and the aggregate amount appropriated by the House of Assembly for each financial year shall not be more than the estimated aggregated revenue plus a deficit, not exceeding five (5) percent of the estimated Gross Domestic Product of the State for each financial year or any sustainable percentage as may be determined by the State House of Assembly for each financial year". Other sections that satisfy these criteria are sections 4(h), 15(1)(b), 16, and 18 of the Public Debt Management Law.		
		b) The IVA has reviewed the Kano State Public Debt Management Law. It met the requirements of making provisions that establish:		
		Responsibilities for contracting state debt:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		This requirement is achieved in section 4(a), 4(b), and 4(j) of the Kano State Debt Management Law, which provides that "the Office shall issue on behalf of the State, such instruments as the State may desire to issue; borrow on behalf of the Government, from any individual or institutional bodies." and "advise the government on terms and conditions on which the monies are to be borrowed."		
		Responsibilities for recording and reporting state debt:		
		This requirement is achieved in section 4(c) of the Kano Public Debt Management Office Law, which states that the Office shall maintain a reliable database of all debt instruments issued, loans taken or guaranteed by the State Government or any of its Agencies and all contingent liabilities related to it.		
		The responsibility for reporting state debt: This is achieved in section 26(1) & (2) of the PDMOL, which states that "the Office shall at least on Quarterly basis, prepare and submit to relevant Authorities (a term not defined) a report, statistical bulletins that provide accurate and timely information in respect of debt stocks, debt service cost and risk measures of the debt portfolio of the Government, etc. and the statistical bulletin shall be published (a) on the official website of Government, (b) on the official website of the Ministry of Finance and (c) in any other medium determined by the Commissioner."		
		Responsibilities for establishing fiscal and debt rules/limits:		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		This requirement is satisfied by section 18 of the Kano State Public Debt Management Law and Section 4(h). Section 18 is stated thus:		
		"In the exercise of its functions to formulate rules and set limits to state debts, the office shall ensure that the monthly state debt service deductions shall not exceed forty (40) percent of the gross revenue of the state from the Federation Account Allocation Committee (FAAC)."		
		Section 4(h) is stated thus:		
		"[The office shall] set guidelines for managing government financial risks and financial exposure concerning all loans and instruments"		
		Having satisfied the three listed criteria, the IVA concludes that the Kano State Public Debt Management Law is sufficient enough to enable Kano State to achieve DLI 7.1		
		c) There is an alignment of the review performed by the IVA and the review from the DMO team. Both have similar conclusions.		
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 and reporting state debt?	a) The State debt management unit has been operational during the APA year (2020). b) The IVA conducted interviews with the Head of the Unit and two staff of the unit. The interview revealed the date of the establishment of the unit (15th September 2015) and the date the law backing it up was assented to (21 Dec 2021). c) Pictures of the office were taken and a document from the office was reviewed.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
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?	a) The state submitted its quarterly domestic reports on an average of 27 days (3 weeks and 6 days) after the end of the quarter. b) We obtained evidence that the State produced approved quarterly SDDRs, which were submitted and received by the DMO as follows: ● Q2 submitted on 7th August 2020, 38 days after the quarter-end. ● Q3 submitted on 9th of November 2020, 40 days after the quarter-end and ● Q4 submitted on 3rd of January 2021 3 days after the quarter-end. $$\frac{38+40+3}{3}$$ Average = 27 days (3 weeks, 6 days)	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The SDDRs were submitted within an average of less than 1 month (27 days).		
2	**Note: Have you reviewed for accuracy and completeness from the DMO:** 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.	a) The IVA has received the quarterly State Domestic Debt Reports (SDDR) from the Federal DMO, CBN, and FMOF along with all underlying data and supporting documents. b) The SDDR records debt stock (as at the end of Q4, 31 December 2020) as ₦116,934,604,599.62 while the Audited Financial Statements recorded the debt stock as at 31 December 2020 as ₦80,038,750,000. There was a difference of ₦36,895,854,599.62 c) We reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the (Kano) State Debt Domestic Report along with all underlying data. d) The SDDR records debt stock (as at the end of Q4, 31 December 2020) as ₦116,934,604,599.62 while the Audited Financial Statements recorded the debt stock as at 31 December 2020 as ₦80,038,750,000. There was a difference of ₦36,895,854,599.62. The report was supported with the DMO's templates and guidelines. e) The IVA observed that the State Q4 SDDR had several errors and inconsistencies such as casting and cross-casting errors. The State should ensure that casting errors are avoided. f) We reviewed the DMO report and the DMO report confirmed the accuracy and completeness of the State Domestic Debt Report. g) There were no identified errors or inconsistencies in the SDDRs in comparison to the DMO templates. However, there were differences in the debt stock values reported in the DMO SDEDR in comparison to the state SDDRs. h) The IVA has compared the Kano SDDR with the Kano state 2020 Audited Financial Statements. The debt stock	N/A	N/A

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	figures reported in the SDDR have been compared with that of the Audited Financial Statement. There were discrepancies noted during the comparison 1. SDDR Figure: ₦116,934,604,599.62 2. AFS Figure: ₦80,038,750,000 3. Difference: ₦36,895,854,599.62 i) An APA Issue Form was issued to the State to explain the difference in the value of the debt stock. The State provided a reconciliation document, which indicates that the difference noted are attributable to omissions of some amortization in salary bailout, excess crude oil loan, contractor arrears, salary arrears, gratuity, bereaved family allowance, pension contribution, etc. j) The SDEDR from the Federal DMO has been compared with the SDDRs submitted by the state. k) The IVA has compared the debt stock figures reported in the SDEDR with those of the SDDR submissions by each State. l) There are differences in the debt stock figures reported in the SDEDR from those of the SDDR submissions by each State. m) The inconsistences identified are as follows; i. SDEDR (DMO): ₦80,442,953,098.13 ii. SDDR (State) Figure: ₦116,934,604,599.62 iii. Difference: ₦36,491,651,501.49		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		n) An APA Issue Form has been issued to get an explanation from the State regarding the difference. The State provided a reconciliation document, which indicates that the difference noted are attributable to omissions of some amortization in salary bailout, excess crude oil loan, contractor arrears, salary arrears, gratuity, bereaved family allowance, pension contribution, etc.		
3 New	Has the State published the State Debt Sustainability Analysis Reports (SDSAR) online by 31 December 2020?	a. The IVA can confirm that the State Debt Sustainability Analysis Report (SDSAR) was published on the State official website. b. The SDSAR was published on 31 December 2020. c. The IVA can confirm that the SDSAR was published on 31 December 2020. d. The link is: https://finance.kn.gov.ng/2020/12/31/2020-report-of-the-kano-state-debt-sustainability-analysis-ks-sdsa/	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.
			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) The IVA has performed a review and comparison between the information (figures) obtained in the DMO and the SDSAR obtained from the state website. No differences were identified		
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**		**Not Achieved**	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	framework or 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. We obtained a copy of the ACF from State c. The establishment of the ACF occurred by 31 December 2020. d. The duration of time between the establishment of the ACF and the 31ˢᵗ December 2020 year-end is about 7 days to year-end, this may be inadequate 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. The evidence seen when reviewing the ACF that shows the ACF contains the two stated requirements is shown on pages 12 (for planned actions to settle arrears) and pages 13 (for prioritization of arrears) of the ACF c. The ACF was obtained from the state officials in physical copies and was also seen on the state's website https://finance.kn.gov.ng/2020/12/24/kano-state-acf-and-list-of-contractor-with-outstanding-n20million-and-above/ or https://financekanostate.files.wordpress.com/2020/12/acf-2020.pdf	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. We have downloaded a copy for validation. https://finance.kn.gov.ng/2020/12/24/kano-state-acf-and-list-of-contractor-with-outstanding-n20million-and-above/ or	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		https://financekanostate.files.wordpress.com/2020/12/acf-2020.pdf b. The weblink and the evidence obtained to confirm the date of publication https://finance.kn.gov.ng/2020/12/24/kano-state-acf-and-list-of-contractor-with-outstanding-n20million-and-above/ or https://financekanostate.files.wordpress.com/2020/12/acf-2020.pdf		
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	The State is yet to demonstrate to the IVA, with adequate documentation, whether or not the clearance of domestic expenditure arrears is consistent with the ACF.	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF

5.	Has the State established an Internal Domestic Arrears Database?	a. The State has not established an Internal Domestic Arrears Database
		
		b. The Internal Domestic Arrears Database does not include the following:
		
		  1. The aggregate and individual amounts of contractors' arrears.
		
		  2. The aggregate amount of pension and gratuity arrears.
		
		  3. The aggregate amount of salary arrears and other staff claims.
		
		  4. The aggregate amount of other types of domestic arrears.
			Unsatisfactory	a) The State should ensure they establish an internal domestic arrears database.
				b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; the aggregate amount of pension and

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		c. The verification process currently in place for the arrears in the database is via email and physical verification. d. The IVA has been unable to receive any evidence, documentary, or verbal that the State has conducted verification of arrears balances. e. We were unable to conduct tests to ascertain the accuracy of the figure in the internal domestic arrears database. f. The state submitted to the IVA the annual state arrears recording, verification, and clearance report (SARVCR). However, the IVA is unable to view the numbers on the document, the document excludes a defined verification process for contractors to receive clarity regarding amounts due from the state or other information.		gratuity arrears; the aggregate amount of salary arrears and other staff claims c) The state should ensure to initiate a process of verifying all their arrears balances
6	Has the State published online elements of the 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 is yet to publish online the required elements of the Internal Domestic Arrears Database as at end of 2019 and 2020 b. We were unable to compare any aggregate and individual information available on the online publicly-accessible arrears database with any information in the internal domestic arrears database because the state did not publish online elements of its internal domestic arrears nor has the state established an internal arrears database c. The website supporting the online publicly-accessible information or arrears database does not contain an electronic link that permits any potential contractor creditor to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of claims. The state is	Unsatisfactory	a) The State should ensure they publish online, elements of the Internal Domestic Arrears database. b) The State should ensure to include an electronic link that existing or potential contractors can use to request

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		yet to also publicly make available a list of all its contractors.		confidential information about their claims.
		d. We confirmed that the online web pages do not include a facility for contractors with arrears (creditors) to report any omissions to the State. However, emails are made available for contractors to send requests to the state		
		e. We tested the email facility for contractors with arrears (creditors) to report any omissions to the State and received a response within 48 hours.		
		f. We have not been provided documentation or records from the state on the omissions reported by contractors in each year and how they were treated.		
		g. We were unable to confirm that any omissions of contractor arrears that were found to be valid were subsequently included in the internal domestic arrears database. The State is yet to make available, information regarding this.		
		h. The State has been unable to provide the web link to the online publicly accessible arrears database).		
7.	Does the online publication include? 1) the aggregate amount of contractors' arrears; 2) the aggregate amount of pension and gratuity arrears;	The online publication does not include, the aggregates amount for the types of arrears as shown in the financial statements. The online publication however contains the names of contractors owed ₦20m in arrears and above for only 2019	Unsatisfactory	a) The State should ensure they publish online lists of contractors with recognized arrears exceeding ₦20 million. b) The state should ensure contractors can verify that their claims are

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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.			accurately reported
8.	Has the State met the following: d) 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.	(see table below)	Unsatisfactory	The State should ensure a reduction of domestic arrears debt stock to below ₦5 billion

Findings table for row 8:

Aggregate Amount of:	2020	2019	% Diff.
Contractors Arrears	20,726,466,000	13,960,896,000	48.5%
Pension and Gratuity arrears	7,055,927,000	79,773,000	8745.0%
Salary arrears and Staff claims	412,122,000	437,705,000	-5.8%
Judgment Debt	-	-	0.0%
Other types of domestic expenditure arrears	-	-	0.0%
Total Domestic Arrears	**28,194,515,000**	**14,478,374,000**	**94.7%**

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	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.	We obtained the Domestic arrears figure from the annual financial statements. We were unable to confirm if this aligns with the State Internal Domestic Report (SIDA) and the SDDR for 2020 $$\frac{₦14,478,374,000 - ₦28,194,515,000}{₦14,478,374,000} \times 100$$ $$= \textbf{94.7\%}$$ The percentage increase is **94.7%** **Source**: Annual Financial Statements		
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%]**		**Achieved** (Stretch Target Met)	
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 January to 31st December 2020)?	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt** <table><tr><td></td><td>Financial Statements (₦)</td><td>DMO/SDEDR Figures (₦)</td></tr><tr><td>Total Domestic Debts</td><td>80,038,750,000</td><td>80,442,953,098.13</td></tr><tr><td>Total External Debts</td><td>25,992,880,000</td><td>26,061,282,277.93</td></tr></table>	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings			Conclusion	Recommendations
-Basic target:< [150%] -Stretch target: < [125%]	Total Public Debts	106,031,630,000	106,504,235,376.05		

Total Annual Revenue

2020 Adjusted IGR (see DLI 4.2)	26,504,594,000.00
Gross FAAC Allocation	86,042,303,865.13
Grants	23,707,410,000
Other Revenues	8,311,020,000
Total Revenue	144,565,327,866

The IVA can confirm that the State's domestic debt stock figure in the federal DMO SDEDR for 2020 is at the end of Q4 2020.

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

$$\frac{₦106,504,235,376.05 \times 100}{₦144,565,327,866}$$

$$= 73.6\%$$

Sources:

1. For Total Revenue from 2020 Audited Financial Statement, Page 5. (There is a variance in the final value because the FAAC allocation value used for the calculation is sourced from the DMO and not the Statements in the Audited Financial Statement).

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		2. For Total Public Debt from DMO as at December 31, 2020, FAAC/OAGF Excel datasheet. The debt stock stated in the federal DMO SDEDR is not the same as the debt stock stated in the Audited Financial Statement. There is a difference in the debt stock figures reported in the audited financial statements (AFS) and the SDEDR reported by the DMO. The debt stock figures reported in the AFS are ₦106,031,630,000 while the debt stock reported in the SDEDR is ₦106,504,235,376.05 causing a difference of ₦472,605,376. The difference has been communicated to the state for an explanation using an APA issue form. The State provided a reconciliation document, which indicates that the difference The difference in value terms is ₦472,605,376 (₦106,504,235,376.05 - ₦106,031,630,000). The SDEDR was not amended and resubmitted to the IVA The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year's APA. It is noteworthy that the State will have still achieved the stretch target even if the larger domestic debt figures stated in the SDDR were applied to the calculations.		

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

KANO STATE	2020 – AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,407,336,301
BAIL OUT (SALARIES) (SOURCE CBN)	15,700,101,478
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	0
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,073,986,673
STATE BONDS	0
COMMERCIAL BANK LOANS	0
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	0
INFRASTRUCTURE LOANS (CBN FACILITIES)	4,918,988,490
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	840,492,511
JUDGEMENT DEBTS	0
GOVT – GOVT DEBTS	0
CONTRACTORS' ARREARS	20,726,466,000
PENSION AND GRATUITY ARREARS	7,178,095,529
SALARY ARREARS AND OTHER CLAIMS	30,846,782
OTHER DEBTS	566,639,335
TOTAL DOMESTIC DEBT (TDD)	80,442,953,098
TOTAL EXTERNAL DEBT (TED)	26,061,282,278
TOTAL PUBLIC DEBT (TED+TDD)	**106,504,235,376**

SOURCE: States Domestic Debt and External Debt Report from Federal DMO.

TABLE 3(ii): DLI 9 31 DECEMBER 2020 – ADJUSTED REVENUE TABLES FOR KANO STATE

TEMPLATE: OPTION A	₦
Item	**2020**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**86,042,303,865**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**58,620,565,861**
1.1.1 Gross statutory allocation	52,027,010,620
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	6,593,555,242
1.2 VAT	**27,421,738,004**
2. Internally Generated Revenues (IGR) – Adjusted	**26,504,594,000**
3. Grants (internal and external)	**23,707,410,000**
4A. Other revenues (4.1 + 4.2 + 4.3)	**8,311,020,000**
4.1 Investment Income (e.g. dividends)	7,404,000,000
4.2 Dividend Received	4,026,000
4.3 Interest Earned	-
4.4 Miscellaneous	902,994,000
Total Revenues and Grants Calculations	

A) Total Revenues and Grants is (1+2+3+4A)	
	144,565,327,866

4. Response from Kano 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	**DLI 1.1** Q1 and Q2 the budget stated in the performance is based on the original budget, Q3 at the time the budget was reviewed(reviewed budget) while Q4 is based on the final Budget check **budget.kn.gov.ng** So base on this the 2020 the state have the state has 3 budget 1 Original 2 Reviewed 3 Supplementary(Final) And all are hosted within the stipulated time required.	The State did not address the request from the IVA which is to provide an explanation as to why the other publications contained incorrect revised budget information.

2	**DLI 4.1**	This is noted.
	The State Revenue Law include all sources of revenue and rate chargeable. **See attached Appendix DLI 4** Kano state & Local Government Revenue Administration (Codification & Consolidation) (amendment) Bill 2022 (1443 A.H.)	
	The State evidence that bank accounts for the receipts of revenue are nominated by SBIRS. **See attached Appendix DLI 4** Kano state & Local Government Revenue Administration (Codification & Consolidation) (amendment) Bill 2022 (1443 A.H.)	
	Visit https://kanostate.gov.ng	
	https://finance.kn.gov.ng	
	https://kanoppb.org.ng	
3	**DLI 5.1**	This is noted. The additional evidence provided is considered.
	The State has captured the required Biometric percentage data.	
	The Kano state pension Trustees is the main organization saddle with responsibility of managing pension fund in the state, which comprises State and local Government however the increase observed by IVA team was due to the fact that the figures comprises state and local government**. See attached Appendix DLI 5.** evidence from office of the head of Civil services presented figures separately	
	But take the State only they is no much significant increases	
4	**DLI 5.2**	This is noted. The additional evidence provided is considered.
	The state has Linked the required BVN by 97.7% for civil servants and 91.1% of pensioner's percentage data.	
	The Kano state pension Trustees is the main organization saddle with responsibility of managing pension fund in the state, which comprises State and local Government. see attached Appendix DLI evidence from office of the head of Civil services presented figures separately	
	But take the State only they is no much significant increases	

5	**DLI 6.1**	This is noted.
	The State have captured in the Law to structure like the UNCITRAL Model Law also comply with the requirements.	
	See attached Appendix 6.1 Amended Kano state procurement law of the state.	
	Visit https://kanostate.gov.ng	
	https://finance.kn.gov.ng	
	https://kanoppb.org.ng	
6	**DLI 6.2**	This is noted. The additional evidence provided is considered.
	The State contract awards for key Ministries are provide in a copy of the contract register, which includes all capital expenditure for the year 2020, **See attached Appendix 6.2** for your easy references	
	Visit https://kanostate.gov.ng	
	https://finance.kn.gov.ng	
	https://kanoppb.org.ng	

Appendix A:

S/N	Affected DLR	Issues Raised	Response from the State	IVA's Final Remarks
1	6.2(1)	*DLI 6.2 Requires States to Publish contract award information above a threshold set out in the State's procurement law/regulation monthly in OCDS format on the state website or online portal if available.* *Kano State Procurement manual was Signed in December 2021, but the IT back end report given to IVA shows the State published online its year 2020 contracts on 25th Nov. 2020.* *Please the State should explain the following:* 1) The threshold of contracts they published. The Authority/ law backing the threshold, since the State Procurement Manual which is the authority that stated the threshold set for contracts to be published was not in existence as at the time of publication	➢ The State Published Contract/Expenditure above MDAs threshold as set out in the State Due Process Manual 2016 Section 3.2.1 which state the spending limit of the Ministerial and Special Ministerial Tenders Board of (2.5M-10M and N10M – N20M) respectively, This signifies that all expenditure/contract above N10Million must report to the Bureau for NO Objection before proceeding to State Executive Council for approval. This was issued to all State MDAs vide a circular Referenced DPB/ADM/S/A/113/V.I/202 dated January 8, 2020, which clearly stated that, contract/expenditure of N 10 Million and Above should be forwarded to the Bureau for Publication on the OCDS Portal. Find attached the Circular and the State Executive Council Extract approving the use of Due Process Manual 2016 CAD/EXCO/3/I/233 dated January 18, 2016. ➢ However, the Revised Public Procurement Manual of December, 2021 Section 3.3.4 has stated the publication threshold of N 10,000,000.00 and above which coincides with earlier Circular N0. DPB/ADM/S/A/113/V.I/202 dated January 8, 2020, mentioned above.	IVA has reviewed the response from the State and it has been noted.
2	6.2(2)	**DLI 6.2 Requires the State to establish an e-procurement portal in at least 3 MDA's (Education, Health, and Works).** The State provided to the IVA evidence of having established an e-procurement portal in at least 3 MDA's (Including Education, Health and Works), but the State failed to show evidence that it awarded its or some of its year 2020 contracts in the above stated 3 MDA's through e-procurement portal. The State should kindly explain why it did not award its or some of its year 2020 contracts in at least 3 MDA's (Including Education, Health and Works), through the e-procurement portal.	➢ ''In line with a Basic target on DLI 6.2, the State Contract Information above a threshold set out in the State procurement Law/regulation monthly in OCDS format on the State Website or online portal if available.'' https://kanostate.gov.ng/2020/11/25/contract-awarded-by-kano-state-mdas-2020/ ➢ Against this background, you may wish to note that, the Bureau GO LIVE on the eGP on 30th September, 2021 as an attached screenshot of the email sent to the Bureau by the European dynamic.	IVA has reviewed the response from the State and it has been noted

			➤ This clearly shows that the Bureau published the Contract award information on **OCDS for 2020** outside the e-procurement portal because, the State didn't GO Live at the time of publication while the State GO LIVE on 30th September, 2021. ➤ However, you may wish to note that, the Bureau was very active on the eGP after the GO LIVE; evidence can be seen via www.kano-eproc.eurodyn.com or the https://kanoppb.org.ng/ e-procurement section. ➤ Accordingly, screenshots of the pilot transactions by the 4MDAs after the go-live as well as e-notification and e-publication on the e-GP can be seen and accessed by the public via the websites stated above.	
3	8(1)	**DLI 8 provides that: Conduct tests to ascertain the accuracy of the figures in the internal domestic arrears database, including cross-checking with Financial Statements, state account balances, payroll records, underlying contract data, and re-calculating the figures obtained. In particular, obtain and review the schedule of arrears clearance payments made during the year by the State.** In the course of the IVA review, the schedule of arrears clearance payments has not yet been provided by the State.	Reference file no 6 is attached	IVA has reviewed the response from the State and it has been noted
4	8(2)	**DLI 8 provides that an internal domestic arrears database is established, and it contains all the information required by the DLR** IVA observed that the internal domestic arrears database has not been established contrary to the requirements of DLI 8	No response	IVA has reviewed the response from the State and it has been noted
5	8(3)	**DLI 8 provides that: Conduct tests to ascertain the accuracy of the figures in the internal domestic arrears database, including cross-checking with Financial Statements, state account balances, payroll records, underlying contract data, and re-calculating the figures obtained. In particular, obtain and review the schedule of arrears clearance payments made during the year by the State.** IVA observed that the balances in the arrears report in the quarterly domestic report do not align with the numbers in the financial statements	**Yes is because of reconciliation which reference is attached in file no 6**	IVA has reviewed the response from the State and it has been noted
6	8(4)	**DLI 8 provides that: Conduct tests to ascertain the accuracy of the figures in the internal domestic arrears database, including cross-checking with Financial Statements, state account balances, payroll**	**Reference file no 7**	IVA has reviewed the response from

		records, underlying contract data, and re-calculating the figures obtained. In particular, obtain and review the schedule of arrears clearance payments made during the year by the State. IVA observed that the balances in the quarterly domestic report do not align with the numbers in the financial statements		the State and it has been noted
7	8(5)	**DLI 8 provides that the online publicly-accessible arrears database includes the aggregate amount of contractor arrears, pension and gratuity arrears, salary arrears, and a list of all contractors, their balances, and the nature of services provided.** IVA observed that the domestic arrears as required were not published online	Is done reference attached file no 7	IVA has reviewed the response from the State and it has been noted
8	7.2(1)	**DLI 7.2 provides that Quarterly state debt reports for Q2, Q3, and Q4 2020 are accepted by the DMO on average two months or less after the end of the quarter in 2020, AND Annual state debt sustainability analysis is published by end of December 2020.** During IVA review, it was observed that there was a disparity to the tune of **N36,423,249,185.57** (**N142,927,484,561.62**- **N106,504,235,376.05**) between the total debt stock values in the Quarterly State Domestic Debt Report (SDDR) (Q4 is used to identify the debt stock at 31-Dec-2020) for Kano state and that of the Federal Debt Management Office's States Domestic and External Debt Report (SDEDR). The details are given below: **Total Debt Stock as Reported in the Kano Q4 2020 SDDR** | Domestic Debt	External Debt	Total
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N116,934,604,59 9.62	**N25,992,879,96 2.00**	**N142,927,484,56 1.62** | **Total Debt Stock from the Federal DMO SDEDR** | Domestic Debt	External Debt	Total
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N80,442,953,098 .13	**N26,061,282,27 7.93**	**N106,504,235,37 6.05**		The difference between the financial statement and the report sent to DMO was reconciled on 24th June 2021 and the changes were effected on the financial statement but are not reflected in the last Quarter of 2020. However, it was reflected in the third quarter of 2021. References are attached. And the differences in External debt are caused based on rate, and a reference was attached.	IVA has reviewed the response from the State and it has been noted
9	7.2(2)	**DLI 7.2 sets a target for quarterly state debt reports for Q2, Q3, and Q4 2020 to be submitted and 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.**	This has been reconciled and references were attached.	IVA has reviewed the response from the State and it has been noted

		There is a wide between the total debt stock values in the Quarterly State Domestic Debt Report (SDDR) and that of the Financial Statement. The total debt stock from the financial statement is valued at **N106,031,630,000** while the total debt stock from the SDDR is **N142,927,484,561.62** giving a difference of **N36,895,854,561.62** in total debt stock between the SDDR and the 2020 audited financial statement.		
10	9	**DLI 9 Provide that Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: -Basic target: < 150%-Stretch target: < 125%.** There is a disparity between the total debt stock values in the Kano State Audited Financial Statement and that of the Federal Debt Management Office's States Domestic and External Debt Report (SDEDR). The total debt stock from the SDEDR is valued at **N106,504,235,376.05** while the debt stock from the Kano State Audited Financial Statements is **N106,031,630,000** There is a difference between the debt stock value reported in the SDEDR and the debt stock reported in the Audited Financial Statement.	There was an error during the submission of the draft copy and signed copy but it was all clear during the reconciliation.	IVA has reviewed the response from the State and it has been noted